

UNARMED COMBAT COMMISSION AMENDMENTS

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Senate Bill 577 as passed by the Senate

Sponsor: Sen. Joe Hune

House Committee: Regulatory Reform

Senate Committee: Regulatory Reform

Complete to 12-4-12

A SUMMARY OF SENATE BILL 577 AS PASSED BY THE SENATE 6-4-12

The bill would amend the Unarmed Combat Regulatory Act to make the following changes:

- Revise the eligibility requirements for some members of the Unarmed Combat Commission.
- Clarify that if a proposed action of the Commission is designated by the director as only being related to boxing, (1) the action could only be considered by the members that have experience, knowledge, or a background in boxing and the members appointed from the general public; (2) four of those members must be present for a quorum, two of which are experienced in boxing; and (3) there must be approval from at least three of the eligible members in order to take action.
- Clarify that if a proposed action of the Commission is designated by the director as only being related to mixed martial arts, (1) the action could only be considered by the members of the Commission that have experience, knowledge, or background in mixed martial arts and the members appointed from the general public; (2) four of those members must be present for a quorum, two of which are experienced in mixed martial arts; and (3) there must be approval from at least three of the eligible members in order to take action.
- Raise the maximum amount of the bond a promoter must file with the Department of Licensing and Regulatory Affairs before approval can be granted for a contest or exhibition to \$50,000. The amount of the bond would no longer be adjusted annually based upon the Detroit Consumer Price Index.
- Reduce the mixed martial arts promoter's event fee from \$2,000 to \$125.
- Exempt a promoter that has agreed to pay a \$25,000 regulatory and enforcement fee from having to submit the probable total gross receipts from broadcasting, television, and motion picture rights for the event.

- Reduce from 5 to 1, the number of business days before a contest or exhibition that a promoter must deliver an executed copy of all the executed contracts between the promoter and the professionals participating in the contest.
- Delete a provision under which a promoter must withhold or escrow at least 10% of the purse until LARA receives post-contest drug test results and surrender that amount to LARA if the results confirm noncompliance with the act.
- Allow the Commission to perform drug testing on a professional before or after a contest, and subject the professional to disciplinary action by the Commission for refusing to submit to a drug test or if found in violation of the act.
- Exempt information retained by LARA that includes a trade secret or commercial, financial, or proprietary information that a licensee has requested to be treated as confidential from disclosure under the Freedom of Information Act.
- Clarify that an application for a promoter's license must include the applicant's legal name, street address, and telephone number.

FISCAL IMPACT:

Senate Bill 577 would have a negative fiscal impact on the Bureau of Commercial Services within the Department of Licensing and Regulatory Affairs (LARA) by reducing the event fee paid by mixed martial arts (MMA) promoters from \$2,000 to \$125. There were four MMA events in FY 12, generating \$8,000 in event fees. Total revenue generated by fees and fines for all unarmed combat regulation in FY 12 was \$42,665; well below the level of annual expenditures. If the reduction in the MMA event fee proposed by SB 577 was in effect during FY 12, revenue would have decreased by \$7,500 (or 17.6% of total FY 12 revenue).¹

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Fiscal Analyst: Paul Holland

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent

¹ Assuming that the price elasticity of demand for MMA event permits is relatively inelastic; that is, the number of MMA events will not increase as the MMA event fee is decreased.