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House Bill 4869 (Substitute H-1 as passed by the House)
House Bill 4870 (as passed by the House)
Sponsor: Representative Barbara Farrah
House Committee: Regulatory Reform
Senate Committee: Economic Development and Regulatory Reform

Date Completed: 11-7-07

CONTENT

House Bill 4869 (H-1) would amend the Michigan Boxing Regulatory Act to do all of the following:

- Include the regulation of "mixed martial arts" contests and exhibitions under the Act, but exempt amateur mixed martial arts.
- Rename the Act as the "Michigan Unarmed Combat Regulatory Act" and similarly rename the Michigan Boxing Commission and the Michigan Boxing Fund.
- Expand the Commission to include four members licensed in mixed martial arts.
- Allow money in the Fund to be used to reimburse the Attorney General for services provided to the Department of Labor and Economic Growth (DLEG).
- Incorporate by reference New Jersey's requirements and rules for mixed martial arts, with certain exceptions.
- Authorize the DLEG Director to promulgate rules in addition to those incorporated by reference.
- Limit to \$10,000 per contestant the amount of a purse that may be withheld pending drug tests.

House Bill 4870 would amend the Michigan Penal Code to refer to the Michigan Unarmed Combat Regulatory Act, rather than the Michigan Boxing Regulatory Act, in a provision specifying that Chapter 66 (Prize Fights) of the Code does not apply to any contests or exhibitions conducted, held, or given pursuant to the Michigan Boxing Regulatory Act. (Chapter 66 generally prohibits participating in, training for, or attending a prize fight, other than contests or exhibitions conducted pursuant to the Michigan Boxing Regulatory Act.)

The bills are tie-barred.

A more detailed description of House Bill 4869 (H-1) follows.

Scope of Act

Under the Michigan Boxing Regulatory Act, the Michigan Boxing Commission is established within DLEG and has authority over the management and control of all professional boxing contests and exhibitions held in Michigan. The Act also provides for the Michigan Boxing Fund, specifies licensing requirements and fees, and sets forth procedures for complaints,

investigations, and sanctions. The bill would refer to boxing or mixed martial arts contests or exhibitions throughout the Act.

"Mixed martial arts" would mean unarmed combat involving the use of a combination of techniques from different disciplines of the martial arts, including grappling, kicking, jujitsu, and striking, subject to limitations contained in the Act and rules promulgated under it.

The Act specifies that it does not apply to any of the following:

- Professional or amateur wrestling.
- Amateur martial arts sports or activities.
- Contests or exhibitions conducted by or participated in exclusively by an agency of the U.S. government or by a school, college, or university or an organization exclusively composed of those entities, if each participant is an amateur.
- Amateur boxing regulated under Federal law by the Amateur Sports Act.
- Boxing elimination contests regulated under Section 50 of the Boxing Regulatory Act.

The bill would add amateur mixed martial arts to that list.

Commission

The Michigan Boxing Commission consists of seven voting members appointed by the Governor with the advice and consent of the Senate. The DLEG Director is a nonvoting ex officio member. Under the bill, the Commission would be known as the "Michigan Unarmed Combat Commission" and would consist of 11 voting members plus the DLEG Director in his or her ex officio capacity.

A majority of the Commission members appointed by the Governor must be licensees under the Act. The bill specifies that four members would have to be licensees in boxing, four would have to be licensees in mixed martial arts, and three would have to be members of the general public. Also, when designated by the DLEG Director, any board action taken on only a boxing or only a mixed martial arts matter would be considered only by the appropriately licensed members and general public members.

Five members of the Commission currently constitute a quorum. Under the bill, after the appointment of the additional members, a quorum would require seven members. In the case of a proposed action to be taken on a matter involving only boxing or only mixed martial arts, and when only the members of the board designated for the particular sport were eligible to confer, a quorum would be four members, two of whom would have to be licensed under the appropriate sport. Under those circumstances, a concurrence of three members (rather than four as currently required) would be necessary to render a decision by the Commission.

Under the Act, a person is ineligible for appointment to the Commission if he or she has a material financial interest in any club, organization, or corporation whose main object is the holding or giving of boxing contests or exhibitions. The bill also would refer to mixed martial arts contests or exhibitions.

The Act allows the Commission to affiliate with any other state or national boxing commission or athletic authority. The bill would extend that provision to any other state or national mixed martial arts commission. The bill also would allow the Commission to enter into any appropriate reciprocity agreements, upon approval of the DLEG Director.

The Act provides that the Commission and DLEG are vested with management, control, and jurisdiction over all boxing contests or exhibitions to be conducted, held, or given within

Michigan. The bill would refer to "professional boxing and professional mixed martial arts" contests or exhibitions within Michigan.

Fund

The bill would rename the Michigan Boxing Fund as the "Unarmed Combat Fund". The Act provides that the money in the Fund is to be used for the costs of administration and enforcement of the Act or for any costs associated with the administration of the Act. Under the bill, money in the Fund could be used "only" for those purposes, including reimbursing the Department of Attorney General for the reasonable costs of services provided to DLEG under the Act.

Standards & Rules

The bill would incorporate by reference the requirements and standards contained in standards adopted by the New Jersey State Athletic Control Board ("Mixed Martial Arts Unified Rules", N.J.A.C. 13:46-24A and 24B), in existence on the bill's effective date, except for the license fees described in those rules. Any requirements and standards incorporated by reference under this provision that conflicted with the requirements and standards of the Act would be considered superseded by the Act.

The DLEG Director, in consultation with the Commission, could promulgate rules to alter, supplement, update, or amend the N.J.A.C. standards incorporated by reference. Any references to the Commission in the Mixed Martial Arts Unified Rules would mean DLEG.

Under the Act, a person seeking licensure as a professional judge, referee, or timekeeper must have scored a minimum number of rounds of boxing. The bill would add that, to the extent standards were not contained in the rules incorporated by reference, DLEG would have to promulgate rules establishing standards for a person seeking licensure as a mixed martial arts professional referee, judge, or timekeeper, and establishing experience standards for a person seeking licensure as a mixed martial arts professional judge.

The bill specifies that the standards in N.J.A.C. 13:46-24B.3 would not be incorporated by reference. (That provision of the Mixed Martial Arts Unified Rules requires that all mixed martial arts events be subject to the presence, duties, and compensation of inspectors.)

Withheld Purse Pending Drug Test

The Act provides that a promoter's license is subject to revocation unless at least 10% of the purse in a contest or exhibition is withheld or escrowed until the results of a postcontest drug test required by the Act are available to DLEG. The bill would limit the withheld or escrowed amount to \$10,000 per contestant.

("Purse" means the financial guarantee or any other remuneration for which professionals are participating in a contest or exhibition, including the professional's share of any payment received for radio, television, or motion picture rights.)

Fees

The Act requires the promoter of a boxing contest or exhibition to pay the following fees:

- An initial application processing fee of at least \$250.
- An annual license fee of \$250.
- An event fee of \$125.

A promoter also must pay a regulatory and enforcement fee in the amount of 3% of the total gross receipts from the sale, lease, or other exploitation of broadcasting, television, and motion picture rights, not to exceed \$25,000 per contract, if an event is located in a venue with a seating capacity of over 5,000, the promoter proposes to televise the event or broadcast it over any medium, and the event is designed to promote professional contests in the State.

Under the bill, these fees (which are deposited into the Fund) also would apply to the promoter of a mixed martial arts event.

MCL 338.3601 et al. (H.B. 4869)
750.447 (H.B. 4870)

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bills would increase the revenue and expenses of the Department of Labor and Economic Growth by an unknown amount. Based on the experience of the Michigan Boxing Fund, the revenue generated from the additional fees paid by mixed martial arts promoters would be insufficient to cover the cost of regulation. In FY 2006-07, the Michigan Boxing Fund received revenue of approximately \$49,100. The Department's expenses related to boxing regulation were estimated by DLEG at \$126,800, with the additional expenditures supported by Licensing and Regulation fee revenue.

The bill would allow reimbursement to the Department of Attorney General for any services provided to the Department of Labor and Economic Growth. The amount of potential reimbursement is unknown as this would be a new use of the Fund and, according to the Department of Attorney General, there are no services currently provided.

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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.