

Legislative Analysis



DIRECT CLUB KENO ADVERTISING REVENUE TO PURE MICHIGAN CAMPAIGN

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

House Bill 6177

Sponsor: Rep. Andy Neumann

Committee: Tourism, Outdoor Recreation and Natural Resources

Complete to 8-23-10

A SUMMARY OF HOUSE BILL 6177 AS INTRODUCED 5-18-10

The bill would amend the McCauley-Traxler-Law-Bowman-McNeely Lottery Act to do the following things:

- Authorize the commissioner of the lottery to enter into contracts allowing (1) the placement of advertising or promotional material on available media relating to the Club Keno game, or (2) the sponsorship of individual draws in the Club Keno game.
- Create the Club Keno Advertising Fund within the Department of Treasury.
- Require money from Club Keno advertising contracts to be deposited in the Club Keno Advertising Fund.
- Allocate the first \$18 million deposited into the fund each year to Travel Michigan to fund the Pure Michigan campaign, with any balance to the School Aid Fund.
- Exempt Club Keno advertising from a prohibition on printing a person's name on lottery tickets or shares.

Fund structure. The Club Keno Advertising Fund, within the Department of Treasury, could receive money or assets from any source. The state treasurer would direct the fund's investment, and credit it with investment interest and earnings. Money in the fund at the close of the fiscal year would remain in the fund, not lapse to the General Fund. The Bureau of Lottery would administer the fund for auditing purposes.

MCL 432.11 & 432.18

FISCAL IMPACT:

House Bill 6177 would have an indeterminate fiscal impact on state government. Under the provisions of the bill, the commissioner of the lottery would be allowed to contract with persons for the placement of advertising or promotional material on Club Keno related media or to sponsor draws in the Club Keno game. The bill would create the Club Keno Advertising Fund and direct all money from an advertising contract into the fund. The first \$18.0 million deposited into the fund each year would be used for Pure Michigan, while anything above that amount would go to the School Aid Fund (SAF).

Under current law, the Lottery distributes advertising revenue just like all other revenue. Therefore, the bill would have a negative affect on the SAF as all advertising revenue up to \$18.0 million would be deposited in the new fund and not in the SAF. According to the Michigan Bureau of State Lottery (Lottery), advertising contracts have been offered for the ticket stock and Club Keno monitor shows since June of 2005. Since that time, the Lottery has not entered into any advertising contracts. Under the provisions of this bill, if the Lottery were to enter into an advertising contract, Pure Michigan would realize a positive fiscal impact. However, since there has not been a strong interest in advertising on ticket stock or Club Keno monitors over the past five years, it does not appear that this bill would have a large fiscal impact for Pure Michigan or the SAF.

Legislative Analyst: Shannan Kane
Fiscal Analyst: Ben Gielczyk

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