

# HOUSE BILL NO. 6462

December 01, 2020, Introduced by Rep. Iden and referred to the Committee on Ways and Means.

A bill to amend 2019 PA 149, entitled  
"Lawful sports betting act,"  
by amending sections 3 and 15 (MCL 432.403 and 432.415).

## **THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Sec. 3. As used in this act:

2       (a) "Adjusted gross sports betting receipts" means gross  
3 sports betting receipts less a deduction for the monetary value of  
4 free play wagered by authorized participants as an incentive to  
5 place or as a result of their having placed internet sports betting  
6 wagers.

1 (b) "Affiliate" means a person that, directly or indirectly,  
2 through 1 or more intermediaries, controls or is controlled by a  
3 sports betting operator.

4 (c) "Applicant" means a person that applies for a license or  
5 for registration under this act. Unless otherwise prescribed by the  
6 board, as used in sections 6(2), 8, and 19 applicant includes an  
7 affiliate, director, or managerial employee of the applicant that  
8 performs the function of principal executive officer, principal  
9 operations officer, or principal accounting officer, or a person  
10 who holds more than 5% ownership interest in the applicant. As used  
11 in this subdivision, affiliate does not include a partnership, a  
12 joint venture, a co-shareholder of a corporation, a co-member of a  
13 limited liability company, or a co-partner in a limited liability  
14 partnership that has 5% or less ownership interest in the applicant  
15 and is not involved in the internet sports betting operation.

16 (d) "Athletic event" means a sports activity that involves the  
17 athletic skill of 1 or more players or participants. Athletic event  
18 does not include any of the following:

19 (i) Horse racing if sports betting on that race is pari-mutuel  
20 **as that term is defined in section 2 of the horse racing law of**  
21 **1995, 1995 PA 279, MCL 431.302.**

22 (ii) Any sport or athletic event played by individuals that are  
23 at the high school level or below unless the majority of  
24 participants in the sport or athletic event are 18 years of age or  
25 older.

26 (iii) Roulette, poker, blackjack, a card game, a dice game, or  
27 any other game or contest typically offered in a casino other than  
28 sports betting.

29 (iv) A fantasy contest.

1 (e) "Authorized participant" means an individual who has a  
2 valid internet sports betting account with a sports betting  
3 operator and is at least 21 years of age.

4 (f) "Board" means the Michigan gaming control board created  
5 under section 4 of the Michigan Gaming Control and Revenue Act,  
6 1996 IL 1, MCL 432.204.

7 (g) "Casino" means a building or buildings in which gaming is  
8 lawfully conducted under the Michigan Gaming Control and Revenue  
9 Act, 1996 IL 1, MCL 432.201 to 432.226, or in which class III  
10 gaming is lawfully conducted by an Indian tribe in this state under  
11 a facility license issued in accordance with a tribal gaming  
12 ordinance approved by the chair of the National Indian Gaming  
13 Commission.

14 (h) "Class III gaming" means that term as defined in 25 USC  
15 2703.

16 (i) "Compact" means a tribal-state compact governing the  
17 conduct of gaming activities in this state that is negotiated under  
18 the Indian gaming regulatory act, Public Law 100-497, 102 Stat  
19 2467.

20 (j) "Fantasy contest" means a simulated game or contest with  
21 an entry fee that meets all of the following conditions:

22 (i) No fantasy contest team is composed of the entire roster of  
23 a real-world sports team.

24 (ii) No fantasy contest team is composed entirely of individual  
25 athletes who are members of the same real-world sports team.

26 (iii) Each prize and award or the value of all prizes and awards  
27 offered to winning fantasy contest players is made known to the  
28 fantasy contest players in advance of the fantasy contest.

29 (iv) Each winning outcome reflects the relative knowledge and

1 skill of the fantasy contest players and is determined by the  
2 aggregated statistical results of the performance of multiple  
3 individual athletes selected by the fantasy contest player to form  
4 the fantasy contest team, whose individual performances in the  
5 fantasy contest directly correspond with the actual performance of  
6 those athletes in the athletic event in which those individual  
7 athletes participated.

8 (v) A winning outcome is not based on randomized or historical  
9 events, or on the score, point spread, or performance in an  
10 athletic event of a single real-world sports team, a single  
11 athlete, or any combination of real-world sports teams.

12 (vi) The fantasy contest does not constitute or involve and is  
13 not based on any of the following:

14 (A) Racing involving animals.

15 (B) A game or contest ordinarily offered by a horse track or  
16 casino for money, credit, or any representative of value, including  
17 any races, games, or contests involving horses, or that are played  
18 with cards or dice.

19 (C) A slot machine or other mechanical, electromechanical, or  
20 electric device, equipment, or machine, including computers and  
21 other cashless wagering systems.

22 (D) Any other game or device authorized by the board under the  
23 Michigan Gaming Control and Revenue Act, 1996 IL 1, MCL 432.201 to  
24 432.226.

25 (k) "Fund" means the internet sports betting fund created  
26 under section 16.

27 (l) "Gaming equipment" or "sports betting equipment" means any  
28 mechanical, electronic, or other device, mechanism, or equipment  
29 used in the operation of internet sports betting that directly

1 affects the wagering and results of internet sports betting offered  
2 under this act. Gaming equipment does not include a personal  
3 computer, mobile phone, or other device that is owned and used by  
4 an individual to place an internet sports betting wager.

5 (m) "Gross sports betting receipts" means the total of all  
6 sums, including, but not limited to, valid or invalid checks, valid  
7 or invalid credit or debit card deposits, valid or invalid ACH  
8 deposits, currency, coupons, free play or promotional credits,  
9 redeemable credits, vouchers, entry fees assessed for tournaments  
10 or other contests, or instruments of monetary value whether  
11 collected or uncollected, in each case actually wagered by an  
12 authorized participant at or with a sports betting operator on  
13 sports betting, less all of the following:

14 (i) Winnings.

15 (ii) Amounts returned to an authorized participant because of a  
16 game, platform, or system malfunction or because the sports bet  
17 must be voided because of concerns regarding integrity of the wager  
18 or game.

19 (iii) Uncollectible markers or successfully disputed credit or  
20 debit card charges that were previously included in the computation  
21 of gross sports betting receipts.

22 (n) "Indian lands" means that term as defined in 25 USC 2703.

23 (o) "Indian tribe" means that term as defined in 25 USC 2703  
24 and any instrumentality, political subdivision, or other legal  
25 entity through which an Indian tribe operates its casino in this  
26 state.

27 (p) "In-game betting" means placing an internet sports betting  
28 wager after an athletic event has started.

29 (q) "Institutional investor" means a person that is any of the

1 following:

2 (i) A retirement fund administered by a public agency for the  
3 exclusive benefit of federal, state, or local public employees.

4 (ii) An employee benefit plan or pension fund that is subject  
5 to the employee retirement income security act of 1974, Public Law  
6 93-406.

7 (iii) An investment company registered under the investment  
8 company act of 1940, 15 USC 80a-1 to 80a-64.

9 (iv) A collective investment trust organized by a bank under 12  
10 CFR part 9.

11 (v) A closed end investment trust.

12 (vi) A chartered or licensed life insurance company or property  
13 and casualty insurance company.

14 (vii) A chartered or licensed financial institution.

15 (viii) An investment advisor registered under the investment  
16 advisers act of 1940, 15 USC 80b-1 to 80b-21.

17 (ix) Any other person that the board determines through  
18 rulemaking should be considered to be an institutional investor for  
19 reasons consistent with this act.

20 (r) "Internet" means the international computer network of  
21 interoperable packet-switched data networks, inclusive of  
22 additional technological platforms, such as mobile, satellite, and  
23 other electronic distribution channels.

24 (s) "Internet sports betting" means operating, conducting, or  
25 offering for play sports betting through the internet.

26 (t) "Internet sports betting account" means an electronic  
27 ledger in which all of the following types of transactions relative  
28 to an authorized participant are recorded:

1 (i) Deposits and credits.

2 (ii) Withdrawals.

3 (iii) Internet sports betting wagers.

4 (iv) Monetary value of winnings.

5 (v) Service or other transaction-related charges authorized by  
6 the authorized participant, if any.

7 (vi) Adjustments to the account.

8 (u) "Internet sports betting platform" means an integrated  
9 system of hardware, software, or applications, including mobile  
10 applications and servers, through which a sports betting operator  
11 operates, conducts, or offers sports betting through the internet.

12 (v) "Internet sports betting platform provider" means a sports  
13 betting supplier that contracts with a sports betting operator to  
14 provide an internet sports betting platform.

15 (w) "Internet sports betting wager" means the cash, or cash  
16 equivalent, including free play, loyalty points, and other  
17 redeemable sports betting credits, risked by an authorized  
18 participant on sports betting through the internet.

19 (x) "Mobile application" means an application on a mobile  
20 phone or other device through which an individual is able to place  
21 an internet sports betting wager.

22 (y) "Occupational license" means a license issued by the board  
23 to a person to perform an occupation that directly impacts the  
24 integrity of internet sports betting and that the board has  
25 identified as requiring a license to perform the occupation.

26 (z) "Official league data" means statistics, results,  
27 outcomes, and other data relating to an athletic event obtained by  
28 a sports betting operator under an agreement with a sports  
29 governing body, or an entity expressly authorized by the sports

1 governing body for determining the outcome of tier 2 sports bets.

2 (aa) "Person" means an individual, partnership, corporation,  
3 association, limited liability company, federally recognized Indian  
4 tribe, or other legal entity.

5 (bb) "Sports betting" means to operate, conduct, or offer for  
6 play wagering conducted under this act on athletic events and other  
7 events approved by the board. Sports betting includes, but is not  
8 limited to, single-game bets, teaser bets, parlays, over-under,  
9 moneyline, pools, exchange betting, in-game betting, proposition  
10 bets, and straight bets. Sports betting does not include a fantasy  
11 contest.

12 (cc) "Sports betting operator" means a person that is issued a  
13 sports betting operator license.

14 (dd) "Sports betting operator license" means a license issued  
15 by the board to a person to operate, conduct, or offer internet  
16 sports betting.

17 (ee) "Sports betting supplier" means a person that the board  
18 has identified under rules promulgated by the board as requiring a  
19 license to provide a sports betting operator goods or services  
20 regarding the operation of internet sports betting. Sports betting  
21 supplier includes, but is not limited to, internet sports betting  
22 platform providers.

23 (ff) "Sports betting supplier license" means a license issued  
24 by the board to a sports betting supplier.

25 (gg) "Sports betting wagering device" means a mechanical,  
26 electrical, or computerized terminal, device, apparatus, or piece  
27 of equipment used to place an internet sports betting wager. Sports  
28 betting wagering device does not include a personal computer,  
29 mobile phone, or other device owned and used by an individual to



1 place an internet sports betting wager.

2 (hh) "Sports governing body" means an organization that  
3 prescribes final rules and enforces codes of conduct for an  
4 athletic event and the participants in the athletic event.

5 (ii) "Tier 1 sports bet" means an internet sports betting  
6 wager that is not a tier 2 sports bet.

7 (jj) "Tier 2 sports bet" means an internet sports betting  
8 wager that is placed after an athletic event has started.

9 (kk) "Vendor" means a person that is not licensed under this  
10 act that supplies any goods or services to a sports betting  
11 operator or sports betting supplier.

12 (ll) "Winnings" means the total cash value of all property or  
13 sums including currency or instruments of monetary value paid to an  
14 authorized participant by a sports betting operator as a direct  
15 result of a winning sports betting wager.

16 Sec. 15. The tax imposed under section 14(1) must be allocated  
17 as follows:

18 (a) Thirty percent to the city in which the sports betting  
19 operator's casino is located, for use in connection with the  
20 following:

21 (i) The hiring, training, and deployment of street patrol  
22 officers in that city.

23 (ii) Neighborhood development programs designed to create jobs  
24 in that city with a focus on blighted neighborhoods.

25 (iii) Public safety programs such as emergency medical services,  
26 fire department programs, and street lighting in that city.

27 (iv) Anti-gang and youth development programs in that city.

28 (v) Other programs that are designed to contribute to the  
29 improvement of the quality of life in that city.

(vi) Relief to the taxpayers of that city from 1 or more taxes or fees imposed by that city.

(vii) The costs of capital improvements in that city.

(viii) Road repairs and improvements in that city.

(b) Sixty-five percent to this state to be deposited into the fund.

(c) Five percent to the Michigan ~~agriculture equine industry development fund created under section 20 of the horse racing law of 1995, 1995 PA 279, MCL 431.320. However, if the 5% allocated under this subdivision to the Michigan agriculture equine industry development fund created under section 20 of the horse racing law of 1995, 1995 PA 279, MCL 431.320, exceeds \$3,000,000.00 in a fiscal year, the amount in excess of \$3,000,000.00 must be allocated and deposited in the fund created under section~~  
**16-economic development corporation as that term is defined in section 4 of the Michigan strategic fund act, 1984 PA 270, MCL 125.2004.**

Enacting section 1. This amendatory act does not take effect unless all of the following bills of the 100th Legislature are enacted into law:

(a) Senate Bill No. 661.

(b) Senate Bill No. \_\_\_\_ or House Bill No. 6464 (request no. 07888'20).

(c) Senate Bill No. \_\_\_\_ or House Bill No. 6463 (request no. 07889'20).