

SENATE BILL No. 1322

June 24, 2004, Introduced by Senators BROWN, KUIPERS, GARCIA, BIRKHOLZ, McMANUS, HARDIMAN and STAMAS and referred to the Committee on Appropriations.

A bill to amend 1972 PA 239, entitled "McCauley-Traxler-Law-Bowman-McNeely lottery act," by amending sections 12 and 41 (MCL 432.12 and 432.41), section 12 as amended by 2002 PA 471 and section 41 as amended by 1997 PA 72.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 12. (1) Except as otherwise provided in subsection
 2 ~~-(3)-~~ (2), as nearly as is practicable, ~~until January 1, 2007,~~
 3 ~~not less~~ **not more** than 45% of the total annual revenue accruing
 4 from the sale of lottery tickets or shares shall be apportioned
 5 for payment of prizes to the holders of winning tickets or
 6 shares.

7 ~~-(2)- On or after January 1, 2007, 45% of the total revenue~~
 8 ~~shall be apportioned for payment of prizes.~~

9 (2) ~~-(3)-~~ Notwithstanding ~~subsections (1) and (2)~~

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1 **subsection (1)**, the prize money from the sale of tickets or
2 shares of any joint enterprise is that percentage of the total
3 annual revenue accrued from that game as prescribed by the joint
4 enterprise participation agreement executed by the commissioner.

5 Sec. 41. (1) A special fund to be known as the "state
6 lottery fund" is created in the department of treasury. Except
7 as provided in subsection (3), the state lottery fund consists of
8 all revenues received from the sale of state lottery tickets or
9 shares and all other money credited or transferred to the fund
10 from any other fund or sources pursuant to law, including
11 interest earnings on common cash attributable to the state
12 lottery fund. Revenue derived from the sale of tickets or shares
13 of any joint enterprise shall be treated in the manner provided
14 for in the joint enterprise participation agreement executed by
15 the commissioner. The commissioner shall deposit net revenue
16 from any joint enterprise in the state lottery fund. Earnings
17 resulting from installment payment of any lottery prizes shall be
18 used for payment of prizes to lottery winners and the prize
19 structure formulated pursuant to sections 11 and 12 shall be
20 established accordingly.

21 (2) The investment authority of the state treasurer with
22 regard to the state lottery fund shall be the same as his or her
23 investment authority with regard to retirement system funds. To
24 assure a continuing availability of money with which to pay state
25 lottery prize installments and to compensate for variations in
26 the yield on investments, every 6 months the commissioner and the
27 state treasurer shall review the status of the installment prize

1 investments and shall agree on an amount to be restricted out of
2 the total revenues of the state lottery fund as a reserve against
3 a drop in yield. If the commissioner and the state treasurer
4 fail to agree on the amount to be reserved, the matter shall be
5 referred to the state administrative board for a decision on the
6 amount to be reserved.

7 (3) Except as provided in subsection (4), after the payment
8 of prizes to the holders of winning state lottery tickets or
9 shares or the payment pursuant to section 32 of the liabilities
10 to this state of holders of winning state lottery tickets or
11 shares, and, **subject to subsection (5)**, the payment of the
12 reasonable expenses of the bureau in its operation of the
13 lottery, the net revenue in the state lottery fund and any money
14 or interest generated by the state lottery fund and share of
15 common cash, **but in no case less than 50% of the net revenue and**
16 **money or interest generated**, shall be deposited in the state
17 school aid fund and ~~shall be~~ distributed as provided by law.

18 (4) Ten percent of each year's state lottery advertising
19 budget but not to exceed \$1,000,000.00 shall be deposited in the
20 compulsive gaming prevention fund created in the compulsive
21 gaming prevention act.

22 (5) **Not more than 5% of the total annual revenue accruing**
23 **from the sale of lottery tickets or shares in this state shall be**
24 **apportioned for payment of expenses of the bureau in its**
25 **operation of the lottery, including, but not limited to, expenses**
26 **for advertising and for compulsive gaming prevention.**