

CHARITY GAME VETERANS FUND

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House Bill 4908 (proposed substitute H-1)

Sponsor: Rep. Beau Matthew LaFave

Committee: Military, Veterans and Homeland Security

Complete to 2-8-22

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

SUMMARY:

House Bill 4908 would amend the Traxler-McCauley-Law-Bowman Bingo Act to allow qualified veterans organizations to sell charity game tickets through a video dispenser, to create the Charity Game Veterans Fund, and to reallocate certain money obtained from the sale of charity game tickets.

Charity game video ticket dispensers

Charity game tickets used in the conduct of a charity game (the resale at random of a series of charity game tickets) must be purchased by a **qualified organization** from the Bureau of State Lottery or a licensed supplier. Among other requirements, each ticket must be imprinted with a control number from the Bureau of State Lottery for identification purposes. Currently under the act, the qualified organization retains 60%, and the bureau 40%, of the money obtained from the sale of charity game tickets.

Qualified organization means either of the following:

- A bona fide religious, educational, service, senior citizens, fraternal, or veterans' organization that operates without profit to its members and that either has been in existence continuously as an organization for a period of five years or is exempt from taxation under section 501(c) of the federal Internal Revenue Code.
- For the purposes of conducting a small or large raffle under the act, a component of the military or Michigan National Guard whose members are in active service or active state service.

However, **qualified organization** does not include a committee organized under the Michigan Campaign Finance Act.

The bill would add a new section to allow an **eligible organization** that holds a charity game license to conduct a charity game using a charity game ticket dispenser that reads each ticket and displays the results in video animation. These tickets would be exempt from the requirement to have an imprinted control number as described above. The bureau would retain 40% of the money obtained from the sale of these charity tickets, and the net proceeds (see **Background**, below) would be allocated as follows:

- 50% to the eligible organization that conducted the charity game.
- 50% to the Charity Game Veterans Fund proposed by the bill.

Eligible organization would mean a **qualified organization** that is a **veteran's organization**.

Veterans' organization means an organization in Michigan, or a branch, lodge, or chapter in Michigan of a state organization or of a national organization chartered by Congress, that is organized not for profit, the membership of which consists of individuals who were members of the armed services or armed forces of the United States, and includes an auxiliary of a veterans' organization that is a national organization chartered by Congress.

Charity Game Veterans Fund

Finally, the bill would create the Charity Game Veterans Fund within the state treasury. The state treasurer could receive money or other assets from any source for deposit into the fund. The state treasurer would have to direct the investment of the fund and credit to the fund interest and earnings from those investments. Money in the fund at the close of the fiscal year would remain in the fund and not lapse to the general fund. The Department of Treasury would be the administrator of the fund for auditing purposes.

The Department of Treasury would have to expend money from the fund, upon appropriation, to provide grants to the National Guard Association of Michigan. However, if the amount allocated to the fund exceeded \$3.0 million in a fiscal year, anything over \$3.0 million would have to be allocated first to reimburse local taxing units that bear the loss of revenue by the disabled veteran tax exemption under the General Property Tax Act and then to county veteran affairs offices.

MCL 432.107a and proposed MCL 432.107e and 432.107f

BACKGROUND:

Section 9 of the act generally provides that the entire net proceeds of an event conducted under a license issued under Article I must be devoted exclusively to the lawful purposes of the licensee. A licensee cannot incur or pay an item of expense in connection with holding, operating, or conducting an event except the following expenses in amounts that the state lottery commissioner determines reasonable:

- The purchase or rental of equipment necessary for conducting an event and payment of services reasonably necessary for the repair of equipment.
- Cash prizes or the purchase of prizes of merchandise.
- Rental of the location at which the event is conducted.
- Janitorial services.
- The fee required for issuance or reissuance of a license to conduct the event.
- Other reasonable expenses incurred by the licensee, not inconsistent with Article I, as permitted by rule of the commissioner.

However, a qualified organization that is a component of the military or the Michigan National Guard (see the definition of **qualified organization**, above) must use the entire net proceeds of an event, after paying the incurred expenses described above, only for the expense of training or purchasing goods or services for the support of the activities of the component.

FISCAL IMPACT:

The bill would provide additional revenue to the Bureau of State Lottery and may provide some additional revenue to counties and local units of government if certain annual revenue amounts

are collected. Additionally, the bill would provide some additional revenue to the nonprofit veterans organization, National Guard Association of Michigan, and eligible fund-raising organizations.

The bill would create the state restricted Charity Game Veterans Fund to receive money collected from the sales of licensed charity game tickets. Money in the fund would not lapse to the general fund at the end of the fiscal year. After the Bureau of State Lottery collects 40% of the total money collected from charity game ticket sales, the bill would allocate 50% of the net proceeds to the eligible organization that conducted the charity game and 50% to the Charity Game Veterans Fund. Of the 50% deposited into the Charity Game Veterans Fund, the first \$3.0 million would be provided to the National Guard Association of Michigan, upon appropriation. Amounts in excess of \$3.0 million would then be used to reimburse local taxing units for forgone revenue from veteran property tax exemptions, and any amount remaining after that would go to county veteran affairs offices.

The amount of additional revenue to each entity would depend on the amount of ticket sales collected from charity gaming as described in the bill.

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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.