

HOUSE BILL No. 5489

December 7, 2005, Introduced by Reps. Farhat and Sak and referred to the Committee on Government Operations.

A bill to amend 1972 PA 382, entitled "Traxler-McCauley-Law-Bowman bingo act," by amending sections 3, 3a, 5, 5c, 8, 10, 10a, and 11b (MCL 432.103, 432.103a, 432.105, 432.105c, 432.108, 432.110, 432.110a, and 432.111b), section 3 as amended by 1995 PA 275, sections 3a, 5c, and 11b as added and sections 5, 10, and 10a as amended by 1999 PA 108, and section 8 as amended by 1981 PA 229.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 3. (1) "Educational organization" means an organization
2 within this state that is organized not for pecuniary profit, whose
3 primary purpose is educational in nature and designed to develop
4 the capabilities of individuals by instruction in any public or
5 private elementary or secondary school that complies with the
6 ~~school code of 1976, Act No. 451 of the Public Acts of 1976, being~~

1 ~~sections 380.1 to 380.1852 of the Michigan Compiled Laws~~ **REVISED**
2 **SCHOOL CODE, 1976 PA 451, MCL 380.1 TO 380.1852**, or any private or
3 public college or university that is organized not for pecuniary
4 profit and that is approved by the state board of education.

5 (2) "Fraternal organization" means an organization within this
6 state, except a college fraternity or sorority, that is organized
7 not for pecuniary profit; that is a branch, lodge, or chapter of a
8 national or state organization; and that exists for the common
9 purpose, brotherhood, or other interests of its members.

10 (3) "Licensee" means a person or qualified organization
11 licensed ~~pursuant to~~ **UNDER** this act.

12 (4) "Member" means an individual who qualified for membership
13 in a qualified organization ~~pursuant to~~ **UNDER** its bylaws,
14 articles of incorporation, charter, rules, or other written
15 statement.

16 (5) "Person" means a natural person, firm, association,
17 corporation, or other legal entity.

18 (6) "Qualified organization" means a bona fide religious,
19 educational, service, senior citizens, fraternal, or veterans'
20 organization that operates without profit to its members and that
21 either has been in existence continuously as an organization for a
22 period of 5 years or is exempt from taxation ~~imposed by the single~~
23 ~~business tax act, Act No. 228 of the Public Acts of 1975, being~~
24 ~~sections 208.1 to 208.145 of the Michigan Compiled Laws~~ **UNDER 26**
25 **USC 501(C)**. Qualified organization does not include a candidate
26 committee, political committee, political party committee, ballot
27 question committee, independent committee, or any other committee

1 as defined by, and organized ~~pursuant to~~ **UNDER**, the Michigan
2 campaign finance act, ~~Act No. 388 of the Public Acts of 1976,~~
3 ~~being sections 169.201 to 169.282 of the Michigan Compiled Laws~~
4 **1976 PA 388, MCL 169.201 TO 169.282.**

5 (7) "Religious organization" means any of the following:

6 (a) An organization, church, body of communicants, or group
7 that is organized not for pecuniary profit and that gathers in
8 common membership for mutual support and edification in piety,
9 worship, and religious observances.

10 (b) A society of individuals that is organized not for
11 pecuniary profit and that unites for religious purposes at a
12 definite place.

13 (c) A church related private school that is organized not for
14 pecuniary profit.

15 (8) "Senior citizens organization" means an organization
16 within this state that is organized not for pecuniary profit, that
17 consists of at least 15 members who are 60 years of age or older,
18 and that exists for their mutual support and for the advancement of
19 the causes of elderly or retired persons.

20 (9) "Service organization" means either of the following:

21 (a) A branch, lodge, or chapter of a national or state
22 organization that is organized not for pecuniary profit and that is
23 authorized by its written constitution, charter, articles of
24 incorporation, or bylaws to engage in a fraternal, civic, or
25 service purpose within the state.

26 (b) A local civic organization that is organized not for
27 pecuniary profit; that is not affiliated with a state or national

1 organization; that is recognized by resolution adopted by the local
2 governmental subdivision in which the organization conducts its
3 principal activities; whose constitution, charter, articles of
4 incorporation, or bylaws contain a provision for the perpetuation
5 of the organization as a nonprofit organization; whose entire
6 assets are ~~pledged to~~ **USED FOR** charitable purposes; and whose
7 constitution, charter, articles of incorporation, or bylaws contain
8 a provision that all assets, real property, and personal property
9 shall revert to the benefit of the local governmental subdivision
10 that granted the resolution upon dissolution of the organization.

11 (10) "Veterans' organization" means an organization within
12 this state, or a branch, lodge, or chapter within this state of a
13 state organization or of a national organization chartered by the
14 congress of the United States, that is organized not for pecuniary
15 profit, the membership of which consists of individuals who were
16 members of the armed services or forces of the United States.

17 Sec. 3a. (1) "Equipment" means the objects and mechanical or
18 electromechanical devices used to determine or assist in
19 determining the winners of prizes at events licensed under this
20 act.

21 (2) "Event" means each occasion of a bingo, millionaire party,
22 raffle, charity game, or numeral game licensed under this act.

23 (3) "Large bingo" means a series of bingo occasions that occur
24 on a regular basis during which the total value of all prizes
25 awarded through bingo at a single occasion does not exceed
26 ~~\$2,000.00~~ **\$3,500.00** and the total value of all prizes awarded for
27 1 game does not exceed ~~\$500.00~~ **\$1,100.00**, except that a prize

1 awarded through a Michigan progressive jackpot bingo game ~~shall~~
2 **IS** not ~~be~~ subject to these limitations.

3 (4) "Large raffle" means an event where the total value of all
4 prizes awarded through raffle drawings exceed \$500.00 per occasion.

5 (5) "Location" means a building, enclosure, part of a building
6 or enclosure, or a distinct portion of real estate that is used for
7 the purpose of conducting events licensed under this act. Location
8 also means all components or buildings that comprise 1
9 architectural entity or that serve a unified functional purpose.

10 (6) "Manufacturer" means a person licensed under section 11c
11 who manufactures numeral game tickets for sale to suppliers for use
12 in an event.

13 (7) "Michigan progressive jackpot" means a bingo game
14 conducted in conjunction with a licensed large bingo occasion,
15 where the value of the prize is carried forward to the next bingo
16 occasion if no player bingos in a predetermined number of allowable
17 calls. Michigan progressive jackpot may include bingo games
18 conducted by more than 1 licensee that are linked together for the
19 purpose of a common jackpot prize and consolation prize as
20 prescribed by the commissioner.

21 (8) "Millionaire party" means an event at which wagers are
22 placed upon games of chance customarily associated with a gambling
23 casino through the use of imitation money or chips that have a
24 nominal value equal to or greater than the value of the currency
25 for which they can be exchanged.

26 (9) "Numeral game" means the random resale of a series of
27 numeral game tickets by a qualified organization under a numeral

1 game license or in conjunction with a licensed millionaire party or
2 large raffle.

3 (10) "Numeral game ticket" means a paper strip on which
4 preprinted numerals are covered by folding the strip and banding
5 the folded strip with a separate piece of paper, if upon breaking
6 the paper strip that bands the ticket, the purchaser discovers
7 whether the ticket is a winning ticket and the purchaser may be
8 awarded a merchandise prize.

9 (11) "Occasion" means the hours of the day for which a license
10 is issued.

11 (12) "Principal officer" means the highest ranking officer of
12 the qualified organization according to its written constitution,
13 charter, articles of incorporation, or bylaws.

14 (13) "Prize" means anything of value, including, but not
15 limited to, money or merchandise that is given to a player for
16 attending or winning a game at an event. A nonmonetary item is
17 valued at its retail value. **PRIZE DOES NOT INCLUDE ADVERTISING**
18 **MATERIAL GIVEN AWAY BY A QUALIFIED ORGANIZATION IN ACCORDANCE WITH**
19 **RULES PROMULGATED UNDER THIS ACT.**

20 (14) "Single gathering" means 1 scheduled assembly or meeting
21 with a specified beginning and ending time that is conducted or
22 sponsored by the qualified organization. Single gathering does not
23 include the regular operating hours of a club or similar facility
24 and does not include a meeting conducted solely for the purpose of
25 conducting a raffle.

26 (15) "Small bingo" means a series of bingo occasions that
27 occur on a regular basis during which the total value of all prizes

1 awarded through bingo at a single occasion does not exceed \$300.00
2 and the total value of all prizes awarded for a single bingo game
3 does not exceed \$25.00.

4 (16) "Small raffle" means an event during which the total
5 value of all prizes awarded through raffle drawings does not exceed
6 \$500.00 during 1 occasion.

7 (17) "Special bingo" means a single or consecutive series of
8 bingo occasions during which the total value of all prizes awarded
9 through bingo at a single occasion does not exceed ~~-\$2,000.00~~
10 **\$3,500.00** and the total value of all prizes awarded for a single
11 bingo game does not exceed ~~-\$500.00~~ **\$1,100.00**.

12 (18) "Supplier" means a person licensed under this act to
13 rent, sell, or lease equipment or to sell charity game or numeral
14 game tickets to qualified organizations licensed under this act.

15 Sec. 5. (1) A large or small bingo license may be reissued
16 annually upon the submitting of an application for renewal provided
17 by the commissioner and upon the licensee's payment of the
18 appropriate fee. A small or large bingo license expires at 12
19 midnight on the last day of February.

20 (2) A qualified organization may hold more than 1 bingo
21 license.

22 (3) A small or large bingo license shall be valid for not more
23 than 1 day per week.

24 (4) Not more than 10 bingo licenses shall be issued for a 7-
25 day period at any 1 location.

26 ~~——(5) Not more than 1 bingo license shall be issued to a~~
27 ~~qualified organization for any 1 day.~~

1 ~~—— (6) Not more than 2 bingo licenses shall be issued for the~~
2 ~~same day at any 1 location.~~

3 (5) ~~—(7)—~~ A special bingo license may be issued for up to 7
4 consecutive days.

5 (6) ~~—(8)—~~ A qualified organization may be issued up to 4
6 special bingo licenses per calendar year.

7 Sec. 5c. (1) The value of a prize or consolation prize awarded
8 during a Michigan progressive jackpot bingo game is not subject to
9 the prize limitations of section 3a(3).

10 (2) The prize awarded to the winner of a Michigan progressive
11 jackpot bingo game may be a predetermined amount that shall not
12 exceed \$500.00 **OR 50% OF THE CARD SALES** on the first bingo
13 occasion.

14 (3) If a Michigan progressive jackpot prize is not won in the
15 predetermined number of allowable calls, the game shall be played
16 to its conclusion for a predetermined consolation prize that shall
17 not exceed \$100.00.

18 (4) If a Michigan progressive jackpot prize is not won in the
19 predetermined number of allowable calls, the entire prize amount
20 shall be carried forward to the next scheduled bingo occasion.

21 (5) When a Michigan progressive jackpot prize has been carried
22 forward from a previous bingo occasion, the new prize amount shall
23 include the entire amount carried forward, plus 50% of the card
24 sales for the Michigan progressive jackpot bingo game for the
25 current bingo occasion.

26 (6) No arrangement of numbers other than a coverall pattern
27 shall be required or allowed to win a Michigan progressive jackpot

1 bingo game.

2 (7) A Michigan progressive jackpot bingo game shall be played
3 only on bingo cards that are approved by the commissioner.

4 (8) All cards for the Michigan progressive jackpot bingo game
5 shall be sold by the licensee at a uniform price with no discount
6 for the purchase of more than 1 card.

7 ~~(9) All bingo cards used in the Michigan progressive jackpot~~
8 ~~bingo game shall be sold prior to the drawing of the first ball for~~
9 ~~that game.~~

10 (9) ~~(10)~~ Whenever a Michigan progressive jackpot bingo game
11 is conducted, the licensee shall post a notice and announce the
12 following information:

13 (a) The maximum number of allowable calls in which the player
14 must complete a coverall pattern in order to win a Michigan
15 progressive jackpot prize on that occasion.

16 (b) The prize amount offered to the winner of the Michigan
17 progressive jackpot game and the consolation prize for that bingo
18 occasion.

19 (c) The date the next bingo occasion will occur in that
20 particular progression if the jackpot is not awarded.

21 (10) ~~(11)~~ A Michigan progressive jackpot bingo game shall be
22 conducted in the following manner:

23 (a) On the first bingo occasion a player shall not be required
24 to obtain bingo in less than ~~50 numbers called~~ **THE NUMBER OF**
25 **ALLOWABLE CALLS AS PRESCRIBED BY THE COMMISSIONER** to win the
26 jackpot prize.

27 (b) The number of allowable calls required to win the jackpot

1 shall be increased by 1 number on each successive bingo occasion
2 **FOR THAT LICENSEE** in a particular progression.

3 (c) Once a Michigan progressive jackpot bingo game has been
4 started, the progressive jackpot prize shall be offered at each
5 successive bingo occasion for that licensee until the jackpot prize
6 has been won.

7 (d) A Michigan progressive jackpot progression shall only be
8 terminated or interrupted by 1 of the following:

9 (i) Determining a winner of the Michigan progressive jackpot
10 prize.

11 (ii) Expiration, suspension, revocation, or surrender of the
12 license to conduct bingo.

13 (iii) A previously announced scheduled interruption, such as a
14 legal holiday or other temporary closing.

15 (iv) A valid emergency condition under which the licensee is
16 unable to conduct the game.

17 **(11)** ~~-(12)-~~ Only 1 Michigan progressive jackpot bingo game
18 shall be in progress at 1 time per bingo occasion.

19 **(12)** ~~-(13)-~~ Prizes for a Michigan progressive jackpot bingo
20 game shall be awarded as follows:

21 (a) The Michigan progressive jackpot prize shall be awarded to
22 the player or players who complete the coverall pattern within the
23 predesignated number of allowable calls.

24 (b) A consolation prize shall be awarded on each bingo
25 occasion at which a Michigan progressive jackpot game is played,
26 except on the bingo occasion that the jackpot prize is won.

27 (c) The consolation prize shall be awarded to the player or

1 players who complete a coverall pattern on each bingo occasion,
2 regardless of the number of calls in excess of the predesignated
3 number of allowable calls required to win the Michigan progressive
4 jackpot bingo game.

5 (13) ~~-(14)-~~ The jackpot prize shall be awarded by a check
6 written from the licensee's financial account **OR IN THE MANNER**
7 **PRESCRIBED BY THE COMMISSIONER.**

8 (14) ~~-(15)-~~ Except as otherwise provided in this section, all
9 other provisions of this act or rules promulgated under this act
10 apply to the conduct of a Michigan progressive jackpot game.

11 (15) ~~-(16)-~~ If an organization's bingo license will expire or
12 is suspended, revoked, or surrendered before the last bingo
13 occasion of a particular progression, the jackpot prize shall be
14 awarded and the winner determined on the last authorized bingo
15 occasion regardless of the number of calls required to determine
16 the winner.

17 Sec. 8. All fees and revenue collected by the commissioner or
18 bureau under this act shall be paid into the state lottery fund.
19 All necessary expenses incurred by the bureau in the administration
20 and enforcement of **ANY ACTIVITY AUTHORIZED BY** this act and in the
21 initiation, implementation, and ongoing operation of ~~charity games~~
22 **ANY ACTIVITY AUTHORIZED BY THIS ACT** shall be financed from the
23 state lottery fund. The amount of these necessary expenses shall
24 not exceed the amount of revenues received from the sale of charity
25 game tickets and all fees collected under this act. ~~—, except that~~
26 ~~this limitation shall not apply before October 1, 1983.~~ At the end
27 of each fiscal year all money, including interest, in the state

1 lottery fund which is attributable to fees and revenue collected
2 ~~pursuant to~~ **UNDER** this act but which has not been expended
3 ~~pursuant to~~ **UNDER** this section shall be deposited in the state
4 general fund.

5 Sec. 10. (1) Only a member of the qualified organization shall
6 participate in the management of an event.

7 (2) A person shall not receive any commission, salary, pay,
8 profit, or wage for participating in the management or operation of
9 bingo, a millionaire party, **A RAFFLE**, or a charity game except as
10 provided by rule promulgated under this act.

11 (3) Except by special permission of the commissioner, a
12 licensee shall conduct bingo or a millionaire party only with
13 equipment that it owns, uses under a bureau-approved rental
14 contract, or is purchasing or renting at a reasonable rate from a
15 supplier.

16 (4) A licensee shall not advertise bingo except to the extent
17 and in the manner permitted by rule promulgated under this act. If
18 the commissioner permits a licensee to advertise bingo, the
19 licensee shall indicate in the advertisement the purposes for which
20 the net proceeds will be used by the licensee.

21 (5) The holder of a millionaire party license shall not
22 advertise the event, except to the extent and in the manner
23 permitted by rule promulgated under this act. If the commissioner
24 permits a licensee to advertise the event, the licensee shall
25 indicate in the advertising the purposes for which the net proceeds
26 will be used by the licensee. ~~—, and shall give notice of the~~
27 ~~\$500.00 personal limitation on winnings required by section 10a(e).~~

1 Sec. 10a. All of the following apply in the conduct of a
2 millionaire party:

3 (a) A person less than 18 years of age shall not be permitted
4 to wager.

5 (b) A wager may not be placed on a contest other than a game
6 of chance taking place at the location and during the time period
7 approved for the event, and in no event shall a wager be placed
8 upon an athletic event or upon a game involving personal skill.

9 (c) The licensee under the millionaire party license shall be
10 responsible for insuring that the requirements of this section are
11 met.

12 (d) A qualified organization shall not receive more than
13 \$15,000.00 in exchange for imitation money or chips in 1 day of a
14 millionaire party.

15 ~~(e) A person participating in a millionaire party shall not be~~
16 ~~awarded prizes having an aggregate value greater than \$500.00 per~~
17 ~~day. The value of raffle, charity game, and numeral game prizes~~
18 ~~awarded at the millionaire party is not subject to the limitations~~
19 ~~of this section. A notice of personal limitation on winnings shall~~
20 ~~be given to the participant or posted at the location of the event.~~

21 Sec. 11b. (1) Each applicant for a license or renewal of a
22 license to operate as a supplier of equipment, charity game
23 tickets, or numeral game tickets to qualified organizations
24 licensed under this act shall submit a written application to the
25 bureau on a form prescribed by the commissioner.

26 (2) The applicant shall pay an annual license fee of \$300.00
27 at the time of the application.

1 (3) A supplier's license expires at 12 midnight on September
2 30 of each year.

3 (4) The commissioner shall require suppliers authorized to
4 sell charity game tickets, numeral game tickets, or both, to post a
5 performance bond of not less than \$50,000.00 and not greater than
6 ~~\$500,000.00~~ **\$1,000,000.00**.

7 (5) A supplier shall remit to the bureau an amount equal to
8 the qualified organization's purchase price of the charity game
9 tickets less an amount that shall not be less than the sum of \$.008
10 for each ticket sold plus 1.0% of the total resale value for all
11 charity game tickets sold.

12 (6) For each numeral game sold, the supplier shall issue to
13 the licensed organization an invoice listing the manufacturer and
14 serial number of each game.

15 (7) The fee collected by a supplier from the qualified
16 organization for each game of numeral tickets sold shall be \$5.00
17 per 1,000 tickets or any portion of 1,000 tickets.

18 (8) The fees collected by the supplier for each numeral game
19 sold shall be remitted to the bureau by the fifteenth day of the
20 month following the month in which the numeral game is sold. A late
21 fee of 25% of the amount due may be assessed by the commissioner
22 against any supplier who fails to remit the fees by the required
23 filing date.

24 (9) A supplier shall only display, offer for sale, sell, or
25 otherwise make available to a qualified organization numeral game
26 tickets that have been obtained from a manufacturer.

27 (10) A person who is directly or indirectly connected to the

1 sale, rental, or distribution of bingo or millionaire party
2 equipment, or the sale of charity game tickets or numeral game
3 tickets, or a person residing in the same household as the supplier
4 shall not be involved directly or indirectly with the rental or
5 leasing of a facility used for an event.

6 (11) A supplier shall submit to the bureau a report as
7 required by the commissioner regarding the sale or rental of
8 equipment and the sale of charity game tickets and numeral game
9 tickets.