

HOUSE BILL No. 5417

February 21, 2012, Introduced by Rep. Womack and referred to the Committee on Regulatory Reform.

A bill to amend 1972 PA 239, entitled "McCauley-Traxler-Law-Bowman-McNeely lottery act," by amending the title and sections 3, 11, 12, 15, 17, 19, and 23 (MCL 432.3, 432.11, 432.12, 432.15, 432.17, 432.19, and 432.23), the title as amended by 1996 PA 95, section 3 as amended by 1996 PA 167, section 11 as amended by 2004 PA 383, section 12 as amended by 2011 PA 279, and section 23 as amended by 2008 PA 142, and by adding a heading for article 1 and adding article 2.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

TITLE

An act to establish and operate a state lottery and to allow state participation in certain lottery-related joint enterprises with other sovereignties; to create a bureau of state lottery and to prescribe its powers and duties; **TO PROVIDE FOR THE**

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1 ESTABLISHMENT AND OPERATION OF A LOTTERY IN CERTAIN CITIES; TO
 2 PROVIDE FOR REFERENDA; TO PROVIDE FOR THE CREATION AND POWERS AND
 3 DUTIES OF CITY LOTTERY BUREAUS AND CITY LOTTERY COMMISSIONERS; to
 4 ~~prescribe certain~~ PROVIDE FOR THE powers and duties of ~~other~~
 5 CERTAIN state departments and agencies; AND LOCAL GOVERNMENTAL
 6 OFFICERS AND ENTITIES; to license and regulate certain sales
 7 agents; to create the state lottery fund; to provide for the
 8 distribution of lottery revenues and earnings for certain purposes;
 9 to provide for an appropriation; and to provide for remedies and
 10 penalties.

11 ARTICLE 1 STATE LOTTERY

12 Sec. 3. As used in this ~~act~~ **ARTICLE**:

13 (a) "Bureau" means the bureau of state lottery created ~~by this~~
 14 ~~act~~ **IN SECTION 5**.

15 (b) "Commissioner" means the commissioner of state lottery.

16 (c) "Joint enterprise" means any lottery activity in which the
 17 bureau participates pursuant to a written agreement between the
 18 state of Michigan and any state, territory, country, or other
 19 sovereignty as executed by the commissioner. Joint enterprise does
 20 not include the state lottery **OR A CITY LOTTERY** created pursuant to
 21 this act.

22 (d) "Lottery" or "state lottery" means the lottery created
 23 pursuant to this ~~act~~ **ARTICLE** and operated exclusively by or under
 24 the exclusive control of the bureau of state lottery.

25 Sec. 11. (1) The commissioner shall promulgate rules pursuant
 26 to the administrative procedures act of 1969, 1969 PA 306, MCL
 27 24.201 to 24.328, as necessary to implement this ~~act~~ **ARTICLE**.

1 (2) The rules authorized under this section may include any of
2 the following subject to requirements and limitations in this act

3 **ARTICLE:**

4 (a) The type of lottery to be conducted.

5 (b) The price of tickets or shares in the **STATE** lottery.

6 (c) The number and size of the prizes on the winning tickets
7 or shares.

8 (d) The manner of selecting the winning tickets or shares.

9 (e) The manner of payment of prizes to the holders of winning
10 tickets or shares.

11 (f) The frequency of the drawings or selections of winning
12 tickets or shares.

13 (g) Without limit as to number, the type or types of locations
14 at which tickets or shares may be sold.

15 (h) The method to be used in selling tickets or shares, except
16 that a person's name, other than a name used in advertising or a
17 promotion under section 18(2), shall not be printed on the tickets
18 or shares.

19 (i) The licensing of agents to sell tickets or shares, but a
20 person under the age of 18 shall not be licensed as an agent.

21 (j) The manner and amount of compensation to be paid licensed
22 sales agents necessary to provide for the adequate availability of
23 tickets or shares to prospective buyers and for the convenience of
24 the public.

25 (k) The apportionment of the total annual revenues accruing
26 from the sale of **STATE** lottery tickets or shares and from all other
27 sources for the payment of prizes to the holders of winning tickets

1 or shares, for the payment of costs incurred in the operation and
2 administration of the **STATE** lottery, including the expenses of the
3 bureau and the costs resulting from any contract or contracts
4 entered into for promotional, advertising, consulting or
5 operational services or for the purchase or lease of **STATE** lottery
6 equipment and materials, for the repayment of the money
7 appropriated to the state lottery fund, and for transfer to the
8 general fund.

9 (3) The commissioner may promulgate rules incorporating by
10 reference existing rules or regulations of any joint enterprise as
11 required as a condition for participation in that joint enterprise.
12 Any subsequent changes or additions to the rules or regulations of
13 the joint enterprise may be adopted by the commissioner through the
14 promulgation of a rule.

15 Sec. 12. (1) Except as otherwise provided in subsection (2),
16 as nearly as is practicable, not less than 45% of the total annual
17 revenue accruing from the sale of **STATE** lottery tickets or shares
18 shall be apportioned for payment of prizes to the holders of
19 winning **STATE LOTTERY** tickets or shares.

20 (2) Notwithstanding subsection (1), the prize money from the
21 sale of tickets or shares of any joint enterprise is that
22 percentage of the total annual revenue accrued from that game as
23 prescribed by the joint enterprise participation agreement executed
24 by the commissioner.

25 Sec. 15. (1) The commissioner shall report immediately to the
26 governor, the state treasurer, and the legislature any matters that
27 require immediate changes in the laws of this state in order to

1 prevent abuses or evasions of this ~~act~~**ARTICLE** or rules promulgated
2 ~~hereunder~~**UNDER THIS ARTICLE** or to rectify undesirable conditions
3 in connection with the administration or operation of the **STATE**
4 lottery.

5 (2) The commissioner shall make a continuous study and
6 investigation of the **STATE** lottery **TO DO ALL OF THE FOLLOWING:**

7 (a) To ascertain any defects in this ~~act~~**ARTICLE** or in the
8 rules ~~by reason whereof any~~**THAT COULD RESULT IN** abuses in the
9 administration and operation of the lottery or any evasion of this
10 ~~act~~**ARTICLE** or the rules. ~~may arise or be practiced.~~

11 (b) To formulate recommendations for changes in this ~~act~~
12 **ARTICLE** and the rules.

13 (c) To guard against the use of this ~~act~~**ARTICLE** and the rules
14 as a cloak for the carrying on of organized gambling and crime.

15 (d) To insure that this ~~act~~**ARTICLE** and the rules are in a
16 form and are administered as to serve the true purposes of this ~~act~~
17 **ARTICLE**.

18 (3) The commissioner shall make a continuous study and
19 investigation of the operation and the administration of similar
20 laws ~~which may be in effect~~ in other states or countries, any
21 literature on the subject ~~which may be~~**THAT IS** published or
22 available, any federal laws ~~which~~**THAT** may affect the operation of
23 the **STATE** lottery, and the reaction of citizens to existing and
24 potential features of the **STATE** lottery with a view to recommending
25 or effecting changes that will tend to serve the purposes of this
26 ~~act~~**ARTICLE**.

27 Sec. 17. The commissioner shall **DO ALL OF THE FOLLOWING:**

1 (a) Supervise and administer the operation of the **STATE**
2 lottery in accordance with this ~~act~~**ARTICLE** and the rules.

3 (b) License as agents to sell **STATE** lottery tickets ~~such~~
4 persons ~~whom he deems~~**THAT THE COMMISSIONER DETERMINES** will best
5 serve the public convenience and promote the sale of tickets or
6 shares.

7 Sec. 19. (1) The commissioner shall employ personnel as
8 necessary to implement this ~~act~~**ARTICLE** at least 2 of whom shall
9 not be in the classified service.

10 (2) The departments, boards, commissions or other governmental
11 subdivisions of this state shall provide assistance to the bureau
12 upon the bureau's request.

13 Sec. 23. (1) The commissioner shall not issue a license to a
14 person to engage in business exclusively as a **STATE** lottery sales
15 agent. Before issuing a **STATE** lottery sales license, the
16 commissioner shall consider factors such as the financial
17 responsibility and security of the person and his or her business
18 or activity, the accessibility of his or her place of business or
19 activity to the public, the sufficiency of existing licenses to
20 serve the public convenience, and the volume of expected sales.

21 (2) The commissioner shall issue an initial or renewal **STATE**
22 lottery sales license not later than 90 days after the applicant
23 files a completed application. Receipt of the application is
24 considered the date the application is received by any agency or
25 department of this state. If the commissioner determines that the
26 application is incomplete, the commissioner shall notify the
27 applicant in writing, or make information electronically available,

1 within 30 days after receipt of the incomplete application,
2 describing the deficiency and requesting the additional
3 information. The 90-day period is tolled upon notification by the
4 commissioner of a deficiency until the date the requested
5 information is received by the commissioner. The determination of
6 the completeness of an application does not operate as an approval
7 of the application for the license and does not confer eligibility
8 of an applicant determined otherwise ineligible for issuance of a
9 license.

10 (3) If the commissioner fails to issue or deny a **STATE** lottery
11 sales license within the time required by this section, the
12 commissioner shall return the license fee and shall reduce the
13 license fee for the applicant's next renewal application, if any,
14 by 15%. The failure to issue a **STATE** lottery sales license within
15 the time required under this section does not allow the
16 commissioner to otherwise delay the processing of the application,
17 and that application, upon completion, shall be placed in sequence
18 with other completed applications received at that same time. The
19 commissioner shall not discriminate against an applicant in the
20 processing of the application based upon the fact that the license
21 fee was refunded or discounted under this subsection.

22 (4) The commissioner shall submit a report by December 1 of
23 each year to the standing committees and appropriations
24 subcommittees of the senate and house of representatives concerned
25 with gaming issues. The commissioner shall include all of the
26 following information in the report concerning the preceding fiscal
27 year:

1 (a) The number of initial and renewal applications the
2 commissioner received and completed within the 90-day time period
3 described in subsection (2).

4 (b) The number of applications denied.

5 (c) The number of applicants not issued a license within the
6 90-day time period and the amount of money returned to licensees
7 and applicants under subsection (3).

8 (5) Notwithstanding any other provision of law, a person
9 licensed as a **STATE** lottery sales agent may sell **STATE** lottery
10 tickets and shares. A person lawfully engaged in nongovernmental
11 business on state property may be licensed as a **STATE** lottery sales
12 agent.

13 (6) A **STATE** lottery sales license is not assignable or
14 transferable.

15 (7) A licensed agent or his or her employee may sell **STATE**
16 lottery tickets or shares only on the premises stated in the **STATE**
17 lottery sales license. A licensed agent who violates this
18 subsection is, at the commissioner's discretion, subject to 1 or
19 more of the following:

20 (a) Probation for not more than 2 years.

21 (b) A fine of not more than \$1,000.00.

22 (c) Removal of his or her lottery terminal.

23 (8) The commissioner may require a bond from a licensed agent
24 in an amount provided in rules promulgated under this ~~act~~**ARTICLE**.

25 (9) A licensed agent shall display his or her license or a
26 copy of the license conspicuously in accordance with rules
27 promulgated under this ~~act~~**ARTICLE**.

1 (10) The commissioner may suspend or revoke the license of an
2 agent who violates this ~~act~~**ARTICLE** or a rule promulgated under
3 this ~~act~~**ARTICLE**.

4 (11) For purposes of terminal placement, the commissioner
5 shall take into account with equal emphasis both of the following:

6 (a) The total instant game sales for the 3 months immediately
7 preceding a market evaluation.

8 (b) The need to maximize net lottery revenues from the total
9 number of terminals placed.

10 (12) A licensed **STATE** lottery sales agent shall not offer to
11 give or give any money or other thing of value to the holder of a
12 **STATE** lottery ticket or share for winning the **STATE** lottery, other
13 than the prize if payment of the prize by the agent is authorized
14 by the commissioner.

15 (13) As used in this section:

16 (a) "Completed application" means an application complete on
17 its face and submitted with any applicable licensing fees and any
18 other information, records, approval, security, or similar item
19 required by law or rule from a local unit of government, a federal
20 agency, or a private entity but not from another department or
21 agency of this state.

22 (b) "Person" means an individual, association, corporation,
23 club, trust, estate, society, company, joint stock company,
24 receiver, trustee, referee, or other person acting in a fiduciary
25 or representative capacity who is appointed by a court, or any
26 combination of individuals. Person includes a department,
27 commission, agency, or instrumentality of the state, including a

1 county, city, village, or township and an agency or instrumentality
2 of the county, city, village, or township.

3 ARTICLE 2 CITY LOTTERIES

4 SEC. 51. AS USED IN THIS ARTICLE:

5 (A) "CITY" MEANS A CITY WITH A POPULATION OF 300,000 OR MORE.

6 (B) "CITY LOTTERY" MEANS A CITY LOTTERY CREATED AND OPERATED
7 UNDER THIS ARTICLE.

8 (C) "CITY LOTTERY OPERATOR" MEANS A PERSON WHO HAS CONTRACTED
9 WITH A CITY TO OPERATE A CITY LOTTERY UNDER THIS ARTICLE.

10 (D) "PERSON" MEANS AN INDIVIDUAL, ASSOCIATION, PARTNERSHIP,
11 CORPORATION, LIMITED LIABILITY COMPANY, GOVERNMENTAL ENTITY, OR
12 OTHER LEGAL ENTITY.

13 SEC. 53. (1) A LEGISLATIVE BODY OF A CITY MAY RESOLVE TO
14 ESTABLISH A CITY LOTTERY. THE CITY LOTTERY SHALL NOT BE ESTABLISHED
15 OR OPERATED UNLESS APPROVED BY THE ELECTORS OF THE CITY UNDER THIS
16 SECTION.

17 (2) IF THE LEGISLATIVE BODY OF A CITY HAS RESOLVED TO
18 ESTABLISH A CITY LOTTERY, THE CITY CLERK SHALL SUBMIT THE QUESTION
19 OF WHETHER THE CITY SHOULD ESTABLISH A CITY LOTTERY TO THE ELECTORS
20 OF THE CITY AT THE NEXT GENERAL ELECTION OR SPECIAL ELECTION CALLED
21 FOR THAT PURPOSE. THE ELECTION SHALL BE CONDUCTED IN ACCORDANCE
22 WITH THE MICHIGAN ELECTION LAW, 1954 PA 116, MCL 168.1 TO 168.992.

23 (3) THE QUESTION TO BE SUBMITTED TO THE VOTERS UNDER
24 SUBSECTION (2) SHALL BE, SUBJECT TO THE ELECTION LAWS OF THIS
25 STATE, SUBSTANTIALLY AS FOLLOWS:

26 "SHOULD THE CITY OF [NAME] ESTABLISH A CITY LOTTERY?

27 YES ()

1 NO ()".

2 (4) IF A MAJORITY OF THE ELECTORS VOTING ON THE QUESTION
3 SUBMITTED UNDER SUBSECTION (2) APPROVE, THE CITY SHALL PROCEED TO
4 ESTABLISH A CITY LOTTERY IN THE MANNER PROVIDED IN THIS ARTICLE.

5 SEC. 55. (1) TO ESTABLISH A CITY LOTTERY THAT HAS BEEN
6 APPROVED BY THE ELECTORS OF THE CITY, THE LEGISLATIVE BODY OF THE
7 CITY SHALL CONTRACT WITH A FINANCIALLY RESPONSIBLE PERSON TO ACT AS
8 CITY LOTTERY OPERATOR. A CONTRACT WITH A CITY LOTTERY OPERATOR
9 SHALL COMPLY WITH THIS ARTICLE AND APPLICABLE STATE AND FEDERAL
10 LAW. THE CONTRACT MAY INCLUDE THE FOLLOWING:

11 (A) THE TYPE OF LOTTERY TO BE CONDUCTED.

12 (B) THE LICENSING OF PERSONS TO SELL TICKETS.

13 (C) THE LOCATIONS AT WHICH TICKETS MAY BE SOLD.

14 (D) THE PRICE OF TICKETS IN THE CITY LOTTERY.

15 (E) THE METHOD TO BE USED IN SELLING TICKETS.

16 (F) THE FREQUENCY OF THE DRAWINGS OR SELECTIONS OF WINNING
17 TICKETS.

18 (G) THE MANNER OF SELECTING THE WINNING TICKETS.

19 (H) THE NUMBER AND SIZE OF THE PRIZES ON THE WINNING TICKETS.

20 (I) THE MANNER OF PAYMENT OF PRIZES TO THE HOLDERS OF WINNING
21 TICKETS.

22 (J) THE COMPENSATION TO BE PAID TO PERSONS LICENSED TO SELL
23 TICKETS.

24 (K) A REQUIREMENT THAT THE CITY LOTTERY OPERATOR POST A BOND
25 OR PROVIDE OTHER SECURITY IN AN AMOUNT APPROVED BY THE LEGISLATIVE
26 BODY OF THE CITY.

27 (2) A CITY LOTTERY SHALL BE CONDUCTED TO PRODUCE THE MAXIMUM

1 AMOUNT OF NET REVENUE FOR THE CITY CONSONANT WITH THE GENERAL
2 WELFARE OF THE PEOPLE OF THE CITY.

3 (3) A CONTRACT WITH A CITY LOTTERY OPERATOR UNDER THIS SECTION
4 SHALL NOT BE ASSIGNED BY THE CITY LOTTERY OPERATOR UNLESS THE
5 LEGISLATIVE BODY OF THE CITY SPECIFICALLY APPROVES THE ASSIGNMENT.

6 (4) THE LEGISLATIVE BODY OF A CITY THAT HAS ESTABLISHED A CITY
7 LOTTERY MAY ADOPT RESOLUTIONS AND ENACT ORDINANCES THAT ARE
8 NECESSARY TO OPERATE THE CITY LOTTERY.

9 SEC. 57. A CITY LOTTERY SHALL NOT BE BASED ON AN ACTIVITY THAT
10 USES THE MECHANICAL, PHYSICAL, OR MENTAL SKILLS OF THE PARTICIPANT
11 AND THAT IS TRADITIONALLY REGARDED AS A SPORTING EVENT.

12 SEC. 59. (1) A CITY LOTTERY OPERATOR SHALL ISSUE LICENSES TO
13 PERSONS TO SELL CITY LOTTERY TICKETS. A LICENSE TO SELL CITY
14 LOTTERY TICKETS SHALL ONLY BE ISSUED TO A PERSON WHO IS LICENSED TO
15 SELL STATE LOTTERY TICKETS OR SHARES UNDER ARTICLE 1 IN THE CITY.

16 (2) A LICENSE TO SELL CITY LOTTERY TICKETS IS NOT ASSIGNABLE
17 OR TRANSFERABLE.

18 (3) A CITY LOTTERY OPERATOR MAY REQUIRE A BOND OR OTHER
19 SECURITY FROM A PERSON LICENSED TO SELL CITY LOTTERY TICKETS IN AN
20 AMOUNT REQUIRED BY THE CITY LOTTERY OPERATOR. A BOND OR OTHER
21 SECURITY GIVEN UNDER THIS SUBSECTION SHALL BE FOR THE BENEFIT OF
22 THE CITY, THE CITY LOTTERY OPERATOR, OR ANY OTHER PERSON REQUIRED
23 BY THE CITY LOTTERY OPERATOR.

24 (4) THE CITY LOTTERY MAY SUSPEND OR REVOKE THE LICENSE OF A
25 PERSON LICENSED TO SELL CITY LOTTERY TICKETS IF THE PERSON VIOLATES
26 THIS ARTICLE OR THE LICENSE OR CONTRACT FOR THE OPERATION OF THE
27 CITY LOTTERY.

1 SEC. 61. (1) A PERSON LICENSED TO SELL CITY LOTTERY TICKETS
2 SHALL ONLY SELL CITY LOTTERY TICKETS IN THE CITY FROM THE PREMISES
3 STATED IN THE LICENSE. A PERSON WHO VIOLATES THIS SUBSECTION IS
4 SUBJECT TO 1 OR BOTH OF THE FOLLOWING:

5 (A) A CIVIL FINE PAYABLE TO THE CITY OF NOT MORE THAN
6 \$1,000.00.

7 (B) REVOCATION, SUSPENSION, OR RESTRICTION OF HIS OR HER
8 LICENSE.

9 (2) CITY LOTTERY TICKETS MAY BE SOLD ON CITY PROPERTY IF THE
10 PERSON LICENSED TO SELL TICKETS IS LAWFULLY ENGAGED IN
11 NONGOVERNMENTAL BUSINESS ON CITY PROPERTY.

12 (3) A PERSON LICENSED TO SELL CITY LOTTERY TICKETS SHALL
13 DISPLAY HIS OR HER LICENSE OR A COPY OF THAT LICENSE CONSPICUOUSLY.

14 SEC. 63. (1) A PERSON SHALL NOT SELL A CITY LOTTERY TICKET AT
15 A PRICE GREATER THAN THAT FIXED BY THE CITY LOTTERY OPERATOR. A
16 PERSON WHO IS NOT LICENSED TO SELL CITY LOTTERY TICKETS OR THE
17 EMPLOYEE OF A LICENSED PERSON SHALL NOT SELL CITY LOTTERY TICKETS.
18 A PERSON MAY GIVE CITY LOTTERY TICKETS TO ANOTHER AS A GIFT.

19 (2) A PERSON WHO VIOLATES THIS SECTION IS GUILTY OF A
20 MISDEMEANOR.

21 SEC. 65. (1) A CITY LOTTERY TICKET SHALL NOT BE SOLD TO A
22 PERSON UNDER THE AGE OF 18. THIS SUBSECTION DOES NOT PROHIBIT THE
23 PURCHASE OF A CITY LOTTERY TICKET BY A PERSON 18 YEARS OF AGE OR
24 OLDER TO BE GIVEN AS A GIFT TO A PERSON LESS THAN 18 YEARS OF AGE.

25 (2) A PERSON WHO KNOWINGLY SELLS OR OFFERS TO SELL A CITY
26 LOTTERY TICKET TO A PERSON UNDER THE AGE OF 18 IS GUILTY OF A
27 MISDEMEANOR.

1 (3) IF ALLOWED BY ITS CONTRACT WITH THE CITY, THE CITY LOTTERY
2 OPERATOR MAY CONTRACT WITH 1 OR MORE PERSONS TO ALLOW THE PLACEMENT
3 OF ADVERTISING OR PROMOTIONAL MATERIAL ON CITY LOTTERY TICKETS AND
4 OTHER AVAILABLE MEDIA UNDER THE CONTROL OF THE CITY LOTTERY
5 OPERATOR. HOWEVER, EXCEPT FOR ADVERTISING THAT PROMOTES RESPONSIBLE
6 CONSUMPTION OF ALCOHOLIC BEVERAGES, THE CITY LOTTERY OPERATOR SHALL
7 NOT ALLOW THE PLACEMENT OF ADVERTISING FOR THE PROMOTION OF THE
8 CONSUMPTION OF ALCOHOLIC BEVERAGES OR TOBACCO PRODUCTS ON CITY
9 LOTTERY TICKETS.

10 SEC. 67. A PERSON WHO, WITH INTENT TO DEFRAUD, FALSELY MAKES,
11 ALTERS, FORGES, UTTERS, PASSES, OR COUNTERFEITS A CITY LOTTERY
12 TICKET IS GUILTY OF A FELONY PUNISHABLE BY IMPRISONMENT FOR NOT
13 MORE THAN 5 YEARS OR A FINE OF NOT MORE THAN \$1,000.00, OR BOTH.

14 SEC. 69. A CITY LOTTERY TICKET SHALL NOT BE PURCHASED BY AND A
15 CITY LOTTERY PRIZE SHALL NOT BE PAID TO AN OFFICER OR EMPLOYEE OF A
16 CITY LOTTERY OPERATOR OR TO ANY SPOUSE, CHILD, BROTHER, SISTER, OR
17 PARENT RESIDING AS A MEMBER OF THE SAME HOUSEHOLD IN THE PRINCIPAL
18 RESIDENCE OF AN OFFICER OR EMPLOYEE OF A CITY LOTTERY OPERATOR.

19 SEC. 71. (1) IF THE PERSON ENTITLED TO A PRIZE OR ANY WINNING
20 CITY LOTTERY TICKET IS UNDER 18 YEARS OF AGE AND THE PRIZE IS MORE
21 THAN \$1,000.00, A CITY LOTTERY OPERATOR SHALL PAY THE PRIZE TO THE
22 GUARDIAN OF THE MINOR WITH A CHECK OR DRAFT PAYABLE TO THE ORDER OF
23 THE GUARDIAN. IF THE PRIZE IS LESS THAN \$1,000.00, THE CITY LOTTERY
24 OPERATOR MAY PAY THE PRIZE TO AN ADULT MEMBER OF THE MINOR'S FAMILY
25 WHO IS LEGALLY RESPONSIBLE FOR THE CARE AND CUSTODY OF THE MINOR.

26 (2) THE CITY AND CITY LOTTERY OPERATOR ARE DISCHARGED OF ALL
27 FURTHER LIABILITY ON PAYMENT OF A PRIZE IN ACCORDANCE WITH

1 SUBSECTION (1).

2 SEC. 73. (1) BEFORE PAYMENT OF A PRIZE OF MORE THAN \$1,000.00,
3 A CITY LOTTERY OPERATOR SHALL DETERMINE WHETHER DEPARTMENT OF
4 TREASURY RECORDS SHOW THAT THE PRIZEWINNER HAS A CURRENT LIABILITY
5 TO THIS STATE OR A SUPPORT ARREARAGE. THE DEPARTMENT OF TREASURY
6 SHALL PROVIDE EACH CITY LOTTERY OPERATOR WITH A LIST OR COMPUTER
7 ACCESS TO A COMPILATION OF PERSONS KNOWN TO THE DEPARTMENT TO HAVE
8 A CURRENT LIABILITY TO THIS STATE, INCLUDING DELINQUENT ACCOUNTS OF
9 AMOUNTS DUE AND OWING TO A COURT THAT HAVE BEEN ASSIGNED TO THE
10 STATE FOR COLLECTION, OR A SUPPORT ARREARAGE. THE INFORMATION SHALL
11 BE UPDATED NOT LESS THAN ONCE A MONTH. IF A LIABILITY TO THIS STATE
12 OR A SUPPORT ARREARAGE IS IDENTIFIED, A CITY LOTTERY OPERATOR SHALL
13 FIRST APPLY THE AMOUNT OF THE PRIZE TO THE LIABILITY TO THIS STATE,
14 OTHER THAN THE AMOUNT OF ANY ASSIGNED DELINQUENT ACCOUNT OF AMOUNTS
15 DUE AND OWING TO A COURT, NEXT TO THE SUPPORT ARREARAGE, AND NEXT
16 TO THE ASSIGNED DELINQUENT ACCOUNT OF AMOUNTS DUE AND OWING TO A
17 COURT, AND SHALL THEN PAY THE EXCESS, IF ANY, TO THE CITY LOTTERY
18 WINNER.

19 (2) A CITY LOTTERY WINNER SHALL BE GIVEN NOTICE OF THE
20 EXISTENCE OF LIABILITY AND THE INTENDED PAYMENT UNDER SUBSECTION
21 (1) AND BE GIVEN AN OPPORTUNITY FOR A HEARING BEFORE THE DEPARTMENT
22 OF TREASURY OR ITS DESIGNEE WITH RESPECT TO THE LIABILITY IF THE
23 LIABILITY HAS NOT BEEN REDUCED TO JUDGMENT OR HAS NOT BEEN
24 FINALIZED UNDER STATUTORY REVIEW PROVISIONS OF THE STATUTE UNDER
25 WHICH THE LIABILITY AROSE. NOTICE UNDER THIS SUBSECTION SHALL BE
26 SENT BY REGULAR MAIL.

27 (3) A CITY LOTTERY WINNER MAY REQUEST A HEARING UNDER

1 SUBSECTION (2) WITHIN 15 DAYS OF THE DATE THE NOTICE WAS MAILED BY
2 MAKING A WRITTEN REQUEST TO THE STATE TREASURER AND SENDING A COPY
3 OF THE REQUEST TO THE CITY LOTTERY OPERATOR.

4 (4) AN AMOUNT APPLIED TO PAY A SUPPORT ARREARAGE UNDER THIS
5 SECTION SHALL BE PAID BY THE CITY LOTTERY OPERATOR TO THE
6 DEPARTMENT OF TREASURY WHICH SHALL PAY THE AMOUNT TO THE OFFICE OF
7 THE FRIEND OF THE COURT FOR THE APPROPRIATE JUDICIAL CIRCUIT IN THE
8 SAME MANNER AS IS PRESCRIBED FOR A PAYMENT PURSUANT TO AN ORDER OF
9 INCOME WITHHOLDING UNDER SECTION 9 OF THE SUPPORT AND PARENTING
10 TIME ENFORCEMENT ACT, 1982 PA 295, MCL 552.609.

11 (5) EXCEPT FOR A DISCLOSURE PURSUANT TO A JUDICIAL ORDER, AN
12 EMPLOYEE, AUTHORIZED REPRESENTATIVE, OR FORMER EMPLOYEE OR
13 AUTHORIZED REPRESENTATIVE OF A CITY LOTTERY OPERATOR OR ANYONE
14 CONNECTED WITH THE CITY LOTTERY OPERATOR SHALL NOT DIVULGE THE
15 INFORMATION PROVIDED BY THE DEPARTMENT OF TREASURY TO THE CITY
16 LOTTERY OPERATOR UNDER THIS SECTION.

17 (6) A PERSON WHO VIOLATES SUBSECTION (5) IS GUILTY OF A
18 FELONY, PUNISHABLE BY A FINE OF NOT MORE THAN \$5,000.00, OR
19 IMPRISONMENT FOR NOT MORE THAN 5 YEARS, OR BOTH, TOGETHER WITH THE
20 COSTS OF PROSECUTION.

21 (7) AS USED IN THIS SECTION:

22 (A) "OFFICE OF THE FRIEND OF THE COURT" MEANS AN AGENCY
23 CREATED IN SECTION 3 OF THE FRIEND OF THE COURT ACT, 1982 PA 294,
24 MCL 552.503.

25 (B) "SUPPORT" MEANS THAT TERM AS DEFINED IN SECTION 2A OF THE
26 FRIEND OF THE COURT ACT, 1982 PA 294, MCL 552.502A.

27 SEC. 75. (1) THE RIGHT TO A PRIZE DRAWN IN A CITY LOTTERY IS

1 NOT ASSIGNABLE, EXCEPT AS PROVIDED IN THIS SECTION. THE CITY AND
2 CITY LOTTERY OPERATOR ARE DISCHARGED OF ALL FURTHER LIABILITY ON
3 PAYMENT OF A PRIZE AS PROVIDED IN THIS SECTION.

4 (2) A PRIZE DRAWN IN A CITY LOTTERY MAY BE PAID TO A PERSON IN
5 ACCORDANCE WITH AN APPROPRIATE JUDICIAL ORDER.

6 (3) A PRIZE DRAWN IN A CITY LOTTERY MAY BE PAID TO THIS STATE
7 UNDER SECTION 73.

8 (4) IF A PRIZEWINNER DIES BEFORE COLLECTING THE FULL AMOUNT OF
9 HIS OR HER PRIZE, A CITY LOTTERY OPERATOR SHALL CONTINUE TO MAKE
10 THE REMAINING PRIZE PAYMENTS TO THE PRIZEWINNER'S SURVIVING SPOUSE
11 AND THE PRIZEWINNER'S LIVING CHILDREN, IN EQUAL PROPORTIONS, UNLESS
12 OTHERWISE DIRECTED BY THE PRIZEWINNER. IF THERE IS NO SURVIVING
13 SPOUSE OR LIVING CHILDREN OR OTHER DESIGNATED BENEFICIARIES, THE
14 REMAINING PRIZE PAYMENTS SHALL BE MADE TO THE PRIZEWINNER'S ESTATE.

15 (5) EXCEPT AS PROVIDED IN SUBSECTION (8), PAYMENT OF A PRIZE
16 DRAWN IN A CITY LOTTERY MAY BE MADE TO A PERSON IN ACCORDANCE WITH
17 A VOLUNTARY ASSIGNMENT OF THE RIGHT TO RECEIVE FUTURE PRIZE
18 PAYMENTS, IN WHOLE OR IN PART, APPROVED BY THE CIRCUIT OR DISTRICT
19 COURT, WHICHEVER HAS JURISDICTION OVER THE AMOUNT OF THE
20 ASSIGNMENT, FOR THE CIRCUIT OR DISTRICT IN WHICH THE CITY IS
21 LOCATED. A COURT SHALL ENTER AN ORDER APPROVING AN ASSIGNMENT UNDER
22 THIS SUBSECTION IF THE COURT FINDS THAT ALL OF THE FOLLOWING
23 CIRCUMSTANCES EXIST:

24 (A) THE ASSIGNMENT IS IN WRITING, EXECUTED BY THE ASSIGNOR IN
25 ACCORDANCE WITH THE LAWS OF THIS STATE, AND THE TERMS OF THE
26 ASSIGNMENT ARE DISCLOSED, INCLUDING THE IDENTITY OF THE ASSIGNEE,
27 THE PORTION OR PORTIONS OF PRIZE PAYMENTS TO BE ASSIGNED, AND THE

1 AMOUNTS AND DATES OF ANY PAYMENTS GIVEN OR TO BE GIVEN IN EXCHANGE
2 FOR THE ASSIGNMENT.

3 (B) THE COURT HAS BEEN PROVIDED WITH AN AFFIDAVIT OF THE
4 ASSIGNOR ATTESTING THAT THE ASSIGNOR IS OF SOUND MIND, IS NOT
5 ACTING UNDER DURESS, HAS RECEIVED ADVICE ABOUT THE ASSIGNMENT FROM
6 HIS OR HER LEGAL COUNSEL, AND UNDERSTANDS AND AGREES THAT THE CITY
7 AND THE CITY LOTTERY OPERATOR WILL HAVE NO FURTHER LIABILITY OR
8 RESPONSIBILITY TO MAKE PRIZE PAYMENTS, TO THE EXTENT OF THE
9 ASSIGNMENT, TO THE ASSIGNOR.

10 (C) THE PROPOSED ASSIGNMENT DOES NOT INCLUDE OR COVER PAYMENTS
11 OR PORTIONS OF PAYMENTS THAT ARE SUBJECT TO SECTION 73.

12 (D) NOT LESS THAN 5 DAYS AFTER THE PETITION TO APPROVE THE
13 ASSIGNMENT WAS FILED AND NOT LESS THAN 10 DAYS BEFORE THE HEARING
14 ON THE PETITION, THE PETITIONER SERVED A COPY OF THE PETITION AND
15 NOTICE OF HEARING ON THE PETITION ON THE CITY ATTORNEY AND THE CITY
16 LOTTERY OPERATOR. THE CITY'S ATTORNEY OR HIS OR HER ASSISTANT MAY
17 APPEAR IN THE ACTION IN BEHALF OF THE CITY. THE CITY LOTTERY
18 OPERATOR MAY APPEAR AND PROTECT ITS INTERESTS.

19 (6) SOLICITING OR OFFERING RIGHTS TO CITY LOTTERY PRIZE
20 PAYMENTS, EITHER BY ASSIGNMENT OR THROUGH PLEDGE AS COLLATERAL FOR
21 A LOAN, DOES NOT CONSTITUTE SELLING OR OFFERING CITY LOTTERY
22 TICKETS FOR SALE UNDER THIS ARTICLE.

23 (7) A CITY LOTTERY OPERATOR IS AUTHORIZED TO CHARGE A
24 REASONABLE FEE TO DEFRAY THE COST OF ANY ADMINISTRATIVE EXPENSES
25 ASSOCIATED WITH ASSIGNMENTS MADE UNDER THIS SECTION, INCLUDING THE
26 COST OF A PROCESSING FEE THAT MAY BE IMPOSED BY A PRIVATE ANNUITY
27 PROVIDER. THE AMOUNT OF THE FEE SHALL REFLECT THE DIRECT AND

1 INDIRECT COSTS ASSOCIATED WITH PROCESSING THE ASSIGNMENTS.

2 (8) IF AT ANY TIME THE INTERNAL REVENUE SERVICE OR A COURT OF
3 COMPETENT JURISDICTION ISSUES A DETERMINATION LETTER, REVENUE
4 RULING, OTHER PUBLIC RULING OF THE INTERNAL REVENUE SERVICE, OR
5 PUBLISHED DECISION TO A CITY LOTTERY PRIZEWINNER DECLARING THAT THE
6 VOLUNTARY ASSIGNMENT OF PRIZES WILL AFFECT THE FEDERAL INCOME TAX
7 TREATMENT OF PRIZEWINNERS WHO DO NOT ASSIGN THEIR PRIZES, THE CITY
8 LOTTERY OPERATOR SHALL IMMEDIATELY FILE A COPY OF THAT LETTER,
9 RULING, OR PUBLISHED DECISION WITH THE CITY CLERK AND THE CLERK OF
10 EACH COURT DESCRIBED IN SUBSECTION (5). A COURT SHALL NOT ISSUE A
11 VOLUNTARY ASSIGNMENT ORDER UNDER SUBSECTION (5) AFTER THE DATE THE
12 RULING, LETTER, OR PUBLISHED DECISION IS FILED.

13 (9) EXCEPT AS OTHERWISE PROVIDED BY STATE OR FEDERAL LAW, A
14 CITY, A CITY LOTTERY OPERATOR, OR AN OFFICER OR EMPLOYEE OF A CITY
15 OR A CITY LOTTERY OPERATOR SHALL NOT DISCLOSE THE NAME OR ADDRESS
16 OF OR ANY OTHER PERSONAL INFORMATION ABOUT A WINNER OF A PRIZE
17 GREATER THAN \$10,000.00 UNLESS THE WINNER OF THE PRIZE AGREES IN
18 WRITING TO THE DISCLOSURE. THE INFORMATION PROTECTED AGAINST
19 DISCLOSURE UNDER THIS SECTION IS EXEMPT FROM DISCLOSURE UNDER THE
20 FREEDOM OF INFORMATION ACT, 1976 PA 442, MCL 15.231 TO 15.246.

21 SEC. 77. UNCLAIMED PRIZE MONEY FOR THE PRIZE ON A WINNING CITY
22 LOTTERY TICKET SHALL BE RETAINED BY A CITY LOTTERY OPERATOR FOR THE
23 PERSON ENTITLED TO THE PRIZE MONEY FOR 1 YEAR AFTER THE DRAWING IN
24 WHICH THE PRIZE WAS WON. IF A CLAIM IS NOT MADE FOR THE MONEY
25 WITHIN THE 1-YEAR PERIOD, THE PRIZE MONEY SHALL BE DEPOSITED IN THE
26 CITY LOTTERY FUND.

27 SEC. 79. AS NEARLY AS IS PRACTICABLE, 50% OF THE TOTAL ANNUAL

1 REVENUE ACCRUING FROM THE SALE OF CITY LOTTERY TICKETS SHALL BE
2 APPORTIONED FOR PAYMENT OF PRIZES TO THE HOLDERS OF WINNING
3 TICKETS.

4 SEC. 81. (1) THE LEGISLATIVE BODY OF A CITY THAT HAS
5 ESTABLISHED A CITY LOTTERY UNDER THIS ARTICLE SHALL ESTABLISH A
6 CITY LOTTERY FUND. ALL MONEY RECEIVED FROM THE SALE OF CITY LOTTERY
7 TICKETS AND ALL OTHER MONEY CREDITED OR TRANSFERRED TO THE FUND
8 FROM ANY OTHER FUND OR SOURCES SHALL BE DEPOSITED IN THE FUND.

9 (2) THE TREASURER OF THE CITY IS RESPONSIBLE FOR THE
10 MANAGEMENT AND INVESTMENT OF MONEY IN THE CITY LOTTERY FUND. TO
11 ASSURE A CONTINUING AVAILABILITY OF MONEY WITH WHICH TO PAY CITY
12 LOTTERY PRIZE INSTALLMENTS AND TO COMPENSATE FOR VARIATIONS IN THE
13 YIELD ON INVESTMENTS, THE CITY LOTTERY OPERATOR AND THE CITY
14 TREASURER SHALL, EVERY 6 MONTHS, REVIEW THE STATUS OF THE
15 INSTALLMENT PRIZE INVESTMENTS AND SHALL AGREE ON AN AMOUNT TO BE
16 RESTRICTED OUT OF THE TOTAL REVENUES OF THE CITY LOTTERY FUND AS A
17 RESERVE AGAINST A DROP IN YIELD. IF A CITY LOTTERY OPERATOR AND THE
18 CITY TREASURER FAIL TO AGREE ON THE AMOUNT TO BE RESERVED, THE
19 MATTER SHALL BE REFERRED TO THE LEGISLATIVE BODY OF THE CITY FOR
20 DECISION.

21 SEC. 83. (1) ALL MONEY COLLECTED FROM THE SALE OF CITY LOTTERY
22 TICKETS SHALL BE DEPOSITED IN FINANCIAL INSTITUTIONS AS DESIGNATED
23 BY THE CITY LOTTERY OPERATOR IN ACCORDANCE WITH THE CONTRACT UNDER
24 SECTION 55. AT THE TIME OF EACH DEPOSIT, THE LICENSED PERSON SHALL
25 REPORT ALL OF HIS OR HER RECEIPTS AND TRANSACTIONS IN THE SALE OF
26 CITY LOTTERY TICKETS TO THE CITY LOTTERY OPERATOR AND PROVIDE ANY
27 OTHER INFORMATION REQUIRED BY THE CITY LOTTERY OPERATOR.

1 (2) AS USED IN THIS SECTION, "FINANCIAL INSTITUTION" MEANS A
2 STATE OR NATIONALLY CHARTERED BANK OR A STATE OR FEDERALLY
3 CHARTERED SAVINGS AND LOAN ASSOCIATION, SAVINGS BANK, OR CREDIT
4 UNION WHOSE DEPOSITS ARE INSURED BY AN AGENCY OF THE UNITED STATES
5 GOVERNMENT AND THAT MAINTAINS A PRINCIPAL OFFICE OR BRANCH OFFICE
6 LOCATED IN THIS STATE UNDER THE LAWS OF THIS STATE OR THE UNITED
7 STATES.

8 SEC. 85. THE LEGISLATIVE BODY OF A CITY THAT HAS ESTABLISHED A
9 CITY LOTTERY SHALL APPROPRIATE MONEY IN THE CITY LOTTERY FUND,
10 SUBJECT TO SECTION 79 AND THE RESERVE ESTABLISHED UNDER SECTION 81,
11 ONLY FOR THE FOLLOWING PURPOSES:

12 (A) PAYMENT OF PRIZES TO THE HOLDERS OF WINNING CITY LOTTERY
13 TICKETS.

14 (B) PAYMENTS REQUIRED BY SECTION 73.

15 (C) PAYMENT OF REASONABLE EXPENSES OF THE CITY LOTTERY
16 OPERATOR IN ITS OPERATION OF THE CITY LOTTERY.

17 (D) ECONOMIC DEVELOPMENT IN THE CITY.

18 (E) FUNDING OF PUBLIC EDUCATION BY SCHOOL DISTRICTS LOCATED IN
19 THE CITY.

20 SEC. 87. (1) A CITY LOTTERY OPERATOR SHALL MAKE A MONTHLY
21 REPORT TO THE CITY THAT INCLUDES THE TOTAL CITY LOTTERY REVENUE,
22 PRIZE DISBURSEMENTS, AND OTHER EXPENSES FOR THE PRECEDING MONTH.

23 (2) A CITY LOTTERY OPERATOR SHALL MAKE AN ANNUAL REPORT TO THE
24 CITY THAT INCLUDES A FULL AND COMPLETE STATEMENT OF CITY LOTTERY
25 REVENUES, PRIZE DISBURSEMENTS, AND OTHER EXPENSES AND
26 RECOMMENDATIONS FOR CHANGES IN THE OPERATION OF THE CITY LOTTERY
27 THAT THE CITY LOTTERY OPERATOR CONSIDERS NECESSARY OR DESIRABLE.

1 SEC. 89. A CERTIFIED PUBLIC ACCOUNTANT FIRM APPOINTED BY A
2 CITY SHALL CONDUCT QUARTERLY POSTAUDITS OF ALL ACCOUNTS AND
3 TRANSACTIONS OF THE CITY LOTTERY OPERATOR AND OTHER SPECIAL
4 POSTAUDITS AS THE CITY CONSIDERS NECESSARY. THE CITY OR AN
5 ACCOUNTANT OR FIRM CONDUCTING AN AUDIT UNDER THIS SECTION SHALL
6 HAVE ACCESS AND AUTHORITY TO EXAMINE ALL RECORDS OF THE CITY
7 LOTTERY OPERATOR, A PERSON WHO HAS A CONTRACT WITH THE CITY LOTTERY
8 OPERATOR RELATED TO THE CONDUCT OF THE CITY LOTTERY, AND A PERSON
9 LICENSED TO SELL CITY LOTTERY TICKETS.

10 Enacting section 1. This amendatory act does not take effect
11 unless Senate Bill No. ____ or House Bill No. ____ (request no.
12 04552'11 a) of the 96th Legislature is enacted into law.

13 Enacting section 2. This amendatory act shall be submitted as
14 provided by the Michigan election law, 1954 PA 116, MCL 168.1 to
15 168.992, to the qualified electors of this state at the next
16 general election after the date that this amendatory act is
17 enacted. This amendatory act does not take effect unless it is
18 approved by both of the following at that election:

19 (a) A majority of the electors of this state voting in the
20 election.

21 (b) A majority of the electors voting in the cities where
22 gambling as authorized under this amendatory act will take place.

23 Enacting section 3. If approved by the electors under enacting
24 section 2, this amendatory act takes effect 60 days after the date
25 of the official declaration of the vote.