



A Strike Against Detroit's Three Casinos Could Put at Risk \$452,000 of Tax Revenues per Day for the City of Detroit and \$3.4 Million of Revenues per Day for the Casino Operators

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EXECUTIVE SUMMARY

- The Detroit Casino Council estimates that a strike of all three Detroit Casinos would put at risk approximately \$738,000 in city and state tax revenues and \$3.4 million in casino operator revenues per day:
 - \$452,000 per day in tax revenue for the City of Detroit;
 - \$286,000 per day in tax revenue for the State of Michigan;
 - \$1.7 million per day in revenues for MGM Grand Detroit (operated by MGM Resorts International);
 - \$1.1 million per day in revenues for MotorCity Casino; and
 - \$652,000 per day in revenues for Hollywood Casino at Greektown (operated by PENN Entertainment).
- For the City of Detroit, gaming taxes are the second largest source of tax revenue, larger than property taxes.
- The Detroit Casino Council is calling for significant raises after workers accepted minimal raises to help the casinos recover after the pandemic shutdowns. Now, following the end of COVID restrictions and the legalization of online gaming, the industry is enjoying all-time record high gaming revenues.
- On September 29, workers from all three Detroit casinos voted to authorize a strike with a 99% majority.
- On Monday, October 16, collective bargaining agreements at all three casinos will expire and the union negotiating committee could call a strike at any time.
- Unionized workgroups that authorized the strike include casino dealers, slot machine attendants and technicians, and employees in the food and beverage, hotel, maintenance, and cleaning departments. All significant revenue generating operations in the casinos would potentially be affected.
- Detroit has never had a casino worker strike. In Atlantic City, a 2004 casino strike lasted 34 days and a 2016 strike lasted for over 100 days.

CITY OF DETROIT AND STATE OF MICHIGAN TAX REVENUE COULD BE AT RISK

For the City of Detroit, the wagering tax is a critical source of revenue used to fund job creation, public safety, economic development, and youth development programs.¹ In 2022, Detroit’s wagering tax was the City’s **second highest revenue source, even surpassing property taxes.**² The recently adopted budget projects that the wagering tax will provide \$265.5 million for Fiscal Year 2023, and remain the City’s second highest source of revenue.³

In 2022, the city received approximately \$241.1 million in total wagering taxes. Of this total, \$156.5 million was generated from in-person gambling at slot machines, table games, and retail sports betting inside the casinos.⁴ Despite the addition of new tax revenues from online gaming, in-person gaming remains the city’s most important source of gaming taxes, accounting for nearly 65% of the total.

According to the Michigan Gaming Control Board, wagering taxes year to date in 2023 have surpassed the same period last year. From January to August 2023, the City of Detroit received \$109.9 million in wagering taxes from in-person gambling, or approximately \$452,000 per day.⁵ In the same period, the State of Michigan received \$69.4 million in state wagering tax from in-person gambling, or approximately \$286,000 per day.⁶ City and state tax revenues at risk per day in the event of a strike total approximately \$738,000.

TAX REVENUES AT RISK FROM DETROIT CASINO STRIKE

	Strike Duration			
	1 Day	7 Days	14 Days	30 Days
City of Detroit	\$452,000	\$3.2 million	\$6.3 million	\$13.6 million
State of Michigan	\$286,000	\$2.0 million	\$4.0 million	\$8.6 million
Total	\$738,000	\$5.2 million	\$10.3 million	\$22.1 million

Source: Detroit Casino Council Estimates based on Michigan Gaming Control Board Data

MGM GRAND DETROIT, HOLLYWOOD CASINO AT GREEKTOWN, AND MOTORCITY’S REVENUE AND EBITDAR EXPOSURE TO A POTENTIAL STRIKE

For the three casino operators, an estimated \$3.4 million in revenues from gaming and non-gaming amenities such as hotels and food and beverage outlets could be at risk per day during a strike. Estimated potential daily EBITDAR exposure to strike disruption is approximately \$586,000 for MGM and \$204,000 for PENN.

**ESTIMATED MGM GRAND DETROIT (MGM RESORTS INTERNATIONAL)
REVENUES AT RISK FROM DETROIT CASINO STRIKE**

	Strike Duration			
	1 Day	7 Days	14 Days	30 Days
Estimated Gaming Revenues (Post Tax)	\$1.3 million	\$9.2 million	\$18.4 million	\$39.4 million
Estimated Non-Gaming Revenues	\$414,000	\$2.9 million	\$5.8 million	\$12.4 million
Total Estimated Revenues	\$1.7 million	\$12.1 million	\$24.2 million	\$51.9 million
Estimated EBITDAR Exposure	\$586,000	\$4.1 million	\$8.2 million	\$17.6 million

Sources: Detroit Casino Council estimates and projections based on Michigan Gaming Control Board Reports and public filings by MGM Resorts International

**ESTIMATED HOLLYWOOD AT GREEKTOWN (PENN ENTERTAINMENT)
REVENUES AT RISK FROM DETROIT CASINO STRIKE**

	Strike Duration			
	1 Day	7 Days	14 Days	30 Days
Estimated Gaming Revenues (Post-tax)	\$589,000	\$4.1 million	\$8.2 million	\$17.7 million
Estimated Non-Gaming Revenues	\$63,000	\$443,000	\$887,000	\$1.9 million
Total Estimated Revenues	\$652,000	\$4.6 million	\$9.1 million	\$19.6 million
Estimated EBITDAR Exposure	\$204,000	\$1.4 million	\$2.9 million	\$6.1 million

Sources: Detroit Casino Council estimates and projections based on Michigan Gaming Control Board Reports and public filings by PENN Entertainment

ESTIMATED MOTORCITY REVENUES AT RISK FROM DETROIT CASINO STRIKE

	Strike Duration			
	1 Day	7 Days	14 Days	30 Days
Estimated Gaming Revenues (Post Tax)	\$883,000	\$6.2 million	\$12.4 million	\$26.5 million
Estimated Non-Gaming Revenues	\$181,000	\$1.3 million	\$2.5 million	\$5.4 million
Total Estimated Revenues	\$1.1 million	\$7.5 million	\$14.9 million	\$31.9 million

Sources: Detroit Casino Council estimates and projections based on Michigan Gaming Control Board Reports and public filings by MGM Resorts International and PENN Entertainment. MotorCity is privately held and does not publicly report financial results

CASINO WORKERS CALL FOR HIGHER WAGES

In 2022, the Detroit casino industry generated \$2.27 billion in gaming revenue from in-person and online gaming, the highest revenue ever in the history of the local industry.⁷ From January to August 2023, gaming revenues were even higher than during the previous year, putting the three Detroit casinos on track for another record-breaking year.⁸ From 2021 to 2022, gaming revenues increased by 14.5%. Comparing January to August 2023 with the same months in 2022, gaming revenue increased by 6.6%.⁹

Between August 2022 and August 2023, Detroit experienced higher inflation than the national average. The cost of all items increased in the Detroit area by 5.9%, according to the Consumer Price Index (CPI) during that period,¹⁰ while the nationwide average CPI increase was 3.7% in urban areas.¹¹

Despite record breaking gaming revenues and high inflation, casino workers have received only minimal raises since the start of the pandemic. To help the casinos recover after the COVID shutdowns, workers did not receive contractual raises in 2020 and 2021. In October 2022 and April 2023, casino workers received 1.5% raises, far below inflation.¹²

On September 29, workers from all unionized work groups at all three Detroit casinos voted in a 99% landslide to authorize the Detroit Casino Council negotiating committee to call a strike. On Monday, October 16, the labor agreements at all three casinos will expire. Following the contract expirations, a strike could be called at any time.

Detroit has never had a casino strike. In Atlantic City, a 2004 strike at seven casinos lasted for 34 days.¹³ Following that strike, Caesars reported to shareholders that the impact on its Caesars and Bally's casinos in Atlantic City was approximately \$10 million.¹⁴ Caesars also stated that after the strike ended on November 4, "we continued to feel its effect well into that month."¹⁵ In 2016, another Atlantic City casino strike lasted for over 100 days.¹⁶

THE DETROIT CASINO COUNCIL

The Detroit Casino Council (DCC) is UNITE HERE Local 24, the UAW, Teamsters Local 1038, Operating Engineers Local 324, and the Michigan Regional Council of Carpenters. These five unions represent most of the workers at the three casinos in Detroit: Hollywood Casino at Greektown, MGM Grand Detroit, and MotorCity Casino. Our members work in food and beverage, housekeeping, retail outlets, slots and table games, engineering and more. The DCC partner unions are part of International Unions that have experience representing gaming workers and winning great contracts throughout the United States, including in Las Vegas and Atlantic City.

Appendix: Methodology for Estimated Daily Revenues and EBITDAR

To estimate the casino operators' revenue and EBITDAR exposure to a potential strike, we created revenue estimates for gaming and non-gaming operations based on recent Michigan Gaming Control Board reports and company SEC filings.

Estimated Gaming Revenues

To estimate the casino operators' gaming revenues, we began with each casino's reported 2022 monthly Total Adjusted Gross Receipts from in-person casino gaming and Total Qualified Adjusted Gross Receipts from in-person retail sports betting. We then subtracted each casino's state wagering taxes and each casino's city wagering taxes to create an estimate of each operator's share of gross gaming revenues after state and city taxes.¹⁷

Estimated Non-Gaming Revenues

We estimated the non-gaming revenues potentially associated with each casino's gaming revenues by using public SEC filings from MGM Resorts International and PENN Entertainment. For MGM in 2022, approximately 24% of its Regional Casino Segment net revenues were generated by non-gaming operations (rooms, food and beverage, entertainment, retail, and other).¹⁸ For PENN in 2022, approximately 10% of its Northeast Segment revenues were generated by non-gaming operations (food, beverage, hotel and other).¹⁹ Because MotorCity is privately held and does not disclose non-gaming revenues, we averaged the reported 24% from MGM and 10% from PENN to project that MotorCity potentially generates approximately 17% of its revenues from non-gaming operations.

Estimated EBITDAR

According to SEC filings, in 2022, MGM's Regional Casino Segment EBITDAR margin was 33.9% and PENN's Northeast Segment EBITDAR margin was 31.3%.²⁰ We used these reported segment EBITDAR margins to estimate how much EBITDAR may be associated with the amounts of revenue that we estimated. MGM and PENN use EBITDAR as their primary profit measure.²¹

1 Michigan Gaming Control Board, Revenues and Wagering Tax Information, <https://www.michigan.gov/mgcb/detroit-casinos/resources/revenues-and-wagering-tax-information>.

<https://detroitmi.gov/sites/detroitmi.localhost/files/2023-06/City%20of%20Detroit%20FY2023-2024%20Adopted%20Budget%20and%20FYP%20with%20links.pdf>

2 <https://detroitmi.gov/sites/detroitmi.localhost/files/2023-06/City%20of%20Detroit%20FY2023-2024%20Adopted%20Budget%20and%20FYP%20with%20links.pdf>

3 Michael E. Duggan, Four-Year Financial Plan: Fiscal Year 2024-2017, City of Detroit, <https://detroitmi.gov/sites/detroitmi.localhost/files/2023-06/City%20of%20Detroit%20FY2023-2024%20Adopted%20Budget%20and%20FYP%20with%20links.pdf>, p. A9, B35-13, C100.

- 4 [Michigan Gaming Control Board, Revenues and Wagering Tax Information, https://www.michigan.gov/mgcb/detroit-casinos/resources/revenues-and-wagering-tax-information.](https://www.michigan.gov/mgcb/detroit-casinos/resources/revenues-and-wagering-tax-information)
- 5 Michigan Gaming Control Board, Revenues and Wagering Tax Information, [https://www.michigan.gov/mgcb/detroit-casinos/resources/revenues-and-wagering-tax-information.](https://www.michigan.gov/mgcb/detroit-casinos/resources/revenues-and-wagering-tax-information)
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- 8 Michigan Gaming Control Board, Revenues and Wagering Tax Information, [https://www.michigan.gov/mgcb/detroit-casinos/resources/revenues-and-wagering-tax-information.](https://www.michigan.gov/mgcb/detroit-casinos/resources/revenues-and-wagering-tax-information)
- 9 From January to August 2023, revenues reached \$1.57 billion. For the same months in 2022, revenue was \$1.47 billion. Michigan Gaming Control Board, Revenues and Wagering Tax Information, [https://www.michigan.gov/mgcb/detroit-casinos/resources/revenues-and-wagering-tax-information.](https://www.michigan.gov/mgcb/detroit-casinos/resources/revenues-and-wagering-tax-information)
- 10 U.S. Bureau of Labor Statistics, Consumer Price Index, Detroit-Warren-Dearborn area - August 2023, [https://www.bls.gov/regions/midwest/news-release/consumerpriceindex_detroit.htm.](https://www.bls.gov/regions/midwest/news-release/consumerpriceindex_detroit.htm)
- 11 U.S. Bureau of Labor Statistics, Economic News Release: Consumer Price Index summary from September 13, 2023, [https://www.bls.gov/news.release/cpi.nr0.htm.](https://www.bls.gov/news.release/cpi.nr0.htm)
- 12 For the inflation rate, we calculated the CPI change for urban areas (CPI-U). The annual inflation rate from 2020 to 2021 was 4.3%, from 2021 to 2022 8.2%. The inflation rate for months between the last raises, October 2022 to April 2023, was 2.9%. As part of the Pandemic Recovery Agreements negotiated between the Detroit Casino Council unions and the three Detroit casinos, union represented classifications received contractual raises of 1.5% or twenty-two cents per hour, whichever was greater, in October 2022 and 1.5% or twenty-three cents per hour, whichever was greater, in April 2023.
- 13 David Porter, "Atlantic City Casinos Show Revenue Increase, Despite Monthlong Strike," November 11, 2004, Las Vegas Sun, [https://lasvegassun.com/news/2004/nov/11/atlantic-city-casinos-show-revenue-increase-despit/.](https://lasvegassun.com/news/2004/nov/11/atlantic-city-casinos-show-revenue-increase-despit/)
- 14 CZR, Q3 2004 Earnings Conference Call, Transcript, FD (Fair Disclosure) Wire, February 10, 2005.
- 15 CZR, Q3 2004 Earnings Conference Call, Transcript, FD (Fair Disclosure) Wire, February 10, 2005.
- 16 Wayne Parry, "Trump Taj Mahal Closes after 26 Years; 5th Casino Casualty," October 10, 2016, [https://www.courier-postonline.com/story/news/local/south-jersey/2016/10/10/trump-taj-mahal-closes-after-26-years-5th-casino-casualty/91845014/.](https://www.courier-postonline.com/story/news/local/south-jersey/2016/10/10/trump-taj-mahal-closes-after-26-years-5th-casino-casualty/91845014/)
- 17 The city wagering tax paid per month in 2022 is listed in the annual report from the Michigan Gaming Control Board for 2022: Michigan Gaming Control Board, Annual Report 2022, <https://www.michigan.gov/mgcb/-/media/Project/Websites/mgcb/About/AnnualReports/2022-MGCB-Annual-Report-Public-Final-4623.pdf>, p. 31.
- 18 MGM Resorts International, 10-K for 2022, <https://www.sec.gov/ix?doc=/Archives/edgar/data/0000789570/000078957023000008/mgm-20221231.htm>, p. 36.
- 19 PENN Entertainment, 10-K for 2022, <https://www.sec.gov/ix?doc=/Archives/edgar/data/0000921738/000092173823000010/penn-20221231.htm>, p. 42.
- 20 MGM Resorts International, 10-K for 2022, <https://www.sec.gov/ix?doc=/Archives/edgar/data/0000789570/000078957023000008/mgm-20221231.htm>, p. 39. PENN Entertainment, 10-K for 2022,
- 21 PENN uses Adjusted EBITDAR, MGM reports Adjusted Property EBITDAR. MGM Resorts International, 10-K for 2022, <https://www.sec.gov/ix?doc=/Archives/edgar/data/0000789570/000078957023000008/mgm-20221231.htm>, p. 38. PENN Entertainment, 10-K for 2022, <https://www.sec.gov/ix?doc=/Archives/edgar/data/0000921738/000092173823000010/penn-20221231.htm>, p. 109.