City of Detroit
CITY COUNCIL
LEGISLATIVE POLICY DIVISION

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TO: The Honorable City Council

FROM: David Whitaker, Director
Legislative Policy Division Staff

DATE: September 5, 2025

RE: Citizens Research Council of Michigan's Report on Evaluating Local-Option Admissions Tax on Sports and Entertainment Venues in Michigan

On April 22, 2025, your Honorable Body approved a resolution authorizing the Legislative Policy Division (LPD) to contract with the Citizens Research Council of Michigan (CRC) to complete a local-option sales tax study and a local-option amusement/entertainment tax on sports and various entertainment activities and events within the City of Detroit. Council approved the contract with the CRC to conduct these studies on June 24, 2025.

For the Council's information, attached is CRC's report entitled "Evaluating Local-Option Admissions Taxes in Michigan". The CRC report provides a comprehensive study of the following:

- The state and local legislative legal process to establish an amusement/entertainment tax for cities in the state of Michigan.
- A review of peer cities throughout the U.S. that utilizes an amusement/entertainment tax to augment their local revenue sources.
- Estimates on the level of revenues for the City of Detroit and other cities in Michigan from an amusement/entertainment tax.
- Local administration and oversight policy considerations if an amusement/entertainment tax is established for cities in Michigan.
- Policy implications and allocation options to consider if an amusement/entertain tax is established for cities in Michigan.

Please let us know if we can be of any more assistance.
Attachment

September 2025 | Report 421

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Evaluating Local-Option Admissions Taxes in Michigan

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The City of Detroit's Legislative Policy Division commissioned the Citizens Research Council to explore an admissions tax on sports and entertainment venues and a local-option sales tax. This study focuses on Michigan cities that could use revenues from an admissions tax to offset the costs for providing the public services needed to support these venues and their visitors, to provide property tax relief, and to invest in bringing future national events to Michigan.

We recognize and thank Keion Harris for his support in drafting this paper. Mr. Harris is a Ph.D. candidate in the school of Social Work and Psychology at the University of Michigan.

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EVALUATING LOCAL-OPTION ADMISSION TAXES IN MICHIGAN

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EVALUATING LOCAL-OPTION ADMISSIONS TAXES IN MICHIGAN CITIES

In a Nutshell

- Detroit is one of the few major cities in the U.S. that does not levy an entertainment/amusement/admissions tax. While this means the city is not taking advantage of a revenue source commonly used by other cities, it also means that the city can learn from the processes and experiences of the others.
- Depending on how an authorizing state law would define the base and the tax rates authorized, Detroit could yield upwards of $50 million from an admissions tax.
- Revenue from an admissions tax could be used to enhance city services, diversify the city's revenue streams, provide property tax relief, and put into a fund that could be used to draw major national events to the city.

Summary

Several Michigan cities serve as regional hubs for culture, commerce, and transportation. They are home to sports teams and a variety of concerts, stage shows, operas, museums, large conventions, and art exhibits. They experience economic benefits from these activities but also spend taxpayer dollars to ensure public safety and maintain infrastructure.

Detroit stands out as the largest city cast in this role. The city now hosts all four major professional sports teams, along with the pending addition of a Women's National Basketball Association franchise. It hosts a professional soccer teams, concert halls and theatres, and other venues that attract attendees from throughout Southeast Michigan and beyond.

Several cities throughout Michigan also host events that, relative to their size, similarly incur service costs.

This role brings increased traffic and economic activity benefiting local businesses, enhancing Detroit's national visibility, and boosting the city's overall tax base. In serving this role, it brings added pressure on public infrastructure and services, such as policing, sanitation, and transportation, especially during major events.

It also provides an opportunity for the city to benefit from an admissions tax.

City residents, city policymakers, and state policymakers may see value in an admissions tax for various reasons. For some, it may be important to align funding of city services provided to host sports and cultural events with the people benefiting from those services.

Some people may have an interest in identifying revenue tools that can help sustain essential city functions without increasing the cost burden on residents to host visitors.

For others, continued diversification of the revenue streams may be a driving incentive. Detroit's revenue model is the most diverse of any city in the state, but the inability to benefit from consumption occurring in the city hampers its ability to benefit from that one element of its renaissance.

Related to the goal of tax diversification, is the desire to find public revenue streams sufficient to provide meaningful property tax relief to Detroiters. Detroit's property tax burden, which is among the highest in the nation, serves as a disincentive to locate in the city and has led to development of tax abatement programs to lessen the burden for some.

Finally, a recent *Michigan Advance* article described the desire for a fund that could be used to draw major national events. A local admissions tax could be used to leverage state resources committed to this purpose. It would be self-perpetuating as major events would draw attendees to pay the tax and position the city to draw new events.

Whatever the motivations of city policymakers, they will need to work with the state legislature to realize goals for an admissions tax. Under Michigan law, statutory authorization is necessary for local governments to levy various types of local taxes. Depending on how an admissions tax is created and the rate a tax is levied at, the tax will probably be capable of raising revenue sufficient to achieve only some of these goals.

Economics of Events

Large cities play the role of hosting venues for sports and cultural events. In this role, they stand to benefit from people visiting their cities, or residents visiting certain parts of the cities. They also bear costs associated with their role as hosts.

Attendance at events brings direct economic benefits to the host city's local economy, and sometimes the surrounding counties – hotel rooms get booked, restaurants and bars are patronized, merchandise is purchased, and ultimately, experiential stories are shared beyond the city borders. Cities with local income taxes benefit from the income paid athletes, entertainers, coaches, support staff, and employees in those nearby hotels, restaurants, and shops.

Depending on the nature of the events hosted in a particular city, they can impose costs on cities that exceed those incurred in the normal course of serving their local residents. In most cases, entertainment and sporting events occur in the evenings and weekends, outside of normal business hours. The events are typically in cities' downtowns or urban cores, which may require public safety services to be moved from neighborhoods to provide service near sports and entertainment venues.

Legal and Administrative Feasibility

Under Michigan's current legal framework, implementing a local admissions tax would require:

1. State legislative authorization – Michigan law requires express authorization for any local taxes beyond property taxes.
2. Local ordinance adoption – Following legislative approval, the city council must enact an ordinance outlining the tax structure.
3. Voter approval – A majority of local voters must approve the tax in a general election.

A carefully drafted excise tax law, distinct from a sales tax, can help avoid legal challenges. Precedents from cities like Cincinnati and Chicago underscore the importance of clearly defining the tax base, exemptions, and scope of application to avoid lawsuits based on discrimination, vagueness, or conflicts with federal law (e.g., Internet Tax Freedom Act).

Comparative Models and Revenue Estimates

Thirty-four U.S. states permit some form of admissions or amusement tax. Peer cities like Philadelphia, Cleveland, and Denver generate between $20 million and $344 million annually through taxes on ticketed entertainment events. These taxes are typically percentage-based, ranging from three percent to 10 percent, and are directed to general funds, public safety, or arts/cultural programming.

Modeling based gate receipts at Detroit's major sports venues and large theaters suggests that an admissions tax in the city could generate at least the following:

- At 3% tax rate $14.1 million annually
- At 5% $23.4 million
- At 7% $32.8 million
- At 10% $46.9 million

Other cities such as Grand Rapids, Lansing, East Lansing, and Ann Arbor also show moderate revenue potential, particularly from university sporting events and regional arenas.

Tax Design and Policy Considerations

A local-option admissions tax will require local administration and oversight. Local governments should plan and budget for those operations.

Rather than spelling out specific venues that would be subject to an admissions tax, the law could broadly apply to all amounts received as admission to any place of entertainment in the city with the following exemptions:

- Public and private educational institutions.
- 501(c) non-profit organizations.
- Government institutions, departments, and political subdivisions.
- Events sponsored or conducted by the city.
- Admissions to events with a cost of less than $10 for entry.
- Admission to an event conducted in a place having a capacity of 400 or fewer attendees.

Defining the admissions tax as an excise tax avoids state-level sales tax conflicts and clarifies the purpose (cost recovery for specific services like public safety and infrastructure).

While concerns about decreased attendance are valid, data from cities with similar taxes show minimal effects on consumer behavior. Properly calibrated tax rates and targeted application reduce economic distortion.

Policy Implications and Allocation Options

The enriched sports and entertainment culture in cities such as Detroit offers an opportunity to secure additional funding through an admissions tax. This tax could be a strategic tool to address fiscal sustainability, providing cities with an opportunity to diversify their revenues. Most notably, it is a response to the rise in tourism and entertainment-based events, wherein this tax policy can capture the boost in revenue.

Revenue from the admissions tax can help offset the cost of municipal services tied to entertainment and sports – policing, emergency medical services, street cleaning, and transportation.

Admissions tax revenue also could allow Detroit to lower its property tax millage by as much as 5.7 mills, improving affordability for residents and competitiveness for investment.

A portion of revenues could be dedicated to attracting national and international events, supporting marketing campaigns, or providing grants to local cultural institutions. Given Detroit's high poverty rate and overburdened taxpayers, this policy provides a fairer way to raise revenue—asking visitors, not residents, to pay a modest share for services they use. Exemptions for low-cost and nonprofit events help ensure cultural access for all.

Conclusion

A local-option admissions tax offers Detroit and other Michigan cities a strategic tool to diversify revenue, reduce resident tax burdens, and ensure that economic activity benefits municipal sustainability. While it cannot solve all fiscal challenges, it provides a pragmatic, targeted means of recovering costs and investing in core services. With careful legislative drafting, public education, and transparent allocation, this tax could strengthen Detroit's financial position and improve fairness in urban tax policy.

Evaluating Local-Option Admissions Taxes in Michigan Cities

Introduction

Several Michigan cities serve as regional hubs for culture, commerce, and transportation. They are home to sports teams and a variety of concerts, stage shows, operas, museums, and art exhibits. They experience economic benefits from these activities but also spend taxpayer dollars to ensure public safety and maintain infrastructure.

Detroit stands out as the largest city cast in this role. The city now hosts teams in all four major professional sports leagues, along with a lower-level soccer team and the pending addition of a Women's National Basketball Association franchise. It hosts concert halls and theatres, large conventions, and other venues that attract attendees from throughout Southeast Michigan and beyond. In recent years, Detroit's role has grown even more prominent due to substantial economic development and revitalization efforts.

> Admission taxes are imposed on the cost of admission to specific types of activities within a host city (e.g., sporting events, concerts, amusement parks).

Several cities throughout Michigan also host events that, relative to their size, similarly incur service costs. Grand Rapids, Midland, and Lansing host minor league baseball teams. Grand Rapids, Battle Creek, Flint, Kalamazoo, Port Huron, and St. Clair Shores are currently or have recently hosted minor league hockey teams. Clarkston endures costs associated with Pine Knob Music Theater. Additionally, Ann Arbor, East Lansing, and Michigan's other college towns absorb costs not funded by patrons attending athletic, recreational, and cultural events.

For Detroit, this role brings increased traffic and economic activity benefiting local businesses, enhancing the city's national visibility, and boosting the city's overall tax base. In serving this role, it brings added pressure on public infrastructure and services, such as policing, sanitation, and transportation, especially during major events.

It also provides an opportunity for the city to benefit from an admissions tax. Admissions taxes are imposed on the cost of admission to specific types of activities within a host city (e.g., sporting events, concerts, amusement parks). Nationally, such taxes are instituted under many names (e.g., admissions taxes, amusement taxes, entertainment taxes).

City residents, and both city and state policymakers may see value in admissions taxes for various reasons, as they help to align the funding of city services provided to host sports and cultural events with the people benefiting from those services. Commonly used in large cities across the nation, they offer a mechanism for recouping public costs associated with hosting events from those benefiting from the public services.

Admissions taxes are revenue sources that can help sustain essential city functions without increasing the cost burden on residents to host visitors. While city services have improved in the decade since the Detroit bankruptcy settlement, there is still room for improvement in ways that would help to retain and attract residents. Imposing new costs on the city's relatively poor tax base may counter economic development goals, but a revenue stream that spreads the burden beyond the city boundaries would help in this regard.

An admission tax has the potential to contribute meaningful property tax relief to Detroiters who pay among the hightest tax burdens in the nation.

Continued diversification of revenue streams is also a driving incentive. Detroit's revenue model is the most diverse of any city in the state, but the inability to benefit from consumption in the city hampers its ability to benefit from a core element of its renaissance. Other major Michigan cities levy income taxes to diversify their revenue streams but likewise are hampered by the lack of consumption-based taxes.

Related to the goal of tax diversification is the desire to find public revenue streams sufficient to provide meaningful property tax relief to Detroiters. Detroit's property tax burden, which is among the highest in the nation, serves as a disincentive to locate in the city and has led to development of tax abatement programs to lessen the burden for

Admissions/Amusement/Entertainment Taxess

A tax imposed on the sale price of an admission ticket to an event or venue could be constructed as either a sales tax or an excise tax. State tax law will determine whether an admissions tax is a tax authorized under the state's general sales and use tax acts, or if the tax is an excise tax.

While sales taxes are assessed across a wide rate of purchases, an excise tax is imposed on the manufacture, sale, or use of specific goods (such as a cigarette tax), or on an occupation or activity (such as a license tax or an attorney occupation fee). Examples of excise taxes include a tax on the sale of cigarettes, or a gallon of gasoline.

Some states levy both a general sales tax and an excise tax on entrance tickets to events. The determination of what types of admissions are taxed, and whether they are taxed under the state's sales or use tax or a unique excise tax, is determined by state tax statutes.

some. An admissions tax has the potential to contribute toward this goal.

Finally, a recent *Michigan Advance* article described the desire for a fund that the state, City of Detroit, Detroit Metro Convention and Visitors Bureau, and Detroit Sports Commission can tap as part of the process to draw major national events – such as the recent National Football League Draft, National Collegiate Athletic Association tournament games, Super Bowls, and other events. A local admissions tax could be used to leverage state resources committed to this purpose. It would be self-perpetuating as major events would draw attendees to pay the tax and position the city to draw new events.

Whatever the motivations of city policymakers, they will need to work with the state legislature to realize the goals of an admissions tax. Under Michigan law, statutory authorization is necessary for local governments to levy various types of local taxes. Depending on how an admissions tax is created and the rate at which a tax is levied, the tax will probably be capable of raising revenue sufficient to achieve only some of these goals.

Economics of Events

Large cities play the role of hosting venues for sports and cultural events. In this role, they stand to benefit from people visiting their cities, or residents visiting certain parts of the cities. They also bear costs associated with their role as hosts.

Attendance at events brings direct economic benefits to the host city's local economy, and sometimes the surrounding region – hotel rooms get booked, restaurants and bars are patronized, merchandise is purchased, and ultimately, experiential stories are shared beyond the city borders. In cities with local income taxes, including Detroit, athletes, entertainers, coaches, support staff, and employees in those nearby hotels, restaurants, and shops pay income taxes on their earnings within city boundaries. Neighboring counties' tax receipts benefit from excise taxes collected on overnight hotel stays by visiting patrons.

> Attendance at events brings direct economic benefits to the host city's local economy, but ensuring event attendees have positive experiences outside of the venues creates cots for the host cities.

When people attend a concert, theater show, sporting event, or other forms of entertainment, they expect the host city will be clean, safe, and well-maintained. Individuals' concerns for their personal safety and protection of personal property may outweigh loyalty to a team or interest in seeing an entertainer. Ensuring event attendees have positive experiences outside of the venues creates costs for the host cities.

Because Michigan has not authorized local consumption taxes – either general sales and use taxes on purchases or excise taxes on specific purchases such as tickets – these costs to Michigan cities cannot be passed on to those attending the events. City residents attending events already contribute toward these costs, but many attendees of these events travel from jurisdictions outside the host cities. Unless attendees work in the city and pay city income tax, event attendees probably do not pay taxes that go towards funding municipal services provided by the host cities. Yet, they benefit from the city's services.

Depending on the nature of the events hosted in a particular city, attractions can impose costs on cities that exceed those incurred in the normal course of serving their local residents. In most cases, entertainment and sporting events occur in the evenings and on weekends, outside of normal business hours. The events are typically in cities' downtowns or urban cores, which may require public safety services to be moved from neighborhoods to provide service near sports and entertainment venues.

Entertainment and sports venues employ their own security and sanitation services, and they subsidize public safety. Most urban cities face several costs, including:

- Additional safety and security costs, which can include state and federal agency coordination expenses.

- Traffic management and infrastructure strain from road closures, rerouting of public transit, and higher levels of traffic.
- Sanitation and waste management costs as events create high volumes of waste and require additional trash collection.
- Wear and tear on public infrastructure occurs from the heavy use of parks, sidewalks, and transit facilities.

Impact on the City's Economy

With an increase in economic activity, particularly for major entertainment venues, there is a positive ripple effect on restaurants, parking, bars, and retailers in and around the area. In 2024, the NFL Draft in Detroit generated over $213.6 million in revenue, with an additional estimated $12.3 million generated in tax revenue. And, it's estimated that the multiplier effect of a Detroit Tigers game can range from 1.5 to 2.0, meaning every dollar spent at or because of a Tigers game can generate $1.50 to $2.00 in regional economic activity.

An admissions tax would enhance the ability of city government to benefit from the economic activities related to larger events that impact the city and region.

An admission tax provides an opportunity to further this type of economic impact, with some part of the revenue set aside to help attract major national and international events to the city. An admissions tax would enhance the ability of city government to benefit from the economic activities related to larger events that have greater economic impacts on the city and region.

Additionally, as mentioned above, there is a desire of some to create a fund that the state, City of Detroit, Detroit Metro Convention and Visitors Bureau, and Detroit Sports Commission can tap as part of the process to draw major national events. If authorized in state statutes, successful use of this fund would attract more major events to the city, bringing new spending by visitors.

Detroit Lions Home Game Economic Impact

Sporting and entertainment events undoubtedly benefit the cities that host them. In Detroit specifically, professional sports and other entertainment activities contribute to the success of restaurants, retailers, and hotels, all while employing residents from the city and region. Looking closer at the impact of the Detroit Lions' home games, the benefit is clear. Each home game generates direct revenue and triggers a ripple effect of economic activity in surrounding sectors.

First, the game drives direct economic activity. Ford Field welcomes up to 65,000 fans per game and additional tailgaters who enjoy the game from nostalgic locations in the city. The game generates revenue from ticket sales, concessions, parking, loading, and merchandise sales, and offers seasonal employment opportunities for stadium operations, vendors, and event security personnel. The city benefits from an income tax on the players participating in the game (both home and visiting teams).

Restaurants, bars, hotels, and retailers experience significant revenue growth. Service providers see an increased demand for transportation, cleaning, and food supply, among other services. Wages earned by the workforce on game days ultimately recirculate back into the Detroit economy.

Home games anchor economic activity in the city core, and attract national broadcasting and fan travel, which enhances Detroit's brand. Detroit Lions home games represent more than just sports—they are a catalyst for economic momentum.

Entertainment Event Impact at Little Caesars Arena

Little Caesars Arena (LCA), a key component of Detroit's entertainment district and home to the National Basketball Association's Detroit Pistons and the National Hockey League's Detroit Red Wings, also generates substantial economic activity during sporting and concert events. A single concert can drive millions in direct and indirect spending, support local jobs, and enhance Detroit's profile as a cultural destination.

Just as with sporting events, entertainment drives direct economic activity. Direct and indirect spending supports local jobs, small businesses, and the hospitality industry. A sold-out concert at LCA can generate as much as $3 million in gross ticket revenue. Retail, food, parking, and beverage can generate half a million or more, and the event employs as many as 1,000 local residents to staff the event. Concerts and other forms of entertainment are beneficial to the city's general fund, as they generate economic activities that keep businesses operating to pay property taxes, generate parking fees in city-owned ramps, and income tax from the entertainers performing.

Concerts at Little Caesars Arena are more than entertainment; they are powerful economic engines. With strategic coordination, Detroit can maximize the ripple effects of these events to drive long-term urban vitality and inclusive growth.

Expansion of Sports & Entertainment in Detroit

On June 30, 2025, the Women's National Basketball Association (WNBA) announced that the league will expand with three new teams, including one returning to Detroit. The Detroit Shock (1999-2008) was an original franchise established with the creation of the WNBA and won three championships. A team is now set to return to Detroit for the 2029 season. A new practice facility and headquarters will be built on Detroit's Riverfront and will also serve as a multi-sport complex for community use. Regular season games will be hosted at LCA. The expansion team could capitalize on an already growing sports and entertainment market in Detroit. The new Detroit WNBA team will generate economic activity during the summer months when typically there has been a lull with the Pistons and Red Wings enjoying their off seasons.

Local-Option Taxes

Michigan cities primarily rely on property taxes and state-shared revenue for the funding of their general services. Several cities levy a city income tax to augment or supplant city property taxes. In addition to these sources, Detroit levies a casino gaming tax and utility users excise tax.

Within this context, local governments in Michigan are increasingly challenged to raise the revenue needed to maintain the levels of services desired to retain and attract residents and businesses. Constitutional and statutory limitations restrict the growth of property tax revenue, the primary source of revenue for most local governments and state revenue sharing has not been consistent. In addition, when compared with other states, especially its Great Lakes neighbor states, Michigan authorizes few local-option taxes.

> A significant challenge with the current revenue structure for local governments is that local revenue sources are disconnected from a significant element of hte local economy.

A significant challenge with the current revenue structure for local governments is that local revenue sources are disconnected from a significant element of the local economy. Local communities lack mechanisms to allow them to capture the economic consumption activity taking place within their boundaries. The local property tax captures only a one segment of economic activity. Many communities are expanding and/or experiencing economic growth, but the economic recovery evident with bustling downtowns and job growth does not immediately translate into growing revenue streams for local governments. With the exception of city income taxes, which are levied by only 24 cities, and county hotel taxes, which are a minor revenue source, the current revenue options available to local governments do not capture wide swaths of economic activity (e.g., rising incomes, sales, etc.).

Local communities lack ways to benefit from tourism, commerce, and other activities that lead to increased economic activity within their boundaries. These activities require increased expenditures by local governments, but Michigan's tax laws do not provide ways for those governments to benefit from these activities in order to fund the necessary increase in expenditures. For example, some lakeshore communities in Northern Michigan experience much larger populations in the summer, which require increased expenditures for services such as public safety. Local property taxes do not increase in the summer months simply because more people are staying in hotels in the area or staying at a second home.[a] Also, many metro-Detroit suburbs (e.g., Warren and Livonia) are commerce hubs because they have a lot of businesses and jobs in their communities. Because they have not yet chosen to levy a city income tax or other local-option taxes, these cities do not capture

a Second homes or non-homestead (largely commercial and industrial property) is not eligible for a homestead property tax exemption.

the revenue needed to help pay for the services consumed by daytime residents who commute in for work.

Many other states afford their local governments several tax options, including sales, motor fuel, vehicle registration, cigarette, alcohol, utility users', entertainment, and other taxes, which create more diverse revenue streams.

In other states, these taxes, alone or in combination with other taxes, may be authorized to city governments to fund municipal services, county governments to fund services across relatively small regions, or regional authorities to fund transit, museums, sports facilities, and other amenities that span multiple jurisdictions. The level of government at which the taxes are levied determines the potential economic effects the taxes may have on residents and businesses. Taxes levied by the state, regions, and even counties have less potential distorting effects than taxes levied by cities or townships.

> A major advantage of local-option taxes is that they enable local governments to diversify their revenue sources, thereby reducing their reliance on property taxes and state aid.

Local-option taxes, especially when levied at the most local level of government (i.e., city, village, township level) can create administrative difficulties and local competition; introduce economic distortions by creating incentives for people to live or work or purchase items in certain jurisdictions; and intensify socioeconomic disparities across local units of government (e.g., local units with the least ability to raise funds from local property taxes generally have the least ability to raise funds from other taxes too). Some of these concerns over economic distortions, socioeconomic disparities, and local competition can be addressed by authorizing the levy of local-option taxes at the regional or county level.

The state can consider expanding local governments' authority to levy additional taxes to aid in increasing revenue. Expanding the menu of tax options has both advantages and disadvantages. A major advantage is that it enables local governments to diversify their revenue sources, thereby reducing their reliance on property taxes and state aid. Additionally, access to local-option taxes may allow a particular government to levy taxes on activities that reflect an area's economic strengths (e.g., retail or tourism). Local-option taxes provide greater autonomy for communities to pay for local services.

Local-option taxes increase the combined state and local tax rates in an area. However, this is not always the case. Changes made to the local tax mix can be designed to be revenue-neutral when initially implemented but allow for greater growth in local taxes in the future. To accomplish this, the addition of a local-option tax can be partnered with reduction of an existing tax (i.e., property tax relief) so that taxpayers face the same aggregate burden at the time the new tax is implemented. Additionally, local taxes could hurt a state's competitiveness and limit the political viability of raising rates on state taxes.

Local-option taxes also create tax differentials between local units within a state. While local taxes allow municipalities to generate additional revenue from untapped sources (e.g., tourism), the revenue-generating capacity from local-option taxes is not evenly distributed across municipalities. Some communities are better suited to consumption taxes (think about the tourist activities that occur in communities along Lake Michigan, in Frankenmuth, and on Mackinac Island), while other communities may benefit from other local-option taxes.

Local taxes can also increase administrative burdens on taxpayers and local government units. Finally, expanding local taxes could make local governments more vulnerable to economic downturns, as many of the local-option taxes discussed are more closely tied to the economy and therefore more volatile than the property tax.

Admission Taxes in Other Cities

Detroit and other Michigan cities that host entertainment activities are at a disadvantage compared to cities in other states that have access to entertainment and admission taxes. However, Michigan now has the advantage of learning from those cities to consider how the tax base should be defined, the tax rates levied, and pitfalls to avoid.

> There are approximiately 34 states that have implemented some form of tax on admissions, whether in the form of ticketed admissions to events or as part of the general sales taxes.

There are approximately 34 states that have implemented some form of tax on admission, whether in the form of ticketed admission to events or as part of the general sales taxes.[b,7] Some states, such as Louisiana, New Jersey, and Tennessee, include these activities and products in the tax bases of their sales and use taxes. Many others, including several of Michigan's neighboring states, authorize standalone (excise) taxes on these activities and products.

Comparable City Selection

Nine cities, all of which levy an admission tax and are similar in size and economic profiles to Detroit, were selected for comparative analysis: Atlanta, Chicago, Cincinnati, Cleveland, Columbus, Denver, Indianapolis, Philadelphia, and Pittsburgh. These cities were selected based on the following criteria:

- Levy an amusement, entertainment, or admissions tax.
- Host two or more professional sports teams within its downtown borders (Chicago, Denver, and Philadelphia, which host MLB, NBA, NFL, and NHL teams at venues within their borders; for other cities, some or all of the major league teams play in stadiums or arenas outside of the city limits).
- Have a population, geography, and socioeconomic characteristics similar to Detroit.
- Have a economic profile somewhat similar to Detroit.

Comparable Cities Top Line Conclusions

Chicago, Philadelphia, and Pittsburgh's tax implementation dates to the 1930s and 1940s, whereas most other cities have implemented the tax in the last 50 years. Atlanta most recently implemented a tax in 2023.

All eight of the comparable cities in the analysis levy an entertainment or amusement tax as a percentage of ticket, entry, and sales prices. The tax base is homogeneous, since most cities tax the value of event tickets.

b Some jurisdictions, such as the State of Maryland and City of Chicago, include digital-based services in the tax base of their entertainment or amusement taxes.

In a few instances, the ticket is taxed at both the point of initial sale and at the point of resale. Another application is taxing the difference between the face value of the ticket price and the resale ticket price. Entities like LiveNation, Ticketmaster, and StubHub are categorized as "resale sites" and are included in the tax base. Events staged and staffed by nonprofit, governmental, educational, and religious institutions are consistently exempt from taxation.

The tax usually is collected by the city treasurer, administrator, and/or the department of finance. The State of Indiana collects tax revenue for Indianapolis and Marion County, levying a tax based on a percentage. The majority of the tax revenue is recorded in the general fund to help cover public safety and the costs of other city services. The revenue accounts for an average of four to five percent of the comparable cities' public

Table 1
Comparable Cities Key Data Summary

City	Tax Rate	Revenue (most recent FY available)	Administrator	Revenue	Year Implemented (and revisions)
Atlanta	up to 3%	Part of state sales tax revenue	Georgia Department of Revenue	General Fund: Public Safety	2023
Chicago	9% tickets 10.25% streaming amusements	$344M	City Department of Finance	General Fund	1947, with amendments in 1980, 1999,2004, 2015, 2018, 2025
Cincinnati	3%	$10M	City Administrator	General Fund	1972, 2019
Cleveland	4% to 8%	$25M	City Administrator	General Fund	1970s, 1995
Columbus	5%	$22M	City Auditor	Greater Columbus Arts Council (GCAC) & Nationwide Arena	2019
Denver	10%	$20.5M	City Administrator	General Fund	N/A
Indianapolis/ Marion County	10%	$41M* ("other taxes")	State Department of Revenue	Capital Improvement Board of Marion County (Construction Management)	1981, 1990, 1997, 1998, 2005
Philadelphia	5%	$40M	City Department of Revenue	General Fund	1937, 1961, 1973, 1992, 2010, 2017, 2025
Pittsburgh	5%	$21M	City Treasurer	General Fund	1947, 1995, 2004, 2008

* The exact amount is unknown because it was lumped in with other taxes.

Source: City comprehensive annual financial reports for each specified municipality.

Major League Acronyms

Reference is made to the various professional sports leagues, including:

- Major League Baseball (MLB)
- National Football League (NFL)
- National Basketball Association (NBA)
- National Hockey League (NHL)
- Major League Soccer (MLS)
- United Soccer League (USL)
- Women's National Basketball Association (WNBA)

safety expenditures.

All the cities levied an amusement/admission tax ranging from three to 10.25 percent of ticket price. They collected revenue ranging from $10 to $40 million in the most recent fiscal year recorded. The amount of revenue generated from an amusement tax is dependent on the city's entertainment and sports market. Chicago is an outlier, generating $344 million in revenue in FY2024 by levying a tax rate of nine to 10.25 percent.

Comparable City Profiles

The following highlights the key revenue-raising potential of the taxes in the comparable cities.

Atlanta, Georgia

Atlanta is a 135.7-square-mile city home to nearly half a million people. It is home to four professional sports teams: the Braves (MLB), the Hawks (NBA), the Falcons (NFL), and the United Football Club (MLS). Atlanta is also home to the Fox Theater, which seats 4,678 attendees and grossed $50 million in revenue in 2024.

Atlanta imposes an admission tax that is part of Georgia's sales and use tax of up to three percent on original ticket sales that include: the first retail sale of entry or admission to attend an event at an eligible venue and open to the general public; public safety stadium surcharge, meaning an excise tax imposed on each ticket sale; retail sale and sales price. The venues must have a rated capacity of 9,500 people or more. Atlanta's admission tax is levied as part of the sales and use tax, making business operators responsible for collecting and submitting revenue to the state's Department of Revenue. The tax is administered and collected locally and is used to fund government services to enhance public safety in the general fund.

Chicago, Illinois

Chicago is a 228-square-mile city that is home to nearly 2.75 million people. It is home to six professional sports teams: the Bulls (NBA), the Blackhawks (NHL), the Bears (NFL), the Cubs (MLB), the White Sox (MLB), and Fire FC (MLS). Chicago is also home to the Chicago Theater, which seats 3,553 guests and grossed $13 million in ticket and subscription sales in 2023.

Chicago imposes an admission tax of nine percent of the charges paid for the privilege of viewing or participating in taxable amusements. In addition, a three percent charge is applied to admission fees or other charges in ticket resale transactions, applicable only to registered resellers. Examples include concerts, theatrical productions, sporting events, exhibitions, and recreational activities. The tax collected by the City of Chicago's tax administrator generated $344.3 million in FY2024. The funds are used to support the city's general operating fund. Chicago imposes a 10.25 percent tax on streaming amusements. Additional county and state sales taxes on tickets and streaming services bring the total tax rate to 17.75 percent.

Cincinnati, Ohio

Cincinnati is a 79-square-mile city home to more than 300,00 people. It is home to two professional sports teams: the Reds (MLB) and the Bengals (NFL). It is also home to the Taft Theater, which seats 2,500 guests. It has not publicly reported its gross revenue recently.

Cincinnati imposes an admission tax of three percent for the right or privilege to enter a temporary or permanent place, event, or participate in any tour or itinerant form of amusement. Examples include theaters, stadiums, concerts, plays, clubs offering recreational activities, and golf courses. The tax is expected to generate $9 million in FY2025. The funds are used to support the city's general fund.

Cleveland, Ohio

Cleveland is an 82-square-mile city that is home to more than 370,00 people. The city is home to three professional sports teams: the Guardians (MLB), the Browns (NFL), and the Cavaliers (NBA). It is also home to the KeyBank State Theater, which seats 3,200 guests and generated an estimated $1.1 million in admission taxes. Revenue and ticket sales information is not publicly available.

Cleveland imposes an admission tax of eight percent for tickets of admission to theaters, operas, and other forms of amusement. A four percent tax is levied on the amount paid for admission to any small capacity live entertainment venue with a capacity of 151 to 750 people. The city collected $25 million of admissions tax revenue in FY2024. The funds are used to support the city's general fund.

Columbus, Ohio

Columbus is a 223-square-mile city with a population of more than

900,000 people. It is home to two professional sports teams: the Blue Jackets (NHL) and the Crew (MLS). It is also home to the Ohio Theater, which seats 2,794 guests. Revenue and ticket sales data are not publicly available.

Columbus imposes a five percent admission tax, a charge levied by vendors and paid by individuals to gain entrance to any performance, place, or event in the city. Examples include movie theater tickets, season tickets, ticket packages, memberships, and subscriptions. The tax generated $22 million in FY2024. The funds are used to support arts institutions, education, inclusion, and innovation in programming.

Denver, Colorado

The metro Denver area spans 155 square miles and serves as the region's economic center. It is home to approximately 716,000 people, with an estimated three million residing in the Denver metro area. The city is home to four professional sports teams: the Avalanche (NHL), the Rapids (MLS), the Broncos (NFL), the Nuggets (NBA), and the Rockies (MLB). Denver is also home to the Buell Theater, which seats 2,839 guests; the Boettcher Concert Hall, which seats 2,679 guests; and the Opera House, which seats 2,225 guests. Revenue and ticket sales data are not publicly available.

Denver imposes a 9.15 percent sales tax, plus there is a 10 percent Facilities Development Admission (FDA) tax upon the purchase of each admission to any entertainment, amusement, athletic event or other production or assembly staged, produced, convened, or held at or on any facility or property owned or leased by the city and county of Denver. The FDA tax recorded $20.5 million in revenue in FY2023. The funds are used to support the city and county of Denver's general fund.

Indianapolis, Indiana

The City of Indianapolis encompasses the formal city and many of its surrounding cities within Marion County, which the City of Indianapolis governs. The Indianapolis area is home to approximately 890,000 people. It is home to two major professional sports teams: the Colts (NFL) and the Pacers (NBA). Indianapolis is also home to the Clowes Memorial Hall, which seats 2,148 guests. Revenue and ticket sales data are not publicly available.

The Marion County admissions tax is part of the state's sales tax, and is specific to Lucas Oil Stadium, the Indiana Convention Center, Victory Field, and Bankers Life Fieldhouse in Indianapolis. It is imposed at a rate of 10 percent of the admission price for any event (excluding events sponsored by educational institutions, religious organizations, or charitable organizations). This tax is collected at the point of purchase and is distributed to the Capital Improvement Board of Managers of Marion County. The city recorded $41 million in "other taxes" in FY2023, which includes admission tax revenue.

Philadelphia, Pennsylvania

Philadelphia is a 142-square-mile city that is home to approximately 430,000 people and five major professional sports teams: the Phillies (MLB), Eagles (NFL), 76ers (NBA), Flyers (NHL), and Union (MLS). It is also home to Met Philadelphia, which seats 3,500 guests, and the Kimmel Center, which seats 2,500 guests. Revenue and ticket sales data are not publicly available.

A five percent tax is assessed on a wide range of activities where a fee is charged for entry, including but not limited to: concerts, movies, athletic contests, nightclubs, convention shows, theatrical or operatic performances, circuses, carnivals, side shows, exhibitions, shows, displays, dancing, all forms of entertainment at fairgrounds and amusement parks. The tax recorded $40 million in FY2024, up from $36 million in FY2023. The funds are used to support the city's general fund.

Pittsburgh, Pennsylvania

Pittsburgh is a 58-square-mile city that is home to more than 300,000 people. It is home to three major professional sports teams: the Steelers (NFL), the Pirates (MLB), and the Penguins (NHL). It is also home to the Pittsburgh Public Theater, which seats 650 guests, and the Benedum Center, which seats 2,800 guests. Revenue and ticket sales data are not publicly available.

Pittsburgh imposes a five percent amusement tax on all forms of diversion, sport, pastime, and entertainment. The tax recorded $19.5 million in FY2025. The funds are used to support the city's general fund.

Economic and Legal Considerations

As Detroit considers implementing an admissions tax, city leaders must weigh a range of economic implications. For city residents, the tax could offer fiscal relief by generating new revenue that reduces pressure on property taxes or improves public services. Non-city residents, who make up a significant portion of attendees at major events, would bear much of the tax burden, effectively leveraging additional tax revenue from outside spending into Detroit's economy. This shift could help augment the city's financial base without disproportionately affecting local households.

However, there are potential trade-offs: higher ticket prices might discourage attendance, particularly for price-sensitive audiences, negatively impact local businesses, and could make Detroit a less competitive venue for large-scale events. The broader economic impact would depend on how the tax influences consumer behavior, business investment, and the overall vibrancy of Detroit's entertainment and sports industries.

Adequacy of Potential Revenues

> Before asking the many entities involved in the entertainment industries to incur added costs, city leaders should ask whether the potential revenues will make it worthwhile.

Adequacy is an important concept to consider because the implementation of a new tax may cause disruptions. It may affect decisions of team owners and performance companies to locate in the city. It may affect the affordability of event tickets, and therefore the ability of low- and middle-income people to attend certain events. It may create cost for the venues and ticket resellers to collect the tax on the city's behalf. So, before asking the many entities involved in the entertainment industries to incur added costs, city leaders should ask whether the potential revenues will make it worthwhile.

Adequacy is a subjective concept. Consideration of the adequacy of this tax is judged relative to the goals described in the introduction: enhancing city services, diversifying city revenue streams, providing property tax relief, and/or endowing a fund with resources to compete for national entertainment events. How much should services be enhanced? What level of diversity? How much property tax relief? Or how large of an event attraction fund?

Some taxes have broader bases than other taxes. Those taxes with broad bases are better equipped at low tax rates to raise the levels of funding needed for regional services. Taxes with smaller bases would require major rate increases to yield the same levels of funding.

As modeled in this report, an admissions tax has a relatively selective tax base, even in Detroit with four major league teams, several minor league teams, and multiple venues for concerts, plays, and other sorts of entertainment. A tax would have to be levied at very high rates to yield revenue capable of greatly improving city services or providing meaningful property tax relief. With that in mind, city leaders will have to determine if the political challenges of gaining state statutory authority and voter approval are worth the effort for the revenue potential.

"Good" Tax System

Public finance experts judge a good tax system as one that is equitable, neutral, balanced, and administratively efficient.

Equity is measured in two ways: *Horizontal equity* is determined when taxpayers in equal financial positions are taxed in equal amounts and businesses of the same types are taxes similarly. *Vertical equity*, a more controversial concept, involves the treatment of taxpayers in unequal financial positions. A tax is said to be *proportional* if each class of taxpayer pays the same percentage; *progressive* if taxpayers of higher income pay higher percentages of their incomes in taxes; or *regressive* if taxpayers of lower income pay higher percentages.

An admissions tax should not be set so high that it creates incentives to again want to relocate stadiums or concert halls outside of the city.

The vertical equity of an admissions tax would depend on the type of tax enacted. A tax levied as a percentage of the ticket price would provide horizontal equity with taxpayers charged in proportion to the value of the purchase. A flat fee tax, with a flat dollar amount added to the price of each ticket, would provide far less horizontal equity. Purchasers of cheaper tickets would be charged far more as a percentage of the ticket price than purchasers of the expensive seats. Either form of admissions tax would tend to be regressive.

An admission tax impacts city residents by raising the cost to participate in entertainment and cultural events. In Chicago, a nine percent tax added onto ticketed events makes a $100 concert ticket $109 with the tax. While this increased cost may not dissuade all attendees, it may affect those who are most price sensitive. Local governments should carefully consider the threshold of the tax levied to ensure that the benefits of an admission tax outweigh the cost.

Neutrality is defined as the criterion that taxes should be structured so as to minimize interference with economic decisions in otherwise efficient markets. A tax should not alter, or should minimally alter, business decisions over where to locate, what to produce, or whom to employ. Likewise, a tax should not alter a person's consumption, location, or employment decisions.

Neutrality should be considered from both the perspective of the team owners and live entertainment companies and the consumers. An admissions tax rate should not be set so high that it creates incentives to again want to relocate stadiums or concert halls outside of the city.

Consumer behavior can potentially be altered with the introduction of an admission tax. The *pain of paying* theory argues that a tax at a high rate may invoke individuals to consume less of a good or service. With this assumption, entertainment events would see a decline in annual revenue and attendance. However, current research also suggests that when an admission tax is tied to a good or service, the pain of paying is buffered by the psychological connection of enjoying said good or service, which may mitigate or even offset this impact.

For example, while Chicago has long held a nine percent admission tax on ticketed sports and entertainment events, attendance rates have remained relatively consistent. The Chicago Bears have had attendance records of nearly sixty thousand attendees per home game since 2008 (excluding 2020 during the COVID-19 pandemic), even after enactment of the new tax. Another example is the attendance at Atlanta Falcons' games. The city implemented the admission tax in 2023 and the team saw an increase in attendance the following season.

> Events, team owners, businesses, and venue operators may be concerned with the potential impact on revenue and attendance. This concern has not shown to be true in the analysis of comparable cities.

The buffering effect can be further illustrated with the concept of resale or secondary markets such as Ticketmaster, StubHub, and SeatGeek. Ticketmaster is the largest resale marketplace for ticketed events nationally and serves as the primary vendor for 29 out of 32 teams in the NFL. Resale tickets, on average, can have a markup value of up to 36 percent of the original ticket price due to additional service and processing fees. Even with such fees, professional sports arenas, concert halls, and cultural venues consistently retain high levels of attendance.

With an additional fee added to events, team owners, businesses, and venue operators may be concerned with the potential impact on revenue and attendance. This concern, while valid, has not shown to be true in the analysis of comparable cities overall. Smaller event venues would likely experience a more significant impact with the tax, whereas larger venues likely would not. State and local government leaders should take this into account when designing an admission tax. Detailed exemptions can protect smaller businesses and venues such as bars, restaurants, banquet halls and others, from being impacted by an additional fee.

Beyond the potential impacts on revenue and attendance, an admission tax can have a ripple effect on entertainment venue staffing due to a decrease in spending. If tickets cost more, attendance may go down, resulting in reduced labor needs for event venues. This unintended consequence could significantly impact Detroit residents depending on wages from these jobs.

Balance in the overall mix of taxes as revenue sources is achieved when the overall tax burden is spread over several different tax bases. Property taxes, income taxes, and sales taxes should all contribute to the financing of government. A tax structure that is out of balance, one that relies too heavily upon one or two types of taxes, risks creating economic disincentives that could cause people and businesses to locate elsewhere or to conduct business elsewhere and can place the governmental unit at risk if one tax suffers an economic decline.

Michigan local governments rely heavily on property taxes to fund municipal services. Detroit and 23 other Michigan cities have created some balance by levying city income taxes. Except for a few minor excise taxes – for example, Detroit Utility Users Tax, county hotel taxes, and Wayne County's rental car tax – Michigan local governments lack the authority to create balance by implementing local sales taxes. (Michigan local governments do benefit from the state program that shares state sales tax revenue.) An admissions tax would provide a minor means of movement toward tax balance.

Administrative efficiency has two sides. The burden imposed on the taxpayer – the time and effort that are needed to calculate and pay a tax – as well as the burden imposed on the government – the bureaucratic effort that is needed to collect the tax, keep records, or audit filings – should be considered when determining administrative efficiency.

> An admissions tax would create some administrative burden for the venues and ticket resellers who ultimately are the taxpayers.

An admissions tax would create additional administrative burden for the cities levying the tax. Their responsibilities would primarily fall in the categories of tax receipt and audit to ensure that the cities receive the taxes they are due.

It would create no administrative costs for the ticket purchasers. The tax would simply be part of the ticket purchase price. It would create some administrative burden for the venues and ticket resellers who ultimately are the taxpayers. An additional charge would be added to the ticket purchases and the revenues collected would have the be segregated for remission to the tax levying cities.

While implementing an admissions tax requires caution, Michigan has the luxury of learning from the administration of similar taxes levied by other cities and states. In other cities, controversy has stemmed mainly from a lack of transparency on the part of local government, specifically where the revenue from an admission tax is spent. A clear, well-structured plan can help address concerns from attendees and businesses and build public support.

Legislative Processes and Legalities

Pursuing a local admissions tax requires careful attention to the legal process for obtaining both local and state-level authorization, including securing local voter approval. Under current Michigan law, the cost of attendance at events is not taxed under the state's sales or use tax. A local-option admissions tax, as considered in this study, levied only on tickets to attend events at sports stadiums, concert halls, or other entertainment venues would be considered an excise tax.

Michigan law imposes four steps on the process of enacting local taxes, such as a local excise tax, including (1) constitutional amendment in the case of some local-option taxes, (2) state legislative authorization, (3) local legislative authorization (4) and approval by voters in the geographic area that will be subject to the tax. These steps are not easy. Should a new local-option excise tax on admission tickets be pursued, the implications of each step should be considered as a proposal is being developed.

Legislative Authorization

State legislative authorization is necessary for all new taxes and for rate increases above those currently authorized in law or local charters.

State and local legislative authorization is necessary for any new local taxes and for any increases in tax rates above currently authorized rates.

While the Michigan Constitution grants broad powers to local governments, this extension of powers does not include taxation. State legislative authorization is necessary for all new local taxes and for rate increases above those currently authorized in law or local charters.

Article VII, Section 21 of the 1963 Constitution states,

> *The legislature shall provide by general laws for the incorporation of cities and villages. Such laws shall limit their rate of ad valorem property taxation for municipal purposes and restrict the powers of cities and villages to borrow money and contract debts. Each city and village is granted power to levy other taxes for public purposes, subject to limitations and prohibitions provided by this constitution or by law.*

In the implementing legislation that followed the adoption of the 1963 Constitution, the legislature limited the taxing authority of cities and villages to property taxes and other taxes authorized by law. Public Act 243 of 1964 states:

> *Except as otherwise provided by law and notwithstanding any provision of its charter, a city or village shall not impose, levy or collect a tax, other than an ad valorem property tax, on any subject of taxation, unless the tax was being imposed by the city or village on January 1, 1964.*

This section was meant to keep municipalities from levying taxes without legislative authorization. The concluding clause grandfathers in the City of Detroit, which had begun levying an income tax in 1962 without legislative authorization, based on charter provisions.

Thus, statutory authorization is necessary for units of local government to levy local taxes other than the property taxes authorized by law and local charter. Other than city income taxes, that authorization currently exists for a select few purposes.

Uniform Local-Option Taxes

In Michigan, local-option taxes have been authorized with the enactment of uniform laws that define the tax base, administrative responsibilities, the disposition of revenues, and the permissible tax rates. Sometimes the laws are written to identify which governments are eligible to levy the tax. For instance, the Uniform City Utility Users Tax Act specifies that "The governing body of *a city having a population of 600,000 or more* ... may levy, assess, and collect from those users in that city a utility users tax ...." Currently, only the City of Detroit qualifies for this threshold.

In Michigan, laws that define the tax base, administrative responsibilities, the disposition of revenues, and the permissible tax rates.

The question for the legislative bodies in cities contemplating levy of a local-option tax is merely whether a tax should be levied subject to the parameters and details included in the state uniform act. They have no discretion over determining the tax base or other elements of the tax unless expressly given that authorization in the enabling statute.

The laws authorizing local-option taxes that include uniform provisions include Uniform City Income Tax Act, the Local Casino Gaming Tax, County 9-1-1 Charges, Accommodations (Hotel-Motel) Taxes, Convention and Tourism Marketing Fees, the Uniform City Utility Users Tax, Stadium and Convention Facility Tax, the County Real Estate Transfer Tax, and a variety of taxes levied in lieu of property taxes to promote economic development.

Drafting Concerns

Drafters of a uniform local-option admissions tax in Michigan should beware of the pitfalls of a poorly drafted statute. If a local-option tax on amusement taxes is not well defined, legal challenges may arise. There are three areas of particular note:

Is it really a sales tax? Care should be exercised in designing a local-option admission tax, as it is a type of consumption tax. Its authorizing statute should explicitly define its tax base as well as the revenue distribution from tax collections. Given Michigan's constitutional and statutory restrictions on sales and use taxes, there is some risk that if the tax base is not well defined in the state statute authorizing a local-option entertainment excise tax, it could be legally challenged. Taxes described as excise taxes that mimic a general sales tax may be suspect. Note that in *Bailey v. Muskegon County Board of Commissioners (122 Mich App 808, 819 of 1983),* the courts ruled, "a court must determine the true nature of a tax and not be misled by legislative legerdemain." It is not sufficient to title a new tax as an excise tax. Aspects that separate it from a narrowly defined sales or use tax should be included.

Is it discriminatory? An admission tax should be designed with a sense of neutrality to avoid interfering with the local economy. Without it, an unfair advantage or burden can be placed on events which may compete in similar markets. In 2015, Bunbury Music Festival filed a civil suit against the City of Cincinnati, alleging that a discriminatory tax was imposed on their events, while similar concert venues were not subject to the tax. The suit targeted the "vagueness" of the admissions tax in Cincinnati's municipal code. In 2019, Cincinnati City Council amended its admissions tax code to remove vague language around the type of venues subject to the tax. In 2023, nearly a decade after the complaint was first filed, a settlement was agreed upon for $56,000 in damages to be awarded to the Bunbury Music Festival. This case in particular highlights the necessity to clearly define what venues are subject to the tax levied and those that are exempt.

Does it interfere with the Internet Tax Freedom Act (ITFA)? The neutrality between electronic commerce and in-person transactions is another factor to consider. Given that ticket sales today are predominantly completed via e-commerce platforms, it must be clear that any tax levy is non-discriminatory between ticket purchases made online and those made at a physical box office, pursuant to the Federal Internet Tax Freedom Act.

Local taxes are subject to voter approval in an election held pursuant to Article IX, Section 31, of the Michigan Constitution.

In *Labell v. City of Chicago (2019)*, it was argued that the amusement tax exceeded home rule authority and overstepped the state constitution's Uniformity Clause by taxing services "outside" of Chicago's city boundaries. In 2015, Chicago began to apply the tax on digital streaming and entertainment services. There were concerns that it violated the Federal IFTA, which prohibits local and state governments from levying "discriminatory" taxes on electronic commerce. The Illinois Appellate Court upheld the City of Chicago's tax on streaming services, deeming that it was within reason.

Voter Approval

Local taxes are subject to voter approval in an election held pursuant to Article IX, Section 31, of the Michigan Constitution. This requirement applies to the enactment of any new taxes or any increases in the tax rates of existing taxes above the rates that were authorized in 1978.

The process for obtaining a majority vote for an admission tax can take upwards of six months to a full year for successful completion. This includes submitting a ballot language proposal to the city clerk, which must be filed no later than August with the occurrence of the general election in November. Voter education and public campaigning will then commence, leading up to the election day and certification of election results by the county board of canvassers. If the proposal for an admission tax is approved by a majority vote, the ordinance will take effect 30 days after certification.

Tax Design and Implementation Considerations

For Detroit or any other Michigan city to levy an admissions tax, it will need the legislature to draft an enabling bill that is signed by the governor. The resulting law will assign responsibility for tax administration, define the types of events that will be included in the tax base, and determine a maximum tax rate that the cities may choose to levy. Some initial questions to consider include:

- Who will bear responsibility for administration of the tax?
- Will there be an administration fee? How much?
- What will be the general scope of the tax base (i.e., major sporting and entertainment venues)?
- Will there be specific exemptions of certain types of events?
- What are the revenue collections?
- How will tax collections be remitted?
- How will the revenues collected be disbursed?

Tax Administration

Michigan has authorized some local-option taxes that are locally administered and others that the state administers on behalf of the benefiting local governments. Usually, the determining factor is whether the state already levies such a tax and the local governments are able to piggyback on the state's administration of its own tax. In this case, the State of Michigan does not levy a tax on admissions to sports and cultural events. A local-option admissions tax will require local administration and oversight. Local governments should plan and budget for those operations.

A local-option admissions tax will require local administration and oversight. Local governments should plan and budget for those operations.

The cities' administrative responsibilities will be lessened by the usual mechanics of ticket purchasing. In most cities with entertainment/amusement/admissions taxes, ticketing agencies, venues, and amusement operators are primarily vested with the responsibility for collecting and remitting the tax revenue to the city. This includes resale ticket vendors such as Ticketmaster, StubHub, and SeatGeek. The general process for remittance includes having a "license" to be permitted to collect such a tax. In Chicago, the Public Place of Amusement (PPA) License is required, and in Philadelphia, an Amusement License is required. Other cities have a more straightforward process. Cleveland, for example, only requires a Certificate of Registration. The variety of methods all require the license or certificate to be renewed annually.

Administrative costs for this procedure are dependent on the structure in which the revenue is processed (whether by city or state administrators). In the cities examined, the collection process is primarily handled by city administrators (department of finance, city treasury, etc.). In the case of collection and remittance, there are administrative costs that both venues and cities take on. Venues and operators take on licensing fees, compliance with remittance, and potential late fees/audits. Cities take on the burden of operating the collection process through their respective departments. In examining the comparable cities, several cities collect and process their amusement tax, and in other cities the state performs this process.

Most cities deposit revenue from their entertainment or amusement taxes to their general funds. There are sparse examples of the revenue being distributed elsewhere. Cities such as Indianapolis and Columbus primarily direct the funding to support infrastructure for collegiate and professional sports arenas, construction for future projects, and supplying access to arts education for youth and young adults. It is important to note that both cities follow an excise tax model, wherein the levied tax is subject to specific services, and the revenue generated is designated for a specific purpose.

Tax Base

Entertainment and admission taxes levied by the major cities analyzed above define taxable events to include sports, entertainment, and amusement events. From a national perspective, the mere size of the tax base is dependent on the available attractions within a given city. In larger cities like Chicago, taxable events encompass a range of professional sporting events, citywide music festivals (such as Lollapalooza), and premier shows. In addition, Chicago and the State of Maryland have ventured into capturing a larger tax base with digital services (e-commerce). In smaller markets, taxable events have been subject to local shows and performances.

> Having a targeted tax structure focused on primary sources of entertainment within a city has been consistently effective.

Comparable cities use multiple methods for determining what should be included in the tax base. Having a targeted tax structure focused on primary sources of entertainment within a city (specific professional sports teams, major live concerts, etc.) has been consistently effective. A blanket structure (covering all forms of entertainment and amusement) can be seen as ambiguous and subject to scrutiny. Having a minimum seating capacity limit (i.e., no less than 400 seats), which qualifies for the tax, has also been found to be effective in preventing smaller businesses and venues from being impacted (e.g., bars and local establishments with live bands). In addition, exemptions from the tax base have been essential to distinguish (e.g., non-profit organizations, faith-based institutions, primary and secondary schools, etc.). The targeted strategy falls under the definition of an excise tax, as it is levied on admissions to specific activities that patrons seek to attend.

Columbus is an example of the targeted strategy. The city's municipal code has specific language defining what is included and excluded in the tax base. The city uses the wording, *"an admissions tax of five percent*

(5%) on the amounts received as admission to any place located within the city of Columbus," to describe the tax base. While this is broad at first sight, there is an extensive list of exemptions.

Columbus' structure for their exemptions provides a good example of how the tax base is designed. With detailed and specific examples, it leaves room for only major entertainment venues such as the Ohio Theater and Nationwide Arena to be subject to the tax. More importantly, this strategy ensures that local restaurants, bars, and concert halls do not feel the impact of the tax levied.

Using the Columbus tax law as an example, the following exemptions from the tax could be considered:

- Public and private educational institutions. This would exempt (K-12) high school sporting events and entertainment (such as theater department plays or school concerts) in the traditional public schools, the charter schools, and private schools operating in the cities.
- 501(c) non-profit organizations. This would exempt entities like the Detroit Opera and the Detroit Repertory Theatre that are organized as 501(c)(3) organizations under the Internal Revenue Code.
- Government institutions, departments, and political subdivisions. This would exempt events created by using publicly-financed resources.
- Events sponsored or conducted by the city. This too would exempt events created by using tax resources.
- Admissions to events with a cost of less than $10 for entry. This would exempt many small venues and bars that may require a cover charge for admission.
- Admission to an event conducted in a place having a capacity of 400 or fewer attendees. Again, this would exempt many small venues.

> This analysis did not begin with an assumption that admission to sporting events at the collegiate level or promoted by the NCAA would be exempt from an admission tax.

Unlike Columbus, this analysis did not begin with an assumption that admission to sporting events at the collegiate level or promoted by the National Collegiate Athletic Association (NCAA) would be exempt from an admission tax. In a short amount of time, college sports have morphed from the illusion that athletes are competing as amateurs into an understanding and structure that recognizes the compensation of college athletes. First name, image, and likeness (NIL) rules permitted third parties to compensate athletes on behalf of universities. More recently, the settlement of a trio of antitrust lawsuits (*House v. NCAA, Hubbard v. NCAA,* and *Carter v. NCAA*) will allow college athletes to be directly paid by their schools.

Public universities are taxpayer-supported entities, but those tax dollars do not fund the athletic department budgets. College athletics is transitioning from competitions between school teams with student athletes to competitions between teams affiliated with schools, where players are compensated for their time and efforts.

Anyone who has tried to navigate Stadium Boulevard or State Street in Ann Arbor or Hagadorn Road or Grand River Avenue in East Lansing on college football Saturdays understands that the tertiary impacts of the games create municipal costs, such as policing and public works, akin to what larger cities feel when professional teams games occur.

If local admission taxes were authorized in Michigan and if the City of Detroit opted to levy an admissions tax, it could apply` to the following[c]:

- Lions games at Ford Field
- Tigers games at Comerica Park
- Pistons, Red Wings, and WNBA games at Little Caeser's Arena
- Detroit City Football Club (Le Rouge) games at the new stadium
- The Motor City Cruise (NBA G League) games at the Wayne State Fieldhouse
- Concerts at any of these venues
- Wayne State University and the University of Detroit-Mercy games and events
- NCAA competitions at Detroit venues (NCAA basketball and hockey tournament games, University of Michigan, Michigan State University, and Oakland University games played in Detroit, etc.)
- Broadway plays, concerts, and other entertainment staged at the Fox Theatre, which seats 5,174 guests, the Fisher Theatre, which seats 2,058 guests, the Masonic Temple, which seats 4,900 guests, and the Detroit Opera House (not the operas stage by the not-for-profit opera company)
- Concerts and entertainment staged at the Aretha Franklin Amphi-theatre, The Fillmore Detroit, St. Andrew's Hall
- Events such as the Detroit Auto Show at Huntington Place
- The Grand Prix on the streets of downtown
- The Movement Music Festival at Hart Plaza
- The Rocket Classic golf tournament at the Detroit Country Club

The law could be written to authorize other cities to levy an admission tax and cities such as Grand Rapids, East Lansing, Lansing, and Ann Arbor may benefit in their own ways. If they opt to levy it, a broad range of athletic and cultural events would be subject to the tax.

Beyond the tax base being comprised of professional sports exhibitions, theater performances and festivals, Detroit will need to address nuanced situations where the tax is applicable, or an exemption is warranted. For example, the Movement Music Festival and Detroit Jazz Festival are

c The model did not emulate Chicago's 10.25 percent tax on streaming amusements. This element of an amusement tax would fall entirely on Detroit residents. The logic behind this path was that Detroit residents are relatively poor and are already overtaxed. Detroit's per capita income is $24,029, roughly 45 percent lower than the national per capita income of $43,289. The city's poverty rate of 31.5 percent is higher than the national average of 11.1 percent. Furthermore, Detroit property owners pay the seventh-highest property tax rates in the state. Detroit residents pay the highest income tax rates in the state. And Detroit is the only city that levies the utility users excise tax.

two significant cultural events that occur in downtown Detroit annually. However, Movement is a ticketed event, while the Jazz Festival is free of charge. With a clearly defined tax base focused on ticketed events, Movement would fall under the admission tax, and the Jazz Festival would likely be exempt as it is not ticketed and is considered a 501(c)(3) non-profit organization.

Tax Rate

In reviewing other states, two primary ways of applying the tax were observed: (1) based on a percentage of the ticket price and (2) a flat fee levied without regard to the ticket price. General pros and cons are associated with both types of strategies. However, the percentage of admission price method of levying the tax is employed most frequently.

Percentage of Ticket Price Tax Design

Taxes levied as a percentage of the ticket price are commonly employed by other cities, will be acceptable proctice when working with ticket vendors, and provides an opportunit for ongoing revenue growth.

Taxes levied as a percentage of the ticket price are more advantageous than taxes levied as flat amounts. First, this is a common method employed by cities and states when levying an amusement, entertainment, or admissions tax. It will be acceptable practice when working with resale ticket vendors, who will be charged with collecting the tax and remitting the revenues to the city.

Next, it provides an opportunity for ongoing revenue growth. The tax scales with inflation and price changes, making the design attractive, valuable, and low maintenance. It also provides a proportional barrier of entry to an event. The percentage model creates an equitable solution where those who can afford higher-priced admission tickets pay more tax.

The tax must be designed to avoid complex administration, as complexity can lead to implementation challenges. Finally, as with most taxes, increasing the cost of an amusement may be a disincentive for more spending or even decrease the frequency of attendance at entertainment events.

Table 2
Example of Ten Percent Admission/Ticket Tax Model

Ticket Price	Percentage Tax	Total Paid	Effective Tax Rate
$25	$2.50	$27.50	10%
$100	$10.00	$110.00	10%
$500	$50.00	$550.00	10%

Flat/Per-Ticket Tax Design

A flat tax design is a fixed amount applied to the prices of amusement admissions. This design is attractive as it is simple to calculate and collect and can be very predictable. Knowing the attendance for an amusement event allows for consistent revenue forecasting. The municipal resources needed to implement and administer the tax are simple. The flat fee tax is most effective when applied to uniformly priced and/or highly regulated items. The tax was most frequently applied to gaming and casino equipment in southern states.

The flat tax's main disadvantage is that as inflation and economic conditions change, the tax remains constant and will likely lose purchasing power over time. The design creates a disincentive for lower-income attendees to purchase amusement admissions as the tax represents a large percentage of the admission price.

Table 3
Example of $3 Flat/Per-Ticket Tax Model

Ticket Price	Flat Fee Tax	Total Paid	Effective Tax Rate
$ 25	$ 3.00	$28.00	12.0%
100	$ 3.00	$103.00	3.0%
500	$ 3.00	$503.00	0.6%

Comparing the two models using the example in Table 4, the percentage tax allows for increased revenue, whereas the flat fee tax remains constant regardless of the increase in ticket price. Table 4 illustrates four years of revenue generated by a flat tax and a percentage tax on the same ticket price. Over the four years, the percentage tax generated $16.62 more than the flat tax based on a $200 ticket price increasing by 10 percent annually. While both taxes are attendance driven, it's the percentage tax that moves – in both directions – with economic shifts. Overall, the percentage tax's revenue is six percent more than the flat tax.

Table 4
Comparison of Flat Fee and Percentage Model

	Ticket Price	Flat Fee Tax		Percentage Tax	
	(10% increase)	$10 Tax	Ticket Price	10% Tax	Ticket Price
Year 1	$ 200.00	$ 10.00	$ 210.00	$ 20.00	$ 220.00
Year 2	220.00	10.00	230.00	22.00	242.00
Year 3	242.00	10.00	252.00	24.20	266.20
Year 4	266.20	10.00	276.20	26.62	292.82

Assumes 10% ticket price increase

Revenue Potential

To estimate the revenue potential of an admissions tax in Detroit, models were created using actual gate receipts, capacity seating in select venues, and actual ticket prices. The models are based on publicly available data and makes assumptions based on this data. This includes state and local financial reports, collegiate statistics and revenue reports, the U.S. Census Bureau, legal reports, and media. Attempts to obtain data from the owners and management of entertainment venues in Detroit for analysis were unsuccessful due to their status as private entities. Therefore, publicly available data from Statista, an aggregator of categorical data that includes professional sports teams, Vivid Seats, a resale and venue overview site, and Forbes' professional sports team valuations, were used.

Using the most recent sports season's gate receipts for each of Detroit's professional teams, an admissions tax would have generated between $6.5 and 21.8 million depending on the tax rate.

Potential tax revenues were estimated for the largest venues in Detroit and several cities, with the reasoning that the smaller venues would have to hold many events to equal what the larger venues would generate in a single day. These scenarios represent estimates and give perspective on the potential revenue that may be generated from an admissions tax in the City of Detroit.

City of Detroit

The major Detroit sports team stadiums – Ford Field, Comerica Park, and Little Caesar's Arena (LCA) – were analyzed for both sports games and concerts/entertainment. Detroit's notable theater venues were identified as hosting entertainment, musicals, and other performances.

Using the most recent sports season's gate receipts (for seasons bridging from 2023 into 2024 or played in 2023) for each of Detroit's professional teams, an admission tax would have generated a minimum of $6.5 million if an admissions tax was levied at a three percent tax rate, as much as $21.8 million if it was levied at a 10 percent tax rate (see Table 4).

Table 5
Estimated Admissions Tax Revenue at Detroit Sporting Events Based on Actual Gate Receipts, 2023-2024 Seasons
(in millions)

Venue	Team	Gate Receipts	Tax Rate 3%	5%	7%	10%
Ford Field	Lions	$ 33.00	$ 0.99	$ 1.65	$ 2.31	$ 3.30
Comerica Park	Tigers	65.00	1.95	3.25	4.55	6.50
LCA	Red Wings	77.00	2.31	3.85	5.39	7.70
LCA	Pistons	43.00	1.29	2.15	3.01	4.30
Revenue Estimate Totals		**$ 218.00**	**$ 6.54**	**$ 10.90**	**$ 15.26**	**$ 21.80**

Source: Statista.com

While Table 5 is useful for estimating what the city might have yielded from an admissions tax based on actual gate receipts in a recent season, it must be acknowledged that several of the teams were not having successful seasons and attendance suffered as a result. It was not what it had been in earlier seasons, when the teams were competing for playoff contention.

Table 6 models the potential revenue when each team experienced success. Data was collected to reflect the top gate receipts revenue over the previous decade, when each team had its highest gate receipts revenue. Conversely, Table 7 models the potential revenue when each sports team had the lowest gate receipts revenue recorded over the last decade.

Table 6 suggests a higher upside for an admissions tax at each tax rate. A three percent tax is estimated to yield as much as $8.5 million, and a 10 percent tax is estimated to yield more than $28.3 million.

Table 6
Estimated Admissions Tax Revenue at Detroit Sporting Events Based on Actual Gate Receipts in Each Team's Best Year, 2013-2024 Seasons (in millions)

		Gate	Tax Rate			
Venue	**Team**	**Receipts**	**3%**	**5%**	**7%**	**10%**
Ford Field	Lions (2019)	$ 61.00	$ 1.83	$ 3.05	$ 4.27	$ 6.10
Comerica Park	Tigers (2012)	98.00	2.94	4.90	6.86	9.80
LCA	Red Wings (2023-24)	77.00	2.31	3.85	5.39	7.70
LCA	Pistons (2018-19)	47.00	1.41	2.35	3.29	4.70
Revenue Estimate Totals		**$ 283.00**	**$ 8.49**	**$ 14.15**	**$ 19.81**	**$ 28.30**

Source: Statista.com

Table 7 shows that there is some downside risk. With much of the tax revenue dependent on the success on the field, diamond, and ice, funding may decrease and affect the city's ability to provide city services. Suppose all four of the major league franchises have down years at the same time, and their gate receipts revenues come in at the lowest levels in the past decade. In that case, a three percent tax is estimated to yield only $4.4 million, and a 10 percent tax is estimated to yield $14.6 million.

Table 7
Estimated Admissions Tax Revenue at Detroit Sporting Events Based on Actual Gate Receipts - Worst Year, 2013 – 2024 Seasons
(in millions)

Venue	Team	Gate Receipts	Tax Rate 3%	5%	7%	10%
Ford Field	Lions (2023)	$ 33.00	$ 0.99	$ 1.65	$ 2.31	$ 3.30
Comerica Park	Tigers (2019)	46.00	1.38	2.30	3.22	4.60
LCA	Red Wings* (2014-16 seasons)	45.00	1.35	2.25	3.15	4.50
LCA	Pistons* (2014-17 seasons)	22.00	0.66	1.10	1.54	2.20
Revenue Estimate Totals		**$ 146.00**	**$ 4.38**	**$ 7.30**	**$ 10.22**	**$ 14.60**

Source: Statista.com

*NHL Lockout was 2012-13 season, therefore not used as the low point)

All scenarios eliminate COVID impact in 2020-2021

*Pistons gate receipts reflective of move to LCA in 2017

> Based on the recent history of the number of events held at various venues, it is estimated an admissions tax would generate another $5.6 to $18.6 million depending on the tax rate.

Little Caesars Arena, Comerica Park, and Ford Field are sometimes repurposed for other events, such as concerts, truck pulls, and motocross racing. Additionally, the Fox Theatre, Fisher Theatre, and Masonic Temple are the three largest venues for concerts, plays, and other forms of entertainment. Based on the recent history of the number of events in these venues and assuming each of these events is sold out, Table 8 describes the potential admissions tax revenue that might be yielded: about $5.6 million at the three percent tax rate and as much as $18.6 million at the 10 percent tax rate.

Table 8
Estimated Admissions Tax Revenue from Select Detroit Non-Sports Entertainment Venues
(in millions)

Venue	Season Revenue Estimate	Tax Rate 3%	5%	7%	10%
LCA	$ 97.52	$ 2.92	$ 4.88	$ 6.83	$ 9.75
Ford Field	13.29	0.40	0.66	0.93	1.33
Fox Theatre	21.41	0.64	1.07	1.50	2.14
Fisher Theater	17.57	0.53	0.88	1.23	1.76
Masonic Temple 35.73	1.07	1.79	2.50	3.57	
Revenue Estimate Totals	**$ 185.53**	**$ 5.56**	**$ 9.27**	**$12.99**	**$18.55**

Assumes Venue Capacity

Concert/Event estimates based on the number of events in 2025 publicly available

* Gate receipts used for analysis, statista.com

Table 9
Total Estimated Admissions Tax Revenue from Detroit Sports and Non-Sports Venues
(in millions)

Venue	Season Revenue Estimate	Tax Rate 3%	5%	7%	10%
Sports Events	$ 283.00	$ 8.50	$ 14.20	$ 19.80	$ 28.30
Non-Sports Events	185.53	5.60	9.30	12.99	18.60
Total	**$ 438.53**	**$ 14.10**	**$ 23.43**	**$ 32.80**	**$ 46.90**

Numbers may not add due to rounding.

Considering all venues – including major theaters and sporting events – and applying the models and assumptions discussed, Detroit has the potential to generate tax revenue of up to $14.1 million at a three percent tax rate and up to $46.9 million at a 10 percent tax rate (see Table 9). These revenue estimates align with those of all comparable cities, with the notable exception of Chicago. The revenue will be variable based on the performance of a sports team or venue.

> Considering all venues, Detroit has the potential to generate tax revenue of up to $14.1 million at a three percent tax rate and $46.9 million at a 10 percent tax rate. These estiates have some upside when accounting for other evenues and venues that have less eating capacity and occur less frequently.

These estimates have some upside when accounting for other events and venues that have less seating capacity and occur less frequently. The Detroit City Football Club plays 16 home games each season. The new stadium is expected to have seating for 15,000. Detroit continues its efforts to attract NCAA tournament games. Basketball games between Michigan State University and Oakland University at LCA are becoming regular events every other year. The estimates do not include concerts and entertainment staged at the Aretha Franklin Amphitheatre, The Fillmore Detroit, St. Andrew's Hall. Approximately 156,000 people attended the 2025 Chevrolet Detroit Grand Prix in 2025. The Movement Electronic Music Festival draws over 90,000 visitors to Hart Plaza. The Rocket Classic golf tournament draws tens of thousands of fans for a weekend every year. The Detroit Auto Show hopes to return to pre-pandemic attendance levels in excess of 700,000.

City of Grand Rapids

The City of Grand Rapids also hosts numerous sporting and entertainment events. Like Detroit, Grand Rapids imposes an income tax, and the option to levy an admissions tax may be an option to help offset the costs for city services. While Grand Rapids is smaller than Detroit, the city is home to the Grand Rapids Griffins, West Michigan Whitecaps, and several performance halls. The city's gem, VanAndel Arena, is home to the Griffins and hosts entertainment acts throughout the year and the Frederik Meijer Gardens & Sculpture Park hosts several concerts throughout the summer in the ampitheatre.

Grand Rapids is Michigan's second-largest city, with a population of just over 200,000. The city has a general fund one-quarter the size of Detroit's. However, the cities share a commonality in their revenue trends: both are experiencing a significant increase in income tax revenue compared to property tax revenue. In FY2024, Detroit's income tax revenue was three times that of its property tax revenue; Grand Rapids' city income tax revenue was two and a half times its property tax revenue.

Revenue Potential

Both Grand Rapids and Detroit's income tax revenue is the primary general fund revenue stream, and public safety is the single most significant expense. In FY2024, Grand Rapids spent $125 million on public safety. If a 10 percent amusement tax were implemented, it would represent 9.5 percent of the total public safety budget, assuming all venues were at maximum capacity for every game and event. At 50 percent attendance, tax revenue would account for 4.6 percent of the public safety budget.

> The potential tax revenue if an admissions tax is levied in Grand Rapids ranges from $5.2 million at a three percent tax rate to $11.4 million at a 10 percent tax rate.

Table 10 presents projected admission tax revenues based on full-capacity attendance across four major venues in Grand Rapids: Devos Performance Hall, Van Andel Arena, LMCU Ballpark, and Berlin Raceway. With average ticket prices ranging from $41.00 to $133.88, the total estimated seasonal event revenue across all venues is approximately $113.8 million.

The potential tax revenue ranges from $5.2 million at a three percent tax rate to $11.38 million at a 10 percent tax rate. Van Andel Arena is the most significant contributor, with potential tax revenue reaching over $6.5 million at the 10 percent rate, followed by LMCU Ballpark and Devos Performance Hall. At 50 percent capacity, tax revenue ranges from $1.7 million (at three percent) to $5.7 million (at 10 percent) (see Table 11). VanAndel Arena remains the most significant contributor at half capacity. These projections illustrate the substantial revenue potential of implementing a percentage-based admission tax in the city.

Table 10
Grand Rapids Percentage Tax Revenue Estimates
(Assumes capacity attendance)
(in millions)

Venue	Season Revenue Estimate	Tax Rate 3%	5%	7%	10%
Devos Performance Hall	$ 14.89	$ 0.45	$ 0.74	$ 1.04	$1.49
Van Andel Arena	65.90	3.30	3.29	4.61	6.59
LMCU Ball Park	24.90	1.42	1.24	1.74	2.49
Berlin Raceway	8.12	0.24	0.41	0.57	0.81
Revenue Estimate Totals	**$ 113.80**	**$ 5.23**	**$ 5.69**	**$ 7.96**	**$ 11.38**

Table 11
Grand Rapids Percentage Tax Revenue Estimates
(Assumes 50 percent capacity attendance)
(in millions)

Venue	Season Revenue Estimate	Tax Rate 3%	5%	7%	10%
Devos Performance Hall	$ 7.44	$ 0.22	$ 0.37	$ 0.52	$ 0.74
Van Andel Arena	32.93	0.99	1.65	2.31	3.29
LMCU Ball Park	12.45	0.37	0.62	0.87	1.24
Berlin Raceway	4.06	0.12	0.20	0.28	0.41
Revenue Estimate Totals	**$ 56.89**	**$ 1.71**	**$ 2.84**	**$ 3.98**	**$ 5.69**

Overall, given the structure of an admissions tax (functioning as an excise tax), the revenue is not significant enough to impact the overall public safety budget; however, within the public safety expenditure, the revenue may be able to offset public safety costs.

City of Lansing

The City of Lansing minor league athletics. Lansing has a population of 114,000 and a footprint a quarter of the size of Detroit (34.7 square miles).

Like Detroit and Grand Rapids, Lansing levies city income taxes. Lansing is home to the Lugnuts, a minor league baseball team.

Revenue Potential

Table 12 presents projected percentage model admission tax revenues based on full-capacity attendance at Lansing Lugnuts games.

The potential seasonal tax revenue ranges from less than $1.0 million at three percent to almost $3.0 million at a 10 percent rate.

Table 12
Lansing Percentage Tax Revenue Estimates
(Assumes capacity)
(in millions)

City	Venue	Season Revenue Estimate	Tax Rate 3%	5%	7%	10%
Lansing	Jackson Field	$ 29.26	$ 0.88	$ 1.50	$ 2.04	$ 2.92

At 50 percent capacity, Table 13 presents tax revenue ranges from about $0.5 million (at the three percent tax rate) to $1.5 million (at the 10 percent tax rate).

Table 13
Lansing Percentage Tax Revenue Estimates
(Assumes 50 percent capacity)
(in millions)

City	Venue	Season Revenue Estimate	Tax Rate 3%	5%	7%	10%
Lansing	Jackson Field	$ 14.63	$ 0.44	$ 0.73	$ 1.02	$ 1.50

City of East Lansing

The City of East Lansing host collegiate athletics along with theater productions on Michigan State University's campus. East Lansing, home to Michigan State University, has a population of 49,000 and covers 13.59 square miles, 10 percent of Detroit.

East Lansing also levies city income taxes. It is home to Michigan State University athletics generate revenue primarily through football and basketball admissions, and admissions to performances at the Wharton Center for the Performing Arts.

Revenue Potential

Table 14 presents projected percentage model admission tax revenues based on full-capacity attendance across MSU's major venues. Average ticket prices range from $37 to $170, producing $117.94 million in seasonal total revenue.

The potential seasonal tax revenue ranges from $3.58 million from a three percent tax rate to $11.69 million at a 10 percent tax rate. Michigan State University football is the most significant contributor, with potential tax revenue reaching $5.8 million at the 10 percent rate, followed by Wharton Music Hall at $5.4 million.

Table 14
East Lansing Percentage Tax Revenue Estimates
(Assumes capacity)
(in millions)

City	Venue	Season Revenue Estimate	Tax Rate 3%	5%	7%	10%
East Lansing	Spartan Stadium	$ 58.64	$ 1.80	$ 2.93	$ 4.10	$ 5.8
	Breslin Center (Basketball)	4.90	0.15	0.24	0.34	0.49
	Wharton Music Hall	54.40	1.63	2.72	3.81	5.4
Total		**$ 117.94**	**$ 3.58**	**$ 5.89**	**$ 8.25**	**$ 11.69**

At 50 percent capacity, Table 15 presents tax revenue ranges from $1.59 million (at a three percent tax rate) to $5.29 million (at a 10 percent tax rate). Wharton Music Hall admissions produce the highest revenue, an estimated $2.7 million, with Michigan State football closely following with $2.3 million at half capacity. These projections illustrate the substantial revenue potential of implementing a percentage-based amusement tax.

Table 15
East Lansing Percentage Tax Revenue Estimates
(Assumes 50 percent capacity)
(in millions)

City	Venue	Season Revenue Estimate	Tax Rate 3%	5%	7%	10%
East Lansing	Spartan Stadium	$ 23.21	$ 0.70	$ 1.2	$ 1.63	$ 2.33
	Breslin Center (Basketball)	2.44	0.07	0.12	0.17	0.24
	Wharton Music Hall	27.20	0.82	1.40	1.90	2.72
Total		**$ 52.85**	**$ 1.59**	**$ 2.72**	**$ 3.7**	**$ 5.29**

City of Ann Arbor

Ann Arbor spans 29 square miles in Washtenaw County and is home to the University of Michigan. The city is home to nearly 124,000 people, representing a third of Washtenaw County's population.

Potential Revenue in Ann Arbor

Ann Arbor is 43 miles from Detroit and has three major venues in which an admissions tax could be applied: Michigan Stadium, Crisler Arena, and Hill Theater. Depending on how the tax base is structured, the University's assets could be exempt from such a tax, just as Ohio State University is exempt from Columbus' tax base. Ann Arbor is the only city in the study that does not levy an income tax.

Table 16 presents projected percentage model admission tax revenues based on full-capacity attendance across

the four major venues in Ann Arbor. Average ticket prices range from $70.95 to $216 across the venues, producing $177.5 million in season total revenue.

The potential seasonal tax revenue ranges from $5.5 million at three percent to $17.7 million at 10 percent. Michigan football is the most significant contributor, with potential tax revenue reaching $16.2 million at the 10 percent rate, followed by Hill Theater at $1 million.

At 50 percent capacity, tax revenue ranges from $2.6 million (at three percent) to $8.8 million (at 10 percent). Michigan Stadium has the potential to generate the most revenue, an estimated $8.1 million. These projections illustrate the substantial revenue potential of implementing a percentage-based amusement tax in both cities. Due to the discrepancy in capacities between the venues, the flat tax fee was not modeled for Ann Arbor.

Table 16
Ann Arbor Percentage Tax Revenue Estimates
(Assumes Capacity)
(in millions)

Venue	Season Revenue Estimate	Tax Rate 3%	5%	7%	10%
UM Football	$ 162.69	$ 4.88	$ 8.13	$ 11.4	$16.27
UM Basketball	4.13	0.12	0.21	0.29	0.41
Hill Theater	10.68	0.53	0.53	0.75	1.07
Revenue Estimate Totals	**$ 177.50**	**$ 5.54**	**$ 8.9**	**$ 12.4**	**$ 17.75**

Consideration of an Admissions Tax

Based on the data and assumptions outlined in the report, a Detroit admissions tax appears to offer modest revenue potential. Modeled scenarios suggest that even in the least favorable seasons, an admissions tax could generate between $4.4 million and $14.6 million annually, while peak seasons could yield as much as $28.3 million.

The admissions tax largely meets the criteria for a sound tax system. It is equitable in design and efficient and relatively simple to administer, but it may raise concerns about neutrality.

The potential revenue generated from an admissions tax could align closely with the revenue currently generated by Detroit's utility users' tax, which produced $36 million in FY2024. While property, income, and wagering taxes generate significantly higher amounts, a well-designed admissions tax could serve as a comparable, mid-tier revenue source for the city. Depending on its structure and breadth of coverage, the admissions tax could have a broad tax base, which may allow for relatively low tax rates while still producing substantial revenue.

The admission tax largely meets the criteria for a sound tax system. It is equitable in design, targeting discretionary spending on entertainment while exempting small venues, low-cost events, and events staged by not-for-profit-organizations. It is efficient and relatively simple to administer, especially under a percentage-based model that mirrors practices in other cities. The administrative burden is further minimized by leveraging existing ticketing systems and applying the tax only to larger venues and events with higher attendance and revenue potential. The tax may raise concerns about neutrality, potentially influencing consumer decisions about attending events where the tax is applied.

The tax can be implemented with little need to create new systems. Michigan has the ability to learn from other states. The tax structure is feasible and politically palatable if framed appropriately, given Michigan's process of enacting local taxes. The use of publicly available and credible data sources in modeling, along with the range of scenarios, further enhances the reliability of the revenue projections.

Limitations and Assumptions in Revenue Forecasting

The analysis offers insight into estimated options cities can consider if they are interested in levying an admission tax; however, it also has limitations that necessitate further research and analysis.

The authority for cities to act and implement such a tax is a substantial limitation. Today, Michigan cities do not have the authority to impose a new admissions tax; therefore, the state legislature must act to authorize such action. Upon state approval, a local jurisdiction must have a local ordinance approved by its voters to begin levying the tax. All the points mentioned above are null if the state legislature does not act and Detroit residents do not approve the admissions tax.

The limited accessibility of public data hindered the ability to obtain actual financial documents for venues hosting concerts, theaters, and performance halls. Many entertainment venues are privately owned and do not have financial statements readily available, unlike government entities. For this study, revenue modeling focuses on major sports teams and entertainment venues in Detroit, as well as arenas and minor league sports in Grand Rapids, and collegiate and minor league sports teams in Ann Arbor, Lansing, and East Lansing.

A secondary approach to modeling without procuring private data involved finding average ticket prices, venue capacity, and the number of shows or acts in the most recent season. This model enables generalized estimates that can inform an approach to implementing a tax. The variance of concert and theater ticket prices due to unique standards by each entertainer makes estimating the potential benefit of an amusement tax challenging.

Being a sports fan in Michigan comes with its share of highs and lows. In recent years, all four major professional sports teams have had realtively successful seasons. When teams are successful, people buy tickets, attend games, stay in hotels, and frequent bars and restaurants. The local economy benefits greatly, and by imposing an amusement tax, the city government can also share in prosperity. The revenue models assume the success of professional sports and collegiate teams, thereby creating a dependency on team performance. Any of the tax models discussed would be impacted by a team's poor performance since the tax is tied directly to admissions.

Tax revenue also will depend on the economy. During good economic times, discretionary income increases and is spent freely on experiences such as sporting events and concerts. In challenging economic times, spending tends to contract. The revenue estimates assume a strong, stable economy where patronizing these venues is commonplace.

Policy Implications and Use of Revenues

In several cities, including Detroit, Grand Rapids, Lansing, and East Lansing, residents pay a city income tax, which is part of their contribution to funding public safety, infrastructure, and other services. Using this philosophy, an admission tax can serve the same purpose for attendees or visitors who live outside of the city where the event is hosted. This is a tax policy that can alleviate the cost traditionally borne by city residents. Specifically in Detroit, the enriched sports and entertainment culture offers an opportunity to secure additional funding through an admissions tax. It would allow the city to enhance city services or lower property tax rates. Additionally, major cities hosting sporting events and concerts would be able to capture the economic benefits associated with them. The level of revenue generated by sporting and entertainment arenas has a net benefit for surrounding businesses, restaurants, and city sites.

Fiscal Stability and Equity in Urban Tax Policy

An admission tax is a strategic tool to address fiscal sustainability, providing cities with an opportunity to diversify their revenues. Most notably, it is a response to the rise in tourism and entertainment-based events, wherein this tax policy can capture the boost in revenue. Furthermore, the additional revenue can shift the burden from city residents to patrons (or tourists) attending the events. This also allows cities to recoup the cost of hosting major events, and to potentially provide maintenance to infrastructure and public safety. Current cities (even with smaller markets than Detroit) have often taken a targeted approach with events and venues subject to the tax, while having an extensive list of exemptions which lessens the potential for low-income individuals to have accessibility issues.

Implementing an excise tax is far more manageable than a general sales tax. It is recommended that local governments follow the precedent set when implemnting an excise tax.

Excise Tax Recommendation

States use two approaches to benefit from admission to sports and cultural events: inclusion in the base of the sales tax or an excise tax on entertainment admissions. Michigan does not include the price of admissions to these events in the base of the state sales tax and does not authorize the levy of local-option sales taxes.

Structuring the ordinance in the form of an excise tax can work in favor of local governments. Having a clear tax definition can allow local governments to avoid potential legal challenges. In Michigan, excise taxes have long been implemented for goods and services such as motor fuel, tobacco, and cannabis. Therefore, implementing an excise tax is far more manageable than a general sales tax. It is recommended that local governments in Michigan follow the precedent set when implementing an excise tax.

Distribution Options

If designed as an excise tax, the funding would need to be directed to specific services. Revenue distribution is dependent on what is specified in the ordinance. Many cities allocate revenue from amusement/admission taxes to cover public safety and infrastructure expenses. The tax design determines the revenue stream and, therefore, where the funds are most effectively used. A state-level authorizing act followed by a city ordinance, subject to voter approval, will ultimately decide where the funding will be allocated – for example it could be dedicated to property tax relief, public safety enhancement, or infrastructure improvements.

> In Detroit, policymakers may want to allocate revenue to specific city services, including infrastructure, public safety, and potentially education services.

Revenue use is heavily dependent on the amount collected. The additional revenue funds have historically been used to offset event costs, support infrastructural maintenance, and enhance public service funding (e.g., health, education, transportation, etc.). In 2022, Chicago generated $236.6 million in admission tax revenue. 62.1 percent was allocated towards personnel (public services such as fire, police, emergency services, etc.), and the remaining 37.9 percent was utilized for citywide debt, contractual services, pension costs, and other specific projects. These examples provide the breadth of scope where other cities have experienced effective admission tax revenue allocation.

Given the average revenues from other cities, ranging from $10 - $40 million, many have assigned funds to cover expenses borne by sporting and entertainment events. As modeled in Chicago, revenue can be allocated to various needs, rather than focusing solely on one issue.

In Detroit, policymakers may want to allocate revenue to specific city services, including infrastructure, transportation, public safety, and potentially education services (e.g., arts and recreation). For example, in Columbus, Portland and Seattle, the revenue has historically been utilized to support arts education and recreation programs in public school systems and non-profit organizations. Essential services, such as the Detroit Department of Transportation (DDOT), can improve bus routes, provide additional drivers, and update facilities and the existing fleet of vehicles with bolstered support from an admission tax. Lastly, further funding for emergency services such as police, fire, and EMS, can be critical to major events hosted in Detroit – the NFL Draft in 2024, and potential NBA All-Star Game in 2029.

Another consideration may be creation of a fund with a portion of the revenue from an admissions tax dedicated to attracting events similar to the Super Bowl, the NFL Draft, NCAA tournament games, and all-star games.

Property Tax Relief

In Michigan, and more specifically in Detroit, property tax relief is a critical issue. The discussion above suggests that an admissions tax, levied as an excise tax on entry to entertainment-type events, should be dedicated to specific purposes, such as public safety, rather than as a general fund revenue source. However, by allocating additional resources to the public safety budget, the city could free up funds for other purposes that bewn-efit residents, or provide tax relief to residents by decreasing property tax rates.

Detroit's property tax rates are among the highest in the state – 69.5080 mills (a mill equates to $1 of tax for every $1,000 of taxable value) for principal residents, and 87.5080 mills for businesses, making it challeng-ing to attract new investment and residents. Residents and businesses pay 19.9520 mills for general city services and opera-tions, and 7.0 mills to support the city's tax debt. The state, county, school district, and regional authorities levy the remain-ing mills. The adopted FY2026 budget reduces the debt millage to 4.0 mills.

An admissions tax is capable of providing between 1.7 mills and 5.7 mills of property tax relief if all of the revenues were allocated for this purpose.

At the February 2025 Consensus Revenue Estimating Confer-ence, it was projected that the city would yield $159.8 million in property tax revenue for the just-completed FY2025. Revenues are projected to increase to $164.9 million in FY2026, $168.3 million in FY2027, $172.5 million in FY2028, and $176.3 million in FY2029.

The city levies a property tax for general operations at a rate of 19.9520 mills (a mill is a measure used for tax purposes that equates to $1 of tax for every $1,000 of taxable value). Each mill of tax is expected to yield $8 million in tax revenue in FY2025, with the yield per mill expected to grow to $8.8 million in FY2029.

Table 17 shows how an admissions tax at the various rates modeled could translate into property tax relief. At the three percent tax rate, the

Table 17
Capacity of Admissions Tax to Provide Property Tax Relief in Detroit, FY2026 Property Tax Estimates

	FY2026 Property Tax Projection
Property Tax Revenue Estimate	$ 164.9
Revenue per Mill	$ 8.3

Admissions Tax Rate	Best Case Scenario Tax Yield	Potential Property Tax Rate Reduction	New General Operating Millage Rate
3% Tax	$ 14.1	1.7	18.2532
5% Tax	$ 23.4	2.8	17.1327
7% Tax	$ 32.8	4.0	16.0002
10% Tax	$ 46.9	5.7	14.3014

best-case scenario estimates a tax yield of $14.1 million. This equates to 1.7 mills of property tax revenue, sufficient to lower the general operating millage from 19.9520 mills to 18.2532 mills. The five percent tax rate would yield revenue to reduce the millage rate by 2.8 mills. The seven percent tax could lower the tax rate by 4.0 mills, and the ten percent tax rate could lower the tax rate by 5.7 mills.

The revenue from an admission tax also could grant property tax relief through programs such as Homeowners Property Exemption (HOPE) and the Detroit Tax Relief Fund (DTRF). Both programs have actively aided in preventing resident displacement by helping low-income property owners reduce or eliminate their property tax obligations, including those with delinquent accounts. In 2021, HOPE was able to supply over 15,000 property tax exemptions for at-risk residents. With supplemental funding from an excise tax, programs such as HOPE and DTRF can be expanded to have a greater effect on homeowners in Detroit.

Conclusion

The state legislature may wish to assess the value of providing Michigan cities with an option to impose a local admission tax. The state gave cities the option to levy an income tax more than 50 years ago, and an admission tax would likely follow a similar path. A new state law authorizing Michigan cities to levy such taxes would need to be adopted. And once the authorization is implemented, cities would need to adopt an ordinance to establish the tax. A final vote from the residents in the locality is required to approve the tax. This is the path Detroit will need to follow to implement an admission tax.

If authorization for a tax is pursued, policymakers should start with tax models like those established and implemented by other cities. Structuring the tax as a percentage of the ticket price ensures equality among populations purchasing tickets and allows for easy adjustment as ticket prices fluctuate in response to economic conditions. It is also important to note, just like income tax, that economic volatility can impact revenue streams, and this must be a consideration when developing the tax design, as well as when allocating revenue. The admission tax serves the same purpose as the non-resident income tax: collecting taxes from non-city residents to help cover the costs of city services they use when visiting.

The flat fee model alone will not be sufficiently beneficial to make a significant impact on the general fund's revenue sources or alleviate the legacy burdens that city residents have endured. The percentage tax design would vary by game and ticket price, and should be assessed at the end of the season.

New revenue could be allocated to 1) offset the additional public safety and infrastructure costs to the city, and/or 2) be used to provide property tax relief to residents.

Each of the Michigan cities identified would benefit from this tax. At a minimum, the revenue will help cover all or some of the public safety and infrastructure costs associated with hosting entertainment and sporting events. Currently, these costs are accrued in the general fund. Each city would benefit from having non-residents contribute to the operation and maintenance expenses of city services affected by accompanying events.

Appendix A - Methodology for Modeling

The percentage rates used in the modeling, three, five, seven, and 10 percent, are reflective of the rate imposed by comparable cities.

To model scenarios in Detroit, actual gate receipts from the 2023 and 2024 seasons were used to demonstrate the possible revenue stream from the most recent sports season. Then gate receipts for each team's best and worst performing years were examined (i.e., the highest and lowest gate receipts) and calculated potential revenue, representing the highest and lowest sports teams' ticket revenue experience.

For other Michigan cities, the models ran scenarios with venues at capacity (sell out), 75 percent attendance, and 50 percent attendance (see Appendix B). Since capacity attendance is unlikely to occur at all sports venues simultaneously, the 50 and 75 percent capacity models provide a more realistic scenario of revenue potential.

The average ticket prices for each sports and theater venue are used in conjunction with the variations in attendance, and all dollar amounts were procured from the same source. For sporting events, the number of home games was used in the modeling scenario. Theater venues, the total number of current calendar year events known at the time of this report, were used to model potential revenue.

Endnotes

1 *Detroit wants to be a major sports city. But it needs state funding to help.* Michigan Advance, July 31, 2025, https://michiganadvance.com/2025/07/31/detroit-wants-to-be-a-major-sports-city-but-it-needs-state-funding-to-help/.

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3 Visit Detroit, *Visit Detroit and The Detroit Sports Commission Announce Record-Setting 2024 NFL Draft Generated $213.6 Million in Economic Impact,* July 11, 2024, https://visitdetroit.com/media/press-releases/visit-detroit-and-the-detroit-sports-commission-announce-record-setting-2024-nfl-draft-generated-213-6-million-in-economic-impact/?utm_source=chatgpt.com.

4 For a Fuller discussion of Michigan local governments' local-option taxes see Citizens Research Council of Michigan, *Diversifying Local-Source Revenue Options in Michigan*, Report 399, February 2018, https://crcmich.org/publications/diversifying-local-source-revenue-options-in-michigan.

5 Pinho, Rute. Office of Legislative Research, Connecticut General Assembly. "OLR Research Report 2013-R-0345: Local Option Taxes," October 23, 2013 (https://www.cga.ct.gov/2013/rpt/pdf/2013-R-0345.pdf, accessed 10/17/17).

6 Ibid.

7 Federation of Tax Administrators, *State Taxation of Services by Category – 2017,* https://taxadmin.org/state-taxation-of-services-by-category-2017/.

8 A follow-up step to the analysis would be to contact the finance and/or administrative department at two to four comparable cities to learn more about the steps in their tax administration and collection process.

9 https://www.playhousesquare.org/assets/doc/Playhouse_Square_Economic_Impact_Study-2a0c0ccca2.pdf, p. 15

10 Chicago Bears Home Game Attendance Records 2008-2024Chttps://www.statista.com/statistics/250070/average-home-attendance-of-the-chicago-bears/

11 https://www.statista.com/statistics/197347/nfl-regular-season-home-attendance-of-the-atlanta-falcons-since-2006/

12 Public Act 100 of 1990.

13 The population figure was amended when Detroit's general population declined. https://www.legislature.mi.gov/documents/mcl/archive/2014/May/mcl-Act-100-of-1990.pdf

14 See Sales Tax discussion starting on page 13, Citizens Research Council of Michigan, *Diversifying Local-Source Revenue Options in Michigan,* Report 399, February 2018, https://crcmich.org/publications/diversifying-local-source-revenue-options-in-michigan.

15 *Bailey v Muskegon County Board of Commissioners*, https://static.case.law/mich-app/122/case-pdfs/0808-01.pdf.

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