

HOUSE BILL NO. 4173

February 14, 2019, Introduced by Reps. Chirkun, Witwer, Sowerby, Sneller, Cherry, Brenda Carter, Cynthia Johnson, Peterson, Stone, Shannon, Hertel, Elder, Sabo, Slagh, Garza, Tate, Bolden, Kuppa, Whitsett and Jones and referred to the Committee on Regulatory Reform.

A bill to amend 1972 PA 382, entitled
"Traxler-McCauley-Law-Bowman bingo act,"
(MCL 432.101 to 432.120) by adding article 2.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

ARTICLE 2

Sec. 32. (1) As used in this article:

(a) "Bona fide member" means a member who participates in the qualified organization to further its lawful purposes and the spouse of such a member.

(b) "Dealer" means an individual who does any of the following

1 in a millionaire party game:

2 (i) Performs the act of dealing.

3 (ii) Assists in supervising the dealers.

4 (iii) Provides technical advice to the millionaire party
5 chairperson.

6 (c) "Demarcated area" means the physical area in which gaming
7 is conducted at an event.

8 (d) "Lawful purpose" means a purpose that would qualify an
9 organization to be exempt from taxation under section 501(c) of the
10 internal revenue code of 1986, 26 USC 501.

11 (e) "Lessor" means a person who rents a location to a
12 millionaire party licensee for the purpose of conducting an event.

13 (f) "Location owner" means the person that owns a location or
14 an employee or agent of the person.

15 (2) The definitions in sections 2, 3, and 3a apply to this
16 article, unless a term defined in 1 of those sections is defined
17 differently in this article.

18 Sec. 33. (1) An applicant for a license to conduct a
19 millionaire party shall submit to the executive director a written
20 application on a form prescribed by the executive director.

21 (2) The application under subsection (1) must include all of
22 the following:

23 (a) The name and address of the applicant.

24 (b) The name and address of each officer of the applicant.

25 (c) The name of each individual who will serve as a dealer at
26 the event and, as to each individual, whether the individual has
27 been convicted of, forfeited bond on a charge of, or pled guilty to
28 any of the following:

29 (i) A felony.

1 (ii) A gambling offense.

2 (iii) Criminal fraud.

3 (iv) Forgery.

4 (v) Larceny.

5 (vi) Filing a false report with a governmental agency.

6 (d) The location at which the applicant will conduct the
7 event.

8 (e) A description of the demarcated area for the event and an
9 explanation of how the demarcated area will be marked.

10 (f) The dates of the event.

11 (g) Sufficient facts relating to the applicant's incorporation
12 or organization to enable the executive director to determine
13 whether the applicant is a qualified organization.

14 (h) A sworn statement attesting to the nonprofit status of the
15 applicant, signed by the principal officer of the applicant.

16 (i) Other information the executive director considers
17 necessary.

18 Sec. 34. (1) If the executive director determines that an
19 applicant for a millionaire party license is a qualified
20 organization and that both of the following apply, the executive
21 director shall issue a millionaire party license to the applicant:

22 (a) The applicant has paid to the executive director a fee of
23 \$50.00 per day that the applicant proposes to conduct the
24 millionaire party.

25 (b) There is no reason to deny the issuance of the license
26 under section 18.

27 (2) Under extreme hardship conditions as determined by the
28 executive director, the executive director may waive 1 or more of
29 the requirements under section 3a(d) for a person to be a qualified

1 organization and issue a millionaire party license to the person if
2 all of the following conditions are met:

3 (a) The person is a nonprofit organization.

4 (b) The entire proceeds of the event, less the actual
5 reasonable expense of conducting the event, are donated or used for
6 a lawful purpose or a charitable organization or cause.

7 (c) None of the individuals connected with the management of
8 the event is compensated in any manner for his or her
9 participation.

10 (d) The person has complied and will comply with all other
11 provisions of this article and rules promulgated under this
12 article.

13 (3) Under extreme hardship conditions as determined by the
14 executive director, the executive director may allow an individual
15 or a group of individuals to obtain a license to conduct a
16 millionaire party if all of the following conditions are met:

17 (a) The entire proceeds of the event, less the actual
18 reasonable expense of conducting the event, are donated or used for
19 a lawful purpose or a charitable organization or cause.

20 (b) None of the individuals connected with the management of
21 the event is compensated in any manner for his or her
22 participation.

23 (c) The individual or group of individuals has complied and
24 will comply with all other provisions of this article and the rules
25 promulgated under this article.

26 (4) A qualified organization may be issued up to 4 millionaire
27 party licenses in 1 calendar year. Each license is valid for only 1
28 location as stated on the license.

29 (5) A millionaire party license may be issued for up to 4

1 consecutive days.

2 (6) The executive director shall not issue more than 1
3 millionaire party license to a qualified organization for any 1
4 day.

5 (7) The executive director shall not issue millionaire party
6 licenses that would allow more than 2 events to be conducted at a
7 location on the same date.

8 (8) The executive director shall not issue millionaire party
9 licenses that would allow more than 4 events to be conducted at a
10 location in 1 week.

11 (9) A millionaire party license must state that for each day
12 on which the millionaire party is to be conducted, the licensee may
13 conduct gaming under the license between the hours of 8 a.m. on
14 that day and 2 a.m. on the following day.

15 Sec. 35. (1) A millionaire party licensee shall comply with
16 this article and the rules promulgated under this article.

17 (2) A millionaire party licensee shall comply with the terms
18 and requirements of the license.

19 (3) A millionaire party license is not assignable or
20 transferrable, and a licensee shall not assign or transfer a
21 millionaire party license.

22 Sec. 36. (1) A millionaire party licensee may advertise the
23 event if the advertising complies with rules promulgated under this
24 article.

25 (2) An advertisement under this section must state the
26 purposes for which the proceeds from the event will be used.

27 Sec. 37. (1) A millionaire party licensee shall not enter into
28 an agreement with a location owner or lessor unless the agreement
29 is expressed in a written rental agreement that is approved by the

1 executive director.

2 (2) A location owner or lessor, a partner, member, director,
3 officer, agent, or employee of a location owner or lessor, a
4 shareholder of a privately held corporation that is a location
5 owner or lessor, or a person residing in the same household as any
6 of these shall not do any of the following:

7 (a) Be an officer of a qualified organization conducting a
8 millionaire party at the location.

9 (b) Participate as a player in any event being conducted at
10 the location.

11 (c) Participate in any aspect of an event being conducted at
12 the location, including providing dealers, equipment, or workers,
13 unless all of the following conditions exist:

14 (i) The location is owned or rented by a qualified organization
15 and used by the qualified organization on a continual basis for the
16 regular use of its members.

17 (ii) The qualified organization is the millionaire party
18 licensee and is conducting the event.

19 (iii) The executive director has granted a waiver for the
20 participation.

21 Sec. 38. A millionaire party licensee shall only conduct an
22 event with equipment that it owns, rents from another qualified
23 organization under a rental agreement approved by the executive
24 director, or purchases or rents from a supplier.

25 Sec. 39. (1) A millionaire party licensee shall use only the
26 following as dealers at an event:

27 (a) A bona fide member.

28 (b) An employee of a supplier.

29 (2) An individual shall not act as a dealer if the individual

1 has been convicted of, forfeited bond on a charge of, or pled
2 guilty to any of the following offenses:

3 (a) A felony.

4 (b) A gambling offense.

5 (c) Criminal fraud.

6 (d) Forgery.

7 (e) Larceny.

8 (f) Filing a false report with a governmental agency.

9 (3) An individual who is not listed as a dealer on the
10 application for a millionaire party license shall not act as a
11 dealer at an event conducted under the license.

12 (4) A millionaire party licensee shall ensure that the dealers
13 at an event conducted under the license comply with this article,
14 rules promulgated under this article, and any directives of the
15 executive director.

16 Sec. 40. (1) At least 2 bona fide members of the millionaire
17 party licensee, not including any bona fide member acting as a
18 dealer, must be present at all times during an event.

19 (2) If fewer than 2 bona fide members are present at any time
20 during an event, the millionaire party licensee shall immediately
21 report this to the executive director. The executive director may
22 require the licensee to stop conducting the event.

23 (3) One of the bona fide members listed on the application for
24 the millionaire party license shall act as the millionaire party
25 chairperson. An individual shall not serve as chairperson of
26 millionaire parties conducted by more than 1 qualified organization
27 during a calendar year.

28 (4) A bona fide member of a millionaire party licensee who is
29 present at the event shall wear a vest, button, or other

1 distinctive apparel to identify the bona fide member as a member of
2 the millionaire party licensee and as not being an employee or
3 agent of the location owner, lessor, or supplier.

4 (5) Unless permitted by this act, a rule promulgated under
5 this article, or written authorization of the executive director,
6 only a bona fide member of the millionaire party licensee may
7 perform any of the following duties at an event conducted under the
8 license:

9 (a) Monitoring a game or verifying that the game is conducted
10 in conformance with the rules of the game.

11 (b) Verifying the age of a player.

12 (6) A bona fide member of a millionaire party licensee shall
13 not play a game at an event at which the bona fide member is
14 working or assisting.

15 (7) A bona fide member of a millionaire party licensee shall
16 not share in a prize awarded at an event at which the bona fide
17 member is working or assisting.

18 (8) A bona fide member of a millionaire party licensee shall
19 not purchase, play, or accept a charity game ticket or numeral game
20 ticket offered for sale by the licensee at an event at which the
21 bona fide member is working or assisting.

22 (9) A bona fide member of a millionaire party licensee shall
23 not split a prize with a player or accept a tip of any kind at an
24 event conducted under the license, unless the tip is a cash tip
25 given to the bona fide member for serving as a dealer at the event.

26 Sec. 41. (1) A millionaire party licensee shall ensure that an
27 event conducted under the license is conducted in compliance with
28 this article and the rules promulgated under this article.

29 (2) A millionaire party licensee shall post the license so

1 that it is conspicuously visible at the location where the event is
2 being conducted at all times during the event.

3 (3) A millionaire party licensee shall not conduct gaming
4 under the license anywhere outside of the demarcated area approved
5 by the executive director.

6 (4) A millionaire party licensee shall ensure that access to
7 the demarcated area is controlled.

8 (5) A millionaire party licensee shall not allow an individual
9 who is less than 18 years old to enter the demarcated area when
10 gaming is being conducted there.

11 (6) If alcoholic beverages are served at an event, an
12 individual in the demarcated area who is 18 years old or older but
13 less than 21 years old must be identified by wearing a mark
14 indicating that a member or agent of the millionaire party licensee
15 has verified the individual's age and identification.

16 (7) A millionaire party licensee shall not allow wagering at
17 an event held under the license other than wagering on a game of
18 chance that takes place in the demarcated area at the location
19 during the event. The licensee shall not allow a wager to be placed
20 at the event on an athletic event or a game involving personal
21 skill.

22 (8) A millionaire party licensee shall not receive more than
23 \$20,000.00 in exchange for imitation money or chips on any day
24 under the license. However, if the licensee conducts the
25 millionaire party without using dealers from a supplier and owns
26 the location at which the millionaire party is held and if the
27 license is for fewer than 4 days of gaming, the daily limit under
28 this subsection is determined by dividing \$80,000.00 by the number
29 of days of gaming allowed under the license.

1 (9) A millionaire party licensee may conduct a charity game as
2 provided in section 7b and may conduct a numeral game as provided
3 in section 7c. If a millionaire party licensee conducts a charity
4 game or a numeral game, the bureau has sole enforcement and
5 supervision authority over the conduct of the game, as provided in
6 article 1.

7 Sec. 42. (1) A millionaire party licensee shall not pay an
8 expense related to an event unless all of the following apply:

9 (a) The expense is incurred in connection with the conduct of
10 the event.

11 (b) The expense is necessary and reasonable and falls into 1
12 of the following categories of expense:

13 (i) The purchase or rental of equipment necessary for
14 conducting the event and payment of services reasonably necessary
15 for the repair of equipment.

16 (ii) Cash prizes or the purchase of prizes of merchandise.

17 (iii) Rental of the location at which the event is conducted.

18 The rental expense must not exceed \$1,000.00 for each event.

19 (iv) Janitorial services.

20 (v) The fee required for issuance or reissuance of a license
21 to conduct the event.

22 (vi) Other reasonable expenses incurred by the licensee, not
23 inconsistent with this act, as permitted by rule promulgated under
24 this article.

25 (c) The expense is itemized.

26 (d) The expense is approved by the executive director in
27 writing before the event.

28 (2) A millionaire party licensee shall not accept any
29 compensation in connection with an event unless the compensation is

1 expressly authorized by this article or a rule promulgated under
2 this article.

3 (3) A millionaire party licensee shall not expend more than
4 45% of the gross profit from an event to pay expenses incurred in
5 connection with the event.

6 (4) A person shall not accept any commission, salary, pay,
7 profit, or wage for participating in the management or operation of
8 a millionaire party except as allowed under a rule promulgated
9 under this article.

10 Sec. 42a. A person who is directly or indirectly connected to
11 the sale, rental, or distribution of millionaire party equipment or
12 a person residing in the same household as the supplier shall not
13 be involved directly or indirectly with the rental or leasing of a
14 facility used for an event.

15 Sec. 43. (1) A millionaire party licensee shall keep a record
16 of each event as required by the executive director.

17 (2) The millionaire party licensee shall allow an authorized
18 representative of the executive director to inspect during
19 reasonable business hours a record kept under subsection (1) and
20 all financial accounts into which proceeds from the event are
21 deposited or transferred.

22 (3) A millionaire party licensee shall file with the executive
23 director a financial statement signed by the principal officer of
24 the qualified organization. The financial statement must contain a
25 list of the qualified members of the millionaire party licensee who
26 were present as to each event and a disclosure of receipts and
27 expenses related to the conduct of each event as required by rule
28 promulgated under this article. If the revenue from a millionaire
29 party is represented to be used or applied by a millionaire party

1 licensee for a charitable purpose, the licensee shall file a copy
2 of the financial statement with the attorney general under the
3 supervision of trustees for charitable purposes act, 1961 PA 101,
4 MCL 14.251 to 14.266.

5 (4) A millionaire party licensee and a location owner or
6 lessee shall allow an authorized representative of the executive
7 director or the state police or a peace officer of a political
8 subdivision in which the event is being conducted to inspect the
9 location, or an intended location, during business hours.

10 Sec. 46. (1) A person that applies for a license or renewal of
11 a license to operate as a supplier to millionaire party licensees
12 shall submit a written application to the executive director on a
13 form prescribed by the executive director.

14 (2) An applicant under this section shall pay an annual
15 license fee of \$300.00 at the time of the application.

16 (3) If an applicant under this section wishes to provide
17 dealers to millionaire party licensees, the applicant shall include
18 with its application a list containing the name of each individual
19 who will work for the applicant as a dealer at millionaire parties
20 and, as to each individual, whether the individual has been
21 convicted of, forfeited bond on a charge of, or pled guilty to any
22 of the following:

23 (a) A felony.

24 (b) A gambling offense.

25 (c) Criminal fraud.

26 (d) Forgery.

27 (e) Larceny.

28 (f) Filing a false report with a governmental agency.

29 (4) If, after the application is submitted as described in

1 subsection (1) or after the suppliers license is issued, there are
2 any changes in the individuals who will work for the supplier as
3 dealers at millionaire parties, the applicant or supplier shall
4 immediately provide an updated list containing all of the
5 information required under subsection (3).

6 (5) A supplier licensed under this section shall submit to the
7 executive director reports as required by the executive director
8 regarding the supplier's activities under this article.

9 (6) A supplier's license expires at 12 midnight on September
10 30 of each year.

11 Sec. 48. (1) The executive director shall enforce and
12 supervise the administration of this article. The executive
13 director shall employ personnel as necessary to implement this
14 article.

15 (2) The executive director may select fraternal organizations
16 that conduct millionaire parties and that are not a branch, lodge,
17 or chapter of a national or state organization to audit to ensure
18 that the organizations are in compliance with this act.

19 Sec. 49. (1) Any rules promulgated by the executive director
20 under this act before the effective date of the amendatory act that
21 added this article are rescinded.

22 (2) The executive director shall promulgate rules pursuant to
23 the administrative procedures act of 1969, 1969 PA 306, MCL 24.201
24 to 24.328, to implement this article.

25 Sec. 50. (1) The executive director may deny, suspend,
26 summarily suspend, or revoke a license issued under this article if
27 the licensee or an officer, director, agent, member, or employee of
28 the licensee violates this article or a rule promulgated under this
29 article. The executive director may summarily suspend a license for

1 a period of not more than 60 days pending prosecution,
2 investigation, or public hearing.

3 (2) A proceeding to suspend or revoke a license is a contested
4 case and must be conducted in accordance with the administrative
5 procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328.

6 (3) On petition of the executive director, the circuit court
7 after a hearing may issue subpoenas to compel the attendance of
8 witnesses and the production of documents, papers, books, records,
9 and other evidence before it in a matter over which the executive
10 director has jurisdiction, control, or supervision under this
11 article. If a person subpoenaed to attend in any such proceeding or
12 hearing fails to obey the command of the subpoena without
13 reasonable cause, or if a person in attendance in any such
14 proceeding or hearing refuses, without lawful cause, to be examined
15 or to answer a legal or pertinent question or to exhibit a book,
16 account, record, or other document when ordered to do so by the
17 court, the person may be punished as being in contempt of the
18 court.

19 (4) The executive director may impose a civil penalty of up to
20 \$2,500.00 for each violation of this act, any rules promulgated
21 under this act, or any order issued under this act. In addition to
22 any civil penalty imposed under this subsection, a person may be
23 liable for a fine of up to the amount of any illegal payments made
24 or received.

25 (5) A qualified organization, a millionaire party chairperson,
26 and a principal officer are jointly and severally liable for any
27 penalties and fines levied under subsection (4).

28 (6) A supplier and the owners and co-owners of a supplier are
29 jointly and severally liable for any penalties and fines levied

1 under subsection (4).

2 (7) A person whose license is revoked under this section is
3 ineligible to apply for a license for 5 years.

4 Sec. 51. The executive director shall report annually to the
5 governor and the legislature about the operation of events licensed
6 under this article, abuses that the executive director may have
7 encountered, and recommendations for changes in this act.

8 Enacting section 1. This amendatory act does not take effect
9 unless Senate Bill No.____ or House Bill No.____ (request no.
10 01600'19) of the 100th Legislature is enacted into law.