

SENATE BILL NO. 237

March 21, 2019, Introduced by Senator BARRETT and referred to the Committee on Regulatory Reform.

A bill to amend 1972 PA 382, entitled
"Traxler-McCauley-Law-Bowman bingo act,"
(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

1 in a millionaire party game:

2 (i) Performs the act of dealing.

3 (ii) Assists in supervising the dealers.

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

6 (c) "Demarcated area" means the physical area in which gaming
7 is conducted at an event.

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

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

13 (f) "Location owner" means the person that owns a location or
14 an employee or agent of the person.

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

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

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

23 (a) The name and address of the applicant.

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

25 (c) If the applicant will not use a dealer from a supplier,
26 the name of each individual who will serve as a dealer at the event
27 and, as to each individual, whether the individual has been
28 convicted of, forfeited bond on a charge of, or pled guilty to any
29 of the following:

1 (i) A felony.

2 (ii) A gambling offense.

3 (iii) Criminal fraud.

4 (iv) Forgery.

5 (v) Larceny.

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

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

9 (e) If the applicant will not use a dealer from a supplier, a
10 description of the demarcated area for the event and an explanation
11 of how the demarcated area will be marked.

12 (f) The dates of the event.

13 (g) Sufficient facts relating to the applicant's incorporation
14 or organization to enable the board to determine whether the
15 applicant is a qualified organization.

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

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

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

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

29 (a) The person is a nonprofit organization.

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

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

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

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

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

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

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

23 (4) A qualified organization may be issued up to 6 millionaire
24 party licenses in 1 calendar year. Each license is valid for only 1
25 location as stated on the license.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

9 (iii) The board has granted a waiver for the participation.

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

14 Sec. 39. (1) If a millionaire party licensee will not use a
15 dealer from a supplier, the millionaire party licensee shall use
16 only the following as dealers at an event:

17 (a) A bona fide member.

18 (b) An employee of a supplier.

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

22 (a) A felony.

23 (b) A gambling offense.

24 (c) Criminal fraud.

25 (d) Forgery.

26 (e) Larceny.

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

28 (3) An individual who is not listed as a dealer on the
29 application for a millionaire party license shall not act as a

1 dealer at an event conducted under the license.

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

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

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

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

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

23 (a) Monitoring a game or verifying that the game is conducted
24 in conformance with the rules of the game.

25 (b) Verifying the age of a player.

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

29 (7) A bona fide member of a millionaire party licensee shall

1 not share in a prize awarded at an event at which the bona fide
2 member is working or assisting.

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

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

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

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

17 (3) A millionaire party licensee shall not conduct gaming
18 under the license anywhere outside of the demarcated area approved
19 by the board.

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

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

25 (6) If the millionaire party licensee will not use a dealer
26 from a supplier and if alcoholic beverages are served at an event,
27 an individual in the demarcated area who is 18 years old or older
28 but less than 21 years old must be identified by wearing a mark
29 indicating that a member or agent of the millionaire party licensee

1 has verified the individual's age and identification.

2 (7) A millionaire party licensee shall not receive more than
3 \$25,000.00 in exchange for imitation money or chips on any day
4 under the license. However, if the licensee conducts the
5 millionaire party without using dealers from a supplier and owns
6 the location at which the millionaire party is held and if the
7 license is for fewer than 4 days of gaming, the daily limit under
8 this subsection is determined by dividing \$100,000.00 by the number
9 of days of gaming allowed under the license.

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

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

18 (a) The expense is incurred in connection with the conduct of
19 the event.

20 (b) The expense is necessary and reasonable and falls into 1
21 of the following categories of expense:

22 (i) The purchase or rental of equipment necessary for
23 conducting the event and payment of services reasonably necessary
24 for the repair of equipment.

25 (ii) Cash prizes or the purchase of prizes of merchandise.

26 (iii) Janitorial services.

27 (iv) The fee required for issuance or reissuance of a license
28 to conduct the event.

29 (v) Other reasonable expenses incurred by the licensee, not

1 inconsistent with this act, as permitted by rule promulgated under
2 this article.

3 (c) The expense is itemized.

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

8 (3) A millionaire party licensee shall not expend more than
9 45% of the gross profit from an event to pay expenses incurred in
10 connection with the event.

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

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

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

21 (3) A millionaire party licensee shall file with the executive
22 director a financial statement signed by the principal officer of
23 the qualified organization. The financial statement must contain a
24 list of the qualified members of the millionaire party licensee who
25 were present as to each event and a disclosure of receipts and
26 expenses related to the conduct of each event as required by rule
27 promulgated under this article.

28 (4) A millionaire party licensee and a location owner or
29 lessee shall allow an authorized representative of the executive

1 director or the state police or a peace officer of a political
2 subdivision in which the event is being conducted to inspect the
3 location, or an intended location, during business hours.

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

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

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

17 (a) A felony.

18 (b) A gambling offense.

19 (c) Criminal fraud.

20 (d) Forgery.

21 (e) Larceny.

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

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

29 (5) A supplier licensed under this section shall submit to the

1 board reports as required by the board regarding the supplier's
2 activities under this article.

3 (6) A supplier's license expires at 12 midnight on September
4 30 of each year.

5 Sec. 48. The board shall enforce and supervise the
6 administration of this article. The executive director shall employ
7 personnel as necessary to implement this article.

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

11 (2) The board shall promulgate rules pursuant to the
12 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to
13 24.328, to implement this article.

14 Sec. 50. (1) The board may deny, suspend, summarily suspend,
15 or revoke a license issued under this article if the licensee or an
16 officer, director, agent, member, or employee of the licensee
17 violates this article or a rule promulgated under this article. The
18 board may summarily suspend a license for a period of not more than
19 60 days pending prosecution, investigation, or public hearing.

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

23 Sec. 51. The board shall report annually to the governor and
24 the legislature about any activities related to qualified
25 organizations and the operation of events licensed under this
26 article.

27 Enacting section 1. This amendatory act does not take effect
28 unless Senate Bill No. 236 of the 100th Legislature is enacted into
29 law.