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Internet Sports Betting

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Internet Sports Betting History

In 2019, the Lawful Sports Betting Act was enacted as Public Act 149 of 2019. The Act allows the three commercial casinos in the City of Detroit and the 12 tribal casinos to conduct internet sports betting through an authorized internet sports betting operator. All 15 casino operators in the State established internet sports betting through an internet sports betting operator. Fiscal year (FY) 2021-22 was the first full year of internet sports gaming in Michigan.

Internet Sports Betting Tax

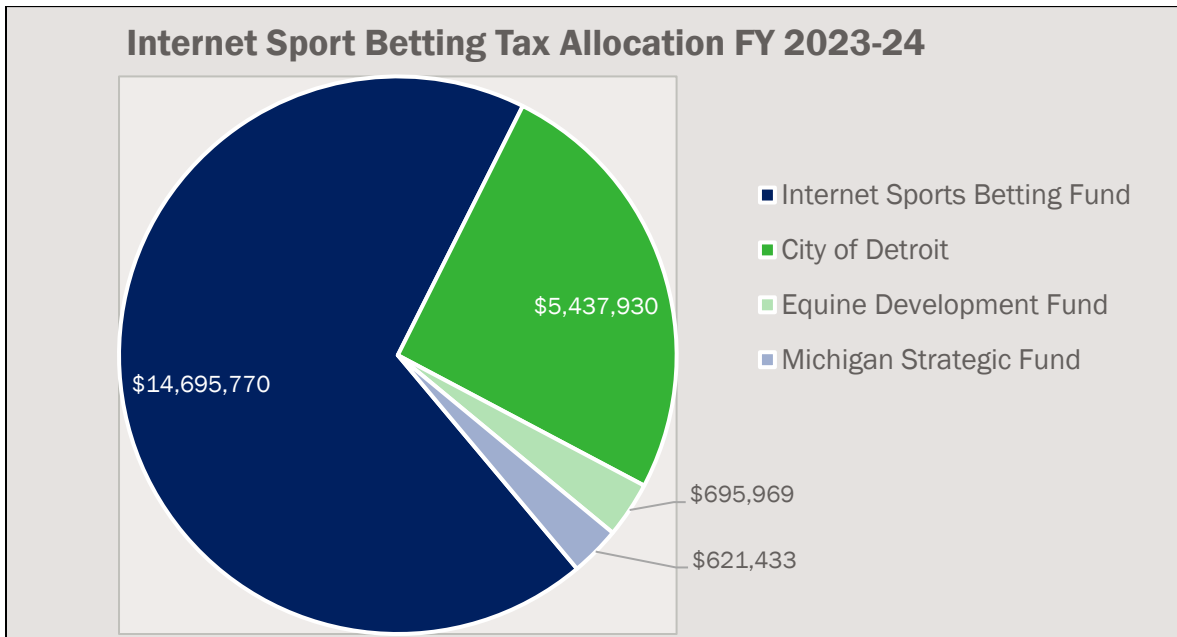
An internet sports betting tax of 8.4% is levied on positive adjusted gross receipts. Adjusted gross receipts refer to gross gaming receipts less the amount paid out as winnings to wagerers. Unlike electronic games of chance (i.e., slots), which have a regulated “house edge”, internet sports betting operators cannot control the outcome of a sporting event. As a result, some casinos do not have net positive adjusted gross receipts after final payouts to wagerers are made. The Internet Sports Betting Tax applies to internet sports betting operators with positive adjusted gross receipts, allowing them to carry forward calculated negative amounts. Payments are calculated monthly and are due on the 10th day of the following month. The table below shows the adjusted gross receipts and tax amounts paid.

Tribal Casino Gaming Revenue FY 2023-24		
Casino	Adjusted Gross Receipts	Tax Revenue Paid
MGM Grand Detroit	(\$14,344,537)	\$1,629,673
MotorCity Casino	126,828,135	12,289,698
Hollywood Casino at Greektown	6,863,806	---
Bay Mills Indian Community	62,773,838	5,273,002
Nottawaseppi Huron Band of Potawatomi Indians	(403,949)	---
Grand Traverse Band of Ottawa and Chippewa Indians	7,995,736	671,642
Gun Lake Tribe	422,079	---
Hannahville Indian Community	152,255	---
Keweenaw Bay Indian Community	(15,623)	---
Lac Vieux Desert Band of Lake Superior Chippewa Indians	1,677,871	212,5848
Little River Band of Odawa Indians	1,126,884	---
Little Traverse Bay Bands of Ottawa Indians	---	---
Pokagon Band of Potawatomi Indians	605,854	---
Saginaw Chippewa Indian Tribe	671,661	56,415
Sault Ste. Marie Tribe of Chippewa Indians	9,618	686
Total		\$194,363,578

Internet Sports Betting Revenue Distribution

The Internet Sports Betting Tax allocation depends on whether the casino is commercial (Detroit) or tribal. For Detroit’s commercial casinos, 30% goes to the City of Detroit, 65% to the Internet Sports Gaming Fund, and up to \$3.0 million or 5% to the Michigan Agriculture Equine Industry Development

Fund. Tribal casinos allocate 90% to the Internet Sports Gaming Fund and 10% to the Michigan Strategic Fund. The chart below shows the total Internet Sports Betting Tax allocation for FY 2023-24, which totaled \$20.1 million.



Internet Sports Betting Fund

The chart below displays the distribution of the Internet Sports Betting Fund. The revenue is spent in the following order:

1. Cover the costs incurred to regulate and enforce sports betting.
2. Deposit \$500,000 into the Compulsive Gaming Prevention Fund.
3. Deposit \$2.0 million into the First Responder Presumed Coverage Fund.
4. Deposit all remaining funds into the School Aid Fund, which totaled \$8.6 million in FY 2023-24.

