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BILL



ANALYSIS

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Senate Bill 1077 (as enacted)
Sponsor: Senator Tom Casperson
Senate Committee: Regulatory Reform
House Committee: Government Operations

PUBLIC ACT 189 of 2012

Date Completed: 7-23-12

CONTENT

The bill amended the Bingo Act to do the following:

- **Allow certain fraternal organizations that are not affiliated with a national or State organization, but are tax-exempt charitable organizations, to be licensed under the Act for the purpose of conducting a raffle.**
- **Allow the Lottery Commissioner to consider only whether an organization described above meets requirements of the Act that are unrelated to whether it is affiliated with a national or State organization, in connection with an application for a raffle.**
- **Allow the Lottery Bureau to audit a fraternal organization that is not affiliated with a national or State organization.**

organizations that operate without profit to their members and that have been in existence continuously for at least five years or are tax-exempt under Section 501(c) of the Internal Revenue Code (IRC).

The definition of a "qualified organization" includes a "fraternal organization", which means an organization within Michigan, except a college fraternity or sorority, that 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. Under the bill, for purposes of conducting a small raffle or large raffle, the definition of "fraternal organization" includes an organization that, if not a branch, lodge, or chapter of a national or State organization, is exempt from taxation under Section 501(c) of the IRC.

The bill took effect on June 30, 2012.

Fraternal Organization

Under the Act, a "qualified organization" may apply for a license, and the Lottery Commissioner may issue a license for certain charitable gaming operations (such as bingo games, raffles, and millionaire parties) if the Commissioner determines that the applicant is a qualified organization and not otherwise ineligible for licensure under the Act. "Qualified organization" includes various types of

In connection with an application for a small raffle license or a large raffle license and determining whether a fraternal organization that is not affiliated with a national or State organization is a qualified organization, the Commissioner may consider only whether the organization meets requirements applicable under the Act that are unrelated to whether the organization is a branch, lodge, or chapter of a national or State organization.

Enforcement of the Act

The Act requires the Lottery Bureau to enforce and supervise the administration of the Act. The Lottery Commissioner must employ personnel as necessary to implement the Act.

The bill allows the Bureau to select fraternal organizations that are not a branch, lodge, or chapter of a national or State organization to audit, to ensure that the organizations are in compliance with the Act.

MCL 432.103 et al.

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The Charitable Gaming Division of the Bureau of State Lottery regulates charitable gaming. The expenses of the division are supported by program revenue. The net proceeds from charitable gaming are deposited into the General Fund. The Bureau of State Lottery FY 2010-11 Comprehensive Annual Financial Report shows total Charitable Gaming revenue of approximately \$16.0 million and expenses of \$6.7 million, resulting in a deposit to the General Fund of \$9.3 million in FY 2010-11. Under the bill, fee revenue will increase due to the additional organizations that may obtain permits for small and large raffles; however, the bill permits audits of the additional gaming activity, which will increase the costs to the Lottery. The impact on the General Fund depends on the relative size of these changes.

Fiscal Analyst: Elizabeth Pratt

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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.