



**Senate Fiscal Agency**  
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BILL



ANALYSIS

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Senate Bill 462 (as reported without amendment)  
Sponsor: Senator Curtis Hertel, Jr.  
Committee: Regulatory Reform

### **CONTENT**

The bill would enact the "Fantasy Sports Games Consumer Protection Act" to do the following:

- Authorize fantasy sports games in the State if they were conducted by a licensed game operator, or by a game operator who was awaiting issuance or denial of a license.
- Require a person seeking to be a licensed game operator to submit an application, a fee, and certain documentation to the Department of Licensing and Regulatory Affairs (LARA).
- Require a licensed game operator to submit to LARA procedures intended to regulate the operation of a fantasy sports game.
- Require a game operator to ensure that an individual under the age of 18 did not participate in a fantasy sports game.
- Prohibit an operator from conducting a fantasy sports game based on a university, college, high school, or youth sporting event.
- Require a licensed game operator to make available means to allow an individual to irrevocably restrict his or her ability to enter a fantasy sports game.

The bill is tie-barred to House Bill 4742. (That bill would amend the Michigan Penal Code to prescribe conditions under which Chapter 44, which prohibits certain gambling activities, would not prohibit a game or contest that involved an athletic event or that was a fantasy or simulation sports game or contest that met specified conditions.)

Legislative Analyst: Stephen Jackson

### **FISCAL IMPACT**

The bill would have no fiscal impact on local government. The bill would have a negligible or possibly small negative fiscal impact on State government. The Department of Licensing and Regulatory Affairs would be required to promulgate rules to implement the bill. The Department also could incur expenses creating and reviewing the application forms, reviewing audit documents, and enforcing prohibitions. It is possible that most of these expenses would be covered by the licensing fees or absorbed by LARA. The license fees would be \$5,000 for the first year, and \$1,000 for each renewal year, but would be capped at 10% of entry fees less cash and prizes paid out by the game operator. According to the Federal Trade Commission, two industry providers control over 95% of the market in regard to fantasy sports gaming entry fees. As many as a dozen additional providers could apply for a license, as has happened recently in Indiana and Mississippi; however, fees from those providers would likely be capped under the bill. After the initial licensing fees were paid in the first year, LARA could be required to regulate the industry within the State with as little as \$2,000 in new revenue each year.

Date Completed: 10-23-17

Fiscal Analyst: Michigan Siracuse

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