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BILL ANALYSIS



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Senate Bill 991 (as introduced 6-25-20)
Sponsor: Senator Curtis Hertel, Jr.
Committee: Regulatory Reform

Date Completed: 9-14-20

CONTENT

The bill would amend the Lawful Internet Gaming Act to allow the Michigan Gaming Control Board (MGCB) to enter into agreements with other jurisdictions, including Indian tribes, to facilitate, administer, and regulate multijurisdictional internet gaming by internet gaming operators.

MGCB Authority

The Act grants the MGCB the powers and duties specified in the Act and all other powers necessary to enable it to fully and effectively execute the Act to administer, regulate, and enforce the system of internet gaming.

Under the bill, the MGCB also could enter into agreements with other jurisdictions, including Indian tribes, to facilitate, administer, and regulate multijurisdictional internet gaming by internet gaming operators to the extent that entering into the agreement was consistent with State and Federal laws and if the gaming under the agreement were conducted only in the United States.

Tribal Internet Gaming

The Act requires the MGCB to condition the issuance, maintenance, and renewal of an internet gaming license to an Indian tribe that lawfully conducts Class III gaming in a casino located in Michigan under a facility license issued in accordance with a tribal gaming ordinance approved by the chair of the National Indian Gaming Commission on the tribe's compliance with certain specified conditions, including that the tribe maintain one or more mechanisms, on the internet gaming platform that are designed to reasonably verify that an authorized participant is 21 years of age or older and that internet wagering is limited to transactions that are initiated and received or otherwise made by an authorized participant in the State.

Under the bill, the age verification requirement also would apply to transactions that were initiated and received or otherwise made by an authorized participant in other jurisdictions, if the MGCB authorized multijurisdictional internet gaming for poker as provided in the Act. "Poker" would mean the traditional game of poker, and any derivative of the game of poker as approved by the MGCB, in which two or more authorized participants play against each other and wager on the value of the authorized' hands.

Under the Act, an Indian tribe also must comply with the Act, rules promulgated by the MGCB, and minimum internal controls pertaining to all of the following:

- The types of and rules for playing internet games that internet gaming operators could offer under the Act.
- Technical standards, procedures, and requirements for the acceptance, by the person, of internet wagers initiated or otherwise made by individuals located in Michigan who are not physically present on the tribe's Indian lands in Michigan at the time the internet wager is initiated or otherwise made.
- Additional requirements provided in the Act.

Under the bill, the minimum internal controls also would have to pertain to procedures and requirements for the acceptance of internet wagers for poker initiated or otherwise made by individuals located in other jurisdictions, if the MGCB authorized multijurisdictional gaming as provided in the Act.

Gaming Participant Verification

Under the Act, an internet gaming operator must provide, or must require its internet gaming platform provider to provide one or more mechanisms on the internet gaming platform that the internet gaming operator uses that are designed to reasonably verify that an authorized participant is 21 years of age or older and that internet wagering is limited to transactions that are initiated and received or otherwise made by an authorized participant located in the State.

Under the bill, this provision also would apply to transactions that were initiated and received or otherwise made by an authorized participant located in another jurisdiction in the United States authorized by the multijurisdictional agreement, if the MGCB authorized multijurisdictional internet gaming as provided in the Act.

Fantasy Contest

The Act defines "fantasy contest" as a simulated game or contest with an entry fee that meets all of the following conditions:

- No fantasy contest team is composed of the entire roster of a real-world sports team.
- No fantasy contest team is composed entirely of individual athletes who are members of the same real-world sports team.
- Each prize and award or the value of all prizes and awards offered to winning fantasy contest players is made known to the fantasy contest players in advance of the fantasy contest.
- Each winning outcome reflects the relative knowledge and skill of the fantasy contest players and are determined by the aggregated statistical results of the performance of multiple individual athletes selected by the fantasy contest player to form the fantasy contest team, whose individual performances in the fantasy contest directly correspond with the actual performance of those athletes in the athletic event in which those individual athletes participated.
- A winning outcome is not based on randomized or historical events, or on the score, point spread, or performance in an athletic event of a single real-world sports team, a single athlete, or any combination of real-world sports teams.
- The fantasy contest does not constitute or involve and is not based on any of the following:
 - a) racing involving animals; b) a game or contest ordinarily offered by a horse track or casino for money, credit, or any representative of value, including any races, games, or contests involving horses, or that are played with cards or dice; c) a slot machine or other mechanical, electromechanical, or electric device, equipment, or machine, including computers and other cashless wagering systems; or d) any other game or device

authorized by the Michigan Gaming Control Board under the Michigan Gaming Control and Revenue Act.

Under the bill, "fantasy contest", instead, would mean that term as defined in the Fantasy Contests Consumer Protection Act (which is substantially similar to the definition above).

MCL 432.303 et al.

Legislative Analyst: Stephen Jackson

FISCAL IMPACT

The bill could have a positive fiscal impact on State revenue, a minimal fiscal impact on the Michigan Gaming Control Board, and a positive fiscal impact on the City of Detroit. Any additionally geographical areas that allowed internet gaming, though multijurisdictional agreement, could provide additional revenue to the State from the additional gaming activity. This would increase the disbursements from the internet gaming tax, which would include disbursements to the School Aid Fund, the Michigan Agriculture Equine Development Fund, and the City of Detroit.

The bill likely would not add significant ongoing costs to the Michigan Gaming Control Board. Any additional costs would be support from the Internet Gaming Fund.

Fiscal Analyst: Cory Savino

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.