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BILL



ANALYSIS

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Senate Bill 187 (Substitute S-4 as reported by the Committee of the Whole)

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. The bill also would rescind any rules promulgated by the Executive Director of the Michigan Gaming Control Board under the Act before the bill's effective date, and would require the Executive Director to promulgate rules to implement Article 2.

Under Article 2, the bill would do the following:

- Provide for the issuance of millionaire party licenses.
- 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 \$15,000 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 \$60,000 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.

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 relating to a bingo game, millionaire party, or charity game does not apply to that conduct if done pursuant to the Act or rules promulgated under it.

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.

MCL 432.102 et al.

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The Department of Treasury would experience additional costs in implementing the bill. This would include changing the rules that govern millionaire parties, enforcing the statute, processing licenses, and conducting audits. These costs would be covered by the license fees that would be collected and deposited in the Lottery Fund. The Department would have to keep these administrative costs under the amount collected from the licensees. If the administrative costs were lower than the amount of revenue deposited in the Lottery Fund, then the additional funds would be transferred to the General Fund at the end of the year, which would result in additional General Fund revenue. At this time, the administrative and enforcement costs are expected to be minimal.

Date Completed: 12-9-15

Fiscal Analyst: Cory Savino

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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.