

Michigan Gaming Control Board

Agency Overview

“The Michigan Gaming Control Board shall ensure the conduct of fair and honest gaming to protect the interests of the citizens of the State of Michigan.”

michigan.gov/mgcb



Gaming in Michigan

1997

Michigan Gaming Control & Revenue Act and Administrative Rules

Detroit, land-based casinos (3); retail sports betting

2002

Tribal-State Gaming Compacts and Consent Judgement

Oversight of land-based tribal casinos (24)

2010

Horse Racing Law of 1995 and Administrative Rules

Licensing and regulation of live horse racing (1 track)

2012

Traxler-McCauley-Law Bowman Bingo Act and Administrative Rules

Licensing and regulation of millionaire party charitable gaming events

2019

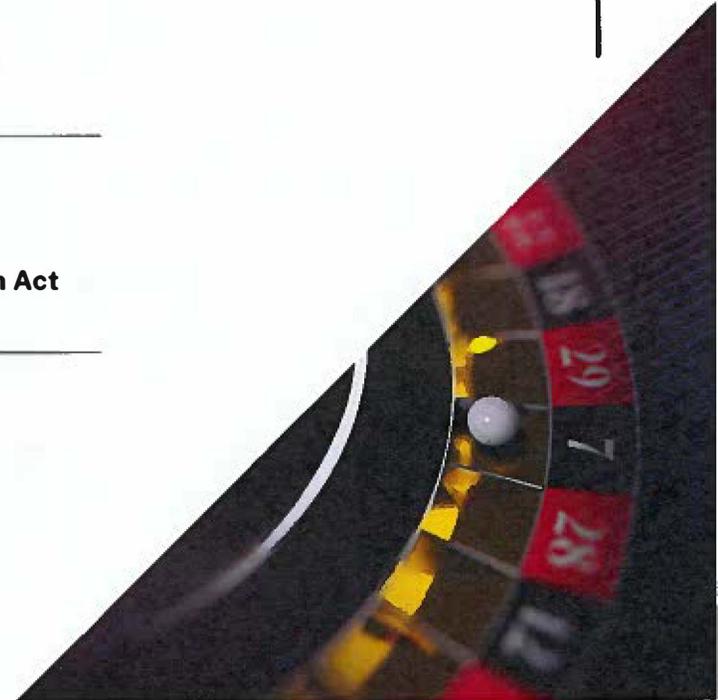
Lawful Internet Gaming Act and Administrative Rules

2019

Lawful Internet Sports Betting Act and Administrative Rules

2019

Fantasy Contests Consumer Protection Act and Administrative Rules



Gaming in Michigan cont.



MGCB performs activities to ensure compliance with the Acts and Administrative Rules:

Licensing

Occupational and Entity

Enforcement

Ensure compliance with the acts and administrative rules.
Monitor internal controls

Audit

Verification of tax payments, purchasing and operations

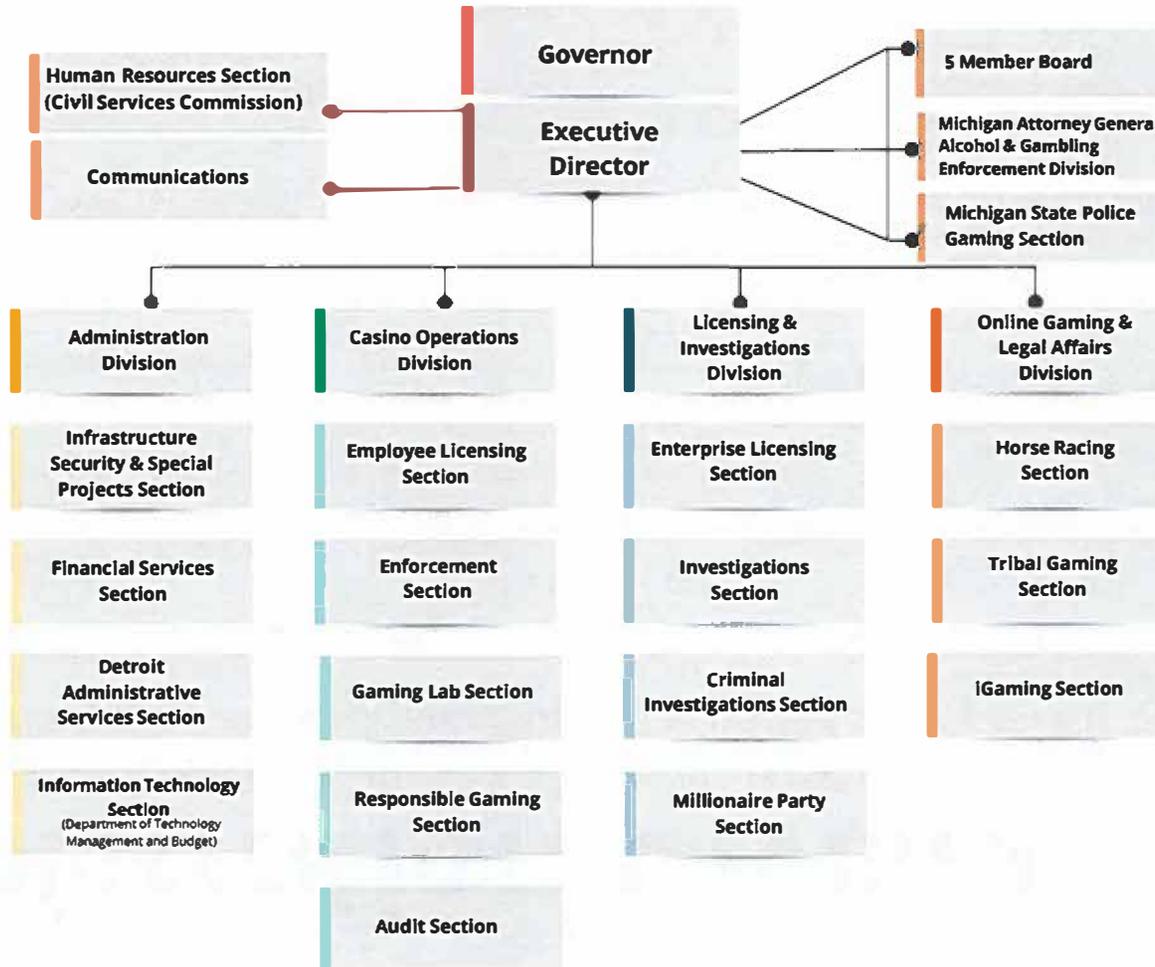
Lab

Testing of slot machines/gaming devices/software

Responsible Gaming

Add/remove individuals from disassociated persons list.
Maintain statewide responsible gaming database

MGCB Structure



Administration Division

The Administration Division interacts with agency staff to ensure operational needs are met and provides administrative support services to all six MGCB locations.



Infrastructure, Security, and Special Projects Section



Responsible for the agency's security program including information technology (IT) and physical access to MGCB offices and buildings, business continuity planning, telecommunication needs, data governance, serves as a liaison with the DTMB/IT Section for IT related projects, and leads or assists in special projects as needed.

Detroit Administrative Services Section



Responsible for maintaining all agency records, processing all FOIA requests and requests for information from other jurisdictions, fleet vehicle maintenance, provides facilities services to MGCB offices and buildings, and coordinates arrangements for public meetings.

Financial Services Section



Responsible for budget development and monitoring, procurement of commodities and services, accounting, facilitating all purchases, assisting staff with travel needs, fleet vehicles maintenance, administering the agency's mentoring program, and assisting in special projects as needed.

Department of Technology, Management, and Budget (DTMB)/Information Technology (IT) Section – Dedicated Staff



Responsible for the maintenance and enhancements of existing IT systems and works with the agency on the development of new IT systems. This section works with various parts of DTMB for all the agency's IT needs. DTMB Field Services staff work on computer set-up and maintenance, password resets, and troubleshooting any IT-related problems.

Licensing and Investigations

Enterprise Licensing Section

The Licensing and Investigations Section is responsible for:

- Conducting licensing investigations of the commercial casinos, internet gaming operators, internet sports betting operators, and their respective suppliers.
 - These licensing investigations are used to evaluate the eligibility and suitability of applicants, and key individuals and businesses associated with applicants.
- Suppliers providing gaming-related goods or services to a commercial casino, internet gaming operator, or sports betting operator must be licensed by the board. Suppliers providing nongaming-related goods or services to a commercial casino also must obtain a license from the MGCB unless qualified for an exemption from licensing requirements.
- Vendor registrations are required for entities that provide specific nongaming-related goods and/or services under the Lawful Internet Gaming Act or Lawful Sports Betting Act.



Licensing and Investigations

Criminal Investigations Section

- The Criminal Investigations Section (CIS) functions as a professional resource providing gaming investigative expertise to Board staff as well as federal, state, county and local law enforcement and regulatory agencies.
- The main purpose of the CIS is the administration of criminal justice. This includes conducting investigations, in conjunction with Attorney General investigators and state and local police departments, into allegations of illegal gambling which could constitute a violation of the Michigan Penal Code.
- In addition, and to a lesser degree, the CIS conducts regulatory and administrative investigations into matters falling under the jurisdiction of the Board and/or its Executive Director.
- MGCB maintains an anonymous tip phone line and email address for the public to report illegal or suspected illegal gambling activity. All information received is reviewed for credibility and appropriately assigned to gather additional information.



888-314-2682

Millionaire Party

- A millionaire party is an event where imitation money or chips are used to place wagers on games of chance customarily associated with casino gaming. The most common millionaire party game conducted throughout the state is Texas Hold'em poker. Millionaire parties are held by non-profit organizations to generate funds for charitable purposes.
- The Enterprise Licensing Section issues licenses to qualified organizations (charities) and suppliers to hold Millionaire Party events.
- The Investigations Section is also responsible for conducting regulatory inspections of Millionaire Party events and performing licensing investigations of Millionaire Party suppliers.

2022 Millionaire Party Licensing

Charities	1,034
Licenses Issued (1-4 Days Each)	1,393
Millionaire Party Event Days	5,277

- **2021 chip sales by charities totaled \$29.5 million.**
- **Net profit to charities was \$2.2 million.**



Casino Operations



Enforcement

Regulation officers are tasked with ensuring the three Detroit casinos adhere to the Acts and Rules.

Regulation Officers conduct investigations on violations of the Acts and rules and recommend regulatory action, conduct investigations on all Patron Disputes and review all Promotion, Tournament, Rules of Game submissions, Material Floor Changes and Surveillance Alteration Plans.



Employee Licensing

Staff are tasked with processing occupational license applications and ensuring all occupationally licensed employees at the three Detroit casinos and those involved in internet sports betting and internet gaming are eligible, suitable and qualified for an occupational license.



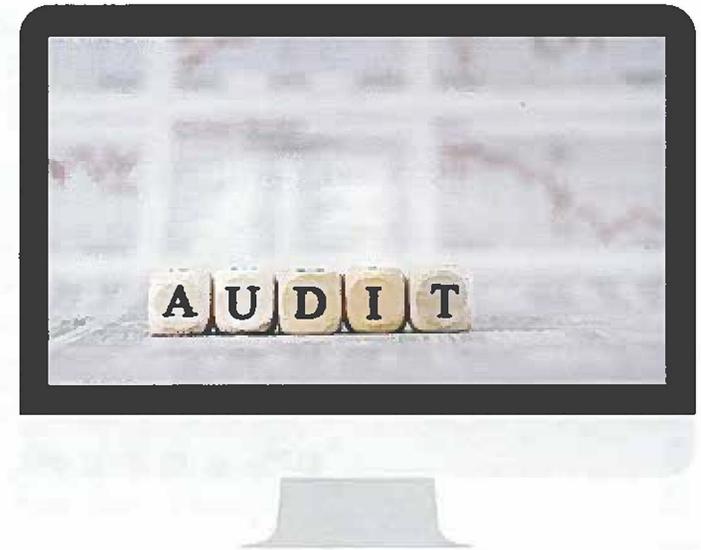
Gaming Laboratory

Staff are tasked with reviewing all gaming related software and hardware submissions to ensure they meet the technical standards for the Michigan market per the Michigan Gaming and Revenue Control Act, 1997 PA 69, as amended, The Lawful Internet Gaming Act 152 of 2019, and The Lawful Sports Betting Act 149 of 2019, as it pertains to retail and online game evaluations.

Casino Operations cont.



- Casino Audit:
 - Auditors are responsible for performing compliance and operational audits on the three Detroit casinos' gaming operations and financial/statistical reports. The audits are performed to ensure revenue was reported properly and the licensees complied with the Gaming Control and Revenue Act and Administrative Rules and their system of internal controls.
 - Staff also work with the Financial Services section to ensure the appropriate amount of State wagering taxes were received



Casino Operations cont.

Responsible Gaming

- Process applications for the Disassociated Persons List and the Responsible Gaming Database in adherence to the Act and Rules.
- Individuals experiencing problems with gambling may voluntarily self-exclude from casino gaming, internet gaming and internet sports betting.
- This section provides resources for individuals to obtain information on responsible gaming, combined with literature targeted to the general public as well as seniors and adolescents, on how to gamble responsibly and resource locations.
- Staff also provide information on treatment and counseling services and facilitate a Diversion Program for individuals to receive treatment for gambling disorder.



Responsible Gaming

Disassociated Persons List



- Public Act 225 of 2020 amended the Michigan Gaming Control and Revenue Act 432.225(5)
- 5 years after an individual's name has been placed on the list of disassociated persons, the individual may request to have their name removed from the list
- As of February 2, 2023, there are 4,103 individuals on the DPL.
 - the board has received 1,200 applications seeking removal from the DPL.
 - Board staff has approved 1,063 requests,
 - 54 applicants have requested placement back on the DPL,
 - 76 applications were denied, and the remaining
 - 7 applications are currently under review.

Disassociated Persons List (DPL) Statistics

As of February 2, 2023, there are 4,103 individuals on the DPL.



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Revenue & Taxes

Michigan Gaming Control & Revenue Act and Administrative Rules



- The Michigan Gaming Control & Revenue Act and Administrative Rules apply to the three Detroit casinos, including retail sports betting.
- The Detroit casinos reported \$1.2 billion in gaming revenue in 2022.
 - .8% decrease compared to 2021 for slots and table games
 - 30% decrease compared to 2021 for retail sports betting

Total Yearly Aggregate Revenue 2022 (in Millions)



Detroit Casino Market Share

MGM 44% MCC 35% GTC 21%

Revenue & Taxes

Michigan Gaming Control & Revenue Act and Administrative Rules



Wagering taxes are required to be remitted by the Detroit casinos based on adjusted gross receipts of gaming revenue (slots and table games).

State Wagering Taxes

In calendar year 2022, the combined 8.1% State Wagering Taxes paid by the three Detroit casino licensees and deposited in the School Aid Fund (SAF) totaled \$101.8 million (compared to \$102.6 million for 2021).

City of Detroit Wagering Taxes

In calendar year 2022, the combined City of Detroit Wagering Taxes paid by the three Detroit casino licensees totaled \$155.6 million (compared to \$160.8 million for 2021).

The Detroit casinos also have development agreements with the City of Detroit that require an additional 1% tax to be paid when the casino's adjusted gross revenue reaches \$400 million in a calendar year.

Revenue & Taxes

Michigan Gaming Control & Revenue Act and Administrative Rules

Wagering taxes are required to be remitted by the Detroit casinos based on adjusted gross receipts of **retail sports betting**.

State Wagering Taxes

In calendar year 2022, the combined 3.78% State Wagering Taxes paid by the three Detroit casino licensees and deposited in the School Aid Fund totaled \$711,087 (compared to \$1 million for 2021).

City of Detroit Wagering Taxes

In calendar year 2022, the combined 4.62% City of Detroit Wagering Taxes paid by the three Detroit casino licensees totaled \$869,107 (compared to \$1.2 million for 2021).



Online Gaming & Legal Affairs



Lawful Internet Gaming Act and Administrative Rules

- Allows licensed internet gaming operators to offer casino games on the internet.
- Adjusted gross internet gaming receipts were \$1.4 billion for 2022.
- Operators pay a range of 20% to 28% tax on adjusted gross internet gaming receipts allocated as follows:

	Internet Gaming Fund	Agriculture Equine Industry Development Fund	Michigan Strategic Fund	City of Detroit	Local Governing Body
Non-Tribal Operator	65%	5%, up to \$3 million	0%	30%	0%
Tribal Operator	70%	0%	10%	0%	20%

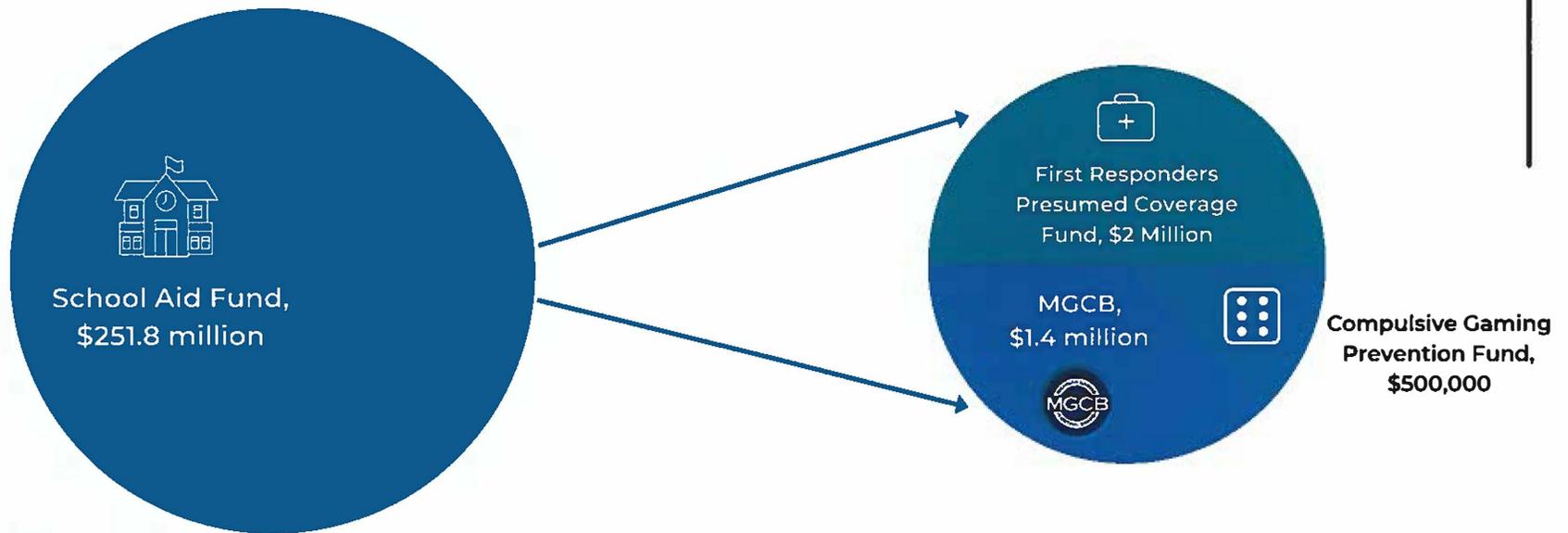
- \$298.2 million in taxes and payments were remitted to the State of Michigan for 2022.
- \$77.8 million in taxes and fees were remitted to the City of Detroit for 2022.
 - This includes a required 1.25% municipal service fee which totaled \$10.2 million.
- \$3 million in taxes was remitted AEIDF for fiscal year 2022.

Gaming in Michigan

Lawful Internet Gaming Act and Administrative Rules



FY 22 Internet Gaming Fund Expenditures/Transfers



- \$255.7 million was deposited in the Internet Gaming Fund for fiscal year 2022.
 - \$251.6 million from tax/payments from internet gaming operators.
 - \$4.1 million from application, license, gaming lab and other fees.

Gaming in Michigan

Lawful Internet Sports Betting Act and Administrative Rules



- Authorizes licensed sports betting operators to offer internet sports betting.
- Adjusted gross internet sports betting receipts were \$219.6 million for 2022.
- An 8.4 percent tax is imposed on adjusted gross sports betting receipts allocated as follows:

	Internet Sports Betting Fund	Agriculture Equine Industry Development Fund	Michigan Strategic Fund	City of Detroit
Non-Tribal Operator	65%	5%, up to \$3 million	0%	30%
Tribal Operator	90%	0%	10%	0%

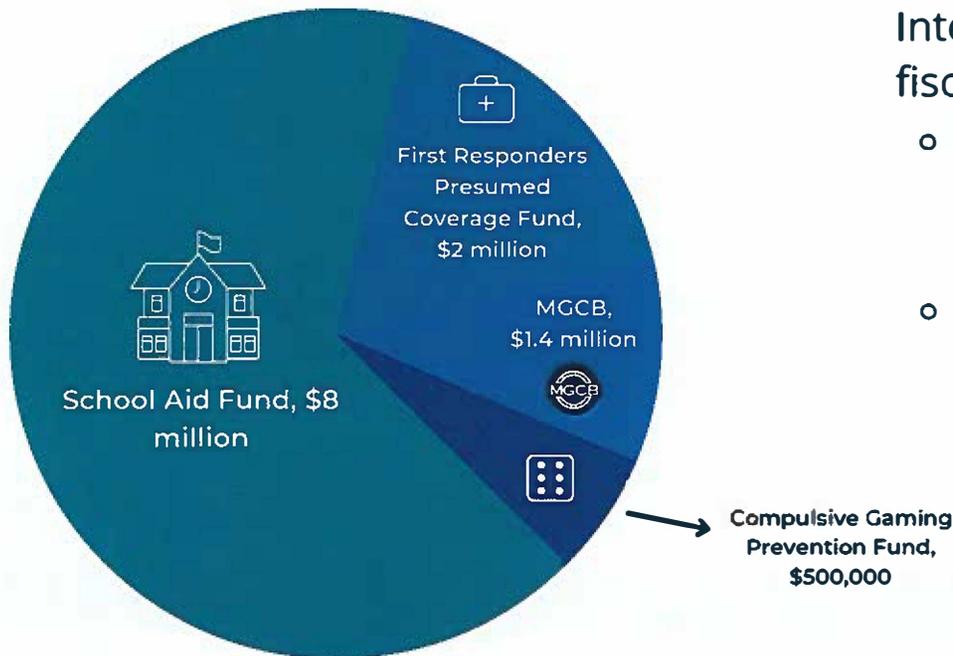
- \$13.7 million in taxes and payments were remitted to the State of Michigan for 2022.
- \$6.7 million in taxes and fees were remitted to the City of Detroit for 2022.
 - This includes a required 1.25% municipal service fee which totaled \$2.2 million.
- \$663,815 in taxes was remitted AEIDF for fiscal year 2022.

Gaming in Michigan

Lawful Internet Gaming Act and Administrative Rules



FY 22 Internet Sports Betting Expenditures/Transfers



- \$11.9 million was deposited in the Internet Sports Betting Fund for fiscal year 2022.
 - \$10.3 million from taxes/payments from internet sports betting operators.
 - \$1.6 million from application, license, gaming lab and other fees.

Online Gaming & Legal Affairs

Horse Racing

- The State taxes simulcast races – races from out-of-state tracks shown at a licensed Michigan track – at 3.5% of the wager. The tax revenue is placed in the Agriculture Equine Industry Development Fund (AEIDF).

Contributions	Totals
Simulcast Wagering Tax Revenue	\$1,761,512
Third Party Facilitator Tax Revenue	\$877,019
AEIDF Funding from I-Gaming	\$3,502,553
AEIDF Funding from I-Sports Betting	\$701,292
Total	\$6,842,376

- Licensing and regulation of live racing at Northville Downs
- Tracking wagering payments for live race wagering, simulcast wagering, and advance deposit wagering
- Total revenue for the AEIDF is distributed to fair races, breeders awards, and other programs. It also funds MGCB.

Number of Live Horse Racing Dates

Track:	2021	2022
Northville Downs	53	61

Online Gaming & Legal Affairs

- Tribal Audit:
 - Responsible for oversight of the compacts
 - Financial (slot machine revenue, payments to state and local governments)
 - Performance (are the tribes abiding by the terms of the compact?)



Online Gaming & Legal Affairs

Tribal – State Gaming Compacts Revenue Sharing Payments



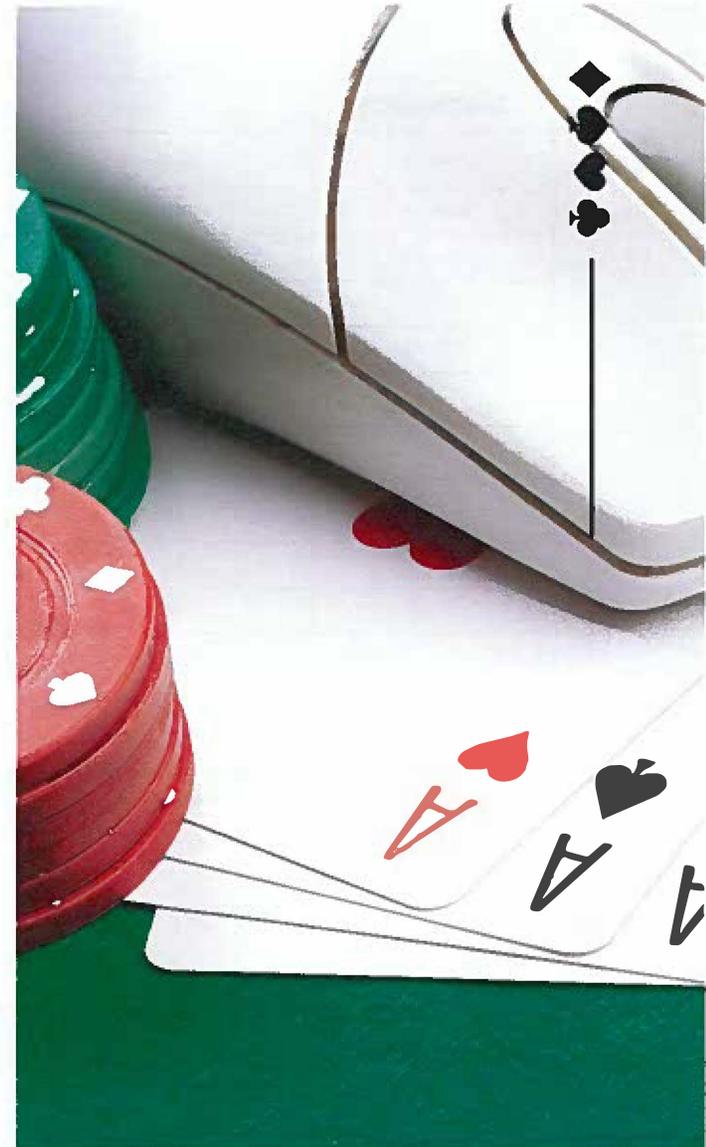
Tribe	Compact Year	Percentage of Net Win to Local Gov't	2021 Amount*	Percentage of Net Win to MEDC/MSF	2021 Amount*
Bay Mills Indian Community	1993	2%	340,688	0%	\$ -
Grand Traverse Band of Ottawa and Chippewa Indians	1993	2%	1,383,794	0%	-
Hannahville Indian Community	1993	2%	1,122,372	2-7%	314,167
Keweenaw Bay Indian Community	1993	2%	754,687	8%	-
Lac Vieux Desert Band of Lake Superior Chippewa Indians	1993	2%	291,596	0%	-
Saginaw Chippewa Indian Tribe	1993	2%	7,023,782	0%	-
Sault Ste. Marie Tribe of Chippewa Indians	1993	2%	1,214,061	0%	-
Little River Band of Ottawa Indians	1998	2%	1,463,331	6%	3,607,215
Little Traverse Bay Bands of Odawa Indians	1998	2%	1,150,137	6-10%	-
Nottawaseppi Huron Band of the Potawatomi	1998	2%	6,397,613	4-8%	21,090,452
Pokagon Band of Potawatomi Indians	1998	2%	6,120,250	6-8%	20,146,533
Match-E-Be-Nash She-Wish Band of Pottawatomi Indians	2007	2%	4,243,082	8-12%	9,107,705
Total			\$31,505,393		\$54,266,072

*MEDC and MSF totals reported by the Tribe's fiscal year.

Online Gaming & Legal Affairs

Fantasy Contest Consumer Protection Act and Administrative Rules

- Allows only licensed fantasy contest operators, Detroit casinos, and Michigan tribes to offer fantasy contests in Michigan.
- Administrative Rules are in the promulgation process.
- For 2022, fantasy contest adjusted revenues totaled \$16.8 million.
- Operators pay the state an 8.4% tax on fantasy contest adjusted revenues.
- 100% of the tax is deposited in the fantasy contest fund.
- At the end of the fiscal year, after MGCB expenses, the remaining fund balance is transferred to the school aid fund. For fiscal year 2022, this transfer was \$1.1 million.
- Tribal Audit:
 - Responsible for oversight of the compacts
 - Financial (slot machine revenue, payments to state and local governments)
 - Performance (are the tribes abiding by the terms of the compact?)



External Affairs

Legislative Affairs

- Handles the review of legislation concerning both the agency and the industry
- Process constituent concerns and requests from legislative offices

Last Session Wins



SENATE BILLS 1111-1112

- Millionaire Party charitable gaming funding shift
 - Public Acts 269 & 270 of 2022

2023 Priorities



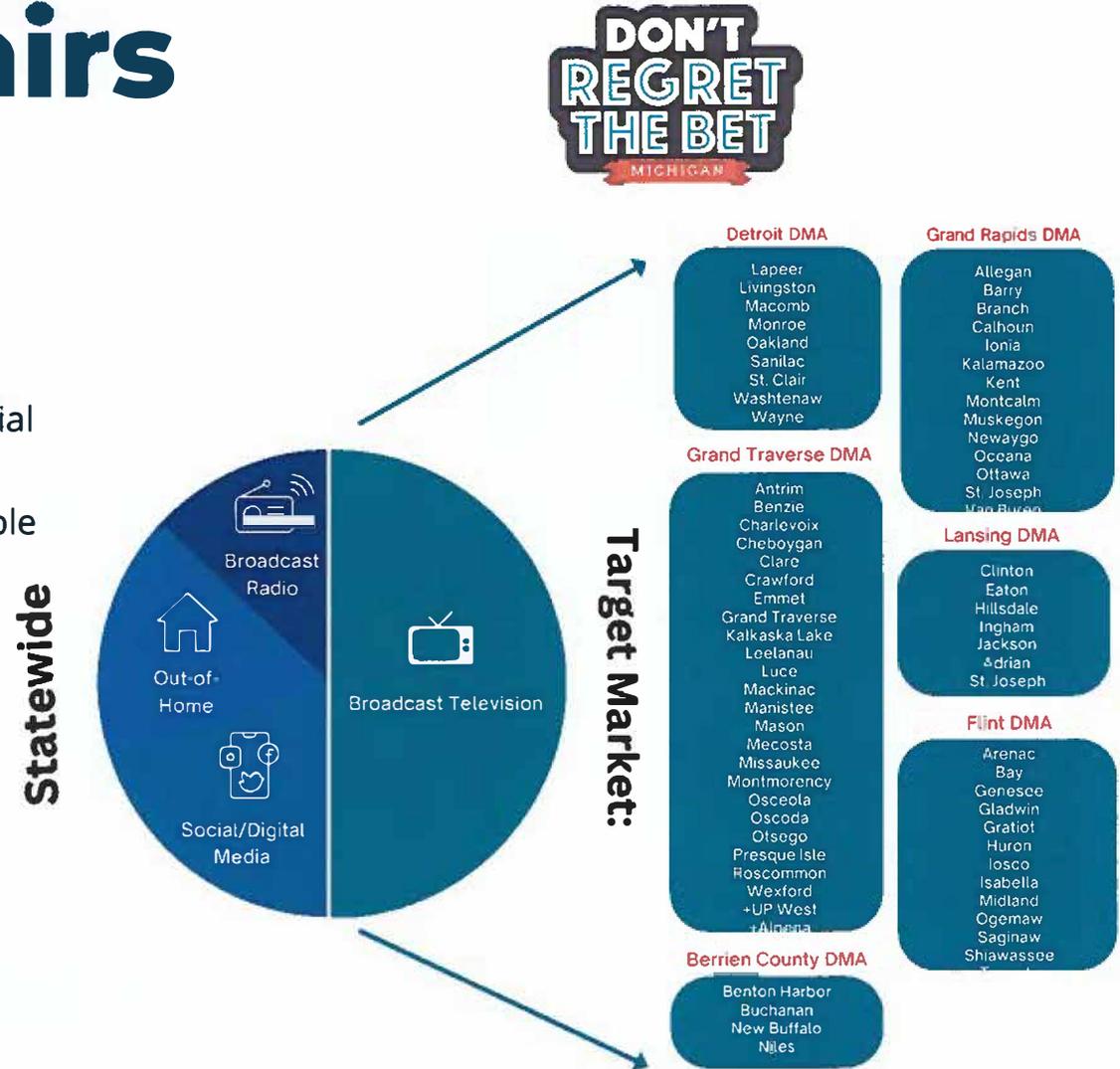
- FY 2024 Budget Requests



External Affairs

Communication

- Responsible for overseeing external and internal communications in the agency
- Responsible for maintaining the agency's social media postings
- Oversees content of newly created Responsible Gaming Advertising Campaign
- MGCBC has contracted with **King Media** for the following advertising campaign for FY 2023:
 - Broadcast Radio, Social/Digital Media, and Out of Home media will be targeted statewide.



Questions?



michigan.gov/mgcb