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BILL ANALYSIS

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House Bill 4447 (as passed by the House)
Sponsor: Representative David Robertson
House Committee: Regulatory Reform
Senate Committee: Economic Development, Small Business and Regulatory Reform

Date Completed: 5-31-05

CONTENT

The bill would amend the Michigan Boxing Regulatory Act to do the following:

- Limit the good moral character requirement to applicants for a promoter's license.**
- Exclude a venue from the definition of "promoter".**
- Provide that a promoter's license would be subject to revocation unless at least 10% of a purse were withheld until the results of a postcontest drug test were available, and provide for a formal complaint and hearing process if the results did not show compliance with the Act.**
- Delete requirements that applicants for a promoter's license disclose Federal income tax returns and financial information, and that the Department of Labor and Economic Growth (DLEG) use the information to determine the applicants' financial stability.**
- Require DLEG to take action against an applicant or a license for fraud or deceit in obtaining a license.**
- Revise the requirement that a person seeking a license as a professional judge score at least 200 rounds of boxing.**

License Application

The Act states that a license application is a request for a determination of the applicant's general suitability, character, integrity, and ability to participate, engage in, or be associated with boxing contests or exhibitions. The bill would delete the reference to a request for a determination. Under the bill, by filing a license application, an applicant would certify his or her general suitability, character, integrity, and ability.

The Act requires an applicant to demonstrate good moral character, and allows an applicant to request an administrative hearing if he or she is denied a license due to lack of good moral character. Under the bill, only an applicant for a promoter's license would have to demonstrate good moral character.

"Promoter"

The Act defines "promoter" as any person who produces or stages any professional contest or exhibition of boxing. The bill specifies that "promoter" would not include the venue where the exhibition or contest was being held unless the venue contracted with the individual promoter to be a co-promoter.

Postcontest Drug Test Results

The Act requires a professional or participant in a boxing contest or exhibition to submit to a postexhibition test of body fluids to determine the presence of controlled substances, prohibited substances, or enhancers.

The DLEG Director must withhold 10% of the purse in a contest or exhibition until the drug tests are available to the Department. If the results do not confirm or demonstrate compliance with the Act, the money withheld must be deposited in the Michigan Boxing Fund. The bill would delete these requirements.

Beginning on the bill's effective date, a promoter's license would be subject to revocation unless at least 10% of the purse in a contest or exhibition were withheld or escrowed until the results of the postcontest drug test were available to DLEG. If the results confirmed or demonstrated compliance with the Act, the Department would have to issue an order allowing the promoter to forward the amount withheld or escrowed to the professional. If the results did not confirm or demonstrate compliance, DLEG would have to serve a formal complaint on the professional and issue an order requiring the promoter to forward the amount withheld or escrowed to the Department. Upon receiving the money, DLEG would have to deposit it in the Fund.

If, after a hearing, the professional were found in violation of the Act, he or she would have to forfeit the amount withheld and would be subject to penalties prescribed by the Act. If, however, the formal complaint were dismissed or any final order issued as a result of the complaint were overturned, DLEG would have to issue a refund to the professional for the amount withheld.

The bill states that these provisions would not prohibit a licensed promoter from including in a contract with a professional a provision that required the promoter to withhold 10% of the purse in a contest or exhibition until the postcontest drug test results were available to DLEG.

Promoter's License: Tax Returns

The Act permits DLEG, in consultation with the Boxing Commission, to promulgate rules for the application and approval process for promoters. The rules must include items identified in the Act, including a requirement that background information be disclosed by the applicant who is an individual or by the principal officers or members or individuals having at least a 10% ownership interest in the case of any other legal entity. The bill would delete a requirement that this information include at least two years of Federal income tax returns of principal officers or members and individuals having at least a 10% ownership interest in the applicant, and any financial information necessary to ascertain their financial stability.

The bill also would delete a requirement that DLEG use the background information to ascertain the applicant's financial stability.

Action against Applicant or License

The Act requires DLEG to initiate an action against an applicant or take any other allowable action against the license of any contestant, promoter, or other participant, if the Department determines that the person engages in certain activities or meets various grounds for action. Under the bill, DLEG also would have to take action if the person practiced fraud or deceit in obtaining a license.

Professional Judge

Currently, a person seeking a license as a professional judge must score, unofficially, at least 200 rounds of amateur boxing. The bill would refer, instead, to 200 rounds of professional boxing.

MCL 338.11 et al.

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Fiscal Analyst: Elizabeth Pratt

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.