

LAWFUL SPORTS BETTING ACT (EXCERPT)
Act 149 of 2019

432.403 Definitions.

Sec. 3. As used in this act:

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

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

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

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

(i) Horse racing if sports betting on that race is pari-mutuel.

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

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

(iv) A fantasy contest.

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

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

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

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

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

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

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

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

(iii) 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.

(iv) Each winning outcome reflects the relative knowledge and skill of the fantasy contest players and is 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.

(v) 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.

(vi) 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.

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

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

(l) "Gaming equipment" or "sports betting equipment" means any mechanical, electronic, or other device, mechanism, or equipment used in the operation of internet sports betting that directly affects the wagering and results of internet sports betting offered under this act. Gaming equipment does not include a personal computer, mobile phone, or other device that is owned and used by an individual to place an internet sports betting wager.

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

(i) Winnings.

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

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

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

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

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

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

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

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

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

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

(v) A closed end investment trust.

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

(vii) A chartered or licensed financial institution.

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

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

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

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

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

(i) Deposits and credits.

(ii) Withdrawals.

(iii) Internet sports betting wagers.

(iv) Monetary value of winnings.

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

(vi) Adjustments to the account.

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

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

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

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

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

(z) "Official league data" means statistics, results, outcomes, and other data relating to an athletic event obtained by a sports betting operator under an agreement with a sports governing body, or an entity expressly authorized by the sports governing body for determining the outcome of tier 2 sports bets.

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

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

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

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

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

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

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

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

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

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

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

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

History: 2019, Act 149, Imd. Eff. Dec. 20, 2019.