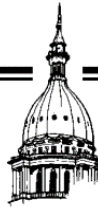




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BILL



ANALYSIS

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Senate Bill 577 (as enacted)  
Sponsor: Senator Joe Hune  
Senate Committee: Regulatory Reform  
House Committee: Regulatory Reform

**PUBLIC ACT 546 of 2012**

Date Completed: 8-29-13

**CONTENT**

The bill amended the Michigan Unarmed Combat Regulatory Act to do the following:

- Establish a ceiling of \$50,000 on the amount of the bond a promoter must file with the Department of Licensing and Regulatory Affairs (LARA) before LARA grants approval for a contest or exhibition.
- Reduce a mixed martial arts promoter's event fee from \$2,000 to \$125.
- Exempt a promoter from a requirement to submit to LARA a contract stating the probable total gross receipts from broadcasting, television, and motion picture rights, if the promoter pays a \$25,000 regulatory and enforcement fee.
- Allow the Michigan Unarmed Combat Commission or LARA to perform drug testing on a professional before or after a contest, and subject the professional to disciplinary action by the Commission if the test confirms a violation of the Act.
- Delete a provision under which a promoter was required to withhold or escrow a certain amount of the purse until LARA received postcontest drug test results, and surrender the funds to LARA if the results confirmed noncompliance with the Act.
- Specify that information that includes a trade secret or commercial, financial, or proprietary

information is not subject to the Freedom of Information Act.

- Revise the eligibility requirements for certain members of the Michigan Unarmed Combat Commission.
- Revise the identifying information that must be included in an application for a promoter's license.

The bill took effect on January 2, 2013.

**Bond & Fees**

**Event Bond.** Under the bill, before LARA grants approval for a contest or exhibition, the promoter must file a bond with the Department in an amount set by LARA but not less than \$20,000 or more than \$50,000. Previously, the bond had to be at least \$20,000 but the Act did not include a maximum amount. The bill deleted a provision requiring LARA annually to adjust the amount of the bond based on the Detroit consumer price index.

**Event Fee.** Previously, a boxing promoter had to pay an event fee of \$125, while a mixed martial arts promoter had to pay an event fee of \$2,000. Under the bill, both fees are \$125.

**Regulatory & Enforcement Fee.** Each promoter must pay a regulatory and enforcement fee to assure the integrity of the sports of boxing and mixed martial arts, the public interest, and the welfare and safety of the professionals. Under the bill, the regulatory and enforcement fee is 3% of the total gross receipts from the sale, lease, or other exploitation of broadcasting,

television, and motion picture rights for the event or \$25,000, whichever is less, for each boxing or mixed martial arts event to which any of the following apply:

- If the event is a boxing event, it is located in a venue with a seating capacity of more than 5,000.
- The promoter proposes to televise or broadcast the event over any medium for viewing by spectators who are not present in the venue.
- The event is designed to promote professional boxing or mixed martial arts contests in Michigan.

Previously, that fee was 3% of the total gross receipts described above, but not to exceed \$25,000 per contract.

The Act requires the promoter, at least 10 days before a boxing or mixed martial arts event, to submit the contract subject to a regulatory and enforcement fee to LARA. The contract must state the amount of the probable total gross receipts from the sale, lease, or other exploitation of broadcasting, television, and motion picture rights for the event. The bill specifies that this requirement does not apply to a promoter who agrees to pay a regulatory and enforcement fee for the event in the amount of \$25,000, if LARA receives that payment from the promoter at least one business day before the event.

#### Drug Testing

The bill allows the Commission or LARA to perform drug testing on a professional before or after a contest or exhibition to detect the presence of alcohol, stimulants, or drugs, including performance enhancing drugs. A professional must submit to a urinalysis or chemical test before or after a contest or exhibition if the Commission, the Department, or a representative of the Commission directs him or her to do so. If a professional fails or refuses to submit to a urinalysis or chemical test, or the results of the test confirm or demonstrate that the professional has violated the Act, he or she is subject to disciplinary action by the Commission. In addition to any other disciplinary action, if the professional won the contest or exhibition, or it ended in a draw, the Commission may change the result of the contest or exhibition to a no-decision.

The bill authorizes LARA to promulgate rules to define the terms "stimulants" or "performance enhancing drugs".

Previously, the Act detailed a process for a promoter to withhold or escrow at least 10% of the purse in a contest or exhibition, up to \$10,000 per contestant, until the results of a postcontest drug test were available to LARA. If drug test results did not confirm or demonstrate compliance with the Act, LARA had to serve a formal complaint on the professional and issue an order to the promoter requiring him or her to forward the withheld or escrowed amount to the Department for deposit into the Michigan Unarmed Combat Fund. The bill deleted those provisions.

#### Confidential Information

Under the bill, a record or portion of a record, material, information, or other data received, prepared, used, or retained by LARA or the Commission that includes a trade secret or commercial, financial, or proprietary information of a licensee or license applicant, and that the licensee or applicant requests in writing be treated as confidential, is not subject to the Freedom of Information Act.

The bill defines "trade secret or commercial, financial, or proprietary information" as information that has not been publicly disseminated or that is unavailable from other sources, the release of which might cause the licensee or applicant significant competitive harm.

#### Commission Members

The Michigan Unarmed Combat Commission consists of the LARA Director, serving as a nonvoting ex officio member, and 11 voting members appointed by the Governor with the advice and consent of the Senate. The bill requires that four members have experience, knowledge, or a background in boxing and that four have experience, knowledge, or background in mixed martial arts. Previously, four members had to be licensees in boxing and four had to be licensees in mixed martial arts.

#### Promoter's License

The bill requires a written application for a promoter's license to include the applicant's

legal name, street address, and telephone number. Previously, the Act required the application to be in writing and correctly show and define the applicant.

MCL 338.3620 et al.

Legislative Analyst: Patrick Affholter

### **FISCAL IMPACT**

The bill will have a small but negative impact on the State's finances. Previously, promoters of mixed martial arts (MMA) events were required to pay an event fee of \$2,000. The bill reduced this fee to \$125, which is the same as the fee that boxing promoters are required to pay. It is unknown how much revenue will be lost under the reduced fee structure, but those losses will result in a smaller amount of revenue being credited to the Unarmed Combat Fund. The Unarmed Combat Fund is used by the Department of Licensing and Regulatory Affairs for the administration of the Unarmed Combat Commission and the administration of the Michigan Unarmed Combat Regulatory Act.

Fiscal Analyst: Josh Sefton

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.