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TO: Detroit City Council

FROM: David Whitaker, Director 
Legislative Policy Division

DATE: October 22, 2018

RE: Report on Gaming Tax Revenue through September 2018

For Council's review, the attached schedules present the gaming tax revenue activity through September 2018 and prior fiscal years.

In the third month of the fiscal year the casinos reported a combined gross gaming receipts increase of 1.39% compared to the third month of the prior fiscal year. The first quarter shows a 3.17% increase over the same period in the prior year. Broken out by casino, MGM's gross receipts are up by 4.20%, Motor City's are up by 1.66% and Greektown's are up by 3.50%, compared with the first quarter of the prior fiscal year.

In the third month of the fiscal year, the City collected \$14.21 million in gaming tax revenue, which was 20.96 % lower than September 2017, as reflected in Chart 1. This is a result of MGM reaching the target of \$400 million in the prior month and receiving the revenue a month earlier. Chart 2 "Monthly Detroit Gaming Tax Collections" through a twelve-month moving average trend line shows a decrease of 0.40% since last September among the combined casino tax revenues. Based on existing data, there is projected to be surplus of \$4.14 million for the fiscal year for a gaming revenue total of \$184.92 million, a 3.32% increase over last year.

Adjusted gross casino gaming receipts were reported at \$115.22 million for the month of September 2018 as shown in Chart 1A. This represented a 1.39% gain compared with September 2017. Chart 2A "Monthly Detroit Gaming Receipts" through a twelve-month moving average trend line shows growth of 1.81% among the combined casino receipts.

MGM and Motor City are each paying 12.9% of gross gaming receipts to the City, while Greektown Casino is paying 11.9% of gross gaming receipts and is broken out as follows. By state law, all casinos are now paying 10.9% of 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 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. 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 gross receipts in a calendar year. For the thirteenth year, MGM and Motor City are projected to exceed \$400 million in the calendar year and increase gaming tax collections by \$10.6 million between September and December. MGM reached \$400 million in August a month earlier than prior years and Motor City is projected to do so in October also a month sooner than prior years.

Attachments (5)

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

Chart 1

Monthly Comparison Detroit Gaming Tax Collections By Fiscal Year

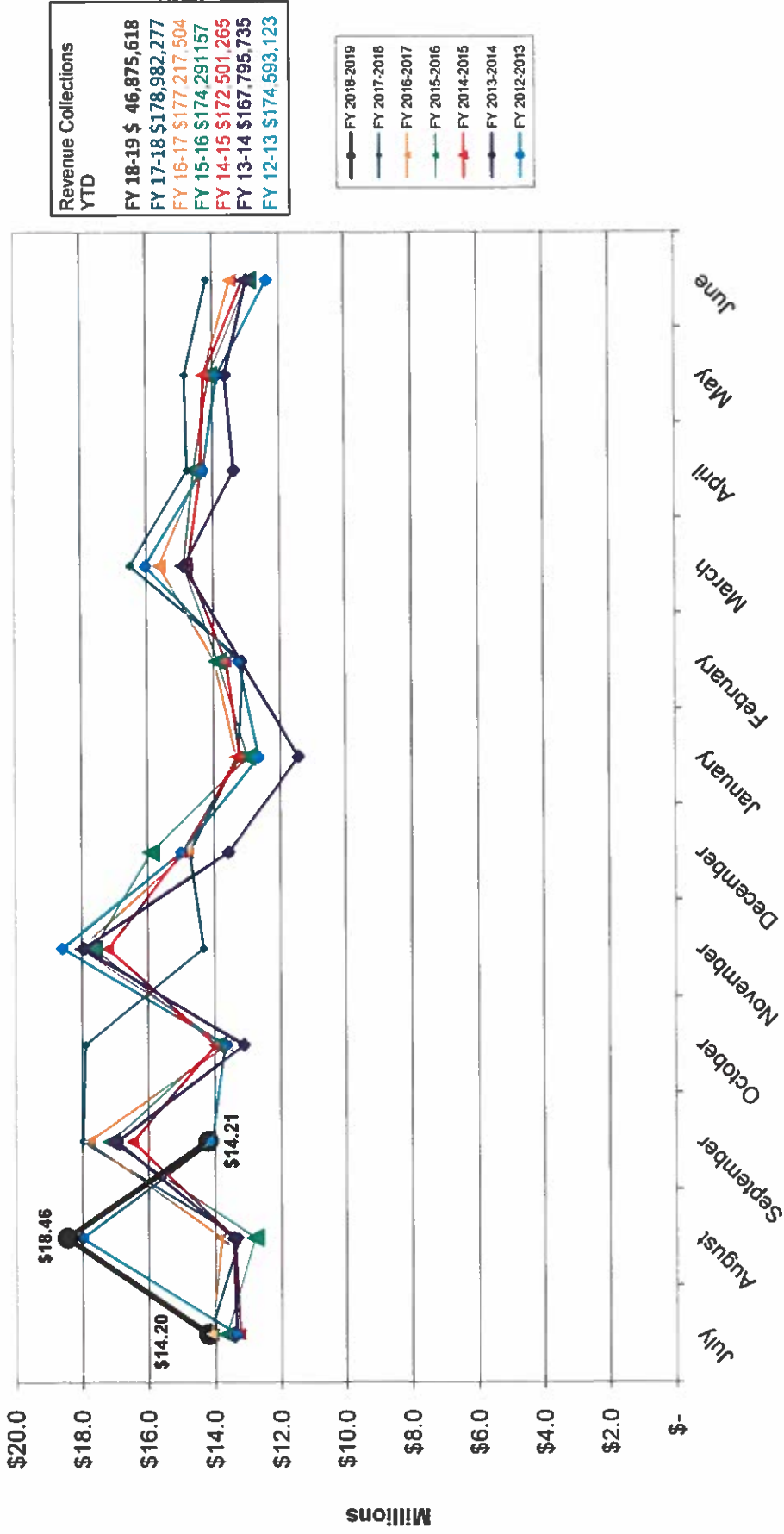


Chart1A

Monthly Comparison Adjusted Gross Casino Gaming Receipts By Fiscal Year

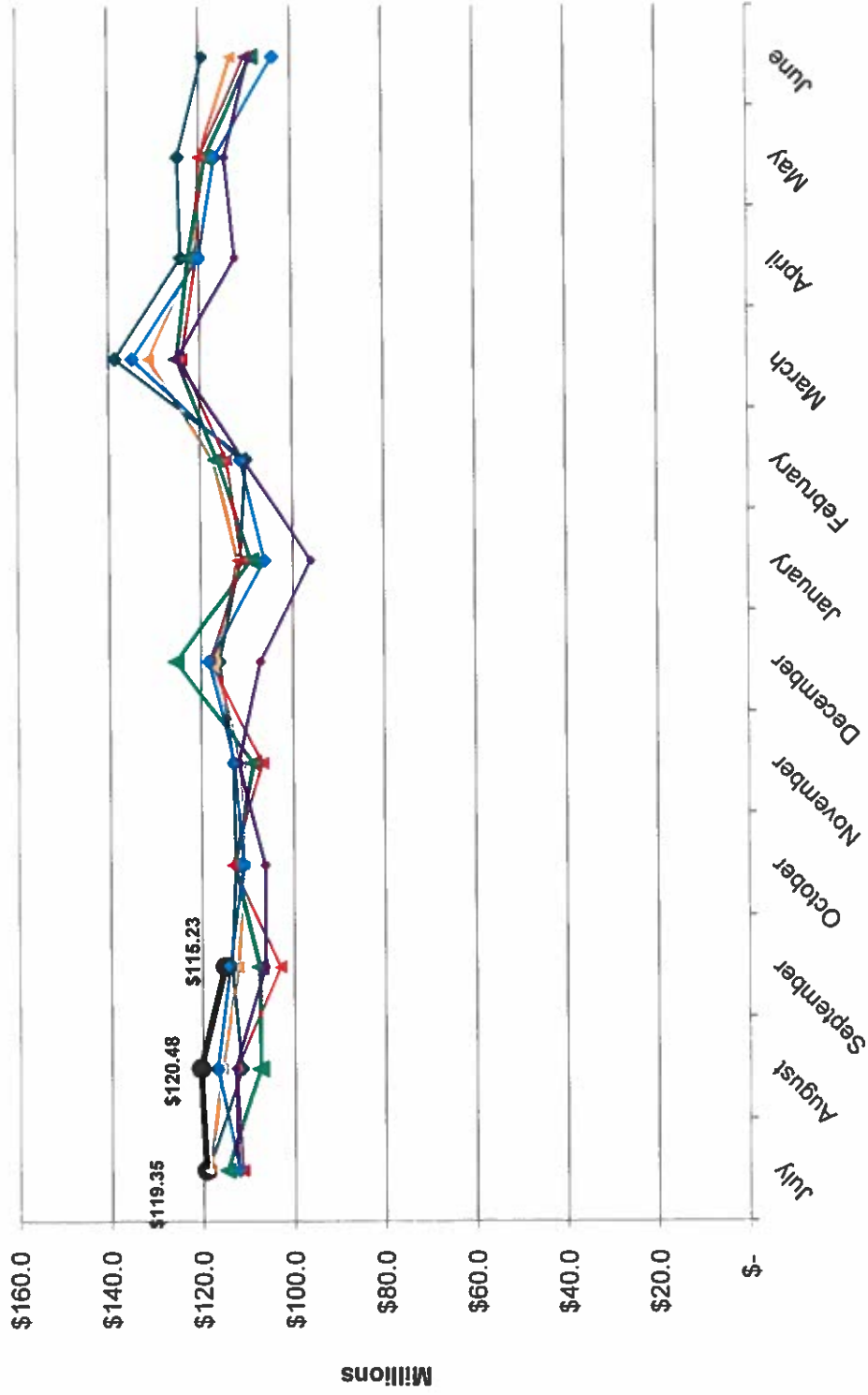


Chart 2

Monthly Detroit Gaming Tax Collection History

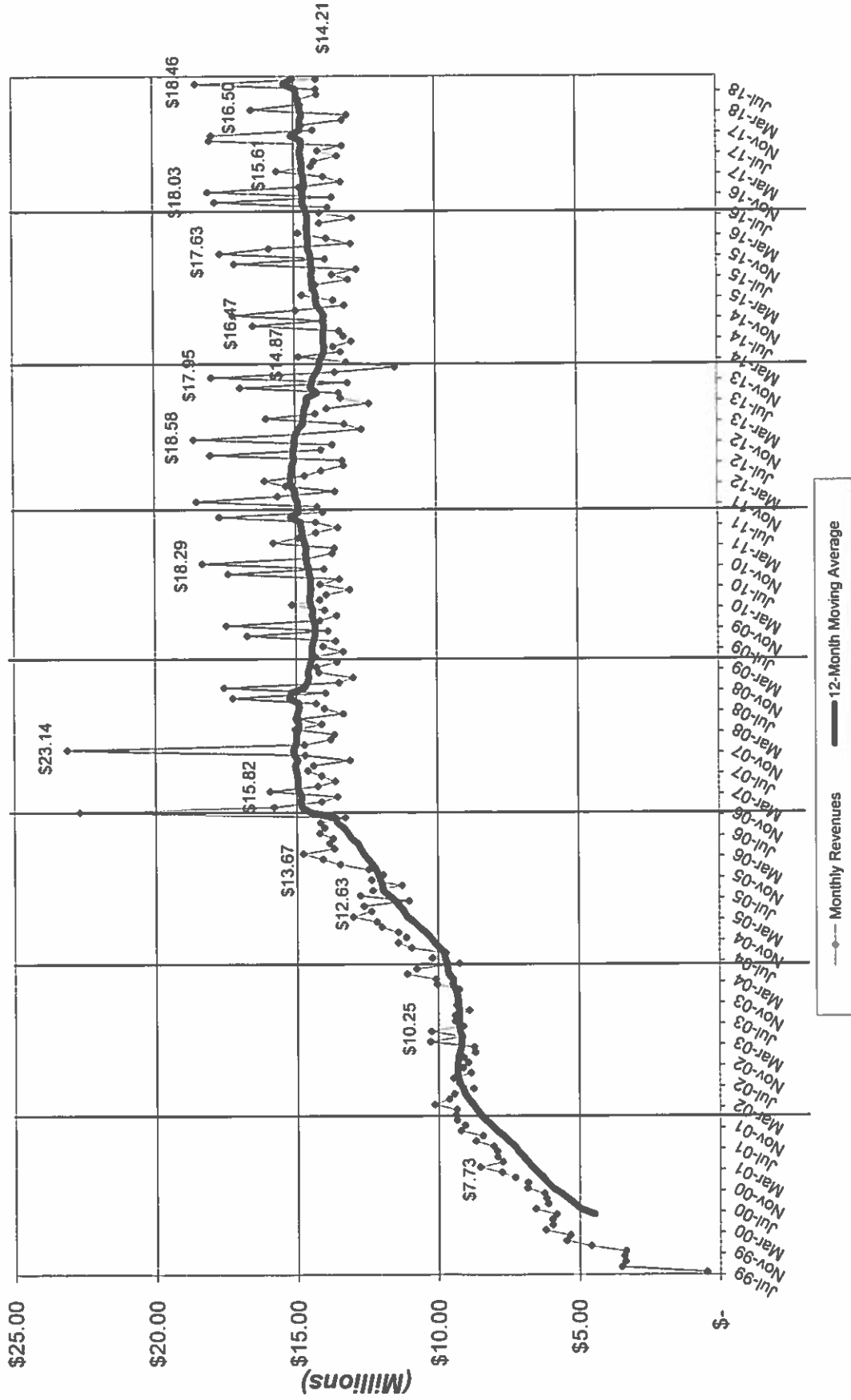


Chart 2A

Monthly Adjusted Gross Casino Gaming Receipt History

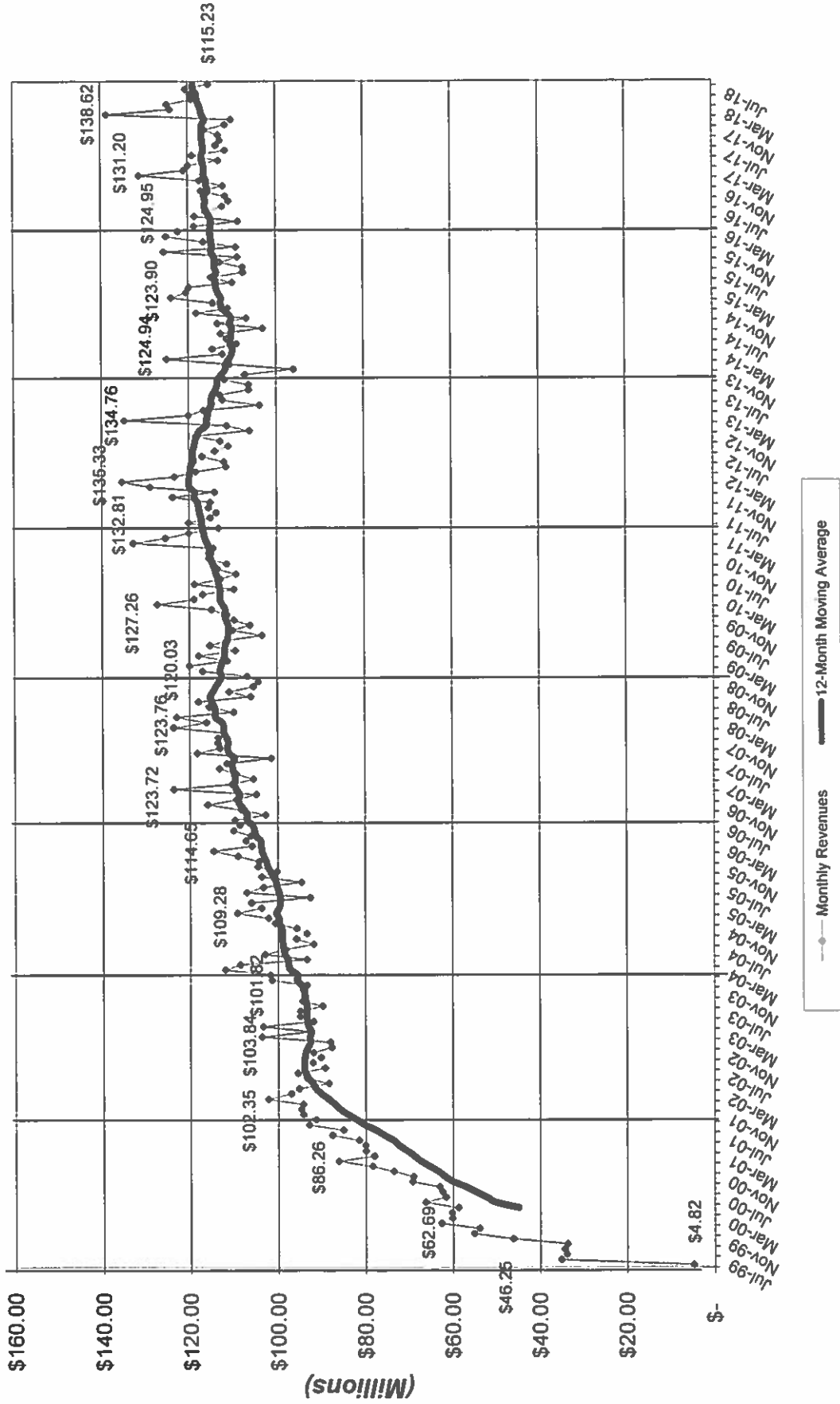


Table 1

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%	\$ 114,773,548.99	3.08%	\$ 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%	\$ 107,454,392.18	-4.62%	\$ 115,902,952.67	7.86%	\$ 111,475,141.33	-3.82%	\$ 120,461,280.32	8.68%
September	\$ 108,340,200.54	-6.78%	\$ 103,111,849.21	-3.04%	\$ 107,556,002.33	4.31%	\$ 112,167,563.98	4.28%	\$ 113,650,378.92	1.32%	\$ 115,227,814.05	1.39%
October	\$ 108,324,915.12	-4.17%	\$ 113,375,138.17	6.63%	\$ 112,839,250.36	-0.47%	\$ 110,737,995.50	-1.86%	\$ 112,667,682.55	1.74%	\$ -	-100.00%
November	\$ 111,841,042.95	-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%	\$ -	-100.00%
December	\$ 107,124,733.60	9.40%	\$ 116,134,341.40	10.28%	\$ 125,463,371.75	6.20%	\$ 116,907,871.10	-6.82%	\$ 116,166,313.36	-0.63%	\$ -	-100.00%
January	\$ 96,048,307.53	-9.54%	\$ 111,021,844.76	15.59%	\$ 109,066,688.11	-1.76%	\$ 112,004,791.29	2.69%	\$ 111,494,603.74	-0.46%	\$ -	-100.00%
February	\$ 110,608,613.45	-0.62%	\$ 114,422,344.27	3.45%	\$ 116,400,992.84	1.73%	\$ 117,241,623.84	0.72%	\$ 110,066,016.70	-6.10%	\$ -	-100.00%
March	\$ 124,936,684.16	-7.29%	\$ 123,903,806.42	-0.83%	\$ 124,948,116.99	0.84%	\$ 131,203,575.63	5.01%	\$ 138,618,493.30	5.85%	\$ -	-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	\$ 109,007,820.80	4.86%	\$ 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	\$ 1,324,256,621.27	-3.88%	\$ 1,355,941,620.23	3.08%	\$ 1,376,687,927.05	0.85%	\$ 1,400,148,545.50	1.70%	\$ 1,414,067,616.62	0.99%	\$ 355,061,345.40	-100.00%
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%	\$ 1,400,535,581.31	1.08%	\$ 1,083,059,866.28	-100.00%
Wagering Tax - pre 9/2004 (State)												
Wagering Tax - post 9/2004 (State)												
Wagering Tax - post 1/2006 (Dev)												
Wagering Tax - post 1/2006 (Dev)												
\$400 M (Dev, Agrmt)												
Wagering Tax - post 1/2006 (Dev)												
Wagering Tax FYTD	\$ 157,584,157.93		\$ 162,439,952.81		\$ 163,825,756.22		\$ 166,617,676.91		\$ 168,274,046.38		\$ 42,252,300.10	
Add 1% after casino reaches \$400M during calendar year (Dev Agrmt)												
Total Revenue FYTD	\$ 10,211,576.83		\$ 10,061,311.75		\$ 10,465,401.23		\$ 10,599,827.55		\$ 10,708,230.46		\$ 4,623,317.48	
First 3 Months' Receipts	\$ 331,562,763.70		\$ 327,110,184.61		\$ 329,783,934.50		\$ 346,533,061.02		\$ 344,150,684.77		\$ 355,061,345.40	
Last 9 Months' Receipts	\$ 992,673,857.57		\$ 1,037,931,435.62		\$ 1,046,903,092.55		\$ 1,053,615,484.48		\$ 1,069,916,931.85		\$ -	
Ratio of 3 Month to 9 Months	299.39%		317.30%		317.45%		304.04%		310.89%		312.42%	
est. last 9 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	\$ (2,204,266.24)		\$ 4,501,264.56		\$ 5,249,152.45		\$ 2,017,504.46		\$ 1,202,276.84		\$ 4,141,812.77	