

FORMAL

2-26-19.

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FINANCE, AND  
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# City of Detroit


## CITY COUNCIL

**LEGISLATIVE POLICY DIVISION**  
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CITY CLERK 2019 FEB 18 10:14 AM

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TO: Detroit City Council

FROM: David Whitaker, Director   
Legislative Policy Division

DATE: February 18, 2019

RE: Report on Gaming Tax Revenue through January 2019

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

Through the seventh month of the fiscal year the casinos reported a combined gross gaming receipts increase of 3.84% compared to the same period in the prior fiscal year. Broken out by casino, MGM's gross receipts are up by 5.05%, Motor City's are up by 1.78% and Greektown's are up by 4.63%, compared with the first seven months of the prior fiscal year.

In the seventh month of the fiscal year, the City collected \$13.34 million in gaming tax revenue, which was 0.53% greater than January 2018, as reflected in Chart 1. Chart 2 "Monthly Detroit Gaming Tax Collections" through a twelve-month moving average trend line shows an increase of 3.71% since last January among the combined casino tax revenues. Based on existing data, there is projected to be a surplus of \$3.73 million for the fiscal year for a gaming revenue total of \$184.51 million, a 3.09% increase over last year.

Adjusted gross casino gaming receipts were reported at \$112.08 million for the month of January 2019 as shown in Chart 1A. This represented a 0.53% gain compared with January 2018. Chart 2A "Monthly Detroit Gaming Receipts" through a twelve-month moving average trend line shows growth of 3.72% among the combined casino receipts.

MGM and Motor City are each paying 12.9% of adjusted gross gaming receipts to the City, while Greektown Casino is paying 11.9% of adjusted gross gaming receipts and is broken out as follows. By state law, all casinos are now paying 10.9% of adjusted gross gaming receipts to the City as wagering tax. The casinos also have an additional 1% payment because of the 2002 amended development agreement with the City. Additionally, if a casino reaches \$400 million in adjusted gross gaming receipts in a calendar year, like MGM and Motor City, then an additional 1% is paid to the City per the amended development agreement of 2002.

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

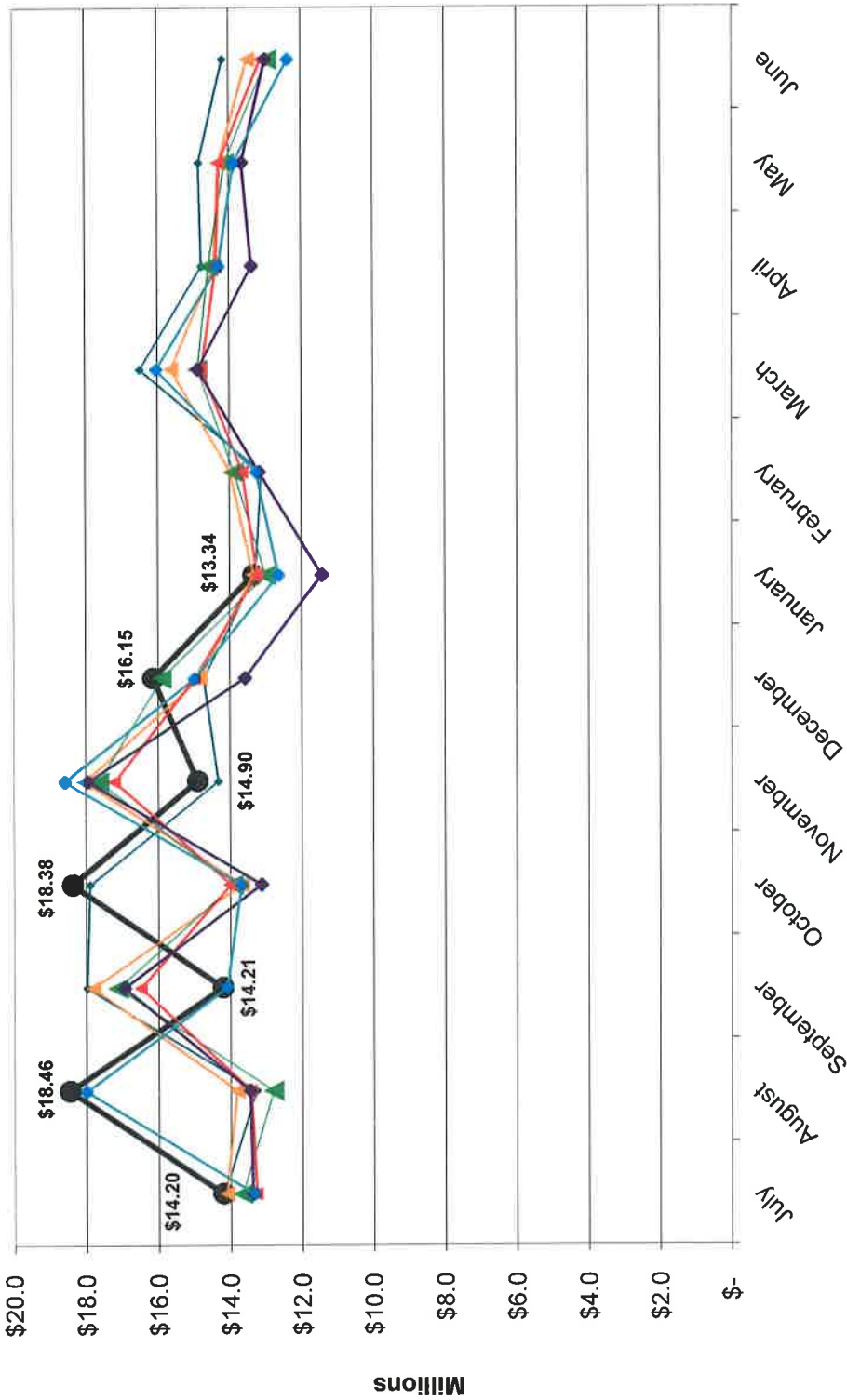
Second, the amended development agreement of August 2002 between the City and the casinos, which is separate from the state law, has all casinos, beginning in January 2006, paying an additional 1% over the state law, plus another 1% when the casino reaches \$400 million in adjusted gross gaming receipts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

#### Attachments (5)

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

Chart 1

### Monthly Comparison Detroit Gaming Tax Collections By Fiscal Year



Revenue Collections  
YTD  
**FY 18-19 \$ 109,643,285**  
 FY 17-18 \$178,982,277  
 FY 16-17 \$177,217,504  
 FY 15-16 \$174,291,157  
 FY 14-15 \$172,501,265  
 FY 13-14 \$167,795,735  
 FY 12-13 \$174,593,123

Legend:  
 ● FY 2018-2019  
 ● FY 2017-2018  
 ● FY 2016-2017  
 ● FY 2015-2016  
 ● FY 2014-2015  
 ● FY 2013-2014  
 ● FY 2012-2013

Chart1A

### Monthly Comparison Adjusted Gross Casino Gaming Receipts By Fiscal Year

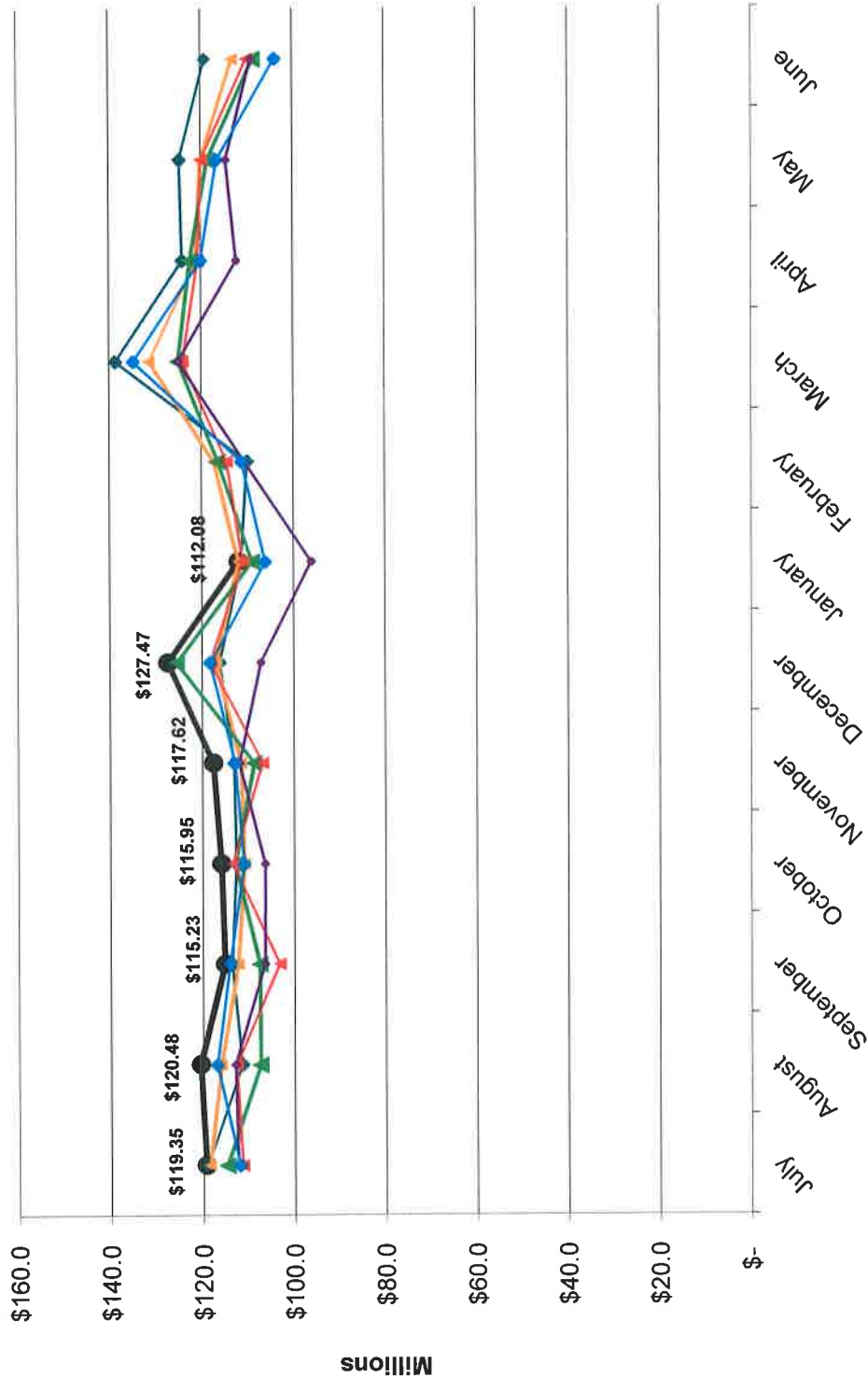


Chart 2

### Monthly Detroit Gaming Tax Collection History

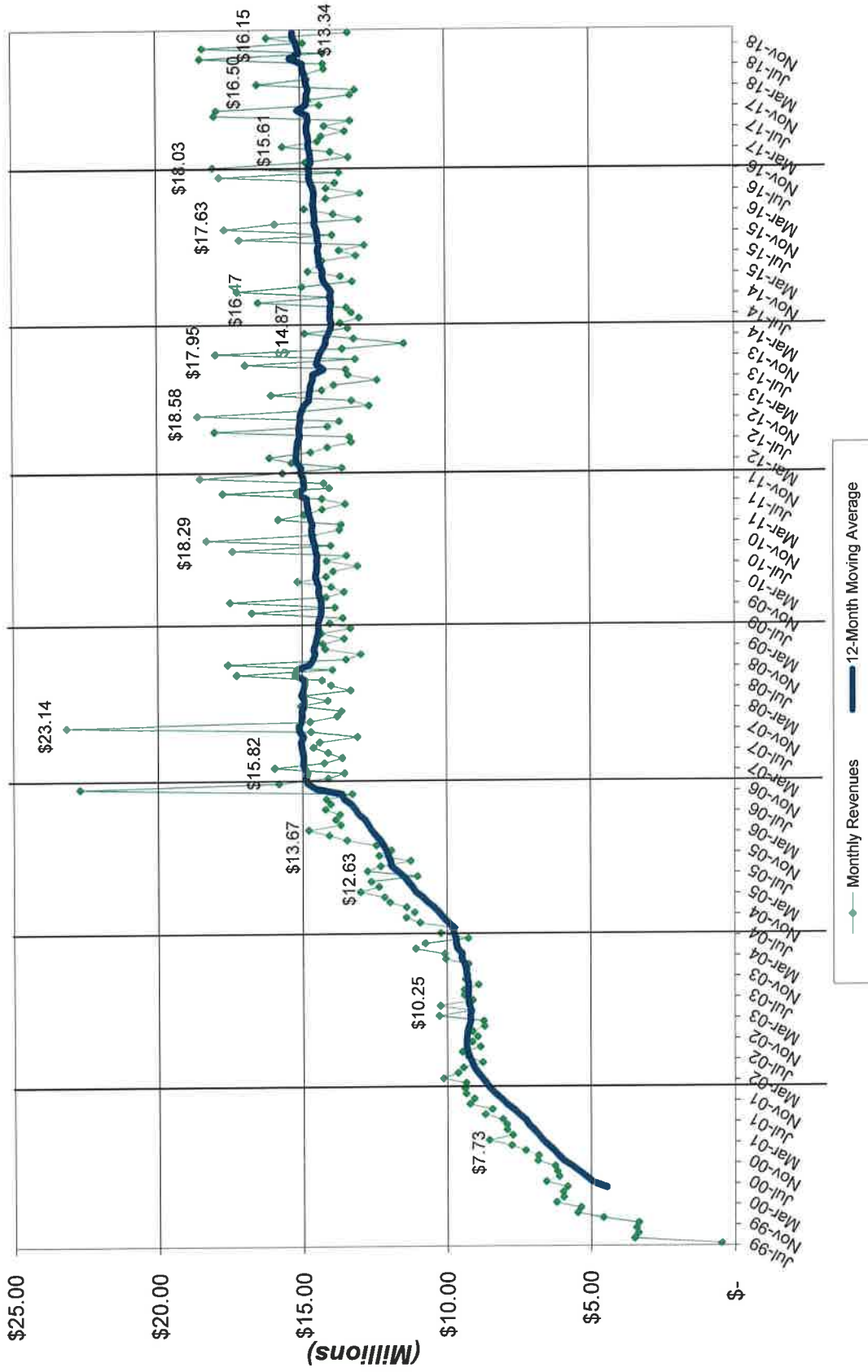


Chart 2A

Monthly Adjusted Gross Casino Gaming Receipt History

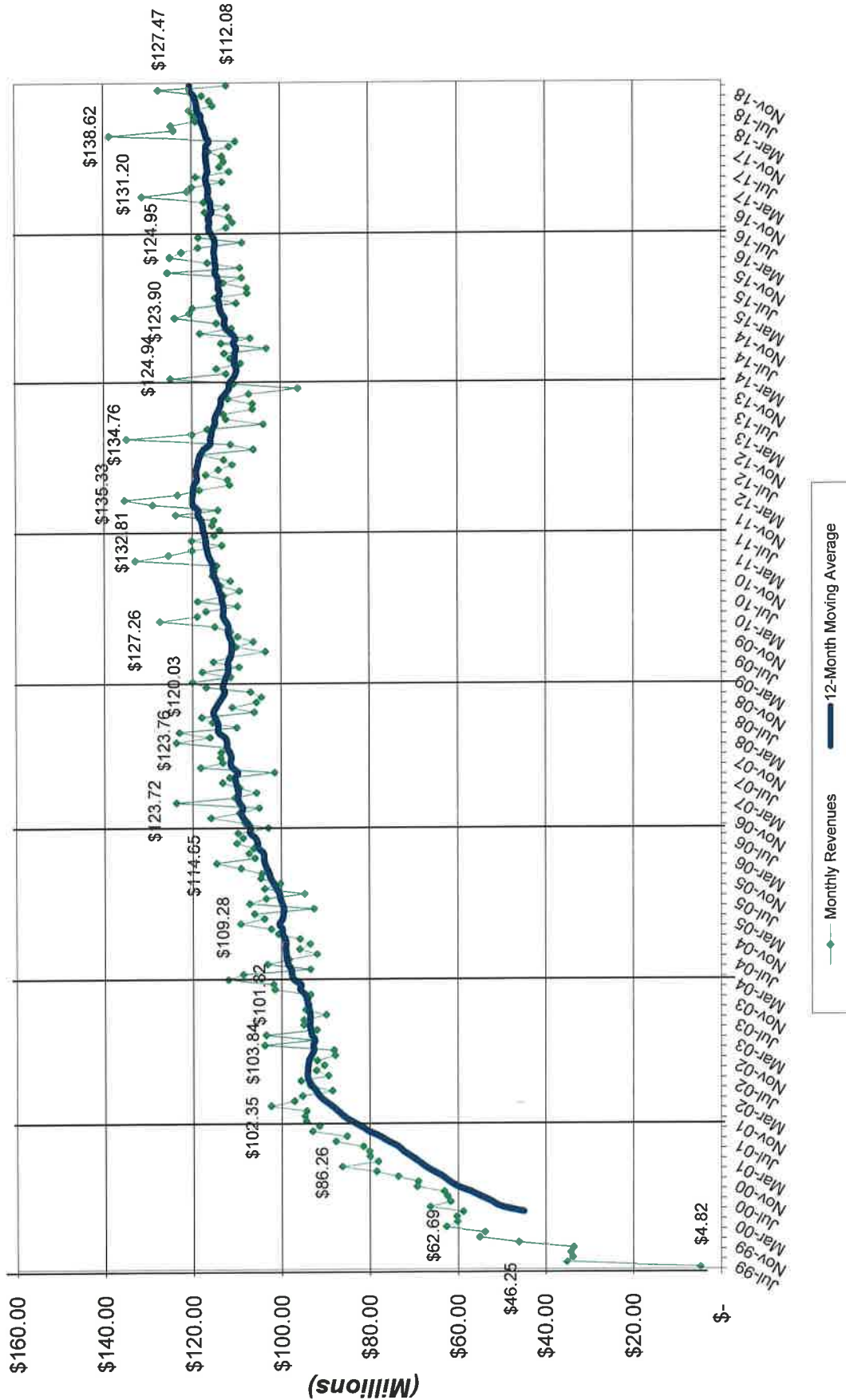


Table 1

Wagering Tax History and Tax Projections - All Casinos

	Total Adjusted Gross Receipts	Chng. over prior year	Total Adjusted Gross Receipts	Chng. over prior year	Total Adjusted Gross Receipts	Chng. over prior year	Total Adjusted Gross Receipts	Chng. over prior year	Total Adjusted Gross Receipts	Chng. over prior year	Total Adjusted Gross Receipts	Chng. over prior year
	FY 13-14		FY 14-15		FY 15-16		FY 16-17		FY 17-18		FY 18-19	
July	\$ 112,324,111.14	0.29%	\$ 111,335,628.63	-0.88%	\$ 114,773,549.99	3.09%	\$ 118,462,544.37	3.21%	\$ 119,025,164.52	0.47%	\$ 119,352,251.03	0.27%
August	\$ 112,898,452.02	-3.45%	\$ 112,662,906.77	-0.21%	\$ 107,454,382.18	-4.62%	\$ 115,902,952.67	7.86%	\$ 111,475,141.33	-3.82%	\$ 120,481,280.32	8.08%
September	\$ 106,340,200.54	-6.78%	\$ 103,111,649.21	-3.04%	\$ 107,556,002.33	4.31%	\$ 112,167,563.98	4.29%	\$ 113,650,378.92	1.32%	\$ 115,227,814.05	1.39%
October	\$ 106,324,915.12	-4.17%	\$ 113,375,138.17	6.63%	\$ 112,839,250.36	-0.47%	\$ 110,737,995.50	-1.86%	\$ 112,667,662.55	1.74%	\$ 115,953,356.87	2.92%
November	\$ 111,841,042.99	-0.90%	\$ 106,779,739.55	-4.53%	\$ 108,679,663.84	1.78%	\$ 111,502,032.31	2.60%	\$ 113,084,415.06	1.42%	\$ 117,619,810.33	4.01%
December	\$ 107,124,733.60	-9.40%	\$ 118,134,341.40	10.28%	\$ 125,463,371.75	6.20%	\$ 116,907,871.10	-6.82%	\$ 116,166,313.36	-0.63%	\$ 127,466,750.31	9.73%
January	\$ 96,048,307.53	-9.54%	\$ 111,021,844.76	15.59%	\$ 109,066,698.11	-1.76%	\$ 112,004,791.29	2.69%	\$ 111,494,603.74	-0.46%	\$ 112,084,778.90	0.53%
February	\$ 110,608,613.45	-0.62%	\$ 114,422,344.27	3.45%	\$ 116,400,992.94	1.73%	\$ 117,241,823.84	0.72%	\$ 110,086,016.70	-6.10%	\$ -	-100.00%
March	\$ 124,936,684.16	-7.29%	\$ 123,903,906.42	-0.83%	\$ 124,949,116.99	0.84%	\$ 131,203,575.63	5.01%	\$ 138,618,493.30	5.65%	\$ -	-100.00%
April	\$ 112,273,443.83	-6.47%	\$ 120,548,875.91	7.37%	\$ 122,356,901.35	1.50%	\$ 120,997,540.75	-1.11%	\$ 124,023,991.41	2.50%	\$ -	-100.00%
May	\$ 114,508,495.99	-1.73%	\$ 119,815,053.34	4.63%	\$ 118,534,756.46	-1.07%	\$ 119,945,966.90	1.19%	\$ 124,659,270.12	3.93%	\$ -	-100.00%
June	\$ 109,007,620.90	4.95%	\$ 109,930,191.80	0.85%	\$ 108,612,340.75	-1.20%	\$ 113,073,887.16	4.11%	\$ 119,116,145.61	5.34%	\$ -	-100.00%
TOT RECEIPTS thru FY	\$ 1,324,236,621.27	-3.88%	\$ 1,365,041,620.23	3.08%	\$ 1,376,687,027.05	0.85%	\$ 1,400,148,545.50	1.70%	\$ 1,414,067,616.62	0.99%	\$ 828,186,041.81	58.6%
Receipts thru Cal Yr.	\$ 1,349,503,615.26	-4.75%	\$ 1,332,782,569.59	-1.24%	\$ 1,376,408,436.95	3.27%	\$ 1,385,601,766.53	0.67%	\$ 1,400,536,881.31	1.08%	\$ 1,444,099,783.79	3.11%
Wagering Tax - pre 9/2004 (State)	\$ 12,900%		\$ 12,900%		\$ 12,900%		\$ 12,900%		\$ 12,900%		\$ 12,900%	
Wagering Tax - post 9/2004 (State)	\$ 1,000%		\$ 1,000%		\$ 1,000%		\$ 1,000%		\$ 1,000%		\$ 1,000%	
Wagering Tax - post 1/2006 (Dev. Fund) - 1% after calendar year hits	\$ 11,900%		\$ 11,900%		\$ 11,900%		\$ 11,900%		\$ 11,900%		\$ 11,900%	
Wagering Tax - post 1/2006 (Dev. Fund) - 1% after calendar year hits	\$ 157,584,157.93		\$ 162,439,952.61		\$ 163,825,756.22		\$ 166,617,676.91		\$ 168,274,046.38		\$ 98,554,138.98	
\$400 M (Dev. Agrmt) wagering tax - post 1/2006 - 30 days after permanent opens												
Wagering Tax FYTD	\$ 10,211,576.83	-4.08%	\$ 10,061,311.75	-1.47%	\$ 10,465,401.23	4.02%	\$ 10,599,827.55	1.28%	\$ 10,708,230.46	1.02%	\$ 11,089,146.20	3.56%
Addl 1% after casino reaches \$400M during calendar year (Dev Agrmt)	\$ 167,795,734.76	-3.89%	\$ 172,501,264.56	2.80%	\$ 174,291,157.45	1.04%	\$ 177,217,504.46	1.68%	\$ 178,982,276.84	0.9958%	\$ 109,643,285.18	
Total Revenue FYTD	\$ 752,901,762.94	-4.84%	\$ 776,421,248.49	3.12%	\$ 785,832,918.56	1.21%	\$ 797,685,751.22	1.51%	\$ 797,563,699.48	-0.02%	\$ 828,186,041.81	3.84%
First 7 Months' Receipts	\$ 571,334,858.33		\$ 588,620,371.74		\$ 590,854,108.49		\$ 602,462,794.28		\$ 616,503,917.14		\$ -	
Last 5 Months' Receipts												
Ratio of 7 Month to 5 Months												
est. last 5 months' receipts												
est. total annual receipts												
Fiscal Year's Wagering Tax (est)												
Budget	\$ 170,000,000.00		\$ 168,000,000.00		\$ 169,042,005.00		\$ 175,200,000.00		\$ 177,780,000.00		\$ 180,779,000.00	
Surplus/Deficit	\$ (2,204,265.24)		\$ 4,501,264.56		\$ 5,249,152.45		\$ 2,017,504.46		\$ 1,202,276.84		\$ 3,730,657.06	





**MEMORANDUM**

**TO:** Marcell Todd, Director, CPC

**FROM:** Hon. Scott Benson, City Council District 3

**CC:** Hon. Janee Ayers, Chair, Budget, Audit & Finance Standing Committee  
Hon. Janice Winfrey, City Clerk  
David Whitaker, Director, LPD  
Boysie Jackson, Director, Purchasing  
Brad Dick, Director, GSD  
Stephanie Washington, City Council Liaison

**VIA:** Hon. Brenda Jones, City Council President

**DATE:** 21 January 2019

**RE:** **\*REVISED\***  
**PROPOSED FY 2020 – FY 2024 FIVE YEAR CAPITAL AGENDA  
BUDGET QUESTIONS**

Please include the questions below into the consolidated City Council capital agenda memo submission.

The capital agenda identifies the replacement of the public safety fleet, DDOT buses, mobile clinic fleet and at the non-public safety fleet. My office is concerned about the fuel efficiency of these vehicles.

1. Identify the efficiency standards which will be set by the fleet managers for the purchase specs of the vehicles.
2. Please identify the operating cost savings that will be achieved by purchasing hybrid vs. traditional internal combustion vehicles.
3. Explain how the full life cycle cost (including fuel consumption and maintenance costs) will be integrated into the vehicle selection process.
4. Explain the strategy to reduce the overall fuel consumption and associated emissions by the city fleet.
5. The current plan does not identify any capital investment into the Coleman A. Young International Airport besides the \$4M that was authorized for the FY2018-19 budget? With the proposed improvements to KDET please identify the amount of investment needed to implement the proposed changes?

If you have any questions do not hesitate to contact my office at, 313-224-1198