

HOUSE SUBSTITUTE FOR
SENATE BILL NO. 577

A bill to amend 2004 PA 403, entitled
"Michigan unarmed combat regulatory act,"
by amending sections 20 and 33 (MCL 338.3620 and 338.3633), as
amended by 2007 PA 196, and by adding section 61a.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 20. (1) The Michigan unarmed combat commission ~~7~~
2 ~~consisting of~~ **IS CREATED IN THE DEPARTMENT. THE COMMISSION SHALL**
3 **CONSIST OF THE DIRECTOR, SERVING AS A NONVOTING EX OFFICIO MEMBER**
4 **OF THE COMMISSION, AND** 11 voting members, appointed by the governor
5 with the advice and consent of the senate, ~~is created within the~~
6 ~~department. The director is appointed as a nonvoting ex officio~~
7 ~~member of the commission. A majority of the members appointed by~~
8 ~~the governor shall be licensees under this act.~~ **AS FOLLOWS:**
9 **(A) Four of the members shall be licensees WHO HAVE**

1 **EXPERIENCE, KNOWLEDGE, OR BACKGROUND** in boxing. ~~and 4~~

2 (B) **FOUR** members ~~shall be licensees~~ **WHO HAVE EXPERIENCE,**
3 **KNOWLEDGE, OR BACKGROUND** in mixed martial arts.

4 (C) Three members ~~shall be~~ **WHO ARE** members of the general
5 public. ~~Budgeting,~~

6 (2) **THE DEPARTMENT SHALL PROVIDE THE BUDGETING,** procurement,
7 human resources, information technology, and related management
8 functions of the commission. ~~shall be performed by the department.~~

9 (3) ~~(2)~~ Except as otherwise provided in this subsection, the
10 11 members appointed by the governor shall serve a term of 4 years.
11 ~~Of~~ **HOWEVER, OF** the initial members appointed under this act, the
12 ~~terms of~~ **GOVERNOR SHALL APPOINT 2** of the members ~~shall be~~ **TO TERMS**
13 **OF 4** years, ~~the term of 2~~ of the members ~~shall be~~ **TO TERMS OF 2**
14 years, ~~and the term of 3~~ of the members ~~shall be~~ **TO TERMS OF 1**
15 year. ~~When so designated by the director, any board action taken on~~
16 ~~only a boxing or mixed martial arts matter shall only be considered~~
17 ~~by the appropriately licensed members and members of the general~~
18 ~~public. The terms of members~~ **MEMBERS** appointed by the governor are
19 ~~subject to~~ **SERVE AT** the pleasure of the governor.

20 (4) ~~(3)~~ **Five** **SUBJECT TO SUBSECTION (5),** 7 members of the
21 commission constitute a quorum for the exercise of the authority
22 conferred ~~upon~~ **ON** the commission ~~except that after all of the~~
23 ~~additional members appointed as a result of the 2007 amendatory act~~
24 ~~that added this clause, the quorum shall consist of 7 members.~~
25 **UNDER THIS ACT.** Subject to subsection ~~(2),~~ ~~a concurrence of (5),~~
26 **APPROVAL BY** at least 4 of the members, ~~or a concurrence of~~ **BY** a
27 majority of those members who have not participated in an

1 investigation or administrative hearing regarding a matter before
2 the commission, is necessary ~~to render a decision~~ **FOR ACTION** by the
3 commission. ~~In the case of proposed board action to be taken on a~~
4 ~~matter involving only boxing or only mixed martial arts and where~~
5 ~~only the members of the board designated for the particular sport~~
6 ~~are eligible to confer, the quorum shall be 4 members, 2 of whom~~
7 ~~shall be licensed under the appropriate sport. Under those~~
8 ~~circumstances, a concurrence of 3 members is necessary to render a~~
9 ~~decision by the commission.~~

10 (5) ALL OF THE FOLLOWING APPLY IF A PROPOSED ACTION OF THE
11 COMMISSION IS DESIGNATED BY THE DIRECTOR AS RELATED ONLY TO BOXING:

12 (A) THE PROPOSED ACTION SHALL ONLY BE CONSIDERED BY THE
13 COMMISSION MEMBERS DESCRIBED IN SUBSECTION (1) (A) AND (C) .

14 (B) THE QUORUM REQUIREMENT FOR CONSIDERATION OF THE PROPOSED
15 ACTION IS 4 MEMBERS WHO ARE ELIGIBLE TO CONSIDER THE ACTION UNDER
16 SUBDIVISION (A), 2 OF WHOM ARE MEMBERS DESCRIBED IN SUBSECTION
17 (1) (A) .

18 (C) APPROVAL BY AT LEAST 3 OF THE MEMBERS WHO ARE ELIGIBLE TO
19 CONSIDER THE ACTION UNDER SUBDIVISION (A) IS REQUIRED FOR THE
20 COMMISSION TO TAKE THAT ACTION.

21 (6) ALL OF THE FOLLOWING APPLY IF A PROPOSED ACTION OF THE
22 COMMISSION IS DESIGNATED BY THE DIRECTOR AS RELATED ONLY TO MIXED
23 MARTIAL ARTS:

24 (A) THE PROPOSED ACTION SHALL ONLY BE CONSIDERED BY THE
25 COMMISSION MEMBERS DESCRIBED IN SUBSECTION (1) (B) AND (C) .

26 (B) THE QUORUM REQUIREMENT FOR CONSIDERATION OF THE PROPOSED
27 ACTION IS 4 MEMBERS WHO ARE ELIGIBLE TO CONSIDER THE ACTION UNDER

SUBDIVISION (A), 2 OF WHOM ARE MEMBERS DESCRIBED IN SUBSECTION
(1) (B) .

(C) APPROVAL BY AT LEAST 3 OF THE MEMBERS WHO ARE ELIGIBLE TO
CONSIDER THE ACTION UNDER SUBDIVISION (A) IS REQUIRED FOR THE
COMMISSION TO TAKE THAT ACTION.

(7) ~~(4) A WHILE SERVING AS A~~ member of the commission, ~~AN~~
~~INDIVIDUAL~~ shall not ~~at any time during his or her service as a~~
~~member~~ promote or sponsor any contest or exhibition of boxing, or ~~A~~
combination of those events, or have any financial interest in the
promotion or sponsorship of those contests or exhibitions. The
commission shall meet not less than 4 times per year, and ~~upon~~ ~~ON~~
~~THE~~ request and at the discretion of the chair, the department
shall schedule additional interim meetings.

(8) ~~(5) Except as otherwise provided in section~~ **SECTIONS 33(9)**
AND 61A, the records of the commission are subject to disclosure
under the freedom of information act, 1976 PA 442, MCL 15.231 to
15.246.

(9) ~~(6)~~ Meetings of the commission are subject to the open
meetings act, 1976 PA 267, MCL 15.261 to 15.275.

Sec. 33. (1) An application for a promoter's license must be
in writing and ~~correctly show and define~~ **SHALL INCLUDE THE LEGAL**
NAME, STREET ADDRESS, AND TELEPHONE NUMBER OF the applicant.

(2) An applicant for a promoter's license must demonstrate
good moral character. If an applicant for a promoter's license is
denied a license due to lack of good moral character, the applicant
may petition the commission for a review of the decision under
section 46.

(3) Before **THE DEPARTMENT GRANTS** an approval for a contest or exhibition, ~~is granted, a~~ **THE** promoter must file a bond with the department in an amount fixed by the department but not less than ~~\$20,000.00, which~~ **\$20,000.00 OR MORE THAN \$50,000.00. THE APPLICANT SHALL EXECUTE THE** bond ~~shall be executed by the applicant as~~ principal, and **THE BOND SHALL BE ISSUED** by a corporation qualified under the laws of this state as surety, payable to the state of Michigan, and conditioned ~~upon~~ **ON** the faithful performance by the applicant of the provisions of this act. ~~The department shall annually adjust the amount of the bond based upon the Detroit consumer price index.~~ The bond must be purchased ~~not less than~~ **AT LEAST** 5 days before the contest or exhibition and may be used to satisfy payment for the professionals, costs to the department for ring officials and physicians, and drug tests.

(4) A promoter must apply for and obtain an annual license from the department in order to present a program of contests or exhibitions regulated ~~by~~ **UNDER** this act. The annual license fee is \$250.00. The department shall request, and the applicant shall provide, ~~such~~ **ANY** information ~~as it~~ **THAT THE DEPARTMENT** determines **IS** necessary to ascertain the financial stability of the applicant. **SECTION 61A APPLIES TO ANY INFORMATION PROVIDED BY AN APPLICANT UNDER THIS SUBSECTION.**

(5) A boxing promoter shall pay an event fee of \$125.00. A mixed martial arts promoter shall pay an event fee of ~~\$2,000.00.~~ **\$125.00.**

(6) ~~There is imposed~~ **EACH PROMOTER SHALL PAY** a regulatory and enforcement fee ~~upon the promoter to~~ assure the integrity of the

1 sports of boxing and mixed martial arts, the public interest, and
 2 the welfare and safety of the professionals. ~~in the~~ **THE** amount of
 3 **THE FEE IS** 3% of the total gross receipts from the sale, lease, or
 4 other exploitation of broadcasting, television, and motion picture
 5 rights **FOR AN EVENT**, ~~but not to exceed~~ **OR** \$25,000.00, ~~per contract,~~
 6 **WHICHEVER IS LESS**, for **A** boxing or mixed martial arts ~~events~~ **EVENT**
 7 to which **ANY OF** the following apply:

8 (a) If the event is a boxing event, the event is located in a
 9 venue with a seating capacity of ~~over~~ **MORE THAN** 5,000.

10 (b) The promoter proposes to televise or broadcast the event
 11 over any medium for viewing by spectators **WHO ARE** not present in
 12 the venue.

13 (c) The event is designed to promote professional boxing or
 14 mixed martial arts contests in this state.

15 (7) ~~At~~ **FOR PURPOSES OF SUBSECTION (6)**, **AT** least 10 days before
 16 the boxing or mixed martial arts event, the promoter shall submit
 17 the contract subject to the regulatory and enforcement fee to the
 18 department, stating the amount of the probable total gross receipts
 19 from the sale, lease, or other exploitation of broadcasting,
 20 television, and motion picture rights **FOR THE EVENT**. **HOWEVER, THIS**
 21 **SUBSECTION DOES NOT APPLY TO A PROMOTER THAT AGREES TO PAY A**
 22 **REGULATORY AND ENFORCEMENT FEE FOR THE EVENT IN THE AMOUNT OF**
 23 **\$25,000.00, AND THE DEPARTMENT RECEIVES THAT PAYMENT FROM THE**
 24 **PROMOTER AT LEAST 1 BUSINESS DAY BEFORE THE EVENT.**

25 (8) The **DEPARTMENT SHALL DEPOSIT THE** money ~~derived~~ **RECEIVED**
 26 from the **PROCEEDS OF THE** regulatory and enforcement fee ~~shall be~~
 27 ~~deposited into the fund created in section 22 and used~~ **USE THOSE**

1 **PROCEEDS** for the purposes described in that section.

2 (9) ~~A promoter shall, within 5 business days~~ **WITHIN 1 BUSINESS**
 3 **DAY** before a boxing or mixed martial arts contest or exhibition,
 4 ~~convey~~ **THE PROMOTER SHALL DELIVER** to the department an executed
 5 copy of ~~the contract relative to~~ **ALL OF THE EXECUTED CONTRACTS**
 6 **BETWEEN THE PROMOTER AND THE PROFESSIONALS PARTICIPATING IN** that
 7 contest or exhibition. The ~~copy~~ **COPIES** of the ~~contract~~ **CONTRACTS**
 8 **ARE** is exempt from disclosure under the freedom of information act,
 9 1976 PA 442, MCL 15.231 to 15.246, except that the department may
 10 disclose statistical information on the number, types, and amounts
 11 of contracts ~~so long as~~ **IF** information regarding identifiable
 12 individuals or categories is not revealed.

13 (10) ~~Beginning June 23, 2005, a promoter's license is subject~~
 14 ~~to revocation unless at least 10% of the purse in a contest or~~
 15 ~~exhibition, but not more than \$10,000.00 per contestant, is~~
 16 ~~withheld or escrowed until such time as the results of the~~
 17 ~~postcontest drug test, as required by this act, are available to~~
 18 ~~the department. If the drug test results confirm or demonstrate~~
 19 ~~compliance with this act, the department shall issue an order~~
 20 ~~allowing the promoter to forward to the professional the amount~~
 21 ~~withheld or escrowed. If the results do not confirm or demonstrate~~
 22 ~~compliance with this act, the department shall serve a formal~~
 23 ~~complaint on the professional under section 44(2), and the~~
 24 ~~department shall issue an order to the promoter requiring the~~
 25 ~~promoter to forward the amount withheld or escrowed to the~~
 26 ~~department. Upon receipt, the department shall deposit the money~~
 27 ~~into the fund. If after a hearing the professional is found in~~

~~violation of the act, the professional shall forfeit the amount withheld from the purse and the professional is subject to the penalties prescribed in section 48. However, if the formal complaint is dismissed or any final order issued as the result of the complaint is overturned, the department shall issue a refund to the professional for the amount withheld.~~

THE COMMISSION OR DEPARTMENT MAY PERFORM DRUG TESTING ON A PROFESSIONAL BEFORE OR AFTER A CONTEST OR EXHIBITION TO DETECT THE PRESENCE OF ALCOHOL, STIMULANTS, OR DRUGS, INCLUDING, BUT NOT LIMITED TO, PERFORMANCE ENHANCING DRUGS. A PROFESSIONAL SHALL SUBMIT TO A URINALYSIS OR CHEMICAL TEST BEFORE OR AFTER A CONTEST OR EXHIBITION IF THE COMMISSION, THE DEPARTMENT, OR A DESIGNATED REPRESENTATIVE OF THE COMMISSION OR DEPARTMENT DIRECTS HIM OR HER TO DO SO. IF A PROFESSIONAL FAILS OR REFUSES TO SUBMIT TO A URINALYSIS OR CHEMICAL TEST UNDER THIS SUBSECTION, OR THE RESULTS OF THE URINALYSIS OR CHEMICAL TEST CONFIRM OR DEMONSTRATE THE PROFESSIONAL HAS VIOLATED THIS ACT, HE OR SHE IS SUBJECT TO DISCIPLINARY ACTION BY THE COMMISSION UNDER THIS ACT. IN ADDITION TO ANY OTHER DISCIPLINARY ACTION BY THE COMMISSION, IF THE PROFESSIONAL WON THE CONTEST OR EXHIBITION OR THE CONTEST OR EXHIBITION WAS A DRAW, THE COMMISSION MAY CHANGE THE RESULT OF THAT CONTEST OR EXHIBITION TO A NO DECISION. THE DEPARTMENT MAY PROMULGATE RULES TO DEFINE THE TERMS "STIMULANTS" OR "PERFORMANCE ENHANCING DRUGS."

~~(11) Subsection (10) does not prohibit a licensed promoter from including a provision in a contract with a professional that requires the promoter to withhold 10% of the purse in a contest or exhibition until such time as the postcontest drug test results are~~

1 ~~available to the department.~~

2 SEC. 61A. A RECORD OR PORTION OF A RECORD, MATERIAL,
3 INFORMATION, OR OTHER DATA RECEIVED, PREPARED, USED, OR RETAINED BY
4 THE DEPARTMENT OR COMMISSION UNDER THIS ACT THAT INCLUDES A TRADE
5 SECRET OR COMMERCIAL, FINANCIAL, OR PROPRIETARY INFORMATION OF A
6 LICENSEE OR LICENSE APPLICANT, AND THAT THE LICENSEE OR APPLICANT
7 REQUESTS IN WRITING BE TREATED AS CONFIDENTIAL BY THE DEPARTMENT OR
8 COMMISSION, IS NOT SUBJECT TO THE FREEDOM OF INFORMATION ACT, 1976
9 PA 442, MCL 15.231 TO 15.246. AS USED IN THIS SECTION, "TRADE
10 SECRET OR COMMERCIAL, FINANCIAL, OR PROPRIETARY INFORMATION" MEANS
11 INFORMATION THAT HAS NOT BEEN PUBLICLY DISSEMINATED OR THAT IS
12 UNAVAILABLE FROM OTHER SOURCES, THE RELEASE OF WHICH MIGHT CAUSE
13 THE LICENSEE OR APPLICANT SIGNIFICANT COMPETITIVE HARM.