

**MCCAULEY-TRAXLER-LAW-BOWMAN-MCNEELY LOTTERY ACT (EXCERPT)**  
**Act 239 of 1972**

**432.41 State lottery fund; creation; payment of prizes; prize structure; investment authority of state treasurer; review of status of installment prize investments; reserves; disposition of earnings.**

Sec. 41.

(1) The state lottery fund is created in the department of treasury. Except as provided in subsection (3), the state lottery fund consists of all money received from the sale of state lottery tickets or shares and all other money credited or transferred to the fund from any other fund or source pursuant to law including interest earnings on common cash attributable to the state lottery fund. Money derived from the sale of tickets or shares of any joint enterprise must be treated in the manner provided for in the joint enterprise participation agreement executed by the commissioner. The commissioner shall deposit net revenue from any joint enterprise in the state lottery fund. Earnings resulting from installment payment of any lottery prizes must be used for payment of prizes to lottery winners and the prize structure formulated under sections 11 and 12 must be established accordingly.

(2) The investment authority of the state treasurer with regard to the state lottery fund is the same as the state treasurer's investment authority with regard to retirement system funds. The state treasurer may also invest all or part of the money in the state lottery fund in obligations issued by this state under section 14, 15, or 16 of article IX of the state constitution of 1963 if the treasurer determines that the obligations are full faith and credit obligations of this state and provide a rate of return at the time of investment that is not less than the rate of return at the time of investment on United States Treasury obligations of comparable maturity. The state treasurer shall comply with the divestment from terror act, 2008 PA 234, MCL 129.291 to 129.301, in making investments under this act. To assure a continuing availability of money with which to pay state lottery prize installments and to compensate for variations in the yield on investments, every 6 months the commissioner and the state treasurer shall review the status of the installment prize investments and shall agree on an amount to be restricted out of the total revenues of the state lottery fund as a reserve against a drop in yield. If the commissioner and the state treasurer fail to agree on the amount to be reserved, the matter must be referred to the state administrative board for a decision on the amount to be reserved.

(3) Except as provided in subsection (4), after the payment of prizes to the holders of winning state lottery tickets or shares or the payment under section 32 of the liabilities to this state of holders of winning state lottery tickets or shares, and the payment of the reasonable expenses of the bureau in its operation of the lottery, the net revenue in the state lottery fund and any money or interest generated by the state lottery fund and share of common cash must be deposited in the state school aid fund and distributed as provided by law.

(4) Ten percent of each year's state lottery advertising budget but not more than \$2,000,000.00 must be deposited in the compulsive gaming prevention fund created in section 3 of the compulsive gaming prevention act, 1997 PA 70, MCL 432.253.

**History:** 1972, Act 239, Imd. Eff. Aug. 1, 1972 ;-- Am. 1973, Act 68, Imd. Eff. July 23, 1973 ;-- Am. 1981, Act 40, Imd. Eff. May 13, 1981 ;-- Am. 1987, Act 55, Imd. Eff. June 22, 1987 ;-- Am. 1994, Act 123, Imd. Eff. May 16, 1994 ;-- Am. 1996, Act 95, Eff. Mar. 31, 1997 ;-- Am. 1996, Act 167, Imd. Eff. Apr. 17, 1996 ;-- Am. 1997, Act 72, Imd. Eff. July 17, 1997 ;-- Am. 2008, Act 274, Imd. Eff. Sept. 29, 2008 ;-- Am. 2009, Act 25, Imd. Eff. May 12, 2009 ;-- Am. 2024, Act 139, Eff. Apr. 2, 2025

**Compiler's Notes:** For transfer of the Bureau of State Lottery from the Department of Management and Budget to be an autonomous entity within the Department of Treasury, see E.R.O. No. 1991-2, compiled at MCL 12.161 of the Michigan Compiled Laws.

**Popular Name:** Lottery Act