



Senate Fiscal Agency
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BILL ANALYSIS



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Senate Bill 35 (Substitute S-1 as reported)
Sponsor: Senator Rick Jones
Committee: Regulatory Reform

CONTENT

The bill would add Article 2 to the Bingo Act to regulate the conduct of millionaire parties and provide for the licensure of suppliers to millionaire party licensees. The bill would designate the current Act as Article 1 and remove the regulation of millionaire parties from Article 1. Under Article 2, the bill would do the following:

- Provide for the issuance of a millionaire party license.
- Specify standards for the conduct of millionaire parties.
- Establish requirements for the presence and participation of members of a qualified organization at a millionaire party the organization conducted.
- Limit to \$20,000 per day of an event the amount a millionaire party licensee could receive in exchange for imitation money or chips, but allow licensees whose license was for fewer than four days of gaming to collect a daily limit determined by dividing \$80,000 by the number of days of gaming allowed under the license, under certain conditions.
- Limit the amount that a licensee could use to pay expenses to 45% of the gross profit from an event, and otherwise regulate a millionaire party licensee's payment of expenses.
- Require a millionaire party licensee to maintain an event record and file a financial statement.
- Provide for the issuance of a license to act as a supplier to millionaire parties, and impose a \$300 application fee.
- Specify requirements of the Executive Director of the Michigan Gaming Control Board relative to millionaire parties.
- Allow a millionaire party licensee to conduct a charity game and a numeral game, and specify that the Bureau of State Lottery has sole enforcement and supervision authority over the conduct of those games.

Under Article 1, the bill would do the following:

- Require fees and revenue collected by the Executive Director to be deposited in the State Lottery Fund; require expenses of the Director or the Board to be paid from the Fund; and limit those expenses to the amount of revenue from ticket sales and fees collected under the Act.
- Include a raffle in a provision under which a penalty under another law relating to a bingo game, millionaire party, or charity game does not apply to conduct done pursuant to the Act or rules promulgated under it.
- Require a licensee to allow an authorized representative of the Bureau of State Lottery or the Department of State Police or a local law enforcement officer to inspect an event location during business hours, instead of at any time.

The bill also would rescind any rules promulgated by the Executive Director under the Act before the bill's effective date. The Executive Director would have to promulgate rules to implement Article 2.

In addition, the bill would repeal Sections 10a and 10b of the Act, which regulate the conduct of millionaire parties and the issuance of millionaire party licenses, respectively. The bill also would repeal Section 20, which provided for the Act's effective date.

The Act defines "millionaire party" as an event at which wagers are placed on games of chance customarily associated with a gambling casino through the use of imitation money or chips that have a nominal value equal to or greater than the value of the currency for which they can be exchanged.

MCL 432.102 et al.

Legislative Analyst: Drew Krogulecki

FISCAL IMPACT

State: The Michigan Gaming Control Board, which is located in the Department of Treasury, would experience some additional costs in implementing the bill. The Board's responsibilities would include changing the rules that govern millionaire parties, enforcing the statute, processing licenses, and conducting audits. The related costs would be covered by the license fees that are collected and deposited in the Lottery Fund. The Department would have to keep these administrative costs under the amount collected from the licensees and under the \$4.0 million cap for administration and oversight of millionaire parties in the budget bill. If the administrative costs were lower than the amount of revenue brought into the Lottery Fund, then the additional funds would be transferred to the General Fund at the end of the fiscal year, which would result in additional General Fund revenue. At this time, it is expected that the costs of the administrative and enforcement changes would be minimal.

Local: The bill would have no fiscal impact on local government.

Date Completed: 2-2-17

Fiscal Analyst: Cory Savino