

December 28, 2018

Michigan House of Representatives
Michigan Senate
State Capitol Building
Lansing, Michigan 48913

Ladies and Gentlemen:

Today I am returning House Bills 4926, 4927, and 4928 to you without my approval. The bills would have implemented a new regulatory system for regulating internet gambling. While I appreciate the amount of work that went into the effort to get these bills, along with several others passed in the last few weeks of the legislative session, I am vetoing these bills due to several concerns.

HB 4926 would have enacted the Lawful Internet Gaming Act to provide the regulatory structure for internet gambling conducted through websites owned and operated by Detroit's three casinos and those operated by our federally recognized Indian tribes. HB 4927 and HB 4928 would make accompanying changes to Michigan's criminal law.

A significant amount of work went into these bills and getting them to a place where several stakeholders either expressed support or neutrality, and I appreciate that many pro-gaming stakeholders coalesced around these bills. However, due to largely unknown budgetary concerns, I believe this legislation merits more careful study and comparison with how other states have, or will, authorize online gaming. To be blunt, we simply don't have the data to support this change at this time.

Principally, gambling behavior could shift from the State's iLottery program to internet-based gambling at casinos. In Fiscal Year 2017, the lottery distributed \$924.1 million to the School Aid Fund. For each \$10 of spending on the lottery, the School Aid Fund receives approximately \$2.76. Under HB 4926, because of its lower tax rate, each \$10 in online betting translates to just four cents deposited into the School Aid Fund. Such a significant reduction, without a clearer understanding of internet gambling revenue growth potential is concerning. Moreover, I am also concerned that revenues may be lost as gambling behavior shifts from on-premises, to online.

Finally, I am concerned that the bills will encourage gambling by making it much easier to do so. I do not think it is appropriate to sign legislation that will effectively result in more gambling, with a reasonable chance that the state could lose revenue that could be helpful in dealing with social service issues that are ordinarily attendant to increased gambling behavior.

As a result, I am vetoing HB 4926, HB 4927, and HB 4928 so that the legislature and next administration can more thoroughly evaluate the revenue implications from authorizing internet gambling.

Sincerely,

A handwritten signature in black ink, appearing to read "Rick Snyder", written in a cursive style.

Rick Snyder
Governor