

SENATE BILL No. 1484

November 10, 2004, Introduced by Senator SWITALSKI and referred to the Committee on Gaming and Casino Oversight.

A bill to amend 1972 PA 239, entitled "McCauley-Traxler-Law-Bowman-McNeely lottery act," by amending sections 11, 12, and 25 (MCL 432.11, 432.12, and 432.25), section 11 as amended by 2004 PA 383, section 12 as amended by 2002 PA 471, and section 25 as amended by 1998 PA 465.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 11. (1) The commissioner shall promulgate rules
2 pursuant to the administrative procedures act of 1969, 1969 PA
3 306, MCL 24.201 to 24.328, as necessary to implement this act.

4 (2) The rules authorized under this section may include any
5 of the following subject to **subsection (4) and other** requirements
6 and limitations in this act:

- 7 (a) The type of lottery to be conducted.
- 8 (b) The price of tickets or shares in the lottery.

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

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

4 (e) The manner of payment of prizes to the holders of winning
5 tickets or shares.

6 (f) The frequency of the drawings or selections of winning
7 tickets or shares.

8 (g) Without limit as to number, the type or types of
9 locations at which tickets or shares may be sold.

10 (h) The method to be used in selling tickets or shares,
11 except that a person's name, other than a name used in
12 advertising or a promotion under section 18(2), shall not be
13 printed on the tickets or shares.

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

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

20 (k) The apportionment of the total annual revenues accruing
21 from the sale of lottery tickets or shares and from all other
22 sources for the payment of prizes to the holders of winning
23 tickets or shares, for the payment of costs incurred in the
24 operation and administration of the lottery, including the
25 expenses of the bureau and the costs resulting from any contract
26 or contracts entered into for promotional, advertising,
27 consulting or operational services or for the purchase or lease

1 of lottery equipment and materials, for the repayment of the
2 money appropriated to the state lottery fund, and for transfer to
3 the general fund.

4 (3) The commissioner may promulgate rules incorporating by
5 reference existing rules or regulations of any joint enterprise
6 as required as a condition for participation in that joint
7 enterprise. Any subsequent changes or additions to the rules or
8 regulations of the joint enterprise may be adopted by the
9 commissioner through the promulgation of a rule.

10 (4) The commissioner may issue a statement of the terms of a
11 lottery game. A statement under this subsection may be issued by
12 directive and is not required to be in the form of rules or
13 promulgated under the administrative procedures act of 1969, 1969
14 PA 306, MCL 24.201 to 24.328. A statement under this subsection
15 may include 1 or more of the following:

- 16 (a) A definition and delineation of the game.
17 (b) A game overview.
18 (c) A matrix of the game.
19 (d) Retailer requirements and prohibitions.
20 (e) Eligibility restrictions.
21 (f) Ticket responsibility.
22 (g) Price to play.
23 (h) The manner of determining prizewinners.
24 (i) Winning ticket validation requirements.
25 (j) Methods for claiming prizes.
26 (k) Requirements related to income taxes.
27 (l) Liabilities of winners.

1 (m) Dispute resolution.
2 (n) Governing law.
3 (o) Disclaimers.
4 (p) Game termination information.
5 (q) Images or descriptions of tickets.
6 (r) A definition for or provisions regarding 1 or more of the
7 following:

8 (i) Bar codes.
9 (ii) Game books.
10 (iii) Ticket numbers.
11 (iv) Images.
12 (v) Legends.
13 (vi) Play symbols.
14 (vii) Retailers.
15 (viii) Tickets.
16 (ix) Universal product codes.
17 (x) Validation codes.
18 (xi) Validation numbers.

19 Sec. 12. (1) Except as otherwise provided in subsection
20 ~~(3)~~ (2), ~~as nearly as is practicable, until January 1, 2007,~~
21 not less than 45% of the total annual revenue accruing from the
22 sale of lottery tickets or shares shall be apportioned for
23 payment of prizes to the holders of winning tickets or shares.

24 ~~(2) On or after January 1, 2007, 45% of the total revenue~~
25 ~~shall be apportioned for payment of prizes.~~

26 (2) ~~(3)~~ Notwithstanding ~~subsections (1) and (2)~~
27 **subsection (1)**, the prize money from the sale of tickets or

1 shares of any joint enterprise is that percentage of the total
2 annual revenue accrued from that game as prescribed by the joint
3 enterprise participation agreement executed by the commissioner.

4 Sec. 25. (1) The bureau shall give a prizewinner in the
5 Michigan lotto game the option of receiving his or her prize in a
6 single payment or in installments. This option shall be made
7 available to and exercised by the purchaser of a Michigan lotto
8 game ticket at the point of purchase. As used in this
9 subsection, "Michigan lotto game" means a game administered by
10 the bureau in which the matrix is 6 out of 49 numbers drawn.

11 (2) The right of any person to a prize drawn from the state
12 lottery is not assignable, except as provided in this section.
13 The commissioner shall be discharged of all further liability
14 upon payment of a prize pursuant to this section.

15 (3) Payment of any prize drawn may be made to a person
16 pursuant to an appropriate judicial order.

17 (4) Payment of any prize drawn may be made to the state
18 pursuant to section 32.

19 (5) If a prizewinner dies before collecting the full amount
20 of his or her prize drawn from the state lottery, the bureau
21 shall continue to make the remaining prize payments ~~to~~ as
22 **directed by the prizewinner. If the prizewinner does not direct**
23 **otherwise, the remaining prize payments shall be made in the**
24 **following order:**

25 (a) **To** the prizewinner's surviving spouse. ~~and~~

26 (b) **If there is not a surviving spouse, to** the prizewinner's
27 living children, in equal proportions, unless otherwise directed

1 by the prizewinner.

2 (c) If there is not a surviving spouse or living children,
3 ~~or other designated beneficiaries, the remaining prize payments~~
4 ~~shall be made~~ to the prizewinner's estate.

5 (6) Except as provided in subsection (11), payment of any
6 prize drawn may be made to any person pursuant to a voluntary
7 assignment of the right to receive future prize payments, in
8 whole or in part, if the assignment is made to a person or entity
9 designated pursuant to an appropriate judicial order of a court
10 of competent jurisdiction located in either the county in which
11 the assignor resides or the county in which the bureau is
12 located. An order approving the assignment and directing the
13 commissioner to pay the assignee all or a part of future prize
14 payments is properly issued if the court finds that all of the
15 following circumstances exist:

16 (a) The assignment is in writing, executed by the assignor in
17 accordance with the laws of this state, and the terms of the
18 assignment are disclosed, including the identity of the assignee,
19 the portion or portions of prize payments to be assigned, and the
20 amounts and dates of any payments that shall be given in exchange
21 for the assignment.

22 (b) The assignor provides a sworn affidavit to the court
23 attesting that the assignor is of sound mind, is not acting under
24 duress, has been advised regarding the assignment by his or her
25 legal counsel, and understands and agrees that the state and the
26 commissioner will have no further liability or responsibility to
27 make prize payments to the assignor.

1 (c) The proposed assignment does not include or cover
2 payments or portions of payments that are subject to section 32.

3 (d) Not less than 5 days after filing a petition for a
4 judicial order that approves a voluntary assignment under this
5 subsection and not less than 10 days before a hearing on the
6 petition, the petitioner ~~shall cause~~ **served** a copy of the
7 petition and notice of hearing on the petition ~~to be served~~
8 ~~upon~~ **on** the attorney general. The attorney general or his or
9 her assistant shall be permitted to appear and take action that
10 is in the best interests of the bureau and this state.

11 (7) Soliciting or offering rights to lottery prize payments,
12 either by assignment or through pledge as collateral for a loan,
13 shall not be considered selling or offering for sale lottery
14 tickets or shares under this act.

15 (8) The commissioner is authorized to establish a reasonable
16 fee to defray the cost of any administrative expenses associated
17 with assignments made pursuant to this section, including the
18 cost of a processing fee that may be imposed by a private annuity
19 provider. The amount of the fee shall reflect the direct and
20 indirect costs associated with processing the assignments.

21 (9) Except as otherwise provided by state or federal law, the
22 commissioner or an officer or employee of the bureau shall not
23 disclose the name, address, or any other personal information
24 concerning a winner of a prize greater than \$10,000.00 drawn from
25 the state lottery, unless the winner of a prize agrees in writing
26 to allow the disclosure. Subject to subsection (10), the
27 information protected against disclosure under this section is

1 exempt from disclosure under the freedom of information act, 1976
2 PA 442, MCL 15.231 to 15.246.

3 (10) Notwithstanding subsection (9), the commissioner or an
4 officer or employee of the bureau may disclose the name, address,
5 or any other personal information concerning a winner of a prize
6 awarded under a game played pursuant to a joint enterprise to the
7 extent required under the joint enterprise participation
8 agreement executed by the commissioner.

9 (11) If at any time the federal internal revenue service or a
10 court of competent jurisdiction issues a determination letter,
11 revenue ruling, other public ruling of the internal revenue
12 service, or published decision to any state lottery or state
13 lottery prizewinner declaring that the voluntary assignment of
14 prizes will affect the federal income tax treatment of
15 prizewinners who do not assign their prizes, the commissioner
16 shall immediately file a copy of that letter, ruling, or
17 published decision with the secretary of state and the office of
18 the state court administrator. A court shall not issue a
19 voluntary assignment order under subsection (6) after the date
20 the ruling, letter, or published decision is filed.