

Act No. 95
Public Acts of 1996
Approved by the Governor
February 28, 1996
Filed with the Secretary of State
February 28, 1996

**STATE OF MICHIGAN
88TH LEGISLATURE
REGULAR SESSION OF 1996**

Introduced by Reps. Law, Weeks, Rocca, Dolan, Bobier and Jaye

ENROLLED HOUSE BILL No. 4484

AN ACT to amend the title and sections 3, 9, 11, 12, 25, 30, 33, 41, and 43 of Act No. 239 of the Public Acts of 1972, entitled as amended "An act to establish and operate a state lottery; to create a bureau of state lottery; to prescribe its powers and duties; to prescribe certain powers and duties of other state departments and agencies; to license and regulate sales agents; to create the state lottery fund; to provide for the distribution of lottery revenues and earnings; to provide for an appropriation; and to provide penalties," sections 9 and 11 as amended by Act No. 165 of the Public Acts of 1991, section 12 as amended by Act No. 53 of the Public Acts of 1995, section 25 as amended by Act No. 243 of the Public Acts of 1988, section 33 as amended by Act No. 40 of the Public Acts of 1981, section 41 as amended by Act No. 123 of the Public Acts of 1994, and section 43 as amended by Act No. 55 of the Public Acts of 1987, being sections 432.3, 432.9, 432.11, 432.12, 432.25, 432.30, 432.33, 432.41, and 432.43 of the Michigan Compiled Laws.

The People of the State of Michigan enact:

Section 1. The title and sections 3, 9, 11, 12, 25, 30, 33, 41, and 43 of Act No. 239 of the Public Acts of 1972, sections 9 and 11 as amended by Act No. 165 of the Public Acts of 1991, section 12 as amended by Act No. 53 of the Public Acts of 1995, section 25 as amended by Act No. 243 of the Public Acts of 1988, section 33 as amended by Act No. 40 of the Public Acts of 1981, section 41 as amended by Act No. 123 of the Public Acts of 1994, and section 43 as amended by Act No. 55 of the Public Acts of 1987, being sections 432.3, 432.9, 432.11, 432.12, 432.25, 432.30, 432.33, 432.41, and 432.43 of the Michigan Compiled Laws, are amended to read as follows:

TITLE

An act to establish and operate a state lottery and to allow state participation in certain lottery-related joint enterprises with other sovereignties; to create a bureau of state lottery and to prescribe its powers and duties; to prescribe certain powers and duties of other state departments and agencies; to license and regulate certain sales agents; to create the state lottery fund; to provide for the distribution of lottery revenues and earnings for certain purposes; to provide for an appropriation; and to provide for remedies and penalties.

Sec. 3. As used in this act:

- (a) "Bureau" means the bureau of state lottery created by this act.
- (b) "Commissioner" means the commissioner of state lottery.

(c) "Joint enterprise" means any lottery activity in which the bureau participates pursuant to a written agreement between the state of Michigan and any state, territory, country, or other sovereignty as executed by the commissioner. Joint enterprise does not include the state lottery created pursuant to this act.

(d) "Lottery" or "state lottery" means the lottery created pursuant to this act and operated exclusively by or under the exclusive control of the bureau.

Sec. 9. (1) The commissioner shall initiate, establish, and operate a state lottery at the earliest feasible and practicable time. The lottery shall produce the maximum amount of net revenues for the state consonant with the general welfare of the people. The commissioner shall solicit bids from financially responsible vendors of data processing equipment and services for the operation of the lottery and may contract with the approval of the state administrative board.

(2) The commissioner shall not conduct a lottery based upon an activity which utilizes the mechanical, physical, or mental skills of the participant and which is traditionally regarded as a sporting event.

(3) The commissioner may participate in joint enterprises with other sovereignties so long as the commissioner determines that the joint enterprise is designed to produce the maximum amount of net revenues for the state consonant with the general welfare of the people. The commissioner shall only participate in a joint enterprise agreement that provides that the commissioner may discontinue participation in the agreement if he or she determines it to be necessary. The commissioner shall report to the legislature every 6 months on the progress of the joint enterprise agreement.

(4) The commissioner shall submit a proposal to develop a program for the education and treatment of compulsive gamblers to the legislature within 6 months after the effective date of this amendatory act.

Sec. 11. (1) The commissioner shall promulgate rules pursuant to the administrative procedures act of 1969, Act No. 306 of the Public Acts of 1969, being sections 24.201 to 24.328 of the Michigan Compiled Laws, as necessary to implement this act.

(2) The rules authorized under this section may include any of the following:

(a) The type of lottery to be conducted subject to section 9(2).

(b) The price of tickets or shares in the lottery.

(c) The number and size of the prizes on the winning tickets or shares.

(d) The manner of selecting the winning tickets or shares.

(e) The manner of payment of prizes to the holders of winning tickets or shares, subject to section 32.

(f) The frequency of the drawings or selections of winning tickets or shares.

(g) Without limit as to number, the type or types of locations at which tickets or shares may be sold.

(h) The method to be used in selling tickets or shares, except that a person's name shall not be printed on the tickets or shares.

(i) The licensing of agents to sell tickets or shares but a person under the age of 18 shall not be licensed as an agent.

(j) The manner and amount of compensation to be paid licensed sales agents necessary to provide for the adequate availability of tickets or shares to prospective buyers and for the convenience of the public.

(k) The apportionment of the total annual revenues accruing from the sale of lottery tickets or shares and from all other sources for the payment of prizes to the holders of winning tickets or shares, for the payment of costs incurred in the operation and administration of the lottery, including the expenses of the bureau and the costs resulting from any contract or contracts entered into for promotional, advertising, consulting or operational services or for the purchase or lease of lottery equipment and materials, for the repayment of the money appropriated to the state lottery fund and for transfer to the general fund.

(3) The commissioner may promulgate rules incorporating by reference existing rules or regulations of any joint enterprise as required as a condition for participation in that joint enterprise. Any subsequent changes or additions to the rules or regulations of the joint enterprise may be adopted by the commissioner through the promulgation of a rule.

Sec. 12. (1) Except as otherwise provided in subsection (3) as nearly as is practicable until January 1, 1999, not less than 45% of the total annual revenue accruing from the sale of lottery tickets or shares shall be apportioned for payment of prizes to the holders of winning tickets or shares.

(2) On or after January 1, 1999, 45% of the total revenue shall be apportioned for payment of prizes.

(3) Notwithstanding subsections (1) and (2), the prize money from the sale of tickets or shares of any joint enterprise shall be that percentage of the total annual revenue accrued from that game as prescribed by the joint enterprise participation agreement executed by the commissioner.

Sec. 25. (1) The right of any person to a prize drawn from the state lottery is not assignable, except that payment of any prize drawn may be paid to the family members or to the estate of a deceased prizewinner as provided in subsection (2), to a person pursuant to an appropriate judicial order, or to the state pursuant to section 32. The commissioner shall be discharged of all further liability upon payment of a prize pursuant to this section.

(2) If a prizewinner dies before collecting the full amount of his or her prize drawn from the state lottery, the bureau shall continue to make the remaining prize payments to the prizewinner's surviving spouse and the prizewinner's living children, in equal proportions, unless otherwise directed by the prizewinner. If there is no surviving spouse or living children or other designated beneficiaries, the remaining prize payments shall be made to the prizewinner's estate.

(3) Except as otherwise provided by state or federal law, the commissioner or an officer or employee of the bureau shall not disclose the name, address, or any other personal information concerning a winner of a prize greater than \$10,000.00 drawn from the state lottery, unless the winner of a prize agrees in writing to allow the disclosure. Subject to subsection (4), the information protected against disclosure under this section is exempt from disclosure under the freedom of information act, Act No. 442 of the Public Acts of 1976, being sections 15.231 to 15.246 of the Michigan Compiled Laws.

(4) Notwithstanding subsection (3), the commissioner or an officer or employee of the bureau may disclose the name, address, or any other personal information concerning a winner of a prize awarded under a game played pursuant to a joint enterprise to the extent required under the joint enterprise participation agreement executed by the commissioner.

Sec. 30. (1) A person, with intent to defraud, shall not falsely make, alter, forge, utter, pass, or counterfeit a state lottery ticket or share.

(2) A person, with intent to defraud, shall not falsely make, alter, forge, utter, pass, or counterfeit a ticket or share of any joint enterprise entered into by the commissioner.

(3) A person convicted of violating this section is guilty of a felony punishable by imprisonment for not more than 5 years or by a fine of not more than \$1,000.00, or both.

Sec. 33. (1) Unclaimed prize money for the prize on a winning ticket or share of the state lottery shall be retained by the commissioner for the person entitled to the prize money for 1 year after the drawing in which the prize was won. If a claim is not made for the money within the year, the prize money shall be deposited in the state school aid fund and distributed pursuant to law.

(2) Unclaimed prize money for the prize on a winning ticket or share of any joint enterprise shall be treated in the manner provided for in the joint enterprise participation agreement executed by the commissioner. To the extent that the state of Michigan is entitled to any unclaimed prize money, that money received shall be deposited into the state school aid fund and distributed pursuant to law.

Sec. 41. (1) A special fund to be known as the "state lottery fund" is created in the department of treasury. Except as provided in subsection (3), the state lottery fund consists of all revenues 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 sources pursuant to law including interest earnings on common cash attributable to the state lottery fund. Revenue derived from the sale of tickets or shares of any joint enterprise shall 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 shall be used for payment of prizes to lottery winners and the prize structure formulated pursuant to sections 11 and 12 shall be established accordingly.

(2) The investment authority of the state treasurer with regard to the state lottery fund shall be the same as his or her investment authority with regard to retirement system funds. 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 shall be referred to the state administrative board for decision.

(3) After the payment of prizes to the holders of winning state lottery tickets or shares or the payment pursuant to 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 shall be deposited in the state school aid fund and shall be distributed as provided by law.

Sec. 43. Subject to section 41(1), the money in the state lottery fund is appropriated only for the payment of prizes to the holders of winning state lottery tickets or shares, for the payment pursuant to section 32 of the liabilities to this

state of holders of winning state lottery tickets or shares, for reasonable expenses of the bureau in its operation of the state lottery, and for deposit in the state school aid fund as provided in section 41.

Clerk of the House of Representatives.

Secretary of the Senate.

Approved -----

Governor.

