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House Bill 4173 (Substitute H-2 as reported without amendment)

Sponsor: Representative John Chirkun

House Committee: Regulatory Reform
Ways and Means

Senate Committee: Regulatory Reform

CONTENT

The bill would add Article 2 to the Bingo Act to govern the conduct of millionaire parties and provide for the licensure of suppliers to millionaire party licensees. The bill would designate the current Act as Article 1 and remove the regulation of millionaire parties from Article 1. Under Article 2, the bill would do the following:

- Provide for the issuance of a millionaire party license.
- Specify standards for the conduct of millionaire parties.
- Establish requirements for the presence and participation of members of a qualified organization at a millionaire party the organization conducted.
- Limit the amount that a licensee could use to pay expenses to 45% of the gross profit from an event, and otherwise regulate a millionaire party licensee's payment of expenses.
- Require a millionaire party licensee to maintain an event record and file a financial statement.
- Provide for the issuance of a license to act as a supplier to millionaire parties, and impose a \$300 application fee.
- Specify requirements of the Executive Director of the Michigan Gaming Control Board (MGCB) relative to millionaire parties.
- Establish penalties for violations of the Act.

Under Article 1, the bill would do the following:

- Require fees and revenue collected by the Executive Director to be deposited in the State Lottery Fund, require expenses of the Director or the Board to be paid from the Fund, and limit those expenses to the amount of revenue from ticket sales and fees collected under the Act.
- Include a raffle in a provision under which a penalty under another law relating to a bingo game, millionaire party, or charity game does not apply to conduct done pursuant to the Act or rules promulgated under it.
- Require a licensee to allow an authorized representative of the Bureau of State Lottery or the Department of State Police or a local law enforcement officer to inspect an event location during business hours, instead of at any time.

The bill also states that any rules promulgated by the Executive Director under the Act before the bill's effective date would remain in effect unless directly inconsistent with the bill. The Executive Director would have to promulgate rules to implement Article 2.

In addition, the bill would repeal Sections 10a, 10b, and 17 of the Act. (Sections 10a and 10b regulate the conduct of millionaire parties and the issuance of millionaire party licenses,

respectively. Section 17 specifies that a person who willfully violates the Act is guilty of a misdemeanor and must be fined not more than \$1,000 or imprisoned for not more than six months, or both.) The bill also would repeal Section 20, which provided for the Act's effective date.

MCL 432.102 et al.

Legislative Analyst: Drew Krogulecki

FISCAL IMPACT

The bill would have a fiscal impact on the Michigan Gaming Control Board. The bill would increase administrative costs to the MGCB in the form of promulgating rules, additional administration, regulation, and auditing of millionaire parties. The additional costs are currently unknown, but likely would be covered by license revenue. The revenue would be generated from licensing fees on millionaire parties and suppliers. The MGCB issued 2,228 licenses of millionaire parties on 8,129 party day events in fiscal year (FY) 2017-18. If revenue is greater than the administrative costs, the remaining balance lapses to the General Fund at the end of the fiscal year. In FY 2017-18, \$1.9 million lapsed to the General Fund, which was the difference between revenue generated and administrative expenses. Currently, the FY 2019-20 budget appropriates \$3.0 million towards Millionaire Party Regulation.

Date Completed: 12-10-19

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.