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TO: The Honorable Detroit City Council

FROM: David Whitaker, Director   
Legislative Policy Division Staff

DATE: December 13, 2023

RE: **RESOLUTION URGING THE MICHIGAN LEGISLATURE TO PASS  
LEGISLATION ALLOWING FOR THE IMPLEMENTATION OF AN  
AMUSEMENT TAX IN DETROIT**

Council Member Angela Whitfield-Calloway requested that the Legislative Policy Division (LPD) draft a **RESOLUTION URGING THE MICHIGAN LEGISLATURE TO PASS LEGISLATION ALLOWING FOR THE IMPLEMENTATION OF AN AMUSEMENT TAX IN DETROIT.**

Please contact us if we can be of any further assistance.

**BY MEMBER ANGELA WHITFIELD-CALLOWAY**

**RESOLUTION URGING THE MICHIGAN LEGISLATURE TO PASS LEGISLATION  
ALLOWING FOR THE IMPLEMENTATION OF AN AMUSEMENT TAX IN DETROIT**

- WHEREAS,** The majority of US states allow for the implementation of taxes on entertainment such as large concerts and sporting events, commonly referred to as “amusement” taxes;<sup>1, 2</sup> and
- WHEREAS,** In 2018, state and local governments in the US collected \$8.87 billion via their various amusement taxes;<sup>3</sup> and
- WHEREAS,** Michigan cities that regularly host large, ticketed entertainment events are currently unable to take advantage of this lucrative source of tax revenue that may be used to fund services in their communities; and
- WHEREAS,** The implementation of an amusement tax would be particularly beneficial to the City of Detroit, as Detroit is home to several large concert venues as well as the stadiums of 4 professional sports teams; and
- WHEREAS,** Events at large venues and stadiums draw in millions of people each year and generate substantial revenue for the private owners of these venues; and
- WHEREAS,** The regular influx of people attending these large events requires the cities like Detroit to undertake substantial investments into infrastructure and services, including road maintenance, traffic management, police presence, security, and sanitation; and
- WHEREAS,** An amusement tax would provide a stable source of revenue to offset some of the costs associated with hosting these large-scale events while also improving the experience of attendees by ensuring that cities can accommodate the increased traffic; and
- WHEREAS,** In addition to providing a stable source of tax revenue, amusement taxes have been relatively much less controversial than, for example, raising property taxes because amusement taxes are only paid by people who choose to attend the events and the minimal increase in ticket costs does not inhibit their ability to attend these events or decrease overall attendance for the venues; and
- WHEREAS,** Crafting the legislation to permit cities to decide if and how they wish to implement an amusement tax will allow local governments to determine how it would best serve their communities; and
- WHEREAS,** In addition to providing funding for local infrastructure and services related to large events, a portion of the amusement tax revenue could be used to promote and support the local arts, cultural events, and community programs in order to foster local artistic talent and culture. A portion of the amusement tax revenue could also be used to provide reduced rates on event tickets for disadvantaged communities to make access to events more accessible and equitable for everyone; **NOW, THEREFORE BE IT**

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<sup>1</sup> FTA, State Taxation of Services by Category, 2017 - <https://taxadmin.org/state-taxation-of-services-by-category-2017/>

<sup>2</sup> For a summary of various amusement taxes in other states, see the 2018 report from the Citizen’s Research Council entitled “Diversifying Local-Source Revenue Options in Michigan” - <https://crcmich.org/publications/diversifying-local-source-revenue-options-in-michigan>

<sup>3</sup> <https://www.statista.com/statistics/249147/us-state-and-local-amusement-tax-revenue/>

**RESOLVED**, That the Detroit City Council hereby strongly urges the Michigan Legislature to pass legislation that would allow the City of Detroit to implement an “amusement tax” on entertainment services; **NOW BE IT FINALLY**

**RESOLVED**, That the Detroit City Clerk send copies of this resolution to Mayor Mike Duggan, the Detroit delegations of both the Michigan State House and Senate, in addition to Governor Gretchen Whitmer.