

Legislative Analysis



LAWFUL SPORTS BETTING ACT

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

House Bill 4916 (H-3) as passed by the House
Sponsor: Rep. Brandt Iden

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

House Bill 4917 as passed by the House
Sponsor: Rep. Matt Hall

House Bill 4918 as passed by the House
Sponsor: Rep. Michael Webber

1st Committee: Regulatory Reform
2nd Committee: Ways and Means
Complete to 12-9-19

BRIEF SUMMARY: House Bill 4916 would create the Lawful Sports Betting Act, which would, among other things, create a set of rules for people to engage in sports betting, establish a tax for conducting sports betting, and prohibit certain actions and prescribe penalties for violation.

House Bill 4917 would exempt sports betting conducted under the proposed Lawful Sports Betting Act from certain provisions of the Michigan Penal Code.

House Bill 4918 would place the maximum term of imprisonment for a felony violation of the proposed Lawful Sports Betting Act in the sentencing guidelines provisions of the Code of Criminal Procedure.

FISCAL IMPACT: Presumably, the legalization of wagers on sporting events under House Bill 4916 would, through the tax on sports betting, increase revenues to the city of Detroit, local units of government, the Sports Betting Fund, the School Aid Fund, the Michigan Agriculture Equine Industry Development Fund, and (assuming no tribes withhold payments) the Michigan Strategic Fund. The city of Detroit would also realize increased revenues from the municipal services fee and casino development agreement payment, since both are based on total adjusted gross receipts (AGR). The bills would also have an indeterminate fiscal impact on corrections and the judiciary, depending on the sentencing decisions made for new offenses under the bills. A full analysis of the bills' fiscal impact can be found in *Fiscal Information*, below.

THE APPARENT PROBLEM:

According to bill sponsors, the bills are intended to keep Michigan competitive in the move toward sports betting. Following a 2018 U.S. Supreme Court decision¹ that the federal government could not order states to take specific actions to disallow sports gambling, at least thirteen states have legal, regulated sports betting industries. On September 1, 2019, Indiana began brick-and-mortar sports betting, and its online platform launched October 3,

¹ *Murphy v National Collegiate Athletic Assn.*, 584 US ____ (2018)
https://www.supremecourt.gov/opinions/17pdf/16-476_dbfi.pdf

2019. There is a concern that revenue that could be coming to Michigan businesses will instead leave the state as people travel to Indiana and Illinois (which legalized sports betting in June of 2019 and is pending its launch) to participate in sports betting.

THE CONTENT OF THE BILLS:

HOUSE BILL 4916

The bill would create the Lawful Sports Betting Act, which would, among other things, create a set of rules for people to engage in *sports betting*, establish a tax for conducting sports betting, and prohibit certain actions and prescribe penalties for violation.

Sports betting would mean the operating, conducting, or offering for play wagering conducted under the Lawful Sports Betting Act on athletic events and other events approved by the Michigan Gaming Control Board. Sports betting would include single-game bets, teaser bets, parlays, over-under, moneyline, pools, exchange betting, in-game betting, proposition bets, and straight bets. Sports betting would not include a fantasy contest.

Scope of the act

The bill would provide that internet sports betting could be conducted only to the extent that it was in accordance with the proposed act.

Tribal gaming

The act would not apply to internet sports betting conducted exclusively on Indian lands by an Indian tribe under appropriate licensure. (Physical presence on Indian land would be required for this provision to apply.)

Allowable locations for internet sports betting

An internet sports betting wager received by a sports betting operator would be considered gambling or gaming conducted in the operator's casino in Michigan, regardless of the participant's location when placing the wager.

A person could not make sports betting wagering devices available in a place of public accommodation, including a club or association, to enable people to place internet sports betting wagers. This would not apply if the person was making the devices available in the person's own casino.

For purposes of the act, the intermediate routing of electronic data, including across state lines, would not determine the location where the internet sports betting wager was initiated, received, or otherwise made.

Sports betting platform

A sports betting operator could use only one internet sports betting platform to conduct internet sports betting. The operator would have to display its own brand or that of an affiliate on the platform it used. The operator could also elect to have its platform brand be

the name and logos of an internet sports betting supplier if the platform also displayed the operator's own trademarks and logos or those of an affiliate.

Michigan Gaming Control Board

The Michigan Gaming Control Board (MGCB) would have the powers and duties specified in the proposed act and all other powers necessary to administer, regulate, and enforce internet sports betting under the act. The MGCB would have jurisdiction over licensees and could take enforcement action against an unlicensed person offering internet sports betting in Michigan.

The MGCB could enter into agreements with other jurisdictions, including Indian tribes, for multijurisdictional sports betting by licensed operators if consistent with state and federal law and if the betting was conducted only in the United States.

The MGCB could allow licensed operators to accept internet sports betting wagers under the act on any amateur or professional athletic event.

Sports betting operator license

The MGCB would issue a sports betting operator license only to an applicant holding a casino license under the Michigan Gaming Control and Revenue Act or to an Indian tribe that lawfully conducts class III gaming in a Michigan casino under an appropriate license. An operator license would be valid for five years and renewable in five-year increments.

The MGCB could issue the license only after receiving the applicable application and application fee and determining that the proposed internet sports betting complied with the act and that the applicant was otherwise eligible and suitable. The burden would be on the applicant to demonstrate suitability, but the MGCB would have to apply any standards used in a consistent and uniform manner.

The MGCB could consider any of the following information in determining whether to grant a license:

- Whether the applicant had adequate capitalization and the financial ability to develop and maintain the casino and proposed internet sports betting platforms in accordance with the act and rules to be promulgated by the MGCB.
- Whether the applicant had the financial ability to purchase and maintain adequate liability and casualty insurance and to provide an adequate surety bond.
- Whether the applicant had adequate capitalization and the financial ability to pay its secured and unsecured debts in accordance with its obligations.
- Whether the applicant had a history of material noncompliance with casino or casino-related licensing requirements or compacts with Michigan or any other jurisdiction that resulted in enforcement action.
- Whether the applicant had ever been arrested or indicted for, charged with, or convicted of, pleaded guilty or nolo contendere to, forfeited bail concerning, or had expunged any felony or misdemeanor criminal offenses (not including traffic violations). The MGCB could consider mitigating factors.

- Whether the applicant had been involved in bankruptcy proceedings or any formal process to work out the payment of a debt.
- Whether the applicant had a history of material noncompliance with any regulatory requirements in Michigan or any other jurisdiction that resulted in enforcement action.
- Whether at the time of application the applicant was a defendant in litigation involving the integrity of its business practices.

The MGCB would have to keep all information received or used by it in its investigation confidential; these materials would be exempt from disclosure under the Freedom of Information Act (FOIA).

An initial application for an operator license would have to be accompanied by an application fee of \$50,000. A sports betting operator would have to pay a license fee of \$100,000 to the MGCB at the time of licensure and \$50,000 for each subsequent year. The MGCB would deposit all application and license fees into the Sports Betting Fund created by the proposed act.

A sports betting operator could not offer internet sports betting until the MGCB had issued one license to a casino licensee and one to an Indian tribe licensee, or until six months after the act took effect, whichever came first.

An institutional investor (such as a financial institution or pension fund) holding for investment purposes less than 25% of the equity of an applicant would be exempt from the licensure requirements of the proposed act.

Tribal sports betting operator licenses

An Indian tribe applicant for a sports betting operator license would have to list the name and location of any of its casinos, the tribal law and other governing documents under which it operated its casinos, the proposed primary management officials for its casinos, the current facility license for its casinos, its current tribal gaming ordinance, its gaming history and experience, certain financial information, and the total number of gaming positions, including electronic gaming devices and table games, at each of its casinos.

An Indian tribe licensee that offered gaming in the state under a compact that required agreement by the governor for new class III gaming games could request the addition of sports betting as an allowable class III gaming game within 60 days of the act's effective date. (However, the tribe could not offer internet sports betting until licensed under the act as a sports betting operator and meeting other requirements under the act.) If the governor failed to allow this addition, the state would waive sovereign immunity to allow the Indian tribe to initiate an action against the governor in either state or federal court to enforce this requirement.

The MGCB would have to condition issuance, maintenance, and renewal of an operator license to an Indian tribe on the tribe's compliance with all of the following conditions:

- It complied with the proposed act, rules promulgated by the MGCB, and minimum internal controls pertaining to:

- The types of and rules for internet sports betting offered under the act.
 - Requirements for the acceptance of internet sports betting wagers made by people in Michigan but not on tribal land at the time the wager was made.
 - Procedures and requirements for the acceptance of internet sports betting wagers made by people in other jurisdictions, if the MGCB authorized multijurisdictional sports betting as provided in the proposed act.
 - The requirements regarding data sources and age verification specified in the proposed act.
- It adopted and maintained technical standards for internet sports betting platforms, systems, and software that were consistent with the standards adopted by the MGCB.
 - It maintained at least one mechanism on the platform designed to verify that the participant was at least 21 years old and that the betting was limited to transactions made in Michigan or, if the MGCB authorized multijurisdictional sports betting, an allowable jurisdiction.
 - It adopted and maintained responsible gaming measures, including a database of banned individuals.
 - It continued to maintain and operate in Michigan a casino offering class III gaming that contained at least 50% of the gaming positions that were in place on the effective date of the proposed act.
 - It paid to the state 8.75% of the adjusted gross sports betting receipts received from internet sports betting on a monthly basis. (This money would be disbursed as follows: 30% to the local jurisdiction, 52.5% to the Sports Betting Fund, and 17.5% to the Michigan Strategic Fund.)
 - It provided records of its internet sports betting to allow the MGCB to verify the calculation of its monthly payments.
 - It provided a waiver of sovereign immunity to the MGCB for the sole purpose of allowing the MGCB to regulate licensure, enforce rules, assess fines, and perform other such functions and consenting to the jurisdiction of Michigan courts in lieu of tribal remedy.

Under the bill, Michigan, acting through the governor and at the request of any Indian tribe, would have to negotiate and could conclude and execute any amendments to a tribal compact necessary to effectuate internet sports betting under the proposed act and to ensure that betting is in compliance with the act. If the governor failed to negotiate, or failed to negotiate in good faith, the tribe could initiate an action against the governor in state or federal court.

The MGCB would have to exercise its limited direct regulatory and enforcement authority in a manner that was not arbitrary, capricious, or contradictory to the act. The act would only regulate internet sports betting and would not extend to any further aspect of tribal gaming operations beyond those granted to the state under a compact with the tribe.

Sports betting supplier license

The MGCB could issue a sports betting supplier license to a sports betting supplier, and a person could not provide goods, software, or services as a sports betting supplier to a sports betting operator without such a license. The MGCB could issue a provisional license to an

applicant (which would expire on a date set by the MGCB) allowing the person to conduct business with operators until fully licensed.

The license would be valid for five years, renewable at five-year increments. An application would have to be accompanied by a nonrefundable application fee of up to \$5,000, as set by the MGCB. The MGCB would have to keep all information received or used by it in its investigation confidential; these materials would be exempt from disclosure under FOIA. The initial license fee would be \$5,000, and it would be \$2,500 each year thereafter. All application and license fees would be deposited into the Sports Betting Fund.

An institutional investor holding for investment purposes less than 25% of the equity of an applicant would be exempt from the licensure requirements of the proposed act.

MGCB responsibilities

The MGCB would have jurisdiction over all internet sports betting operations governed by the proposed act and could do anything necessary or desirable to effectuate the act, including the following:

- Develop qualifications, standards, and procedures for approval and licensure by the MGCB of sports betting operators and sports betting suppliers.
- Decide promptly and in reasonable order all license applications and approve, deny, suspend, revoke, restrict, or refuse to renew sports betting operator and supplier licenses. A party aggrieved by one of these actions could request a hearing before the MGCB; the request would have to be in writing and made within 21 days of notice of the MGCB's action.
- Conduct all hearings pertaining to violations of the act or rules promulgated under the act.
- Provide for the establishment and collection of all license fees and taxes imposed by the act and rules promulgated under the act and the deposit of the fees and taxes into the Sports Betting Fund.
- Develop and enforce testing and auditing requirements for internet sports betting platforms, internet sports betting wagering, and internet sports betting accounts.
- Develop and enforce requirements for responsible gaming and player protection, including privacy and confidentiality standards and duties.
- Develop and enforce requirements for accepting internet sports betting wagers.
- Adopt by rule a code of conduct governing MGCB employees that ensures, as much as possible, that persons subject to the act avoid the appearance and existence of conflicts of interest.
- Develop and administer civil fines for sports betting operators and suppliers that violate the act or the rules promulgated under the act.
- Audit and inspect, with reasonable notice, books and records relevant to sports betting operations, sports betting wagers, and sports betting wagering accounts, including the books and records regarding financing and accounting materials held by a licensee.
- Acquire personal property by lease or purchase, including computer hardware; mechanical, electronic, and online equipment and terminals; or intangible property, including computer programs, software, and systems.

The MGCB could investigate, issue cease and desist orders against, and obtain injunctive relief against a person that offered sports betting in this state without being licensed to do so. The MGCB could audit and inspect books and records relating to internet sports betting operation, internet sports betting wagers, internet sports betting accounts, or internet sports betting platforms, including the books and records regarding financing and accounting materials held by a licensee. Finally, the MGCB would have to keep all information and other data used by it during an investigation confidential and could use that information only for investigative purposes; the materials would be exempt from FOIA disclosure.

Rule promulgation

Under the bill, the MGCB would have to promulgate rules to implement the act within one year after the proposed act took effect. The rules could include only things expressly authorized by the act, including all of the following:

- The acceptance of internet sports betting wagers.
- The development and posting of house rules regarding internet sports betting.
- The method of reporting to be used by licensees.
- Types of records that would have to be kept.
- The ways in which a participant could fund his or her account.
- Protections for participants placing wagers.
- Qualifications, standards, and procedures for approval and licensure by the MGCB for sports betting operators and suppliers.
- Requirements to ensure responsible gaming.
- Technical and financial standards for internet sports betting platforms.
- Procedures for conducting contested case hearings.

Prohibition of wagering on a particular event or of a particular type

The MGCB could use information received from a *sports governing body* to determine whether to allow internet sports betting wagering on a particular event or whether to allow authorized participants to make internet sports betting wagers of a particular type. If the sports governing body requested a prohibition on wagering on a particular event or of a particular type, the MGCB would have to notify all sports betting operators, which would then be able to respond in the time prescribed by the MGCB. After viewing the request, any response, and any other available information, the MGCB could grant the request if it determined it was necessary to protect the integrity of the event or public confidence in that integrity.

Sports governing bodies would be defined as organizations that prescribe final rules and enforce codes of conduct for athletic events and the participants in the athletic events.

Data sources used to determine sports bet results

A sports betting operator could use any data source for determining the results of all *Tier 1 sports bets*.

A sports governing body headquartered in the United States could notify the MGCB that it desired sports betting operators to use official league data to settle *Tier 2 sports bets*. (In

the absence of such a notification, an operator could use any data source for determining the results of any Tier 2 sports bets on athletic events of that sports governing body.) Within five days after receipt of such a notification, the MGCB would have to notify operators, and within 60 days operators would have to switch to using only official league data unless the data were not available on commercially reasonable terms, as determined by the MGCB, or the sports governing body did not obtain a sports betting supplier license to the extent required by law.

While the MGCB was determining whether official league data were commercially reasonable, a sports betting operator could use any data source for determining the results of a Tier 2 sports bet. The MGCB's determination would have to be made within 120 days after the operator made an allegation that the data was not available on commercially reasonable terms.

A *Tier 2 sports bet* would mean an internet sports betting wager that was placed after an athletic event had started.

A *Tier 1 sports bet* would mean all other internet sports betting wagers.

Responsible gaming measures

A sports betting operator would have to provide, or require the supplier providing an internet sports betting platform to provide, one or more mechanisms designed to verify that a participant was at least 21 years old and that the betting was limited to transactions in Michigan or, if multijurisdictional sports betting was authorized, in an allowable jurisdiction in the United States. An individual seeking to place an internet sports betting wager would have to satisfy these verification requirements before he or she could establish an account or make a wager.

An operator would have to include, or require the supplier to include, mechanisms on the platform to detect and prevent unauthorized use of internet sports betting accounts and to detect and prevent fraud, money laundering, and collusion.

A sports betting operator or the supplier providing its platform could not knowingly authorize an individual under 21 years old or an individual whose name was on the MGCB's responsible gaming database to establish an internet sports betting account or knowingly allow such an individual to place a wager, except if authorized for testing purposes.

A sports betting operator would have to display or have its platform display evidence of the operator's licensure under the proposed act.

Responsible gaming database

The MGCB could develop responsible gaming measures, including a statewide responsible gaming database listing people prohibited from establishing an internet sports betting account or participating in internet sports betting offered by an operator. The MGCB's executive director could place a person's name on the list for certain specified convictions

or acts, inclusion on other such lists, or any other reason the MGCB considered appropriate. The MGCB could promulgate rules for the establishment and maintenance of the responsible gaming database.

Hotline and self-exclusion list

A sports betting operator would have to include on its platform the number of the toll-free compulsive gambling hotline maintained by Michigan and offer responsible gambling services and technical controls, including temporary and permanent self-exclusion and the ability for participants to set their own periodic deposit and internet sports betting wagering limits and maximum playing times.

An authorized participant could voluntarily prohibit himself or herself from establishing a sports betting account with an operator. The MGCB could incorporate the voluntary self-exclusion list into the responsible gaming database and maintain both the list and database in a confidential manner. Both would be exempt from disclosure under FOIA.

Prohibitions

The act would prohibit a person from doing any of the following:

- Offering internet sports betting without being a sports betting operator, unless the sports betting was conducted on Indian land by an Indian tribe. A person who violated this prohibition would be guilty of a felony punishable by imprisonment for up to 10 years or a fine of up to \$100,000, or both.
- Knowingly making a false statement on an application for a license to be issued under the proposed act.
- Knowingly providing false information to the MGCB or an authorized representative of the MGCB.

The MGCB could not issue a license under the act to a person that violated any of these prohibitions.

Tax, fees, and other payments

A sports betting operator that was not an Indian tribe would be subject to a tax of 8.75% on its adjusted gross sports betting receipts received by the operator. The tax would be payable monthly, and no other tax, payment, or fee could be imposed by the state or a political subdivision of the state for sports betting conducted under the act. (This provision would not impair the contractual rights under an existing development agreement between a city and an operator that holds a casino license.)

The tax would be allocated as follows: 30% to the city in which the casino was located, 65% to the state to be deposited into the Sports Betting Fund, and 5% to the Michigan Agriculture Equine Industry Development (MAEID) Fund. (However, if the amount to be directed to the MAEID Fund exceeded \$3.0 million in a fiscal year, the excess would have to be deposited in the Sports Betting Fund.)

In addition to payment of the tax and other fees as provided in the act, and to any payment required under an existing development agreement, if a city had imposed a municipal

services fee of 1.25% fee on a casino licensee, the city could charge a 1.25% fee on the adjusted gross sports betting receipts of a casino operator whose casino was in that city.

Sports Betting Fund

The Sports Betting Fund would be created in the state treasury, and the state treasurer could receive money or other assets for deposit into the fund. The MGCB would be the administrator of the fund for auditing purposes. Upon appropriation, the MGCB would have to expend \$1.0 million from the fund annually to the Compulsive Gaming Prevention Fund, as well as fund its costs of regulating and enforcing sports betting under the bill. All money remaining in the fund after these expenditures were made would be deposited into the School Aid Fund.

Other provisions

To the extent that sports betting equipment used to offer internet sports betting was a gambling device as defined under federal law, it would be legal as long as it was properly registered, recorded, and labeled.

Finally, the act states that it does not authorize the construction or operation of a casino that was not constructed or operating before the act took effect.

HOUSE BILL 4917

The bill would add a new section to the Michigan Penal Code to specify that Chapter 44 (Gambling) would not apply to sports betting conducted under the proposed Lawful Sports Betting Act.

Proposed MCL 750.310d

HOUSE BILL 4918

The bill would amend the Code of Criminal Procedure to specify that a sports betting offense under section 13 of the proposed Lawful Sports Betting Act would be a Class D felony against the public order punishable by a maximum term of imprisonment of 10 years.

MCL 777.14d

Tie-bars

House Bills 4917 and 4918 are tie-barred to HB 4916, which means that they could not take effect unless HB 4916 were also enacted.

FISCAL INFORMATION:

Presumably, the legalization of wagers on sporting events under House Bill 4916 would increase revenues for the following areas through the tax on sports betting:

- City of Detroit
- Internet Sports Betting Fund
- School Aid Fund
- Michigan Agriculture Equine Industry Development Fund
- Local Units of Government
- Michigan Strategic Fund (assuming no tribes withhold payments)

The city of Detroit would also realize increased revenues from the municipal services fee and casino development agreement payment, since both are based on total adjusted gross receipts (AGR).

For purposes of this analysis, two scenarios are provided, with market size derived from available data in other states offering sports betting both at the casino and on an internet platform. In all comparable cases the market is still in its infancy because sports betting was only recently legalized for all states at the federal level.

Assuming a mature market range of between \$175.0 million and \$225.0 million would yield the tax revenue ranges presented in **Table 1**. For simplicity, the outcomes in the table assume a 50/50 split of the market between tribal casinos and Detroit’s commercial casinos. Additionally, the table includes a tribal casino revenue sharing payment of 8.75% pursuant to the provisions of the bill.

**TABLE 1
Tax Revenue Distribution of Sports Betting Market Scenarios**

Distribution of 8.75% Tax	\$175.0 million AGR Market		\$225.0 million AGR Market	
	Detroit (50%)	Tribal (50%)	Detroit (50%)	Tribal (50%)
City of Detroit	\$2,296,900	\$0	\$2,953,100	\$0
Internet Sports Betting Fund	4,976,600	4,019,600	6,398,400	5,168,000
Michigan Ag Equine Fund	382,800	0	492,200	0
Local Gov’t Governing Body	0	2,296,900	0	2,953,100
Michigan Strategic Fund	0	1,339,800	0	1,722,700
Local Revenue Sharing (2%)**	0	1,750,000	0	2,250,000
TOTAL	\$7,656,300	\$9,406,300	\$9,843,700	\$12,093,800

*Payments under the compacts are currently directly deposited with the MSF/MEDC.

**It is unknown whether the adjusted gross receipts from sports betting would also be included in the calculation for local government payments under the Tribal-State Gaming Compacts.

It should be noted that there are downside risks associated with tribal gaming. Instead of offering sports betting, any of the tribes currently making revenue sharing payments to the Michigan Strategic Fund/Michigan Economic Development Corporation (MSF/MEDC) could elect to discontinue those revenue sharing payments if they deemed the sports betting

legalization an expansion of gaming that voids the terms of their Tribal-State Gaming Compact. Additionally, for local units of government receiving local revenue sharing payments under the compacts, it is unclear whether the compact language would be expanded to include sports betting AGR when calculating the 2% local revenue sharing payments. In 2018, payments to the MSF/MEDC totaled \$53.4 million and revenue sharing payments to local governments totaled \$30.1 million.

In addition to the tax revenues noted in Table 1, the increased AGR would result in increased municipal services fee and casino development agreement payments for the city of Detroit. Increased revenues from the municipal services fee would total between \$1.1 million to \$1.4 million. Increased revenues from the casino development agreement payments would total between \$1.5 million and \$2.0 million.

Based on analysis of other states, sports betting on the internet platform likely would comprise between 80 to 90% of total sports betting AGR, with brick and mortar providing the remaining 10 to 20%. Because commercial casino tax rates are the same for both brick-and-mortar and internet sports betting, the gaming platform distribution doesn't necessarily have an impact on overall revenues. Any sports betting forgone at the tribal casinos that elect not to offer it would likely be redistributed to other licensees either through brick-and-mortar play or internet play.

In addition to the tax revenue distributions noted above, all application and license fees authorized under the act would be deposited in the Sports Betting Fund. Upon appropriation, after the annual transfer of \$1.0 million to the Compulsive Gaming Prevention Fund and the payment of costs associated with regulating and enforcing sports betting under the act, any remaining balance in the fund would be deposited in the School Aid Fund (SAF). An estimate of regulatory and enforcement costs is not known; therefore, providing an estimate of SAF revenues is difficult.

Forecast uncertainties include customer base differences with comparison states, the size of the sports betting market in Michigan, the split of the overall market between tribal and commercial casinos, the ability of sports betting at casinos to have a stimulative effect on other casino gaming, and the availability of sports betting in surrounding states. If sports betting were not offered through the internet platform, the above estimates would be reduced.

Additionally, it is not known how much of an impact the exclusion of excise tax payments remitted to the federal government and free play will have on the overall casino AGR. Under current law, a free play is subject to the casino wagering tax.

Corrections and Judiciary

House Bill 4916 would have an indeterminate fiscal impact on the state and on local units of government. The fiscal impact would depend on judicial sentencing decisions made for individuals convicted under provisions of the bill.

The bill would make it a felony for a person who is not a licensee or not a federally recognized Michigan Indian tribe to offer sports betting for play. Also, the bill would make it a felony for a person to knowingly provide false testimony to the MGCB or an authorized representative of the MGCB while under oath. If convicted, individuals could be imprisoned for up to 10 years or fined up to \$100,000, or both.

New felony convictions under HB 4916 would result in increased costs related to state prisons and state probation supervision if the convictions result in imprisonment. In fiscal year 2018, the average cost of prison incarceration in a state facility was roughly \$38,000 per prisoner, a figure that includes various fixed administrative and operational costs. State costs for parole and felony probation supervision averaged about \$3,700 per supervised offender in the same year. Those costs are financed with state general fund/general purpose revenue.

Any fiscal impact on the judiciary and local court systems would depend on how provisions of the bill affected caseloads and related administrative costs.

Any increase in penal fine revenues would increase funding for local libraries, which are the constitutionally designated recipients of those revenues.

POSITIONS:

The following entities indicated support for the bills (10-29-19):

- MGM Grand Detroit
- Draft Kings
- FanDuel
- NBA
- MLB
- PGA Tour
- Detroit Pistons

Greektown Casino indicated support for the bills subject to further review. (10-29-19)

Motor City Casino indicated support for the bills subject to further review. (10-29-19)

The Gun Lake Tribe indicated support for HB 4916 with minor changes. (10-29-19)

The Huron Band of Potawatomi indicated support for HB 4916 with an amendment. (10-29-19)

The following organizations indicated support for HB 4916 (10-29-19):

- iDea Growth
- Lac Vieux Desert Band of Lake Superior Chippewa Indians

A representative of the Michigan Association on Problem Gambling testified with a neutral position on HB 4916 (9-17-19) and indicated a neutral position on the bills. (10-29-19)

The Saginaw Chippewa Indian Tribe indicated a neutral position on HBs 4916 and 4917.
(10-29-19)

The following entities indicated opposition to the bills (10-29-19):

State Budget Office

Michigan Association of Secondary School Principals

Michigan Association of Superintendents and Administrators

Legislative Analyst: Jenny McInerney

Fiscal Analysts: Ben Gielczyk

Robin Risko

■ 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.