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BILL



ANALYSIS

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Senate Bill 1077 (as introduced 4-19-12)
Sponsor: Senator Tom Casperson
Committee: Regulatory Reform

Date Completed: 5-3-12

CONTENT

The bill would amend the Bingo Act to do the following:

- **Allow certain fraternal organizations that were not affiliated with a national or State organization, but were tax-exempt charitable organizations, to be licensed under the Act.**
- **Prohibit the Lottery Bureau from requiring a fraternal organization to do anything not specifically required under the Act.**
- **Allow the Bureau to audit a fraternal organization that was not affiliated with a national or State organization.**

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 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, the definition of "fraternal organization" would include an organization that, if not a branch, lodge, or chapter of a national or State organization, was exempt from taxation under Section 501(c) of the IRC.

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 would prohibit the Bureau, by rule or otherwise, from requiring a fraternal organization to do anything that was not specifically required under the Act. The Bureau, however, could select fraternal organizations that were not a branch, lodge, or chapter of a national or State organization to audit, to ensure that the organizations were in compliance with the Act.

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 would increase due to the additional organizations that would be able to obtain permits for charitable gaming activities; however, the bill would permit audits of the additional gaming activity, which would increase the costs to the Lottery. The impact on the General Fund would depend 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.