

Legislative Analysis



MILLIONAIRE PARTY ADMINISTRATION EXPENSES

Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

Senate Bill 1111 as passed by the Senate
Sponsor: Sen. Michael D. MacDonald

Analysis available at
<http://www.legislature.mi.gov>

Senate Bill 1112 (S-1) as passed by the Senate
Sponsor: Sen. Jeremy Moss

House Committee: Appropriations
Senate Committee: Regulatory Reform
Complete to 11-9-22

SUMMARY:

Senate Bills 1111 and 1112 would amend different acts to provide for the financing from the Internet Gaming Fund of expenses related to administering and enforcing millionaire party regulations.

Senate Bill 1111 would amend provisions of the Lawful Internet Gaming Act relating to the expenditure of money from the Internet Gaming Fund. Currently, the act requires that the Michigan Gaming Control Board (MGCB) expend money from the fund, upon appropriation, for the costs incurred in regulating and enforcing internet gaming under the act and deposit funds annually into the Compulsive Gaming Prevention Fund (\$500,000) and the First Responder Presumed Coverage Fund (\$2.0 million). Remaining money in the fund is deposited into the School Aid Fund.

The bill would add a requirement that money from the Internet Gaming Fund be expended for the costs incurred by the MGCB or its executive director in the administration and enforcement of millionaire party activity under the Traxler-McCauley-Law-Bowman Bingo Act.

MCL 432.316

Senate Bill 1112 would make complementary changes to the Traxler-McCauley-Law-Bowman Bingo Act. Currently, the act requires that all necessary expenses incurred in its administration and enforcement and in the initiation, implementation, and ongoing operation of any activity under the act be financed from the State Lottery Fund.

The bill would require that all necessary expenses incurred by the MGCB or its executive director in the administration and enforcement of millionaire party activity under the act and in the initiation, implementation, and ongoing operation of millionaire party activity be financed from Internet Gaming Fund. Other relevant expenses incurred under the act would continue to be financed from the State Lottery Fund.

MCL 432.108

The bills are tie-barred, which means that neither can take effect unless both are enacted.

FISCAL IMPACT:

The bills would have no gross fiscal impact on the state of Michigan and no fiscal impact on local units of government. Under current law, funding for the operational expenses of all charitable gaming (including the expenses of millionaire parties) and for the related administration expenses of the Michigan Gaming Control Board must come from the State Lottery Fund. The bills would change those requirements by allowing the operating expenses and administration costs of millionaire parties to be funded by the Internet Gaming Fund instead of the State Lottery Fund.

According to the MGCB, charitable gaming revenue has been declining steadily in recent years and this proposed funding change would provide stable funding support for millionaire party charitable events. The profits from millionaire party ticket sales are split 60% to 40% between the nonprofit organization and the Lottery. The revenue that the Lottery receives from charitable gaming is deposited back into the State Lottery Fund. In recent years, this revenue has not generated enough funding to cover the cost of administering and enforcing the millionaire party program.

The enacted FY 2022-23 Treasury budget (Article 5 of 2022 PA 166) reflects the proposed funding changes in these bills. In the enacted FY 2022-23 budget, \$3.2 million State Lottery Fund authorization is replaced with \$3.2 million Internet Gaming Fund revenues for the administration and operation of millionaire parties. Senate Bills 1111 and 1112 would allow this change in funding source and implement these budget changes.

Internet gaming revenue has exceeded projections in recent years. In FY 2020-21, the revenue was projected to be \$18.2 million, but was actually \$131.6 million, from which a \$87.2 million deposit was made into the School Aid Fund. In FY 2021-22, revenue is projected to reach \$175.0 million, and the expected School Aid Fund deposit would be up to \$169.0 million.

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