

A SUMMARY OF HOUSE BILL 4472 AS INTRODUCED 4-14-99

Currently, charitable gaming is regulated by the Traxler-McCauley-Law-Bowman Bingo Act and through administrative rules. House Bill 4472 would rewrite the laws governing charitable gaming by amending the Traxler-McCauley-Law-Bowman Bingo Act (MCL 432.101 to 432.120) and incorporating several provisions currently in the rules (with modifications). The bill would make a number of substantive changes, such as establishing new licenses for annual and special charity games, numeral games, bingo hall operators, and manufacturers of numeral game tickets; creating the Michigan Progressive Jackpot Bingo Game; increasing the number of bingo events and millionaire parties an organization may conduct in a year; replacing the prize cap for millionaire parties with a \$15,000 cap on the money allowed to be taken in at the door; and exempting recreational bingo by senior citizens groups meeting certain criteria from licensure requirements. Other substantive changes, among many changes, are as follows:

Bingo. A distinction would be made between large bingo (a series of bingo occasions occurring on a regular basis with a total prize cap of \$2,000 per occasion and \$500 per game), small bingo (a \$300 total prize cap per occasion, \$25 per game), and special bingo (a single occasion or series of bingo occasions with the same prize limitations as large bingo). Annual license fees would be \$150 for large bingo and \$55 for small bingo. A qualified organization could be issued four (increased from two) special bingo licenses per calendar year at \$25 each. Organizations could hold more than one bingo license (but only one per day) and up to ten (increased from seven) licenses could be issued for a seven-day period at any one location (but only two for the same day at the same location). A person could be a chairperson for more than one bingo if the additional bingo licenses were granted to the same qualified organization. In addition, a licensee could sell charity game tickets or conduct a charity game in conjunction with a bingo without an additional license.

Further, the bill would create the Michigan Progressive Jackpot Bingo Game, a coverall game conducted in conjunction with a large bingo occasion, where the value of the prize would be carried forward to the next bingo occasion if no player bingoed in a predetermined number of allowable calls. A consolation prize not to exceed \$100 would be awarded on each occasion that no one bingoed in the predetermined number of allowable calls. The bill would regulate the conduct of play and prize disbursement. Prizes awarded for a progressive jackpot game would be excluded from the \$2,000 prize cap for large bingos.

Millionaire parties. The \$2,000 prize cap would be eliminated and would be replaced by a \$15,000 cap on the amount of money that could be exchanged for imitation money or chips in one day of a millionaire party. An organization could obtain up to four (increased from two one-day licenses or one three-day license) millionaire party licenses annually, and a license could be issued for up to four consecutive days (up from three days). A license would cost \$50 per day. In addition to being allowed to conduct charity games and certain small raffles as provided under current law without having to obtain additional licenses, a millionaire party licensee could also conduct numeral games in conjunction with the millionaire party without an additional license. The value of raffle, charity game, and numeral game prizes would not be counted towards the \$500 individual prize cap. The bill would also remove the requirement that only games played against the house be allowed, opening up the possibility that additional card games, such as poker, could be added in the future.

Raffles. Organizations could apply for an unlimited number of small (less than \$500 in prizes) and large (more than \$500 in prizes) raffle licenses, but only one small raffle license could be issued for a location each day. License fees would be \$50 per drawing date for large raffles, and for small raffles, \$15 per one to three drawing dates and \$5 per drawing date for four or more drawing dates. A large raffle licensee could conduct a charity game or numeral game in conjunction with the large raffle without obtaining an additional license. Further, a qualified organization sponsoring a single gathering could conduct a raffle without obtaining a raffle license if there were no presale of tickets and if the total value of prizes awarded were \$100 or less.

Charity Games. An annual charity game license would be \$200 and would permit an organization to sell charity game tickets year round, as opposed to only selling the tickets in conjunction with another licensed event. Special charity games licenses would be \$15 per day. ("Special charity game" is not defined in the bill.) A special charity game license could be issued for up to four consecutive days and an organization could get up to eight special charity game licenses per year. The commissioner would have to promulgate rules for the licensing, selling, and playing of charity games along with establishing rules for financial record keeping.

Numeral games. A numeral game would be defined as "the random resale of a series of numeral tickets by a qualified organization under a numeral game license or in conjunction with a licensed millionaire party or large raffle." A numeral game ticket would be a paper strip on which preprinted numerals were covered up. Uncovering the number would reveal if the purchaser had a winning ticket. License fees would be \$15 per day, and could be issued for up to seven consecutive days. The bill would regulate all aspects of play and establish specific reporting standards. Persons under 18 years of age would be prohibited from purchasing numeral game tickets, but could receive them as gifts and would be eligible to win a prize.

Miscellaneous provisions. Game records and all financial accounts relating to licensed events would have to be available for review by the lottery bureau for inspection. Further, under certain conditions, the commissioner could: 1) allow an individual or a group of individuals to conduct a special bingo, millionaire party, or raffle; and 2) waive one or more requirements for a qualified organization to be licensed to conduct a special bingo, millionaire party, or raffle.

Senior bingo. Recreational bingo could be conducted by a senior citizens club, group, or home whose members were at least 60 years old without being licensed if the bingo were conducted solely for the recreation of the members and guests of the group and not used for fund-raising; only members and their guests and employees of the group or home participated in the operation of the bingo (and no one were compensated solely for working at the bingo); bingo cards were 25 cents or less; the total value of prizes awarded did not exceed \$100; and revenue from the bingo were used for prizes and to offset expenses in operating the bingo.

Bingo hall license. The bill would create a bingo hall license (\$50 per each large bingo occasion). A person with a bingo hall license, with the commissioner's approval, could elect to pay a fine in lieu of a license suspension for violations of the act.

Suppliers. Among numerous changes, a supplier's license would expire at 12:00 midnight on September 30 of each year. Performance bonds of at least \$50,000 and up to \$500,000 (increased from \$100,000) would have to be posted. Regulations pertaining to numeral games would be specified. A supplier, or a person residing in the same household, could not also be licensed to rent facilities for licensed events.

Manufacturers. The bill would create a license for a manufacturer (a person who manufactures numeral game tickets for sale to licensed suppliers). Annual license fees would be \$300, and a license would expire at 12:00 midnight on June 30 of each year. Only tickets approved by the commissioner could be distributed to state suppliers. Records supporting the sale of numeral game tickets to suppliers would have to be available for review by the lottery bureau for inspection and audit, and would have to be kept for not less than the calendar year in which the event takes place and an additional three years.

Penalties. In addition to current sanctions and penalties, the bill would permit the commissioner to summarily suspend a license for a period of 60 days or less pending prosecution, investigation, or public hearing. Further, a licensee whose license had been revoked could not apply for a new license for two years after the revocation, instead of one year as it is currently under the act.

Repeal. Section 7 of the act, which pertains to licenses for special bingos, would be repealed.

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.