



A win for local governments

Michigan lawmaker says legalizing sports betting could provide needed funds for municipalities, schools without raising taxes

by Michigan Rep. Robert Kosowski (robertkosowski@house.mi.gov)

For years, the decline of funding to our local municipalities has been a highly debated and passionate topic among legislators and stakeholders in Michigan. Over the past 12 fiscal years, cuts to statutory revenue sharing have left our state's cities, townships and counties with a \$7.5 billion revenue-sharing reduction.

This has to stop.

When this formula is underfunded, Michigan's entire economy and its residents end up suffering: There are fewer police officers and firefighters on our streets, street and sidewalk repairs are postponed, and recreation and library programs are reduced or completely eliminated.

Of course, one of the first things people start talking about when raising revenues is where the extra funding will come from. Often, the answer is to raise taxes. However, I have another solution to raise the extra money needed to ensure our local communities are fully funded.

It's a simple answer, and it is actually already happening in other states — the legalization of sports betting.

An alternative to higher taxes

Why would we continue to further tax our residents, when this solution is literally right in front of us?

Currently, I have two bills introduced that deal with sports gambling and simulcast horse racing. HB 4669 and 4670 would both amend the Michigan Gaming and Control Act and allow casinos to accept wagers on sporting events and simulcast horse races.

It is my intent to amend these two bills, and not only allow a percentage of the money generated from Michigan's casinos to fund the increase in state shared revenues, but also continue funding



sports betting, it could generate total sports betting activity of at least \$5 billion.

A boon to schools, local governments

This translates to approximately \$300 million in revenue annually. That's at least \$300 million per year that could go back into both our schools and our local municipalities for more programs and services.

Sports betting is already happening in Michigan — people are already gambling, but they are just doing it through an illegal bookmaker.

Why shouldn't we have the state regulating it to ensure it is a safe process, and also be able to capture the funding? Right now, the only people benefiting from sports betting are the illegal bookmakers.

And it isn't only the state that would benefit — by legalizing this process, we could be creating tourist destinations throughout our state.

For example, casinos in Detroit, Petoskey and Mount Pleasant could prosper immensely from these new attractions. And it wouldn't just be the casinos — there would be a trickle-down effect that could help revive restaurants, hotels and shopping areas in and around the casinos.

The bottom line is this: Through the years, our cities, townships and counties have taken a devastating hit on property tax cuts and revenue-sharing shifts. Our local municipalities are not being adequately funded, and we need to figure out a way to get them the money that they have been owed for the past 12 years.

Why is it that a person can play the lottery legally in Michigan, yet betting on sports is illegal? People play the three- or four-digit lottery games every day, yet they cannot bet on their favorite sports team. And now, we are making it even easier by allowing people to play the lottery online.

HB 4669 and 4670 would both provide the answer we are looking for. It is a way to adequately fund local communities without raising taxes. It is my hope that HB 5719, along with the amended versions of HB 4669 and 4670, will gain bipartisan support and make their way swiftly through the legislative process. ★

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Federal law bans sports betting in most states — at least for now

Looking to tap into a potential source of revenue, lawmakers in some states have shown an increased interest in legalizing sports betting. Standing in the way of these efforts, however, is a 1992 federal law that bans such betting in states.

The Professional and Amateur Sports Protection Act allows sports betting in only four states. Nevada, Delaware, Oregon and Montana were granted exemptions and grandfathered into the legislation because they had previously operated sports betting in some form.

This federal law also set a 1993 deadline by which states with legalized casino gambling could license sports betting in order to obtain an exemption as well, but no state was able to do so.

New Jersey passed a law in 2012 to legalize sports gambling, but lost a lawsuit brought by major professional sports leagues and the National Collegiate Athletic Association, which claimed the state statute violated federal law.

After legislators in New Jersey partially repealed the state law two years later, the sports organizations sued again, and a three-judge panel of the U.S. Third Circuit Court of Appeals ruled for the plaintiffs. In 2015, however, the circuit court agreed to rehear a challenge to the decision, this time before the full court. The case was heard in February, but as of early August decision, a decision had not been made.

The hopes of state legislators that any laws they pass legalizing sports betting would ever take effect appear to rest on the result of this New Jersey case.

Though it would not be binding outside of its specific judicial circuit, a legal win by New Jersey could spur the U.S. Congress to revisit the issue of sports betting, as well as encourage more states to pass their own betting legislation and challenge the federal law.

Submissions welcome

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