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BAN INTERNET GAMBLING

House Bill 4690 as introduced First Analysis (2-16-00)

Sponsor: Rep. James Koetje
Committee: Criminal Law and Corrections

THE APPARENT PROBLEM:

Internet gambling is growing at a rapid pace. Just a few years ago, on-line lotteries, virtual casinos, bingos, and on-line sports betting sites generated several million dollars from a couple dozen sites. In 1999, it was estimated that approximately 140 Internet sites would bring in well over \$600 million, perhaps even a billion dollars, with a forecast of future earnings topping \$10 billion by the year 2000. In part as a result of the rapid growth of the industry and in part because the vast majority of businesses conducting on-line gambling are located overseas, mostly on Caribbean islands, (making businesses owners difficult to identify and locate) on-line gambling is virtually unregulated.

Legislation that would ban gambling on the Internet or that would tax revenue generated by Internet gambling is currently pending in several states, and several states already have prohibitions in place. Some people strongly believe that in light of the detrimental effect that unregulated Internet gambling could have on the residents of the state, Michigan should be proactive in taking a stand to prohibit unlicensed gambling activity conducted in the state via the Internet. House Bill 4689, which has passed the House and is currently pending in the Senate Committee on Gaming and Casino Oversight, would amend the Penal Code to accomplish this. Legislation is also needed to add the proposed Internet gambling offenses to the statutory sentencing guidelines.

THE CONTENT OF THE BILL:

House Bill 4690 would amend the statutory sentencing guidelines provisions of the Code of Criminal Procedure to add the internet gambling offenses established in House Bill 4689. The first offense of Internet gambling would be a Class H crime against public order with a statutory maximum sentence of two years. A second or subsequent offense would be a Class G crime against public order with a statutory maximum sentence of five years. House Bill 4690 is tie-barred to House Bill 4689, which would amend

Chapter XLIV, entitled "Gambling", of the Michigan Penal Code (MCL 750.315b) to prohibit a gambling business from using the Internet or a service provider to bet or wager. (For further information regarding the substance of that bill, see the House Legislative Analysis Section's analysis of House Bill 4689 dated 5-25-99.)

FISCAL IMPLICATIONS:

Fiscal information is not available.

ARGUMENTS:

For:

The bill would simply place the new Internet gambling offenses proposed in House Bill 4689 into the statutory sentencing guidelines.

POSITIONS:

There are no positions on the bill.

Analyst: W. Flory

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