



HOUSE BILL No. 4484

February 28, 1995, Introduced by Reps. Law, Weeks, Rocca, Dolan, Bobier and Jaye and referred to the Committee on Regulatory Affairs.

A bill to amend the title and sections 3, 9, 11, 12, 25, 30, 33, 41, and 43 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, section 25 as amended by Act No. 243 of the Public Acts of 1988, section 33 as amended by Act No. 40 of the Public Acts of 1981, section 41 as amended by Act No. 123 of the Public Acts of 1994, and section 43 as amended by Act No. 55 of the Public Acts of 1987, being sections 432.3, 432.9, 432.11, 432.12, 432.25, 432.30, 432.33, 432.41, and 432.43 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. The title and sections 3, 9, 11, 12, 25, 30, 33,
2 41, and 43 of Act No. 239 of the Public Acts of 1972, sections 9

1 and 11 as amended by Act No. 165 of the Public Acts of 1991,
 2 section 25 as amended by Act No. 243 of the Public Acts of 1988,
 3 section 33 as amended by Act No. 40 of the Public Acts of 1981,
 4 section 41 as amended by Act No. 123 of the Public Acts of 1994,
 5 and section 43 as amended by Act No. 55 of the Public Acts of
 6 1987, being sections 432.3, 432.9, 432.11, 432.12, 432.25,
 7 432.30, 432.33, 432.41, and 432.43 of the Michigan Compiled Laws,
 8 are amended to read as follows:

9 TITLE

10 An act to establish and operate a state lottery AND TO ALLOW
 11 STATE PARTICIPATION IN CERTAIN LOTTERY-RELATED JOINT ENTERPRISES
 12 WITH OTHER SOVEREIGNTIES; to create a bureau of state lottery ~~AND~~
 13 AND to prescribe its powers and duties; to prescribe certain
 14 powers and duties of other state departments and agencies; to
 15 license and regulate CERTAIN sales agents; to create the state
 16 lottery fund; to provide for the distribution of lottery revenues
 17 and earnings FOR CERTAIN PURPOSES; to provide for an appropria-
 18 tion; and to provide FOR REMEDIES AND penalties.

19 Sec. 3. As used in this act:

20 (a) "Bureau" means the bureau of state lottery created by
 21 this act.

22 (b) "Commissioner" means the commissioner of state lottery.

23 (c) "JOINT ENTERPRISE" MEANS ANY LOTTERY ACTIVITY IN WHICH
 24 THE BUREAU PARTICIPATES PURSUANT TO A WRITTEN AGREEMENT BETWEEN
 25 THE STATE OF MICHIGAN AND ANY STATE, TERRITORY, COUNTRY, OR OTHER
 26 SOVEREIGNTY AS EXECUTED BY THE COMMISSIONER. JOINT ENTERPRISE
 27 DOES NOT INCLUDE THE STATE LOTTERY CREATED PURSUANT TO THIS ACT.

1 (D) ~~(c)~~ "Lottery" or "state lottery" means the lottery
2 created ~~and operated~~ pursuant to this act AND OPERATED EXCLU-
3 SIVELY BY OR UNDER THE EXCLUSIVE CONTROL OF THE BUREAU.

4 Sec. 9. (1) The commissioner shall initiate, establish, and
5 operate a state lottery at the earliest feasible and practicable
6 time. The lottery shall produce the maximum amount of net reve-
7 nues for the state consonant with the general welfare of the
8 people. The commissioner shall solicit bids from financially
9 responsible vendors of data processing equipment and services for
10 the operation of the lottery and may contract with the approval
11 of the state administrative board.

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

16 (3) THE COMMISSIONER MAY PARTICIPATE IN JOINT ENTERPRISES
17 WITH OTHER SOVEREIGNTIES SO LONG AS THE COMMISSIONER DETERMINES
18 THAT THE JOINT ENTERPRISE IS DESIGNED TO PRODUCE THE MAXIMUM
19 AMOUNT OF NET REVENUES FOR THE STATE CONSONANT WITH THE GENERAL
20 WELFARE OF THE PEOPLE.

21 Sec. 11. (1) The commissioner shall promulgate rules pursu-
22 ant to the administrative procedures act of 1969, Act No. 306 of
23 the Public Acts of 1969, ~~as amended,~~ being sections 24.201 to
24 24.328 of the Michigan Compiled Laws, as necessary to implement
25 this act.

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

1 (a) The type of lottery to be conducted subject to section
2 9(2).

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

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

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

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

9 (f) The frequency of the drawings or selections of winning
10 tickets or shares.

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

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

16 (i) The licensing of agents to sell tickets or shares but a
17 person under the age of 18 shall not be licensed as an agent.

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

22 (k) The apportionment of the total annual revenues accruing
23 from the sale of lottery tickets or shares and from all other
24 sources for the payment of prizes to the holders of winning tick-
25 ets or shares, for the payment of costs incurred in the operation
26 and administration of the lottery, including the expenses of the
27 bureau and the costs resulting from any contract or contracts

1 entered into for promotional, advertising, consulting or
2 operational services or for the purchase or lease of lottery
3 equipment and materials, for the repayment of the money appropri-
4 ated to the state lottery fund and for transfer to the general
5 fund.

6 (3) THE COMMISSIONER MAY PROMULGATE RULES INCORPORATING BY
7 REFERENCE EXISTING RULES OR REGULATIONS OF ANY JOINT ENTERPRISE
8 AS REQUIRED AS A CONDITION FOR PARTICIPATION IN THAT JOINT
9 ENTERPRISE. ANY SUBSEQUENT CHANGES OR ADDITIONS TO THE RULES OR
10 REGULATIONS OF THE JOINT ENTERPRISE MAY BE ADOPTED BY THE COMMIS-
11 SIONER THROUGH THE PROMULGATION OF A RULE.

12 Sec. 12. (1) ~~As~~ EXCEPT AS OTHERWISE PROVIDED IN
13 SUBSECTION (2), AS NEARLY AS IS PRACTICABLE, 45% OF THE TOTAL
14 ANNUAL REVENUE ACCRUING FROM THE SALE OF LOTTERY TICKETS OR
15 SHARES SHALL BE APPORTIONED FOR PAYMENT OF PRIZES TO THE HOLDERS
16 OF WINNING TICKETS OR SHARES.

17 (2) NOTWITHSTANDING SUBSECTION (1), THE PRIZE MONEY ACCRUING
18 FROM THE SALE OF TICKETS OR SHARES OF ANY JOINT ENTERPRISE SHALL
19 BE THAT PERCENTAGE OF THE TOTAL ANNUAL REVENUE ACCRUED FROM THAT
20 GAME AS PRESCRIBED BY THE JOINT ENTERPRISE PARTICIPATION AGREE-
21 MENT EXECUTED BY THE COMMISSIONER.

22 Sec. 25. (1) The right of any person to a prize drawn FROM
23 THE STATE LOTTERY is not assignable, except that payment of any
24 prize drawn may be paid to the family members or to the estate of
25 a deceased prizewinner as provided in subsection (2), to a person
26 pursuant to an appropriate judicial order, or to the state
27 pursuant to section 32. The commissioner shall be discharged of

1 all further liability upon payment of a prize pursuant to this
2 section.

3 (2) If a prizewinner dies before collecting the full amount
4 of his or her prize DRAWN FROM THE STATE LOTTERY, the bureau
5 shall continue to make the remaining prize payments to the
6 prizewinner's surviving spouse and the prizewinner's living chil-
7 dren, in equal proportions, unless otherwise directed by the
8 prizewinner. If there is no surviving spouse or living children
9 or other designated beneficiaries, the remaining prize payments
10 shall be made to the prizewinner's estate.

11 (3) Except as otherwise provided by state or federal law,
12 the commissioner or an officer or employee of the bureau shall
13 not disclose the name, address, or any other personal information
14 concerning a winner of a prize greater than \$10,000.00 DRAWN FROM
15 THE STATE LOTTERY, unless the winner of a prize agrees in writing
16 to allow the disclosure. ~~The~~ SUBJECT TO SUBSECTION (4), THE
17 information protected against disclosure under this section is
18 exempt from disclosure under the freedom of information act, Act
19 No. 442 of the Public Acts of 1976, being sections 15.231 to
20 15.246 of the Michigan Compiled Laws.

21 (4) NOTWITHSTANDING SUBSECTION (3), THE COMMISSIONER OR AN
22 OFFICER OR EMPLOYEE OF THE BUREAU MAY DISCLOSE THE NAME, ADDRESS,
23 OR ANY OTHER PERSONAL INFORMATION CONCERNING A WINNER OF A PRIZE
24 AWARDED UNDER A GAME PLAYED PURSUANT TO A JOINT ENTERPRISE TO THE
25 EXTENT REQUIRED UNDER THE JOINT ENTERPRISE PARTICIPATION AGREE-
26 MENT EXECUTED BY THE COMMISSIONER.

1 Sec. 30. (1) ~~Any person who~~ A PERSON, with intent to
2 defraud, shall NOT falsely make, alter, forge, utter, pass, or
3 counterfeit a state lottery ticket or share.

4 (2) A PERSON, WITH INTENT TO DEFRAUD, SHALL NOT FALSELY
5 MAKE, ALTER, FORGE, UTTER, PASS, OR COUNTERFEIT A TICKET OR SHARE
6 OF ANY JOINT ENTERPRISE ENTERED INTO BY THE COMMISSIONER.

7 (3) A PERSON CONVICTED OF VIOLATING THIS SECTION is guilty
8 of a felony punishable by imprisonment for not more than 5 years
9 or by a fine of not more than \$1,000.00, or both.

10 Sec. 33. (1) Unclaimed prize money for the prize on a win-
11 ning ticket or share OF THE STATE LOTTERY shall be retained by
12 the commissioner for the person entitled to the prize money for
13 year after the drawing in which the prize was won. If a claim is
14 not made for the money within the year, the prize money shall be
15 deposited in the state school aid fund and distributed pursuant
16 to law.

17 (2) UNCLAIMED PRIZE MONEY FOR THE PRIZE ON A WINNING TICKET
18 OR SHARE OF ANY JOINT ENTERPRISE SHALL BE TREATED IN THE MANNER
19 PROVIDED FOR IN THE JOINT ENTERPRISE PARTICIPATION AGREEMENT EXE-
20 CUTED BY THE COMMISSIONER. TO THE EXTENT THAT THE STATE OF
21 MICHIGAN IS ENTITLED TO ANY UNCLAIMED PRIZE MONEY, THAT MONEY
22 RECEIVED SHALL BE DEPOSITED INTO THE STATE SCHOOL AID FUND AND
23 DISTRIBUTED PURSUANT TO LAW.

24 Sec. 41. (1) A special fund to be known as the "state lot-
25 tery fund" is created in the department of treasury. Except as
26 provided in subsection (3), the state lottery fund consists of
27 all revenues received from the sale of STATE lottery tickets or

1 shares and all other money credited or transferred to the fund
2 from any other fund or sources pursuant to law including interest
3 earnings on common cash attributable to the state lottery fund.
4 REVENUE DERIVED FROM THE SALE OF TICKETS OR SHARES OF ANY JOINT
5 ENTERPRISE SHALL BE TREATED IN THE MANNER PROVIDED FOR IN THE
6 JOINT ENTERPRISE PARTICIPATION AGREEMENT EXECUTED BY THE
7 COMMISSIONER. IF SO PROVIDED IN THE JOINT ENTERPRISE PARTICIPA-
8 TION AGREEMENT, THE COMMISSIONER SHALL DEPOSIT REVENUE FROM ANY
9 JOINT ENTERPRISE IN THE STATE LOTTERY FUND. Earnings resulting
10 from installment payment of any lottery prizes shall be used for
11 payment of prizes to lottery winners and the prize structure for-
12 mulated pursuant to sections 11 and 12 shall be established
13 accordingly.

14 (2) The investment authority of the state treasurer with
15 regard to the state lottery fund shall be the same as his or her
16 investment authority with regard to retirement system funds. To
17 assure a continuing availability of money with which to pay STATE
18 lottery prize installments and to compensate for variations in
19 the yield on investments, EVERY 6 MONTHS the commissioner and the
20 state treasurer shall ~~, every 6 months,~~ review the status of
21 the installment prize investments and shall agree on an amount to
22 be restricted out of the total revenues of the state lottery fund
23 as a reserve against a drop in yield. If the commissioner and
24 the state treasurer fail to agree on the amount to be reserved,
25 the matter shall be referred to the state administrative board
26 for decision.

1 (3) After the payment of prizes to the holders of winning
2 STATE lottery tickets or shares or the payment pursuant to
3 section 32 of the liabilities to this state of holders of winning
4 STATE lottery tickets or shares, and the payment of the reason-
5 able expenses of the bureau in its operation of the lottery, the
6 net revenue in the state lottery fund and any money or interest
7 generated by the state lottery fund and share of common cash
8 shall be deposited in the state school aid fund and shall be dis-
9 tributed as provided by law.

10 Sec. 43. ~~The~~ SUBJECT TO SECTION 41(1), THE money in the
11 state lottery fund is appropriated only for the payment of prizes
12 to the holders of winning STATE lottery tickets or shares, for
13 the payment pursuant to section 32 of the liabilities to this
14 state of holders of winning STATE lottery tickets or shares, for
15 reasonable expenses of the bureau in its operation of the STATE
16 lottery, and for deposit in the state school aid fund as provided
17 in section 41.