

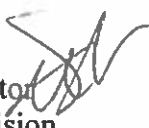
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TO: Detroit City Council

FROM: David Whitaker, Director
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DATE: January 23, 2020

RE: Report on Gaming Tax Revenue through December 2019

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

Through the sixth month of the fiscal year the casinos reported a combined gross gaming receipts increase of 0.39% compared to the same period in the prior fiscal year. Broken out by casino, MGM's gross receipts are down by 0.57%, Motor City's are up by 1.60% and Greektown's are up by 0.43%, compared with the first six months of the prior fiscal year.

In the sixth month of the fiscal year, the City collected \$16.19 million in gaming tax revenue, which was 0.25% greater than December 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 0.67% since last December among the combined casino tax revenues. Based on existing data, there is projected to be a surplus of \$1.83 million for the fiscal year for a gaming revenue total of \$186.2 million, a 1.27% increase over last year.

Adjusted gross casino gaming receipts were reported at \$127.46 million for the month of December 2019 as shown in Chart 1A. This represented a 0.29% gain compared with December 2018. Chart 2A "Monthly Detroit Gaming Receipts" through a twelve-month moving average trend line shows growth of 0.66% among the combined casino receipts.

MGM and Motor City are each paying 12.9% of gross gaming receipts to the City, while Greektown Casino is paying 11.9% of gross gaming receipts and is broken out as follows. By state law, all casinos are now paying 10.9% of 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 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 gross receipts in a calendar year. For the fourteenth year, MGM and Motor City did exceed \$400 million in the calendar year and increased gaming tax collections by \$11.17 million between August and December, a 0.74% increase over last year. MGM reached \$400 million in August, similar to last year, and Motor City reached \$400 million in October, also similar to last year. MGM's additional 1% totaled 6.235 million and Motor City's totaled \$4.935 million.

Attachments (5)

cc: Auditor General
Dave Massaron, CFO
John Naglick, Finance Director
Tanya Stoudemire, Budget Director
Steve Watson, Deputy Budget Director
James George, Agency CFO

Chart 1

Monthly Comparison Detroit Gaming Tax Collections By Fiscal Year

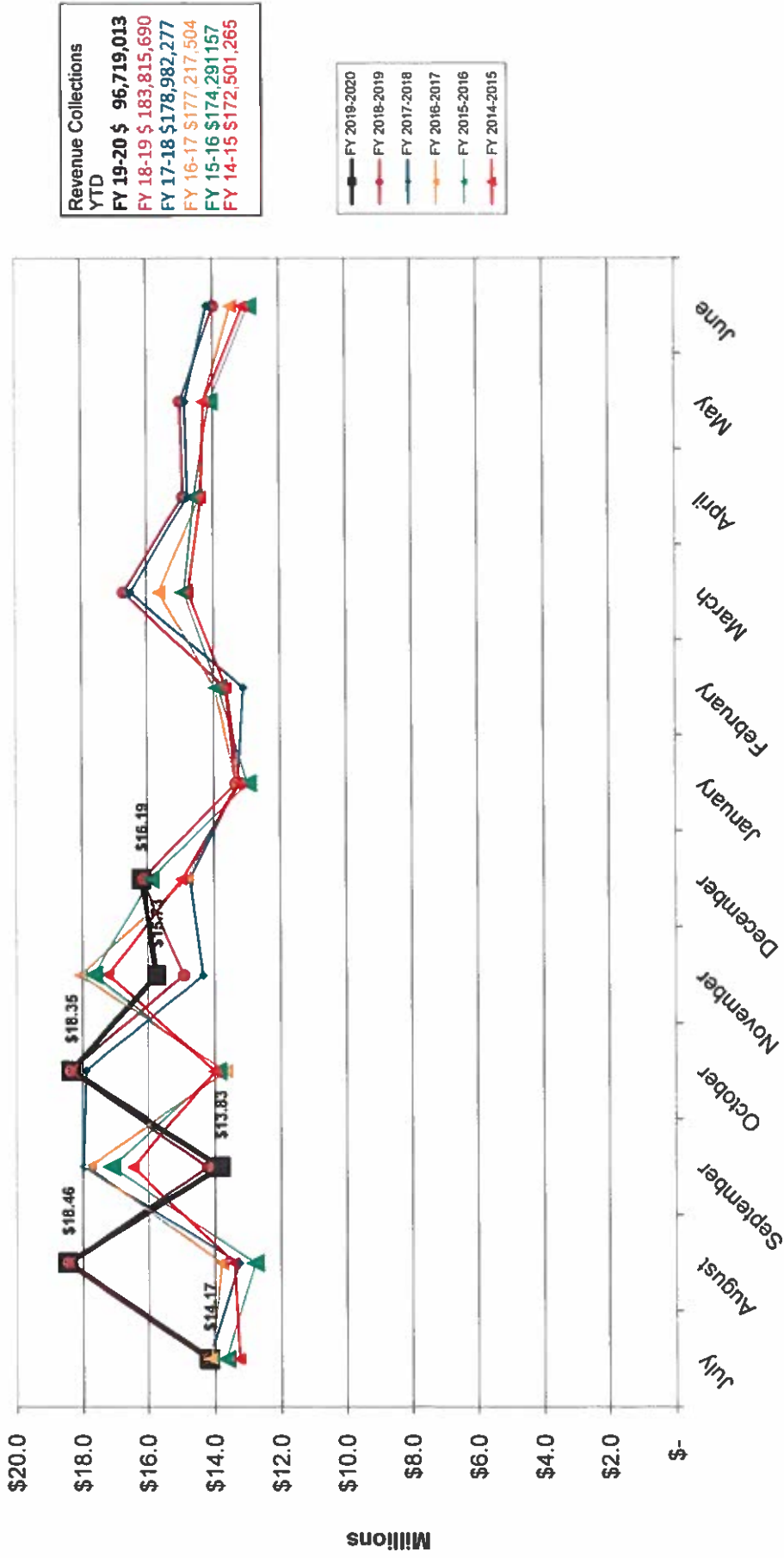


Chart1A

Monthly Comparison Adjusted Gross Casino Gaming Receipts By Fiscal Year

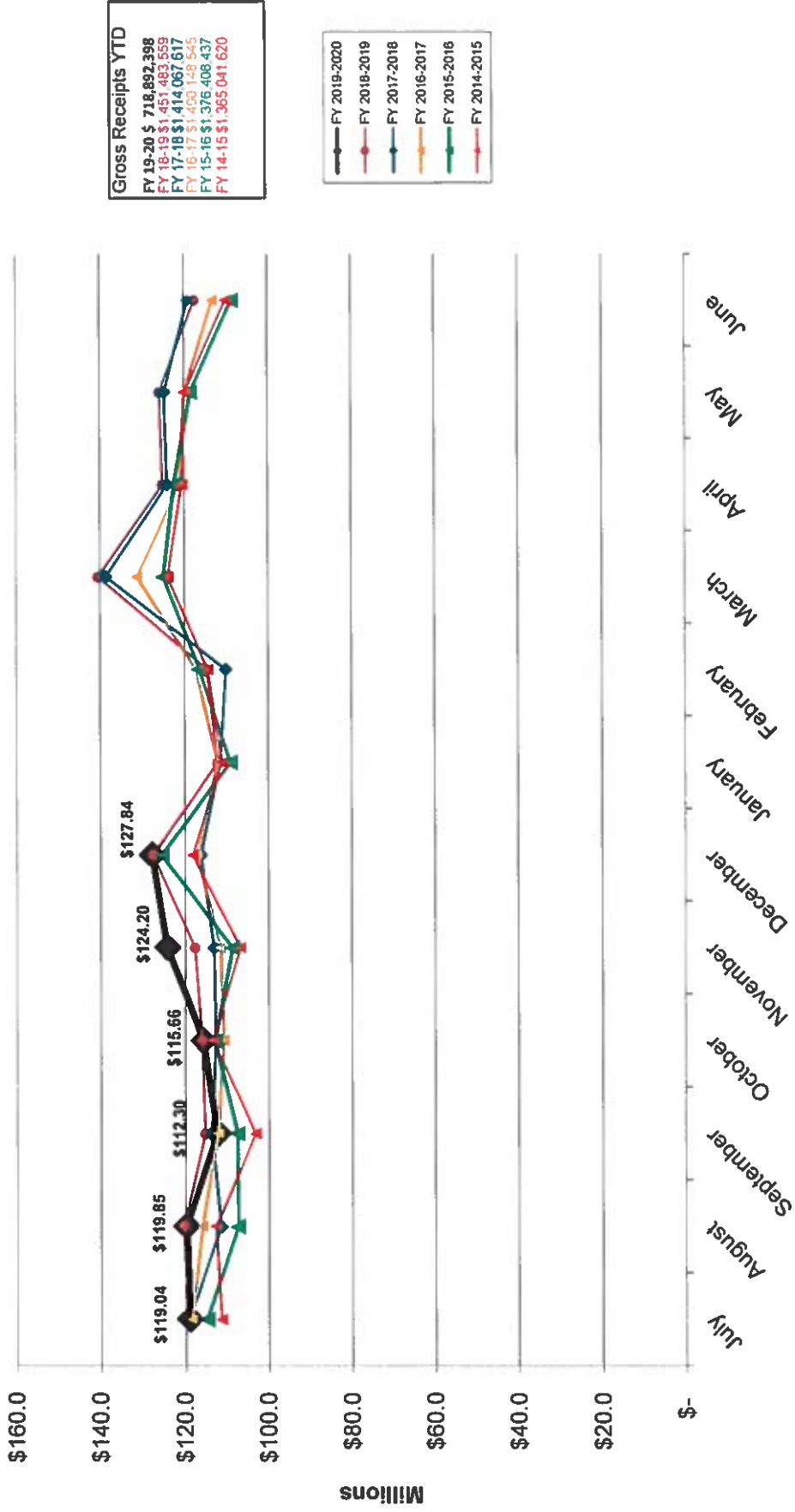


Chart 2

Monthly Detroit Gaming Tax Collection History

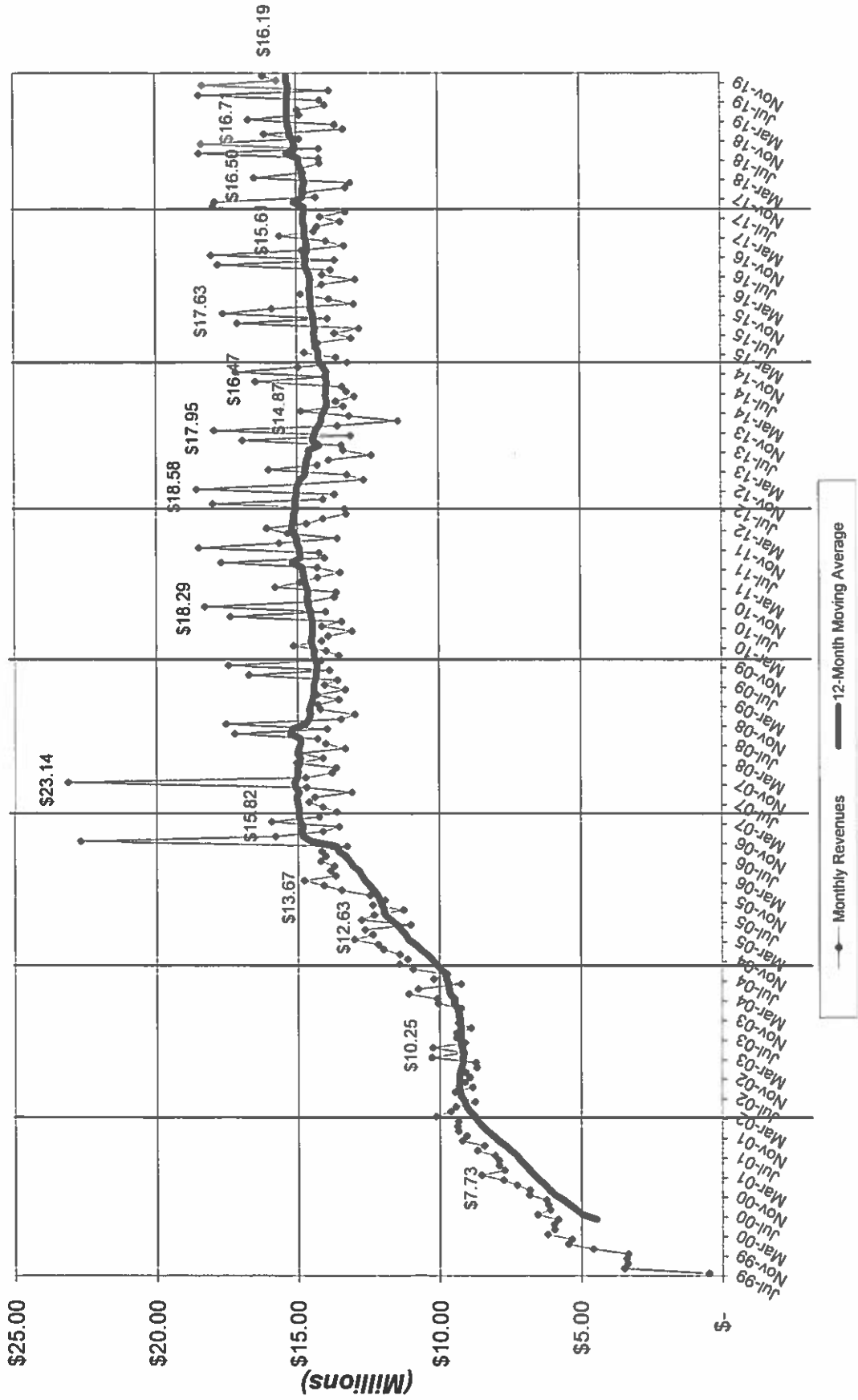


Chart 2A

Monthly Adjusted Gross Casino Gaming Receipt History

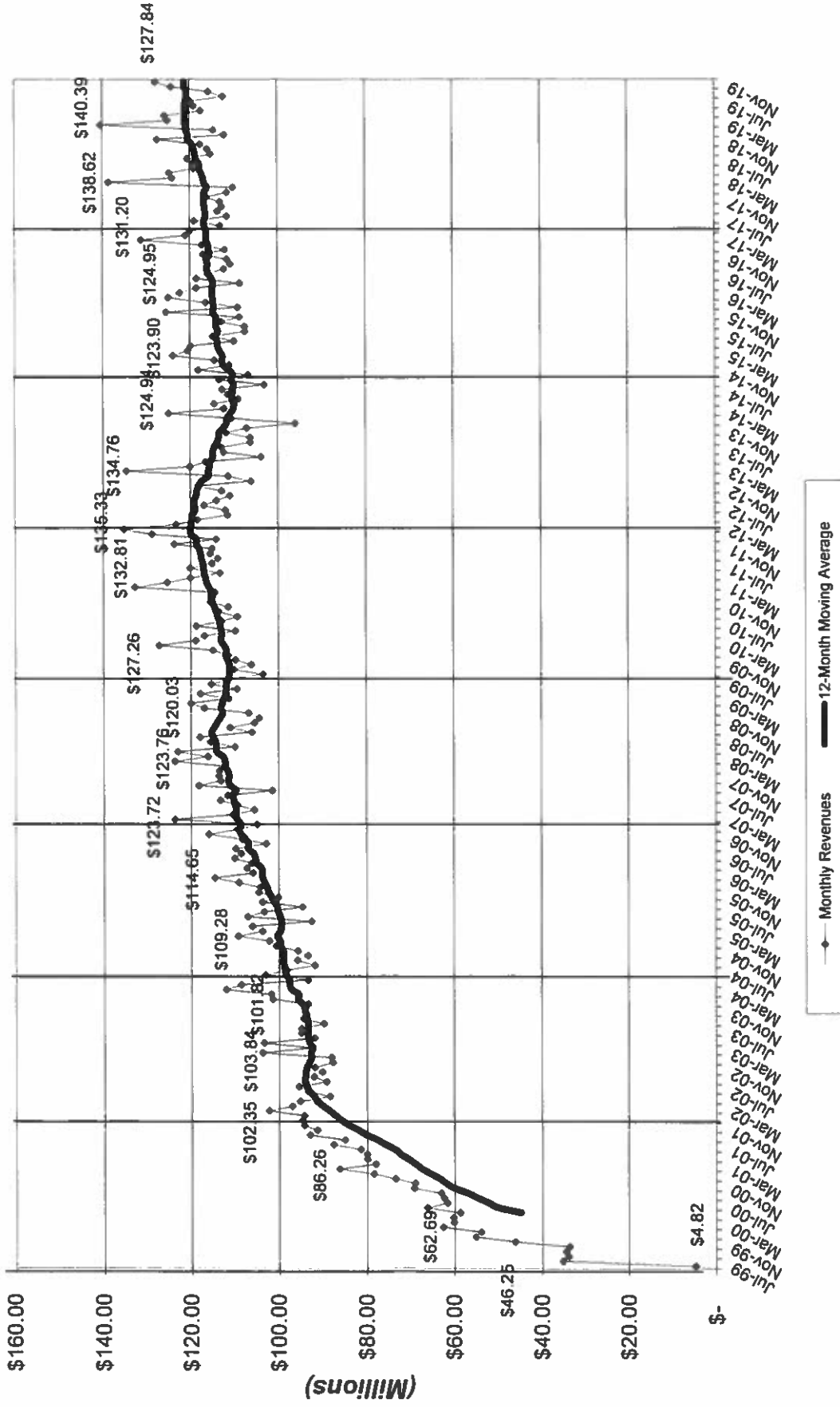


Table 1

Wagering Tax History and Tax Projections - All Casinos

	Total Adjusted Gross Receipts	Chng. over prior year	Total Adjusted Gross Receipts	Chng. over prior year	Total Adjusted Gross Receipts	Chng. over prior year	Total Adjusted Gross Receipts	Chng. over prior year	Total Adjusted Gross Receipts	Chng. over prior year
	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20				
July	\$ 111,335,628.63	\$ 114,773,549.99	\$ 118,462,544.37	\$ 119,025,164.52	\$ 119,352,251.03	\$ 119,044,517.57	\$	0.27%	\$	0.27%
August	\$ 112,662,906.77	\$ 107,454,382.18	\$ 115,902,952.67	\$ 111,475,141.33	\$ 120,481,280.32	\$ 119,846,261.62	\$	8.08%	\$	8.08%
September	\$ 103,111,649.21	\$ 107,556,002.33	\$ 112,167,563.98	\$ 113,650,378.92	\$ 115,227,814.05	\$ 112,298,530.13	\$	1.39%	\$	1.39%
October	\$ 113,375,138.17	\$ 112,839,250.36	\$ 110,737,995.50	\$ 112,667,682.55	\$ 115,953,356.87	\$ 115,663,780.26	\$	2.92%	\$	2.92%
November	\$ 108,779,739.55	\$ 108,679,663.84	\$ 111,502,032.31	\$ 113,084,415.06	\$ 117,619,810.33	\$ 124,204,191.86	\$	4.01%	\$	4.01%
December	\$ 118,134,341.40	\$ 125,463,371.75	\$ 116,907,871.10	\$ 116,166,313.36	\$ 127,468,750.31	\$ 127,835,116.47	\$	9.73%	\$	9.73%
January	\$ 111,021,844.76	\$ 109,066,698.11	\$ 112,004,781.29	\$ 111,494,603.74	\$ 112,084,778.90	\$	0.53%	\$	0.53%	\$
February	\$ 114,422,344.27	\$ 116,400,982.94	\$ 117,241,823.84	\$ 110,086,016.70	\$ 114,560,012.15	\$	4.06%	\$	4.06%	\$
March	\$ 123,903,906.42	\$ 124,949,116.99	\$ 131,203,575.63	\$ 138,618,493.30	\$ 140,386,269.94	\$	1.28%	\$	1.28%	\$
April	\$ 120,548,875.91	\$ 122,356,901.35	\$ 120,997,540.75	\$ 124,023,991.41	\$ 125,074,021.85	\$	0.85%	\$	0.85%	\$
May	\$ 119,815,053.34	\$ 118,534,756.46	\$ 119,945,966.90	\$ 124,659,270.12	\$ 125,772,533.43	\$	0.89%	\$	0.89%	\$
June	\$ 109,930,181.80	\$ 108,812,340.75	\$ 113,073,887.16	\$ 119,116,145.61	\$ 117,504,679.77	\$	-1.35%	\$	-1.35%	\$
TOT RECEIPTS thru FY	\$ 1,365,041,620.23	\$ 1,376,687,077.05	\$ 1,400,148,545.50	\$ 1,414,067,616.62	\$ 1,451,483,558.95	\$ 1,489,239,397.93	\$	2.65%	\$	2.65%
Receipts thru Cal Yr.	\$ 1,332,782,569.59	\$ 1,376,408,436.95	\$ 1,385,801,766.53	\$ 1,400,536,681.31	\$ 1,444,088,783.79	\$ 1,464,274,693.97	\$	3.11%	\$	3.11%
Wagering Tax - pre 9/2004 (State Wagering Tax - post 9/2004 (State Wagering Tax - post 1/2006 (Dev. Add'l 1% after calendar year hits wagering tax - post 1/2006 - 30 days after permanent opens Wagering Tax FYTD	12.90%	12.90%	12.90%	12.90%	12.90%	12.90%	12.90%		12.90%	
\$400M (Dev. Agmt) Wagering Tax FYTD	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%		1.00%	
Add'l 1% after casino reaches \$400M during calendar year (Dev Agmt)	11.90%	11.90%	11.90%	11.90%	11.90%	11.90%	11.90%		11.90%	
Total Revenue FYTD	\$ 162,439,952.81	\$ 163,825,756.22	\$ 166,617,676.91	\$ 168,274,046.38	\$ 172,726,543.52	\$ 85,548,195.35	\$		\$	
First 6 Months' Receipts	\$ 10,061,311.75	\$ 10,465,401.23	\$ 10,599,827.55	\$ 10,708,230.46	\$ 11,089,146.20	\$ 11,170,817.33	\$	1.02%	\$	1.02%
Last 6 Months' Receipts	\$ 172,501,264.56	\$ 174,291,157.45	\$ 177,217,504.46	\$ 178,982,276.84	\$ 183,815,689.72	\$ 96,719,012.68	\$	0.9958%	\$	0.9958%
Ratio of 6 Month to 6 Months est. last 6 months' receipts est. total annual receipts	\$ 665,399,403.73	\$ 676,766,220.45	\$ 685,680,959.93	\$ 686,069,095.74	\$ 716,101,262.91	\$ 718,692,397.93	\$	4.38%	\$	4.38%
Fiscal Year's Wagering Tax	\$ 699,842,216.50	\$ 699,920,806.60	\$ 714,467,585.57	\$ 727,998,520.88	\$ 735,382,296.04	\$	\$	104.11%	\$	104.11%
Budget	\$ 168,000,000.00	\$ 169,042,005.00	\$ 175,200,000.00	\$ 177,780,000.00	\$ 180,779,000.00	\$ 184,323,000.00	\$		\$	
Est. Surplus/Deficit	\$ 4,501,264.56	\$ 5,249,152.45	\$ 2,017,504.46	\$ 1,202,276.84	\$ 3,036,689.72	\$ 1,833,427.08	\$		\$	