

Legislative Analysis



SOCIAL MEDIA INTERNET GAMES

Phone: (517) 373-8080

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Senate Bill 202 as enacted

Public Act 41 of 2017

Sponsor: Sen. Jack Brandenburg

House Committee: Regulatory Reform

Senate Committee: Regulatory Reform

Complete to 4-12-19

Analysis available at

<http://www.legislature.mi.gov>

SUMMARY:

The bill adds a new section to Chapter XLIV of the Michigan Penal Code, entitled “Gambling,” to specify that the chapter does not prohibit a *social media internet game* from rewarding a player with either one or more free plays or an extended period of playing time as a result of chance or uncertain event.

Social media internet game means a game offered over the internet or on a telephone or other mobile device. The term would not include fantasy sports.

The bill took effect May 23, 2017.

MCL 750.310c

BRIEF DISCUSSION:

Social network games, a type of online game played through social networks such as Facebook, are continuing to gain in popularity. Many can be played on smartphones. According to a May 24, 2012, article in *Forbes* (“MGM Resorts’ Planned Social Gaming Website Offers New Growth”), “approximately 41% of the U.S. Internet users access social networking sites to play games.” With such growing popularity, some businesses have seen a potential to use similar free online social media games to grow their brand. In particular, some casinos have created social media internet games played through their websites as a way to draw new customers to their casinos. The games are generally free and offer additional plays rather than actual prizes, though additional plays often can be purchased for a few dollars.

However, there has been some concern that such added plays or the ability to buy additional plays constitutes gaming under a state Supreme Court case from the mid-1980s because it creates value. Since the games are seen more as a marketing tool to promote a specific business, and not as a means of revenue, some feel the gaming laws should be amended to create an exemption for such social media internet games.

No opposition was offered at committee. However, should online gambling become legal in the United States, and in particular, in Michigan, this type of game could become a

significant revenue stream for casinos. Already these games are being used to draw people to casinos who otherwise may not have visited one.

FISCAL IMPACT:

SB 202 would have no fiscal impact on the state, but could potentially have a fiscal impact on local units of government. If the bill reduces misdemeanor convictions, the bill could result in a decrease in costs for local units. Reduced misdemeanor charges would result in reduced costs related to county jails and/or local misdemeanor probation supervision. The costs of local incarceration in county jails and local misdemeanor probation supervision vary by jurisdiction. The fiscal impact on local court systems would depend on how the provisions of the bill affected caseloads and related administrative costs. There could also be a decrease in penal fine revenues which would decrease funding for local libraries, which are the constitutionally designated recipients of those revenues.

Legislative Analyst: Susan Stutzky
Fiscal Analyst: Robin Risko

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