

STATE OF MICHIGAN
99TH LEGISLATURE
REGULAR SESSION OF 2018

Introduced by Reps. Barrett, Schor and Lucido

ENROLLED HOUSE BILL No. 4081

AN ACT to amend 1972 PA 382, entitled “An act to license and regulate the conducting of bingo, millionaire parties, and certain other forms of gambling; to provide for the conducting of charity games, raffles, and numeral games; to provide for exemptions from licensing requirements under certain circumstances; to impose certain duties and authority upon certain state departments, agencies, and officers; to provide a tax exemption; and to provide penalties,” (MCL 432.101 to 432.120) by adding article 2.

The People of the State of Michigan enact:

ARTICLE 2

Sec. 32. (1) As used in this article:

(a) “Bona fide member” means a member who participates in the qualified organization to further its lawful purposes and the spouse of such a member.

(b) “Dealer” means an individual who does any of the following in a millionaire party game:

(i) Performs the act of dealing.

(ii) Assists in supervising the dealers.

(iii) Provides technical advice to the millionaire party chairperson.

(c) “Demarcated area” means the physical area in which gaming is conducted at an event.

(d) “Lawful purpose” means a purpose that would qualify an organization to be exempt from taxation under section 501(c) of the internal revenue code of 1986, 26 USC 501.

(e) “Lessor” means a person who rents a location to a millionaire party licensee for the purpose of conducting an event.

(f) “Location owner” means the person that owns a location or an employee or agent of the person.

(2) The definitions in sections 2, 3, and 3a apply to this article, unless a term defined in 1 of those sections is defined differently in this article.

Sec. 33. (1) An applicant for a license to conduct a millionaire party shall submit to the executive director a written application on a form prescribed by the executive director.

(2) The application under subsection (1) must include all of the following:

(a) The name and address of the applicant.

(b) The name and address of each officer of the applicant.

(c) The name of each individual who will serve as a dealer at the event and, as to each individual, whether the individual has been convicted of, forfeited bond on a charge of, or pled guilty to any of the following:

(i) A felony.

(ii) A gambling offense.

(iii) Criminal fraud.

(iv) Forgery.

(v) Larceny.

(vi) Filing a false report with a governmental agency.

(d) The location at which the applicant will conduct the event.

(e) A description of the demarcated area for the event and an explanation of how the demarcated area will be marked.

(f) The dates of the event.

(g) Sufficient facts relating to the applicant's incorporation or organization to enable the executive director to determine whether the applicant is a qualified organization.

(h) A sworn statement attesting to the nonprofit status of the applicant, signed by the principal officer of the applicant.

(i) Other information the executive director considers necessary.

Sec. 34. (1) If the executive director determines that an applicant for a millionaire party license is a qualified organization and that both of the following apply, the executive director shall issue a millionaire party license to the applicant:

(a) The applicant has paid to the executive director a fee of \$50.00 per day that the applicant proposes to conduct the millionaire party.

(b) There is no reason to deny the issuance of the license under section 18.

(2) Under extreme hardship conditions as determined by the executive director, the executive director may waive 1 or more of the requirements under section 3a(d) for a person to be a qualified organization and issue a millionaire party license to the person if all of the following conditions are met:

(a) The person is a nonprofit organization.

(b) The entire proceeds of the event, less the actual reasonable expense of conducting the event, are donated or used for a lawful purpose or a charitable organization or cause.

(c) None of the individuals connected with the management of the event is compensated in any manner for his or her participation.

(d) The person has complied and will comply with all other provisions of this article and rules promulgated under this article.

(3) Under extreme hardship conditions as determined by the executive director, the executive director may allow an individual or a group of individuals to obtain a license to conduct a millionaire party if all of the following conditions are met:

(a) The entire proceeds of the event, less the actual reasonable expense of conducting the event, are donated or used for a lawful purpose or a charitable organization or cause.

(b) None of the individuals connected with the management of the event is compensated in any manner for his or her participation.

(c) The individual or group of individuals has complied and will comply with all other provisions of this article and the rules promulgated under this article.

(4) A qualified organization may be issued up to 4 millionaire party licenses in 1 calendar year. Each license is valid for only 1 location as stated on the license.

(5) A millionaire party license may be issued for up to 4 consecutive days.

(6) The executive director shall not issue more than 1 millionaire party license to a qualified organization for any 1 day.

(7) The executive director shall not issue millionaire party licenses that would allow more than 2 events to be conducted at a location on the same date.

(8) The executive director shall not issue millionaire party licenses that would allow more than 4 events to be conducted at a location in 1 week.

(9) A millionaire party license must state that for each day on which the millionaire party is to be conducted, the licensee may conduct gaming under the license between the hours of 8 a.m. on that day and 2 a.m. on the following day.

Sec. 35. (1) A millionaire party licensee shall comply with this article and the rules promulgated under this article.

(2) A millionaire party licensee shall comply with the terms and requirements of the license.

(3) A millionaire party license is not assignable or transferrable, and a licensee shall not assign or transfer a millionaire party license.

Sec. 36. (1) A millionaire party licensee may advertise the event if the advertising complies with rules promulgated under this article.

(2) An advertisement under this section must state the purposes for which the proceeds from the event will be used.

Sec. 37. (1) A millionaire party licensee shall not enter into an agreement with a location owner or lessor unless the agreement is expressed in a written rental agreement that is approved by the executive director.

(2) A location owner or lessor, a partner, member, director, officer, agent, or employee of a location owner or lessor, a shareholder of a privately held corporation that is a location owner or lessor, or a person residing in the same household as any of these shall not do any of the following:

(a) Be an officer of a qualified organization conducting a millionaire party at the location.

(b) Participate as a player in any event being conducted at the location.

(c) Participate in any aspect of an event being conducted at the location, including providing dealers, equipment, or workers, unless all of the following conditions exist:

(i) The location is owned or rented by a qualified organization and used by the qualified organization on a continual basis for the regular use of its members.

(ii) The qualified organization is the millionaire party licensee and is conducting the event.

(iii) The executive director has granted a waiver for the participation.

Sec. 38. A millionaire party licensee shall only conduct an event with equipment that it owns, rents from another qualified organization under a rental agreement approved by the executive director, or purchases or rents from a supplier.

Sec. 39. (1) A millionaire party licensee shall use only the following as dealers at an event:

(a) A bona fide member.

(b) An employee of a supplier.

(2) An individual shall not act as a dealer if the individual has been convicted of, forfeited bond on a charge of, or pled guilty to any of the following offenses:

(a) A felony.

(b) A gambling offense.

(c) Criminal fraud.

(d) Forgery.

(e) Larceny.

(f) Filing a false report with a governmental agency.

(3) An individual who is not listed as a dealer on the application for a millionaire party license shall not act as a dealer at an event conducted under the license.

(4) A millionaire party licensee shall ensure that the dealers at an event conducted under the license comply with this article, rules promulgated under this article, and any directives of the executive director.

Sec. 40. (1) At least 2 bona fide members of the millionaire party licensee, not including any bona fide member acting as a dealer, must be present at all times during an event.

(2) If fewer than 2 bona fide members are present at any time during an event, the millionaire party licensee shall immediately report this to the executive director. The executive director may require the licensee to stop conducting the event.

(3) One of the bona fide members listed on the application for the millionaire party license shall act as the millionaire party chairperson. An individual shall not serve as chairperson of millionaire parties conducted by more than 1 qualified organization during a calendar year.

(4) A bona fide member of a millionaire party licensee who is present at the event shall wear a vest, button, or other distinctive apparel to identify the bona fide member as a member of the millionaire party licensee and as not being an employee or agent of the location owner, lessor, or supplier.

(5) Unless permitted by this act, a rule promulgated under this article, or written authorization of the executive director, only a bona fide member of the millionaire party licensee may perform any of the following duties at an event conducted under the license:

- (a) Monitoring a game or verifying that the game is conducted in conformance with the rules of the game.
- (b) Verifying the age of a player.

(6) A bona fide member of a millionaire party licensee shall not play a game at an event at which the bona fide member is working or assisting.

(7) A bona fide member of a millionaire party licensee shall not share in a prize awarded at an event at which the bona fide member is working or assisting.

(8) A bona fide member of a millionaire party licensee shall not purchase, play, or accept a charity game ticket or numeral game ticket offered for sale by the licensee at an event at which the bona fide member is working or assisting.

(9) A bona fide member of a millionaire party licensee shall not split a prize with a player or accept a tip of any kind at an event conducted under the license, unless the tip is a cash tip given to the bona fide member for serving as a dealer at the event.

Sec. 41. (1) A millionaire party licensee shall ensure that an event conducted under the license is conducted in compliance with this article and the rules promulgated under this article.

(2) A millionaire party licensee shall post the license so that it is conspicuously visible at the location where the event is being conducted at all times during the event.

(3) A millionaire party licensee shall not conduct gaming under the license anywhere outside of the demarcated area approved by the executive director.

(4) A millionaire party licensee shall ensure that access to the demarcated area is controlled.

(5) A millionaire party licensee shall not allow an individual who is less than 18 years old to enter the demarcated area when gaming is being conducted there.

(6) If alcoholic beverages are served at an event, an individual in the demarcated area who is 18 years old or older but less than 21 years old must be identified by wearing a mark indicating that a member or agent of the millionaire party licensee has verified the individual's age and identification.

(7) A millionaire party licensee shall not allow wagering at an event held under the license other than wagering on a game of chance that takes place in the demarcated area at the location during the event. The licensee shall not allow a wager to be placed at the event on an athletic event or a game involving personal skill.

(8) A millionaire party licensee shall not receive more than \$20,000.00 in exchange for imitation money or chips on any day under the license. However, if the licensee conducts the millionaire party without using dealers from a supplier and owns the location at which the millionaire party is held and if the license is for fewer than 4 days of gaming, the daily limit under this subsection is determined by dividing \$80,000.00 by the number of days of gaming allowed under the license.

(9) A millionaire party licensee may conduct a charity game as provided in section 7b and may conduct a numeral game as provided in section 7c. If a millionaire party licensee conducts a charity game or a numeral game, the bureau has sole enforcement and supervision authority over the conduct of the game, as provided in article 1.

Sec. 42. (1) A millionaire party licensee shall not pay an expense related to an event unless all of the following apply:

- (a) The expense is incurred in connection with the conduct of the event.
- (b) The expense is necessary and reasonable and falls into 1 of the following categories of expense:
 - (i) The purchase or rental of equipment necessary for conducting the event and payment of services reasonably necessary for the repair of equipment.
 - (ii) Cash prizes or the purchase of prizes of merchandise.
 - (iii) Rental of the location at which the event is conducted. The rental expense must not exceed \$1,000.00 for each event.
 - (iv) Janitorial services.
 - (v) The fee required for issuance or reissuance of a license to conduct the event.
 - (vi) Other reasonable expenses incurred by the licensee, not inconsistent with this act, as permitted by rule promulgated under this article.
- (c) The expense is itemized.

(d) The expense is approved by the executive director in writing before the event.

(2) A millionaire party licensee shall not accept any compensation in connection with an event unless the compensation is expressly authorized by this article or a rule promulgated under this article.

(3) A millionaire party licensee shall not expend more than 45% of the gross profit from an event to pay expenses incurred in connection with the event.

(4) A person shall not accept any commission, salary, pay, profit, or wage for participating in the management or operation of a millionaire party except as allowed under a rule promulgated under this article.

Sec. 42a. A person who is directly or indirectly connected to the sale, rental, or distribution of millionaire party equipment or a person residing in the same household as the supplier shall not be involved directly or indirectly with the rental or leasing of a facility used for an event.

Sec. 43. (1) A millionaire party licensee shall keep a record of each event as required by the executive director.

(2) The millionaire party licensee shall allow an authorized representative of the executive director to inspect during reasonable business hours a record kept under subsection (1) and all financial accounts into which proceeds from the event are deposited or transferred.

(3) A millionaire party licensee shall file with the executive director a financial statement signed by the principal officer of the qualified organization. The financial statement must contain a list of the qualified members of the millionaire party licensee who were present as to each event and a disclosure of receipts and expenses related to the conduct of each event as required by rule promulgated under this article. If the revenue from a millionaire party is represented to be used or applied by a millionaire party licensee for a charitable purpose, the licensee shall file a copy of the financial statement with the attorney general under the supervision of trustees for charitable purposes act, 1961 PA 101, MCL 14.251 to 14.266.

(4) A millionaire party licensee and a location owner or lessee shall allow an authorized representative of the executive director or the state police or a peace officer of a political subdivision in which the event is being conducted to inspect the location, or an intended location, during business hours.

Sec. 46. (1) A person that applies for a license or renewal of a license to operate as a supplier to millionaire party licensees shall submit a written application to the executive director on a form prescribed by the executive director.

(2) An applicant under this section shall pay an annual license fee of \$300.00 at the time of the application.

(3) If an applicant under this section wishes to provide dealers to millionaire party licensees, the applicant shall include with its application a list containing the name of each individual who will work for the applicant as a dealer at millionaire parties and, as to each individual, whether the individual has been convicted of, forfeited bond on a charge of, or pled guilty to any of the following:

(a) A felony.

(b) A gambling offense.

(c) Criminal fraud.

(d) Forgery.

(e) Larceny.

(f) Filing a false report with a governmental agency.

(4) If, after the application is submitted as described in subsection (1) or after the suppliers license is issued, there are any changes in the individuals who will work for the supplier as dealers at millionaire parties, the applicant or supplier shall immediately provide an updated list containing all of the information required under subsection (3).

(5) A supplier licensed under this section shall submit to the executive director reports as required by the executive director regarding the supplier's activities under this article.

(6) A supplier's license expires at 12 midnight on September 30 of each year.

Sec. 48. (1) The executive director shall enforce and supervise the administration of this article. The executive director shall employ personnel as necessary to implement this article.

(2) The executive director may select fraternal organizations that conduct millionaire parties and that are not a branch, lodge, or chapter of a national or state organization to audit to ensure that the organizations are in compliance with this act.

Sec. 49. (1) Any rules promulgated by the executive director under this act before the effective date of the amendatory act that added this article are rescinded.

(2) The executive director shall promulgate rules pursuant to the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328, to implement this article.

Sec. 50. (1) The executive director may deny, suspend, summarily suspend, or revoke a license issued under this article if the licensee or an officer, director, agent, member, or employee of the licensee violates this article or a rule promulgated under this article. The executive director may summarily suspend a license for a period of not more than 60 days pending prosecution, investigation, or public hearing.

(2) A proceeding to suspend or revoke a license is a contested case and must be conducted in accordance with the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328.

(3) On petition of the executive director, the circuit court after a hearing may issue subpoenas to compel the attendance of witnesses and the production of documents, papers, books, records, and other evidence before it in a matter over which the executive director has jurisdiction, control, or supervision under this article. If a person subpoenaed to attend in any such proceeding or hearing fails to obey the command of the subpoena without reasonable cause, or if a person in attendance in any such proceeding or hearing refuses, without lawful cause, to be examined or to answer a legal or pertinent question or to exhibit a book, account, record, or other document when ordered to do so by the court, the person may be punished as being in contempt of the court.

(4) The executive director may impose a civil penalty of up to \$2,500.00 for each violation of this act, any rules promulgated under this act, or any order issued under this act. In addition to any civil penalty imposed under this subsection, a person may be liable for a fine of up to the amount of any illegal payments made or received.

(5) A qualified organization, a millionaire party chairperson, and a principal officer are jointly and severally liable for any penalties and fines levied under subsection (4).

(6) A supplier and the owners and co-owners of a supplier are jointly and severally liable for any penalties and fines levied under subsection (4).

(7) A person whose license is revoked under this section is ineligible to apply for a license for 5 years.

Sec. 51. The executive director shall report annually to the governor and the legislature about the operation of events licensed under this article, abuses that the executive director may have encountered, and recommendations for changes in this act.

Enacting section 1. This amendatory act does not take effect unless Senate Bill No. 35 of the 99th Legislature is enacted into law.



Clerk of the House of Representatives



Secretary of the Senate

Approved

Governor