



Sports Betting Update: Michigan

BY JOHN ROBERTS



After the U.S. Supreme court overturned PASPA in May of this year, many states and gaming tribes started reviewing their options to enter the sports betting arena. In June the Michigan House voted 68-40 to pass H 4926, the “lawful Internet gaming act,” a bill that would legalize online gaming, poker and potentially sports betting in Michigan. The games “must include, but need not be limited to, poker.”

The bill looks to create a state regulatory body that would be tasked with establishing rules for the licensing and conducting real money online poker and casino games. The rules are to be promulgated within one year of the effective date of the Act.

The regulatory body will be the Michigan Internet Gaming Division which will be under the Michigan Gaming Control Board. This doesn't include online lottery games which are already regulated by the state lottery.

The three Detroit commercial casinos and 23 tribal casinos would be eligible to apply for an online/poker license with fees of \$200,000 for the initial licensing fee and a \$100,000 renewal fee. The license will be valid for five years.

All of the online games would be taxed at a rate of 8 % of Gross Gaming Revenues, wagers minus winnings paid out.

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Tribes wishing to conduct online gaming would need a compact amendment to their Tribal State compact. The tribe must offer Class III gaming, under IGRA, (the Indian Gaming Regulatory Act). Internet gaming can commence no sooner than one year after the effective date of the act.

The House bill does not contain bad actor or suitability language and leaves the question of suitability of applicants to the discretion of the Division.

There is one point of contention that has caused tribes to not fully support the House Bill. Under Section 16 of the bill, it says in part that if federal law changes and prohibits tribes from participating in online gaming that occurs off Indian land, the commercial casinos in Michigan would still be allowed to continue offering online gaming. Under the act, an Internet wager received by a federally recognized Michigan tribe is considered gaming conducted within that tribe's casino on Tribal land located in Michigan, regardless of the location of the bettor.

The legislation also allows for the state to enter into a multijurisdictional agreement with other states and allows a tribe authorized to conduct internet gaming under the act to become a party to such an agreement and also allow a tribe to enter into agreements with other Indian tribes to facilitate, administer, and regulate multijurisdictional internet gaming to the extent the agreement is consistent with applicable tribal, state and federal laws.

The state Senate is expected to vote on the legislation when lawmakers return from their summer break in September 2018. ❄

John N Roberts is the Executive Director for the Nottawaseppi Huron Band of the Potawatomi Gaming Commission in Michigan. He is the former Commissioner for the Mashpee Tribal Gaming Commission in Massachusetts. Prior to that he was Executive Director for the Pokagon Gaming Commission in Michigan, Deputy Commissioner for the San Manuel Gaming Commission in Southern California, Executive Director for the San Pasqual Gaming Commission, Executive Director at Robinson Rancheria Gaming Commission, General Counsel to Hawaiian Gardens Casino, Executive Director for Blue Lake Casino, Chairman Harrab's Rincon Tribal Gaming Commission, Director of Administration Kansas Lottery and a former Assistant Attorney General for the State of Kansas.

Mr. Roberts, an attorney, is a member of the International Masters of Gaming Law, and has appeared on numerous panels nationwide and authored many nationally published articles. He is past recipient of IMGL Tribal Regulator of the Year and the IMGL Presidents award.