

# Legislative Analysis

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## PROGRESSIVE BINGO GAME REVISIONS

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**House Bill 4265 without amendment**

**Sponsor: Rep. Barbara Farrah**

**Committee: Regulatory Reform**

### **First Analysis (6-4-07)**

**BRIEF SUMMARY:** The bill would allow a bingo licensee to offer two progressive jackpot bingo games under specified circumstances.

**FISCAL IMPACT:** The bill would have an indeterminate fiscal impact on revenues to the General Fund. See a more detailed discussion later in the analysis.

### **THE APPARENT PROBLEM:**

Charitable gaming, such as bingo, raffles, and millionaire parties, has been an important fundraising tool for many civic, church, educational, fraternal, and service organizations for decades. However, these not-for-profit organizations are finding it increasingly difficult to compete with the gaming options and other amenities offered at casinos (both in- and out-of-state), and high-stakes Canadian bingos with payouts in the tens of thousands. Amendments to the Bingo Act in recent years have tried to address the problem by increasing the cap on the value of prizes awarded in a single game and a single bingo occasion. Legislation in 1999 also created the Michigan Progressive Jackpot Bingo Game, which added a level of excitement into bingo events by offering larger jackpots.

The Charitable Gaming Division is now poised to offer an expanded version of the Michigan Progressive Jackpot Bingo Game called the Big Money Bingo Game. The Big Money Bingo Game is a statewide progressive bingo game in which participating bingo events will be linked by satellite feed. With a jackpot funded by 50 percent of the statewide card sales, the new Big Money Bingo is expected to infuse new life into declining bingo event participation.

The problem the bill seeks to address is that the Bingo Act restricts a licensee from offering more than one progressive bingo game at a bingo occasion. Unless the law is changed, a bingo licensee would have to choose between offering the traditional Michigan Progressive Jackpot Bingo or a manually-linked Progressive Jackpot Bingo game and the new Big Money Bingo.

### **THE CONTENT OF THE BILL:**

Currently, only one "Michigan Progressive Jackpot" bingo game can be in progress at one time per bingo occasion.

The bill would amend the Traxler-McCauley-Law-Bowman Bingo Act (MCL 432.105c) to allow two Michigan Progressive Jackpot bingo games to be in progress at one time at a bingo occasion, if one of the games is linked together with bingo games conducted by one or more other licensees for the purpose of a common jackpot prize and consolation prize as prescribed by the commissioner.

(In the Bingo Act, a "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 one licensee that are linked together for the purpose of a common jackpot prize and consolation prize as prescribed by the commissioner. "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 and the total value of all prizes awarded for 1 game does not exceed \$1,100, except that a prize awarded through a Michigan progressive jackpot bingo game is not subject to these limitations. "Occasion" means the hours of the day for which a license is issued.)

#### ***BACKGROUND INFORMATION:***

A progressive jackpot bingo game is a coverall game, meaning that in order for a player to "bingo," all the numbers on a card must be called. If a player does not "bingo" after the number of predetermined numbers have been called, the jackpot is rolled over to the next bingo event. At the succeeding event, one additional number is called (i.e., 50 calls the first night, 51 the second, 52 the third, and so on). The jackpot continues to be rolled over until a patron bingos. The prize awarded in a progressive bingo game is not subject to the act's current \$1,100 cap per game and \$3,500 per bingo event. In addition, two or more bingo licensees may "link" a progressive bingo game (called a manually linked progressive bingo), with one licensee hosting the game on one occasion and the other licensees hosting the game on successive occasions with the jackpot being forwarded to a successive occasion until it is won.

According to information on the Michigan Lottery Bureau's website, the starting jackpot for a Big Money Bingo will be \$5,000 and could grow to \$100,000 or more. If no winner bingos in the allotted number of calls, a consolation prize will be offered at each location. Big Money Bingo will be played every night at 8 p.m. at participating halls, with an afternoon game being added sometime in the summer of 2007.

Big Money Bingo will be regulated by the Charitable Gaming Division of the Michigan Lottery Bureau, but the games will be implemented and operated by Scientific Games. For more information, visit the lottery's website at [www.michigan.gov/lottery](http://www.michigan.gov/lottery).

#### ***FISCAL INFORMATION:***

The Bureau of State Lottery's Charitable Gaming Division is self-funded through license fees and charity game ticket revenue. Revenue collected in excess of the division's expenses reverts to the General Fund. To the extent that the bill results in an increase in the number of bingo licenses issued and an increase in the number of charity game tickets sold (many bingo licensees sell tickets), the bill would increase General Fund revenue.

This amount, however, is indeterminate. In FY 2006, \$10.5 million was transferred to the General Fund (\$18.56 million in revenue less \$8.07 million in expenses).

### ***ARGUMENTS:***

#### ***For:***

The bill would simply allow a bingo licensee to offer both an in-house progressive bingo game and a linked game during the same bingo occasion. Reportedly, some patrons prefer the smaller, local, progressive games because, though the jackpot is smaller than in a linked game, there are fewer players with whom to compete, thus increasing the odds of being the one to "bingo." Under the bill, bingo patrons could have the option to play either the smaller in-house game or a linked game, or both.

#### ***Response:***

As written, it is unclear exactly what would be allowed under the bill. For example, could a manually linked progressive game be played in addition to an in-house progressive game, or could a manually-linked progressive game be played at the same bingo occasion as the Big Money Bingo? Further, the bill doesn't specifically refer to the Big Money Bingo; theoretically, the bill could be interpreted to allow other communal progressive games to be created between bingo licensees.

#### ***For:***

Charities continue to face tough competition from casinos and Canadian high-stakes bingo games. Allowing them to offer both a local progressive game and a statewide progressive game at the same event makes the occasion more exciting for the player and could generate more revenue for the charities. This is important because as state and federal resources decline, it falls on the charities to pick up the provision of various service and educational programs. From providing food, clothing, and shelter to low income and homeless individuals; to counseling services; library books; musical instruments and sports equipment for schools; and child care services, charities support many needed programs and services.

The bill is not an expansion of gaming; progressive games are already allowed under the Bingo Act. Therefore, there would be no impact on compacts negotiated between the state and Tribes operating casinos.

### ***POSITIONS:***

A representative of the RHS Alumni Football Club in Wyandotte, which supports the football program at Theodore Roosevelt High School and provides an annual scholarship for one year of college, submitted written testimony in support of the bill. (3-6-07)

The Michigan Lottery, Charitable Gaming Division, neither supports nor opposes the bill. (6-4-07)

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.