



Senate Fiscal Agency
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BILL ANALYSIS



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House Bill 4484 (Substitute H-1)
Sponsor: Representative Gerald Law
House Committee: Regulatory Affairs
Senate Committee: Local, Urban and State Affairs

Date Completed: 11-21-95

SUMMARY OF HOUSE BILL 4484 (Substitute H-1) as passed by the House:

The bill would amend the Lottery Act to permit the State Lottery Commissioner of to participate in a "joint enterprise", which would be defined as any lottery activity in which the Bureau of State Lottery participated pursuant to a written agreement between this State and any state, territory, or country or other sovereignty as executed by the Commissioner. The determination of prize money, disclosure of personal information concerning a prize winner, and treatment of unclaimed prize money and revenue resulting from the sale of tickets would be subject to the joint enterprise participation agreement. The bill would require that any unclaimed prize money the State received be deposited in the State School Aid Fund, and that revenue from any joint enterprise deposited in the State Lottery Fund, if so provided in the joint enterprise participation agreement.

Participation

Under the bill, the Commissioner could participate in joint enterprises with other sovereignties so long as he or she determined that the joint enterprise was designed to produce the maximum amount of net revenues for the State consonant with the general welfare of the people.

The Commissioner could promulgate rules incorporating by reference existing rules or regulations of any joint enterprise as required as a condition for participating in that enterprise. Any subsequent changes or additions to the joint enterprise's rules or regulations could be adopted by the Commissioner through promulgation of a rule.

Prize Money

Currently under the Act, as nearly as is practicable until January 1, 1999, at least 45% of the total annual revenue accruing from the sale of lottery tickets or shares must be apportioned for payment of prizes to the holders of winning tickets or shares. On or after January 1, 1999, 45% of the total revenue must be apportioned for payment of prizes.

The bill would require, notwithstanding the above provisions, that the prize money from the sale of tickets or shares of any joint enterprise be that percentage of the total annual revenue accrued from that game as prescribed by the joint enterprise participation agreement executed by the Commissioner.

Unclaimed prize money for the prize on a winning ticket or share of any joint enterprise would have to be treated in the manner provided for in the joint enterprise participation agreement executed by the Commissioner. To the extent that the State was entitled to any unclaimed prize money, that money received would have to be deposited into the State School Aid Fund and distributed pursuant to law.

Revenue

Under the Act, the State Lottery Fund is created in the Department of Treasury, and consists of all revenue received from the sale of lottery tickets or shares and all other money credited or transferred to the Fund from any other fund or sources pursuant to law including interest earnings on common cash attributable to the Fund. The bill specifies that Fund would consist of revenue received from the sale of State lottery tickets.

The bill would require that revenue derived from the sale of tickets or shares of any joint enterprise be treated in the manner provided for in the joint enterprise participation agreement executed by the Commissioner. If provided in the agreement, the Commissioner would be required to deposit in the State Lottery Fund revenue from any joint enterprise.

Disclosures

Except as otherwise provided by State or Federal law, the Act prohibits the Commissioner or an officer or employee of the Lottery Bureau from disclosing the name, address, or any other personal information concerning a winner greater than \$10,000, unless the winner agreed in writing to allow the disclosure. The Act specifies that the protected information is exempt from disclosure under the Freedom of Information Act.

Notwithstanding these provisions, the bill would permit the Commissioner or an officer or employee of the Bureau to disclose the name, address, or any other personal information concerning a winner of a prize awarded under a game played pursuant to a joint enterprise to the extent required under the joint enterprise participation agreement executed by the Commissioner.

Penalties

A person, with intent to defraud, would be prohibited from falsely making, altering, forging, uttering, passing or counterfeiting a ticket or share of any joint enterprise entered into by the Commissioner. A person convicted of this violation would be subject to the same penalties under the Act as a person convicted of a similar violation concerning the fraudulent use of a State lottery ticket. Currently, a person convicted of a violation is guilty of a felony punishable by imprisonment for up to five years and/or a fine of up to \$1,000.

State Lottery

The Act defines "lottery" and "state lottery" as the lottery created and operated pursuant to the Act. The bill would redefine "lottery" to mean the lottery created pursuant to the Act and operated exclusively by or under the exclusive control of the Bureau.

MCL 432.3 et al.

Legislative Analyst: L. Arasim

FISCAL IMPACT

According to the Bureau of State Lottery, early estimates project that gross sales would increase by approximately \$200,000,000. When the effect on sales of the Michigan Lotto is factored in, the net increase is closer to \$150,000,000. This estimate in increased sales due to a larger jackpot would mean an additional \$50 million to \$60 million a year in revenue for the School Aid Fund.

Fiscal Analyst: M. Bain

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.