



House
Legislative
Analysis
Section
Olds Plaza Building, 10th Floor
Lansing, Michigan 48909
Phone: 517/373-6466

LOTTERY: MILLIONAIRE PARTIES

House Bill 4950 (Substitute H-2)
First Analysis (9-21-95)

Sponsor: Rep. Michael Goschka
Committee: Regulatory Affairs

THE APPARENT PROBLEM:

Current law allows qualifying charitable or non-profit organizations to hold millionaire parties, commonly referred to as Las Vegas Nights, for the purpose of fund raising. These licensed events are considered to be "low stakes" and mostly consist of games of dice, roulette, and black jack. There is no limitation on how much the organizations may take in from the sale of chips or imitation money, but they may only award prizes totaling \$2,000 per day of the event. (Millionaire parties may be for one night or may be held over multiple nights.) An individual is limited to receiving no more than \$500 in total prizes per day.

Keeping accurate account of the value of prize money or merchandise awarded has proven troublesome, as several different games are offered simultaneously and played at multiple tables. Though the organizations strive for accurate record keeping, it is not uncommon for an organization to realize at the end of an event that they have inadvertently exceeded the limitation. Even exceeding the prize payout limitation by \$100 could mean denial of being approved for a future millionaire party license. It has been suggested that monitoring the amount of money an organization takes in during each day of an event would be easier and more accurate than trying to keep track of how much has been awarded in prizes.

THE CONTENT OF THE BILL:

Under the Traxler-McCauly-Law-Bowman Bingo Act, the maximum combined value of merchandise and prizes awarded in a charity organization millionaire party is limited to \$2,000 per day. (Licenses are issued for either a 24-hour or 72-hour period.) The bill would delete this restriction and instead would set a \$15,000 limit per day on the amount an organization could receive in exchange for imitation money or chips at a millionaire party.

(The \$500 limit on winnings per individual would remain in effect.)

In addition, the bill would increase the number of millionaire parties an organization could hold from two per year to four per year for single-day events and from one to two per year for three-day events.

MCL 432.102 et al.

FISCAL IMPLICATIONS:

According to an analysis by the House Fiscal Agency, the bill would have no impact on costs or revenue either at the state or local level. (9-19-95)

ARGUMENTS:

For:

Many charitable organizations are dependent upon money generated by fundraising events. Millionaire parties, or Las Vegas Nights as some call them, offer low stakes casino-type games and are popular fundraising events because of their entertainment value. However, the current restriction on the amount an organization may award per day in total prizes is difficult to monitor accurately. Staffed by volunteers, with different games running simultaneously at multiple stations, errors do occasionally happen. An organization may find at the end of a night that they have inadvertently exceeded the allotted prize payout. Being any amount over could result in being denied for future licenses to conduct millionaire parties. By shifting the restriction from how much money is paid out to how much money is taken in for chips and imitation money, it will be much easier and more accurate for organizations to operate within the scope of the law. It would also eliminate the frustration organizers and participants alike share when the payout limit is reached quickly, leaving participants with chips or imitation money they can not use. In addition, by

House Bill 4950 (9-21-95)

removing the cap on prize payouts and increasing the number of events an organization would be allowed to conduct in a year, charitable organizations would be able to better compete with casino gambling establishments.

Against:

Some would argue that any expansion of gambling, even for fundraising purposes, should be discouraged and other avenues of raising needed funds explored.

POSITIONS:

The Bureau of State Lottery supports the bill. (9-20-95)

The Knights of Columbus, Michigan State Council, supports the bill. (9-20-95)