

STATE OF MICHIGAN
99TH LEGISLATURE
REGULAR SESSION OF 2018

Introduced by Senators Jones, Hertel, O'Brien, Hansen, Horn, MacGregor, Marleau and Bieda

ENROLLED SENATE BILL No. 35

AN ACT to amend 1972 PA 382, entitled "An act to license and regulate the conducting of bingo, millionaire parties, and certain other forms of gambling; to provide for the conducting of charity games, raffles, and numeral games; to provide for exemptions from licensing requirements under certain circumstances; to impose certain duties and authority upon certain state departments, agencies, and officers; to provide a tax exemption; and to provide penalties," by amending sections 2, 3, 3a, 4, 4a, 8, 9, 10, 11b, 12, 13, 14, 15, 16, 17, and 19 (MCL 432.102, 432.103, 432.103a, 432.104, 432.104a, 432.108, 432.109, 432.110, 432.111b, 432.112, 432.113, 432.114, 432.115, 432.116, 432.117, and 432.119), sections 2 and 9 as amended by 2008 PA 401, sections 3, 4a, and 12 as amended by 2012 PA 189, sections 3a, 8, 10, and 11b as amended by 2006 PA 427, sections 4, 13, 14, 15, and 16 as amended by 1999 PA 108, and section 19 as amended by 1995 PA 263, and by designating sections 1 to 20 as article 1; and to repeal acts and parts of acts.

The People of the State of Michigan enact:

ARTICLE 1

Sec. 2. As used in this act:

(a) "Active service" and "active state service" mean those terms as defined in section 105 of the Michigan military act, 1967 PA 150, MCL 32.505.

(b) "Advertising" means all printed matter, handouts, flyers, radio broadcasts, television broadcasts, signs, billboards, and other media used to promote an event.

(c) "Bingo" means a game of chance commonly known as bingo in which prizes are awarded on the basis of designated numbers or symbols conforming to numbers or symbols selected at random.

(d) "Board" means the Michigan gaming control board created by section 4 of the Michigan gaming control and revenue act, 1996 IL 1, MCL 432.204.

(e) "Bureau" means the bureau of state lottery as created by section 5 of the McCauley-Traxler-Law-Bowman-McNeely lottery act, 1972 PA 239, MCL 432.5.

(f) "Charity game" means the random resale of a series of charity game tickets.

(g) "Charity game ticket" means a ticket commonly referred to as a break-open ticket or pull-tab that is approved and acquired by the bureau and is distributed and sold by the bureau or a supplier to a qualified organization, a portion of which is removed to discover whether the ticket is a winning ticket.

(h) "Commissioner" means the commissioner of state lottery appointed under section 7 of the McCauley-Traxler-Law-Bowman-McNeely lottery act, 1972 PA 239, MCL 432.7.

(i) "Overall pattern" means a pattern required to win a bingo game in which all numbers on a bingo card are required to be called.

(j) "Educational organization" means an organization in this state that is organized not for pecuniary profit, whose primary purpose is educational in nature and designed to develop the capabilities of individuals by instruction in any public or private elementary or secondary school that complies with the revised school code, 1976 PA 451, MCL 380.1 to 380.1852, or any private or public college or university that is organized not for pecuniary profit and that is approved by the state board of education.

(k) "Equipment" means the objects and mechanical, electromechanical, or electronic devices used to determine or assist in determining the winners of prizes at an event.

(l) "Event" means, in article 1, an occasion of bingo games, a raffle, a charity game, or a numeral game conducted under a license issued under article 1, and in article 2, an occasion of a millionaire party conducted under a license issued under article 2.

(m) "Executive director" means the executive director of the board, appointed under section 4 of the Michigan gaming control and revenue act, 1996 IL 1, MCL 432.204.

(n) "Fraternal organization" means an organization in this state, other than a college fraternity or sorority, that meets all of the following criteria:

(i) Is organized not for pecuniary profit.

(ii) Is a branch, lodge, or chapter of a national or state organization or, only for the purpose of conducting a small raffle or a large raffle under this act, if not a branch, lodge, or chapter of a national or state organization, is exempt from taxation under section 501(c) of the internal revenue code of 1986, 26 USC 501.

(iii) Exists for the common purpose, brotherhood, or other interests of its members.

Sec. 3. As used in this act:

(a) "Large bingo" means a series of bingo occasions that occur on a regular basis during which the total value of all prizes awarded for bingo games at a single occasion does not exceed \$3,500.00 and the total value of all prizes awarded for 1 bingo game does not exceed \$1,100.00, except that a prize awarded through a Michigan progressive jackpot bingo game is not subject to these limitations.

(b) "Large raffle" means an event where the total value of all prizes awarded through raffle drawings exceeds \$500.00 per occasion.

(c) "Licensee" means a person, including a qualified organization, licensed under this act.

(d) "Location" means a building, enclosure, part of a building or enclosure, or a distinct portion of real property that is used for the purpose of conducting an event. Location includes all components or buildings that compose 1 architectural entity or that serve a unified functional purpose.

(e) "Manufacturer" means a person licensed under section 11c who manufactures numeral game tickets for sale to suppliers for use in an event.

(f) "Member" means an individual who qualified for membership in a qualified organization under its bylaws, articles of incorporation, charter, rules, or other written statement.

(g) "Michigan national guard" and "military" mean those terms as defined in section 105 of the Michigan military act, 1967 PA 150, MCL 32.505.

(h) "Michigan progressive jackpot" means a bingo game conducted in conjunction with a licensed large bingo occasion in which the value of the prize is carried forward to the next bingo occasion if no player wins in a predetermined number of allowable calls. Michigan progressive jackpot may include bingo games conducted by more than 1 licensee that are linked together for the purpose of a common jackpot prize and consolation prize as prescribed by the commissioner.

(i) "Millionaire party" means 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.

(j) "Numeral game" means the random resale of a series of numeral game tickets.

(k) "Numeral game ticket" means a paper strip on which preprinted numerals are covered by folding the strip and banding the folded strip with a separate piece of paper, so that on breaking the paper that bands the folding strip the purchaser discovers whether the ticket is a winning ticket.

(l) "Occasion" means a single day for which a license to conduct games is issued under this act.

Sec. 3a. As used in this act:

(a) "Person" means an individual, firm, association, corporation, or other legal entity.

(b) "Principal officer" means the highest ranking officer of the qualified organization according to its written constitution, charter, articles of incorporation, or bylaws.

(c) "Prize" means anything of value, including, but not limited to, money or merchandise that is given to a player for attending or winning a game at an event. A nonmonetary item is valued at its retail value. Prize does not include advertising given away by a qualified organization in accordance with rules promulgated under this act.

(d) "Qualified organization" means, subject to subdivision (e), either of the following:

(i) A bona fide religious, educational, service, senior citizens, fraternal, or veterans' organization that operates without profit to its members and that either has been in existence continuously as an organization for a period of 5 years or is exempt from taxation under section 501(c) of the internal revenue code of 1986, 26 USC 501(c).

(ii) Only for the purpose of conducting a small raffle or a large raffle under this act, a component of the military or the Michigan national guard whose members are in active service or active state service.

(e) "Qualified organization" does not include a candidate committee, political committee, political party committee, ballot question committee, independent committee, or any other committee as defined by, and organized under, the Michigan campaign finance act, 1976 PA 388, MCL 169.201 to 169.282.

(f) "Raffle" means an event for which raffle tickets are sold and at which a winner or winners are determined, either by randomly selecting stubs from all of the raffle tickets sold for an event or by an alternative method that is approved in writing by the bureau, and a preannounced prize is awarded.

(g) "Religious organization" means any of the following:

(i) An organization, church, body of communicants, or group in this state that is organized not for pecuniary profit and that gathers in common membership for mutual support and edification in piety, worship, and religious observances.

(ii) A society of individuals in this state that is organized not for pecuniary profit and that unites for religious purposes at a definite place.

(iii) A church-related private school in this state that is organized not for pecuniary profit.

(h) "Senior citizens organization" means an organization in this state that is organized not for pecuniary profit, that consists of at least 15 members who are 60 years of age or older, and that exists for their mutual support and for the advancement of the causes of elderly or retired persons.

(i) "Service organization" means either of the following:

(i) A branch, lodge, or chapter in this state of a national or state organization that is organized not for pecuniary profit and that is authorized by its written constitution, charter, articles of incorporation, or bylaws to engage in a fraternal, civic, or service purpose in this state.

(ii) A local civic organization in this state that is organized not for pecuniary profit; that is not affiliated with a state or national organization; that is recognized by resolution adopted by the local governmental subdivision in which the organization conducts its principal activities; whose constitution, charter, articles of incorporation, or bylaws contain a provision for the perpetuation of the organization as a nonprofit organization; whose entire assets are used for charitable purposes; and whose constitution, charter, articles of incorporation, or bylaws contain a provision that all assets, real property, and personal property must revert to the benefit of the local governmental subdivision that granted the resolution or another nonprofit organization on dissolution of the organization.

(j) "Small bingo" means a series of bingo occasions that occur on a regular basis during which the total value of all prizes awarded for bingo games at a single occasion does not exceed \$300.00 and the total value of all prizes awarded for a single bingo game does not exceed \$25.00.

(k) "Small raffle" means an event during which the total value of all prizes awarded through raffle drawings does not exceed \$500.00 during 1 occasion.

(l) "Special bingo" means a single or consecutive series of bingo occasions during which the total value of all prizes awarded for bingo games at a single occasion does not exceed \$3,500.00 and the total value of all prizes awarded for a single bingo game does not exceed \$1,100.00.

(m) "Supplier" means a person licensed under this act to rent, sell, or lease equipment or to sell charity game or numeral game tickets to qualified organizations licensed under this act.

(n) "Veterans' organization" means an organization in this state, or a branch, lodge, or chapter in this state of a state organization or of a national organization chartered by the Congress of the United States, that is organized not for pecuniary profit, the membership of which consists of individuals who were members of the armed services or armed forces of the United States. Veterans' organization includes an auxiliary of a veterans' organization that is a national organization chartered by the Congress of the United States.

Sec. 4. (1) An applicant for a license to conduct a bingo, raffle, charity game, or numeral game event shall submit to the bureau a written application on a form prescribed by the commissioner.

(2) The application under subsection (1) must include all of the following:

(a) The name and address of the applicant organization.

(b) The name and address of each officer of the applicant organization.

(c) The location at which the applicant will conduct the event.

(d) The day or dates of the event.

(e) The member or members of the applicant organization who will be responsible for the conduct of the event.

(f) Sufficient facts relating to the applicant's incorporation or organization to enable the commissioner to determine whether the applicant is a qualified organization.

(g) A sworn statement attesting to the nonprofit status of the applicant organization, signed by the principal officer of the organization.

(h) Other information the commissioner considers necessary.

Sec. 4a. (1) Except as provided in subsections (2) and (3), if the commissioner determines that an applicant under section 4 is a qualified organization, is not ineligible under section 18, and has paid to the bureau the appropriate fee, the commissioner may issue 1 or more of the following licenses:

<u>License</u>	<u>Fee</u>
(a) Large bingo	\$ 150.00
(b) Small bingo	\$ 55.00
(c) Special bingo.....	\$ 25.00
(d) Large raffle	\$ 50.00 per drawing date
(e) Small raffle:	
(i) One to 3 drawing dates	\$ 15.00
(ii) Four or more drawing dates.....	\$ 5.00 per drawing date
(f) Annual charity game	\$ 200.00
(g) Special charity game.....	\$ 15.00 per day
(h) Numeral game.....	\$ 15.00 per day

(2) Under extreme hardship conditions as determined by the commissioner, the commissioner may waive 1 or more requirements for a person to be a qualified organization under section 3a(d) to permit the licensing of a special bingo or raffle event, if all of the following conditions are met:

(a) The organization applying for the license is a nonprofit organization.

(b) The entire proceeds of the event, less the actual reasonable expense of conducting the event, are donated or used for a charitable purpose, organization, or cause.

(c) None of the individuals connected with the conduct of the event is compensated in any manner for his or her participation.

(d) The organization complies with all other applicable provisions of this article and rules promulgated under this article.

(3) Under extreme hardship conditions as determined by the commissioner, the commissioner may allow an individual or a group of individuals to obtain a license to conduct a special bingo event or raffle if all of the following conditions are met:

(a) The entire proceeds of the event, less the actual reasonable expense of conducting the event, are donated or used for a charitable purpose, organization, or cause.

(b) None of the individuals connected with the conduct of the event is compensated in any manner for his or her participation.

(c) The individual or group of individuals complies with all other applicable provisions of this article and the rules promulgated under this article.

(4) Each event license issued to a qualified organization under this section is valid for only the location included on the license.

(5) A license issued under this section is not assignable or transferable.

(6) A licensee shall ensure that the events conducted under a license issued under this section are conducted in compliance with the applicable provisions of this article and rules promulgated under this article.

(7) Except as otherwise provided in this section, a licensee shall only conduct events licensed under this section during the hours and on the date or dates stated on the license.

(8) In connection with an application for a small raffle license or a large raffle license, in determining whether a fraternal organization that is not a branch, lodge, or chapter of a national or state organization is a qualified organization, the commissioner shall only consider whether the organization meets requirements that are applicable under this article that are unrelated to whether the organization is a branch, lodge, or chapter of a national or state organization.

Sec. 8. (1) All fees and revenue collected by the commissioner or bureau under this act must be paid into the state lottery fund created under section 41 of the McCauley-Traxler-Law-Bowman-McNeely lottery act, 1972 PA 239, MCL 432.41. All necessary expenses incurred by the bureau in the administration and enforcement of any activity

authorized by this act and in the initiation, implementation, and ongoing operation of any activity authorized by this act must be financed from the state lottery fund.

(2) All fees and revenue collected by the executive director or board under this act must be paid into the state lottery fund created under section 41 of the McCauley-Traxler-Law-Bowman-McNeely lottery act, 1972 PA 239, MCL 432.41. All necessary expenses incurred by the executive director or board in the administration and enforcement of any activity authorized by this act and in the initiation, implementation, and ongoing operation of any activity authorized by this act must be financed from the state lottery fund.

(3) The amount of necessary expenses incurred under subsections (1) and (2) must not exceed the amount of revenues received from the sale of charity game tickets and all fees collected under this act. At the end of each fiscal year all money, including interest, in the state lottery fund that is attributable to fees and revenue collected under this act but that has not been expended under this section must be deposited in the state general fund.

Sec. 9. (1) Except as provided in subsection (2), the entire net proceeds of an event conducted under a license issued under this article must be devoted exclusively to the lawful purposes of the licensee. A licensee shall not incur or pay an item of expense in connection with holding, operating, or conducting an event except the following expenses in amounts that the commissioner determines to be reasonable:

(a) The purchase or rental of equipment necessary for conducting an event and payment of services reasonably necessary for the repair of equipment.

(b) Cash prizes or the purchase of prizes of merchandise.

(c) Rental of the location at which the event is conducted.

(d) Janitorial services.

(e) The fee required for issuance or reissuance of a license to conduct the event.

(f) Other reasonable expenses incurred by the licensee, not inconsistent with this article, as permitted by rule of the commissioner.

(2) A qualified organization described in section 3a(d)(ii) shall use the entire net proceeds of an event, after paying items of expense incurred in reasonable amounts in connection with the holding, operating, or conducting of the event and listed in subsection (1), only for the expense of training or purchasing goods or services for the support of the activities of the component.

Sec. 10. (1) Only a member of the qualified organization shall participate in the management of an event.

(2) A person shall not receive any commission, salary, pay, profit, or wage for participating in the management or operation of a bingo event, a raffle, or a charity game except as provided by rule promulgated under this article.

(3) Except by special permission of the commissioner, a licensee shall conduct bingo games only with equipment that it owns, uses under a bureau-approved rental contract, or is purchasing or renting at a reasonable rate from a supplier.

(4) A licensee shall not advertise a bingo event except to the extent and in the manner permitted by rule promulgated under this article. If the commissioner permits a licensee to advertise a bingo event, the licensee shall indicate in the advertisement the purposes for which the net proceeds will be used by the licensee.

Sec. 11b. (1) An applicant for a license or renewal of a license to operate as a supplier of equipment, charity game tickets, or numeral game tickets to qualified organizations licensed under this act shall submit a written application to the bureau on a form prescribed by the commissioner.

(2) An applicant under this section shall pay an annual license fee of \$300.00 at the time of the application.

(3) A supplier's license issued under this section expires at 12 midnight on September 30 of each year.

(4) The commissioner shall require suppliers authorized to sell charity game tickets, numeral game tickets, or both, to post a performance bond of not less than \$50,000.00 and not greater than \$1,000,000.00.

(5) A supplier shall remit to the bureau an amount equal to the qualified organization's purchase price of the charity game tickets less an amount that shall not be less than the sum of \$.008 for each ticket sold plus 1.0% of the total resale value for all charity game tickets sold.

(6) For each numeral game sold, the supplier shall issue to the licensed organization an invoice listing the manufacturer and serial number of each game.

(7) A supplier shall collect a fee from a qualified organization for each game of numeral tickets sold that equals \$5.00 per 1,000 tickets or any portion of 1,000 tickets.

(8) A supplier shall remit the fees collected under subsection (7) to the bureau by the fifteenth day of the month following the month in which the numeral game is sold. The commissioner may assess a late fee of 25% of the amount due against a supplier who fails to remit the fees by the required filing date.

(9) A supplier shall only display, offer for sale, sell, or otherwise make available to a qualified organization numeral game tickets that have been obtained from a manufacturer.

(10) A person who is directly or indirectly connected to the sale, rental, or distribution of bingo equipment, or the sale of charity game tickets or numeral game tickets, or a person residing in the same household as the supplier shall not be involved directly or indirectly with the rental or leasing of a facility used for an event.

(11) A supplier licensed under this section shall submit to the bureau a report as required by the commissioner regarding the sale or rental of equipment and the sale of charity game tickets and numeral game tickets.

Sec. 12. (1) The bureau shall enforce and supervise the administration of this article. The commissioner shall employ personnel as necessary to implement this article.

(2) The bureau may select fraternal organizations that are not a branch, lodge, or chapter of a national or state organization to audit to ensure that the organizations are in compliance with this article.

Sec. 13. The commissioner shall promulgate rules pursuant to the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328, to implement this article.

Sec. 14. (1) A licensee under this article shall keep a record of each event as required by the commissioner. A licensee shall allow a representative authorized by the bureau to inspect a record kept under this subsection and all financial accounts into which proceeds from events are deposited or transferred during reasonable business hours.

(2) A licensee under this article shall file with the commissioner a financial statement signed by the principal officer of the qualified organization of receipts and expenses related to the conduct of each event as required by rule promulgated under this article. If the revenue from a bingo, raffle, numeral game, or charity game event is represented to be used or applied by a licensee under this article for a charitable purpose, the licensee shall file a copy of the financial statement with the attorney general under the supervision of trustees for charitable purposes act, 1961 PA 101, MCL 14.251 to 14.266.

(3) A licensee under this article shall allow an authorized representative of the bureau or the department of state police or a law enforcement officer of a political subdivision of this state to inspect the location or an intended location during business hours.

Sec. 15. The commissioner shall report annually to the governor and the legislature about the operation of events licensed under this article, abuses that the bureau may have encountered, and recommendations for changes in this act.

Sec. 16. (1) The commissioner may deny, suspend, summarily suspend, or revoke a license issued under this article if the licensee or an officer, director, agent, member, or employee of the licensee violates this article or a rule promulgated under this article. The commissioner may summarily suspend a license for a period of not more than 60 days pending prosecution, investigation, or public hearing.

(2) A proceeding to suspend or revoke a license under this article is a contested case governed by the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328.

(3) On petition of the commissioner, the circuit court after a hearing may issue subpoenas to compel the attendance of witnesses and the production of documents, papers, books, records, and other evidence before it in a matter over which it has jurisdiction, control, or supervision. If a person subpoenaed to attend in any such proceeding or hearing fails to obey the command of the subpoena without reasonable cause, or if a person in attendance in any such proceeding or hearing refuses, without lawful cause, to be examined or to answer a legal or pertinent question or to exhibit a book, account, record, or other document when ordered to do so by the court, that person may be punished as being in contempt of the court.

(4) With approval of the commissioner, a bingo hall licensee, in lieu of a suspension of its license, may elect to pay a fine equal to the amount of rent that would have been paid by bingo licensees during the period of the suspension. The bingo hall licensee shall pay this fine to the bureau on or before the date agreed to in the suspension agreement entered into by the bureau and the bingo hall licensee.

Sec. 17. (1) Except as otherwise provided in subsections (2) and (3), a person who willfully violates this act is guilty of a misdemeanor punishable by imprisonment for not more than 6 months or a fine of not more than \$1,000.00, or both.

(2) A person is guilty of a misdemeanor punishable by imprisonment for not more than 1 year or a fine of not more than \$1,500.00, or both, for doing any of the following:

(a) Cheating at a charitable gambling game.

(b) Using millionaire party proceeds for something other than the lawful purpose of the organization.

(c) Knowingly making a wager if the person is less than 18 years of age or permitting a person less than 18 years of age to make a wager.

(d) Using chips not authorized for use at a millionaire party.

(e) Willfully failing to appear before or provide an item to the executive director at the time and place specified in a subpoena issued by the executive director.

(f) Willfully refusing, without just cause, to testify or provide items in an answer to a subpoena or subpoena duces tecum issued by the executive director.

(g) For a location owner or lessor, a shareholder of a privately held corporate-owned or leased location, partner, officer, agent, or employee of a lessor, or person residing in the same household as a location owner or lessor, shareholder of a privately held corporate-owned or leased location, partner, officer, or agent of a location owner where a millionaire party occurs, making or receiving a payment from any person, other than for the preapproved payment of rent, for any aspect of a millionaire party. This subdivision does not apply to the sale of food and drink.

(h) Conducting or permitting a person who is not licensed under this act to conduct activities required to be licensed under this act.

(3) A person is guilty of a misdemeanor punishable by imprisonment for not more than 2 years or a fine of not more than \$2,500.00, or both, for doing any of the following:

(a) Knowingly making a false statement on an application for a license provided in this act.

(b) Knowingly making false statements, either orally or in writing, to the executive director or his or her authorized representatives.

(4) A person convicted under this section is ineligible to receive or maintain a license under this act.

(5) In addition to the fines described in this section, a person may be liable for a fine up to the amount of any illegal payments made or received in violation of this act.

(6) This section does not prohibit a person who violates this act from being charged with, convicted of, or punished for any other violation of law, including the Michigan penal code, 1931 PA 328, MCL 750.1 to 750.568, and the Michigan gaming control and revenue act, 1996 IL 1, MCL 432.201 to 432.226.

Sec. 19. (1) Except as provided in subsection (2), any other law providing a penalty or disability upon a person who conducts or participates in a raffle, bingo, millionaire party, or charity game; who sells or possesses equipment used in conducting a raffle, bingo, or a millionaire party; who permits a raffle, bingo, a millionaire party, or a charity game to be conducted on his or her premises; or who does other acts in connection with a raffle, bingo, a millionaire party, or a charity game does not apply to that conduct if done under this act or rules promulgated under this act.

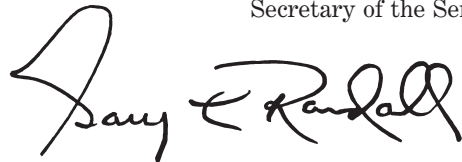
(2) Subsection (1) does not limit the application of the Michigan campaign finance act, 1976 PA 388, MCL 169.201 to 169.282, including, but not limited to, section 41 of the Michigan campaign finance act, 1976 PA 388, MCL 169.241, to fund-raising events conducted by or for the benefit of a committee that has filed or is required to file a statement of organization under the Michigan campaign finance act, 1976 PA 388, MCL 169.201 to 169.282.

Enacting section 1. Sections 10a, 10b, and 20 of the Traxler-McCauley-Law-Bowman bingo act, 1972 PA 382, MCL 432.110a, 432.110b, and 432.120, are repealed.

Enacting section 2. This amendatory act does not take effect unless House Bill No. 4081 of the 99th Legislature is enacted into law.



Secretary of the Senate



Clerk of the House of Representatives

Approved

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Governor