

LAWFUL INTERNET GAMING ACT (EXCERPT)
Act 152 of 2019

432.303 Definitions.

Sec. 3.

As used in this act:

(a) "Adjusted gross receipts" means gross receipts less a deduction equal to the amount of free play provided and wagered by authorized participants as an incentive to place or as a result of placing internet wagers under this act. The deduction under this subdivision is limited as follows:

(i) For years 1-3, a deduction not to exceed 10% of gross receipts.

(ii) For year 4, a deduction not to exceed 6% of gross receipts.

(iii) For year 5, a deduction not to exceed 4% of gross receipts.

(iv) For year 6 and each year thereafter, no deduction of free play is allowed. The January 1 following the year in which the internet gaming operator begins internet gaming operations is considered the beginning of the first year of internet gaming for the purposes of this subdivision. An internet gaming operator may deduct up to 10% of gross receipts during any period of internet gaming operations before January 1 of the first year of internet gaming operations.

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

(c) "Applicant" means a person that applies for a license or for registration under this act. As used in section 8, 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 gaming operation.

(d) "Authorized participant" means an individual who has a valid internet wagering account with an internet gaming operator and is 21 years of age or older.

(e) "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.

(f) "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.

(g) "Class II gaming" means that term as defined in 25 USC 2703.

(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 that is negotiated under the Indian gaming regulatory act, Public Law 100-497, 102 Stat 2467.

(j) "Fantasy contest" means that term as defined in section 2 of the fantasy contests consumer protection act, 2019 PA 157, MCL 432.502.

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

(l) "Gross 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 an internet gaming operator on an internet game, less all of the following:

(i) Winnings.

(ii) Amounts returned to an authorized participant due to a game, platform, or system malfunction or because the internet wager must be voided due to 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 receipts.

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

(n) "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.

(o) "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.

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

(q) "Internet game" means a game of skill or chance that is offered for play through the internet in which an individual wagers money or something of monetary value for the opportunity to win money or something of monetary value. Internet game includes gaming tournaments conducted via the internet in which individuals compete against one another in 1 or more of the games authorized by the board or in approved variations or composites as authorized by the board. Internet game does not include a social media internet game as that term is defined in section 310c of the Michigan penal code, 1931 PA 328, MCL 750.310c.

(r) "Internet gaming" means operating, conducting, or offering for play an internet game.

(s) "Internet gaming operator" means a person that is issued an internet gaming operator license from the board.

(t) "Internet gaming operator license" means a license issued by the board to a person to operate, conduct, or offer internet gaming.

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

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

(w) "Internet gaming supplier" means a person that the board has identified under the rules promulgated by the board as requiring a license to provide internet gaming operators goods or services that directly affect wagering, play, and results of internet games offered under this act. Internet gaming supplier includes, but is not limited to, internet gaming platform providers.

(x) "Internet gaming supplier license" means a license issued by the board to an internet gaming supplier.

(y) "Internet wager" means money or something of monetary value risked on an internet game.

(z) "Internet wagering" means risking money or something of monetary value on an internet game.

(aa) "Internet wagering 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 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.

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

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

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

(ee) "Poker" means the traditional game of poker, and any derivative of the game of poker as approved by the board, in which 2 or more authorized participants play against each other and wager on the value of the cards in the authorized participants' hands.

(ff) "Vendor" means a person that is not licensed under this act that supplies any goods or services to an internet gaming operator or internet gaming supplier.

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

History: 2019, Act 152, Imd. Eff. Dec. 20, 2019 ;-- Am. 2020, Act 327, Eff. Mar. 24, 2021

