

Senate Fiscal Agency  
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**SFA**



**BILL ANALYSIS**

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Senate Bill 892 (Substitute S-2 as enrolled)  
Sponsor: Senator Glenn D. Steil  
Committee: Finance

Date Completed: 3-16-00

### **RATIONALE**

Under the revenue Act, with certain exceptions, a present or former employee or authorized representative of the Department of Treasury, or anyone connected with the Department, may not divulge any facts or information obtained in connection with the administration of a tax, or information or parameters that would enable a person to ascertain the audit selection or processing criteria of the Department. A violation of this prohibition is a felony, punishable by imprisonment for up to five years and/or a maximum fine of \$5,000. In addition, if the offense is committed by a State employee, he or she must be dismissed from office or discharged from employment upon conviction.

The taxes administered by the Department include the wagering tax that is paid by casinos licensed under the Michigan Gaming Control and Revenue Act, which means that information pertaining to the wagering tax is subject to the nondisclosure provisions of the revenue Act. Evidently, it became apparent that tax-related information had been revealed when a newspaper article discussed the amount of money taken in by the MGM Grand, soon after it opened in Detroit last summer. Reportedly, the Attorney General's office subsequently advised the Department of Treasury and the Gaming Control Board not to reveal this type of information. In order to allow public disclosure of casino receipts and taxes, it has been suggested that an exception be made to the revenue Act's confidentiality requirements.

### **CONTENT**

The bill would amend the revenue Act to allow a person to disclose the "adjusted gross receipts" and the "wagering tax" paid by a casino licensee licensed under the Michigan Gaming Control and Revenue Act, pursuant to any of the following:

- Authorization by the executive director of the Gaming Control Board.
- Section 18 of the revenue Act (which requires

the Department of Treasury to publish an annual report of statistical data on revenue collections).

- Sections 341, 342, and 386 of the Management and Budget Act. (These sections require the State budget director to prepare and control the State budget, and evaluate State programs and financial resources; establish and maintain an economic analysis, revenue estimating, and monitoring activity; and prepare monthly financial reports, including a statement of monthly revenue collections.)

The bill would define "adjusted gross receipts" and "wagering tax" as those terms are defined under the Michigan Gaming Control and Revenue Act. ("Adjusted gross receipts" means gross receipts minus winnings paid to wagerers. The "wagering tax" is an 18% tax levied on a casino's adjusted gross receipts.)

The bill also specifies that an employee or authorized representative of the Department of Treasury could not willfully inspect any return, or information contained in a return, unless it was appropriate for the proper administration of a tax law administered under the revenue Act.

MCL 205.28

## **ARGUMENTS**

*(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)*

### **Supporting Argument**

Members of the public, policy-makers, and others have an interest in knowing the amount of money that casinos take in and the amount they pay in taxes. Gaming is a highly regulated activity in this State and the casino industry may have a considerable impact on the economy, social services, and even the criminal justice system. Since the City of Detroit receives 55% of casinos' wagering tax for specified purposes, and the State receives 45% for deposit in the School Aid Fund, many people might like to know the amount of money that is taken in for these purposes. The Gaming Control Board and the Department of Treasury should have the authority to reveal information about casino receipts and taxes, without the threat of prosecution. The bill would allow this disclosure if it were authorized by the director of the Gaming Control Board, or pursuant to provisions of the revenue Act and the Management and Budget Act that pertain to revenue collections, the State budget, and financial reports. Thus, if the Gaming Control Board received an inquiry from a journalist or a member of the public, for example, the director could authorize the disclosure of requested information. Potentially, the director also could post casino receipts on the Internet or authorize periodic news releases of casino income and the amount of wagering tax paid.

### **Supporting Argument**

The bill includes language that would prohibit a Treasury employee or representative from willfully inspecting any tax return or information contained in a return unless it were for the proper administration of a tax law administered under the revenue Act. While some people working for the Department obviously have a legitimate need to review tax return information, that inspection should be confined to what is necessary to do their jobs. Reportedly, this "antibrowsing" provision is parallel to language governing Federal employees.

Legislative Analyst: S. Lowe

## **FISCAL IMPACT**

The bill would have no fiscal impact on State or local government.

Fiscal Analyst: E. Limbs

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.