

Resolution #2000-02 (Adopted 6/13/00) – Temporary exemptions during casino-sponsored special events

A Board Resolution and Order Granting Temporary Field of Commerce Supplier Licensing Exemptions to Michigan Providers of Special Entertainment and Promotional Facilities and Services; Entertainers, Sports Figures and Other Celebrities Engaged by Casino Licensees to Appear at Special Casino-Sponsored Events; and Michigan Providers of Lodging and Hospitality Facilities and Services

WHEREAS, the Michigan Gaming Control and Revenue Act, as amended, 1997 PA 69 ("the Act"), was designed and enacted, in part, to promote economic growth and development and increased business activity and employment in the Detroit Metropolitan Area through the licensure of up to 3 casino gambling operations in the City of Detroit; and,

WHEREAS, each casino developer and operator licensed under the Act is required to have a certified development agreement with the City of Detroit as a condition of licensure, which covers subjects related to promoting economic growth and development and increased business activity and employment in the City; and,

WHEREAS, each licensed casino operator in the City of Detroit is authorized by its casino license and development agreement to conduct casino gambling operations in temporary casino facilities pending completion of a required permanent casino complex by each licensee, which shall include a casino gaming area, hotel, restaurants, lounges, bars, retail shopping areas and ancillary entertainment, recreational and convention special event facilities; and,

WHEREAS, it is a common marketing practice in the casino industry for casino operators to offer and provide their patrons with lodging and other related hospitality services and special entertainment and promotional events and activities on a complementary or discount basis, in order to attract local and out-of-town patrons; and,

WHEREAS, the temporary casino facilities in which the licensed casino operators currently conduct their gambling operations in the City of Detroit do not have lodging, hospitality or special event facilities to provide lodging or hospitality services or special entertainment or promotional events or activities to their casino patrons; and,

WHEREAS, the licensed casinos in Detroit are, therefore, currently required to obtain and provide lodging and related hospitality services and special entertainment and promotional events and activities for their patrons through outside vendors and providers in the Detroit Metropolitan Area that have the facilities and capacity to provide such hospitality and special event services; and,

WHEREAS, the amount of each licensed casino's expenditures to obtain the use of such hospitality and special event facilities and services for casino patrons from outside vendors and providers within any 12-month period will generally require that most vendors or providers obtain a supplier license to

provide their facilities and services to the casino under the current licensing requirements of the Act and Board Rules, unless they are exempted from such requirements; and,

WHEREAS, the licensed casinos, as a practical matter, have no realistic alternatives to reliance upon outside vendors and providers to provide their patrons with such hospitality and special entertainment facilities and services, until their respective required permanent casino complexes are completed; and,

WHEREAS, the time, expense and technical requirements of supplier licensing will likely discourage most outside vendors or providers from making their hospitality and special entertainment facilities and services available to the licensed casinos; and,

WHEREAS, the availability of such facilities and services will make the Detroit temporary casinos more attractive and more competitive, and may, therefore, positively impact casino revenues and overall economic growth and development and business activity in the Detroit Metropolitan Area, and, as a result, increase related state and local tax revenues; and,

WHEREAS, casino licensees MGM Grand Detroit, L.L.C., and Detroit Entertainment, L.L.C., have each filed applications with the Board requesting that the Board grant field of commerce supplier licensing exemptions, pursuant to Board Rule 322(4), MR 432.1322(4), to providers of lodging and related hospitality facilities and services and special entertainment and promotional event facilities and services, located in Michigan, that are provided to and utilized by casino licensees for the use and benefit of their patrons; and for entertainers and celebrities engaged by casino licensees to appear at casino-sponsored events.

WHEREAS, the Board may exempt any person or field of commerce from the supplier licensing requirements of the Act and Board Rules, pursuant to Section 4a(1)(e) of the Act, MCL 432.204a(1)(e), and Rule 322(4)(d), MR 432.1322(4)(d), if licensing of the person or field of commerce is not deemed necessary to protect the public interest or accomplish the policies and purposes of the Act; and,

WHEREAS, the Board is fully advised in the premises and has carefully reviewed and considered this matter and thereby concluded and determined that supplier licensing of hospitality and special event facility and service providers is generally not necessary to protect the public interest or accomplish the policies and purposes of the Act, at this time, for the following reasons:

All identified casino vendors may be subject to the same background investigation as licensed suppliers;

All casino contractual arrangements for hospitality and special event facilities and services in excess of \$50,000 must be reported by the casino to the Board and are subject to audit review by the Board; and,

The Board, in its discretion, retains full authority to require individual vendors or providers to meet all supplier licensing requirements, if it deems licensure necessary to protect the public interest or accomplish the policies and purposes of the Act, even if the vendor or provider is in an otherwise exempt field of commerce;

and,

WHEREAS, the Board has further concluded and determined that granting general field of commerce supplier licensing exemptions to providers of hospitality and special event facilities or services will help promote the financial stability of the licensed temporary casinos in Detroit and stimulate greater economic growth and development and increased business activity in the Detroit Metropolitan Area; NOW THEREFORE,

IT IS RESOLVED AND ORDERED that the following fields of commerce shall be and are generally exempt from the supplier licensing requirements of the Act and Rules of the Board, pursuant to Rule 322(4)(d):

1. Providers of facilities and services provided to and utilized by licensed casinos to provide or present special events or promotional events to casino patrons, including but not limited to, theatres, ballrooms, halls, arenas, parks, stadia, golf courses, and other entertainment, recreational and sports facilities located in the State of Michigan. This exemption includes all goods and services ordinarily furnished by the facility provider for similar or comparable events, including private boxes and admission tickets and seating, to the extent such services are provided to a licensed casino or its patrons and directly purchased or reimbursed by the casino. This exemption is only available to providers that make their facilities and services available to all licensed casinos on a non-exclusive basis under similar or reasonably comparable terms and conditions.
2. Professional entertainers, sports figures and other celebrities engaged by a licensed casino to appear at casino-sponsored special entertainment or promotional events, and their respective individual agents who do not otherwise provide services to Michigan licensed casinos on a regular or continuing basis. This exemption is not available to promoters or agents that provide their services to a licensed casino on a regular or continuing basis.
3. Hotels, motels or other lodging facilities, located within the State of Michigan, which regularly offer rooms to the general public to the extent that they provide lodging and other hospitality facilities and services to casino patrons that are directly purchased or reimbursed by a licensed casino. This exemption includes all goods and services ordinarily available to the provider's customers, including, but not limited to, food and beverage services, health club and spa services, convention and banquet services. This exemption is only available to providers that make their lodging and hospitality facilities and services available to all licensed casinos on a non-exclusive basis under similar or reasonably comparable terms and conditions.

IT IS FURTHER RESOLVED AND ORDERED as follows:

1. The foregoing field of commerce exemptions shall expire on the date that the licensed permanent casino complexes open for business, unless otherwise ordered by the Board;
2. Any person that desires to be exempted from the supplier licensing requirement of the Act and Rules under any of the foregoing field of commerce exemptions must file a written field of commerce exemption request and related disclosure forms with the Board in the manner and form prescribed by the Board;
3. The Board reserves the right to evaluate each individual field of commerce exemption request on a case-by-case basis and deny such requests whenever it deems such action necessary to protect the public interest or accomplish the policies and purposes of the Act and Rules of the Board.