



# HOUSE BILL No. 4408

March 2, 1993, Introduced by Rep. Joe Young, Jr. and referred to the Committee on State Affairs.

A bill to amend sections 9, 11, 17, 18, and 23 of Act No. 239 of the Public Acts of 1972, entitled as amended "McCauley-Traxler-Law-Bowman-McNeely lottery act," sections 9 and 11 as amended by Act No. 165 of the Public Acts of 1991, being sections 432.9, 432.11, 432.17, 432.18, and 432.23 of the Michigan Compiled Laws.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Sections 9, 11, 17, 18, and 23 of Act No. 239 of  
2 the Public Acts of 1972, sections 9 and 11 as amended by Act  
3 No. 165 of the Public Acts of 1991, being sections 432.9, 432.11,  
4 432.17, 432.18, and 432.23 of the Michigan Compiled Laws, are  
5 amended to read as follows:

6 Sec. 9. (1) The commissioner shall initiate, establish, and  
7 operate a state lottery at the earliest feasible and practicable  
8 time. The lottery shall produce the maximum amount of net

1 revenues for the state consonant with the general welfare of the  
2 people. ~~The~~

3 (2) EXCEPT IN THE CASE OF VIDEO LOTTERY, THE commissioner  
4 shall solicit bids from financially responsible vendors of data  
5 processing equipment and services for the operation of the lot-  
6 tery and may contract with the approval of the state administra-  
7 tive board.

8 (3) UPON ESTABLISHING VIDEO LOTTERY, THE COMMISSIONER SHALL  
9 PROVIDE THAT THE PERSONS HOLDING LICENSES FOR VIDEO LOTTERY  
10 ESTABLISHMENTS SHALL USE MACHINES AND OTHER NECESSARY RELATED  
11 SYSTEMS AND SERVICE FROM DISTRIBUTORS, MANUFACTURERS, AND OPERA-  
12 TORS LICENSED BY THE COMMISSIONER.

13 (4) ~~(2)~~ The commissioner shall not conduct a lottery based  
14 upon an activity ~~which~~ THAT utilizes the mechanical, physical,  
15 or mental skills of the participant and which is traditionally  
16 regarded as a sporting event.

17 Sec. 11. (1) The commissioner shall promulgate rules pursu-  
18 ant to the administrative procedures act of 1969, Act No. 306 of  
19 the Public Acts of 1969, as amended, being sections 24.201 to  
20 24.328 of the Michigan Compiled Laws, as necessary, to implement  
21 this act.

22 (2) The rules authorized under this section may include any  
23 of the following:

24 (a) The type of lottery to be conducted, ~~subject to section~~  
25 ~~9(2)~~ WHICH SHALL INCLUDE VIDEO LOTTERY IN COMPLIANCE WITH STAN-  
26 DARDS IMPOSED PURSUANT TO RULES PROMULGATED UNDER SUBSECTION  
27 (3).

1 (b) The price of tickets or shares in the lottery.

2 (c) The number and size of the prizes on the winning tickets  
3 or shares.

4 (d) The manner of selecting the winning tickets or shares.

5 (e) The manner of payment of prizes to the holders of win-  
6 ning tickets or shares, subject to section 32.

7 (f) The frequency of the drawings or selections of winning  
8 tickets or shares.

9 (g) Without limit as to number, the type or types of loca-  
10 tions at which tickets or shares may be sold.

11 (h) The method to be used in selling tickets or shares,  
12 except that ~~no~~ A person's name shall NOT be printed on ~~such~~  
13 tickets or shares.

14 (i) The licensing of agents to sell tickets or shares, ~~but~~  
15 EXCEPT THAT a person ~~under the age of~~ LESS THAN 18 YEARS OF AGE  
16 shall not be licensed as an agent.

17 (j) The manner and amount of compensation to be paid  
18 licensed sales agents necessary to provide for the adequate  
19 availability of tickets or shares to prospective buyers and for  
20 the convenience of the public.

21 (k) The apportionment of the total annual revenues accruing  
22 from the sale of lottery tickets or shares, VIDEO LOTTERY, and  
23 from all other sources for the payment of prizes to the holders  
24 of winning tickets or shares; ~~—~~ for the payment of costs  
25 incurred in the operation and administration of the lottery,  
26 including the expenses of the bureau and the costs resulting from  
27 any contract ~~or contracts~~ entered into for promotional,

1 advertising, consulting, or operational services or for the  
 2 purchase or lease of lottery equipment and materials; ~~—~~ for the  
 3 repayment of the money appropriated to the state lottery fund;  
 4 and for transfer to the general fund.

5 (1) NOTWITHSTANDING SUBDIVISIONS (J) AND (K), IN THE CASE OF  
 6 VIDEO LOTTERY, THE AMOUNT OF NET MACHINE INCOME SHALL BE DISTRIB-  
 7 UTED AS FOLLOWS:

8	STATE SHARE		OPERATOR SHARE	VIDEO LOTTERY
9				ESTABLISHMENT SHARE
10	YEAR 1	23%	38.5%	38.5%
11	YEAR 2	24%	38.0%	38.0%
12	YEAR 3 AND			
13	EACH YEAR			
14	THEREAFTER	25%	37.5%	37.5%

15 (3) THE COMMISSIONER SHALL PROMULGATE RULES REGARDING VIDEO  
 16 LOTTERY WHICH SHALL INCLUDE, BUT NOT BE LIMITED TO, ALL OF THE  
 17 FOLLOWING:

18 (A) A SYSTEM OF LICENSURE WHICH SHALL INCLUDE THE LICENSURE  
 19 OF DISTRIBUTORS, MANUFACTURERS, OPERATORS, AND VIDEO LOTTERY  
 20 ESTABLISHMENTS AND WHICH PROHIBITS THE LICENSURE OF AN ENTITY IN  
 21 MORE THAN 1 CAPACITY. THE SYSTEM OF LICENSURE SHALL PROVIDE THAT  
 22 VIDEO LOTTERY SHALL BE CONDUCTED ONLY IN VIDEO LOTTERY  
 23 ESTABLISHMENTS. PREMISES LICENSED AS VIDEO LOTTERY ESTABLISH-  
 24 MENTS SHALL HOLD A TRACK LICENSE ISSUED UNDER THE RACING LAW OF  
 25 1980, ACT NO. 327 OF THE PUBLIC ACTS OF 1980, BEING SECTIONS  
 26 431.61 TO 431.88 OF THE MICHIGAN COMPILED LAWS, OR HOLD A LICENSE  
 27 FOR CONSUMPTION OF ALCOHOLIC LIQUOR ON THE LICENSED PREMISES

1 ISSUED UNDER THE MICHIGAN LIQUOR CONTROL ACT, ACT NO. 8 OF THE  
2 PUBLIC ACTS OF THE EXTRA SESSION OF 1933, BEING SECTIONS 436.1 TO  
3 436.58 OF THE MICHIGAN COMPILED LAWS.

4 (B) A SYSTEM OF REGISTRATION FOR VIDEO LOTTERY MACHINES.

5 (C) THE ESTABLISHING OF STANDARDS OF CONDUCT FOR PERSONS OR  
6 ENTITIES LICENSED IN EACH CAPACITY.

7 (D) THE ESTABLISHING OF PRIZE LIMITS.

8 (E) LIMITS AND STANDARDS FOR THE IMPORT, EXPORT, AND TRANS-  
9 PORTATION OF VIDEO LOTTERY MACHINES IN THIS STATE.

10 (F) LICENSE AND REGISTRATION FEES.

11 (4) AS USED IN THIS SECTION:

12 (A) "DISTRIBUTOR" MEANS AN INDIVIDUAL, PARTNERSHIP, CORPORA-  
13 TION, ASSOCIATION, OR OTHER LEGAL ENTITY THAT DISTRIBUTES OR  
14 SELLS VIDEO LOTTERY MACHINES OR ASSOCIATED EQUIPMENT IN THIS  
15 STATE.

16 (B) "MANUFACTURER" MEANS AN INDIVIDUAL, PARTNERSHIP, CORPO-  
17 RATION, ASSOCIATION, OR OTHER LEGAL ENTITY THAT ASSEMBLES OR  
18 PRODUCES VIDEO LOTTERY MACHINES OR ASSOCIATED EQUIPMENT FOR SALE  
19 OR USE IN THIS STATE.

20 (C) "NET MACHINE INCOME" MEANS THE AMOUNT OF MONEY OBTAINED  
21 AFTER SUBTRACTING CREDITS PAID OUT IN CASH FROM THE AMOUNT OF  
22 MONEY INSERTED INTO A VIDEO LOTTERY MACHINE.

23 (D) "OPERATOR" MEANS AN INDIVIDUAL, PARTNERSHIP, CORPORA-  
24 TION, ASSOCIATION, OR OTHER LEGAL ENTITY THAT PLACES VIDEO LOT-  
25 TERY MACHINES OR ASSOCIATED EQUIPMENT IN A VIDEO LOTTERY ESTAB-  
26 LISHMENT FOR PUBLIC USE IN THIS STATE.

1       Sec. 17. The commissioner shall DO ALL OF THE FOLLOWING:

2       (a) Supervise and administer the operation of the lottery in  
3 accordance with this act and the rules.

4       (b) License as agents to sell lottery tickets ~~such~~ persons  
5 whom he ~~deems~~ OR SHE CONSIDERS will best serve the public con-  
6 venience and promote the sale of tickets or shares, HOWEVER, IN  
7 THE CASE OF VIDEO LOTTERY, LICENSED PERSONS OR ENTITIES SHALL  
8 COMPLY WITH RULES PROMULGATED BY THE COMMISSIONER TO PROTECT THE  
9 INTEGRITY OF THE VIDEO LOTTERY SYSTEM AS FURTHER DESCRIBED IN  
10 SECTION 11.

11       Sec. 18. (1) The commissioner, ~~may~~ subject to the appli-  
12 cable laws relating to public contracts AND SECTION 9(3), MAY  
13 enter into contracts for the operation of the lottery ~~—~~ or any  
14 part ~~thereof,~~ OF THE LOTTERY and into contracts for the promo-  
15 tion of the lottery. ~~A~~

16       (2) SUBJECT TO SECTION 23(4), A contract awarded or entered  
17 into by the commissioner shall not be assigned by ~~the~~ ITS  
18 holder ~~thereof~~ except by specific approval of the  
19 commissioner.

20       Sec. 23. (1) A license as an agent to sell lottery tickets  
21 or shares OR A LICENSE FOR A VIDEO LOTTERY ESTABLISHMENT shall  
22 not be issued to any person to engage in business exclusively as  
23 a lottery sales agent. Before issuing a license the commissioner  
24 shall consider factors such as the financial responsibility and  
25 security of the ~~person~~ APPLICANT and his OR HER business or  
26 activity, the accessibility of his OR HER place of business or  
27 activity to the public, the sufficiency of existing licenses to

1 serve the public convenience, and the volume of expected sales.  
2 IN THE CASE OF A VIDEO LOTTERY ESTABLISHMENT LICENSE, THE COMMIS-  
3 SIONER SHALL REVIEW THE APPLICANT'S LICENSE HISTORY WITH THE  
4 APPROPRIATE ISSUER OF THE TRACK LICENSE OR THE LICENSE FOR  
5 ON-PREMISES CONSUMPTION OF ALCOHOLIC LIQUOR.

6 (2) As used in this section, "person" means an individual,  
7 association, corporation, club, trust, estate, society, company,  
8 joint stock company, receiver, trustee, referee, any other person  
9 acting in a fiduciary or representative capacity who is appointed  
10 by a court, or any combination of individuals. Person includes  
11 any department, commission, agency, or instrumentality of the  
12 state, including any county, city, village, or township and any  
13 agency or instrumentality thereof.

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

18 (4) A license is not assignable or transferable EXCEPT IN  
19 THE CASE OF A VIDEO LOTTERY ESTABLISHMENT LICENSE, BUT ONLY INSO-  
20 FAR AS THE TRACK LICENSE OR ON-PREMISES CONSUMPTION LICENSE IS  
21 TRANSFERABLE.

22 (5) A licensed agent or his employee may sell lottery tick-  
23 ets or shares only on the premises stated in the license of the  
24 agent.

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

1       (6) ~~-(7)-~~ The commissioner may require a bond from any  
2 licensed agent in an amount as provided in the rules.

3       (7) ~~-(8)-~~ A licensed agent shall display his OR HER license  
4 or a copy ~~thereof~~ OF THE LICENSE conspicuously in accordance  
5 with the rules.

6       (8) ~~-(9)-~~ The commissioner may suspend or revoke the license  
7 of any agent who violates this act or a rule promulgated  
8 ~~pursuant to~~ UNDER this act.

9       Section 2. This amendatory act shall not take effect unless  
10 all of the following bills of the 87th Legislature are enacted  
11 into law:

12       (a) Senate Bill No. \_\_\_\_ or House Bill No. 4409 (request  
13 no. 02016'93 a).

14       (b) Senate Bill No. \_\_\_\_ or House Bill No. 4410 (request  
15 no. 02016'93 b).