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**Michigan Legislature
House Regulatory Reform Committee**
Room 519, House Office Building, Lansing, MI
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**Prepared Testimony of:
Steven Watson, Deputy Chief Financial Officer and Budget Director, City of Detroit**

Good morning, Chairman Hauk and honorable members of the House Regulatory Reform Committee. My name is Steven Watson, and I am the Deputy Chief Financial Officer and Budget Director for the City of Detroit. Thank you for permitting me the privilege to testify regarding the bills on today's agenda and the negative fiscal impact they would have on the City of Detroit.

I lead the City's Office of Budget, which supports our local elected officials in maintaining a balanced budget and ensuring long-term fiscal stability. The proposed gaming expansion before this honorable body today would put Detroit's fiscal stability at risk.

The City is expecting \$270 million this fiscal year from annual wagering taxes, development agreement payments, and municipal service fees, all directly tied to the amount of gaming conducted by the State's three authorized commercial casinos in Detroit. The casinos are also among our largest property taxpayers and employers, generating both income taxes and broader economic activity. All told, gaming has risen to become our 2nd largest revenue source, totaling 25% of our annual General Fund revenues.

Like other cities, our General Fund primarily supports essential police, fire, and emergency medical services. It is also responsible for paying down legacy pension and debt obligations that continued after the bankruptcy. Altogether, these expenses make up over half of our General Fund, and the proposed gaming expansion would put funding for these needs at great risk. For every 1% loss in gaming revenue, the City would have to cut 32 police officers and firefighters to keep the budget balanced. If losses were just 5% to 10%, we would have to take hundreds of our first responders off the street.

We have made so much progress since the painful municipal bankruptcy. We have spent the past 8 years restoring our public services, rebuilding our tax base, and restructuring our financial operations. Detroit has run budget surpluses every year, and we have reasserted our standing in the credit markets. We have proactively and successfully managed the severe and sudden fiscal impact of the pandemic. Per the approved bankruptcy Plan of Adjustment and the Grand Bargain struck in 2014, we will begin paying down our legacy pension obligations to our retired police officers, firefighters, and civil servants in 2024. The proposed gaming expansion before you today puts all that progress at risk.

Thank you for your time.