

Taxes from Detroit's casinos are a steady safety net for a city losing tens of millions of dollars a year in other tax revenue, the state Senate Fiscal Agency reported Tuesday.

Although the city lost 18.7% of its property and income taxes and state funding since 2006 -- a loss

of \$137.3 million -- Detroit continues to rake in more than \$170 million a year from taxes collected on the city's three casinos.

- **PDF:** [The Michigan Senate's report on Detroit's finances](#)

The casino revenue has remained largely steady since 2006. And the collection in 2008-09 -- \$173 million -- is twice the amount the city received in the 2000-2001 fiscal year.

Detroit is wrestling with an \$85.3-million deficit that has been greatly reduced with the selling of \$250 million in stabilization bonds in March.

"Detroit faces some significant long-term challenges," the report on the city's financial condition concluded.

The state keeps a close eye on Detroit because it is in violation of the law by accumulating budget deficits over the years and faces the potential of state oversight if the shortfalls don't begin to decline.

Mayor Dave Bing acknowledged the challenges and said his administration continues to cut costs with the goal of closing the shortfall in the near future.

"We have made difficult choices to attack the deficit by cutting spending by more than \$100 million in our first budget and reducing labor costs through a 10% wage-reduction using furlough days," Bing said, adding that he imposed a labor contract on the city's largest union, the American Federation of State, County and Municipal Employees, this month, at a savings of \$500,000 a month.

"The city still faces structural challenges, including benefit and pension costs, that far exceed that of comparable cities," Bing said.

Those pension costs, driven largely by a system that pays up to 100% of the medical payments for retirees and their families, "weigh heavily on Detroit over the long run," according to the report.

Louis Schimmel, who was the state-appointed financial manager for Hamtramck and Ecorse, said Detroit won't dig out of debt until corruption ends and leaders begin slashing even popular services.

"Some leader in Detroit has to say, 'Enough of this nonsense,' " Schimmel said. "The city has to become more efficient and quit promising everything to everyone. You can't do that in Detroit's situation. Only basic services need to be preserved."

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