

HOUSE BILL No. 5608

May 9, 2012, Introduced by Rep. Womack and referred to the Committee on Regulatory Reform.

A bill to amend 1972 PA 239, entitled
"McCauley-Traxler-Law-Bowman-McNeely lottery act,"
by amending sections 12, 33, and 41 (MCL 432.12, 432.33, and
432.41), section 12 as amended by 2011 PA 279, section 33 as
amended by 1996 PA 167, and section 41 as amended by 2009 PA 25,
and by adding sections 10 and 45.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 SEC. 10. (1) THE COMMISSIONER MAY ESTABLISH A SEPARATE CITY
2 LOTTERY GAME.

3 (2) THE COMMISSIONER MAY PROMULGATE RULES, INCLUDING RULES ON
4 THE TOPICS LISTED IN SECTION 11, TO IMPLEMENT A SEPARATE LOTTERY
5 GAME ESTABLISHED UNDER THIS SECTION. THE RULES MAY PROVIDE THAT
6 TICKETS OR SHARES IN THE SEPARATE LOTTERY GAME BE SOLD UNDER THE

1 NAME OF 1 OR MORE CITIES RECEIVING MONEY FROM THE CITY LOTTERY FUND
2 CREATED IN SECTION 45. THE RULES SHALL BE PROMULGATED UNDER THE
3 ADMINISTRATIVE PROCEDURES ACT OF 1969, 1969 PA 306, MCL 24.201 TO
4 24.328.

5 (3) TICKETS OR SHARES OF A SEPARATE LOTTERY GAME ESTABLISHED
6 UNDER THIS SECTION SHALL BE SOLD BY ALL LOTTERY AGENTS THAT SELL
7 TICKETS FOR THE STATE LOTTERY.

8 (4) MONEY FROM THE SALE OF TICKETS OR SHARES OF A SEPARATE
9 LOTTERY GAME ESTABLISHED UNDER THIS SECTION SHALL BE DEPOSITED IN
10 THE CITY LOTTERY FUND CREATED IN SECTION 45.

11 (5) EXCEPT AS SPECIFICALLY PROVIDED OTHERWISE, THE PROVISIONS
12 OF THIS ACT THAT ARE GENERALLY APPLICABLE TO THE CONDUCT OF THE
13 STATE LOTTERY APPLY TO THE CONDUCT OF A SEPARATE LOTTERY GAME
14 ESTABLISHED UNDER THIS SECTION.

15 Sec. 12. (1) ~~Except as otherwise provided in subsection (2),~~
16 ~~as~~ AS nearly as is practicable, not less than 45% of the total
17 annual revenue accruing from the sale of lottery tickets or shares
18 shall be apportioned for payment of prizes to the holders of
19 winning tickets or shares.

20 (2) Notwithstanding subsection (1), the prize money from the
21 sale of tickets or shares of any joint enterprise is that
22 percentage of the total annual revenue accrued from that game as
23 prescribed by the joint enterprise participation agreement executed
24 by the commissioner.

25 (3) NOTWITHSTANDING SUBSECTION (1), REVENUE FROM THE SALE OF
26 LOTTERY TICKETS OR SHARES TO A SEPARATE LOTTERY GAME ESTABLISHED
27 UNDER SECTION 10 SHALL BE APPORTIONED FOR PAYMENT OF PRIZES AS

1 **PROVIDED IN RULES PROMULGATED BY THE COMMISSIONER UNDER SECTION 10.**

2 Sec. 33. (1) Unclaimed prize money for the prize on a winning
3 ticket or share of the state lottery shall be retained by the
4 commissioner for the person entitled to the prize money for 1 year
5 after the drawing in which the prize was won. If a claim is not
6 made for the prize money within the year, the prize money shall be
7 deposited in the state school aid fund and distributed pursuant to
8 law.

9 (2) Unclaimed prize money for the prize on a winning ticket or
10 share of any joint enterprise shall be treated in the manner
11 provided for in the joint enterprise participation agreement
12 executed by the commissioner. To the extent that the state of
13 Michigan is entitled to any unclaimed prize money, that money
14 received shall be deposited into the state school aid fund and
15 distributed pursuant to law.

16 **(3) UNCLAIMED PRIZE MONEY FOR THE PRIZE ON A WINNING TICKET OR**
17 **SHARE OF A SEPARATE LOTTERY GAME ESTABLISHED UNDER SECTION 10 SHALL**
18 **BE RETAINED BY THE COMMISSIONER FOR THE PERSON ENTITLED TO THE**
19 **PRIZE MONEY FOR 1 YEAR AFTER THE DRAWING IN WHICH THE PRIZE WAS**
20 **WON. IF A CLAIM IS NOT MADE FOR THE PRIZE MONEY WITHIN THE YEAR,**
21 **THE PRIZE MONEY SHALL BE DEPOSITED IN THE CITY LOTTERY FUND CREATED**
22 **IN SECTION 45.**

23 Sec. 41. (1) The state lottery fund is created in the
24 department of treasury. Except as provided in **SECTION 10 AND**
25 subsection (3), the state lottery fund consists of all money
26 received from the sale of state lottery tickets or shares and all
27 other money credited or transferred to the fund from any other fund

1 or source pursuant to law including interest earnings on common
2 cash attributable to the state lottery fund. Money derived from the
3 sale of tickets or shares of any joint enterprise shall be treated
4 in the manner provided for in the joint enterprise participation
5 agreement executed by the commissioner. The commissioner shall
6 deposit net revenue from any joint enterprise in the state lottery
7 fund. Earnings resulting from installment payment of any lottery
8 prizes shall be used for payment of prizes to lottery winners and
9 the prize structure formulated pursuant to sections 11 and 12 shall
10 be established accordingly.

11 (2) The investment authority of the state treasurer with
12 regard to the state lottery fund is the same as his or her
13 investment authority with regard to retirement system funds. The
14 state treasurer may also invest all or part of the money in the
15 state lottery fund in obligations issued by this state pursuant to
16 section 14, 15, or 16 of article IX of the state constitution of
17 1963 if the treasurer determines that the obligations are full
18 faith and credit obligations of this state and provide a rate of
19 return at the time of investment that is not less than the rate of
20 return at the time of investment on United States treasury
21 obligations of comparable maturity. The state treasurer shall
22 comply with the divestment from terror act, 2008 PA 234, MCL
23 129.291 to 129.301, in making investments under this act. To assure
24 a continuing availability of money with which to pay state lottery
25 prize installments and to compensate for variations in the yield on
26 investments, every 6 months the commissioner and the state
27 treasurer shall review the status of the installment prize

1 investments and shall agree on an amount to be restricted out of
2 the total revenues of the state lottery fund as a reserve against a
3 drop in yield. If the commissioner and the state treasurer fail to
4 agree on the amount to be reserved, the matter shall be referred to
5 the state administrative board for a decision on the amount to be
6 reserved.

7 (3) Except as provided in subsection (4), after the payment of
8 prizes to the holders of winning state lottery tickets or shares or
9 the payment ~~pursuant to~~ **UNDER** section 32 of the liabilities to this
10 state of holders of winning state lottery tickets or shares, and
11 the payment of the reasonable expenses of the bureau in its
12 operation of the lottery, the net revenue in the state lottery fund
13 and any money or interest generated by the state lottery fund and
14 share of common cash shall be deposited in the state school aid
15 fund and shall be distributed as provided by law.

16 (4) Ten percent of each year's state lottery advertising
17 budget but not more than \$1,000,000.00 shall be deposited in the
18 compulsive gaming prevention fund created in section 3 of the
19 compulsive gaming prevention act, 1997 PA 70, MCL 432.253.

20 **SEC. 45. (1) THE CITY LOTTERY FUND IS CREATED WITHIN THE STATE**
21 **TREASURY.**

22 **(2) THE STATE TREASURER MAY RECEIVE MONEY OR OTHER ASSETS FROM**
23 **THE SALE OF TICKETS OR SHARES IN A SEPARATE LOTTERY GAME**
24 **ESTABLISHED UNDER SECTION 10 AND FROM ANY OTHER SOURCE FOR DEPOSIT**
25 **INTO THE CITY LOTTERY FUND. THE STATE TREASURER SHALL DIRECT THE**
26 **INVESTMENT OF THE CITY LOTTERY FUND. THE STATE TREASURER SHALL**
27 **CREDIT TO THE CITY LOTTERY FUND INTEREST AND EARNINGS FROM CITY**

1 LOTTERY FUND INVESTMENTS.

2 (3) MONEY IN THE CITY LOTTERY FUND AT THE CLOSE OF THE FISCAL
3 YEAR SHALL REMAIN IN THE CITY LOTTERY FUND AND SHALL NOT LAPSE TO
4 THE GENERAL FUND.

5 (4) THE BUREAU SHALL BE THE ADMINISTRATOR OF THE CITY LOTTERY
6 FUND FOR AUDITING PURPOSES.

7 (5) THE BUREAU SHALL EXPEND MONEY FROM THE CITY LOTTERY FUND
8 AS FOLLOWS IN THE FOLLOWING ORDER:

9 (A) FOR THE PAYMENT OF PRIZES IN ACCORDANCE WITH THE RULES
10 PROMULGATED BY THE COMMISSIONER UNDER SECTION 10.

11 (B) FOR PAYMENT UNDER SECTION 32 OF LIABILITIES TO THIS STATE
12 OF HOLDERS OF WINNING TICKETS OR SHARES IN THE SEPARATE LOTTERY
13 GAME ESTABLISHED UNDER SECTION 10.

14 (C) AS APPROPRIATED, FOR THE PAYMENT OF THE REASONABLE
15 EXPENSES OF THE BUREAU IN ITS OPERATION OF THE SEPARATE LOTTERY
16 GAME.

17 (D) THE COMMISSIONER SHALL DISTRIBUTE THE BALANCE IN THE CITY
18 LOTTERY FUND TO CITIES IN THIS STATE WITH POPULATIONS OF 600,000 OR
19 MORE. IF MORE THAN 1 CITY IS ENTITLED TO DISTRIBUTION OF MONEY
20 UNDER THIS SUBDIVISION, THE MONEY SHALL BE DISTRIBUTED
21 PROPORTIONATELY ACCORDING TO POPULATION.