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BILL ANALYSIS

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Senate Bill 435 (as introduced 4-27-06)

Sponsor: Senator Jim Barcia

Committee: Economic Development, Small Business and Regulatory Reform

Date Completed: 5-30-06

CONTENT

The bill would amend the Bingo Act to do the following:

- **Increase the limits on the value of large bingo and special bingo prizes.**
- **Delete restrictions on the number of bingo licenses issued for a seven-day period or for the same day at one location, and the number issued to a qualified organization 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.**
- **Limit the ability of a person to receive a commission, profit, or pay for managing or operating a raffle.**
- **Increase the maximum performance bond that a ticket supplier may be required to post.**

Bingo Prizes

The Act defines "large bingo" as a series of bingo occasions that occur on a regular basis during which the total value of all prizes awarded at a single occasion does not exceed \$2,000 and the total value of all prizes awarded for one game does not exceed \$500 (except for a prize awarded through a Michigan progressive jackpot bingo game). The bill would increase the maximum prize that may be awarded at a single occasion to \$5,000, and the value of a prize awarded for one game to \$1,000.

The Act defines "special bingo" as a single or consecutive series of bingo occasions during which the total value of all prizes awarded at a single occasion does not exceed \$2,000 and the value of all prizes awarded for a single bingo game does not exceed \$500. The bill would increase those limits to \$5,000 and \$1,000, respectively.

Bingo Licenses

Currently, not more than 10 bingo licenses may be issued for a seven-day period at any one location and only one bingo license may be issued to a qualified organization for any one day. In addition, not more than two bingo licenses may be issued for the same day at any one location.

The bill would delete these provisions.

The Act provides that a person may be the chairperson for more than one bingo game only if the additional bingo licenses, for which he or she will act as chairperson, are granted to the same qualified organization. The bill would delete this provision.

Progressive Jackpot Bingo Game

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

Under the Act, all bingo cards used in the progressive jackpot bingo game must be sold before the drawing of the first ball for that game. The bill would delete that requirement.

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

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 would refer to each successive bingo occasion "for that licensee".

The Act requires the jackpot prize to be awarded by a check written from the licensee's financial account. The bill would require the jackpot prize to be awarded by such a check or in the manner prescribed by the Commissioner.

Millionaire Party

Under the Act, a person participating in a millionaire party may 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 is not subject to this limitation. A notice of the personal limitation on winnings must be given to the participant or posted at the location of the event. If the licensee is allowed to advertise the event, the advertising must give notice of the \$500 personal limitation on winnings.

The bill would delete these provisions.

Other Provisions

Under the Act, the 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 \$500,000. The bill would increase the maximum to \$1.0 million.

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 would apply 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. All necessary expenses incurred by the Bureau in the administrative and enforcement of the Act and in the initiation, implementation, and ongoing operation of charity games must be financed from the Fund. The bill would refer to the operation of any activity authorized by the Act, rather than charity games.

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” would not include advertising material given away by a qualified organization in accordance with rules promulgated under the Act.

The Act 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 the Single Business Tax Act. Under the bill, an organization would have to meet the five-year requirement or be exempt from taxation under Section 501(c) of the Internal Revenue Code.

MCL 432.103 et al.

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The bill would 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.