



Senate Fiscal Agency
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BILL ANALYSIS



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Senate Bill 461 (as introduced 6-14-17)
Sponsor: Senator Wayne Schmidt
Committee: Regulatory Reform

Date Completed: 10-11-17

CONTENT

The bill would amend the Michigan Penal Code to specify that Chapter 44 (which prohibits certain operations and activities relating to gambling) of the Code would not prohibit certain activities in connection with a contest or game that involved an athletic event satisfying certain conditions, or that was a fantasy or simulation sports game that satisfied certain conditions.

Chapter 44 does not prohibit or make unlawful the operation of a game of skill or chance under the Michigan Exposition and Fairgrounds Authority Act, or any of the following in connection with a race, contest, or game:

- Giving or paying purses, prizes, or premiums to players in a game or participants in a contest; to the owner, driver, manager, or trainer of animals; or to the drivers, mechanics, or operators of a machine.
- Giving or paying entry fees.
- Paying expenses or a reward for services or labor.

Under the bill, Chapter 44 would not prohibit or make unlawful the specified activities in connection with a contest or game under only two sets of circumstances, described below.

First, the "exception" to Chapter 44 would apply if the game or contest involved an athletic event that satisfied all of the following conditions:

- The sponsor or operator of the game or contest was not a player or participant in the game or contest.
- The performance of the player or participant relative to the performance of others was determinative of the outcome.
- The prizes and awards offered to winning participants were established and made known to the participants in advance of the game or contest.

Second, the exception would apply if the game or contest were a fantasy or simulation sports game or contest that satisfied all of the following conditions:

- The value of all prizes and awards offered to winning game participants was established and made known to the game participants in advance of the fantasy game.
- All winning outcomes reflected the relative knowledge and skill of game participants and were determined predominantly by accumulated statistical results of the performance of individuals, including athletes in the case of sporting events.

- A winning outcome was not based on the scope, point spread, or performance of a single team or combination of teams or on any single performance of an individual athlete or player in a single event.

"Athletic event" and "athletic game or contest" would mean a sports activity that involves the physical exertion and skill of one or more players or participants. The terms would not include roulette, poker, blackjack, a card game, a dice game, or any other game or contest ordinarily offered at a gambling casino.

MCL 750.310

Legislative Analyst: Stephen Jackson

FISCAL IMPACT

The bill would have no fiscal impact on the State and could have a positive fiscal impact on local government. It is unknown under which provisions of the Michigan Penal Code a fantasy sports game would be prosecuted absent the exception in the bill, but most violations related to gambling are misdemeanors punishable by imprisonment for up to one year or a fine of up to \$1,000. Any reduction in misdemeanor arrests and convictions could reduce resource demands on law enforcement, court systems, community supervision, and jails. Any associated decrease in fine revenue would reduce funding to public libraries.

Fiscal Analyst: Ryan Bergan

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