

CHARITABLE GAMING REVISIONS

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House Bill 5121 (Substitute H-3)
Sponsor: Rep. Harold Haugh
Committee: Regulatory Reform

First Analysis (1-13-10)

BRIEF SUMMARY: Among other things, the bill would:

- Increase fees for most charitable gaming licenses.
- Allow the location, hours, day, or date on a charitable gaming license to be changed by the lottery commissioner for a fee.
- Require revenue to be appropriated for FY 2010 to hire additional staff to process charitable gaming licenses and provide oversight of millionaire parties.
- Allow all licensees to advertise bingos, millionaire parties, and raffles.
- Allow charities to pay for security measures to protect patrons and volunteers.
- Allow two Michigan Progressive Jackpot Bingo Games to be in progress at one time at a bingo occasion if one of those is a linked game, allow (rather than require) a consolation prize, and allow games other than a coverall game..
- Distinguish between “large” and “small” millionaire parties.
- Allow an expedited license for a millionaire party for an additional fee.
- Increase the amount to \$20,000 that an organization conducting a millionaire party can receive in exchange for imitation money or chips in a single day.
- Create a large millionaire party location license.
- Allow dealers at Texas Hold'em events to be employees of or contract workers for licensed suppliers and large millionaire party location licensees, and allow the dealers and pit bosses at the events to accept tips.

FISCAL IMPACT: The bill would have a positive fiscal impact on the state. A more detailed discussion follows later in the analysis.

THE APPARENT PROBLEM:

Due to the long economic downturn in the state and the high unemployment and under-employment rates, charities are experiencing significant decreases in donations at a time when greater numbers of people are coming to them for assistance. 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 for-profit Tribal and Detroit-based casinos and high-stakes Canadian Bingos. Amendments to the Bingo Act adopted in 2006 tried to address the problem by, among other things, eliminating the \$500 aggregate per-day personal limit on winnings from a millionaire party and by

increasing the limit on the value of prizes awarded in a single bingo game and a single bingo occasion to \$1,100 and \$3,500, respectively. In addition, Big Money Bingo, an electronically-linked progressive bingo game launched several years ago, offers a jackpot that starts at \$10,000 and can grow to over \$45,000.

Unfortunately, attendance at traditional charitable gaming events has continued to decline. For instance, applications for bingo licenses are expected to be down more than 50 percent from 2000. Traditional millionaire parties, at which casino-style games such as craps, roulette, and blackjack can be played, are also drawing smaller crowds that, for one charity, only netted about \$200 for a four-day event.

Yet, during this same time period, the growing popularity of poker has seen an increase in attendance at millionaire parties offering Texas Hold'em tournaments and other cash games. In a charity poker tournament, an eligible charity must first obtain a millionaire party license. Instead of holding the tournament at its own facility, most charities contract with a business licensed to supply gaming equipment and services. The licensed supplier then arranges to hold the tournament in another establishment, such as a bar. For example, Trippers in Lansing has a separate charity game room that holds Texas Hold'ems and other allowable games every night, with the tournaments being sponsored by different charities. The charities receive a portion, or rake, of each pot.

In fact, the number of charities requesting millionaire party licenses for Texas Hold'ems and businesses applying to be a licensed supplier has increased so dramatically as to overwhelm the charitable gaming division of the State Lottery Bureau. Recently, a moratorium on issuing any new supplier licenses was instituted until the backlog can be addressed. What concerns some is that a number of unlicensed businesses around the state have begun to offer their buildings and services to charities looking for a place to hold a Texas Hold'em tournament, but – due to lack of regulatory oversight and the potential for abuse – the bureau is currently declining to issue a millionaire party license to a charity unless the event will be serviced by a licensed supplier. The problem with that policy decision is that many of the licensed suppliers are booked solid for the rest of the year with long waiting lists of charities hoping to snag an opening. As a result, many Michigan charities are losing out on much needed revenue that could be raised from a Texas Hold'em tournament.

Other issues related to charitable gaming have also been raised. License fees have not been increased since 1972. Bingo licensees can't participate in the Big Money Bingo if they also offer a manually-linked progressive jackpot bingo on the same bingo occasion, and they can't offer progressive jackpot bingo games that are popular in other states due to a restriction in state law requiring only coverall games. State law restricts dealers at millionaire parties to no more than \$50 compensation per day, so charities have to schedule them for shorter shifts, making it difficult to find enough experienced dealers to staff an event. Dealers are also prohibited from receiving tips from patrons. Moreover, charities currently are not permitted to spend revenues from events on security measures to protect patrons and volunteers. In response, a number of amendments to the Bingo Act have been suggested.

THE CONTENT OF THE BILL:

House Bill 5121 would amend the Traxler-McCauley-Law-Bowman Bingo Act, also known as the Bingo Act, to increase license fees, create a new location license for millionaire parties, provide for additional Lottery Bureau staff to process license applications, allow up to two progressive bingo games at one bingo occasion under certain conditions, and make numerous other revisions to charitable gaming.

License fee increases

The bill would increase most of the license fees for charity gaming as follows:

License	Current Fee	Proposed Fee
Large Bingo	\$150.00	\$175.00
Small Bingo	\$55.00	\$75.00
Special Bingo	\$25.00	\$50.00
Large Millionaire Party		\$100 per day
Small Millionaire Party, per day	\$50.00	\$65.00
Large Raffle Per drawing date	\$50.00	\$75.00
Small Raffle: One to three drawing dates	\$15.00	\$25.00
Four or more drawing dates, per drawing date	\$5.00	\$5.00
Annual Charity Game	\$200.00	\$400.00
Special Charity Game, per day	\$15.00	\$25.00
Numeral Game	\$15.00	\$15.00 per day

In addition, the bill would do the following in relation to fees:

- Allow the commissioner to change the location, hours, day, or date stated on an issued license or issue a duplicate license on payment by the licensee of a nonrefundable \$35 fee.
- Allow an applicant for a millionaire party license to apply for an expedited license within 14 days of the event for an additional fee of \$300.
- Increase the annual bingo hall licensing fee from \$50 to \$75 multiplied by the number of large or small bingo occasions conducted during the 7-day week.
- Increase the annual supplier’s license fee from \$300 to \$1,000.
- Create a large millionaire party location license with an annual fee of \$1,000.

Millionaire parties

Millionaire parties, also known as "Las Vegas parties," are a form of charitable gaming that allows qualified organizations to offer casino-type table games such as poker, dice, and roulette 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).

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. 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.

The bill would make the following changes to how millionaire parties would be conducted:

** The act limits the amount of money that a qualified organization can receive in a single day in exchange for imitation money or chips to \$15,000; the bill would increase this amount to \$20,000.

** The bill would further distinguish between "small" and "large" millionaire parties. A small millionaire party would mean a millionaire party conducted at a location owned and operated (or rented on a continual basis) by the qualified organization for the regular use of its members and that was operated primarily by members of the qualified organization or related qualified organizations. A large millionaire party would be one that was not conducted at a location owned and operated (or rented on a continual basis) for the regular use of its members.

** The bill would allow an applicant for a millionaire party to apply – within 14 days of an event – for an expedited license. The applicant would have to pay an additional \$300 with the application.

** Unless written permission was granted by the commissioner of State Lottery, a licensee could only conduct a large millionaire party at a large millionaire party location licensed by the bureau or at a location where the equipment and services were provided by a supplier. ("Supplier" is currently defined under the act to mean a person licensed under the act to rent, sell, or lease equipment or to sell charity game or numeral game tickets to qualified organizations licensed under the act.)

** The bill would allow a licensee (charity) to pay a reasonable amount (as determined by the commissioner) for the wages or salaries of individuals who performed large millionaire party operating services.

** Licensees would have to conspicuously post – at each entrance and exit of the location where the event was conducted – a visually prominent sign on which is printed a toll-free compulsive gambling gaming helpline telephone number.

Supplier and location licenses for millionaire parties. Currently, a person can be licensed under the act to operate as a supplier of equipment, charity game tickets, or numeral game tickets to qualified organizations that are also licensed under the act. The bill would authorize licensed suppliers to also operate as large millionaire party operating services, that is to say, performing duties in the conduct of a large millionaire party other than management. “Management” would be defined to mean, with respect to a large millionaire party, handling cash, chips, or house rakes or completing a game record or financial statement.

The bill would also increase the fee for a supplier’s license from \$300 annually to \$1,000 annually. Suppliers who sell charity game tickets or numeral game tickets are currently required to post a performance bond of not less than \$50,000 or more than \$1 million; the bill would increase the maximum amount of a performance bond to \$1.5 million.

The bill would create a large millionaire party location license with an annual fee of \$1,000. The license would allow a person to rent a facility and equipment – as well as provide services – to large millionaire party licensees. The location license would expire on January 1 of each year. A large millionaire party location licensee would have to submit to the bureau a report as required by the commissioner regarding the rental of its facility and equipment and the provision of services to large millionaire party licensees.

The commissioner could not issue a license to a person to act as a supplier of large millionaire party operating services or as a large millionaire party location unless the applicant met all of the following requirements:

- The person (or any owner, partner, shareholder, director, officer, member, or employee) had not been convicted of a felony or of a misdemeanor involving illegal gambling.
- The person (and anyone else so designated by the commissioner) met minimum requirements – as established by the commissioner – for experience in gaming and knowledge of lottery rules and directives as necessary to properly advise qualified organizations in conducting events.

(As written, it is not clear if this provision would apply the requirements above to all applicants for a supplier license or only to those suppliers intending to supply large millionaire operating services. Currently, not all suppliers provide such services.)

Large millionaire party operating services. Under the bill, and unless the commissioner agreed otherwise in writing, an individual who performs large millionaire party operating services would be considered to be an agent of a licensed large millionaire party location or a supplier that was supplying large millionaire party operating services for the millionaire party. (This means that a licensed supplier or location licensee could employ or contract with an individual to act as a dealer or pit boss at a large millionaire party event. Currently, dealers are supplied by the charity and cannot receive compensation greater than \$50 a day, nor can they receive tips.)

Under the bill, an individual performing large millionaire party operating services could receive a tip from a patron of the millionaire party, but the individual could not place a wager at a large millionaire party at which he or she were performing the services. However, the individual could place a wager on a day on which he or she was not performing the services. "Large millionaire party operating services" are defined to mean performing duties in the conduct of a large millionaire party other than management. "Management" would mean, with respect to a large millionaire party, handling cash, chips, or house rakes or completing a game record or financial statement.

Michigan Progressive Jackpot Bingo

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 (thus growing in amount) 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 manually or electronically linked together for the purpose of a common jackpot prize and consolation prize as prescribed by the commissioner. Currently, only coverall games, in which every number on a bingo card must be covered in order to win, may be played in a progressive bingo game.

The bill would revise the way a Michigan Progressive Jackpot Bingo Game could be played as follows:

- On the first bingo occasion, allow the prize awarded to a winner to be a predetermined amount or a predetermined percentage of the card sales. Currently, the prize may be a predetermined amount that did not exceed \$500 or 50 percent of the card sales on the first bingo occasion.
- Permit, rather than require, a consolation prize to be awarded on each bingo occasion at which a Michigan Progressive Jackpot Bingo Game was played but not won and eliminate the \$100 consolation prize cap.
- Allow patterns other than just a coverall pattern to win a Michigan Progressive Jackpot Bingo Game or consolation prize.

- Eliminate the requirement that all cards for the Michigan Progressive Jackpot Bingo Game be sold by the licensee at a uniform price with no discount for the purchase of more than one card.
- Allow two Michigan Progressive Jackpot Bingo Games to be in progress at one time per bingo occasion if one of the games were a linked game, e.g., a manually linked game and the electronically linked Big Money Bingo or an in-house progressive game and either a manually or electronically linked game.

New hires for Bureau of State Lottery

The bill would require, for the fiscal year ending September 30, 2010, the amount of \$325,000 to be appropriated from the State Lottery Fund to hire four additional full-time employees (FTEs) to implement and conduct additional responsibilities imposed on the Bureau by the bill.

Advertising.

Currently, bingo licensees and millionaire party licensees are prohibited from advertising their events except as permitted by departmental rules. In addition, if the commissioner permits a bingo or millionaire party licensee to advertise an event, the advertisement must indicate the purposes for which the net proceeds of the event will be used.

The bill would delete much of the current provision and instead provide that a licensee could advertise events conducted under the act by the licensee. Thus, a licensed supplier or large millionaire party location licensee, in addition to the licensed charities, could advertise an event such as a Texas Hold'em. A licensee would have to indicate in any advertisement the purposes for which the net proceeds will be used. The commissioner could promulgate rules under the act regarding advertising of events under Section 10 of the act.

Miscellaneous provisions

** Currently, licensees may only use the net proceeds of an event to pay a reasonable amount for such things as cash prizes, the purchase of merchandise to use as prizes, location rental, janitorial services, license fees, and other reasonable expenses as permitted by rule of the lottery commissioner. Under the bill, charitable gaming licensees would also be allowed to pay a reasonable amount for security measures to protect volunteers and patrons of an event and pay for reasonable advertising of the event. The bill would charge the commissioner with determining what would constitute a reasonable amount for any of the allowable expenses.

** Under Section 19 of the Bingo Act, penalties for unlawful gaming provided in other laws do not apply to a person who engages in various aspects of a bingo game, millionaire party, or charity game if the conduct is done pursuant to the Bingo Act or

rules promulgated under it. The bill would also exempt conduct related to a raffle if done pursuant to the Bingo Act or its rules.

** The bill would clarify in the definitions of “religious organization” and “service organization” that the terms apply to entities in this state.

** Currently, the act applies the definition of “service organization” to a local civic organization in this state that, along with other requirements, provides that upon dissolution of the organization all assets, real property, and personal property revert to the benefit of the local governmental subdivision that granted the resolution recognizing the organization. The bill would add that the assets and property could also revert to another nonprofit organization.

FISCAL INFORMATION:

House Bill 5121 would have a positive fiscal impact on the state. First, the bill would differentiate between a "large millionaire party" and a "small millionaire party". The "large millionaire party" would carry a daily licensing fee of \$100, while the "small millionaire party" would have a one-time fee of \$65. The bill would also increase license fees for all other charitable games, increase license fees of suppliers of equipment for charitable games, and create a \$1,000 license fee for applicants wanting to be a location for a large millionaire party. In addition, the bill would allow a location, hours, day, or date change along with a duplicate license for a \$35 fee. The bill would also allow an applicant for a millionaire party to apply for an expedited license for a \$300 fee. Finally, the bill would allow the bureau to spend \$325,000 on 4.0 new full-time equated (FTE) positions to implement the responsibilities of the bill. According to the most recent estimates from the Michigan Lottery, the bill would increase revenues by \$2.5 million annually.

The Charitable Gaming Division of the Michigan Lottery 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. As noted above, the changes under the bill would increase revenues to the Charitable Gaming Division by \$2.5 million. After covering the expenses of the 4.0 FTE's, the remaining revenue would be deposited in the state's General Fund.

ARGUMENTS:

For:

At one time, charity millionaire parties, also known as Las Vegas nights, were the only way to experience casino-style table games without traveling to Las Vegas or Atlantic City. Now, with three for-profit casinos in Detroit and Tribal casinos dotting the state, these charitable events must adapt to the changing times or charities face losing a valuable fundraising tool.

Lately, poker has caught the public's attention via media coverage of tournaments in which the victor can take home a multimillion dollar prize. For instance, Joe Cada, a 21-year-old from Michigan, took first place in the World Series of Poker Main Event last November in Las Vegas, winning \$8.5 million. Many charities have been able to benefit from the growing interest in poker by focusing their millionaire parties on poker tournaments, especially Texas Hold'em. Some charities report that 50-70 percent of their fundraising come from their Texas Hold'em tournaments.

Rather than hosting them in their own facilities, the practice is to hold them in a bar or other location, with the charity getting a portion of each pot. This has several advantages: the charity has lower overhead costs in sponsoring the event, the people providing services (such as dealers and pit bosses) are more knowledgeable and experienced, and participants like playing in familiar surroundings in which they know they will have an experience similar to what they would find in a casino or professional tournament. For the bars and location owners, a charity poker tournament can bring in crowds on slow nights and thus increase the sale of food and beverages.

Some bars have set aside separate rooms in which the charity tournaments are held and offer tournaments each night – with different charities as sponsors. A larger venue may hold two or more events simultaneously with different charities as sponsors. Some of the bars and locations contract with a supplier licensed by the Lottery Bureau to provide the equipment and/or the dealers, pit bosses, and necessary personnel to run the event. Bonafide members of the sponsoring charity must still be present to handle the cash and chips and prepare the financial report, and licensed suppliers are required to file a report to the Bureau regarding the sale or rental of equipment and the sale of charity game tickets and numeral game tickets.

A concern has been raised, however, over the growing numbers of businesses that have sprung up offering their establishments (e.g., bars or halls) to charities as a location at which to hold a Texas Hold'em without contracting with a licensed supplier or obtaining a supplier license. Without being regulated, there is no way to know if the charitable gaming regulations are being complied with or if the charities are at risk for being defrauded out of money rightfully theirs. In addition, without proper oversight, the experience patrons have come to expect at charity tournaments may be compromised.

In another concern, the Lottery Bureau has been so overwhelmed by applications for supplier licenses that it has had to temporarily halt issuing those licenses. In addition, the Bureau has decided that charities can only get a millionaire party license if the event will be held at their own facility or at a location serviced by a licensed supplier. The result is that charities now face a wait of several months to receive their millionaire party licenses, with the scheduled date for the event sometimes passing before the Bureau can process the application. That is if they can find a licensed supplier that isn't totally booked for months or years in advance. One supplier has a waiting list of 75 charities trying to book a date for a Texas Hold'em tournament. If the Bureau could hire additional staff, the processing times for licenses could be shortened.

The bill's beneficial changes regarding millionaire parties are as follows. They would

- Make a distinction between millionaire parties held in a charity's own facility (small) and those held in a bar or other location (large).
- Require a large millionaire party to be held only at a licensed location or a location serviced by a licensed supplier.
- Create a separate license category for locations. The provision would allow a bar or other business to decide either to contract with a licensed supplier for equipment and millionaire party operating services or be licensed to provide the equipment and services itself. The employees of licensed suppliers or locations would have to meet minimum training standards that included knowledge of the charitable gaming laws, and the bill would screen out enterprises that employed ex-felons or a person with a gambling-related misdemeanor offense.
- Require each location at which a large millionaire party is held to conspicuously post signs with a toll-free compulsive gaming helpline telephone number at exits and entrances.
- Allow dealers and pit bosses to be the employees or contract workers of licensed suppliers or licensed locations. Thus, the bill would allow salaries or wages to be paid to these people (as determined by the commissioner). The pay would likely be greater than the \$50 per day currently allowed. Plus, the bill would also allow these workers to receive tips from event patrons. The benefit will be that a higher caliber of individual will be attracted to servicing the events, thus providing a professional experience for the patrons.
- Allow only a bona fide member of the charity to handle money, chips, or house rakes (the charity's take of a pot) at a large millionaire party, with an exception for dealers and pit bosses in the course of conducting a game.

For:

The license fees for charities, bingo hall owners, and suppliers have not been revised since 1972. The bill would, for the most part, make modest adjustments to the fee structure. For-profit businesses, such as suppliers and bingo hall owners, would see the greatest increase, though even these increases are reasonable considering the fees have stayed the same for 38 years. In addition, for an extra fee, a charity could get a duplicate license or, because life often throws up obstacles even for charities, have the date, location, day, or hours of an event stated on the license changed to accommodate the unexpected.

Another problem cited by charities, suppliers, and large millionaire party locations is that the Lottery Bureau does not have staff sufficient to process license applications in a timely manner or to provide required and adequate oversight of licensed events. Charitable gaming provides over \$10 million to the state's general fund each year, as well as totally supporting the current staffing level of the charitable gaming division. The increased license fees are expected to generate an additional \$2.5 million in revenue, and the bill would mandate that a portion of the revenue, \$325,000, be appropriated during this fiscal year (and hopefully each year hereafter) to hire four more employees so that the division can fulfill its statutory duties efficiently and effectively.

Another important change is that the bill would give authority to the lottery commissioner to set the standard for what would constitute a “reasonable” expenditure for what charities can be charged for equipment and services; location rentals; and pay for dealers, pit bosses, and so on. This provision keeps costs down for charities by capping what for-profit businesses can charge them for these items.

Further, the bill revises the provision in the Bingo Act regarding advertising of charitable gaming events to simply allow any licensee – charity, bingo hall, supplier, or large millionaire party location licensee – to advertise an event as long as the purposes for which the net proceeds will be used are indicated in the advertisement. The bill would also authorize the commissioner to promulgate rules regarding advertisements. The change will allow such things as a charity Texas Hold’em to be advertised by the licensed supplier servicing the event or by the location owner (e.g., bar) at which the event will be held. According to the charitable gaming division, the practice is not currently allowed, but is expected to relieve charities of some of the expenses of advertising their large millionaire party events.

For:

The bill would make some important updates to the Michigan progressive jackpot bingo games. Most importantly, the bill would allow up to two progressive jackpot bingos to be in progress at the same bingo occasion, as long as one of them was a linked game. As written, the provision does not appear to restrict the application of the language to the conduct of an in-house progressive jackpot game with either one manually-linked or an electronically-linked game (the Big Money Game); thus it would appear to allow a charity to have both a manually-linked game and the Big Money Game in progress at a bingo occasion, if those were the only two progressive games offered.

In an in-house progressive jackpot game, the prize is carried over to subsequent bingo occasions until it is won. In a manually-linked progressive jackpot game, the game is conducted by more than one licensee and alternates between the licensees’ locations until the combined jackpot is won. In the electronically-linked, Big Money Bingo, players at many locations compete together for the combined jackpot; if no one bingos in the allotted number of calls, a consolation prize is offered at each location and the jackpot is carried over to the next Big Money Bingo occasion.

The change will give charities conducting bingos more flexibility to offer the types of bingo experiences their patrons are interested in. For example, some patrons prefer in-house progressive games because though the prize is smaller, there are fewer players with whom to compete. Others prefer the excitement of the larger linked jackpots. Currently, a charity must pick only one of the options. By allowing two progressive games, charities can design bingo occasions that suit the preferences of all of their patrons.

The bill would allow progressive jackpot bingos to offer patterns that have become popular in progressive jackpots in other states, such as windowpane or an X pattern. These games are shorter in duration and therefore can add extra excitement to a progressive game at a bingo occasion. The bill would also allow progressive jackpot

bingo game cards to be sold at a discount, for instance, if a player bought several regular game cards he or she could buy a progressive jackpot game card at a discount. The \$500 prize cap restriction for a win on the first progressive jackpot bingo occasion would be removed, as would the mandate that a consolation prize be awarded whenever a progressive jackpot bingo prize wasn't won. All in all, the changes will allow greater flexibility to charities sponsoring progressive jackpot bingos to create faster-paced and exciting experiences for their patrons.

Against:

Some see the fee increases as a tax on charities in order to pad the state's falling revenues. At a time when state services are being reduced or eliminated, charities are being inundated with people seeking assistance formerly provided by state programs. Charities, therefore, are the last ones that the state should be seeking to profit by. The revenues raised by the Charitable Gaming Division based on the current fee structure are already sufficient to cover the cost of hiring four new staffers and still provide a tidy sum to the General Fund of over \$10 million. The fee increases would raise an additional \$2 million even after paying for the new hires. This \$2 million is money sorely needed by the state's charities to provide food, shelter, utilities, clothes, and other services to residents hit hard by the state's stagnate economy.

Against:

The explosion in interest in charity poker events has given rise to a new form of entrepreneurship that should not be stifled. Businesses that offer charities a location at which to hold a large millionaire party benefit the state by creating jobs and paying taxes. Since many of these are small, fledgling enterprises, a \$1,000 license fee, along with training requirements, would be burdensome.

Response:

The bill would place the same requirements on businesses offering a location for large millionaire parties as for licensed suppliers. Regulating these for-profit locations will provide protection for charities: ensuring they are not charged unreasonable expenses for services provided; that patrons can expect a level of professionalism from dealers and pit bosses; and that the locations do not take money from the poker games that lawfully belongs to the charities. Considering the money that locations earn from the sales of food and beverages at each charity event, a \$1,000 annual license fee is hardly burdensome.

POSITIONS:

The Michigan Lottery supports the bill. (1-6-10)

The Michigan Charitable Gaming Association supports the bill. (1-6-10)

Midwest Rabbit Rescue supports the bill. (1-7-10)

Aces Gaming Supply supports the bill. (1-6-10)

Sunfield Area Sponsors of Programs for Youth and Sunfield SPY's Community Foundation support the bill. (1-6-10)

The Shark Club supports the bill. (1-6-10)

The Kiwanis Club of Sterling Heights supports the bill. (1-16-10)

TJ's Charity Card Room supports the bill. (1-6-10)

A representative of Charity Poker Solutions testified in support of the bill. (12-9-09)

VFW Post 6986 indicated support for the bill. (12-16-09)

St. Joseph Catholic Church indicated support for the bill. (12-9-09)

The Michigan Nonprofit Association opposes the bill. (1-6-10)

Legislative Analyst: Susan Stutzky
Fiscal Analyst: Ben Gielczyk

■ 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.