

SENATE BILL No. 772

March 15, 1988, Introduced by Senators DI NELLO, BARCIA, O'BRIEN
and ARTHURHULTZ and referred to the Committee on Regulatory
Affairs.

A bill to amend sections 19, 23, 33, and 41 of Act No. 239
of the Public Acts of 1972, entitled as amended
"McCauley-Traxler-Law-Bowman-McNeely lottery act,"
section 33 as amended by Act No. 40 of the Public Acts of 1981
and section 41 as amended by Act No. 55 of the Public Acts of
1987, being sections 432.19, 432.23, 432.33, and 432.41 of the
Michigan Compiled Laws; and to add section 6.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Sections 19, 23, 33, and 41 of Act No. 239 of
2 the Public Acts of 1972, section 33 as amended by Act No. 40 of
3 the Public Acts of 1981 and section 41 as amended by Act No. 55
4 of the Public Acts of 1987, being sections 432.19, 432.23,
5 432.33, and 432.41 of the Michigan Compiled Laws, are amended and
6 section 6 is added to read as follows:

1 SEC. 6. (1) THE LOTTERY ADVISORY BOARD IS CREATED IN THE
2 DEPARTMENT OF MANAGEMENT AND BUDGET.

3 (2) THE LOTTERY ADVISORY BOARD SHALL CONSIST OF 5 MEMBERS,
4 WHO SHALL BE APPOINTED BY THE GOVERNOR WITH THE ADVICE AND CON-
5 SENT OF THE SENATE. A PERSON APPOINTED TO THE LOTTERY ADVISORY
6 BOARD SHALL HAVE EXPERIENCE IN 1 OR MORE OF THE FOLLOWING AREAS:
7 RESEARCH AND DEVELOPMENT, ADVERTISING, MARKETING, COMPUTER TECH-
8 NOLOGY, FINANCE, OR PUBLIC RELATIONS.

9 (3) THE TERM OF EACH MEMBER SHALL BE 3 YEARS, EXCEPT THAT OF
10 THE MEMBERS FIRST APPOINTED, 2 SHALL SERVE FOR 3 YEARS, 2 SHALL
11 SERVE FOR 2 YEARS, AND 1 SHALL SERVE FOR 1 YEAR. A MEMBER SHALL
12 NOT SERVE MORE THAN 2 CONSECUTIVE TERMS, WHETHER PARTIAL OR
13 FULL. A VACANCY ON THE ADVISORY BOARD SHALL BE FILLED IN THE
14 SAME MANNER AS THE ORIGINAL APPOINTMENT.

15 (4) THE ADVISORY BOARD BIANNUALLY SHALL ELECT A CHAIRPERSON
16 AND OTHER OFFICERS AND COMMITTEES AS CONSIDERED APPROPRIATE BY
17 THE ADVISORY BOARD.

18 (5) THE ACTUAL AND NECESSARY PER DIEM COMPENSATION AND THE
19 SCHEDULE FOR REIMBURSEMENT OF EXPENSES FOR THE MEMBERS OF THE
20 ADVISORY BOARD SHALL BE THE SAME AS IS ESTABLISHED ANNUALLY BY
21 THE LEGISLATURE FOR SIMILAR BOARDS OR COMMISSIONS THAT ARE REIM-
22 BURSED FROM THE GENERAL FUND.

23 (6) THE BUSINESS WHICH THE ADVISORY BOARD PERFORMS SHALL BE
24 CONDUCTED AT A PUBLIC MEETING OF THE ADVISORY BOARD HELD IN COM-
25 PLIANCE WITH THE OPEN MEETINGS ACT, ACT NO. 267 OF THE PUBLIC
26 ACTS OF 1976, BEING SECTIONS 15.261 TO 15.275 OF THE MICHIGAN
27 COMPILED LAWS. PUBLIC NOTICE OF THE TIME, DATE, AND PLACE OF THE

1 MEETING SHALL BE GIVEN IN THE MANNER REQUIRED BY ACT NO. 267 OF
2 THE PUBLIC ACTS OF 1976.

3 (7) A WRITING PREPARED, OWNED, USED, IN THE POSSESSION OF,
4 OR RETAINED BY THE ADVISORY BOARD IN THE PERFORMANCE OF AN OFFI-
5 CIAL FUNCTION SHALL BE MADE AVAILABLE TO THE PUBLIC IN COMPLIANCE
6 WITH THE FREEDOM OF INFORMATION ACT, ACT NO. 442 OF THE PUBLIC
7 ACTS OF 1976, BEING SECTIONS 15.231 TO 15.246 OF THE MICHIGAN
8 COMPILED LAWS.

9 (8) THE ADVISORY BOARD SHALL DO ALL OF THE FOLLOWING:

10 (A) MEET NOT LESS THAN QUARTERLY AT THE CALL OF THE
11 CHAIRPERSON.

12 (B) PROVIDE AN ONGOING REVIEW OF THE BUREAU'S GOALS AND
13 OBJECTIVES.

14 (C) PROVIDE TO THE BUREAU THE PERSPECTIVE OF THE PRIVATE
15 SECTOR AS TO THE MARKETING AND RETAIL SALES ASPECTS OF THE OPERA-
16 TION OF THE LOTTERY.

17 (D) ASSIST THE BUREAU IN RECRUITING MANAGEMENT PERSONNEL,
18 INCLUDING THE SELECTION OF A DIRECTOR OF LOTTERY PROMOTION AND
19 SALES AND A DIRECTOR OF RESEARCH AND GAME DEVELOPMENT AS REQUIRED
20 UNDER SECTION 19.

21 Sec. 19. (1) The commissioner shall employ personnel as
22 necessary to implement this act. ~~at least 2 of whom~~

23 (2) THE COMMISSIONER, SUBJECT TO THE ADVICE OF THE ADVISORY
24 BOARD CREATED IN SECTION 6, SHALL EMPLOY 2 PERSONS, WHO SHALL BE
25 EMPLOYED ON A CONTRACTUAL BASIS AND shall not be in the classi-
26 fied service, 1 OF WHOM SHALL SERVE AS THE EXECUTIVE DIRECTOR OF

1 LOTTERY PROMOTION AND SALES, AND 1 OF WHOM SHALL SERVE AS THE
2 EXECUTIVE DIRECTOR OF RESEARCH AND GAME DEVELOPMENT.

3 (3) ~~(2)~~ The departments, boards, commissions, or other
4 governmental subdivisions of this state shall provide assistance
5 to the bureau upon the bureau's request.

6 Sec. 23. (1) A license as an agent to sell lottery tickets
7 or shares ~~shall not~~ MAY be issued to ~~any~~ A person to engage
8 in business exclusively as a lottery sales agent, OR TO A PERSON
9 WHOSE PRIMARY BUSINESS IS NOT THE SALE OF LOTTERY TICKETS.
10 Before issuing a license the commissioner shall consider factors
11 such as the financial responsibility and security of the person,
12 ~~and his business or activity,~~ the accessibility TO THE PUBLIC
13 of ~~his~~ THE PERSON'S place of business or activity ~~to the~~
14 ~~public~~ OR PROPOSED PLACE OF BUSINESS OR ACTIVITY, the suffi-
15 ciency of existing licenses to serve the public convenience,
16 ~~and~~ the volume of expected sales, AND, IF THE PERSON WILL NOT
17 BE IN BUSINESS EXCLUSIVELY AS A LOTTERY SALES AGENT, THE FINAN-
18 CIAL SECURITY OF THE PLACE OF BUSINESS AT WHICH HE OR SHE WILL
19 SELL LOTTERY TICKETS OR SHARES.

20 (2) As used in this section, "person" means an individual,
21 association, corporation, club, trust, estate, society, company,
22 joint stock company, receiver, trustee, referee, any other person
23 acting in a fiduciary or representative capacity who is appointed
24 by a court, or any combination of individuals. Person includes
25 any department, commission, agency or instrumentality of the
26 state, including any county, city, village or township and any
27 agency or instrumentality thereof.

1 (3) Notwithstanding any other provision of law, a person
2 licensed pursuant to this act may act as a lottery sales agent.
3 A person lawfully engaged in nongovernmental business on state
4 property may be licensed as a lottery sales agent.

5 (4) A license is not assignable or transferable.

6 (5) A licensed agent or ~~his~~ THE AGENT'S employee may sell
7 lottery tickets or shares only on the premises stated in the
8 license of the agent.

9 ~~(6) The commissioner may issue temporary licenses upon con-~~
10 ~~ditions as he deems necessary for a term which shall not extend~~
11 ~~beyond 1 year after the effective date of this act.~~

12 (6) ~~(7)~~ The commissioner may require a bond from any
13 licensed agent in an amount as provided in the rules.

14 (7) ~~(8)~~ A licensed agent shall display his OR HER license
15 or a copy thereof conspicuously in accordance with the rules.

16 (8) ~~(9)~~ The commissioner may suspend or revoke the license
17 of any agent who violates this act or a rule promulgated pursuant
18 to this act.

19 Sec. 33. Unclaimed prize money for the prize on a winning
20 ticket or share shall be retained by the commissioner for the
21 person entitled to the prize money for 1 year after the drawing
22 in which the prize was won. If a claim is not made for the money
23 within the year, the prize money shall be ~~deposited~~ RETAINED in
24 ~~the state school aid fund and distributed pursuant to law~~ AN
25 UNCLAIMED PRIZE FUND, 100% OF WHICH SHALL BE DISTRIBUTED EACH
26 YEAR AS PRIZES BY MEANS OF A SPECIAL LOTTERY GAME HELD FOR THAT

1 PURPOSE. THE BUREAU SHALL PROMOTE AND ADVERTISE THE ANNUAL
2 SPECIAL GAME AS BEING A DISTRIBUTION OF UNCLAIMED PRIZE MONEY.

3 Sec. 41. (1) A special fund to be known as the "state lot-
4 tery fund" is created. Except as provided IN SECTION 33 AND in
5 subsection (3), the fund consists of all revenues received from
6 the sale of lottery tickets or shares and all other money cred-
7 ited or transferred to the fund from any other fund or sources
8 pursuant to law. Earnings resulting from installment payment of
9 any lottery prizes shall be used for payment of prizes to lottery
10 winners, and the prize structure formulated pursuant to sections
11 11 and 12 shall be established accordingly.

12 (2) The investment authority of the state treasurer with
13 regard to the state lottery fund shall be the same as his or her
14 investment authority with regard to retirement system funds. To
15 assure a continuing availability of money with which to pay lot-
16 tery prize installments and to compensate for variations in the
17 yield on investments, the commissioner and the state treasurer
18 shall, every 6 months, review the status of the installment prize
19 investments and shall agree on an amount to be restricted out of
20 the total revenues of the state lottery fund as a reserve against
21 a drop in yield. If the commissioner and the state treasurer
22 fail to agree on the amount to be reserved, the matter shall be
23 referred to the state administrative board for decision.

24 (3) After the payment of prizes to the holders of winning
25 lottery tickets or shares or the payment pursuant to section 32
26 of the liabilities to this state of holders of winning lottery
27 tickets or shares, and the payment of the reasonable expenses of

1 the bureau in its operation of the lottery, the net revenue in
2 the state lottery fund shall be deposited in the state school aid
3 fund and shall be distributed as provided by law.