

GAMING LEGALNEWS

OLG ISSUES NEW "HOSTING FEE" PAYMENTS; NEW OLG CHAIR IS APPOINTED

by Michael D. Lipton, Q.C. and Jack I. Tadman

The Ontario Lottery and Gaming Corporation (OLG) has agreements, known as "Municipality Contribution Agreements," with the various municipalities hosting OLG gaming sites. Part of the Municipality Contribution Agreements requires OLG to pay "hosting fees" to the municipalities hosting OLG gaming sites. Hosting fees are determined according to a predetermined formula.

On May 17, 2013, OLG announced a new formula for determining the "hosting fee" payments to be paid to the municipalities. The payments are based on an escalating scale of slot machine revenue and include a percentage of table game revenue.

Under the agreement, municipalities receive:

- 5.25% on the first \$65 million of slot revenue;
- 3.0% on the next \$135 million of slot revenue;
- 2.5% on the next \$300 million of slot revenue;
- 0.5% on slot revenue above \$500 million; and
- 4.0% on table game revenue.

In July 2013, OLG issued its first-quarter (April to June) payments to municipalities hosting OLG gaming sites – the first such payment under OLG's new formula. In total, OLG contributed \$32 million to 22 municipalities. According to OLG, municipalities hosting OLG gaming sites have received over \$938 million in gaming revenue.

In addition to "hosting fees," municipalities receive property tax revenue from OLG. Municipalities also benefit from jobs, economic development, and capital investments in the municipality.

The formula for determining the "hosting fee" payments is consistent across all host sites. A disagreement between former OLG Chair Paul Godfrey and Ontario Premier Kathleen Wynne on whether "hosting fee" payments should be consistent across all host sites was one of the primary matters leading to Godfrey's dismissal in May 2013.

As part of the push to convince Toronto City Council that a Toronto casino was beneficial to the city, Godfrey made public statements indicating that Toronto would receive a special deal from OLG if it was to host a casino. This was in direct opposition to comments made by Kathleen Wynne, who told reporters that "I was clear there wouldn't be any special deals for Toronto." In May 2013, Toronto City Council rejected a proposal to put a casino in Toronto.



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Robert W. Stocker II, Gaming Law
517.487.4715 • rstocker@dickinsonwright.com

Dennis J. Whittlesey, Gaming Law/Indian Law
202.659.6928 • dwhittlesey@dickinsonwright.com

Michael D. Lipton, Q.C., Gaming Law
416.866.2929 • mdliptonqc@dickinsonwright.com

Peter H. Ellsworth, Gaming Law/Indian Law
517.487.4710 • pellsworth@dickinsonwright.com

Glenn M. Feldman, Gaming Law/Indian Law
602.285.5138 • gfeldman@dickinsonwright.com

Peter J. Kulick, Gaming Law/Taxation
517.487.4729 • pkulick@dickinsonwright.com

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Peter Wallace, Kathleen Wynne's secretary of the cabinet, was Godfrey's interim replacement. In July 2013, Wynne named Philip Olsson, chair of the Liquor Control Board of Ontario for the last seven years, as OLG's new chair. Olsson is the sixth Chair of OLG in the last seven years. Despite this turnover, OLG has a number of achievements, including the contributions it has facilitated as described in this article.

Michael Lipton is a partner in Dickinson Wright's Toronto office and can be reached at 416.866.2929 or mdliponqc@dickinsonwright.com. Jack Tadman is an associate in Dickinson Wright's Toronto office and can be reached at 416.777.4018 or jtadman@dickinsonwright.com.

DETROIT CASINOS' JULY REVENUES INCREASE FROM SAME MONTH LAST YEAR: MICHIGAN GAMING CONTROL BOARD RELEASES JULY 2013 REVENUE DATA

by Ryan M. Shannon

The Michigan Gaming Control Board ("MGCB") released the revenue and wagering tax data for July 2013 for the three Detroit, Michigan, commercial casinos. The three Detroit commercial casinos posted a collective 0.3% increase in gaming revenues compared to the same month in 2012. Aggregate gross gaming revenue for the Detroit commercial casinos also increased by approximately 8.2% compared to June 2013 revenue figures, continuing a similar increase in revenues between June and July in prior years.

MGM Grand Detroit posted higher gaming revenue results for July 2013 as compared to the same month in 2012, with gaming revenue increasing by more than 5.5%. MGM Grand Detroit continued to maintain the largest market share among the three Detroit commercial casinos and had total gaming revenue in July 2013 of approximately \$51.5 million. MotorCity Casino had monthly gaming revenue in excess of \$34.6 million, with revenues decreasing by less than 1.0% in July 2013 compared to July 2012. Greektown Casino had monthly gaming revenue of nearly \$26.2 million and posted a 7.2% decrease in revenues for July 2013 compared to the same month in 2012.

The revenue data released by the MGCB also includes the total wagering tax payments made by the casinos to the State of Michigan. The gaming revenue and wagering tax payments for MGM Grand Detroit, MotorCity Casino, and Greektown Casino for July 2013 were:

Casino	Gaming Revenue	State Wagering Tax Payments
MGM Grand Detroit	\$51,507,665.66	\$4,172,120.91
MotorCity Casino	\$34,639,218.50	\$2,805,776.70
Greektown Casino	\$26,177,226.98	\$2,120,355.39
Totals	\$112,324,111.14	\$9,098,253.00

Ryan Shannon is an associate in Dickinson Wright's Lansing office. He can be reached at 517.487.4719 or rshannon@dickinsonwright.com.