



DECEMBER 2018 • NO. 1

Michigan Legislature Passes Law Allowing Online Gambling, Includes Potential for Online Sports

This client alert provides an update on the new legislation passed in Michigan as it relates to online gaming and sports wagering. As the requirements for online gaming in Michigan come into focus, additional updates and recommendations for action will be provided.

In the final scheduled legislative session of 2018, the Michigan legislature passed a bill that would legalize online gambling in the state. While the bill still must be signed into law by outgoing Governor Rick Snyder, if adopted, Michigan would join Delaware, Pennsylvania, New Jersey, and Nevada as the fifth state to legalize online gambling. The governor's term expires at the end of 2018, but Michigan lawmakers expect that it will reach his desk this week, while he remains in office.

The bill also paves the way for sports wagering in Michigan, as an otherwise nondescript paragraph in the bill states that the new Division of Internet Gaming established by the bill "may permit internet gaming operators licensed by the division to accept internet wagers under this act on any amateur or professional sporting event or contest."

While many of the specifics regarding online gambling in Michigan remain unknown, should the bill be signed into law, the new Division of Internet Gaming will have one year to "promulgate rules governing the licensing, administration, and conduct of internet gaming" under the act. The bill lays out the following provisions:

- Licenses for online gambling will be made available to both tribal and commercial operators in Michigan;
- The application fee for an online gambling license will be \$100,000;
- If approved, the costs of the online gambling license will be \$200,000 for the first year, with a \$100,000 annual renewal;
- The tax rate for commercial (non-tribal) Internet gaming operators will be eight percent;
- Michigan's three commercial casinos in Detroit will pay an additional 1.25 percent fee;
- The same eight percent tax rate would apply to online sports wagering, once authorized;
- The bill requires that the Internet games "include, but need not be limited to, poker, blackjack, cards, slots, and other games typically offered at a casino";

- The bill would create a new license for Internet gaming vendors that would pay \$5,000 for an initial license followed by a \$2,500 annual renewal fee;
- Internet gaming vendors that provide the gaming operator with “all or substantially all of an internet gaming platform” would pay a \$100,000 initial license fee, followed by a \$50,000 annual renewal fee;
- The status of online “skins” is not clear from the bill, but is likely a decision to be made by the Division of Internet Gaming;
- Internet gaming operations will not commence until at least one year after the effective date of the bill.

Blank Rome’s gaming attorneys have assisted clients in launching the first legal online gaming sites in the United States as well as the first legal sports betting locations in New Jersey and Pennsylvania.

For more information regarding this new opportunity in Michigan and throughout the United States, please visit our [Gaming & Entertainment](#) industry page or contact:

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