

BINGO ACT FEES TO SCHOOL AID FUND



**House
Legislative
Analysis
Section**

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House Bill 5631 (Substitute H-1)
First Analysis (5-1-90)

Sponsor: Rep. Joseph Young, Jr.
Committee: State Affairs

THE APPARENT PROBLEM:

The Lottery Act requires that profits from the operation of the state lottery be deposited in the school aid fund. However, fees and other revenue collected by the lottery bureau under the Bingo Act and not needed for the administration of that act are deposited at the end of the fiscal year in the state general fund. Organizations that wish to run bingo games, charity games, millionaire parties, and so-called Las Vegas Nights must apply to the lottery bureau for the proper licenses. The fees from these licenses and revenue to the lottery bureau from the sale of charity game or break-open tickets go into the state lottery fund to be used in the administration and enforcement of Bingo Act activities. (Currently there are about 2,400 licensed weekly bingo games, not to mention the special Las Vegas-type special licenses.) It has been recommended that the money remaining from these sources after expenses also go to the school aid fund as other lottery revenues do rather than to the general fund.

THE CONTENT OF THE BILL:

The bill would amend the Bingo Act to require that, at the end of each fiscal year, money remaining in the state lottery fund derived from fees and revenue collected under the Bingo Act be deposited in the school aid fund rather than the state general fund.

MCL 432.108

FISCAL IMPLICATIONS:

According to a spokesperson for the state lottery, about \$750,000 in unspent Bingo Act revenue was deposited in the general fund in fiscal year 1988-89. The previous year \$450,000 was deposited in the general fund. (Total revenue in 1988-89 from bingo, millionaire parties, break-open tickets, etc., was \$2.4 million.) Lottery officials expect revenues to continue to grow from these gaming operations, particularly the break-open tickets. Under the bill, these revenues would be deposited in the school aid fund and would thus be lost to the general fund. (4-27-90)

ARGUMENTS:

For:

The bill would earmark surplus revenues from the state lottery's administration of the Bingo Act for the school aid fund. Lottery profits from the Lottery Act are deposited in the school aid fund and it makes sense to direct other lottery bureau profits to that fund as well. Lottery profits are associated in the mind of the public with aid to education.

Response: It is not clear, other than the appearance of consistency, what benefit is derived from directing money to the school aid fund and away from the general fund. There is no effect on overall state revenues and, given the nature of the appropriations process, no guarantee that additional money will be spent on school aid as a result.

POSITIONS:

The Bureau of State Lottery supports the bill. (4-27-90)