



House
Legislative
Analysis
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LOTTERY: JOINT ENTERPRISES

House Bill 4484
Sponsor: Rep. Gerald Law
Committee: Regulatory Affairs

Complete to 9-18-95

A SUMMARY OF HOUSE BILL 4484 AS INTRODUCED 2-28-95

The bill would amend the McCauley-Traxler-Law-Bowman-McNeely Lottery Act to allow state participation in multi-state lottery games ("joint enterprises"). A joint enterprise would be defined as a "lottery activity in which the bureau participates pursuant to a written agreement between the state of Michigan and any state, territory, country, or other sovereignty as executed by the commissioner." The state lottery itself would not be included in the definition of a joint enterprise. However, the bill would add, as a clarification, that the state lottery would be operated exclusively by or under the control of the Bureau of State Lottery.

The bill would enable the commissioner of state lottery to participate in multi-state lottery games (for instance, the game of Powerball) as long as he or she first determined that the enterprise was designed "to produce the maximum amount of net revenues for the state consonant with the general welfare of the people." Rules could be promulgated by incorporating, through reference, existing rules and regulations governing a multi-state lottery when those rules are required as a condition for participation. Likewise, any subsequent changes or additions to the rules or regulations of a multi-state game could also be adopted through the promulgation of a rule.

The percentage of annual revenue apportioned for payment of prizes would not be subject to the requirement currently governing the state lottery that until 1999, not less than 45 percent of the annual revenue be apportioned for payout of prizes. (See the House Legislative Analysis Section analysis of House Bill 4462, which became Public Act 53 of 1995, dated 6-27-95.) (Note: The bill as introduced does not reflect the provisions of P.A. 53.) Instead, the annual revenue apportioned for payment of prizes would be determined by the joint enterprise participation agreement as executed by the commissioner. (The joint enterprise participation agreement would be the rules governing the participation of members in the multi-state lottery game.)

Penalties. Violations such as altering or counterfeiting a multi-state lottery ticket would be subject to the same penalties as violations under current law for the state lottery; a violator would be guilty of a felony punishable by up to five years in jail, a fine up to \$1,000, or both.

Revenue. Revenue generated by multi-state lottery ticket sales would be subject to the provisions of the joint enterprise participation agreement. Revenue would only be deposited in the state lottery fund if so stated in the agreement.

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Unclaimed prize money. Michigan's share of unclaimed prize money would be deposited into the state school aid fund.

Information regarding prize winners. Information such as names and addresses of prize winners could be disclosed under the rules of a particular multi-state game. (The state lottery, through an exemption to the Freedom of Information Act [MCL 15.231 et al.], prohibits such disclosure for winners of \$10,000 or more.)

MCL 432.3 et al.