

Legislative Analysis



ALLOW ISSUANCE OF LICENSE TO CERTAIN ORGANIZATIONS, FOR RAFFLES ONLY

Mary Ann Cleary, Director
Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

Senate Bill 1077 (Substitute S-2)

Sponsor: Sen. Tom Casperson

House Committee: Government Operations

Senate Committee: Regulatory Reform

Complete to 5-28-12

A SUMMARY OF SENATE BILL 1077 (S-2) AS REPORTED FROM COMMITTEE 5-23-12

The bill would amend the State Bingo Act so that certain organizations that are not branches, lodges, or chapters of a national or state organization, but are tax-exempt charitable organizations, would be considered "fraternal organizations," but only for the purpose of conducting a small or large raffle under the act.

Under the Bingo Act, the Lottery Commissioner may issue a license for certain charitable gaming operations to "qualified organizations" that have applied and have been deemed not otherwise ineligible. The definition of "qualified organization" includes "fraternal organizations," and that term is defined to mean an organization within the state, except for a college fraternity or sorority, which is organized not for pecuniary profit; is a branch, lodge, or chapter of a national or state organization; and exists for the common purpose, brotherhood, or other interests of its members. Senate Bill 1077 (S-2) would amend the definition of "fraternal organization" to include an organization that, if not affiliated with a state or national chapter, is tax-exempt under Section 501(c) of the Internal Revenue Code. Such a group would only be considered a fraternal organization for the purpose of conducting a small raffle or large raffle under the act.

In determining whether a fraternal organization that is not affiliated with a state or national organization is a "qualified organization," the Lottery Commissioner would only be able to consider whether the organization meets requirements that are applicable under the Bingo Act that are unrelated to whether the organization is a branch, lodge, or chapter of a state or national organization.

The bill would also allow the Lottery to select fraternal organizations that are not affiliated with a state or national chapter to be audited to ensure the organizations are in compliance with the Bingo Act.

MCL 432.103 and 432.104a

FISCAL IMPACT:

A fiscal analysis is in process.

BACKGROUND INFORMATION AND DISCUSSION:

According to testimony, the administrative rules pertaining to charitable gaming now require fraternal organizations to have oversight from a state or national organization. Further, as the economy has struggled, state and national organizations have increased membership dues to the point where some local fraternal organizations can no longer afford to maintain their affiliation. As a remedy, Senate Bill 1077 (S-2) would allow fraternal organizations that are not branches, lodges, or chapters of a national or state organization eligible for a charitable gaming license to conduct small or large raffles only, as long as those organizations are tax exempt charitable organizations under Section 501(c) of the Internal Revenue Code.

POSITIONS:

Michigan United Conservation Clubs supports the bill. (5-23-12)

Legislative Analyst: Jeff Stoutenburg
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.