

# SENATE BILL No. 601

September 7, 2011, Introduced by Senators KOWALL, HANSEN and EMMONS 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 the title and sections 11 and 18 (MCL 432.11 and  
432.18), the title as amended by 1996 PA 95 and sections 11 and 18  
as amended by 2004 PA 383, and by adding section 45.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

### TITLE

An act to establish and operate a state lottery and to allow  
state participation in certain lottery-related joint enterprises  
with other sovereignties; to create a bureau of state lottery and  
to prescribe its powers and duties; to prescribe certain powers and  
duties of other state departments and agencies; to license and  
regulate certain sales agents; to create ~~the state lottery fund~~  
**FUNDS**; to provide for the distribution of lottery revenues and

1 earnings for certain purposes; to provide for an appropriation; and  
2 to provide for remedies and penalties.

3 Sec. 11. (1) The commissioner shall promulgate rules pursuant  
4 to the administrative procedures act of 1969, 1969 PA 306, MCL  
5 24.201 to 24.328, as necessary to implement this act.

6 (2) The rules authorized under this section may include any of  
7 the following, subject to requirements and limitations in this act:

8 (a) The type of lottery to be conducted.

9 (b) The price of tickets or shares in the lottery.

10 (c) The number and size of the prizes on the winning tickets  
11 or shares.

12 (d) The manner of selecting the winning tickets or shares.

13 (e) The manner of payment of prizes to the holders of winning  
14 tickets or shares.

15 (f) The frequency of the drawings or selections of winning  
16 tickets or shares.

17 (g) Without limit as to number, the type or types of locations  
18 at which tickets or shares may be sold.

19 (h) The method to be used in selling tickets or shares, except  
20 that a person's name, other than a name used in advertising or a  
21 promotion under section 18(2) **OR (3)**, shall not be printed on the  
22 tickets or shares.

23 (i) The licensing of agents to sell tickets or shares, but a  
24 person under the age of 18 shall not be licensed as an agent.

25 (j) The manner and amount of compensation to be paid licensed  
26 sales agents necessary to provide for the adequate availability of  
27 tickets or shares to prospective buyers and for the convenience of

1 the public.

2 (k) The apportionment of the total annual revenues accruing  
3 from the sale of lottery tickets or shares and from all other  
4 sources for the payment of prizes to the holders of winning tickets  
5 or shares, for the payment of costs incurred in the operation and  
6 administration of the lottery, including the expenses of the bureau  
7 and the costs resulting from any contract or contracts entered into  
8 for promotional, advertising, consulting or operational services or  
9 for the purchase or lease of lottery equipment and materials, for  
10 the repayment of the money appropriated to the state lottery fund,  
11 and for transfer to the general fund.

12 (3) The commissioner may promulgate rules incorporating by  
13 reference existing rules or regulations of any joint enterprise as  
14 required as a condition for participation in that joint enterprise.  
15 Any subsequent changes or additions to the rules or regulations of  
16 the joint enterprise may be adopted by the commissioner through the  
17 promulgation of a rule.

18 Sec. 18. (1) The commissioner, subject to the applicable laws  
19 relating to public contracts, may enter into contracts for the  
20 operation of the lottery, or any part of the lottery, and into  
21 contracts for the promotion of the lottery. A contract awarded or  
22 entered into by the commissioner shall not be assigned by the other  
23 contracting party except by specific approval of the commissioner.

24 (2) The commissioner may contract with 1 or more persons to  
25 allow the placement of advertising or promotional material,  
26 including, but not limited to, the placement of discount coupons  
27 for retail goods and NASCAR logos, images, and drivers' pictures

1 and names, on lottery tickets, shares, and other available media  
2 under the control of the bureau. However, except for advertising  
3 that promotes responsible consumption of alcoholic beverages, the  
4 commissioner shall not allow the placement of advertising for the  
5 promotion of the consumption of alcoholic beverages or tobacco  
6 products on lottery tickets under the control of the bureau **UNDER**  
7 **THIS SUBSECTION.**

8 (3) THE COMMISSIONER MAY CONTRACT WITH 1 OR MORE PERSONS TO  
9 ALLOW THE PLACEMENT OF ADVERTISING OR PROMOTIONAL MATERIAL ON  
10 AVAILABLE MEDIA RELATED TO THE BUREAU'S CLUB KENO GAME OR TO  
11 SPONSOR INDIVIDUAL DRAWS IN THE CLUB KENO GAME. IF THE COMMISSIONER  
12 ENTERS INTO A CONTRACT UNDER THIS SUBSECTION, THE COMMISSIONER  
13 SHALL ALLOW AT LEAST 1 MINUTE BETWEEN GAMES OF CLUB KENO DURING  
14 WHICH 1 OR MORE ADVERTISEMENTS MAY BE EXHIBITED.

15 (4) A CONTRACT ENTERED INTO UNDER SUBSECTION (3) SHALL PROVIDE  
16 THAT ANY ADVERTISEMENTS EXHIBITED BETWEEN CLUB KENO GAMES SHALL  
17 COMPLY WITH CONTENT REGULATIONS FOR TELEVISED BROADCASTS ADOPTED BY  
18 THE FEDERAL COMMUNICATIONS COMMISSION, WITH THE EXCEPTION THAT THE  
19 ADVERTISING UNDER SUBSECTION (3) MAY INCLUDE ADVERTISEMENTS FOR  
20 ALCOHOLIC BEVERAGES WITH ONLY ANY RESTRICTIONS IMPOSED BY THE  
21 COMMISSIONER.

22 (5) THE COMMISSIONER SHALL SOLICIT BIDS FROM RESPONSIBLE  
23 PERSONS FOR ADVERTISING OR PROMOTIONAL CONTRACTS UNDER SUBSECTION  
24 (3). THE COMMISSIONER SHALL SELECT FROM AMONG THE BIDS RECEIVED SO  
25 AS TO PRODUCE THE MAXIMUM AMOUNT OF NET REVENUES FOR THIS STATE  
26 CONSONANT WITH THE GENERAL WELFARE OF THE CITIZENS OF THIS STATE.  
27 IN DECIDING WHETHER TO ENTER INTO A CONTRACT UNDER SUBSECTION (3),

1 THE COMMISSIONER SHALL CONSIDER WHETHER THE TERMS OF THE CONTRACT  
2 ARE COMPARABLE TO THE TERMS OF SIMILAR ADVERTISING OR PROMOTIONAL  
3 CONTRACTS RELATING TO LOTTERY OR OTHER GAMING IN OTHER STATES.

4 (6) MONEY FROM AN ADVERTISING CONTRACT UNDER SUBSECTION (3)  
5 SHALL BE DEPOSITED IN THE CLUB KENO ADVERTISING FUND CREATED IN  
6 SECTION 45.

7 (7) ~~(3)~~As used in this section, "NASCAR" means the national  
8 association for stock car auto racing, inc.

9 SEC. 45. (1) THE CLUB KENO ADVERTISING FUND IS CREATED WITHIN  
10 THE STATE TREASURY.

11 (2) THE STATE TREASURER MAY RECEIVE MONEY OR OTHER ASSETS FROM  
12 ANY SOURCE FOR DEPOSIT INTO THE CLUB KENO ADVERTISING FUND. THE  
13 STATE TREASURER SHALL DIRECT THE INVESTMENT OF THE CLUB KENO  
14 ADVERTISING FUND. THE STATE TREASURER SHALL CREDIT TO THE CLUB KENO  
15 ADVERTISING FUND INTEREST AND EARNINGS FROM FUND INVESTMENTS.

16 (3) MONEY IN THE CLUB KENO ADVERTISING FUND AT THE CLOSE OF  
17 THE FISCAL YEAR SHALL REMAIN IN THE CLUB KENO ADVERTISING FUND AND  
18 SHALL NOT LAPSE TO THE GENERAL FUND.

19 (4) THE BUREAU SHALL BE THE ADMINISTRATOR OF THE CLUB KENO  
20 ADVERTISING FUND FOR AUDITING PURPOSES.

21 (5) MONEY IN THE CLUB KENO ADVERTISING FUND SHALL BE  
22 DISTRIBUTED AS FOLLOWS:

23 (A) THE FIRST \$400,000.00 DEPOSITED INTO THE FUND IN EACH  
24 STATE FISCAL YEAR OR 2% OF THE MONEY DEPOSITED INTO THE FUND IN  
25 EACH STATE FISCAL YEAR, WHICHEVER IS LESS, SHALL BE DISTRIBUTED TO  
26 THE BUREAU FOR REIMBURSEMENT OF THE BUREAU'S COSTS RELATED TO  
27 ADVERTISING CONDUCTED UNDER SECTION 18(3).

1            (B) THE BALANCE OF THE MONEY DEPOSITED INTO THE FUND SHALL BE  
2   DISBURSED TO THE STATE SCHOOL AID FUND.