

Michigan Gaming Control Board

Overview

“The Michigan Gaming Control Board shall ensure the conduct of fair and honest gaming to protect the interests of the citizens of the State of Michigan.”

michigan.gov/mgcb



Gaming Laws in Michigan



1997

Michigan Gaming Control & Revenue Act and Administrative Rules

Detroit, land -based casinos (3); retail sports betting

2002

Tribal-State Gaming Compacts and Consent Judgement

Oversight of land-based tribal casinos (24)

2010

Horse Racing Law of 1995 and Administrative Rules

Licensing and regulation of live horse racing (1 track)

2012

Traxler-McCauley-Law Bowman Bingo Act and Administrative Rules

Licensing and regulation of millionaire party charitable gaming events

2019

Lawful Internet Gaming Act and Administrative Rules

2019

Lawful Internet Sports Betting Act and Administrative Rules

2019

Fantasy Contests Consumer Protection Act and Administrative Rules



Gaming in Michigan

Our Roles



Licensing

Occupational and Entity

Enforcement

Ensure compliance with the acts and administrative rules.
Monitor internal controls

Audit

Verification of tax payments,
purchasing and operations

Lab

Testing of slot
machines/gaming
devices/software

Responsible Gaming

Add/remove individuals from
disassociated persons list.
Maintain statewide responsible
gaming database

Gaming in Michigan

Gaming Revenue



Calendar Year 2022 (in Millions)

Tribal-State Gaming Compacts

Calculated Net Win; 2021 Amounts Based on the Tribes' Fiscal Years*

Lawful Internet Gaming Act

Adjusted Gross Receipts

Michigan Gaming Control & Revenue Act

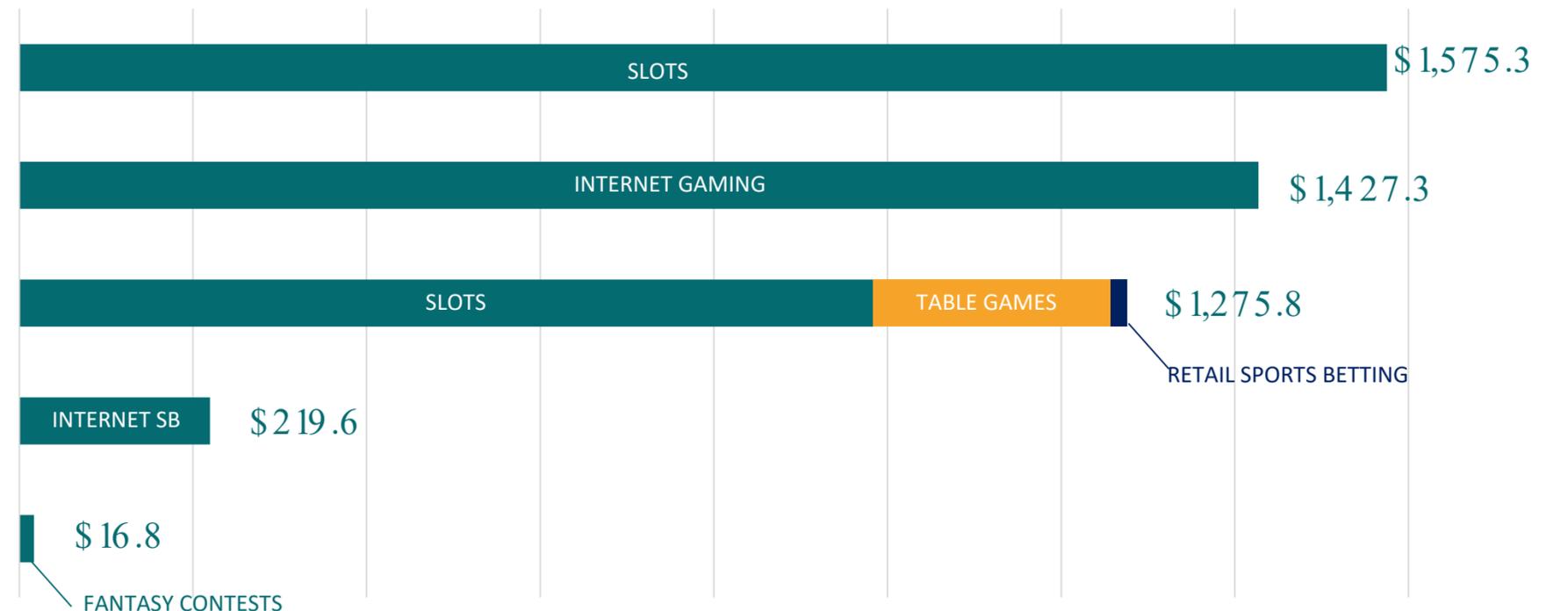
Adjusted Gross Receipts (slots and table games), Qualified Adjusted Gross Receipts (retail sports betting)

Lawful Sports Betting Act

Adjusted Gross Sports Betting Receipts

Fantasy Contests Consumer Protection Act

Fantasy Contest Adjusted Revenue



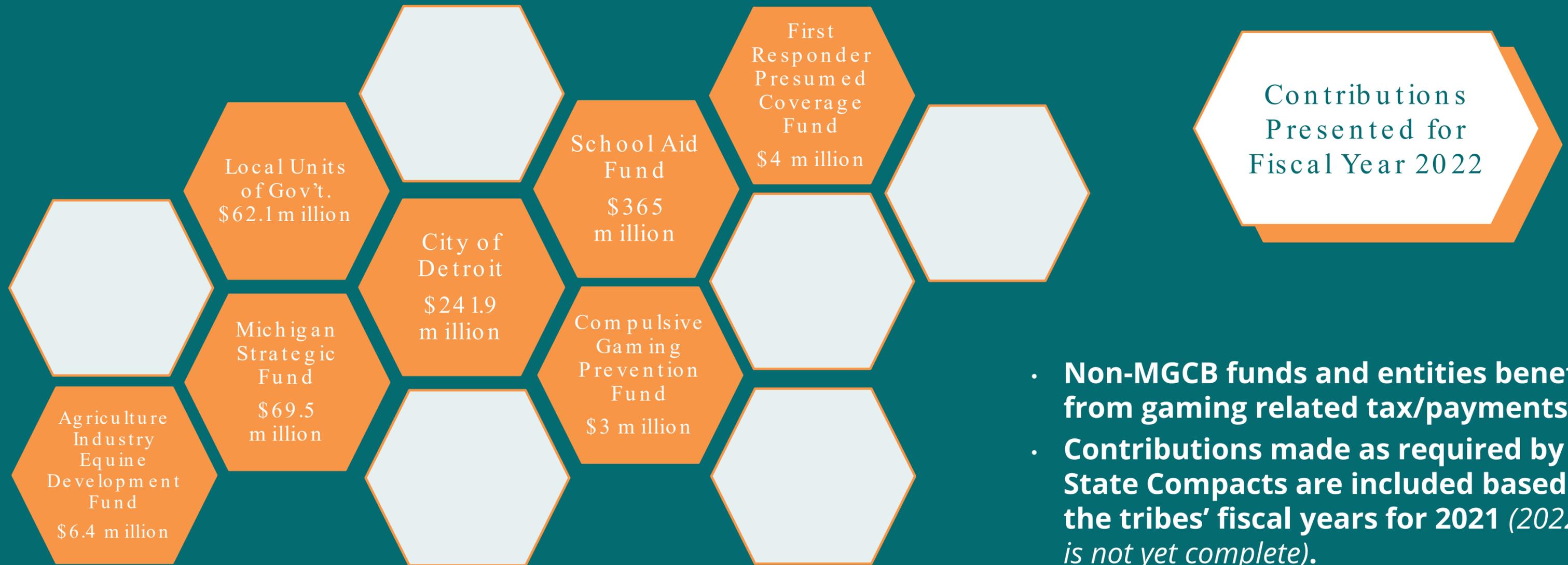
*Calculated by MGCB based on two percent payment amounts reported by the tribes. This number has not been audited.

- Horse Racing Law of 1995
 - \$52.3 million in live and simulcast wagering
 - \$87.8 million in third party facilitator wagering

- **Bingo Act (Millionaire Party)**
 - \$67.9 million in chip sales
 - \$4.9 million net profits to charities

Gaming in Michigan

Gaming Revenue



Fiscal Year 2024

Executive Recommendation



Ongoing Appropriations	FY 2023	FY 2024	Increase
Casino Gaming Control Administration (185.0 FTE) -Includes 28 MSP and 10.5 AG staff	\$32,742,600	\$38,085,500	\$5,342,900
Information Technology Services and Projects	5,327,000	\$5,322,700	(\$4,300)
Michigan Gaming Control Board (5 Board Members)	50,000	50,000	0
Office of Racing Commissioner (10.0 FTE)	2,129,700	\$2,121,100	(\$8,600)
Millionaire Party Regulation (20.0 FTE)	3,168,000	\$3,159,300	(\$8,700)
Casino Gaming	\$43,417,300	\$48,738,600	\$5,321,300

One-Time Appropriation	FY 2024
Accounts Receivable System	\$2,000,000

- No General Fund money or Detroit, land-based casino tax money is used to fund MGCB's appropriations.
- Details for the increases are provided on the following slides.

Fiscal Year 2024

Budget Requests - Proposals for Change

Additional Positions Needed to Support New Gaming

Programs

\$2.2 million, 16 FTEs

- Internet gaming, internet sports betting, and fantasy contest have created a significant additional workload beyond original projections.
- MGCB found the level of activity and number of resources initially estimated to effectively manage these programs was substantially more than previously anticipated.
 - For example, the transfer to School Aid Fund (SAF) from the internet gaming, internet sports betting, and fantasy contest funds for fiscal year 2022 was over 18 times more than original estimates. (SFA originally estimated \$14 million but actual FY 2022 SAF transfer was \$260.9 million.)
- Challenges exist in implementing the following without the additional positions requested:
 - Monthly tax/payment form audits/reviews
 - Review of release notes to report significant platform IT changes
 - Processing participant complaints
 - Investigations into alleged violations of Acts and Rules
 - Internal control reviews
 - Platform audits (IT audits)
 - Compliance audits and monitoring inspections
 - Platform security assessment reviews



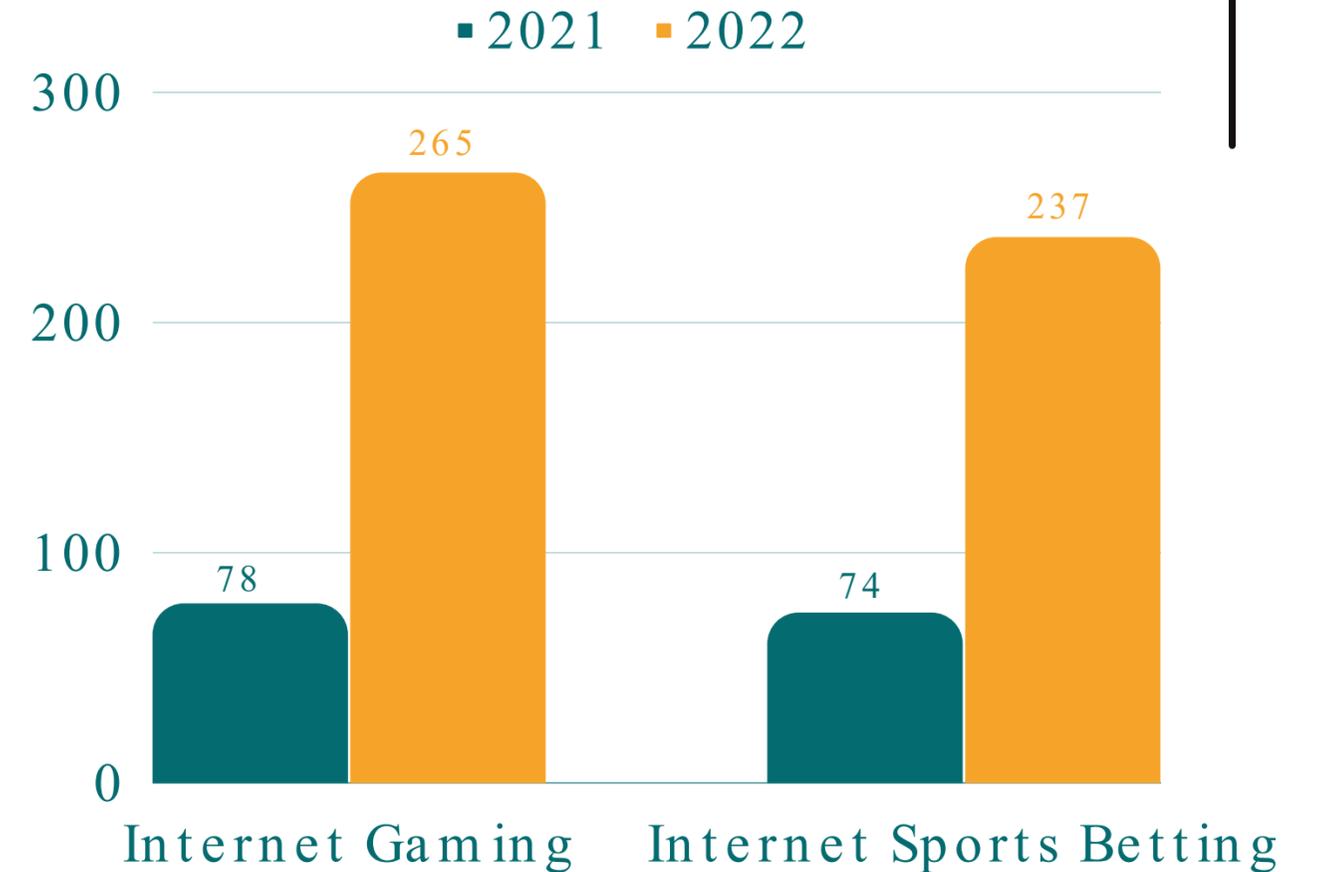
Fiscal Year 2024

Budget Requests -Proposals for Change

Responsible Gaming Advertising

\$3 million, 0 FTEs

- Expands the amount of advertising to promote responsible gaming and the mechanisms in place to assist problem gamblers.
- Operators spend approximately \$500 million annually on internet gaming, internet sports betting, and fantasy contests advertising to compel people to gamble.
- The Responsible Gaming Section has processed and placed individuals in the responsible gaming database as follows since May 2021.



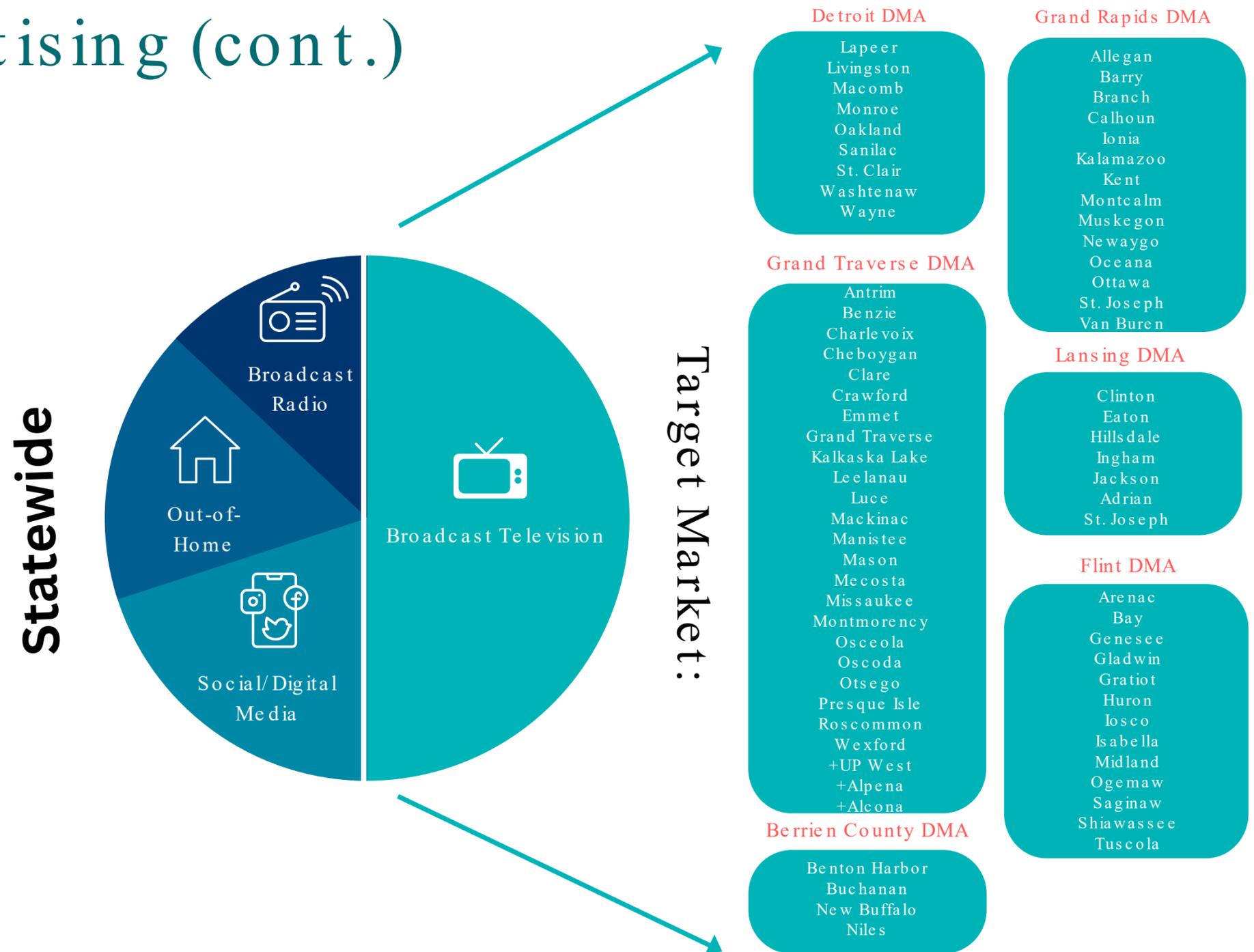
Fiscal Year 2024

Budget Requests - Proposals for Change

Responsible Gaming Advertising (cont.)

\$3 million, 0 FTEs

- MGCB has contracted with King Media for the following advertising campaign for FY 2023:
 - Broadcast Radio, Social/Digital Media, and Out of Home media will be targeted statewide.
- This ongoing request would allow MGCB to continue an advertising campaign in perpetuity.



Fiscal Year 2024

Budget Requests - Proposals for Change

Accounts Receivable System

\$2 million, one-time

- Invoiced revenue has increased over 300% since implementation of internet gaming, internet sports betting, and fantasy contests, which began in FY 2020.
- An accounts receivable system will allow MGCB to accurately invoice, track, and record payments. The system is expected to be integrated with an existing internal agency database, as well as with the State's financial system, SIGMA.
- Review of recent SAP and MiCaRs implementations within the State is the source of the estimated project cost of \$2 million.



Fiscal Year 2024

Budget Requests - Current Services Baseline

Board Member Compensation

\$63,000 increase

- Effective January 1, 2024, MGCB will be required by section 432.204 of the Michigan Gaming Control & Revenue Act to compensate each board member for attendance at each public board meeting.
- Section 432.204(4) requires \$1,000 for attendance of each board member and \$1,250 for attendance of the chairperson.



Thank you!

