

**CREATE "UNARMED COMBAT
REGULATORY ACT"**

House Bill 4128

Sponsor: Rep. Andrew Raczkowski

Committee: Regulatory Reform

Complete to 3-6-02

A SUMMARY OF HOUSE BILL 4128 AS INTRODUCED 2-6-01

Article 8 of the Occupational Code, entitled "Boxing", regulates amateur and professional boxing matches held in the state. The bill would repeal Article 8 and replace it with a new act, the "unarmed combat regulatory act."

"Unarmed combat" would be defined as boxing or any form of competition in which a blow is usually struck which could reasonably be expected to inflict injury. With a few revisions, the bulk of the current Article 8 provisions would be placed in the new act created by the bill, but would be expanded to include exhibitions in addition to matches, and also would include martial arts contests and exhibitions. New provisions and changes to current regulations are as follows.

Michigan Unarmed Combat Commission. Currently, oversight of the boxing industry is provided by the Department of Consumer and Industry Services (CIS) and by the Athletic Board of Control, with CIS having the responsibility to issue licenses. The bill would eliminate the board and would remove the department's oversight. Instead, the bill would create a Michigan Unarmed Combat Commission, which would have sole authority to promulgate rules, issue licenses, conduct administrative hearings, issue fines, collect fees, and in general, manage and control all aspects of regulating unarmed combat contests and exhibitions.

The commission, created within the Department of Treasury, would be composed of five members appointed by the governor. In addition, the governor and the director of the Department of Treasury, or their designees, would be nonvoting members. The initial commission members would serve staggered terms; after that, members would serve four-year terms. During their terms, members would be prohibited from sponsoring or promoting contests or exhibitions, or from having any financial interest in a contest or exhibition of unarmed combat. A person having a material financial interest in a club, organization, or corporation that sponsored contests or exhibitions would not be eligible for appointment to the commission. The commission chair would be elected by the commissioners. If authorized by the chair, commissioners could receive payment of up to \$500 per day for each full-day meeting and, if engaged in commission business, a commissioner or employee of the commission would be entitled to receive a per diem allowance and travel expenses at the rate used by the Department of Management of Budget for state officers and employees generally.

Commission meetings would be subject to the Open Meetings Act, and unless otherwise provided, the records of the commission would be subject to public disclosure under the Freedom of Information Act. The commission could affiliate with any other state or national boxing commission or athletic authority, and could adopt rules to administer the bill. Administrative rules

would have to include the number and qualifications of ring officials required at any exhibition or contest; the powers, duties, and compensation of ring officials; and the qualifications of licensees.

Executive Director. The commission could employ an executive director; the person would be an unclassified state employee. The executive director could be a member of the commission. The executive director could also pursue any other business or occupation that did not conflict with his or her duties.

Unarmed combat fund. The bill would create an unarmed combat fund as a revolving fund in the Department of Treasury administered by the commission. All money received by the commission or the executive director would be deposited in the fund, and revenue would be used to cover the administrative and enforcement costs of the bill. Money remaining in the fund at the close of a fiscal year would be carried over to the next fiscal year.

Contests and Exhibitions. Contests and exhibitions of unarmed combat could only be held within the state if they were licensed and in compliance with the bill's provisions. A contest involving a form of oriental unarmed self-defense would have to be conducted according to standards for that form that had been approved by the commission prior to the event. A boxing or sparring contest that conformed to the bill's requirements and the commission's regulations would be considered a boxing contest and not a prize fight. The executive director, the chief inspector, or a member of the commission would have to be present at all weigh-ins, medical examinations, contests, exhibitions, and matches.

Elimination contests, such as "Toughman" contests, that met certain criteria would continue to be exempt from regulation under the bill, as would amateur events conducted, or participated in exclusively, by a federal agency (such as the armed services); a school, college, or university; or an association or organization composed exclusively of schools, colleges, and universities (such as the National College Athletic Association.)

Licenses. As required under current law, a boxing club, physician, referee, judge, matchmaker, timekeeper, announcer, professional boxer, manager, or a second would be required to obtain a license. Licenses would be issued by the commission. The bill would add ring officials and unarmed combat contestants to the list of persons who would have to be licensed, and would specify that persons in this list would be issued a participant license. The bill would retain provisions that are currently in the Occupational Code pertaining to these individuals.

Promoter licenses, permits, and fees. Before holding an unarmed combat contest or exhibition, a promoter would have to obtain a permit from the commission and a license for the event. Permit fees would have to be established by commission rules. An application for a license for a contest or exhibition would have to be in writing, correctly show and define the applicant, and be accompanied by an annual fee, which would be fixed by commission rule on a uniform scale. The applicant would also have to demonstrate good moral character. Before a license could be granted, the applicant would have to file a bond (the amount would be fixed by the commission but would be less than \$10,000) or deposit a like amount of money with the commission. Any deposit balance remaining after settling any obligations from the event would be returned to the promoter.

In addition to other taxes, assessments, fees and money, a promoter would have to pay a license fee for an event that was computed on the basis of four percent of the total gross receipts from admission fees, *and* three percent of the first \$1 million and one percent of the next \$2 million of the total gross receipts from the sale or lease of broadcasting, television, and motion picture rights before deductions for commissions, brokerage fees, distribution fees, advertising, contestants' purses, or any other expenses. The commission would be required to promulgate rules to require the reporting of the number and face value of all complimentary tickets issued and the treatment of the complimentary tickets for the purposes of computing the gross receipts from admission fees.

A promoter also would have to pay to the commission a fee of \$1 for each ticket sold for admission to a live, professional boxing or wrestling contest, match, or exhibition. The commission would use the money to award grants to organizations that promote amateur boxing contests or exhibitions. To implement this provision, the commission would have to adopt rules to prescribe the manner for the payment of the fees and the manner for submission of applications for the grants.

Broadcast licenses. Any person who charged and received an admission fee for closed-circuit telecasts or motion pictures of any live contest or exhibition would have to pay a license fee based on the face value of all tickets sold and complimentary tickets issued. Under the bill, within 10 days after the event, the person would have to supply specified documentation to the commission, along with a license fee of four cents for each \$1 (or fraction of \$1) received for admission.

In addition, a promoter and a broadcasting network for television would each have to file a copy of all contracts for the sale or lease of television rights for the event with the commission at least 72 hours before the event. Such contracts would not be subject to public disclosure under the Freedom of Information Act. The promoter would have to keep detailed records of documents related to his or her receipts from the sale or lease of broadcast rights. Such accounts and documents could be inspected at any time by the commission to determine the amount of the total gross receipts received by the promoter from the television rights. If a promoter or network failed to comply with these provisions, the commission could determine the amount of total gross receipts for the television rights and assess the appropriate fee or tax.

License sanctions. The commission would have to deny a license to an applicant or suspend, revoke, or issue allowable sanctions against the license of a contestant, promoter, ring official, or other participant who did any of the following:

- * Entered into a contract for a contest or exhibition of unarmed combat in bad faith.
- * Participated in a sham or fake contest or exhibition.
- * Participated in an event in which a contestant agreed to compete in a manner not based upon honest competition or exhibition of his or her skill.
- * Failed to give his or her best efforts, failed to compete honestly, or failed to give an honest exhibition of his or her skills.

* Performed an act or engaged in conduct that was detrimental to a contest or exhibition including, but not limited to, any foul or unsportsmanlike conduct.

* Gambled on the outcome of a contest or exhibition of unarmed combat.

The commission also could suspend or revoke a participant license, after an administrative hearing, for a violation of the bill or any commission rules. To be reinstated, a licensee would have to apply for reinstatement and pay a penalty prescribed by the commission. If disciplinary action were taken against a licensee that did not relate to a contest or exhibition, the commission could levy an administrative fine instead of license sanctions. If a disciplinary action were taken in response to an act that related to various aspects of a contest or exhibition of unarmed contests, the commission could levy an administrative fine that did not exceed 100 percent of the share of the purse that the licensee would have been entitled to. Such a fine could be imposed in addition to or in lieu of any other disciplinary action. If an administrative fine were imposed, the commission could recover the costs of the proceeding, including investigative costs and attorney fees.

Grandfather clause, repealer. Within the first 360 days after the bill's effective date, the commission would have to issue an equivalent license without an examination to a person who was licensed under Article 8 of the Occupational Code at the time the bill took effect. Article 8 would be repealed by the bill. The commission would have to provide forms for current licensees to apply for a license under the bill.

Administrative hearings. Any commission member could conduct administrative hearings according to the Administrative Procedures Act. A written notice would have to be served on the respondent at least 30 days before the hearing, unless it was determined that the action was necessary to protect the public health, safety, and welfare and was in the best interests of the sport. In such situations, a commissioner could summarily suspend a license or permit for up to 10 days until a final determination was made by the commission. Before a decision was rendered and an order issued, a majority of the commission (three members) would have to examine the record and approve the decision and order. The commission would have to file a written report of its findings and send a copy to the respondent. The commission would also have authority to issue subpoenas in connection with investigations.

A promoter would have to provide the commission and executive director copies of all contracts between himself and herself and a contestant. These contracts would not be subject to public disclosure under the Freedom of Information Act. If it were determined that a contestant did not compete honestly, or that a contestant, manager, or second violated any commission rule, a promoter could be ordered to withhold any part of a purse or money belonging or payable to the offending person. If purse money were withheld, the commission would have to immediately schedule an administrative hearing, notify the parties, and dispose of the matter as soon as practicable. If it were determined that the person indeed was not entitled to his or her share of the purse, the money would instead be paid by the promoter to the commission.

Other provisions.

* Each promoter would have to furnish each commissioner who was present at a contest or exhibition at least two ringside seats within the first two rows of the event.

* Currently, a promoter must furnish a written report to the Department of Consumer and Industry Services within 24 hours of the completion of a boxing match. The bill would expand this time frame to 10 days, with the report going instead to the commission. In addition, the bill would specify that when reporting the amount of gross receipts of the contest or exhibition of unarmed combat, the promoter would have to include the amount of the gross receipts derived from the admission fees and also the sale or lease of broadcasting, motion picture, and television rights of the contest, match, or exhibition without deductions for commissions, brokerage fees, distribution fees, advertising, contestants' purses, or any other expenses or charges.

* Each inspector for the commission would be entitled to receive an approved fee for the performance of his or her duties.

* The bill would delete a current provision that requires a \$500 fine to be paid to the attorney general by a person found to be in default of the payment of a tax.

The bill would take effect January 1, 2002.

Analyst: S. Stutzky

■ 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.