

# HOUSE BILL No. 5683

March 23, 2004, Introduced by Rep. Koetje and referred to the Committee on Regulatory Reform.

A bill to amend the Initiated Law of 1996, entitled "Michigan gaming control and revenue act," by amending the title and sections 3, 9, 15, 18, 20, 23, and 25 (MCL 432.203, 432.209, 432.215, 432.218, 432.220, 432.223, and 432.225), the title and sections 3, 9, and 15 as amended and sections 18, 20, 23, and 25 as added by 1997 PA 69, and by adding sections 3a, 6d, and 6e.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

### TITLE

An act to provide for the licensing, regulation, and control of casino gaming operations, manufacturers and distributors of gaming devices and gaming related equipment and supplies, and persons who participate in gaming; to provide the distribution of revenue for public education, public safety, and economic development; **to provide for the manner of approving certain**

1 compacts that deal with gaming in this state; to proscribe  
2 certain amendments to such compacts; to repeal a resolution  
3 regarding a gaming compact; authorizing limited casino operations  
4 within the state of Michigan; to vest authority for the  
5 licensing, regulation, and control of casino gaming in the  
6 Michigan gaming control board; to provide for the operation by  
7 the Michigan gaming control board of a casino operation; to  
8 restrict certain political contributions; to establish a code of  
9 ethics for certain persons involved in gaming; to create certain  
10 funds; to impose and authorize certain taxes and fees; to impose  
11 penalties; to authorize conservators under certain circumstances;  
12 and to make an appropriation.

13       Sec. 3. (1) Casino gaming is authorized to the extent that  
14 it is conducted in accordance with this act.

15       (2) Except as provided in subsection (5) and section 3a,  
16 this act does not apply to any of the following:

17       (a) The pari-mutuel system of wagering used or intended to  
18 be used in connection with race meetings as authorized under the  
19 horse racing law of 1995, 1995 PA 279, MCL 431.301 to 431.336.

20       (b) Lottery games authorized under the  
21 McCauley-Traxler-Law-Bowman-McNeely lottery act, 1972 PA 239, MCL  
22 432.1 to 432.47.

23       (c) Bingo or millionaire parties or any other activities  
24 authorized under the Traxler-McCauley-Law-Bowman bingo act, 1972  
25 PA 382, MCL 432.101 to 432.120.

26       (d) Gambling on Native American land and land held in trust  
27 by the United States for a federally recognized Indian tribe on

1 which gaming may be conducted under the Indian gaming regulatory  
2 act, Public Law 100-497, 102 Stat. 2467.

3 (e) Recreational card playing, bowling, redemption games,  
4 and occasional promotional activities under sections 303a, 310a,  
5 310b, 372, and 375 of the Michigan penal code, 1931 PA 328, MCL  
6 750.303a, 750.310a, 750.310b, 750.372, and 750.375.

7 (3) Any other law that is inconsistent with this act does  
8 not apply to casino gaming as provided for by this act.

9 (4) This act and rules promulgated by the board shall apply  
10 to all persons who are licensed or otherwise participate in  
11 gaming under this act.

12 (5) If a federal court or agency rules or federal  
13 legislation is enacted that allows a state to regulate gambling  
14 on Native American land or land held in trust by the United  
15 States for a federally recognized Indian tribe, the legislature  
16 shall enact legislation creating a new act consistent with this  
17 act to regulate casinos that are operated on Native American land  
18 or land held in trust by the United States for a federally  
19 recognized Indian tribe. The legislation shall be passed by a  
20 simple majority of members elected to and serving in each house.

21 **Sec. 3a. (1) A compact between this state and a federally**  
22 **recognized Indian tribe that includes a provision relating to**  
23 **gaming is void unless it is enacted as legislation by a vote of**  
24 **3/4 of the members elected to and serving in each house of the**  
25 **legislature. This subsection does not apply to a compact in**  
26 **effect before the effective date of the amendatory act that added**  
27 **this section.**

1       (2) The governor shall not agree to an amendment to an  
2 existing compact that would allow the Indian tribe conducting  
3 gambling under the compact to expand its gambling to an  
4 additional location or to additional games not included in the  
5 existing compact.

6       (3) House Resolution No. 606 of 2002 is repealed.

7       Sec. 6d. (1) Within 1 year after the effective date of the  
8 amendatory act that added this section, the board shall begin a  
9 gambling operation on property owned or leased by the board at a  
10 location selected by the board located in a county in this state  
11 with a population of more than 1,000,000 but less than  
12 2,000,000. The gambling operation under this section shall be  
13 conducted in compliance with sections 9, 9a, 9b, 9c, 9d, 10, and  
14 11 and in compliance with applicable rules promulgated by the  
15 board. The gambling operation shall be conducted under those  
16 sections and the rules as if the board were the casino licensee  
17 or casino owner referred to in those sections or the rules.

18       (2) Except for 1 or more restaurants or snack bars located  
19 on the premises of the casino operated under this section, the  
20 board shall not operate a bar, restaurant, hotel, cocktail  
21 lounge, retail establishment, arena, or other facility in  
22 connection with its gambling operation.

23       (3) The board may contract with 1 or more persons to conduct  
24 the gambling operation under this section or a restaurant or  
25 snack bar on the premises of the casino where the gambling  
26 operation is conducted.

27       (4) Except for employees designated by the board as

1 managerial employees, employees or agents of the board or of a  
2 person that the board contracts with under subsection (3) who are  
3 employed to conduct gaming under this section are not subject to  
4 the restrictions on previous or subsequent employment with a  
5 licensee under section 4 or employment negotiations with a  
6 licensee under section 4d(6) to (8).

7       Sec. 6e. (1) The board shall distribute adjusted gross  
8 receipts from the gambling operation and related restaurants or  
9 snack bars conducted by the board under section 6d as follows:

10       (a) Fifteen percent to counties in this state with  
11 populations that exceed 2,000,000.

12       (b) Ten percent to counties in this state with populations  
13 that exceed 500,000 but are less than 750,000.

14       (c) Ten percent to the county in which the gambling  
15 operation is located.

16       (d) Five percent to the Michigan council for the arts and  
17 cultural affairs established by Executive Reorganization Order  
18 No. 1991-18, MCL 2.132, to be used to fund grants to applicants  
19 from counties not receiving money under subdivisions (a) to (c).

20       (e) The balance to the general fund.

21       (2) A county that receives money under subsection (1) shall  
22 expend the money as follows:

23       (a) Ten percent for the support of zoological parks or  
24 societies located in the county.

25       (b) Ten percent for the support of symphony orchestras  
26 located in the county.

27       (c) Ten percent for the support of public libraries located

1 in the county.

2 (d) Ten percent for the support of art museums and arts  
3 councils located in the county.

4 (e) The balance in the proportion determined by the county  
5 for the purposes listed in subdivisions (a) to (d).

6 Sec. 9. (1) Minimum and maximum wagers on games shall be  
7 set by the board.

8 (2) Employees of the board, the department of state police,  
9 and the department of attorney general may inspect any casino at  
10 any time, without notice, for the purpose of determining whether  
11 this act or rules promulgated by the board are being complied  
12 with.

13 (3) Employees of the board, the department of state police,  
14 and the department of attorney general, and their authorized  
15 agents shall have the right to be present, at any time, in ~~the~~  
16 a casino or ~~on~~ adjacent facilities under the control of ~~the~~ a  
17 casino licensee or the board under section 6d.

18 (4) Gambling equipment and supplies customarily used in  
19 conducting casino gambling shall be purchased or leased only from  
20 suppliers who are licensed under this act.

21 (5) Persons licensed under this act shall permit no form of  
22 wagering on gambling games except as permitted by this act.

23 (6) Wagers may be received only from a person present in a  
24 licensed casino or a casino operated by the board under section  
25 6d. A person present in a licensed casino or a casino operated  
26 by the board under section 6d shall not place or attempt to place  
27 a wager on behalf of another person who is not present in the

1 casino.

2 (7) Wagering shall not be conducted with money or other  
3 negotiable currency.

4 (8) All tokens, chips, or electronic cards used to make  
5 wagers shall be purchased **in a casino** from a licensed owner ~~in~~  
6 ~~the casino~~ **or, in a casino operated by the board under section**  
7 **6d, from the board.** The tokens, chips, or electronic cards may  
8 be purchased by means of an agreement under which the owner **or**  
9 **board** extends credit to the patron. ~~Such~~ **The** tokens, chips, or  
10 electronic cards may be used only while in a casino and only for  
11 the purpose of making wagers on ~~gaming~~ **gambling** games.

12 (9) A person under age 21 shall not be permitted in an area  
13 of a casino where gaming is being conducted, except for a person  
14 at least 18 years of age who is an employee of the gaming  
15 operation. An employee under the age of 21 shall not perform any  
16 function involved in gambling by the patrons. A person under age  
17 21 shall not be permitted to make a wager under this act.

18 (10) Managerial employees of casino licensees ~~pursuant to~~  
19 **under** this act ~~shall be under~~ **have** an affirmative duty to  
20 report to the board ~~—~~ and the Michigan state police, in  
21 writing, within 24 hours, illegal or suspected illegal activity  
22 or activity ~~which~~ **that** is in violation of this act or of rules  
23 promulgated by the board.

24 (11) In addition to the requirements of this section,  
25 gambling shall be conducted in accordance with the rules  
26 promulgated by the board.

27 (12) Unless approved by the city, a casino shall not be

1 located within 1,000 feet of any of the following:

2 (a) A church or other place of worship.

3 (b) A school, college, or university.

4 (c) A financial institution or a branch of a financial  
5 institution.

6 (d) A pawnshop.

7 **(13) A casino licensee shall not employ an individual who**  
8 **has been convicted of a felony in the previous 5 years to work in**  
9 **a casino as a managerial employee.**

10 **(14) ~~-(13)-~~ As used in ~~subsection (12)~~ this section,**  
11 "financial institution" means a state or nationally chartered  
12 bank, a state or federally chartered savings and loan  
13 association, a state or federally chartered savings bank, a state  
14 or federally chartered credit union, or any entity that provides  
15 check-cashing services.

16 ~~(14) A casino licensee shall not employ an individual as a~~  
17 ~~managerial employee who has been convicted of a felony in the~~  
18 ~~previous 5 years to work in a casino.~~

19 Sec. 15. (1) The board shall make an annual report to the  
20 governor, for the period ending December 31, of each year. The  
21 report shall be filed with the governor and submitted to the  
22 chairs of the legislative committees that govern casino-related  
23 issues on or before April 15 of the year following the year that  
24 the report covers. The report shall include an account of the  
25 board actions, its financial position and results of operation  
26 under this act, **including, but not limited to, operation of a**  
27 **gambling operation under section 6d,** and any recommendations for



1 legislation that the board considers advisable. The report shall  
2 also include the information required under subsection (2).

3 (2) Each casino licensee shall annually have a study  
4 conducted on minors and compulsive gaming and compile all of the  
5 following information for the casino that licensee is licensed to  
6 operate:

7 (a) The number of minors who were denied entry into the  
8 casino.

9 (b) The number of minors who were physically escorted from  
10 the casino premises.

11 (c) The number of minors who were detected participating in  
12 gambling games other than slot machines and the number of minors  
13 who were detected using slot machines.

14 (d) The number of minors who were taken into custody by a law  
15 enforcement agency on the casino premises.

16 (e) The number of minors who were detected illegally  
17 consuming alcohol on the casino premises.

18 (3) As used in this section, "minor" means a person less than  
19 21 years of age.

20 Sec. 18. (1) A person is guilty of a felony punishable by  
21 imprisonment for not more than 10 years or a fine of not more  
22 than \$100,000.00, or both, and shall be barred from receiving or  
23 maintaining a license for doing any of the following:

24 (a) Conducting a gambling operation where wagering is used or  
25 to be used without a license issued by the board.

26 (b) Conducting a gambling operation where wagering is  
27 permitted other than in the manner specified in section 9.

1 (c) Knowingly making a false statement ~~on~~ **in** an application  
2 for ~~any~~ **a** license ~~provided in~~ **under** this act or a written  
3 document provided under oath in support of a proposal for a  
4 development agreement.

5 (d) Knowingly providing false testimony to the board or its  
6 authorized representative while under oath.

7 (e) Willfully failing to report, pay, or truthfully account  
8 for any license fee or tax imposed by this act or willfully  
9 ~~attempt~~ **attempting** in any way to evade or defeat the license  
10 fee, tax, or payment. A person convicted under this subsection  
11 shall also be subject to a penalty of 3 times the amount of the  
12 licensee fee or tax not paid.

13 (f) Making a political contribution in violation of section  
14 7b. ~~of this act.~~

15 (2) A person commits a felony punishable by imprisonment for  
16 not more than 10 years or a fine of not more than \$100,000.00, or  
17 both, and, in addition, shall be barred for life from a gambling  
18 operation under the jurisdiction of the board if the person does  
19 any of the following:

20 (a) Offers, promises, or gives anything of value or benefit  
21 to a person who is connected with a licensee or affiliated  
22 company **or the operation of a casino under section 6d**, including,  
23 but not limited to, an officer or employee of a casino licensee  
24 or holder of an occupational license pursuant to an agreement or  
25 arrangement or with the intent that the offer, promise, or thing  
26 of value or benefit will influence the actions of the person to  
27 whom the offer, promise, or gift was made in order to affect or

1 attempt to affect the outcome of a gambling game, or to influence  
2 official action of a member of the board.

3 (b) Solicits or knowingly accepts or receives a promise of  
4 anything of value or benefit while the person is employed by or  
5 connected with a licensee **or the board**, including, but not  
6 limited to, an officer or employee of a casino licensee or holder  
7 of an occupational license, pursuant to an understanding or  
8 arrangement or with the intent that the promise or thing of value  
9 or benefit will influence the actions of the person to affect or  
10 attempt to affect the outcome of a gambling game.

11 (c) Offers, promises, or gives anything of value or benefit  
12 to a member, employee, or agent of the board or an official of  
13 any state or local agency or governmental body with the intent  
14 that the offer, promise, or thing of value or benefit will  
15 influence the official action of the person to whom the offer,  
16 promise, or gift was made pertaining to a city development  
17 agreement, or administering, licensing, regulating, or enforcing  
18 this act.

19 (d) Solicits or knowingly accepts or receives a promise of  
20 anything of value or benefit while the person is a member,  
21 employee, or agent of the board, or an official of any state or  
22 local agency or governmental body, pursuant to an understanding  
23 or arrangement or with the intent that the promise or thing of  
24 value or benefit will influence the official action of the  
25 member, employee, or agent of the board or official of the state  
26 or local governmental body pertaining to a city development  
27 agreement, or enforcing this act.

1 (e) Except as otherwise provided by the board, uses or  
2 possesses with the intent to use a device to assist in doing any  
3 of the following:

4 (i) Projecting the outcome of a gambling game.

5 (ii) Keeping track of the cards played in a gambling game.

6 (iii) Analyzing the probability of the occurrence of an event  
7 relating to a gambling game.

8 (iv) Analyzing the strategy for playing or betting to be used  
9 in a gambling game.

10 (f) Cheats at a gambling game.

11 (g) Manufactures, sells, or distributes cards, chips, dice, a  
12 game, or a device that is intended to be used to violate this  
13 act.

14 (h) Alters or misrepresents the outcome of a gambling game on  
15 which wagers have been made after the outcome is determined but  
16 before it is revealed to the players.

17 (i) Places a bet after acquiring knowledge, not available to  
18 all players, of the outcome of the gambling game that is the  
19 subject of the bet or to aid a person in acquiring the knowledge  
20 for the purpose of placing a bet contingent on that outcome.

21 (j) Claims, collects, takes, or attempts to claim, collect,  
22 or take money or anything of value in or from ~~the~~ a gambling  
23 ~~games~~ **game**, with intent to defraud, without having made a wager  
24 contingent on winning ~~a~~ **the** gambling game, or claims, collects,  
25 or takes an amount of money or thing of value of greater value  
26 than the amount won.

27 (k) Uses counterfeit chips or tokens in a gambling game.

1       (1) Possesses a key or device designed for the purpose of  
2 opening, entering, or affecting the operation of a gambling game,  
3 drop box, or an electronic or mechanical device connected with  
4 ~~the~~ a gambling game or for removing coins, tokens, chips, or  
5 other contents of a gambling game. This subdivision does not  
6 apply to a gambling licensee, ~~or~~ an employee of a gambling  
7 licensee, **or an employee of the board engaged in a gambling**  
8 **operation under section 6d** acting in furtherance of the  
9 employee's employment.

10       (3) A person, or an affiliate of a person, is guilty of a  
11 misdemeanor punishable by imprisonment for not more than 1 year  
12 in a county jail or a \$10,000.00 fine, or both, for doing any of  
13 the following:

14       (a) Knowingly making a wager if the person is under 21 years  
15 of age or permitting a person under 21 years to make a wager.

16       (b) Willfully failing to appear before or provide an item to  
17 the board at the time and place specified in a subpoena or  
18 summons issued by the board or executive director.

19       (c) Willfully refusing, without just cause, to testify or  
20 provide items in answer to a subpoena, subpoena duces tecum, or  
21 summons issued by the board or executive director.

22       (d) Conducting or permitting a person who is not licensed  
23 ~~pursuant to~~ **under** this act to conduct activities required to be  
24 licensed under the casino, occupational, and suppliers licensee  
25 provisions in this act or in rules promulgated by the board.

26       (e) Knowingly ~~violates or aids or abets in~~ **violating or**  
27 **aiding or abetting** the violation of the provisions of section 7b.

1 ~~of this act.~~

2 (f) Leasing, pledging, borrowing, or loaning money against a  
3 casino, supplier, or occupational license.

4 (4) The possession of more than 1 of the devices described in  
5 subsection (2)(e) permits a rebuttable presumption that the  
6 possessor intended to use the devices for cheating.

7 (5) An action to prosecute any crime described in this  
8 section may, in the discretion of the attorney general or county  
9 prosecuting attorney, be tried in the county in which the crime  
10 occurred or in the county of Ingham.

11 Sec. 20. In addition to other penalties provided for under  
12 this act, a person who conducts a gambling operation, **other than**  
13 **a gambling operation under section 6d**, without first obtaining a  
14 license to do so, ~~or~~ a licensee who continues to conduct  
15 gambling games after revocation of the licensee's license, or  
16 ~~any~~ a licensee who conducts or allows to be conducted ~~any~~ **an**  
17 unauthorized gambling ~~games~~ **game** in a casino in which the  
18 licensee is authorized to conduct its gambling operation is  
19 subject to a civil penalty equal to the amount of gross receipts  
20 derived from wagering on ~~the~~ gambling games, whether  
21 unauthorized or authorized, conducted on that day ~~as well as~~  
22 **and to** confiscation and forfeiture of all ~~gambling game~~  
23 equipment used in the conduct of unauthorized gambling games.

24 Sec. 23. All shipments of gambling devices, including slot  
25 machines, to licensed casinos in this state, the registering,  
26 recording, and labeling of which have been completed by the  
27 manufacturer or dealer ~~thereof~~ **of the device** in accordance with

1 ~~chapter 1194, 64 Stat. 1134, 15 U.S.C.~~ **15 USC** 1171 to 1178, are  
2 legal shipments of gambling devices into ~~the~~ **this** state. ~~of~~  
3 ~~Michigan.~~

4       Sec. 25. (1) The board shall create a list of disassociated  
5 persons. The board shall, with the assistance of casino  
6 licensees, inform each patron of the list of disassociated  
7 persons and explain how the patron may add his or her name to the  
8 list.

9       (2) The board may add an individual's name to the list of  
10 disassociated persons if the individual has notified the board in  
11 writing of his or her pledge not to visit a casino in this state  
12 by filing an application for placement on the list of  
13 disassociated persons with the board.

14       (3) The board shall create and make available an application  
15 for placement on the list of disassociated persons. The  
16 application shall include all of the following information about  
17 the individual who is applying:

18       (a) Full name and all aliases.

19       (b) Physical description including height, weight, hair and  
20 eye color, skin color, and any other noticeable physical  
21 characteristics.

22       (c) Occupation.

23       (d) Current home and work addresses and phone numbers.

24       (e) Social security number.

25       (f) Date of birth.

26       (g) Statement that the individual believes he or she is a  
27 problem gambler and is seeking treatment.

1 (h) A photograph suitable for the board and casino licensees  
2 to use to identify the individual.

3 (i) Other information that the board considers necessary.

4 (4) An individual's name shall be placed on the list of  
5 disassociated persons after all of the following have occurred:

6 (a) The individual has submitted an application to be placed  
7 on the list of disassociated persons to the ~~Michigan gaming~~  
8 ~~control~~ board.

9 (b) The application **submitted under subdivision (a)** has been  
10 verified by a representative of the board.

11 (c) The individual has signed an affidavit in which he or  
12 she affirms that he or she wishes to be placed on the list of  
13 disassociated persons and ~~authorizing~~ **authorizes** the board to  
14 release the contents of his or her application to all casino  
15 licensees in this state.

16 (d) The individual signs a form releasing ~~the~~ **this** state,  
17 ~~of Michigan,~~ the board, and the casino licensees from any  
18 injury the individual suffers as a consequence of placing his or  
19 her name on the list of disassociated persons.

20 (e) The individual signs a form stating that he or she  
21 understands and authorizes all of the following:

22 (i) That a criminal complaint for trespassing will be filed  
23 against him or her if he or she is found on the premises of a  
24 casino in this state and he or she will be immediately removed  
25 from the casino premises.

26 (ii) That if he or she enters a casino and wins any money,  
27 the board will confiscate the winnings.



1       (5) An individual who has his or her name placed on the list  
2 of disassociated persons shall remain on the list for the  
3 remainder of his or her life.

4       (6) After an application has been submitted to the board,  
5 the chairperson of the board shall file a notice of placement on  
6 the list of disassociated persons with the board at the next  
7 closed session. Information contained in an application under  
8 subsection (4) is exempt from disclosure under section 4c of this  
9 act and is not open for public inspection. The information shall  
10 be disclosed to the board, each casino licensee in this state,  
11 the department of attorney general, and the department of state  
12 police.

13       (7) The list of disassociated persons shall be provided to  
14 each casino licensee, the department of attorney general, and the  
15 department of state police.

16       (8) Each casino licensee in this state shall submit to the  
17 board a plan for disseminating the information contained in the  
18 applications for placement on the list of disassociated persons.  
19 The board shall approve the plan. The plan shall be designed to  
20 safeguard the confidentiality of the information but shall  
21 include dissemination to all of the following:

22       (a) The general casino manager or the managerial employee  
23 who has responsibility over the entire casino operations.

24       (b) All security and surveillance personnel.

25       (c) The department of state police.

26       (9) A casino licensee **or the board in operating gaming under**  
27 **section 6d** shall not extend credit, offer check cashing

1 privileges, offer coupons, market ~~its~~ **casino** services, or send  
2 advertisements to, or otherwise solicit the patronage of, those  
3 persons whose names are on the list of disassociated persons.

4 (10) ~~The~~ **Each** casino licensee **and the board** shall keep a  
5 computer record of each individual whose name is on the list of  
6 disassociated persons. If a casino licensee **or an employee in a**  
7 **casino operated by the board under section 6d** identifies a person  
8 **whose name is on the list of disassociated persons** on the  
9 premises of ~~a~~ **the** casino, the licensee **or employee** shall  
10 immediately notify the board, a representative of the board, or a  
11 representative of the department of state police who is on the  
12 premises of the casino. After the licensee **or an employee of the**  
13 **board** confirms that the individual has filed an affidavit under  
14 this section, the licensee **or employee** shall do ~~all~~ **both** of the  
15 following:

16 (a) Immediately remove the individual from the casino  
17 premises.

18 (b) Report the incident to the prosecutor for the county in  
19 which the casino is located.

20 (11) A casino licensee who violates this act is subject to  
21 disciplinary action by the board.

22 (12) The board shall promulgate rules to implement and  
23 administer this act.

24 (13) An individual who has placed his or her name on the  
25 list of disassociated persons who enters a casino in this state  
26 is guilty of criminal trespassing punishable by imprisonment for  
27 not more than 1 year, a fine of not more than \$1,000.00, or

1 both.

2 (14) This act does not create any right or cause of action  
3 on behalf of the individual whose name is placed on the list of  
4 disassociated persons against ~~the~~ **this** state, ~~of Michigan,~~  
5 the board, or a casino licensee.

6 (15) ~~Any~~ **Except for money received from a gambling**  
7 **operation under section 6d,** winnings collected by the board under  
8 this act shall be deposited into the compulsive gaming prevention  
9 fund.