



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

BILL



ANALYSIS

Telephone: (517) 373-5383
Fax: (517) 373-1986

Senate Bill 577 (as introduced 8-24-11)
Sponsor: Senator Joe Hune
Committee: Regulatory Reform

(as passed by the Senate)

Date Completed: 6-7-12

CONTENT

The bill would amend 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 who agreed to pay a \$25,000 regulatory and enforcement fee from a requirement to submit the probable total gross receipts from broadcasting, television, and motion picture rights.**
- **Require the Michigan Unarmed Combat Commission 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 confirmed a violation of the Act.**
- **Delete a provision under which a promoter must withhold or escrow a certain amount of the purse until LARA receives postcontest drug test results, and surrender that to LARA if the results confirm noncompliance with the Act.**
- **Specify that information that included a trade secret or commercial, financial, or proprietary information would not be subject to the Freedom of Information Act (FOIA).**
- **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.**

Bond & Fees

Event Bond. Before LARA grants approval for a contest or exhibition, the promoter must file a bond with the Department in an amount it fixes, but not less than \$20,000. Under the bill, the bond amount set by LARA could be not less than that amount or more than \$50,000. The bill would delete a provision requiring LARA annually to adjust the amount of the bond based on the Detroit consumer price index.

Event Fee. Currently, a boxing promoter must pay an event fee of \$125, while a mixed martial arts promoter must pay an event fee of \$2,000. Under the bill, both fees would be \$125.

Regulatory and 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. The amount of the fee is 3% of the total gross receipts from the sale, lease, or other exploitation of broadcasting, television, and motion picture rights but not to exceed \$25,000 per contract for each boxing or mixed martial arts event to which all 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.

Under the bill, the regulatory and enforcement fee would be 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 was less.

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 would not apply to a promoter who agreed to pay a regulatory and enforcement fee for the event in the amount of \$25,000 if LARA received that payment from the promoter at least one business day before the event.

Drug Testing

The bill would require the Commission 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 would have to submit to a urinalysis or chemical test before or after a contest or exhibition if the Commission or a representative of the Commission directed him or her to do so. If a professional failed or refused to submit to a urinalysis or chemical test, or the results of the test confirmed or demonstrated that the professional had violated the Act, he or she would be 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 could change the result of the contest or exhibition to a no-decision.

The Act details 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 are available to LARA. If drug test results do not confirm or demonstrate compliance with the Act, LARA must 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 would delete 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 included a trade secret or commercial, financial, or proprietary information of a licensee or license applicant, and that the licensee requested in writing be treated as confidential, would not be subject to FOIA.

"Trade secret or commercial, financial, or proprietary information" would mean 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. Four members must be licensees in boxing and four must be licensees in mixed martial arts. The bill instead would require that four members have experience, knowledge, or a background in boxing and that four have experience, knowledge, or background in mixed martial arts.

Promoter's License

The Act requires an application for a promoter's license to be in writing and correctly show and define the applicant. The bill instead would require the written application to include the applicant's legal name, street address, and telephone number.

MCL 338.3620 et al.

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would have a small but negative impact on the State's finances. Currently, promoters of mixed martial arts (MMA) events are required to pay an event fee of \$2,000. The bill would reduce this fee to \$125, which is the same as the fee that boxing promoters are required to pay. It is unknown how much revenue would be lost under the reduced fee structure, but those losses would be reflected 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

S1112\S577sa.

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.