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Senate Bill 435 (as enrolled)

PUBLIC ACT 427 of 2006

Sponsor: Senator Jim Barcia

Senate Committee: Economic Development, Small Business and Regulatory Reform

House Committee: Government Operations

Date Completed: 2-1-07

CONTENT

The bill amended the Bingo Act to do the following:

- **Increase the limits on the value of large bingo and special bingo prizes.**
- **Increase the number of bingo licenses allowed for a seven-day period at one location, and delete limits on the number allowed for one day.**
- **Revise the maximum prize that may be awarded on the first occasion of a Michigan progressive jackpot bingo game, and make other changes concerning that game.**
- **Delete the aggregate per-day personal limit on winnings awarded in a millionaire party.**
- **Increase the maximum performance bond that a ticket supplier may be required to post.**
- **Limit the ability of a person to receive a commission, profit, or pay for managing or operating a raffle.**

The bill took effect on October 5, 2006.

Bingo Prizes

Under the Act, "large bingo" means a series of bingo occasions that occur on a regular basis during which the total value of all prizes awarded at a single occasion and the total value of all prizes awarded for one game do not exceed specified amounts (except for a prize awarded through a Michigan progressive jackpot bingo game). Previously, the maximum prize that could be awarded at a single occasion was \$2,000, and the maximum value of a prize awarded

for one game was \$500. The bill increased those limits to \$3,500 and \$1,100, respectively.

"Special bingo" means a single or consecutive series of bingo occasions during which the total value of all prizes awarded at a single occasion and the value of all prizes awarded for a single bingo game do not exceed specified amounts. The bill increased the amounts from \$2,000 to \$3,500, and from \$500 to \$1,100, respectively.

Bingo Licenses

The bill allows up to 14, rather than 10, bingo licenses to be issued for a seven-day period at any one location.

Previously, only one bingo license could be issued to a qualified organization for any one day, and not more than two bingo licenses could be issued for the same day at any one location. The bill deleted these provisions.

Progressive Jackpot Bingo Game

Under the bill, the prize awarded to the winner of a Michigan progressive jackpot bingo game may be a predetermined amount that does not exceed \$500 or 50% of the card sales on the first bingo occasion. Previously, the predetermined amount could not exceed \$500.

The bill deleted a requirement that all bingo cards used in the progressive jackpot bingo game be sold before the drawing of the first ball for that game.

Under the bill, on the first bingo occasion, a player may not be required to obtain bingo in less than the number of allowable calls as prescribed by the Lottery Commissioner to win the jackpot prize. Previously, a player could not be required to obtain bingo in less than 50 numbers called.

Under the Act, the number of allowable calls required to win the jackpot must be increased by one number on each successive bingo occasion in a particular progression. The bill refers to each successive bingo occasion "for that licensee".

The bill requires the jackpot prize to be awarded by a check written from the licensee's financial account (as previously required) or in the manner prescribed by the Commissioner.

Millionaire Party Prize Limits

Previously, a person participating in a millionaire party could not be awarded prizes having an aggregate value over \$500 per day. The value of raffle, charity game, and numeral game prizes awarded at the party was not subject to this limitation. A notice of the personal limitation on winnings had to be given to the participant or posted at the location of the event. If the licensee was allowed to advertise the event, the advertising had to give notice of the \$500 personal limitation on winnings.

The bill deleted these provisions.

Other Provisions

Under the bill, the Lottery Commissioner must require suppliers authorized to sell charity game tickets and/or numeral game tickets to post a performance bond of at least \$50,000 but not more than \$1.0 million. The Act previously contained this requirement but set the maximum at \$500,000.

The Act prohibits a person from receiving any commission, salary, pay, profit, or wage for participating in the management or operation of bingo, a millionaire party, or a charity game except as provided by rule promulgated under the Act. Under the bill, this also applies to a person participating in the management or operation of a raffle.

The Act requires that all fees and revenue collected by the Commissioner or Lottery Bureau under the Act be paid into the State Lottery Fund. Under the bill, all necessary expenses incurred by the Bureau in the administrative and enforcement of the Act and in the initiation, implementation, and ongoing operation of any activity authorized by the Act must be financed from the Fund. The Act previously contained this requirement but referred to the operation of charity games, rather than any activity authorized by the Act.

The Act defines "prize" as anything of value, including money or merchandise that is given to a player for attending or winning a game at an event. The bill states that "prize" does not include advertising material given away by a qualified organization in accordance with rules promulgated under the Act.

The bill defines "qualified organization" as a bona fide religious, educational, service, senior citizens, fraternal, or veterans' organization that operates without profit to its members and that either has been in existence continuously for five years or is exempt from taxation under Section 501(c) of the Internal Revenue Code. Previously, an organization had to meet the five-year requirement or be exempt from taxation under the Single Business Tax Act.

MCL 432.103 et al.

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The bill will have no fiscal impact on State or local government.

Fiscal Analyst: Stephanie Yu

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.