

Legislative Analysis



MILLIONAIRE PARTIES

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House Bill 5121

Sponsor: Rep. Harold Haugh

Committee: Regulatory Reform

Complete to 12-9-09

A SUMMARY OF HOUSE BILL 5121 AS INTRODUCED 6-17-09

The bill would make a distinction between millionaire parties operated and conducted solely by volunteer members of a qualified organization and parties in which members or workers are paid or otherwise compensated, create an expedited process for a license for a millionaire party, and revise license fees.

Millionaire parties, also known as "Las Vegas parties," are a form of charitable gaming that allows qualified organizations to raise money to fund their projects. "Qualified organization" is defined under the Bingo Act as a bona fide religious, educational, service, senior citizens, fraternal, or veterans' organization that operates without profit to its members and that has either been in existence continuously as an organization for a period of five years or is exempt from taxation under 26 USC 501(c).

House Bill 5121 would amend the Traxler-McCauley-Law-Bowman Bingo Act, also known as the Bingo Act. Currently, the act defines "millionaire party" as 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.

The bill would further distinguish between "small" and "large" millionaire parties. A small millionaire party would have to be operated and conducted only by members of the qualified organization who do not receive any wage, salary, pay, or profit for operating or conducting the party. The license fee would remain at the current amount of \$50 per day.

A large millionaire party would be one that wasn't a small millionaire party. The fee for a large millionaire party would be \$250 per day. (The bill does not specify if the higher fee would apply to a millionaire party staffed by members of the qualifying organization who receive pay or other compensation, or a party staffed in whole or part by non-members who may or may not receive compensation for their services.)

The bill would also allow an applicant for a millionaire party to apply for an expedited license. The applicant would have to pay an additional \$300 with the application. If the applicant were determined to be qualified for a millionaire party license, the Bureau of State Lottery would have to issue the expedited license within 10 days after the application was made.

Lastly, the bill would delete a reference to millionaire parties from provisions allowing the Bureau to issue a millionaire party license to an organization that does not meet all of the requirements of a qualified organization under hardship or extreme hardship conditions. (As written, this would preclude charitable organizations that were recently formed to raise funds to help disaster victims or persons with illnesses from holding millionaire parties, among others.)

(Note: A qualified organization may be issued up to four millionaire party licenses a year; each license is valid for up to four consecutive days. No more than \$15,000 can be received by the organization in exchange for imitation money or chips in a single day. Other regulations also apply to millionaire parties, such as prohibiting a wager from a person less than 18 years of age. Public Act 427 of 2006 eliminated the cap on the amount a person could win in one day and revised the act to allow a qualified organization to receive up to 20 millionaire party licenses in a year for parties conducted at a licensed race track.)

FISCAL IMPACT:

House Bill 5121 would have an indeterminate, but positive, fiscal impact on the state. First, the bill would make a "large millionaire party" a separate license accompanied by a fee of \$250. No data is currently available that would allow an analysis of how many of the annual licenses distributed would qualify as a "large millionaire party." In FY 2007-08, 4,029 millionaire party licenses were distributed. Millionaire parties fall under the Charitable Gaming Division of the Michigan Lottery. The division is self-supporting from fees and the sale of its various game tickets. Any revenue over the division's operating expenses is disbursed to the state's General Fund. In FY 2007-08, gross revenue was \$18.9 million. Approximately \$8.3 million went to operational expenses. Revenue over the division's operating expenses (approximately \$10.6 million) was distributed to the state's General Fund. The creation of a \$250 fee for a separate "large millionaire party" would conceivably increase the distribution of revenue to the state's General Fund.

Moreover, the bill would allow an applicant for a millionaire party to apply for an expedited license for a fee of \$300. This provision would raise the amount of fee revenue to the Charitable Gaming Division by an indeterminate amount, which would conceivably increase the distribution of revenue to the state's general fund.

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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.