

# Michigan



## Regulatory Oversight

### COMMERCIAL GAMING

**Governing Body:** The Michigan Gaming Control Board regulates casino gaming and sports betting in Michigan, including online. The MGCB is part of the state's department of treasury. The MGCB consists of five members, who are appointed by the governor with the advice and consent of the Senate. Terms on the board last for four years. The MGCB is run by an executive director who is appointed for a six-year term. The MGCB promulgates the administrative rules necessary to operate the state's three commercial casinos.

### TRIBAL GAMING

**Governing Body:** Michigan has tribal-state gaming compacts with 12 tribes. There are seven tribes operating under compacts agreed to in 1993, four tribes under compacts agreed to in 1998 and one tribe operating under a compact agreed to in 2007.

The tribes operating under 1993 compacts are:

- The Bay Mills Indian Community
- The Grand Traverse Band of Ottawa and Chippewa Indians
- Hannahville Indian Community
- The Lac Vieux Desert Band of Lake Superior Chippewa Indians
- The Saginaw Chippewa Indian Tribe
- The Sault Ste. Marie Tribe of Chippewa
- The Keweenaw Bay Indian Community

The tribes operating under 1998 compacts are:

- The Little Traverse Bay Band of Odawa Indians (2003 and 2008 amendments)
- The Nottawaseppi Huron Band of Potawatomi Indians (2009 amendment)
- The Pokagon Band of Potawatomi Indians (2008 amendment)
- The Little River Band of Ottawa Indians (2008 amendment)

The tribe operating under the 2007 compact is the Gun Lake Band of Match-E-Be-Nash-She-Wish Band of Potawatomi Indians.

A representative from the state, as authorized by the governor, has the right to inspect Class III gaming facilities and tribal records related to Class III gaming.

The 1993 compacts had an initial term of 20 years and were extended an additional five years. The state and tribes have commenced negotiations for a new compact.

The 1998 compacts also had an initial term of 20 years but were later extended until 2028, except the Nottawaseppi Huron Band of Potawatomi Indians extended their compact until 2030. The 2007 compact has a 20-year term and can be renewed for an additional five-year period.



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## Licensing

### COMMERCIAL GAMING

**Operator:** Section 432.206 of the Gaming Control and Revenue Act outlines the requirements for an operator's license. The board shall issue a casino license to a person who applies for a license, who pays the nonrefundable application fee and a \$25,000 license fee for the first year of operation and who the board determines is eligible and suitable to receive a casino license under this act and the rules promulgated by the board. It is the burden of the applicant to establish by clear and convincing evidence its suitability. No more than three licenses may be issued. Further information on casino licensing can be found in the Administrative Rules for Casino Gambling.

**Supplier License:** Section 432.207a of the Gaming Control and Revenue Act outlines the requirements for a supplier's license. The board may issue a supplier's license to a person who applies for a license and pays a nonrefundable application fee set by the board, if the board determines that the applicant is eligible and suitable for a supplier's license and the applicant pays a \$5,000 annual license fee. A person who holds a supplier's license is authorized to sell or lease, and to contract to sell or lease, equipment and supplies to any licensee involved in the ownership or management of gambling operations. Administrative Rule 432.1326 outlines further supplier licensing standards and criteria; Rule 432.1330 covers renewals. An internet gaming platform provider must be licensed by the MGCB. There is an initial license fee of \$5,000, and \$2,500 each year thereafter.

### TRIBAL GAMING

Upon written request by the state of Michigan, tribes must provide information on consultants, management personnel, suppliers and employees to let the state conduct its own background investigations and make an independent determination on the suitability of these individuals.

**Operator:** Tribes must reimburse the state for the actual costs of carrying out its duties under the compact, in an amount not to exceed \$25,000 (1993 Compacts), \$50,000 and can be adjusted annually in accordance with the Consumer Price Index annual inflation index (2008 Compacts), or \$75,000 or 0.5 percent of net win whichever is greater (2007 Compact).

**Providers of Class III Gaming Equipment or Supplies:** To provide gaming equipment or supplies for Class III gaming, sellers or lessors (and any manager or person holding direct or indirect financial interest) must have undergone a background investigation.



## Taxation & Tribal Revenue Sharing

### COMMERCIAL GAMING

**Gaming Tax Rate:** There is a 18percent tax rate with 9.9 percent going to the city of Detroit, and 8.1 percent going to the state. A thorough breakdown of fee and tax wagering information can be found here.



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Detroit commercial casinos are subject to an additional municipal service fee of 1.25 percent of adjusted gross receipts or \$4m, whichever is greater.

**Tax Allocation:** The state wagering tax is deposited into the School Aid Fund for statewide K-12 classroom education. The city wagering tax is used for, among other things, the bolstering of the police force, neighborhood and development programs, public safety programs, anti-gang programs, capital improvements, and road improvements.

**Promotional Credits:** Promotional credits are taxed as normal revenue.

**Withholding tax on gambling winnings:** Yes. Gambling winnings in excess of \$5,000 require a flat 4.25 percent to be withheld.

## TRIBAL GAMING

**Revenue Share:** All tribes in the state pay two percent of their annual net win to local units of government in Michigan, sometimes referred to as a local revenue sharing board.

The Keweenaw Bay Indian Community and the Hannahville Indian Community are the only tribes under the 1993 compact that share revenue with the state. Keweenaw Bay provides 8 percent in revenue sharing to Michigan Economic Development Corporation (MEDC) and Strategic Fund (MSF) while Hannahville remits 2-7 percent to the MEDC and MSF.

Under the 1998 compacts, following a 2007 court ruling, the tribes are required to make payments calculated on the following sliding scale:

Revenue	Percentage Of Revenue Paid
Up to \$75m	8% annual net win
\$75m - \$150m	10% annual net win
Over \$150m	12% annual net win

(Ex. If Revenue \$85M, Tribe Makes Payments Of 4% Of \$75M, 6% Of \$10M)

**State Use of Revenue:** The two percent to local government is disbursed by local revenue sharing boards. The rest of the money given to the state by tribes is paid to the Michigan Economic Development Corporation (MDEC).

**Tribal Use of Revenue:** As required under IGRA, tribes must use tribal gaming funds:

1. To fund tribal government operations or programs;
2. To provide for the general welfare of the tribe and its members;
3. To promote tribal economic development;
4. To donate to charitable organizations; or
5. To help fund operations of local government agencies.

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**Promotional Credits' Effect on Revenue Sharing:** Promotional credits are not taxed at tribal gaming facilities as long as they carry no monetary value.

**Withholding on Winnings:** A percentage of gaming winnings are not withheld for state purposes. However, tribes agree to disclose to the state gaming winnings of anyone other than a resident tribal member for federal income tax withholding forms and documents.



## Responsible Gaming

### COMMERCIAL GAMING

**Statutory Funding Requirement:** Problem gambling in Michigan is generally addressed by several non-profit organizations. However, the gaming law mandates that a fund is set up to specifically address compulsive gambling in Michigan. For example, of the \$25m State Services Fee assessed to the three Detroit casinos each year, \$2m is deposited into a Compulsive Gaming Prevention Fund.

**Self-exclusion:** Michigan law requires the commercial casinos in Detroit, in conjunction with the Michigan Gaming Control Board, to maintain a Disassociated Persons List. Participation in the program is voluntary, but once on the list, a self-excluded person's name will be on it for life. Criminal complaints for trespassing will be filed against any individual on the Disassociated Persons List who is found on the premises of any of the three commercial casinos. This individual will be immediately removed from the casino, and any winnings will be confiscated by the Michigan Gaming Control Board and deposited into the compulsive gambling prevention fund.

**Alcohol use:** Michigan allows complimentary alcoholic beverages to be given to casino patrons.

**Advertising Restrictions:** There are no statutorily required advertising restrictions.

**On-Premise Display Requirement:** The Michigan Gaming Control and Regulation Law requires anyone with a casino license to post at each entrance and exit of the casino, on each electronic funds transfer terminal, and at each credit location the compulsive gaming helpline number.

### TRIBAL GAMING

**Statutory Funding Requirement:** The compacts do not require tribes to contribute to state programs to limit and aid problem gamblers.

**Restrictions on Minors on the Gambling Premises:** A person under the age of 21 shall not be permitted in an area of a casino where gaming is being conducted, except for a person at least 18 years of age who is an employee of the gaming operation. An employee under the age of 21 shall not perform any function involved in gambling by the patrons.

**Self-exclusion:** The compacts do not require operators to offer a self-exclusion program for gaming patrons. However, the 2007 Compact requires the tribe to prohibit persons on self-exclusion lists from gaming. Tribes in the state do offer self-exclusion at their casinos.

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**Complimentary Alcoholic Drinks:** While the compacts are generally silent on the treatment of alcohol in the state, some tribes offer alcohol on complimentary or at a reduced cost while other tribes in the state do not. In one of the tribal-state compacts, it states that the tribe is authorized to sell, offer for sale, give away or allow the consumption of alcoholic beverages during the hours when gaming operations are conducted.

**Advertising Restrictions:** The compacts do not set advertising restrictions.

**On-Premise Display Requirement:** The compacts do not set on-premise display requirements.

**Prevention of Underage Gambling:** Ages to participate in Class III gaming varies by compact. Most of the compacts agreed to in the 1990's require persons to be 18 years of age. The 2007 Compact requires a person to be 21 to participate in a Class III game.

**Operation on Holidays:** Tribes may operate gaming facilities 24 hours a day seven days a week, including on holidays.



## Other Regulations

### COMMERCIAL GAMING

**Testing Requirements:** The MGCB must approve all gambling games before use in the state. In doing so, the MGCB may use an independent testing laboratory and pass through costs to the licensees.

**AML Requirements:** Under federal U.S. law, commercial casino operators, tribal gaming operators and card clubs are required to comply with various statutes in order to prevent money laundering activities and other financial crimes, including terrorism financing. Michigan also requires reports to be filed with the state police's gaming section and the MGCB at the time reports are filed with the federal government.

**Shipping Requirements:** The person causing the movement of an electronic gaming device must notify the MGCB at least five days before delivery. In general, movement of gaming equipment is outlined in Part 14 of the Casino Gaming Administrative Rules.

**Credit offered to Patrons:** Yes. Credit may only be extended in a commercially reasonable manner considering the assets, liabilities, prior payment history, and income of the patron to the extent available.

**Political Contributions:** The Michigan Gaming Control & Revenue Act was amended in 2019 to permit individuals with an interest in a casino licensee to make contributions to a political candidate or committee.

**Smoking Bans:** Casino gaming floors are specifically exempted from Michigan's Smoke-Free Indoor Air Law and, as such, casinos are permitted to offer smoking within their facilities.

**Cashless Gaming & Alternative Payments:** Cashless gaming is permitted within Michigan. However, cryptocurrency is not currently accepted as a form of payment for gambling transactions.

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## TRIBAL GAMING

**Testing Requirements:** No class III games of chances, gaming equipment or supplies may be placed into tribal Class III gaming facilities unless the equipment meets the technical equipment standards of the state of Nevada or New Jersey. The 2007 Compact has changed that language to read “meets the technical equipment standards of the State of Michigan or applicable standards established by the National Indian Gaming Commission, whichever is more restrictive.”

**AML requirements:** Under federal U.S. law, commercial casino operators, tribal gaming operators and card clubs are required to comply with various statutes to prevent money laundering activities and other financial crimes, including terrorism.

**Shipping Requirements:** Under federal U.S. law, all gambling devices and all packages containing gambling devices, when shipped or transported, must be plainly and clearly labeled and marked so that the name and address of the shipper and the consignee and the contents of the package may be readily ascertained on an inspection of the package.

**Restrictions on Political Contributions:** Under federal law, tribes are considered “persons” and are subject to regulation by the Federal Election Commission when making federal contributions.

**Credit:** Credit may be extended to patrons at tribal casinos. Some tribes require persons to have a gaming history at the establishment before offering the persons credit.

**Smoking Bans:** Tribal casinos may offer smoking within their facilities.

**Cashless Gaming & Alternative Payments:** Cashless gaming is permitted within Michigan. However, cryptocurrency is not currently accepted as a form of payment for gambling transactions.



## Sports Betting

**Authorized Operators:** Each of the three licensed commercial casinos in Detroit and 12 Indian tribes that offer gaming are permitted to obtain a sports betting operator license to offer land-based and mobile sports betting.

**Mobile/Online:** The state’s commercial casinos and Indian tribes with a sports betting license are limited to one mobile sports betting platform that can operate within the state.

**Taxes and Fees:** Operators must pay a \$50,000 application fee and a \$100,000 fee for a license that lasts five years. Renewals every five years thereafter require an additional \$50,000 fee. Companies providing the platform or other technology and services for sports betting will be required to obtain a supplier license, at an initial cost of \$5,000 and then \$2,500 each year after that.

Land-based sports betting is taxed at 8.4 percent of “adjusted gross sports betting receipts.” Detroit casinos are required to pay an additional 1.25 percent municipal services fee on mobile sports betting revenue.



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**Amateur Restrictions:** Sports betting operators are permitted to take bets on college games. Any sport or athletic event played by individuals that are at the high school level or below is prohibited, unless the majority of participants in the event are 18 years of age or older.

**Official Data Mandate & Integrity Fee:** A sports governing body headquartered in the United States can notify the MGCB that it wants operators to use official league data to settle Tier 2 sports bets, defined as any wager placed after an event has started.



## Internet Gaming

**Authorized Operators:** Pursuant to the Lawful Internet Gaming Act enacted in December 2019, internet gaming may be offered by the three Detroit commercial casinos or by a tribe that operates a Class III casino in Michigan.

**Licensing:** Detroit's three commercial casinos and Michigan's 12 Class III tribes must obtain an Internet gaming operator license prior to offering internet gaming.

In addition, once approved for an internet gaming license, the licensee can contract with online gambling platform providers, licensed as internet gambling suppliers.

An internet gambling operator may offer internet gambling under a maximum of two separate brands, or "skins", one for each of online poker and other casino-style games.

**Taxes and Fees:** An Internet gaming operator license carries a \$50,000 application fee and initial license fee of \$100,000, valid for five years. A renewal fee of \$50,000 is then required each year thereafter.

Online gambling platform providers are required to obtain an internet gambling supplier license. The application and initial license fee are each \$5,000. The renewal fee every year thereafter is \$2,500.

Operators are subject to a graduated tax on the adjusted gross receipts (AGR) as follows:

- Less than \$4m: 20 percent
- \$4m-\$8m: 22 percent
- \$8m-\$10m: 24 percent
- \$10m-\$12m: 26 percent
- \$12m or more: 28 percent

In addition, Detroit commercial casinos are also subject to an additional 1.25 percent municipal tax. Operators are eligible to deduct free play of up to 10 percent of gross receipts in the first three years of operation, dropping to 6 percent in the fourth year, 4 percent in the fifth, and no free play deductions in year six and beyond.

If a casino licensee provides a device to conduct internet gaming while at the casino, the 18 percent wagering tax applied to land-based casino games is imposed.

**Games Available:** Poker and other casino-style games are permitted.

In addition, under the multi-state internet gaming agreement (MSIGA) entered into by Michigan in May 2022, in-state internet poker patrons may participate in wagers with patrons in Delaware, Nevada, and New Jersey.

