



**House  
Legislative  
Analysis  
Section**

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**LOCATING LOTTO TERMINALS**

**House Bill 4478 as introduced  
First Analysis (9-21-95)**

**Sponsor: Rep. David Jaye  
Committee: Regulatory Affairs**

***THE APPARENT PROBLEM:***

At present, the Bureau of State Lottery has 1,900 retailers on a waiting list to receive lotto ticket terminals. Twice per year, the bureau conducts a business analysis, or market evaluation, in which its licensed lottery agents' sales for certain "instant" games are used to determine how many terminals will be allocated to each market area. The top selling agents in each area are allocated terminals. However, this procedure has grown increasingly more complicated during the last two decades, since the number of these games has increased four-fold, and not all agents sell the same games. It has been suggested that a different set of criteria be used on which to base the bureau's allocation decisions. The proposed criteria would require that the bureau take into account each agent's total instant game sales for the three months preceding a market evaluation, together with the need to maximize net lottery revenues from the total number of terminals placed.

***THE CONTENT OF THE BILL:***

The McCauley-Traxler-Law-Bowman-McNeely Lottery Act requires that the lottery commissioner promulgate rules on, among other things, the type of lottery that may be conducted, and the type or types of locations at which tickets or shares may be sold. House Bill 4478 would amend the act to require that the commissioner, when determining the location of lottery terminals, take into account with equal emphasis the total instant game sales for the three months preceding a market evaluation, and the need to maximize net lottery revenues from the total number of terminals placed.

MCL 432.11 and 432.23

***FISCAL IMPLICATIONS:***

According to the House Fiscal Agency, the bill would have no fiscal impact. (9-19-95)

***ARGUMENTS:***

***For:***

The present system used by the lottery bureau to determine how many lottery terminals it must allocate to each area of the state has frustrated the bureau's licensed lottery agents and the bureau itself. Agents are frustrated because it is often difficult for them to determine how to become eligible for a terminal; the bureau, since it must constantly explain its procedures in this complicated system. The provisions of the bill would allow applicants to understand how they could become eligible for a terminal, and would provide a fair and equitable means by which the allocation of terminals would be based: those who sold the most would be rewarded with a terminal.

***POSITIONS:***

The Bureau of State Lottery supports the bill. (9-20-95)

The Michigan Grocers Association supports the bill. (9-20-95)

The Associated Food Dealers of Michigan supports the bill. (9-20-95)

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