

Act No. 427  
Public Acts of 2006  
Approved by the Governor  
October 3, 2006  
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October 5, 2006  
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**STATE OF MICHIGAN  
93RD LEGISLATURE  
REGULAR SESSION OF 2006**

Introduced by Senators Barcia, Prusi and Goschka

# **ENROLLED SENATE BILL No. 435**

AN ACT to amend 1972 PA 382, entitled "An act to license and regulate the conducting of bingo, millionaire parties, and certain other forms of gambling; to provide for the conducting of charity games, raffles, and numeral games; to provide for exemptions from licensing requirements under certain circumstances; to impose certain duties and authority upon certain state departments, agencies, and officers; to provide a tax exemption; and to provide penalties," by amending sections 3, 3a, 5, 5c, 8, 10, 10a, and 11b (MCL 432.103, 432.103a, 432.105, 432.105c, 432.108, 432.110, 432.110a, and 432.111b), section 3 as amended by 1995 PA 275, sections 3a, 5c, and 11b as added and sections 5, 10, and 10a as amended by 1999 PA 108, and section 8 as amended by 1981 PA 229.

*The People of the State of Michigan enact:*

Sec. 3. (1) "Educational organization" means an organization within this state that is organized not for pecuniary profit, whose primary purpose is educational in nature and designed to develop the capabilities of individuals by instruction in any public or private elementary or secondary school that complies with the revised school code, 1976 PA 451, MCL 380.1 to 380.1852, or any private or public college or university that is organized not for pecuniary profit and that is approved by the state board of education.

(2) "Fraternal organization" means an organization within this state, except a college fraternity or sorority, that is organized not for pecuniary profit; that is a branch, lodge, or chapter of a national or state organization; and that exists for the common purpose, brotherhood, or other interests of its members.

(3) "Licensee" means a person or qualified organization licensed under this act.

(4) "Member" means an individual who qualified for membership in a qualified organization under its bylaws, articles of incorporation, charter, rules, or other written statement.

(5) "Person" means a natural person, firm, association, corporation, or other legal entity.

(6) "Qualified organization" means 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 as an organization for a period of 5 years or is exempt from taxation under 26 USC 501(c). Qualified organization does not include a candidate committee, political committee, political party committee, ballot question committee, independent committee, or any other committee as defined by, and organized under, the Michigan campaign finance act, 1976 PA 388, MCL 169.201 to 169.282.

(7) "Religious organization" means any of the following:

(a) An organization, church, body of communicants, or group that is organized not for pecuniary profit and that gathers in common membership for mutual support and edification in piety, worship, and religious observances.

(b) A society of individuals that is organized not for pecuniary profit and that unites for religious purposes at a definite place.

(c) A church related private school that is organized not for pecuniary profit.

(8) "Senior citizens organization" means an organization within this state that is organized not for pecuniary profit, that consists of at least 15 members who are 60 years of age or older, and that exists for their mutual support and for the advancement of the causes of elderly or retired persons.

(9) "Service organization" means either of the following:

(a) A branch, lodge, or chapter of a national or state organization that is organized not for pecuniary profit and that is authorized by its written constitution, charter, articles of incorporation, or bylaws to engage in a fraternal, civic, or service purpose within the state.

(b) A local civic organization that is organized not for pecuniary profit; that is not affiliated with a state or national organization; that is recognized by resolution adopted by the local governmental subdivision in which the organization conducts its principal activities; whose constitution, charter, articles of incorporation, or bylaws contain a provision for the perpetuation of the organization as a nonprofit organization; whose entire assets are used for charitable purposes; and whose constitution, charter, articles of incorporation, or bylaws contain a provision that all assets, real property, and personal property shall revert to the benefit of the local governmental subdivision that granted the resolution upon dissolution of the organization.

(10) "Veterans' organization" means an organization within this state, or a branch, lodge, or chapter within this state of a state organization or of a national organization chartered by the congress of the United States, that is organized not for pecuniary profit, the membership of which consists of individuals who were members of the armed services or forces of the United States.

Sec. 3a. (1) "Equipment" means the objects and mechanical or electromechanical devices used to determine or assist in determining the winners of prizes at events licensed under this act.

(2) "Event" means each occasion of a bingo, millionaire party, raffle, charity game, or numeral game licensed under this act.

(3) "Large bingo" means a series of bingo occasions that occur on a regular basis during which the total value of all prizes awarded through bingo at a single occasion does not exceed \$3,500.00 and the total value of all prizes awarded for 1 game does not exceed \$1,100.00, except that a prize awarded through a Michigan progressive jackpot bingo game is not subject to these limitations.

(4) "Large raffle" means an event where the total value of all prizes awarded through raffle drawings exceed \$500.00 per occasion.

(5) "Location" means a building, enclosure, part of a building or enclosure, or a distinct portion of real estate that is used for the purpose of conducting events licensed under this act. Location also means all components or buildings that comprise 1 architectural entity or that serve a unified functional purpose.

(6) "Manufacturer" means a person licensed under section 11c who manufactures numeral game tickets for sale to suppliers for use in an event.

(7) "Michigan progressive jackpot" means a bingo game conducted in conjunction with a licensed large bingo occasion, where the value of the prize is carried forward to the next bingo occasion if no player bingos in a predetermined number of allowable calls. Michigan progressive jackpot may include bingo games conducted by more than 1 licensee that are linked together for the purpose of a common jackpot prize and consolation prize as prescribed by the commissioner.

(8) "Millionaire party" means an event at which wagers are placed upon games of chance customarily associated with a gambling casino through the use of imitation money or chips that have a nominal value equal to or greater than the value of the currency for which they can be exchanged.

(9) "Numeral game" means the random resale of a series of numeral game tickets by a qualified organization under a numeral game license or in conjunction with a licensed millionaire party or large raffle.

(10) "Numeral game ticket" means a paper strip on which preprinted numerals are covered by folding the strip and banding the folded strip with a separate piece of paper, if upon breaking the paper strip that bands the ticket, the purchaser discovers whether the ticket is a winning ticket and the purchaser may be awarded a merchandise prize.

(11) "Occasion" means the hours of the day for which a license is issued.

(12) "Principal officer" means the highest ranking officer of the qualified organization according to its written constitution, charter, articles of incorporation, or bylaws.

(13) "Prize" means anything of value, including, but not limited to, money or merchandise that is given to a player for attending or winning a game at an event. A nonmonetary item is valued at its retail value. Prize does not include advertising material given away by a qualified organization in accordance with rules promulgated under this act.

(14) "Single gathering" means 1 scheduled assembly or meeting with a specified beginning and ending time that is conducted or sponsored by the qualified organization. Single gathering does not include the regular operating hours of a club or similar facility and does not include a meeting conducted solely for the purpose of conducting a raffle.

(15) "Small bingo" means a series of bingo occasions that occur on a regular basis during which the total value of all prizes awarded through bingo at a single occasion does not exceed \$300.00 and the total value of all prizes awarded for a single bingo game does not exceed \$25.00.

(16) "Small raffle" means an event during which the total value of all prizes awarded through raffle drawings does not exceed \$500.00 during 1 occasion.

(17) "Special bingo" means a single or consecutive series of bingo occasions during which the total value of all prizes awarded through bingo at a single occasion does not exceed \$3,500.00 and the total value of all prizes awarded for a single bingo game does not exceed \$1,100.00.

(18) "Supplier" means a person licensed under this act to rent, sell, or lease equipment or to sell charity game or numeral game tickets to qualified organizations licensed under this act.

Sec. 5. (1) A large or small bingo license may be reissued annually upon the submitting of an application for renewal provided by the commissioner and upon the licensee's payment of the appropriate fee. A small or large bingo license expires at 12 midnight on the last day of February.

(2) A qualified organization may hold more than 1 bingo license.

(3) A small or large bingo license shall be valid for not more than 1 day per week.

(4) Not more than 14 bingo licenses shall be issued for a 7-day period at any 1 location.

(5) A special bingo license may be issued for up to 7 consecutive days.

(6) A qualified organization may be issued up to 4 special bingo licenses per calendar year.

Sec. 5c. (1) The value of a prize or consolation prize awarded during a Michigan progressive jackpot bingo game is not subject to the prize limitations of section 3a(3).

(2) The prize awarded to the winner of a Michigan progressive jackpot bingo game may be a predetermined amount that shall not exceed \$500.00 or 50% of the card sales on the first bingo occasion.

(3) If a Michigan progressive jackpot prize is not won in the predetermined number of allowable calls, the game shall be played to its conclusion for a predetermined consolation prize that shall not exceed \$100.00.

(4) If a Michigan progressive jackpot prize is not won in the predetermined number of allowable calls, the entire prize amount shall be carried forward to the next scheduled bingo occasion.

(5) When a Michigan progressive jackpot prize has been carried forward from a previous bingo occasion, the new prize amount shall include the entire amount carried forward, plus 50% of the card sales for the Michigan progressive jackpot bingo game for the current bingo occasion.

(6) No arrangement of numbers other than a coverall pattern shall be required or allowed to win a Michigan progressive jackpot bingo game.

(7) A Michigan progressive jackpot bingo game shall be played only on bingo cards that are approved by the commissioner.

(8) All cards for the Michigan progressive jackpot bingo game shall be sold by the licensee at a uniform price with no discount for the purchase of more than 1 card.

(9) Whenever a Michigan progressive jackpot bingo game is conducted, the licensee shall post a notice and announce the following information:

(a) The maximum number of allowable calls in which the player must complete a coverall pattern in order to win a Michigan progressive jackpot prize on that occasion.

(b) The prize amount offered to the winner of the Michigan progressive jackpot game and the consolation prize for that bingo occasion.

(c) The date the next bingo occasion will occur in that particular progression if the jackpot is not awarded.

(10) A Michigan progressive jackpot bingo game shall be conducted in the following manner:

(a) On the first bingo occasion a player shall not be required to obtain bingo in less than the number of allowable calls as prescribed by the commissioner to win the jackpot prize.

(b) The number of allowable calls required to win the jackpot shall be increased by 1 number on each successive bingo occasion for that licensee in a particular progression.

(c) Once a Michigan progressive jackpot bingo game has been started, the progressive jackpot prize shall be offered at each successive bingo occasion for that licensee until the jackpot prize has been won.

(d) A Michigan progressive jackpot progression shall only be terminated or interrupted by 1 of the following:

(i) Determining a winner of the Michigan progressive jackpot prize.

(ii) Expiration, suspension, revocation, or surrender of the license to conduct bingo.

(iii) A previously announced scheduled interruption, such as a legal holiday or other temporary closing.

(iv) A valid emergency condition under which the licensee is unable to conduct the game.

(11) Only 1 Michigan progressive jackpot bingo game shall be in progress at 1 time per bingo occasion.

(12) Prizes for a Michigan progressive jackpot bingo game shall be awarded as follows:

(a) The Michigan progressive jackpot prize shall be awarded to the player or players who complete the coverall pattern within the predesignated number of allowable calls.

(b) A consolation prize shall be awarded on each bingo occasion at which a Michigan progressive jackpot game is played, except on the bingo occasion that the jackpot prize is won.

(c) The consolation prize shall be awarded to the player or players who complete a coverall pattern on each bingo occasion, regardless of the number of calls in excess of the predesignated number of allowable calls required to win the Michigan progressive jackpot bingo game.

(13) The jackpot prize shall be awarded by a check written from the licensee's financial account or in the manner prescribed by the commissioner.

(14) Except as otherwise provided in this section, all other provisions of this act or rules promulgated under this act apply to the conduct of a Michigan progressive jackpot game.

(15) If an organization's bingo license will expire or is suspended, revoked, or surrendered before the last bingo occasion of a particular progression, the jackpot prize shall be awarded and the winner determined on the last authorized bingo occasion regardless of the number of calls required to determine the winner.

Sec. 8. All fees and revenue collected by the commissioner or bureau under this act shall be paid into the state lottery fund. All necessary expenses incurred by the bureau in the administration and enforcement of any activity authorized by this act and in the initiation, implementation, and ongoing operation of any activity authorized by this act shall be financed from the state lottery fund. The amount of these necessary expenses shall not exceed the amount of revenues received from the sale of charity game tickets and all fees collected under this act. At the end of each fiscal year all money, including interest, in the state lottery fund which is attributable to fees and revenue collected under this act but which has not been expended under this section shall be deposited in the state general fund.

Sec. 10. (1) Only a member of the qualified organization shall participate in the management of an event.

(2) A person shall not receive any commission, salary, pay, profit, or wage for participating in the management or operation of bingo, a millionaire party, a raffle, or a charity game except as provided by rule promulgated under this act.

(3) Except by special permission of the commissioner, a licensee shall conduct bingo or a millionaire party only with equipment that it owns, uses under a bureau-approved rental contract, or is purchasing or renting at a reasonable rate from a supplier.

(4) A licensee shall not advertise bingo except to the extent and in the manner permitted by rule promulgated under this act. If the commissioner permits a licensee to advertise bingo, the licensee shall indicate in the advertisement the purposes for which the net proceeds will be used by the licensee.

(5) The holder of a millionaire party license shall not advertise the event, except to the extent and in the manner permitted by rule promulgated under this act. If the commissioner permits a licensee to advertise the event, the licensee shall indicate in the advertising the purposes for which the net proceeds will be used by the licensee.

Sec. 10a. All of the following apply in the conduct of a millionaire party:

(a) A person less than 18 years of age shall not be permitted to wager.

(b) A wager may not be placed on a contest other than a game of chance taking place at the location and during the time period approved for the event, and in no event shall a wager be placed upon an athletic event or upon a game involving personal skill.

(c) The licensee under the millionaire party license shall be responsible for insuring that the requirements of this section are met.

(d) A qualified organization shall not receive more than \$15,000.00 in exchange for imitation money or chips in 1 day of a millionaire party.

Sec. 11b. (1) Each applicant for a license or renewal of a license to operate as a supplier of equipment, charity game tickets, or numeral game tickets to qualified organizations licensed under this act shall submit a written application to the bureau on a form prescribed by the commissioner.

(2) The applicant shall pay an annual license fee of \$300.00 at the time of the application.

(3) A supplier's license expires at 12 midnight on September 30 of each year.

(4) The commissioner shall require suppliers authorized to sell charity game tickets, numeral game tickets, or both, to post a performance bond of not less than \$50,000.00 and not greater than \$1,000,000.00.

(5) A supplier shall remit to the bureau an amount equal to the qualified organization's purchase price of the charity game tickets less an amount that shall not be less than the sum of \$.008 for each ticket sold plus 1.0% of the total resale value for all charity game tickets sold.

(6) For each numeral game sold, the supplier shall issue to the licensed organization an invoice listing the manufacturer and serial number of each game.

(7) The fee collected by a supplier from the qualified organization for each game of numeral tickets sold shall be \$5.00 per 1,000 tickets or any portion of 1,000 tickets.

(8) The fees collected by the supplier for each numeral game sold shall be remitted to the bureau by the fifteenth day of the month following the month in which the numeral game is sold. A late fee of 25% of the amount due may be assessed by the commissioner against any supplier who fails to remit the fees by the required filing date.

(9) A supplier shall only display, offer for sale, sell, or otherwise make available to a qualified organization numeral game tickets that have been obtained from a manufacturer.

(10) A person who is directly or indirectly connected to the sale, rental, or distribution of bingo or millionaire party equipment, or the sale of charity game tickets or numeral game tickets, or a person residing in the same household as the supplier shall not be involved directly or indirectly with the rental or leasing of a facility used for an event.

(11) A supplier shall submit to the bureau a report as required by the commissioner regarding the sale or rental of equipment and the sale of charity game tickets and numeral game tickets.

This act is ordered to take immediate effect.

*Carol Morey Viventi*

Secretary of the Senate

*Sam E. Randall*

Clerk of the House of Representatives

Approved .....

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Governor