



House Office Building, 9 South
Lansing, Michigan 48909
Phone: 517/373-6466

CASINOS: CAMPAIGN FINANCE

House Bill 5358 (Substitute H-1) First Analysis (2-24-00)

Sponsor: Rep. James Koetje
Committee: Gaming and Casino Oversight

THE APPARENT PROBLEM:

Under the Michigan Gaming Control and Revenue Act, persons licensed under the act, casino enterprises, and persons having an interest in a licensee or a casino enterprise are prohibited from making contributions to a candidate committee, a political party committee, an independent committee, and a legislative political party caucus committee. The prohibition is intended to protect the integrity of gaming operations in the state. However, some people believe that a loophole exists under current law, for although those involved in gaming operations cannot contribute to these committees, they are not prohibited from establishing such committees. It has been suggested that the Michigan Campaign Finance Act be amended to prohibit those with interests in gaming operations regulated by the Gaming and Control Revenue Act from organizing, establishing, or sponsoring committees.

THE CONTENT OF THE BILL:

The bill would amend the Michigan Campaign Finance Act to prohibit a licensee or casino enterprise under the Michigan Gaming Control and Revenue Act, or a person who had an interest in a licensee or casino enterprise, from organizing, establishing, or sponsoring a committee, other than a candidate committee, under the Campaign Finance Act. A person who violated the ban would be guilty of a misdemeanor punishable by a fine up to \$5,000 or imprisonment for not more than two years, or both.

Under the bill, “casino enterprise” and “licensee” would be defined as they are in the Michigan Gaming Control and Revenue Act, the Initiated Law of 1996. (Under the Michigan Gaming Control and Revenue Act, “casino enterprise” means the buildings, facilities, or rooms functionally or physically connected to a casino and include, but are not limited to, any bar, restaurant, hotel, cocktail lounge, retail establishment, or arena or any other facility located in a city under the control of a casino licensee or affiliated company. “Licensee” is defined as a person who holds either a casino license or a supplier’s license. A supplier’s

license allows a person to sell or lease, and to contract to sell or lease, equipment and supplies to any licensee involved in the ownership or management of gambling operations. A person is considered to have an interest in a licensee or casino enterprise if any of the following circumstances exist:

- The person holds at least a one percent interest in the licensee or casino enterprise.
- The person is an officer or a managerial employee of the licensee or casino enterprise.
- The person is an officer of the “person” (i.e., entity) who holds at least a one percent interest in the licensee or casino enterprise.
- The person is an independent committee of the licensee or casino enterprise.

MCL 169.224b

FISCAL IMPLICATIONS:

Fiscal information is not available.

ARGUMENTS:

For:

The bill would only apply to the three casinos in Detroit authorized by the passage of Proposal E in 1996. It would help protect the integrity of gaming operations in the state by prohibiting persons licensed under the Michigan Gaming and Revenue Act from forming various types of committees, the purposes of which are to influence the actions of voters in support or opposition to political candidates and ballot questions. Currently, under the gaming act, casino licensees, licensed suppliers, and casino establishments, along with persons having an interest in the licensees

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and casino establishments, are prohibited from making contributions to a candidate committee, a political party committee, an independent committee, and a legislative political party caucus committee. The bill would, in effect, make a logical expansion of that prohibition to ban the same people from forming such committees. Under the bill, a committee would include a political committee, a political party committee, an independent committee, a legislative political party caucus committee, and a ballot question committee. Since under the constitution all citizens may run for political office, the bill would exclude the formation of a candidate committee from the prohibition.

Against:

The bill's provisions are better suited to placement within the Michigan Gaming and Revenue Act, for the Campaign Finance Act deals primarily with the flow of money in and out of the committees formed under it. In addition, since the gaming act already prohibits contributions to various types of committees, it is logical that a prohibition on forming committees also be contained within the gaming act. Further, though not a problem with the bill per se, the bill does highlight weaknesses with the gaming act. For instance, the gaming act does not prohibit a licensee, casino enterprise, and persons with interests in them from contributing to political committees and ballot question committees, but the bill would prohibit these people from forming these and other committees. Conversely, the gaming act prohibits a licensee, casino enterprise, and so forth from contributing to a candidate committee, but the bill would allow these people to form a candidate committee. This is of particular interest, because reportedly the U.S. Supreme Court has ruled that anyone can contribute to his or her own campaign, but the Michigan gaming act would seem to run contrary to the court decisions. It would be better to place the bill's provisions within the Michigan Gaming and Revenue Act instead of the Campaign Finance Act. Doing so would not only place similar prohibitions in logical sequence, but also could provide a forum in which to clean up conflicting or awkward provisions within the gaming act.

POSITIONS:

There are no positions on the bill.

Analyst: S. Stutzky

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