

**SUBSTITUTE FOR
HOUSE BILL NO. 4916**

A bill to create the lawful sports betting act; to require licensing of persons to engage in sports betting via the internet, including through mobile applications; to impose requirements for such sports betting; to impose tax and other payment obligations on the conduct of licensed sports betting; to create the internet sports betting fund; to prohibit certain acts in relation to sports betting and to prescribe penalties for those violations; to require the promulgation of rules; and to provide remedies.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. This act shall be known and may be cited as the
2 "lawful sports betting act".

3 Sec. 2. The legislature finds and declares all of the
4 following:



1 (a) Operating, conducting, and offering for play sports
 2 betting on the internet, including through mobile application,
 3 involves gaming activity that already occurs in this state
 4 illegally.

5 (b) This act is consistent and complies with the unlawful
 6 internet gambling enforcement act of 2006, 31 USC 5361 to 5367, and
 7 with 18 USC 1084, and permits the use of the internet, including
 8 through mobile application, to place, receive, or otherwise
 9 knowingly transmit a sports bet or wager if that use complies with
 10 this act and rules promulgated under this act.

11 (c) This act is consistent and complies with the state
 12 constitution of 1963 by ensuring that internet sports betting may
 13 only be offered by licensed sports betting operators who are
 14 lawfully operating casinos in this state.

15 (d) In order to protect residents of this state who wager on
 16 sports through the internet, including through mobile application,
 17 and to capture revenues generated from such sports betting, it is
 18 in the best interest of this state and its citizens to regulate
 19 this activity by authorizing and establishing a secure,
 20 responsible, fair, and legal system of internet sports betting.

21 Sec. 3. As used in this act:

22 (a) "Adjusted gross sports betting receipts" means the total
 23 value of all internet sports betting wagers received by a sports
 24 betting operator under this act, less all of the following:

25 (i) Winnings.

26 (ii) Excise tax payments on internet sports betting remitted to
 27 the federal government.

28 (iii) Voided internet sports betting wagers.

29 (b) "Affiliate" means a person that, directly or indirectly,



1 through 1 or more intermediaries, controls or is controlled by a
2 sports betting operator.

3 (c) "Applicant" means a person that applies for a license or
4 for registration under this act. As used in section 6(2), applicant
5 includes an affiliate, director, or managerial employee of the
6 applicant that performs the function of principal executive
7 officer, principal operations officer, or principal accounting
8 officer, or a person who holds more than 5% ownership interest in
9 the applicant. As used in this subdivision, affiliate does not
10 include a partnership, a joint venture, a co-shareholder of a
11 corporation, a co-member of a limited liability company, or a co-
12 partner in a limited liability partnership that has 5% or less
13 ownership interest in the applicant and is not involved in the
14 internet sports betting operation.

15 (d) "Athletic event" means a sports activity that involves the
16 athletic skill of 1 or more players or participants. Athletic event
17 does not include any of the following:

18 (i) Horse racing if sports betting on that race is pari-mutuel.

19 (ii) Any sport or athletic event played by individuals that are
20 at the high school level or below. However, athletic event does
21 include other athletic events where the majority of participants
22 are 18 years of age or older.

23 (iii) Roulette, poker, blackjack, a card game, a dice game, or
24 any other game or contest typically offered in a casino other than
25 sports betting.

26 (iv) A fantasy contest.

27 (e) "Authorized participant" means an individual who has a
28 valid internet sports betting account with a sports betting
29 operator and is at least 21 years of age.



1 (f) "Board" means the Michigan gaming control board created
2 under section 4 of the Michigan Gaming Control and Revenue Act,
3 1996 IL 1, MCL 432.204.

4 (g) "Casino" means a building or buildings in which gaming is
5 lawfully conducted under the Michigan Gaming Control and Revenue
6 Act, 1996 IL 1, MCL 432.201 to 432.226, or in which class III
7 gaming is lawfully conducted by an Indian tribe in this state under
8 a facility license issued in accordance with a tribal gaming
9 ordinance approved by the chair of the National Indian Gaming
10 Commission.

11 (h) "Class III gaming" means that term as defined in 25 USC
12 2703.

13 (i) "Compact" means a tribal-state compact governing the
14 conduct of gaming activities in this state that is negotiated under
15 the Indian gaming regulatory act, Public Law 100-497, 102 Stat
16 2467.

17 (j) "Fantasy contest" means a simulated game or contest with
18 an entry fee that meets all of the following conditions:

19 (i) No fantasy contest team is composed of the entire roster of
20 a real-world sports team.

21 (ii) No fantasy contest team is composed entirely of individual
22 athletes who are members of the same real-world sports team.

23 (iii) Each prize and award or the value of all prizes and awards
24 offered to winning fantasy contest players is made known to the
25 fantasy contest players in advance of the fantasy contest.

26 (iv) Each winning outcome reflects the relative knowledge and
27 skill of the fantasy contest players and is determined by the
28 aggregated statistical results of the performance of multiple
29 individual athletes selected by the fantasy contest player to form



1 the fantasy contest team, whose individual performances in the
2 fantasy contest directly correspond with the actual performance of
3 those athletes in the athletic event in which those individual
4 athletes participated.

5 (v) A winning outcome is not based on randomized or historical
6 events, or on the score, point spread, or performance in an
7 athletic event of a single real-world sports team, a single
8 athlete, or any combination of real-world sports teams.

9 (vi) The fantasy contest does not constitute or involve and is
10 not based on any of the following:

11 (A) Racing involving animals.

12 (B) A game or contest ordinarily offered by a horse track or
13 casino for money, credit, or any representative of value, including
14 any races, games, or contests involving horses, or that are played
15 with cards or dice.

16 (C) A slot machine or other mechanical, electromechanical, or
17 electric device, equipment, or machine, including computers and
18 other cashless wagering systems.

19 (D) Any other game or device authorized by the board under the
20 Michigan gaming control and revenue act, 1996 IL 1, MCL 432.201 to
21 432.226.

22 (k) "Fund" means the internet sports betting fund created
23 under section 16.

24 (l) "Gaming equipment" or "sports betting equipment" means any
25 mechanical, electronic, or other device, mechanism, or equipment
26 used in the operation of internet sports betting that directly
27 affects the wagering and results of sports betting offered under
28 this act. Gaming equipment does not include a personal computer,
29 mobile phone, or other device that is owned and used by an



1 individual to place an internet sports betting wager.

2 (m) "Indian lands" means that term as defined in 25 USC 2703.

3 (n) "Indian tribe" means that term as defined in 25 USC 2703
4 and any instrumentality, political subdivision, or other legal
5 entity through which an Indian tribe operates its existing casino
6 in this state.

7 (o) "In-game betting" means placing an internet sports betting
8 wager after an athletic event has started.

9 (p) "Institutional investor" means a person that is any of the
10 following:

11 (i) A retirement fund administered by a public agency for the
12 exclusive benefit of federal, state, or local public employees.

13 (ii) An employee benefit plan or pension fund that is subject
14 to the employee retirement income security act of 1974, Public Law
15 93-406.

16 (iii) An investment company registered under the investment
17 company act of 1940, 15 USC 80a-1 to 80a-64.

18 (iv) A collective investment trust organized by a bank under 12
19 CFR part 9.

20 (v) A closed end investment trust.

21 (vi) A chartered or licensed life insurance company or
22 property and casualty insurance company.

23 (vii) A chartered or licensed financial institution.

24 (viii) An investment advisor registered under the investment
25 advisers act of 1940, 15 USC 80b-1 to 80b-21.

26 (ix) Any other person that the board determines through
27 rulemaking should be considered to be an institutional investor for
28 reasons consistent with this act.



1 (q) "Internet" means the international computer network of
2 interoperable packet-switched data networks, inclusive of
3 additional technological platforms, such as mobile, satellite, and
4 other electronic distribution channels.

5 (r) "Internet sports betting" means operating, conducting, or
6 offering for play sports betting through the internet.

7 (s) "Internet sports betting account" means an electronic
8 ledger in which all of the following types of transactions relative
9 to an authorized participant are recorded:

10 (i) Deposits and credits.

11 (ii) Withdrawals.

12 (iii) Internet sports betting wagers.

13 (iv) Monetary value of winnings.

14 (v) Service or other transaction-related charges authorized by
15 the authorized participant, if any.

16 (vi) Adjustments to the account.

17 (t) "Internet sports betting platform" means an integrated
18 system of hardware, software, applications, including mobile
19 applications, and servers through which a sports betting operator
20 operates, conducts, or offers sports betting through the internet.

21 (u) "Internet sports betting wager" means the cash, or cash
22 equivalent, including free play, loyalty points, and other
23 redeemable sports betting credits, risked by an authorized
24 participant on sports betting through the internet.

25 (v) "Mobile application" means an application on a mobile
26 phone or other device through which an individual is able to place
27 an internet sports betting wager.

28 (w) "Official league data" means statistics, results,
29 outcomes, and other data relating to an athletic event obtained by



1 a sports betting operator under an agreement with a sports
2 governing body, or an entity expressly authorized by the sports
3 governing body for determining the outcome of tier 2 sports wagers.

4 (x) "Person" means an individual, partnership, corporation,
5 association, limited liability company, federally recognized Indian
6 tribe, or other legal entity.

7 (y) "Prize" includes both a monetary and a nonmonetary prize
8 received directly or indirectly by an authorized participant from a
9 sports betting operator as a result of internet sports betting. The
10 value of a nonmonetary prize is the actual cost of the prize.

11 (z) "Sports betting" means to operate, conduct, or offer for
12 play wagering conducted under this act on athletic events and other
13 events approved by the board. Sports betting includes, but is not
14 limited to, single-game bets, teaser bets, parlays, over-under,
15 moneyline, pools, exchange betting, in-game betting, proposition
16 bets, and straight bets. Sports betting does not include a fantasy
17 contest.

18 (aa) "Sports betting operator" means a person that is issued a
19 sports betting operator license.

20 (bb) "Sports betting operator license" means a license issued
21 by the board to a person to operate, conduct, or offer internet
22 sports betting.

23 (cc) "Sports betting supplier" means a person that the board
24 has identified as requiring a license to provide goods, software,
25 or services to a sports betting operator to operate, conduct, or
26 offer internet sports betting. Sports betting supplier includes,
27 but is not limited to, payment processors, geolocation service
28 providers, internet sports betting platform providers, and data
29 providers. Sports betting supplier does not include a person that



1 provides to a sports betting operator only the goods, software, and
2 services that it also provides to others for a purpose that does
3 not involve sports betting.

4 (dd) "Sports betting supplier license" means a license issued
5 by the board to a sports betting supplier.

6 (ee) "Sports betting wagering device" means a mechanical,
7 electrical, or computerized terminal, device, apparatus, or piece
8 of equipment used to place an internet sports betting wager. Sports
9 betting wagering device does not include a personal computer,
10 mobile phone, or device owned and used by an individual to place an
11 internet sports betting wager.

12 (ff) "Sports governing body" means an organization that
13 prescribes final rules and enforces codes of conduct for an
14 athletic event and the participants in the athletic event.

15 (gg) "Tier 1 sports bet" means an internet sports betting
16 wager that is not a tier 2 sports bet.

17 (hh) "Tier 2 sports bet" means an internet sports betting
18 wager that is placed after an athletic event has started.

19 (ii) "Winnings" includes both of the following:

20 (i) The total monetary value of prizes received by authorized
21 participants.

22 (ii) Other amounts credited to authorized participants'
23 internet sports betting accounts and redeemed by the authorized
24 participants, including the monetary value of loyalty points,
25 freeplay, and other similar complimentaries, incentives, and
26 redeemable sports betting credits and other things of value
27 provided to authorized participants as an incentive to place or as
28 a result of their having placed internet sports betting wagers.

29 Sec. 4. (1) Internet sports betting may be conducted only to



1 the extent that it is conducted in accordance with this act.

2 (2) An internet sports betting wager received by a sports
3 betting operator is considered to be gambling or gaming that is
4 conducted in the sports betting operator's casino located in this
5 state, regardless of the authorized participant's location at the
6 time the participant initiates or otherwise places the internet
7 sports betting wager.

8 (3) A law that is inconsistent with this act does not apply to
9 internet sports betting as provided for by this act.

10 (4) This act does not apply to internet sports betting
11 conducted exclusively on Indian lands by an Indian tribe under a
12 facility license issued in accordance with a tribal gaming
13 ordinance approved by the chair of the National Indian Gaming
14 Commission. For purposes of this subsection, internet sports
15 betting is conducted exclusively on Indian lands only if the
16 individual who places the internet sports betting wager is
17 physically present on Indian lands when the internet sports betting
18 wager is initiated and the internet sports betting wager is
19 received or otherwise made on equipment that is physically located
20 on Indian lands, and the internet sports betting wager is
21 initiated, received, or otherwise made in conformity with the safe
22 harbor requirements described in 31 USC 5362(10)(C).

23 (5) A person shall not provide or make available sports
24 betting wagering devices in a place of public accommodation in this
25 state, including a club or other association, to enable individuals
26 to place internet sports betting wagers. This subsection does not
27 apply to a sports betting operator aggregating, providing, or
28 making available sports betting wagering devices within its own
29 casino.



1 (6) For purposes of this act, the intermediate routing of
2 electronic data in connection with internet sports betting,
3 including routing across state lines, does not determine the
4 location or locations in which the internet sports betting wager is
5 initiated, received, or otherwise made.

6 (7) A sports betting operator may use no more than 1 internet
7 sports betting platform to offer, conduct, or operate internet
8 sports betting. The sports betting operator must clearly display
9 its own brand or that of an affiliate on the internet sports
10 betting platform that it utilizes. The sports betting operator may
11 also elect, in its sole discretion, to have the brand of the
12 internet sports betting platform that it utilizes be the name and
13 logos of no more than 1 internet sports betting supplier if the
14 internet sports betting platform also clearly displays the sports
15 betting operator's own trademarks and logos or those of an
16 affiliate.

17 Sec. 5. (1) The board has the powers and duties specified in
18 this act and all other powers necessary to enable it to fully and
19 effectively execute this act to administer, regulate, and enforce
20 internet sports betting under this act.

21 (2) The board has jurisdiction over every person licensed by
22 the board and may take enforcement action against a person that is
23 not licensed by the board that offers internet sports betting in
24 this state.

25 (3) The board may enter into agreements with other
26 jurisdictions, including Indian tribes, to facilitate, administer,
27 and regulate multijurisdictional sports betting by sports betting
28 operators to the extent that entering into the agreement is
29 consistent with state and federal laws and if the sports betting



1 under the agreement is conducted only in the United States.

2 (4) The board may permit sports betting operators licensed by
3 the board to accept internet sports betting wagers under this act
4 on any amateur or professional athletic event.

5 Sec. 6. (1) The board may issue a sports betting operator
6 license only to an applicant that is either of the following:

7 (a) A person that holds a casino license under the Michigan
8 Gaming Control and Revenue Act, 1996 IL 1, MCL 432.201 to 432.226.

9 (b) An Indian tribe that lawfully conducts class III gaming in
10 a casino located in this state under a facility license issued in
11 accordance with a tribal gaming ordinance approved by the chair of
12 the National Indian Gaming Commission.

13 (2) The board shall issue a sports betting operator license to
14 an applicant described in subsection (1) after receiving the
15 application described in subsection (4) or (5), as applicable, and
16 the application fee, if the board determines that the internet
17 sports betting proposed by the applicant complies with this act and
18 the applicant is otherwise eligible and suitable. An applicant is
19 eligible if it meets the requirements set forth in subsection
20 (1)(a) or (b). It is the burden of the applicant to establish by
21 clear and convincing evidence its suitability as to character,
22 reputation, integrity, business probity, and financial ability. The
23 application or enforcement of this subsection by the board must not
24 be arbitrary, capricious, or contradictory to the express
25 provisions of this act. In evaluating the eligibility and
26 suitability of an applicant under the standards provided in this
27 act, the board shall establish and apply the standards to each
28 applicant in a consistent and uniform manner. In determining
29 whether to grant a sports betting operator license to an applicant,



1 the board may request from the applicant and consider as a factor
2 in the determination any or all of the following information:

3 (a) Whether the applicant has adequate capitalization and the
4 financial ability and the means to develop, construct, operate, and
5 maintain the applicant's casino and proposed internet sports
6 betting platforms in accordance with this act and the rules
7 promulgated by the board.

8 (b) Whether the applicant has the financial ability to
9 purchase and maintain adequate liability and casualty insurance and
10 to provide an adequate surety bond.

11 (c) Whether the applicant has adequate capitalization and the
12 financial ability to responsibly pay its secured and unsecured
13 debts in accordance with its financing agreements and other
14 contractual obligations.

15 (d) Whether the applicant has a history of material
16 noncompliance with casino or casino-related licensing requirements
17 or compacts with this state or any other jurisdiction, where the
18 noncompliance resulted in enforcement action by the person with
19 jurisdiction over the applicant.

20 (e) Whether the applicant has been indicted for, charged with,
21 arrested for, or convicted of, pleaded guilty or nolo contendere
22 to, forfeited bail concerning, or had expunged any criminal offense
23 under the laws of any jurisdiction, either felony or misdemeanor,
24 not including traffic violations, regardless of whether the offense
25 has been expunged, pardoned, or reversed on appeal or otherwise.
26 The board may consider mitigating factors, and, for an applicant
27 described in subsection (1)(b), shall give deference to whether the
28 applicant has otherwise met the requirements of the applicant's
29 gaming compact for licensure, as applicable.



1 (f) Whether the applicant has filed, or had filed against it,
2 a proceeding for bankruptcy or has ever been involved in any formal
3 process to adjust, defer, suspend, or otherwise work out the
4 payment of any debt.

5 (g) Whether the applicant has a history of material
6 noncompliance with any regulatory requirements in this state or any
7 other jurisdiction where the noncompliance resulted in an
8 enforcement action by the regulatory agency with jurisdiction over
9 the applicant.

10 (h) Whether at the time of application the applicant is a
11 defendant in litigation involving the integrity of its business
12 practices.

13 (3) A sports betting operator license issued under this act is
14 valid for the 5-year period after the date of issuance and, if the
15 board determines that the sports betting operator licensee
16 continues to meet the eligibility and suitability standards under
17 this act, is renewable for additional 5-year periods.

18 (4) A person described in subsection (1)(a) may apply to the
19 board for a sports betting operator license to offer internet
20 sports betting as provided in this act. The application must be
21 made on forms provided by the board and include the information
22 required by the board.

23 (5) A person described in subsection (1)(b) may apply to the
24 board for a sports betting operator license to offer internet
25 sports betting as provided in this act. The application must be
26 made on forms provided by the board that require only the following
27 information:

28 (a) The name and location of any of the applicant's casinos.

29 (b) The tribal law, charter, or any other organizational



1 document of the applicant and other governing documents under which
2 the applicant operates each of its casinos.

3 (c) Detailed information about the primary management
4 officials of the applicant's casinos who will have management
5 responsibility for the applicant's internet sports betting
6 operations. As used in this subdivision, "primary management
7 official" does not include an elected or appointed representative
8 of the applicant unless the representative is also a full-time
9 employee of the applicant's sports betting operations.

10 (d) The current facility license for the applicant's casinos.

11 (e) The applicant's current tribal gaming ordinance.

12 (f) The gaming history and experience of the applicant in the
13 United States and other jurisdictions.

14 (g) Financial information, including copies of the last
15 independent audit and management letter submitted by the applicant
16 to the National Indian Gaming Commission under 25 USC 2710(b)(2)(C)
17 and (D) and 25 CFR parts 271.12 and 271.13.

18 (h) The total number of gaming positions, including, but not
19 limited to, electronic gaming devices and table games, at each of
20 the applicant's casinos.

21 (6) An initial application for a sports betting operator
22 license must be accompanied by an application fee of \$50,000.00.
23 The rules promulgated under section 10 may include provisions for
24 the refund of an application fee, or the portion of an application
25 fee that has not been expended by the board in processing the
26 application, and the circumstances under which the fee will be
27 refunded. The board may assess additional fees for the costs
28 related to the licensure investigation.

29 (7) The board shall keep all information, records, interviews,



1 reports, statements, memoranda, or other data supplied to or used
2 by the board in the course of its review or investigation of an
3 application for a sports betting operator license or renewal of a
4 sports betting operator license confidential and shall use that
5 material only to evaluate the applicant for a sports betting
6 operator license or renewal. The materials described in this
7 subsection are exempt from disclosure under section 13 of the
8 freedom of information act, 1976 PA 442, MCL 15.243.

9 (8) An application under this section must be submitted and
10 considered in accordance with this act and any rules promulgated
11 under this act.

12 (9) A sports betting operator shall pay a license fee of
13 \$100,000.00 to the board at the time the initial sports betting
14 operator license is issued and \$50,000.00 each year after the
15 initial license is issued.

16 (10) The board shall deposit all application and license fees
17 paid under this section into the fund.

18 (11) A sports betting operator shall not offer internet sports
19 betting until the board has issued a license to at least 1 person
20 under subsection (1)(a) and 1 person under subsection (1)(b) or 6
21 months after the effective date of this act, whichever occurs
22 first.

23 (12) A person described in subsection (1)(b) that offers
24 gaming in this state under a compact that requires agreement by the
25 governor for the addition of any new class III gaming games may
26 request the addition of sports betting as an allowable class III
27 gaming game. If a tribe makes a request under this subsection
28 within 60 days after the effective date of this act, the governor
29 shall allow the addition of sports betting as a class III gaming



1 game under the applicable compact. A tribe that receives the
2 addition of sports betting under this subsection shall not offer
3 internet sports betting until licensed under this act as a sports
4 betting operator and the requirements of subsection (11) are
5 satisfied.

6 (13) If the governor fails to allow the addition of sports
7 betting as a class III gaming game under subsection (12), this
8 state waives its sovereign immunity to permit the Indian tribe to
9 initiate an action against the governor in his or her official
10 capacity in either state or federal court to enforce this section.

11 (14) An institutional investor that holds for investment
12 purposes only less than 25% of the equity of an applicant under
13 this section is exempt from the licensure requirements of this act.

14 Sec. 7. (1) The board shall condition the issuance,
15 maintenance, and renewal of a sports betting operator license to a
16 person described in section 6(1)(b) on the person's compliance with
17 all of the following conditions:

18 (a) The person complies with this act, rules promulgated by
19 the board, and minimum internal controls pertaining to all of the
20 following:

21 (i) The types of and rules for internet sports betting offered
22 under this act.

23 (ii) Technical standards, procedures, and requirements for the
24 acceptance, by the person, of internet sports betting wagers
25 initiated or otherwise made by individuals located in this state
26 who are not physically present on the person's Indian lands in this
27 state at the time the internet sports betting wager is initiated or
28 otherwise made.

29 (iii) Procedures and requirements for the acceptance of internet



1 sports betting wagers initiated or otherwise made by individuals
2 located in other jurisdictions, if the board authorizes
3 multijurisdictional sports betting as provided in this act.

4 (iv) The requirements set forth in sections 10a and 11.

5 (b) The person adopts and maintains technical standards for
6 internet sports betting platforms, systems, and software that are
7 consistent with the standards adopted by the board under section
8 10.

9 (c) The person maintains 1 or more mechanisms on the internet
10 sports betting platform that are designed to reasonably verify that
11 an authorized participant is 21 years of age or older and that
12 internet sports betting is limited to transactions that are
13 initiated and received or otherwise made by an authorized
14 participant located in this state or, if the board authorizes
15 multijurisdictional sports betting as provided in this act, another
16 jurisdiction in the United States authorized by the
17 multijurisdictional agreement.

18 (d) The person adopts and maintains responsible gaming
19 measures consistent with those described in section 12.

20 (e) The person continues to maintain and operate in this state
21 a casino offering class III gaming and the casino contains not less
22 than 50% of the gaming positions that were in place on the
23 effective date of this act.

24 (f) The person pays to this state within the time period
25 described in section 14(3), 8.75% of the adjusted gross sports
26 betting receipts received by that person from all internet sports
27 betting conducted under this act. All payments made under this
28 subdivision must be allocated according to section 15a.

29 (g) The person agrees to provide and timely provides, on



1 written request of the board, books and records directly related to
2 its internet sports betting for the purpose of permitting the board
3 to verify the calculation of the payments under subdivision (f).

4 (h) The person provides a waiver of sovereign immunity to the
5 board for the sole and limited purpose of consenting to both of the
6 following:

7 (i) The jurisdiction of the board to the extent necessary and
8 for the limited purpose of providing a mechanism for the board to
9 do all of the following:

10 (A) Issue, renew, and revoke the person's sports betting
11 operator license.

12 (B) Enforce the payment obligations set forth in this section
13 and section 14.

14 (C) Regulate the person under and enforce sections 10(1)(a),
15 (b), (d) to (g), 11, 12(4) and (5), and 13.

16 (D) Inspect the person's internet sports betting operation and
17 records to verify that the person is conducting its internet sports
18 betting in conformity with this act.

19 (E) Assess fines or monetary penalties for violations referred
20 to in sub-subparagraph (C).

21 (F) Enforce the payment of sports betting operator license
22 fees described in section 6(9).

23 (ii) The jurisdiction of the courts of this state, and
24 expressly waiving the exhaustion of tribal remedies, with venue in
25 Ingham County, and any courts to which appeals from that venue may
26 be taken, to permit this state to enforce administrative orders of
27 the board, the person's obligation to make payments required under
28 subdivision (f) and to enforce collection of any judgment. Any
29 judgment of monetary damages under this subparagraph is deemed



1 limited recourse obligations of the person and does not impair any
2 trust or restricted income or assets of the person.

3 (2) This state, acting through the governor, at the request of
4 any Indian tribe, shall negotiate and may conclude and execute any
5 amendments to an Indian tribe's compact necessary to effectuate
6 internet sports betting by the Indian tribe under this act and to
7 ensure internet sports betting conducted by the Indian tribe is in
8 compliance with this act. If the governor fails to enter into
9 negotiations with the Indian tribe, or fails to negotiate in good
10 faith with respect to any request, this state waives its sovereign
11 immunity to permit the Indian tribe to initiate an action against
12 the governor in his or her official capacity in either state court
13 or in federal court and obtain those remedies as authorized in 25
14 USC 2710(d)(7).

15 (3) The board must exercise its limited direct regulatory and
16 enforcement authority in a manner that is not arbitrary,
17 capricious, or contradictory to this act. Notwithstanding anything
18 in this act to the contrary, this act only regulates internet
19 sports betting as provided in this act and does not extend to the
20 board, or any other agency of this state, any jurisdiction or
21 regulatory authority over any other aspect of any gaming operations
22 of an Indian tribe described in section 4(4) beyond those rights
23 granted to this state under this act and the compact with the
24 Indian tribe.

25 Sec. 8. (1) The board may issue a sports betting supplier
26 license to a sports betting supplier. A person that is not licensed
27 under this section shall not provide goods, software, or services
28 as a sports betting supplier to a sports betting operator.

29 (2) On application by an interested person, the board may



1 issue a provisional sports betting supplier license to an applicant
2 for a sports betting supplier license. A provisional license issued
3 under this subsection allows the applicant for the sports betting
4 supplier license to conduct business with a sports betting operator
5 before the sports betting supplier license is issued to the
6 applicant. A provisional license issued under this subsection
7 expires on the date provided by the board.

8 (3) A sports betting supplier license issued under subsection
9 (1) is valid for the 5-year period after the date of issuance. A
10 sports betting supplier license is renewable after the initial 5-
11 year period for additional 5-year periods if the board determines
12 that the sports betting supplier continues to meet the eligibility
13 and suitability standards under this act.

14 (4) A person may apply to the board for a sports betting
15 supplier license as provided in this act and the rules promulgated
16 under this act.

17 (5) Except as otherwise provided in this section, an
18 application under this section must be made on forms provided by
19 the board and include the information required by the board. An
20 Indian tribe that submits an application under this section shall
21 provide only the information described in section 6(5).

22 (6) An application under this section must be accompanied by a
23 nonrefundable application fee in an amount to be determined by the
24 board, not to exceed \$5,000.00.

25 (7) The board shall keep all information, records, interviews,
26 reports, statements, memoranda, or other data supplied to or used
27 by the board in the course of its review or investigation of an
28 application for a sports betting supplier license or renewal of a
29 sports betting supplier license confidential and shall use that



1 material only to evaluate the applicant for a sports betting
2 supplier license or renewal. The materials described in this
3 subsection are exempt from disclosure under section 13 of the
4 freedom of information act, 1976 PA 442, MCL 15.243.

5 (8) A sports betting supplier shall pay a license fee of
6 \$5,000.00 to the board at the time an initial sports betting
7 supplier license is issued to the sports betting supplier and
8 \$2,500.00 each year after the initial license is issued.

9 (9) The board shall deposit all application and license fees
10 paid under this act into the fund.

11 (10) An institutional investor that holds for investment
12 purposes only less than 25% of the equity of an applicant under
13 this section is exempt from the licensure requirements of this act.

14 Sec. 9. (1) The board has jurisdiction over and shall
15 supervise all internet sports betting operations governed by this
16 act. The board may do anything necessary or desirable to effectuate
17 this act, including, but not limited to, all of the following:

18 (a) Develop qualifications, standards, and procedures for
19 approval and licensure by the board of sports betting operators and
20 sports betting suppliers.

21 (b) Decide promptly and in reasonable order all license
22 applications and approve, deny, suspend, revoke, restrict, or
23 refuse to renew sports betting operator licenses and sports betting
24 supplier licenses. A party aggrieved by an action of the board
25 denying, suspending, revoking, restricting, or refusing to renew a
26 license may request a contested case hearing before the board under
27 the administrative procedures act of 1969, 1969 PA 306, MCL 24.201
28 to 24.328. A request for hearing under this subdivision must be
29 made to the board in writing within 21 days after service of notice



1 of the action by the board.

2 (c) Conduct all hearings pertaining to violations of this act
3 or rules promulgated under this act.

4 (d) Provide for the establishment and collection of all
5 applicable license fees, taxes, and payments imposed by this act
6 and the rules promulgated under this act and the deposit of the
7 applicable fees, taxes, and payments into the fund.

8 (e) Develop and enforce testing and auditing requirements for
9 internet sports betting platforms, internet sports betting
10 wagering, and internet sports betting accounts.

11 (f) Develop and enforce requirements for responsible gaming
12 and player protection, including privacy and confidentiality
13 standards and duties.

14 (g) Develop and enforce requirements for accepting internet
15 sports betting wagers.

16 (h) Adopt by rule a code of conduct governing board employees
17 that ensures, to the maximum extent possible, that persons subject
18 to this act avoid situations, relationships, or associations that
19 may represent or lead to an actual or perceived conflict of
20 interest.

21 (i) Develop and administer civil fines for sports betting
22 operators and sports betting suppliers that violate this act or the
23 rules promulgated under this act.

24 (j) Audit and inspect, on reasonable notice, books, records,
25 and facilities relevant to internet sports betting operations,
26 sports betting wagers, and sports betting wagering accounts,
27 including, but not limited to, the books and records regarding
28 financing and accounting materials held by or in the custody of a
29 sports betting operator or sports betting supplier.



1 (k) Acquire by lease or by purchase personal property,
2 including, but not limited to, any of the following:

3 (i) Computer hardware.

4 (ii) Mechanical, electronic, and online equipment and
5 terminals.

6 (iii) Intangible property, including, but not limited to,
7 computer programs, software, and systems.

8 (2) The board may investigate and may issue cease and desist
9 orders and obtain injunctive relief against a person that is not
10 licensed by the board that offers internet sports betting in this
11 state.

12 (3) The board shall keep all information, records, interviews,
13 reports, statements, memoranda, and other data supplied to or used
14 by the board in the course of any investigation of a person
15 licensed under this act confidential and shall use that material
16 only for investigative purposes. The materials described in this
17 subsection are exempt from disclosure under section 13 of the
18 freedom of information act, 1976 PA 442, MCL 15.243.

19 Sec. 10. (1) Within 1 year after the effective date of this
20 act, the board shall promulgate rules governing the licensing,
21 administration, and conduct of internet sports betting under this
22 act. The board shall promulgate the rules pursuant to the
23 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to
24 24.328. The rules may include only things expressly authorized by
25 this act, including all of the following:

26 (a) The acceptance of internet sports betting wagers.

27 (b) The development and posting of house rules regarding
28 internet sports betting.

29 (c) The method of reporting to be used by licensees.



1 (d) The types of records that must be kept.

2 (e) The ways in which an authorized participant may fund his
3 or her internet sports betting account, that must include, at a
4 minimum, the use of cash, cash equivalents, automated clearing
5 house, debit cards, credit cards, and any other form of payment
6 authorized by the board. As used in this subdivision, "automated
7 clearing house" means a national or governmental organization that
8 has authority to process electronic payments, including, but not
9 limited to, the National Automated Clearing House Association and
10 the Federal Reserve System.

11 (f) Protections for authorized participants placing internet
12 sports betting wagers.

13 (g) The qualifications, standards, and procedures for approval
14 and licensure by the board for sports betting operators and sports
15 betting suppliers consistent with this act.

16 (h) Requirements to ensure responsible gaming.

17 (i) Technical and financial standards for internet sports
18 betting platforms.

19 (j) Procedures for a contested case hearing.

20 (2) The board may audit and inspect books and records relating
21 to internet sports betting operations, internet sports betting
22 wagers, internet sports betting accounts, or internet sports
23 betting platforms, including, but not limited to, the books and
24 records regarding financing and accounting materials held by, or in
25 the custody of, a licensee.

26 (3) Subject to the procedures under subsection (4), the board
27 may use information received from a sports governing body to
28 determine whether to allow either of the following:

29 (a) Internet sports betting wagering on a particular event.



1 (b) Authorized participants to make internet sports betting
2 wagers of a particular type.

3 (4) If a sports governing body requests internet sports
4 betting wagering information or requests the board to prohibit
5 internet sports betting wagering on a particular event or making
6 internet sports betting wagers of a particular type, the board
7 shall notify, in writing, all sports betting operators, which must
8 be allowed to respond to the sports governing body's request, in
9 writing, in the time prescribed by the board. After reviewing the
10 request, any response, and any other information available to the
11 board, the board may grant the request or part of the request if it
12 determines that it is necessary to protect the integrity of the
13 event or public confidence in the integrity of the event on which
14 the internet sports betting wagers are being placed.

15 Sec. 10a. (1) A sports betting operator may use any data
16 source for determining the results of all tier 1 sports bets.

17 (2) A sports governing body headquartered in the United States
18 may notify the board that it desires sports betting operators to
19 use official league data to settle tier 2 sports bets. A
20 notification under this subsection must be made in the form and
21 manner as the board may require. The board shall notify each sports
22 betting operator of the sports governing body's notification within
23 5 days after the board's receipt of the notification. If a sports
24 governing body does not notify the board of its desire to supply
25 official league data, an operator may use any data source for
26 determining the results of any tier 2 sports bets on athletic
27 events of that sports governing body.

28 (3) Within 60 days after the board notifying each sports
29 betting operator of a sports governing body notification to the



1 board under subsection (2), sports betting operators shall use only
2 official league data to determine the results of tier 2 sports bets
3 on athletic events sanctioned by that sports governing body unless
4 any of the following apply:

5 (a) The sports governing body or designee cannot provide a
6 feed of official league data to determine the results of a
7 particular type of tier 2 sports bet, in which case sports betting
8 operators may use any data source for determining the results of
9 the applicable tier 2 sports bet until the data feed becomes
10 available on commercially reasonable terms.

11 (b) A sports betting operator can demonstrate to the board
12 that the sports governing body or its designee will not provide a
13 feed of official league data to the sports betting operator on
14 commercially reasonable terms. The following is a nonexclusive list
15 of other factors the board may consider in evaluating whether
16 official league data is being offered on commercially reasonable
17 terms:

18 (i) The availability of a sports governing body's tier 2
19 official league data to a sports betting operator from more than 1
20 authorized source.

21 (ii) Market information regarding the purchase by operators of
22 data from any authorized source including sports governing bodies
23 or their designees for the purpose of settling sports wagers, for
24 use in this state or other jurisdictions.

25 (iii) The nature and quantity of data, including the quality and
26 complexity of the process used for collecting the data.

27 (iv) The extent to which sports governing bodies or their
28 designees have made data used to settle tier 2 bets or wagers
29 available to operators.



1 (c) The sports governing body or other designee does not
2 obtain a sports betting supplier license to the extent required by
3 law.

4 (4) While the board is determining whether official league
5 data is commercially reasonable under subsection (3), a sports
6 betting operator may use any data source for determining the
7 results of any tier 2 sports bets. The board shall make a
8 determination under subsection (3) within 120 days after the sports
9 betting operator notifies the board that it desires to demonstrate
10 that the sports governing body or its designee will not provide a
11 feed of official league data to the operator on commercially
12 reasonable terms.

13 Sec. 11. (1) A sports betting operator shall provide, or shall
14 require the sports betting supplier providing an internet sports
15 betting platform to provide, 1 or more mechanisms on the internet
16 sports betting platform that are designed to reasonably verify that
17 an authorized participant is 21 years of age or older and that
18 internet sports betting is limited to transactions that are
19 initiated and received or otherwise made by an authorized
20 participant located in this state or, if the board authorizes
21 multijurisdictional internet sports betting as provided in this
22 act, another jurisdiction in the United States authorized by the
23 multijurisdictional agreement.

24 (2) An individual who wishes to place an internet sports
25 betting wager under this act must satisfy the verification
26 requirements under subsection (1) before the individual may
27 establish an internet sports betting account or make an internet
28 sports betting wager on an internet sports bet offered by a sports
29 betting operator.



1 (3) A sports betting operator shall include, or shall require
2 the sports betting supplier providing an internet sports betting
3 platform to include, mechanisms on its internet sports betting
4 platform that are designed to detect and prevent the unauthorized
5 use of internet sports betting accounts and to detect and prevent
6 fraud, money laundering, and collusion.

7 (4) A sports betting operator, or a sports betting supplier
8 providing its internet sports betting platform, shall not knowingly
9 authorize any of the following individuals to establish an internet
10 sports betting account or knowingly allow them to place an internet
11 sports betting wager, except if required and authorized by the
12 board for testing purposes or to otherwise fulfill the purposes of
13 this act:

14 (a) An individual who is less than 21 years old.

15 (b) An individual whose name appears in the board's
16 responsible gaming database.

17 (5) A sports betting operator shall display, or shall require
18 the sports betting supplier providing its sports betting platform
19 to display, in a clear, conspicuous, and accessible manner,
20 evidence of the sports betting operator's license issued under this
21 act.

22 Sec. 12. (1) The board may develop responsible gaming
23 measures, including a statewide responsible gaming database
24 identifying individuals who are prohibited from establishing an
25 internet sports betting account or participating in internet sports
26 betting offered by a sports betting operator. The executive
27 director of the board may place an individual's name in the
28 responsible gaming database if any of the following apply:

29 (a) The individual has been convicted in any jurisdiction of a



1 felony, a crime of moral turpitude, or a crime involving gaming.

2 (b) The individual has violated this act or another gaming-
3 related law.

4 (c) The individual has performed an act or has a notorious or
5 unsavory reputation such that the individual's participation in
6 sports betting under this act would adversely affect public
7 confidence and trust in sports betting.

8 (d) The individual's name is on a valid and current exclusion
9 list maintained by this state or another jurisdiction in the United
10 States.

11 (e) Any other reason the board considers appropriate to
12 protect the integrity of sports betting under this act.

13 (2) The board may promulgate rules for the establishment and
14 maintenance of the responsible gaming database.

15 (3) A sports betting operator, in a format specified by the
16 board, may provide the board with names of individuals to be
17 included in the responsible gaming database.

18 (4) A sports betting operator shall require a sports betting
19 supplier providing an internet sports betting platform to display,
20 on the internet sports betting platform used by the sports betting
21 operator, in a clear, conspicuous, and accessible manner the number
22 of the toll-free compulsive gambling hotline maintained by this
23 state and offer responsible gambling services and technical
24 controls to authorized participants, consisting of both temporary
25 and permanent self-exclusion for all internet sports betting
26 offered and the ability for authorized participants to establish
27 their own periodic deposit and internet sports betting wagering
28 limits and maximum playing times.

29 (5) An authorized participant may voluntarily prohibit himself



1 or herself from establishing an internet sports betting account
2 with a sports betting operator. The board may incorporate the
3 voluntary self-exclusion list into the responsible gaming database
4 and maintain both the self-exclusion list and the responsible
5 gaming database in a confidential manner.

6 (6) The self-exclusion list and responsible gaming database
7 established under this section are exempt from disclosure under
8 section 13 of the freedom of information act, 1976 PA 442, MCL
9 15.243.

10 Sec. 13. (1) A person shall not do any of the following:

11 (a) Offer internet sports betting in this state if the person
12 is not a sports betting operator unless this act does not apply to
13 internet sports betting under section 4(4).

14 (b) Knowingly make a false statement on an application for a
15 license to be issued under this act.

16 (c) Knowingly provide false information to the board or an
17 authorized representative of the board.

18 (2) A person that violates subsection (1)(a) is guilty of a
19 felony punishable by imprisonment for not more than 10 years or a
20 fine of not more than \$100,000.00, or both.

21 (3) The board shall not issue a license under this act to a
22 person that violates subsection (1).

23 (4) The attorney general or a county prosecuting attorney may
24 bring an action to prosecute a violation of subsection (1)(a) in
25 the county in which the violation occurred or in Ingham County.

26 Sec. 14. (1) Except for a sports betting operator that is an
27 Indian tribe, a sports betting operator is subject to a tax of
28 8.75% on its adjusted gross sports betting receipts received by the
29 sports betting operator.



1 (2) A sports betting operator that is an Indian tribe is
2 subject to the payment requirements under section 7(1)(f).

3 (3) A sports betting operator shall pay the tax or payment, as
4 applicable, under subsection (1) or (2) on a monthly basis. The
5 payment for each monthly accounting period is due on the tenth day
6 of the following month.

7 (4) No other tax, payment, or fee may be imposed on a sports
8 betting operator by this state or a political subdivision of this
9 state for sports betting conducted under this act. This subsection
10 does not impair the contractual rights under an existing
11 development agreement between a city and a sports betting operator
12 that holds a casino license under the Michigan Gaming Control and
13 Revenue Act, 1996 IL 1, MCL 432.201 to 432.226.

14 (5) In addition to payment of the tax and other fees as
15 provided in this act, and to any payment required pursuant to an
16 existing development agreement described in subsection (4), if a
17 city has imposed a municipal services fee equal to 1.25% on a
18 casino licensee, the city may charge a 1.25% fee on the adjusted
19 gross sports betting receipts of a sports betting operator that
20 holds a casino license under the Michigan Gaming Control and
21 Revenue Act, 1996 IL 1, MCL 432.201 to 432.226, whose casino is in
22 that city.

23 Sec. 15. The tax imposed under section 14(1) must be allocated
24 as follows:

25 (a) Thirty percent to the city in which the sports betting
26 operator's casino is located, for use in connection with the
27 following:

28 (i) The hiring, training, and deployment of street patrol
29 officers in that city.



1 (ii) Neighborhood development programs designed to create jobs
2 in that city with a focus on blighted neighborhoods.

3 (iii) Public safety programs such as emergency medical services,
4 fire department programs, and street lighting in that city.

5 (iv) Anti-gang and youth development programs in that city.

6 (v) Other programs that are designed to contribute to the
7 improvement of the quality of life in that city.

8 (vi) Relief to the taxpayers of that city from 1 or more taxes
9 or fees imposed by that city.

10 (vii) The costs of capital improvements in that city.

11 (viii) Road repairs and improvements in that city.

12 (b) Sixty-five percent to this state to be deposited into the
13 fund.

14 (c) Five percent to the Michigan agriculture equine industry
15 development fund created under section 20 of the horse racing law
16 of 1995, 1995 PA 279, MCL 431.320. However, if the 5% allocated
17 under this subdivision to the Michigan agriculture equine industry
18 development fund created under section 20 of the horse racing law
19 of 1995, 1995 PA 279, MCL 431.320, exceeds \$3,000,000.00 in a
20 fiscal year, the amount in excess of \$3,000,000.00 must be
21 allocated and deposited in the fund created under section 16.

22 Sec. 15a. Any payments under section 7(1)(f) must be allocated
23 as follows:

24 (a) Thirty percent to the governing body of the jurisdiction
25 in which the sports betting operator licensee's casino is located,
26 for its use in connection with the provision of governmental
27 services.

28 (b) Fifty-two and one-half percent to this state to be
29 deposited in the fund.



1 (c) Seventeen and one-half percent to the Michigan strategic
2 fund created under section 5 of the Michigan strategic fund act,
3 1984 PA 270, MCL 125.2005.

4 Sec. 16. (1) The internet sports betting fund is created in
5 the state treasury.

6 (2) The state treasurer may receive money or other assets
7 required to be paid into the fund under this act or from any other
8 source for deposit into the fund. The state treasurer shall direct
9 the investment of the fund. The state treasurer shall credit to the
10 fund interest and earnings from fund investments.

11 (3) The board is the administrator of the fund for auditing
12 purposes.

13 (4) The board shall expend money from the fund, on
14 appropriation, for all of the following:

15 (a) Each year, \$1,000,000.00 to the compulsive gaming
16 prevention fund created in section 3 of the compulsive gaming
17 prevention act, 1997 PA 70, MCL 432.253.

18 (b) The board's costs of regulating and enforcing internet
19 sports betting under this act.

20 (c) All money remaining in the fund after the expenditures
21 under subdivisions (a) and (b) to be deposited into the state
22 school aid fund established under section 11 of article IX of the
23 state constitution of 1963.

24 Sec. 17. To the extent that sports betting equipment used to
25 offer internet sports betting under this act is a gambling device
26 as that term is defined in 15 USC 1171, a shipment of sports
27 betting equipment, the registering, recording, and labeling of
28 which has been completed by the manufacturer or the manufacturer's
29 dealer in accordance with 15 USC 1171 to 1178, is a legal shipment



1 of a gambling device into this state.

2 Sec. 18. This act does not authorize the construction or
3 operation of a casino that was not constructed or operating before
4 the effective date of this act.

