

Legislative Analysis



COMMISSIONS FOR LOTTERY RETAILERS

Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 4981 as introduced
Sponsor: Rep. Roger Hauck
Committee: Regulatory Reform
Revised 12-13-21

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

House Bill 4981 would add a new section to the McCauley-Traxler-Law-Bowman-McNeely Lottery Act to codify the sales and redemption commissions paid to lottery retailers and revise the amount of the commissions the retailers are eligible to receive. Currently, the sales and redemption commissions are promulgated under the rule-making authority of the Michigan Bureau of State Lottery and by bureau directives.

Under the bill, the commissions for a licensed agent (retailer) for a ticket sold by that retailer or his or her employee would be as follows:

Sales commission for lottery ticket or share sold:

- 7% of the price of the lottery ticket or share (currently 6%).
- 9% for a ticket or share sold after September 30, 2021, and before October 1, 2022.

Redemption commission of 2% of the prize on a predesignated winning lottery ticket if all of the following conditions are met:

- The ticket is eligible for redemption by the retailer.
- The ticket is redeemed at the retailer's licensed premises.
- The ticket is intact and complete.
- The ticket is not counterfeit, mutilated, illegible, stolen, canceled, expired, void, or altered in any way.
- For an online lottery game ticket, the ticket contains information specified in the game's directive to define an eligible lottery ticket.
- For a pull-tab ticket, the front and back of the ticket are complete, fully legible, and not miscut. It must have one preprinted game-deal number and one preprinted bar code at the bottom of the pull-tab ticket front.

(Currently, the commission is 2% for prizes of \$601 to \$100,000.)

Bonus commission of 1% of the prize of a winning lottery ticket purchased from the retailer's licensed premises if the prize is \$1.0 million or more. [Currently, a range of bonus commissions are paid to retailers based on the type of game (e.g. Powerball, Mega Millions, etc.) and whether the ticket was a prize winner or, in some cases, the winner of the jackpot.¹]

MCL 432.11 and proposed MCL 432.11a

¹ <http://retailers.michiganlottery.com/>

FISCAL IMPACT:

House Bill 4981 would reduce School Aid Fund revenues from lottery sales by an unknown, but potentially significant, amount when compared to current law. The bill would increase retailer commissions relative to current law, thereby reducing lottery net revenues. By law, 100% of lottery net revenues are deposited in the School Aid Fund.

According to the Bureau of State Lottery, all else being equal, the impact to the School Aid Fund is estimated to be \$125.0 million in the first year and an estimated \$40.0–\$50.0 million in subsequent years. How the bill would impact existing bonus and incentive programs that increase the commission rate for qualifying retailers currently offered by the Bureau of State Lottery is unknown.

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations and does not constitute an official statement of legislative intent.