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## City of Detroit CITY COUNCIL

## **LEGISLATIVE POLICY DIVISION**

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TO:

**Detroit City Council** 

FROM:

David Whitaker, Director

Legislative Policy Division

DATE:

March 18, 2019

RE:

Report on Gaming Tax Revenue through February 2019

For Council's review, the attached schedules present the gaming tax revenue activity through February 2019 and prior fiscal years.

Through the eighth month of the fiscal year the casinos reported a combined gross gaming receipts increase of 3.87% compared to the same period in the prior fiscal year. Broken out by casino, MGM's gross receipts are up by 5.38%, Motor City's are up by 1.69% and Greektown's are up by 4.29%, compared with the first eight months of the prior fiscal year.

In the eighth month of the fiscal year, the City collected \$13.63 million in gaming tax revenue, which was 4.06% greater than February 2018, as reflected in Chart 1. Chart 2 "Monthly Detroit Gaming Tax Collections" through a twelve-month moving average trend line shows an increase of 3.49% since last February among the combined casino tax revenues. Based on existing data, there is projected to be a surplus of \$2.71 million for the fiscal year for a gaming revenue total of \$183.48 million, a 2.52% increase over last year.

Adjusted gross casino gaming receipts were reported at \$114.56 million for the month of February 2019 as shown in Chart 1A. This represented a 4.06% gain compared with February 2018. Chart 2A "Monthly Detroit Gaming Receipts" through a twelve-month moving average trend line shows growth of 3.49% among the combined casino receipts.

MGM and Motor City are each paying 12.9% of adjusted gross gaming receipts to the City, while Greektown Casino is paying 11.9% of adjusted gross gaming receipts and is broken out as follows. By state law, all casinos are now paying 10.9% of adjusted gross gaming receipts to the

City as wagering tax. The casinos also have an additional 1% payment because of the 2002 amended development agreement with the City. Additionally, if a casino reaches \$400 million in adjusted gross gaming receipts in a calendar year, like MGM and Motor City, then an additional 1% is paid to the City per the amended development agreement of 2002.

There is not a complete one-to-one relationship between the adjusted gross receipts and the tax revenue collection increases when comparing prior years, due to two factors. First, there is the fact that MGM and Motor City casinos began paying the City 1% less due to the permanent casinos opening on October 3 and November 29 of 2007. This reduction to the City is part of state Public Act 306 of 2004, when the legislature amended Public Act 69 of 1997, which was the original casino gaming legislation. P.A. 306 increased the wagering tax by 6% of which 2% went to the City of Detroit. P.A. 306 also allowed that when the permanent casino had been certified by the state gaming board as having operated for 30 consecutive days and once the City determined the project was complete, 5% of the 6% additional wagering tax would be eliminated, with the remaining 1% allocated to the City where the casino is being operated. Greektown continued to pay the 6% additional wagering tax – 4% to the state, 2% to the City – until its permanent status was agreed to by the Administration and approved by the State Gaming Commission, which occurred on March 9, 2010.

Second, the amended development agreement of August 2002 between the City and the casinos, which is separate from the state law, has all casinos, beginning in January 2006, paying an additional 1% over the state law, plus another 1% when the casino reaches \$400 million in adjusted gross gaming receipts in a calendar year. For the thirteenth year, MGM and Motor City each did exceed \$400 million in the calendar year and increased gaming tax collections by \$11.09 million between August and December. MGM reached \$400 million in August, a month earlier than prior years, and Motor City reached \$400 million in October similar to last year. MGM's additional 1% totaled \$6.19 million and Motor City's totaled \$4.89 million.

## Attachments (5)

cc: Auditor General

David Massaron, CFO
John Naglick, Finance Director
Tanya Stoudemire, Budget Director
Renee Short, Budget Manager
Steve Watson, Budget Manager
James George, Agency CFO
Stephanie Washington, Mayor's Office

Monthly Comparison Detroit Gaming Tax Collections

Chart 1

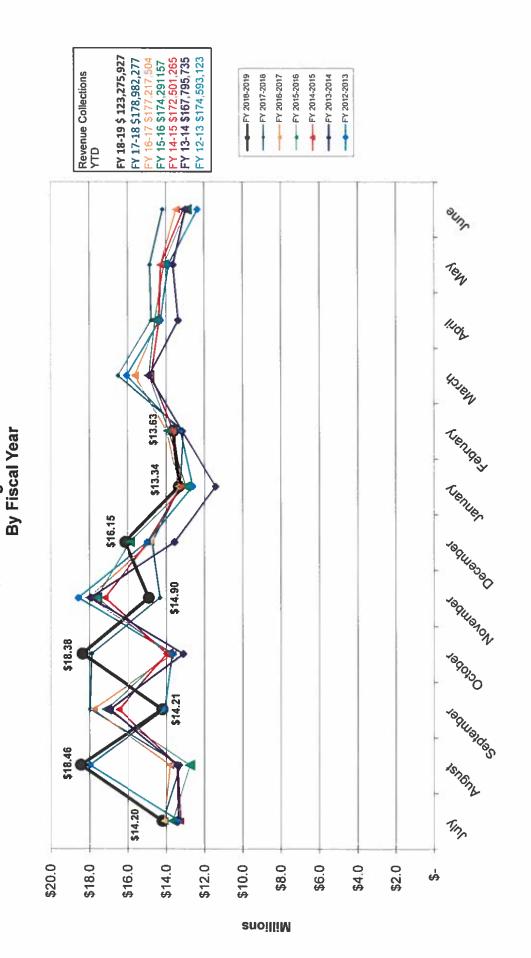


Chart1A

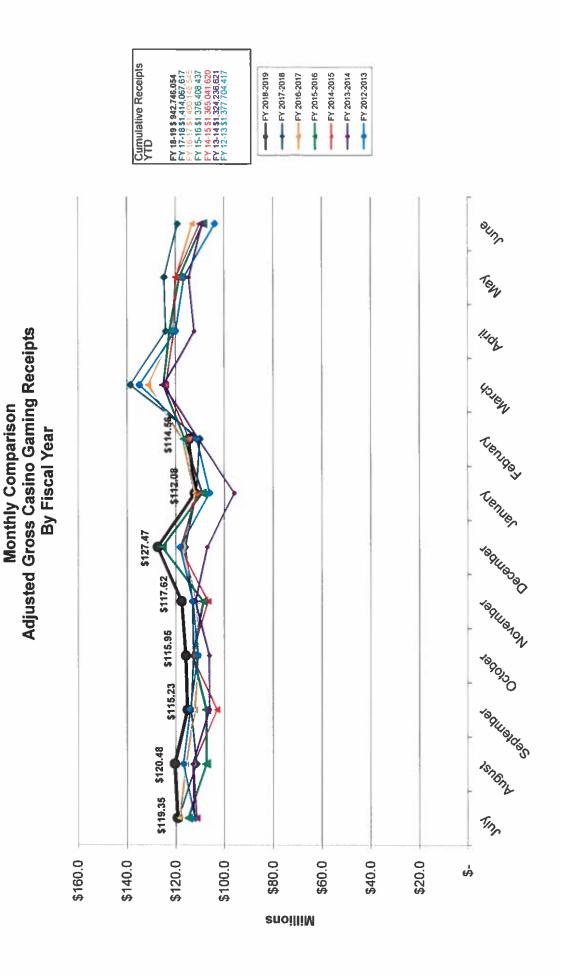
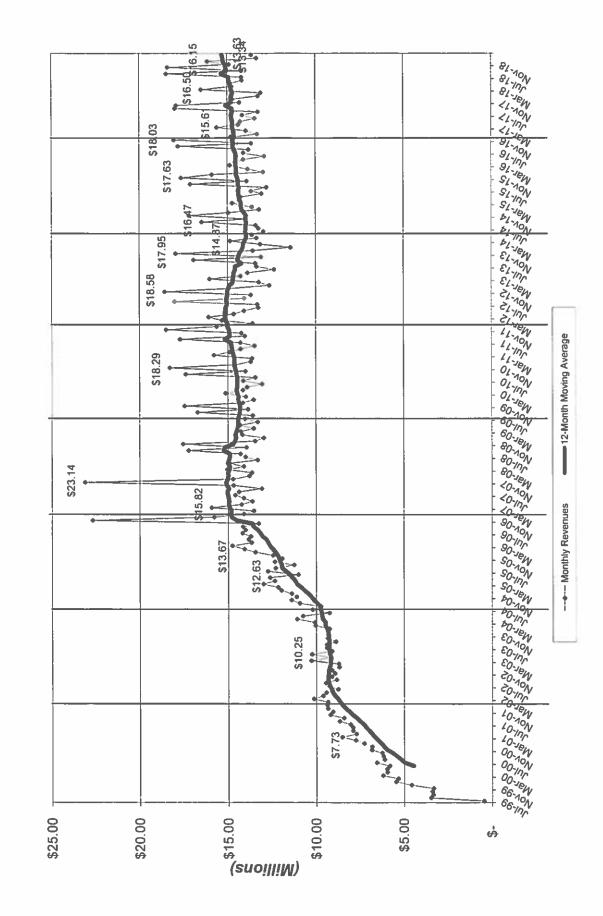


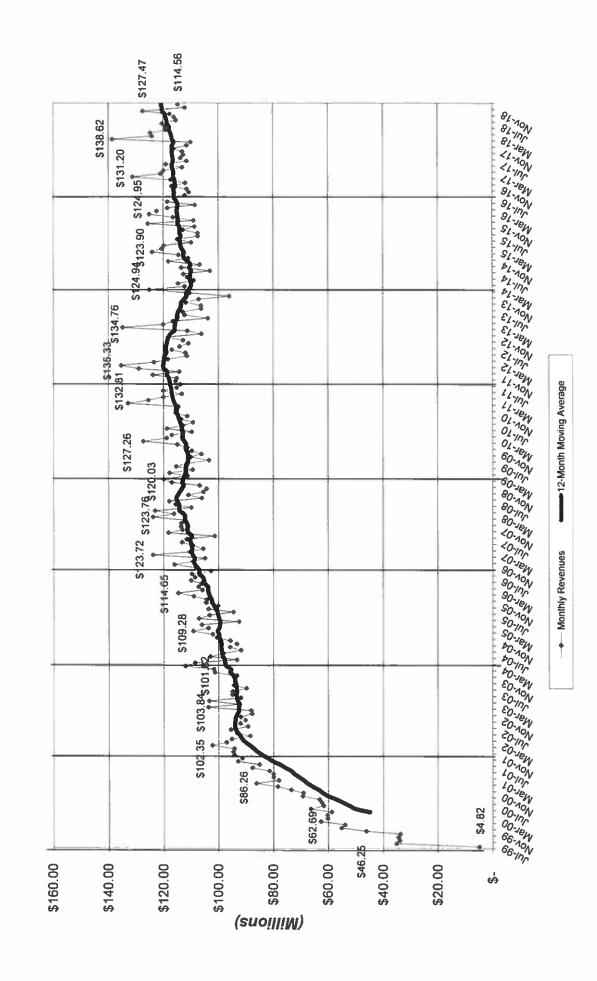
Chart 2

## Monthly Detroit Gaming Tax Collection History



## Chart 2A

Monthly Adjusted Gross Casino Gaming Receipt History



# Wagering Tax History and Tax Projections - All Casinos

Chng. over prior year	A 2767	8 08%	1.39%	2.92%	4.01%	85.0	0.53%	4.06%	200.001	100.00%	-100 00%		3.11%					79 8 6.00	2	3.87%						
Gross	FY 18-19	179 352.251 03	115.227.814.05	115 953,356 87	117,619,810,33	127,466,750,31	112,084,778.90					942,746,053.96	1,444,099,783.79	12.90%	4 00%	9/00-	112,186,780.42	000 44	123,275,926.62	942,746,053.96		53.66%	505,889,180.02 1,448,635,233.98	183,488,631.09	180,779,000.00 2,709,631.09	
over prior	-1	3,500			1.42% \$				000		34%	0.99%	1.08% \$				v	70000		-0.80% \$	v		<b>49</b> 49	•	เกโห	
Gross	FY 17-18	119,025,164,52	113 650.378 92	112,667,682.55	113,084,415.06	116,166,313,36	111 494,603.74	110,086,016.70	138 618 493 30	124 023 991 41	124 029.270 12	1,414,067,616.62	1,400,536,681.31	12.90%	1 008	0,00%	168,274,046.38	0.000	178,982,276.84	907,649,716.18	506,417,900.44	55.79%			1,202,276.84	
		28	1		60			- 1				° 14	<b>*</b>			ŀ	ь			\$	V9			4	W W	
over prior		7 88%								110%			0.67%					0	1.68%	1,41%						
Gross	FY 16-17											1,400,148,545.50		12.90%	7000	1.00%	11 90% 166 617 676 91	4	177,217,504.46	914 927 575 06	485,220,970.44	53.03%			175,200,000.00	
	700											2%2		H	F	ł	0.85% \$	6	1.04% \$	1.28% \$	69				W W	
over prior												0.85%					0.8	•	1.0	1.2	H					
Total Adjusted Gross Receipts	FY 15-16	114,773,549.99	107.556.002.33	112 839 250 36	108,679,663,84	125 463 371 75	109,066,698.11	116,400,992.94	124 949 116 99	122,356,901,35	118 534 / 56.46	1,376,687,027.05	1,376,408,436.95	12 90%	7000 1	1.00%	163,825,756.22		174,291,157.45	902,233,911.50	474,453,115,55	52.59%			169,042,005.00 5,249,152.45	
•	,	8 %										P 100	<b>s</b>	4		-	ь		24.2	<b>€9</b>	69		-	4	n n	H
Cang. over prior	0	-0.88%	304	6.63%	4 53	10.28	15 59	3.45	-0.83	100	9 0	3.08%	-1.24						2.80%	3.17%						
Gross		111.335,628.63		ľ		Ì	Г	٦				-	1,332,782,569.59	12 90%	2000	1.00%	11.90%		172,501,264.56	890 843 592 76	474 198 027 47	53.23%			168,000,000.00	
		\$ %	1						-			. 64	2%			+	49		2%	32% \$	W				W W	ļ
Chng. over prior year		0.29%	9.79	4.1						-6.47%		Ľ							-3 89%	4 33						
Gross	FY 13-14	112,324,111,14	106 340 200 54	106.324.915.12	111.841.042.99	107 124 733 60	96,048,307.53	110,608,613.45	124 936 684 16	112.273,443.83	114 508 495 99	1,324,236,621.27	1,349,503,615.26	12 90%	2 00	1.00%	157,584,157,93		167,795,734.76	863,510,376,39	460 726,244 88	53.36%			170,000,000.00 (2,204,265.24)	
To		69 6	n u	w	(J)	S	ь	49	LA)	so c	94	n va	54			2	w	•	A 14	ы	69				ww	
		July	September	October	November	December	January	February	March	April	May	TOT RECEIPTS thru FY	Receipts thru Cal Yr.	Wagering Tax - pre 9/2004 (State Wagering Tax - post 9/2004 (State Wagering Tax - post 1/2006 (Dev	חתו וים מותו במותוחמו אבמו ווווא	S400 M (Dev. Agmit) **eyeriiriy Tak - post Tivi - so uays	after permanent opens Wagering Tax FYTD	Add1 1% after casino reaches \$400M during calendar year (Dev	Total Revenue FYTD	First 8 Months' Receipts	Last 4 Months' Receipts	Ratio of 8 Month to 4 Months	est. last 4 months' receipts est. total annual receipts	Fiscal Year's Wagering Tax (est)	Budget Surplus/Deficit	