

SENATE BILL No. 289

April 12, 1989; Introduced by Senator MACK and referred to the Committee on Appropriations.

A bill to allow, regulate, and license casino gaming under certain economically distressed conditions; to create a division of gaming enforcement and prescribe its powers and duties; to provide for the issuance, denial, suspension, and revocation of casino licenses, and work permits and licenses for the manufacturers, sellers, distributors, and purveyors of gaming devices, equipment, material, and services to casinos; to provide for regulation of financial interest in certain corporations and holding companies or partnerships; to limit liability; to require bonds; to provide for the imposition, collection, and disposition of fees, taxes, and revenues; to provide for certain referendums; and to prescribe civil and criminal penalties.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

- 1 Sec. 1. This act shall be known and may be cited as the
2 "tourism and economic development gaming act".

1 Sec. 3. (1) The legislature finds that it is in the public
2 interest to promote economic growth and to encourage private
3 investment, job creation, and job upgrading for residents in
4 local governmental units that are economically distressed.

5 (2) The legislature further finds that the present and
6 future health, safety, right of gainful employment, business
7 opportunities, and general welfare of this state require, as a
8 public purpose, that tourism enterprise zones be created in coun-
9 ties that are economically distressed to encourage tourism and
10 the resulting location and expansion of businesses in areas char-
11 acterized by high unemployment, low median income, high property
12 tax rates, and blighted, obsolete, or underutilized residential,
13 commercial, and industrial real property.

14 Sec. 5. For the purposes of this act, the words and phrases
15 defined in sections 7 to 17 have the meanings ascribed to them in
16 those sections.

17 Sec. 7. (1) "Authorized game" means roulette, baccarat,
18 mini-baccarat, poker, sports book, blackjack, craps, big six
19 wheel, keno, slot machine, or any other game approved by the
20 director.

21 (2) "Casino" means a single room of at least 10,000 square
22 feet in which casino gaming is conducted pursuant to this act.

23 (3) "Casino employee" means an individual employed in the
24 operation of the licensed casino. Casino employee includes
25 boxman, dealer, croupier, floorman, machine mechanic, casino
26 security employee, bartender, waiter, waitress, or other person
27 whose employment duties require or authorize access to the casino

1 but does not include a casino hotel employee, casino key
2 employee, or principal employee.

3 (4) "Casino hotel" means a hotel together with the casino
4 located in a hotel or appurtenant to a hotel that is located
5 within a tourism enterprise zone.

6 (5) "Casino hotel employee" means an individual employed by
7 a casino hotel authorized under this act to perform service or
8 custodial duties indirectly related to operations of a casino.
9 Casino hotel employee includes a bartender, waiter, waitress,
10 maintenance personnel, kitchen staff, or other person whose
11 employment duties do not require or authorize access to the
12 casino.

13 (6) "Casino key employee" means an individual employed in
14 the operation of a licensed casino in a supervisory capacity or
15 who is empowered to make discretionary decisions which regulate
16 casino operations, including, but not limited to, a pit boss,
17 shift boss, supervisor, cashier, casino manager, assistant manag-
18 er, manager, or supervisor of casino security employees; any
19 other employee designated as a casino key employee by the direc-
20 tor who is not a casino employee, casino hotel employee, princi-
21 pal employee, or casino security employee.

22 (7) "Casino security employee" means an individual employed
23 by a licensed casino or its agent to provide physical or oper-
24 ational security in a casino hotel.

25 (8) "Casino service industry" means any form of enterprise
26 which provides the casino with goods or services on a regular or
27 continuing basis, including security businesses, gaming schools,

1 manufacturers, distributors, and servicers of gaming devices or
2 equipment, garbage haulers, maintenance companies, food purvey-
3 ors, or any other similar enterprise which does business with the
4 licensed casino on a regular or continuing basis.

5 Sec. 9. (1) "Certificate" means a certificate of operations
6 pursuant to section 69.

7 (2) "Commissioner" means the lottery commissioner pursuant
8 to section 5(2) of the McCauley-Traxler-Law-Bowman-McNeely lot-
9 tery act, Act No. 239 of the Public Acts of 1972, being section
10 432.5 of the Michigan Compiled Laws.

11 (3) "Director" means the director of the division.

12 (4) "Division" means the division of gaming enforcement cre-
13 ated pursuant to section 19.

14 (5) "Economically distressed" means the condition of a coun-
15 tywide economy which has historically been based on mineral
16 resources which have been sufficiently depleted or commercially
17 inaccessible so as to make them exhausted relative to economic
18 viability and which also has experienced historically high unem-
19 ployment, low median family income, high property tax rates, high
20 average age of its residents, family stress related to the geo-
21 graphic loss of young people because of inadequate local opportu-
22 nity, high millage rates, air and rail transportation services
23 below average levels, and school facilities below current
24 standards.

25 (6) "Equity security" means 1 or more of the following:

26 (a) Voting stock of a corporation, general partnership
27 interest, or similar security.

1 (b) Security convertible, with or without consideration,
2 into a voting security, or a security carrying a warrant or right
3 to subscribe to or purchase a voting security.

4 (c) A warrant, right, or option to purchase a security
5 referred to in this subsection.

6 (7) "Establishment" means premises where gaming is
7 conducted.

8 (8) "Family" means spouse, parent, grandparent, child,
9 grandchild, sibling, uncle, aunt, nephew, niece, father-in-law,
10 mother-in-law, daughter-in-law, son-in-law, brother-in-law, or
11 sister-in-law, whether by whole or half blood, by marriage, adop-
12 tion, or natural relationship.

13 Sec. 11. (1) "Game" means an authorized game located on the
14 casino hotel property pursuant to section 83(2) played for money,
15 property, token, or other item of value or an item representative
16 of value.

17 (2) "Gaming" means the dealing, operating, carrying on, con-
18 ducting, or maintaining a game, or exposing a game for pay.

19 (3) "Gaming device" means a mechanical or electrical con-
20 trivance or machine used in connection with gaming or a game.

21 (4) "Gross revenue", for any accounting or reporting period,
22 means the total of all cash collected by the licensee from gaming
23 operations plus all cash recovered from gaming receivables, less
24 the total of all cash paid out as winnings to patrons.

25 Sec. 13. (1) "Holding company" means a corporation, associ-
26 ation, firm, partnership, trust, or other form of business
27 organization other than an individual which, directly or

1 indirectly, owns, has the power or right to control, or has the
2 power to vote a majority of the outstanding voting securities of
3 a corporation or other entity which holds or applies for the
4 casino license. A holding company shall be considered to indi-
5 rectly have, hold, or own a power, right, or security if it does
6 so through an interest in a subsidiary or successive subsidi-
7 aries, regardless of the number of entities intervening between
8 the holding company and the licensee or applicant.

9 (2) "Hotel" means a single building or series of buildings
10 that meet the requirements of section 59(3).

11 (3) "Intermediary company" means a corporation, association,
12 firm, partnership, trust, or other form of business organization
13 other than an individual, which is a holding company with respect
14 to a corporation or other entity which holds or applies for the
15 casino license, and which is a subsidiary with respect to another
16 holding company.

17 Sec. 15. (1) "Person" means an individual, corporation,
18 association, sole proprietorship, partnership, trust, or other
19 form of business entity.

20 (2) "Principal employee" means an employee of a casino
21 licensee who, by reason of remuneration or of a management,
22 supervisory, or policymaking position or other criteria as may be
23 established by the director by rule, holds or exercises authority
24 which, in the judgment of the director, is sufficiently related
25 to the operation of the casino licensee so as to require approval
26 by the director in the protection of the public interest.

1 (3) "Promotional inducement" means an arrangement which has
2 as its primary purpose the encouragement of tourists to visit the
3 area in which the casino is located and pursuant to which, and as
4 consideration for which, over \$850.00 of the cost of transporta-
5 tion, food, lodging, or entertainment for the person is directly
6 or indirectly paid by a casino licensee or employee or agent of a
7 casino licensee. The furnishing of transportation, food, lodg-
8 ing, or entertainment on a complimentary basis shall constitute
9 an indirect payment for the food or lodging in the amount of
10 their cost to the licensee.

11 (4) "Publicly traded corporation" means a person, other than
12 an individual, who has at least 1 class of security registered
13 pursuant to section 12 of title I of the securities exchange act
14 of 1934, 15 U.S.C. 78l, or is an issuer subject to section 15(d)
15 of title I of the securities exchange act of 1934, 15
16 U.S.C. 78o.

17 Sec. 17. (1) "Security" means an instrument evidencing a
18 direct or indirect beneficial ownership or creditor interest in a
19 corporation, including common or preferred stock, bonds, mort-
20 gages, debentures, security agreements, notes, warrants, options,
21 or rights.

22 (2) "Slot machine" means a mechanical, electrical, or other
23 device, contrivance, or machine which, upon insertion of a coin,
24 token, or similar object, or upon payment of any consideration
25 whatsoever, is available to play or operate, the play or opera-
26 tion of which, by reason of the application of the element of
27 chance, may deliver or entitle the person playing or operating

1 the machine to receive cash or tokens to be exchanged for cash,
2 whether the payoff is made automatically from the machine or in
3 any other manner whatsoever. Slot machine includes video poker
4 and blackjack machines.

5 (3) "Sports book" means the business of accepting wagers on
6 sporting events by any system or method of wagering, including
7 the pari-mutuel method of wagering.

8 (4) "Subsidiary" means a corporation, more than 5% in value
9 of whose outstanding equity securities are owned, subject to a
10 power or right of control, or held with power to vote by a hold-
11 ing company or an intermediary company; or a sole proprietorship,
12 association, partnership, trust, or other form of business
13 entity, other than an individual, or an interest therein, more
14 than 5% in value of which is owned, subject to a power or right
15 of control, or held with power to vote, by a holding company or
16 an intermediary company.

17 (5) "Tourism enterprise zone" means a county that is econom-
18 ically distressed and that has the potential of becoming a magnet
19 for tourism based on the establishment of a casino hotel tourist
20 resort complex within the county.

21 (6) "Voting stock" means a security to which there are
22 attached voting rights, either pursuant to the business corpora-
23 tion act, Act No. 284 of the Public Acts of 1972, being sections
24 450.1101 to 450.2099 of the Michigan Compiled Laws, or as pro-
25 vided in the corporation's articles of incorporation, except
26 stock entitled to voting rights only on matters involving the
27 rights of that class of stock.

1 Sec. 19. (1) The commissioner shall provide for the
2 creation of and shall administer the division of gaming
3 enforcement. The division shall be under the immediate supervi-
4 sion of the director who shall work under the direction and
5 supervision of the commissioner. The director shall be appointed
6 within 30 days after the effective date of this act by the com-
7 missioner and serve a term of 4 years.

8 (2) The director shall organize the division into bureaus
9 and other organizational units as the director considers neces-
10 sary for efficient and effective operation, and shall cooperate
11 with the department of state police and the attorney general.

12 (3) All revenue received into the casino control fund under
13 section 97(1) shall be used for all costs of the division.

14 Sec. 21. The director shall implement this act and perform
15 all of the following duties:

16 (a) Hear and decide promptly and in reasonable order all
17 license, certificate, and permit applications and causes affect-
18 ing the granting, suspension, revocation, or renewal of a
19 license, certificate, or permit.

20 (b) Conduct hearings pertaining to violations of this act or
21 rules promulgated pursuant to this act.

22 (c) Promulgate rules pursuant to the administrative proce-
23 dures act of 1969, Act No. 306 of the Public Acts of 1969, being
24 sections 24.201 to 24.328 of the Michigan Compiled Laws, consis-
25 tent with the purposes described in section 25.

26 (d) Collect license fees, permit fees, and taxes imposed by
27 this act and rules promulgated pursuant to this act.

1 (e) Levy and collect penalties for the violation of this act
2 and the rules promulgated pursuant to this act.

3 (f) Be present through the division's inspectors and agents
4 at various times during the operation of a casino for the purpose
5 of certifying the revenue of the casino, receiving complaints
6 from the public, and conducting other investigations into the
7 conduct of the games and maintenance of the equipment as the
8 director considers necessary and proper.

9 (g) Review and rule upon a complaint by the casino licensee
10 regarding an investigative procedure of the division which is
11 unnecessarily disruptive of the casino operations. The need to
12 inspect and investigate shall be presumed at all times. The dis-
13 ruption of the licensee's operations shall be proven by clear and
14 convincing evidence, and establishment of the following:

15 (i) That the procedures did not have a reasonable law
16 enforcement purpose.

17 (ii) That the procedures were so disruptive as to inhibit
18 reasonable casino operations.

19 (h) Employ personnel as the director considers necessary to
20 implement this act, subject to rules of the civil service commis-
21 sion, and contract for the services of any other persons, consul-
22 tants, or agencies as the director considers necessary.

23 Sec. 23. The director may conduct investigative hearings
24 concerning the conduct of gaming and the gaming operations as
25 well as concerning the development and well-being of the indus-
26 tries subject to the act.

1 Sec. 25. (1) The director, within 150 days after the
2 effective date of this act, shall promulgate rules pursuant to
3 the administrative procedures act of 1969, Act No. 306 of the
4 Public Acts of 1969, being sections 24.201 to 24.328 of the
5 Michigan Compiled Laws, necessary to administer this act.

6 (2) The director shall do everything to ensure that the
7 public interest is protected in relation to the casino.

8 (3) The rules promulgated by the director shall prescribe
9 all of the following:

10 (a) The methods and application forms which an applicant for
11 a casino license shall follow and complete before consideration
12 of the application by the division.

13 (b) The methods, procedures, and forms for delivery of
14 information concerning a person's family, habits, character,
15 associates, criminal record, business activities, and financial
16 affairs.

17 (c) Procedures for the fingerprinting or other methods of
18 identification of an applicant or employee of the licensee which
19 may be necessary in the judgment of the director to accomplish
20 effective enforcement of restrictions on access to the casino
21 floor and other restricted areas of the casino hotel.

22 (d) The manner and procedure for all hearings conducted by
23 the director or a hearing examiner, including special rules of
24 evidence applicable to the hearings, and the requirements for
25 notices of hearings.

26 (e) The manner and method of collection of payments of
27 taxes, fees, and penalties.

1 (f) Definitions and limits of the areas of operation; the
2 rules which are customary and reasonable of authorized games,
3 odds, and devices permitted; and the method of operation of games
4 and gaming devices.

5 (g) The procedure and forms for the accounting systems and
6 record keeping for negotiable transactions involving patrons.

7 (h) Grounds and procedures for the revocation or suspension
8 of the certificate and license pursuant to section 69.

9 (i) The governing of the manufacture, distribution, sale,
10 and servicing of gaming devices.

11 (j) Minimum procedures, forms, and methods of management
12 controls, including employee and supervisory tables of organi-
13 zation and responsibility; and minimum security standards,
14 including security personnel, structure, alarm, and other elec-
15 trical or visual security measures.

16 (k) Minimum procedures for the exercise of effective control
17 over the internal fiscal affairs of the casino, including provi-
18 sions for the safeguarding of assets and revenues, the recording
19 of cash and evidence of indebtedness, and the maintenance of
20 reliable records, accounts, and reports of transactions, opera-
21 tions, and events, including reports to the director.

22 (l) A minimum uniform standard of accountancy methods, pro-
23 cedures, and forms; a uniform code of accounts and accounting
24 classifications; and other standard operating procedures, includ-
25 ing those controls listed in section 75, as may be necessary to
26 assure consistency, comparability, and effective disclosure of

1 all financial information, including calculations of percentages
2 of profit by game, table, gaming device, and slot machines.

3 (m) The contents and form of periodic financial reports
4 including an annual audit prepared by a certified public accoun-
5 tant who is a member of the American institute of certified
6 public accountants or the Michigan institute of certified accoun-
7 tants attesting to the financial condition of a licensee and dis-
8 closing whether the accounts, records, and control procedures
9 examined are maintained by the licensee as required by this act
10 and the rules promulgated under this act.

11 (n) The governing of advertising of the casino licensee, its
12 employees, and agents, in order to assure that gaming is por-
13 trayed as an activity for adults conducted in an atmosphere of
14 social graciousness, and to assure that the advertisements are
15 not deceptive. The rules shall not prohibit the advertisement of
16 the casino location, hours of operation, or types of games and
17 other amenities offered.

18 (o) The distribution and consumption of alcoholic beverages
19 on the hotel and casino premises, which rules shall apply only
20 insofar as necessary because of the unique character of the hotel
21 and casino premises and operations and shall not contravene a
22 rule or law of this state regarding the distribution and consump-
23 tion of alcoholic beverages, except the casino hotel may sell
24 alcoholic beverages during all hours the casino is open to the
25 public.

26 (p) Limitations on persons to be excluded or the
27 determination of who shall be ejected from the casino

1 establishment. Rules shall define the standards for exclusion
2 and shall include uniform rules relating to such standards or
3 procedures.

4 (q) Reasonable suitability standards for casino key employ-
5 ees, casino hotel employees, casino employees, and casino secur-
6 ity employees.

7 (r) System of internal procedures and administration and
8 accounting controls.

9 (s) The regulation of promotional inducements so long as the
10 inducements are not limited in a manner which results in a casino
11 licensed under this act being at a competitive disadvantage with
12 casinos located elsewhere in the United States.

13 (t) Requirements of deposits by the licensee to the casino
14 control fund and county casino revenue fund of revenue received
15 under sections 93 to 97.

16 (4) The rules shall not prohibit the leasing by the casino
17 licensee of the hotel, if owned by the licensee or the sports
18 book area as long as the lessee meets criteria established by the
19 director.

20 Sec. 27. (1) A casino licensee may file a petition with the
21 director requesting the adoption, amendment, or rescission of a
22 rule. The petition shall state clearly and concisely all of the
23 following:

24 (a) The substance and nature of the rule, amendment, or
25 rescission requested.

26 (b) The reason for the request.

1 (c) Reference to the authority of the director to take the
2 action requested.

3 (2) Within 60 days after receipt of a petition filed pursu-
4 ant to subsection (1), the director shall schedule the matter for
5 hearing and shall render a decision within 30 days after the com-
6 pletion of the hearing, but no later than 120 days from receipt
7 of the petition. After the hearing the director shall give
8 notice of his or her decision to the licensee. The casino
9 licensee may then appeal the director's decision to an indepen-
10 dent hearing officer, appointed by the governor. The director or
11 the casino licensee may waive the appeal to the independent offi-
12 cer and seek judicial review.

13 (3) A decision by the director to adopt, amend, or rescind a
14 rule shall be implemented in the manner provided in chapter 3 of
15 the administrative procedures act of 1969, Act No. 306 of the
16 Public Acts of 1969, being sections 24.231 to 24.264 of the
17 Michigan Compiled Laws.

18 Sec. 29. The director shall promulgate rules consistent
19 with the legislative intent of this act and pursuant to the
20 administrative procedures act of 1969, Act No. 306 of the Public
21 Acts of 1969, being sections 24.201 to 24.328 of the Michigan
22 Compiled Laws, which prescribe a code of ethics governing employ-
23 ees of the division who have duties related to this act.

24 Sec. 31. (1) The director shall conduct a continuous study
25 of the operation and administration of casino control laws in
26 effect in other jurisdictions, the literature on this subject,
27 federal laws which may affect the operation of casino gaming in

1 this state, and the reaction of citizens of this state to
2 existing and potential features of casino gaming under this act.
3 The director shall ascertain defects in this act, or in the rules
4 issued under this act; formulate recommendations for changes in
5 this act to prevent abuses of this act, guarding against the use
6 of this act as a cloak for the carrying on of illegal gambling or
7 other criminal activities; and insure that this act and the rules
8 promulgated under this act shall be in a form and be administered
9 so as to implement the purposes of this act.

10 (2) The director shall make an annual report to the governor
11 and the legislature of all revenues, expenses, and disbursements,
12 and shall include in this report recommendations for changes in
13 this act the director considers necessary or desirable. The
14 director shall report immediately to the governor and the legis-
15 lature matters which in the director's judgment require an imme-
16 diate change in the law of this state to prevent abuses and eva-
17 sions of this act or of rules promulgated under this act, or to
18 rectify undesirable conditions in connection with the operation
19 and regulation of casino gaming.

20 Sec. 33. (1) The director shall keep and maintain a list of
21 all applicants for a casino license under this act together with
22 a record of all actions taken with respect to the applicants,
23 which file and record shall be open to public inspection. The
24 information regarding an applicant whose license has been denied,
25 revoked, or not renewed shall be removed from the list no later
26 than 5 years after the date of the action.

1 (2) The director shall maintain such other files and records
2 as considered necessary or desirable by the director.

3 Sec. 35. (1) Except as provided in section 37, all informa-
4 tion required by the director to be furnished under this act or
5 which may otherwise be obtained relative to the internal controls
6 specified in section 75 or to the earnings or revenue of an
7 applicant or licensee, shall be considered to be confidential and
8 shall not be disclosed in whole or in part except in the course
9 of the necessary administration of this act; or upon the lawful
10 order of a court of competent jurisdiction; or, with the approval
11 of the attorney general, to an authorized law enforcement
12 agency.

13 (2) Information pertaining to an applicant's criminal
14 record, family, and background furnished to, or obtained by, the
15 director from any source shall be considered confidential and
16 shall not be released in whole or in part, except that any infor-
17 mation shall be released upon the lawful order of a court of com-
18 petent jurisdiction or, with the approval of the attorney gener-
19 al, to an authorized law enforcement agency.

20 (3) Notice of the contents of information released, except
21 to an authorized law enforcement agency pursuant to this section,
22 shall be given in advance to an applicant or licensee in a manner
23 prescribed by the rules promulgated by the director.

24 (4) Files, records, reports, and other information in the
25 possession of the department of the treasury pertaining to
26 licensees shall be made available to the division as may be
27 necessary to effectively administer this act.

1 Sec. 37. The following information to be reported
2 periodically to the director shall not be considered confidential
3 and shall be made available for public inspection:

4 (a) A licensee's operating revenues and expenses from the
5 authorized games.

6 (b) The amount of gross revenue tax actually paid pursuant
7 to section 95.

8 (c) A list of the premises and the nature of improvements,
9 costs of improvements, and the payees for the improvements, which
10 were the subject of an investment in the hotel or casino.

11 Sec. 39. The director may exercise any power or authority
12 necessary to perform the duties assigned to the director by law.

13 Sec. 41. The division shall promptly and in reasonable
14 order investigate all applications, enforce this act and any rule
15 promulgated under this act, and prosecute all proceedings for
16 violations of this act or rules promulgated under this act. The
17 division shall provide the director with all information neces-
18 sary for performance of the duties of the director under this act
19 and for all proceedings involving enforcement of this act or
20 rules promulgated under this act.

21 Sec. 43. (1) The division shall do all of the following:

22 (a) Investigate the suitability of each applicant before a
23 license, certificate, or permit is issued pursuant to
24 section 57.

25 (b) Investigate the circumstances surrounding an act or
26 transaction for which the director's approval is required.

1 (c) Investigate violations of this act and rules promulgated
2 under this act.

3 (d) Initiate, prosecute, and defend proceedings before the
4 division, or appeals from the division, as the division considers
5 appropriate.

6 (e) Provide assistance upon request by the director in the
7 consideration and promulgation of rules.

8 (f) Conduct continuing reviews of casino operations through
9 on-site observation and other reasonable means to assure compli-
10 ance with this act and rules promulgated under this act, subject
11 to section 21(g).

12 (g) Conduct audits of casino operations, including reviews
13 of accounting, administrative, and financial records, management
14 control systems, and procedures and records utilized by a casino
15 licensee.

16 (2) In order to perform duties under this act, the director
17 or the division may request information, materials, and other
18 data from the licensee or applicant for the license. The
19 licensee or applicant, as a condition of acquiring or retaining a
20 license, shall supply the requested information.

21 Sec. 45. A casino licensee or an applicant for a casino
22 license under this act shall cooperate with the division in the
23 performance of its duties.

24 Sec. 47. (1) Upon approval of the director, the division
25 may do 1 or more of the following:

26 (a) Inspect and examine the premises where casino gaming is
27 conducted; where gaming devices are manufactured, sold,

1 distributed, or serviced; or where records of these activities
2 are prepared or maintained.

3 (b) Inspect all equipment and supplies in, about, upon, or
4 around premises relative to subdivision (a).

5 (c) Seize summarily, remove from premises, and impound
6 equipment or supplies described in subdivisions (a) and (b), for
7 purposes of examination and inspection.

8 (d) Inspect, examine, and audit all books, records, and doc-
9 uments pertaining to the casino licensee's operation.

10 (e) Seize, impound, or assume physical control of any book,
11 record, ledger, game, device, cash box and its contents, counting
12 room or its equipment, or casino operations.

13 (2) Except as provided in section 51, subsection (1) shall
14 not be construed to authorize warrantless inspections, seizures,
15 examinations, or impoundments, except in compliance with consti-
16 tutional requirements. The director shall establish uniform and
17 reasonable notice requirements for the seizure or impoundment of
18 the casino equipment.

19 (3) To carry out the purposes of this act, the division may
20 obtain administrative inspection warrants for the inspection and
21 seizure of property used in the conduct of a casino licensee's
22 casino business and possessed, controlled, bailed, or otherwise
23 held by the applicant, licensee, intermediary company, or holding
24 company.

25 Sec. 49. The division may make administrative inspections
26 to check for compliance by an applicant, licensee, intermediary
27 company, or holding company with this act or rules promulgated

1 under this act, and may investigate any violations of this act or
2 rules promulgated under this act.

3 Sec. 51. Sections 47 and 49 shall not be construed to
4 permit entries and administrative inspections, including seizures
5 of property, without a warrant under 1 or more of the following
6 circumstances:

7 (a) When the consent of the owner, operator, or agent in
8 charge of the controlled premises is given.

9 (b) If there is imminent danger to health or safety.

10 (c) In a situation involving inspection of conveyances if
11 there is reasonable cause to believe that the mobility of the
12 conveyance makes it impracticable to obtain a warrant, or in any
13 other exceptional or emergency circumstances where time or oppor-
14 tunity to apply for a warrant is lacking.

15 (d) In all other situations where a warrant is not constitu-
16 tionally required.

17 Sec. 53. (1) In addition to any other requirements under
18 this act, the director shall not accept an application for a
19 license to operate a casino unless all of the following require-
20 ments are met:

21 (a) An airport capable of accommodating jet air traffic is
22 located within 30 miles of the proposed casino.

23 (b) The question of establishing a casino in the county in
24 which the casino will be located is submitted for a referendum of
25 the qualified electors of the county and is approved by 66-2/3%
26 or more of the electors in the county who vote on the question.

1 The referendum may precede the enactment of this act. The
2 question shall be submitted in substantially the following form:

3 "Shall casino gaming be allowed in the county of _____?"

4 Yes ()

5 No ()".

6 (c) The county board of commissioners of the county in which
7 the casino will be located has approved the applicant's ownership
8 and management of the casino. The approval may precede the
9 enactment of this act.

10 (d) The city, village, or township where the licensed casino
11 is situated is not less than 500 highway miles from the most
12 densely populated county in the state.

13 (e) The population of the county in which the licensed
14 casino is located does not exceed 50,000.

15 (2) A city, village, or township in the county in which a
16 casino is proposed to be established may prevent the establish-
17 ment of a casino within the borders of the city, village, or
18 township, even if an applicant for a casino license has met all
19 the requirements for establishing casino gaming in the county
20 pursuant to subsection (1). A decision to prevent the establish-
21 ment of a casino within the borders of a city, village, or town-
22 ship under this subsection shall be by resolution adopted by a
23 majority of the governing body of the city, village, or
24 township. Unless the resolution is adopted within 30 days after
25 the countywide referendum conducted under subsection (1) or
26 within 30 days after the enactment of this act, whichever is
27 later, the city, village, or township shall be considered not to

1 have objected to the establishment of a casino within its
2 borders.

3 Sec. 55. (1) The director shall promulgate rules for the
4 suitability of an applicant for a license.

5 (2) The applicant shall establish by clear and convincing
6 evidence the person's suitability for a casino license. The
7 applicant for the casino license shall produce information and
8 documentation concerning financial background and resources and
9 shall establish the person's financial stability and integrity.

10 (3) The director shall not issue a casino license under this
11 act to any person to which the following applies:

12 (a) The person during the preceding 10 years has been con-
13 victed in a state or federal court of a felony for which he or
14 she has not been pardoned.

15 (b) The person is or has been connected with or engaged in
16 any business which is prohibited under the laws of this or
17 another state or of the United States.

18 (c) The person has been convicted of fraud or misrepresenta-
19 tion in connection with gaming.

20 (d) The person has been convicted of a violation of any law
21 of this or another state or of the United States related to
22 gaming.

23 (e) The person has been convicted of knowingly violating
24 this act.

25 (4) The applicant, licensee, or any other person who is
26 required to be approved or licensed under this act shall provide
27 all information required by this act and satisfy all requests for

1 information pertaining to suitability and in the form specified
2 by the director. The applicant and licensee shall be considered
3 to have waived any right of privacy with respect to information
4 furnished for qualification under this act, and there shall not
5 be liability on the part of this state, its instrumentalities, or
6 agents for damages resulting from lawful or unintentional disclo-
7 sure or publication in any manner of material or information
8 acquired during inquiries, investigations, or hearings.

9 (5) The applicant, licensee, intermediary company, and hold-
10 ing company shall consent to inspections, searches and seizures,
11 and the supplying of handwriting exemplars as authorized by this
12 act or rules promulgated under this act.

13 (6) The applicant, licensee, and any other person who is
14 required to be found suitable or approved under this act shall
15 provide assistance or information required by the director and
16 shall cooperate in an inquiry or investigation, or hearing con-
17 ducted by the division. If, upon issuance of a formal request to
18 answer or produce information, evidence, or testimony, the appli-
19 cant, licensee, or any other person who is required to be
20 approved under this act refuses to comply with the request, the
21 application, license, or suitability of the person may be denied
22 or revoked by the director.

23 (7) An applicant or licensee shall not give or provide, or
24 offer to give or provide, directly or indirectly, compensation, a
25 reward, or a percentage or share of the money or property played
26 or received through gaming activities, except as authorized by
27 this act, in consideration for obtaining a license,

1 authorization, permission, or privilege to participate in any way
2 in gaming operations.

3 (8) An applicant or person who applies under this act may be
4 photographed and fingerprinted for identification and investiga-
5 tion purposes pursuant to procedures established by the
6 director.

7 Sec. 57. (1) Upon the filing of an application and supple-
8 mental information as the director requires and pursuant to sec-
9 tion 55, the director shall request the division to conduct an
10 investigation into the suitability of the applicant, and the
11 director may conduct hearings concerning the suitability of the
12 applicant pursuant to its rules as may be necessary to determine
13 the suitability for a casino license.

14 (2) After the investigation, the director may deny the
15 application, reserve the casino license to an applicant whom it
16 determines to be eligible to hold the license, or grant the
17 casino license to an applicant whom it determines to be suitable
18 to hold the license. Once an application for a license is
19 received by the director and has met the requirements of
20 sections 53 and 55(2), the director shall conduct an investiga-
21 tion and reserve, grant, or deny the casino license for that
22 applicant before considering any other applicant for the casino
23 license.

24 (3) The director may deny an application. When an applica-
25 tion is denied, the director shall prepare and file an order
26 denying the application with the reasons for the denial. If
27 requested by the applicant, the director shall prepare and file a

1 statement of the reasons for the denial, including the specific
2 findings of facts.

3 (4) After an application is submitted to the director, final
4 action of the director must be taken within 120 days of the date
5 the application is received or the license will be considered
6 reserved pursuant to subsection (5).

7 (5) The director shall reserve a casino license for an eli-
8 gible applicant for a period of not more than 3 years. The
9 director may grant an applicant a 1-year extension for eligibil-
10 ity to be granted the casino license. Once the director reserves
11 the casino license for the applicant, the applicant shall com-
12 mence construction of the casino hotel within 12 months of the
13 date the casino license is reserved. The director shall grant a
14 casino license pursuant to subsection (6) to the applicant for
15 whom the director reserves a casino license, when the applicant
16 satisfies the following requirements:

17 (a) The applicant is not in violation of this act.

18 (b) The applicant qualifies for a certificate pursuant to
19 section 69.

20 (c) The applicant complies with such other reasonable condi-
21 tions as the director imposes.

22 (6) If the director is satisfied that an applicant is suit-
23 able to receive a casino license, and upon tender of all license
24 fees and taxes required by law and rules of the director, and of
25 bonds which the director requires for the faithful performance of
26 the requirements imposed by law or rules, and upon receiving a
27 valid certificate pursuant to section 69, the director shall

1 issue the initial casino license that is valid for a period of 5
2 years.

3 (7) The director shall fix the amount of the bond to be
4 required under this section in an amount which is reasonable and
5 customary. The bonds furnished may be applied by the director to
6 the payment of any unpaid tax or fee liability of the licensee
7 under this act. The bond shall be furnished in cash or negotia-
8 ble securities, by a surety bond guaranteed by a satisfactory
9 guarantor, or by an irrevocable letter of credit issued by a
10 banking institution acceptable to the director. If furnished in
11 cash or negotiable securities, the principal shall be prudently
12 invested by the director and any income shall inure to the bene-
13 fit of the licensee provided that the amount of the bond shall
14 not be more than the greater of either of the following:

15 (a) Two hundred fifty thousand dollars.

16 (b) One-fourth of the estimated annual tax liability under
17 section 95.

18 Sec. 59. (1) The casino shall not operate unless all neces-
19 sary licenses and approvals are obtained pursuant to law.

20 (2) A person may apply for the casino license if, in addi-
21 tion to agreeing to comply in all respects with this act and the
22 rules promulgated under this act, the person agrees to satisfy 1
23 or more of the following requirements:

24 (a) Owns 100% of the casino hotel.

25 (b) Leases 100% of the casino from the owner of the casino
26 hotel.

1 (c) Owns or has a contract to purchase or construct a hotel,
2 commits to construct a hotel, or leases or has an agreement to
3 lease 100% of the casino of a facility which, in the judgment of
4 the director, can become a casino hotel within 3 years.

5 (d) The casino shall be located in a county that is economi-
6 cally distressed and qualifies as a tourism enterprise zone.

7 (3) A hotel shall meet all of the following requirements in
8 order to be a casino hotel:

9 (a) It shall be located not closer than 500 highway miles
10 from the closest boundary of the most populated county in this
11 state.

12 (b) It shall be a building or group of buildings containing
13 not less than 200 rooms or suites, each having private bathroom
14 facilities, that are regularly used for the lodging of tourists
15 and convention guests and are constructed in whole and new after
16 the effective date of this act. The casino licensee is not
17 restricted from expanding the hotel, casino, and other facilities
18 or constructing additional hotels connected to the casino after
19 the casino license is granted.

20 (c) The hotel shall be part of a casino hotel tourist resort
21 complex, the minimum investment in which shall be at least
22 \$32,000,000.00 to construct, furnish, and equip the complex. The
23 complex shall include, among other things, an international
24 state-of-the art health spa and conference center, tennis, swim-
25 ming, an associated aesthetic cosmetic surgical center, golf
26 course, and a lodging facility of such quality as to be

1 consistent with the hotel industry's generally accepted standards
2 of luxury accommodations.

3 Sec. 61. A corporation shall not apply for a casino license
4 unless the corporation satisfies all of the following eligibility
5 requirements:

6 (a) Is incorporated in this state, although the corporation
7 may be a wholly or partially owned subsidiary of a corporation
8 which is chartered in another state.

9 (b) Agrees to maintain an office of the corporation on the
10 property of the hotel or casino licensed or to be licensed.

11 (c) Complies with the requirements of the laws of this state
12 pertaining to corporations.

13 (d) Maintains a ledger in the principal office of the corpo-
14 ration in this state which reflects the current ownership of
15 every class of security issued by the corporation and which is
16 available for inspection by the director or the division at all
17 reasonable times without notice.

18 (e) Maintains a bank account in a bank in this state.

19 (f) Includes among the purposes stated in its articles of
20 incorporation the conduct of casino gaming.

21 (g) If it is not a publicly traded corporation, adopts and
22 files with the director the corporate charter or bylaws, contain-
23 ing provisions establishing the right of the director to approve
24 future transfers of corporate securities, shares, and other
25 interests in the applicant corporation and in any holding com-
26 pany, intermediary company, or subsidiary company of the
27 applicant corporation. If it is a publicly traded corporation,

1 the corporation shall provide in its corporate charter or bylaws
2 that securities of the corporation are held subject to the condi-
3 tion that if a holder of securities of the corporation is found
4 to be disqualified by the director pursuant to this act, the
5 holder shall dispose of his or her security interest in the
6 corporation. This section shall not be construed to require that
7 a security of the corporation bear a legend to this effect except
8 as otherwise provided in section 87(2).

9 (h) If it is not a publicly traded corporation, establishes
10 to the satisfaction of the director that appropriate charter or
11 bylaws provisions create the absolute right of the corporation to
12 repurchase, prior to another purchase, at the market price or the
13 purchase price, whichever is the lesser, any security, share, or
14 other interest in the corporation if the director disapproves a
15 transfer according to this act.

16 Sec. 63. (1) Subject to the power of the director to deny,
17 revoke, or suspend licenses for cause, a casino license in force
18 shall be renewed by the director for the next succeeding 5-year
19 term pursuant to section 57(6) upon proper application for
20 renewal and payment of license fees and taxes required by law and
21 the rules of the director. The director shall act upon an appli-
22 cation for renewal not later than 120 days before the date of
23 expiration of the current license. If the director does not take
24 action within the prescribed time allotted, the application for
25 renewal is approved and the license shall be issued for an addi-
26 tional 5-year period.

1 (2) Application for renewal shall be filed with the director
2 not later than 180 days before the expiration of the current
3 license, and license fees and taxes as required by law shall be
4 paid to the director before the date of expiration of the current
5 license.

6 (3) Upon renewal of a license, the director shall issue an
7 appropriate renewal certificate or validating device or sticker
8 which shall be attached to the casino license.

9 Sec. 65. (1) A person shall not commence employment as a
10 casino employee, casino hotel employee, casino security employee,
11 or casino key employee unless the person is the holder of a tem-
12 porary or permanent valid work permit issued by the director.
13 The director may authorize local law enforcement agencies to act
14 on his or her behalf to issue temporary or permanent work
15 permits. Before the effective date of the appointment or employ-
16 ment, the casino licensee shall apply for a temporary or per-
17 manent work permit for the employee. The casino licensee shall
18 return the permanent work permit to the director within 5 days
19 after the termination or cessation of the appointment or employ-
20 ment for any cause. A work permit shall be renewed annually in
21 accordance with rules promulgated by the division.

22 (2) The director shall issue a temporary work permit to a
23 casino employee or casino hotel employee for a period of 60 days
24 if the person has submitted an application for the issuance of a
25 work permit to the director. The director shall grant or deny an
26 application for a temporary work permit within 7 days of receipt
27 of the application.

1 (3) Before the issuance of a permanent work permit, an
2 applicant for a casino employee, casino hotel employee, casino
3 security employee, or casino key employee work permit shall pro-
4 vide sufficient information, documentation, and assurances to
5 meet the suitability criteria, as promulgated by the director.
6 The director shall grant or deny an application for a permanent
7 work permit within 21 days of receipt of the application. If the
8 applicant is the holder of a temporary work permit, the temporary
9 permit shall remain in full force and effect until a decision has
10 been made by the director as to the issuance of a permanent work
11 permit.

12 (4) Within 24 hours after receipt from the department of a
13 written notice, a casino licensee shall terminate the appointment
14 or employment of a person whose temporary or permanent work
15 permit has been revoked or has expired. A casino licensee shall
16 comply in all respects with an order of the director imposing
17 limitations or restrictions upon the terms of employment or
18 appointment of the employee in the course of an investigation or
19 hearing.

20 Sec. 67. (1) A casino service industry offering goods or
21 services on a regular basis which directly relate to casino or
22 gaming activity, including gaming equipment manufacturers, sup-
23 pliers and repairers, schools teaching gaming and either playing
24 or dealing techniques, and casino security services, shall be
25 licensed in accordance with this act before conducting business
26 with a casino licensee, its employees, or agents, and in the case
27 of a school in Michigan, before enrollment of students or

1 offering of courses to the public whether for compensation or
2 not. This act shall not limit the casino licensee from operating
3 a school to train casino and hotel employees and prospective
4 casino and hotel employees.

5 (2) A casino service industry described in subsection (1),
6 as well as its owners, management, supervisory personnel, and
7 other principal employees, in order to be licensed, shall qualify
8 under the standards established by the director.

9 (3) A casino service industry not included in subsection (1)
10 shall be licensed in accordance with rules of the director within
11 60 days after commencement or continuation of business with a
12 casino licensee or its agents. The casino service industries,
13 whether or not directly related to gaming operations, includes
14 suppliers of alcoholic beverages, food, and nonalcoholic bever-
15 ages; garbage handlers; vending machine providers; linen suppli-
16 ers; maintenance companies; shopkeepers located within the
17 approved hotel; and limousine services contracting with casino
18 licensees. The director may exempt any person or field of com-
19 merce from the licensing requirements of this subsection if the
20 director finds that the person or field of commerce is regulated
21 by a public agency and that licensure under this act is not nec-
22 essary to protect the public interest or to accomplish the poli-
23 cies established by this act.

24 (4) Licensure of a casino service industry pursuant to sub-
25 section (3) may be denied to an applicant disqualified on the
26 basis of the criteria established by the director.

1 Sec. 69. (1) A casino shall not be opened or remain open to
2 the public, and gaming activity, except for test purposes, shall
3 not be conducted in the casino, unless a casino license and cer-
4 tificate have been issued to the casino licensee by the
5 director. The certificate shall be issued by the director upon a
6 finding that the casino complies in all respects with the
7 requirements of this act and rules promulgated under this act,
8 including all of the following:

9 (a) That the casino licensee has implemented necessary man-
10 agement controls and security precautions.

11 (b) That casino personnel are properly trained and issued
12 temporary or permanent work permits.

13 (c) That the casino is prepared in all respects to receive
14 only those members of the public who are 21 years of age or
15 older.

16 (d) That signs are posted in prominent locations throughout
17 the casino which state that persons under 21 years of age are not
18 allowed to remain in the designated casino area or to participate
19 in any casino game as a player.

20 (2) The certificate shall include a statement of the
21 licensee's compliance with subsection (1) and an itemized list by
22 category and number of the authorized games permitted in the
23 casino establishment.

24 (3) The casino licensee shall notify the director at least
25 30 days before a proposed change in the number of authorized
26 games to be played in the casino, and shall request the issuance
27 of a certificate which permits the changes. The director may

1 waive the 30-day notice described in this subsection upon request
2 of the licensee. The director shall issue a revised certificate
3 unless the director finds that the planned change in authorized
4 games does not conform to the requirements of this act or rules
5 promulgated under this act, or that there has been a change of
6 circumstances in the casino or the casino licensee materially
7 affecting compliance with subsection (1).

8 (4) A certificate shall remain in force and effect unless
9 altered in accordance with subsection (3), or revoked, suspended,
10 limited, or otherwise altered by the director pursuant to this
11 act. A revocation, suspension, or limitation of the certificate
12 shall be final unless the licensee within 30 days after receiving
13 the notice of suspension, revocation, or limitation of the cer-
14 tificate applies to the division for a hearing. After the hear-
15 ing the division shall give notice of its determination to the
16 licensee. The casino licensee may then appeal to an independent
17 hearing officer, appointed by the governor. The division or the
18 casino licensee may waive the appeal to the independent officer
19 and seek judicial review. The licensee may continue to operate
20 until the revocation, suspension, or limitation of the certifi-
21 cate becomes final.

22 (5) As a condition of continued operation under this act, a
23 casino licensee shall maintain all books, records, and documents
24 pertaining to the licensee's operations on the licensed premises
25 immediately available for inspection during all normal business
26 hours of operation. The books, records, and documents shall be
27 maintained for a period of not less than 7 years.

1 Sec. 71. The casino licensee shall file with the director a
2 schedule of hours of casino operations before the issuance of an
3 initial certificate. If the casino licensee proposes a change in
4 scheduled hours, the proposed change shall not take effect until
5 the licensee files a notice of the new schedule of hours with the
6 division. A filing shall be made not less than 30 days before
7 the effective date of the proposed change in hours unless waived
8 by the director.

9 Sec. 73. (1) The casino licensee shall arrange the facili-
10 ties of its casino in a manner which promotes maximum comfort for
11 the patrons and optimum security for the casino operation, and
12 shall comply in all respects with rules of the director pertain-
13 ing to the facilities.

14 (2) The casino licensee shall do all of the following:

15 (a) Install a closed circuit television system which meets
16 reasonable and customary security standards for a casino accord-
17 ing to specifications approved by the director, and provide
18 access on the licensed premises to the system or its signal by
19 the director or the division, in accordance with rules promul-
20 gated by the director. This subdivision shall not be construed
21 to require that the signal be transmitted to a remote location.

22 (b) Provide exterior public entrances to a casino only
23 through an enclosed lobby or receiving foyer of not less than 150
24 square feet. This subdivision shall not limit the number of
25 entrances to the casino.

26 (c) Establish at least a single room of at least 10,000
27 square feet as the casino, and provide that visibility between

1 any 2 gaming areas in the casino, whether or not contiguous,
2 shall not be obstructed by partitions of any kind which cover
3 more than 50% of the structural opening. Multilevel casinos oth-
4 erwise complying with this subsection are permitted.

5 (d) Not permit the interior of the casino to be visible from
6 outside the casino or hotel facility.

7 Sec. 75. The casino licensee shall submit to the director a
8 description of its system of internal procedures and administra-
9 tive and accounting controls. The submission shall be made at
10 least 60 days before gaming operations are to commence or before
11 changes in previously submitted administrative and accounting
12 controls are to become effective, unless otherwise directed by
13 the director. A submission shall contain both narrative and dia-
14 grammatic representations of the internal control system to be
15 utilized by the casino and required by rules promulgated by the
16 director.

17 Sec. 77. The director shall review each submission required
18 by section 75 and shall determine whether it conforms to the
19 requirements of this act and the rules promulgated under this
20 act, and whether the system submitted provides adequate and
21 effective controls for the operations of the casino submitting
22 it. If the director finds an insufficiency, the director shall
23 specify the insufficiency in writing to the casino licensee, who
24 shall make appropriate alterations. If the director fails to
25 notify the casino licensee of an insufficiency within 30 days
26 after receipt of the submission, the submission shall be
27 considered adequate in all respects. The casino licensee may

1 commence gaming operations, or alter its internal controls,
2 unless the director determines that such system of controls is
3 inadequate as provided in this section.

4 Sec. 79. (1) This act shall not be construed to permit
5 gaming except the conduct of authorized games in a casino room
6 pursuant to this act and the rules promulgated under this act.
7 This act does not prohibit the casino licensee from conducting
8 keno or a sports book in the casino or hotel or elsewhere on the
9 casino or hotel premises.

10 (2) A gaming device shall not be possessed, maintained, or
11 exhibited by a person on the premises of the hotel complex except
12 in the casino room and in secure areas used for the inspection,
13 repair, or storage of the equipment and specifically designated
14 for the purpose by the casino licensee with the approval of the
15 director. A gaming device shall not be possessed, maintained,
16 exhibited, brought into, or removed from the casino premises pur-
17 suant to section 83(2) by a person unless the gaming device is
18 necessary to the conduct of an authorized game, has permanently
19 affixed, imprinted, impressed, or engraved on it an identifica-
20 tion number or symbol authorized by the director, is under the
21 exclusive control of the casino licensee or its employees, and is
22 brought into, or removed from, the casino hotel or casino
23 premises when authorized for that purpose by the director, or at
24 other times when prior notice is given to and written approval
25 granted by an authorized agent of the director.

26 (3) The casino hotel shall contain a count room and other
27 secure facilities as required by the director for the counting

1 and storage of cash, tokens, and checks received in the conduct
2 of gaming and for the inspection, counting, and storage of dice,
3 cards, chips, and other representatives of value. Drop boxes and
4 other devices in which cash or tokens are deposited at the gaming
5 tables or in slot machines, and all areas in which the boxes and
6 devices are kept while in use, shall be equipped with 2 locking
7 devices. One key shall be under the exclusive control of the
8 division, the division's agent, or casino security employee under
9 bond by the director and the other key shall be under the exclu-
10 sive control of the casino licensee. The drop boxes and other
11 devices shall not be brought into or removed from the casino
12 room, locked, or unlocked except at times, places, and pursuant
13 to the procedures the director approves. Cash shall be counted
14 daily at such times as the licensee shall reasonably require.

15 (4) Chips used in gaming in the casinos shall be of a uni-
16 form size and color by denomination as the director approves.
17 Neither chips nor tokens shall be considered gaming devices.

18 (5) Gaming shall be conducted according to reasonable and
19 customary rules. All wagers and payoffs of winning wagers at
20 table games shall be made according to reasonable and customary
21 rules. A slot machine shall have a minimum payout of 83%.

22 (6) The casino licensee shall make available in printed form
23 to the casino patron upon request the complete text of the rules
24 regarding games and the conduct of gaming, payoffs of winning
25 wagers, and containing other advice to the player as the director
26 requires. The casino licensee shall prominently post within the
27 casino room pursuant to rules of the director information about

1 gaming rules, payoffs of winning wagers, and other advice to the
2 player which the director requires.

3 (7) A gaming table shall be equipped with a sign indicating
4 the permissible minimum and maximum wagers for that table. A
5 person shall not conduct gaming activity at a table in a manner
6 inconsistent with the information stated upon the signs required
7 by this subsection.

8 Sec. 81. A slot machine shall not be used to conduct gaming
9 unless it is identical in all electrical, mechanical, and other
10 aspects to a model which has been specifically tested by the
11 division and licensed for use by the director. The director
12 shall, by rule, establish technical standards for licensure,
13 including mechanical and electrical reliability, security against
14 tampering, the comprehensibility of wagering, and noise and light
15 levels, as the director considers necessary to protect the player
16 from fraud or deception and to insure the integrity of gaming.
17 Slot machines, excluding walkways between them, shall not occupy
18 more than 50% of the first 50,000 square feet of floor space of a
19 casino, or more than 35% of additional floor space, excluding
20 walkways between them, of a casino in excess of 50,000 square
21 feet. The director shall, by rule, determine the permissible
22 density of particular licensed slot machines or combinations of
23 slot machines, based upon their size and light and noise levels,
24 so as to create and maintain a gracious playing environment in
25 the casino and to avoid deception or frequent distraction to
26 players at gaming tables. The denominations of the slot machines

1 shall be set by the licensee, subject to the prior approval of
2 the director.

3 Sec. 83. (1) The casino shall be arranged in a fashion so
4 as to allow at least the following minimum square footage of
5 floor space for each gaming table, including the space occupied
6 by the table:

7 (a) Baccarat -- 200 square feet.

8 (b) Blackjack -- 75 square feet.

9 (c) Craps -- 150 square feet.

10 (d) Roulette -- 100 square feet.

11 (e) Big six wheel -- 100 square feet.

12 (f) Poker -- 75 square feet.

13 (g) Sports book -- 500 square feet.

14 (h) Keno -- 500 square feet.

15 (i) Mini-baccarat -- 75 square feet.

16 (2) The casino shall be arranged in a fashion so as to
17 assure that the following gaming tables shall always be present,
18 whether in use or not, according to the following:

19 (a) At least 1 baccarat table for every 50,000 square feet
20 of casino space or part thereof.

21 (b) At least 1 craps table for every 10,000 square feet of
22 casino space or part thereof.

23 (c) At least 1 roulette table for every 25,000 square feet
24 of casino space or part thereof.

25 (d) At least 4 blackjack or mini-baccarat tables for every
26 10,000 square feet of casino space or part thereof.

1 (e) Not more than 1 big six wheel and table for every 10,000
2 square feet of casino space or part thereof.

3 (f) At least 1 poker table for every 10,000 square feet of
4 casino space or part thereof.

5 (g) Not more than 1 sports book area of at least 500 square
6 feet which is either a part of or appurtenant to the casino or on
7 the property of the casino hotel complex.

8 (h) At least 1 keno area of at least 500 square feet which
9 is either a part of or appurtenant to the casino or on the prop-
10 erty of the casino hotel complex.

11 (3) The director may alter the required types and numbers of
12 gaming tables upon the request of the licensee for any casino
13 larger than 15,000 square feet.

14 Sec. 85. (1) An agreement regarding the realty of the
15 casino or hotel facility shall be reviewed by the director on the
16 basis of the reasonableness of its terms and the person
17 involved. If the director does not approve an agreement, the
18 director may require its termination.

19 (2) An agreement regarding the realty of the casino or hotel
20 facility shall be considered to include a provision for its ter-
21 mination without liability on the part of the licensee, if the
22 director disapproves of the business or of any person associated
23 with the agreement by reason of a finding that the business or
24 person is unsuitable to be associated with a casino enterprise in
25 accordance with the rules promulgated under this act. Failure to
26 expressly include a condition in the agreement shall not
27 constitute a defense in an action brought to terminate the

1 agreement. If the agreement is not presented to the director, or
2 the disapproved agreement or association is not terminated, the
3 director may pursue a remedy or combination of remedies provided
4 in this act.

5 (3) This act shall not be construed to permit the transfer
6 of a license, an interest in a license, a certificate, or a com-
7 mitment or reservation except with the permission of the direc-
8 tor, which permission shall not be unreasonably withheld where
9 the licensee has complied with all of the other rules and
10 requirements under this act.

11 Sec. 87. (1) The sale, assignment, transfer, pledge, or
12 other disposition of a security issued by a corporation which
13 holds the casino license is conditional and shall be ineffective
14 if disapproved by the director within a reasonable time. The
15 director shall not unreasonably withhold his or her consent.

16 (2) A security issued by a corporation which holds the
17 casino license shall bear, on both sides of the certificate evi-
18 dencing the security, a statement of the restrictions imposed by
19 this section, except that in the case of a publicly traded corpo-
20 ration, incorporated before the effective date of this act, a
21 statement of restriction shall be necessary only insofar as cer-
22 tificates are issued by the corporation after the effective date
23 of this act.

24 (3) Articles of incorporation of a corporation which include
25 as a stated purpose the conduct of casino gaming, or an amendment
26 which adds that purpose to the corporation's previously filed
27 articles of incorporation, shall not be accepted for filing,

1 unless the articles or amendments are approved by the director
2 and a copy of the approval is annexed to the articles of incorpo-
3 ration upon filing with the corporations and securities bureau of
4 the department of commerce. This subsection does not apply to
5 corporations whose articles of incorporation, at the time of
6 enactment of this act, contain as a stated purpose the conduct of
7 casino gaming.

8 Sec. 89. (1) A nonrefundable deposit of at least \$5,000.00
9 shall be required to be posted with the application for the
10 casino license and shall be applied to the first annual casino
11 license fee if the license is granted. A nonrefundable deposit
12 of \$20,000.00 shall be required to be posted when the director
13 reserves a casino license pursuant to section 57(5), and the
14 \$20,000.00 shall be applied to the first annual casino license
15 fee when the license is granted.

16 (2) The casino licensee shall pay an annual casino license
17 fee of \$35,000.00 by March 15 of each year except that the first
18 annual casino license fee shall be prorated based on the date the
19 casino begins operations.

20 Sec. 91. The director shall by rule establish customary and
21 reasonable annual fees for the issuance and renewal of work per-
22 mits for the various classes of employees. The fees shall be
23 paid by the employer licensee.

24 Sec. 93. (1) The casino control fund is created in the
25 state treasury. Licensee fee revenues imposed by this act and
26 revenue allocated by section 97(1) shall be credited to the
27 casino control fund.

1 (2) Money in the casino control fund shall be allocated
2 exclusively for the operating expenses of the director and the
3 division.

4 Sec. 95. An annual tax on the gross revenue of each casino
5 licensed under this act for the fiscal year of the licensee is
6 imposed and shall be based on a percentage of the gross revenue
7 as follows:

8 (a) 1st full fiscal year and any portion of the preceding
9 fiscal year = 4.0%.

10 (b) 2nd full fiscal year = 4.5%.

11 (c) 3rd full fiscal year = 5.0%.

12 (d) 4th full fiscal year = 5.5%.

13 (e) All full fiscal years after 4th = 6.0%.

14 Sec. 97. (1) Five percent of the revenue derived from the
15 tax imposed by section 95 shall be credited to the casino control
16 fund.

17 (2) Ninety-five percent of the revenue derived from the tax
18 imposed by section 95 shall be deposited in a county casino reve-
19 nue fund, which shall be created in the county in which the
20 casino is located and shall be used exclusively for the construc-
21 tion and maintenance and operation of local school facilities for
22 grades kindergarten through 12 and preschool programs in the
23 county in which the casino is located.

24 Sec. 99. (1) The director may require at least monthly
25 deposits by the licensee of the revenue received under section 95
26 at times, conditions, and in depositories as prescribed by the
27 state treasurer. The deposits shall be credited to the casino

1 control fund and the applicable county casino revenue fund
2 pursuant to section 97. The director may require a monthly
3 report and reconciliation statement, to be filed with it before
4 the tenth day of each month, with respect to gross revenues and
5 deposits received and made, respectively, during the preceding
6 month.

7 (2) Except as the director may require under subsection (1),
8 the tax pursuant to section 95 shall be due and payable annually
9 on or before each March 15 and shall be based upon gross revenue
10 derived during the previous calendar year. A licensee shall file
11 his or her first return and shall report gross revenue from the
12 time his or her casino commenced operations and ending on the
13 last day of the calendar year. The report shall be filed with
14 the director on or before the following March 15. Subsequent
15 reporting periods shall be calendar years and reports of activity
16 for subsequent periods shall similarly be filed with the director
17 on or before the following March 15.

18 Sec. 101. If a return or deposit required by section 99 is
19 not filed or paid, or if a return or deposit when filed or paid
20 is incorrect or insufficient in the opinion of the state treasur-
21 er, the amount of tax due or deposit shall be determined by the
22 state treasurer from the information as may be available. Notice
23 of the determination shall be given to the licensee liable for
24 the payment of the tax or deposit. The determination shall
25 finally and irrevocably fix the tax unless the person against
26 whom it is assessed, within 30 days after receiving notice of the
27 determination, applies to the state treasurer for a hearing, or

1 appeals the administrative decision to the circuit court of the
2 state, or unless the state treasurer on his or her own motion
3 redetermines the tax assessment. After the hearing, the state
4 treasurer shall give notice of his or her determination to the
5 person against whom the tax is assessed. The determination of
6 the state treasurer shall become final unless an appeal is taken
7 pursuant to section 22 of Act No. 122 of the Public Acts of 1941,
8 being section 205.22 of the Michigan Compiled Laws.

9 Sec. 103. This state shall have a lien on the real and per-
10 sonal property owned by the person or persons named on a casino
11 license. The lien shall be in the amount of any taxes due and
12 unpaid which are authorized to be collected under this act and
13 for amounts expended for collecting those taxes. The lien shall
14 be enforced as a tax lien is enforced pursuant to the general
15 property tax act, Act No. 206 of the Public Acts of 1893, being
16 sections 211.1 to 211.157 of the Michigan Compiled Laws.

17 Sec. 105. (1) The director shall make an annual report to
18 the governor and the legislature within 120 days after the end of
19 the fiscal year of the state which shall include full disclosure
20 of receipts and disbursements and all actions taken, and recom-
21 mendations made relative to better control of casino gaming.

22 (2) The director or his or her designee shall have free and
23 full access to all parts of a casino, and the books and records,
24 gaming equipment, and counting rooms of the casino.

25 (3) Not more than 3 years after the issuance of the initial
26 casino license, the director shall conduct and report his or her

1 findings on a study of the social and economic effects of casino
2 gaming to the governor and the state legislature.

3 Sec. 107. (1) A person shall not play or participate in
4 casino gaming by doing any of the following:

5 (a) Using bogus or counterfeit chips or tokens.

6 (b) Substituting or using game cards or dice which are
7 marked, loaded, or tampered with.

8 (c) Cheating, or using or having on his or her person a
9 device to facilitate cheating in casino gaming.

10 (2) A person shall not play or use a gaming device, slot
11 machine, vending machine, coin box, or other receptacle designed
12 to receive or be operated by lawful coin of the United States, in
13 furtherance of, or in connection with, the sale, use, or enjoy-
14 ment of property or service, located in a casino in any of the
15 following manners:

16 (a) By using other than lawful coin, legal tender of the
17 United States, or using a coin not of the same denomination or
18 value as the coin intended to be used in the device, except using
19 a token, chip, or similar object which is issued and sold by the
20 casino and approved by the director for use in a slot machine.

21 (b) By using or having on his or her person a cheating
22 device to facilitate removing from a gaming device, slot machine,
23 lawful vending machine, coin box, telephone, or other receptacle
24 any part of its contents.

25 (3) A person shall not conduct, carry on, operate, deal, or
26 allow to be conducted, carried on, operated, or dealt in a
27 casino, a cheating or thieving game or device; or deal, carry on,

1 operate, or expose for play games of chance played with cards,
2 dice, or a mechanical or electrical device, or a combination of
3 those games or devices, which are marked in any manner, tampered
4 with, placed in a condition, or operated in a manner, the result
5 of which tends to deceive the public, or tends to alter the
6 normal random selection of criteria which determine the results
7 of casino gaming.

8 (4) Property, the use or possession of which is prohibited
9 by this section, may be summarily seized and confiscated by the
10 director or the director's agents.

11 (5) A person who violates this section is guilty of a misde-
12 meanor, punishable by imprisonment for not more than 9 months, or
13 a fine of not more than \$10,000.00, or both.

14 Séc. 109. (1) The casino licensee or the officers or
15 employees of the casino licensee may question an individual in
16 the casino suspected of violating section 107. The licensee or
17 the officers, employees, or agents of the licensee shall not be
18 criminally or civilly liable for questioning conducted under this
19 subsection, if the questioning is conducted in a reasonable
20 manner.

21 (2) A licensee or the officers or employees of the licensee
22 who have probable cause for believing that there was a violation
23 of section 107 in the casino by a person may take the person into
24 custody and detain that person in the casino in a reasonable
25 manner and for a reasonable length of time. The taking into cus-
26 tody and detention shall not render the casino or the officers or
27 employees of the casino criminally or civilly liable for false

1 arrest, false imprisonment, slander, or unlawful detention unless
2 the taking into custody and detention are unreasonable under all
3 the circumstances.

4 (3) The casino or the officers, employees, or agents of the
5 licensee are immune from liability as provided for in this sec-
6 tion unless a notice of acts prohibited by section 107 and of the
7 rights granted under this section is displayed in a conspicuous
8 place in the casino and the notice is in boldface type.

9 (4) The licensee, or the officers or employees of the
10 licensee who have probable cause for believing that a person vio-
11 lated section 107 by cheating in gaming, may detain the person in
12 or near the casino for the purpose of notifying a peace officer.

13 Sec. 111. (1) Pursuant to section 2 of the gambling devices
14 act of 1962, 15 U.S.C. 1172, this state exempts itself from that
15 act to the extent necessary for the operation of this act.

16 (2) Shipments of gambling devices, including slot machines,
17 into this state, the registering, recording, and labeling of
18 which were duly made by the manufacturer or dealer in accordance
19 with the gambling devices act of 1962, 15 U.S.C. 1171 to 1178,
20 for the use of the casino licensed pursuant to this act shall be
21 considered legal shipments into this state.

22 Sec. 113. (1) The director shall conduct investigations
23 from time to time for the following purposes:

24 (a) To determine whether this act or a rule promulgated
25 under this act was violated.

1 (b) To determine a fact, condition, practice, or matter, as
2 he or she considers necessary or proper, to aid in the
3 enforcement of this act or the rules of the director.

4 (c) To aid in promulgating rules.

5 (d) To secure information as a basis for recommending legis-
6 lation relating to this act.

7 (2) The director shall study the laws and reports of other
8 states and the United States relative to gaming.

9 (3) The director shall report annually to the legislature
10 and the governor relative to the implementation of this act.

11 Sec. 115. The Michigan penal code, Act No. 328 of the
12 Public Acts of 1931, being sections 750.1 to 750.568 of the
13 Michigan Compiled Laws, and all other acts and parts of acts
14 inconsistent with this act shall not apply to the casino gaming
15 as provided for by this act at the casino licensed to hold or
16 conduct the casino gaming operation as provided by this act.

17 Sec. 117. In addition to a criminal penalty that may be
18 imposed under this act, the director may assess and collect a
19 civil fine of not more than \$10,000.00 from a casino licensee who
20 violates this act.

21 Sec. 119. The director may issue subpoenas, summon wit-
22 nesses, and administer oaths or affirmations when in his or her
23 judgment it is necessary for the effective discharge of the
24 director's duties. A person failing to appear before the direc-
25 tor at the time and place specified, without just cause, in
26 answer to a summons, or a person refusing to testify or
27 testifying falsely, is guilty of a misdemeanor, punishable by

1 imprisonment for not more than 6 months, or a fine of not more
2 than \$5,000.00, or both.

3 Sec. 121. (1) Except as otherwise provided in this act, a
4 person who violates this act is guilty of a felony, punishable by
5 imprisonment for not more than 10 years, or by a fine of not more
6 than \$50,000.00, or both.

7 (2) A person who willfully aids, assists, or abets the vio-
8 lation of an act punishable as a felony under subsection (1) is
9 guilty of a felony, punishable by imprisonment for not more than
10 3 years, or by a fine of not more than \$50,000.00, or both.

11 Sec. 123. A shipment of a gaming device otherwise in com-
12 pliance with chapter 1194, 64 Stat. 1134, 15 U.S.C. 1171 to 1178,
13 and used in connection with an authorized game conducted in an
14 establishment licensed under this act is considered a legal ship-
15 ment of gaming devices into this state.