

SENATE BILL No. 8

January 12, 2005, Introduced by Senator BROWN and referred to the Committee on Appropriations.

A bill to amend 1972 PA 239, entitled "McCauley-Traxler-Law-Bowman-McNeely lottery act," by amending sections 12 and 41 (MCL 432.12 and 432.41), section 12 as amended by 2002 PA 471 and section 41 as amended by 1997 PA 72.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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

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

8 (2) ~~—(3)—~~ Notwithstanding ~~subsections (1) and (2)—~~ **SUBSECTION**

1 (1), the prize money from the sale of tickets or shares of any
2 joint enterprise is that percentage of the total annual revenue
3 accrued from that game as prescribed by the joint enterprise
4 participation agreement executed by the commissioner.

5 Sec. 41. (1) A special fund to be known as the "state lottery
6 fund" is created in the department of treasury. Except as provided
7 in subsection (3), the state lottery fund consists of all revenues
8 received from the sale of state lottery tickets or shares and all
9 other money credited or transferred to the fund from any other fund
10 or sources pursuant to law, including interest earnings on common
11 cash attributable to the state lottery fund. Revenue derived from
12 the sale of tickets or shares of any joint enterprise shall be
13 treated in the manner provided for in the joint enterprise
14 participation agreement executed by the commissioner. The
15 commissioner shall deposit net revenue from any joint enterprise in
16 the state lottery fund. Earnings resulting from installment payment
17 of any lottery prizes shall be used for payment of prizes to
18 lottery winners and the prize structure formulated pursuant to
19 sections 11 and 12 shall be established accordingly.

20 (2) The investment authority of the state treasurer with
21 regard to the state lottery fund shall be the same as his or her
22 investment authority with regard to retirement system funds. To
23 assure a continuing availability of money with which to pay state
24 lottery prize installments and to compensate for variations in the
25 yield on investments, every 6 months the commissioner and the state
26 treasurer shall review the status of the installment prize
27 investments and shall agree on an amount to be restricted out of

1 the total revenues of the state lottery fund as a reserve against a
2 drop in yield. If the commissioner and the state treasurer fail to
3 agree on the amount to be reserved, the matter shall be referred to
4 the state administrative board for a decision on the amount to be
5 reserved.

6 (3) Except as provided in subsection (4), after the payment of
7 prizes to the holders of winning state lottery tickets or shares or
8 the payment pursuant to section 32 of the liabilities to this state
9 of holders of winning state lottery tickets or shares, and, **SUBJECT**
10 **TO SUBSECTION (5)**, the payment of the reasonable expenses of the
11 bureau in its operation of the lottery, the net revenue in the
12 state lottery fund and any money or interest generated by the state
13 lottery fund and share of common cash, **BUT IN NO CASE LESS THAN 50%**
14 **OF THE NET REVENUE AND MONEY OR INTEREST GENERATED**, shall be
15 deposited in the state school aid fund and ~~shall be~~ distributed
16 as provided by law.

17 (4) Ten percent of each year's state lottery advertising
18 budget but not to exceed \$1,000,000.00 shall be deposited in the
19 compulsive gaming prevention fund created in the compulsive gaming
20 prevention act.

21 (5) **NOT MORE THAN 5% OF THE TOTAL ANNUAL REVENUE ACCRUING FROM**
22 **THE SALE OF LOTTERY TICKETS OR SHARES IN THIS STATE SHALL BE**
23 **APPORTIONED FOR PAYMENT OF EXPENSES OF THE BUREAU IN ITS OPERATION**
24 **OF THE LOTTERY, INCLUDING, BUT NOT LIMITED TO, EXPENSES FOR**
25 **ADVERTISING AND FOR COMPULSIVE GAMING PREVENTION.**