



**House
Legislative
Analysis
Section**

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**CRANE GAMES: LICENSES, PENALTIES
RECEIVED**

House Bill 5657 as enrolled
Second Analysis (7-18-90)

OCT 08 1990

Sponsor: Rep. Gerald H. Law
House Committee: Judiciary Mich. State Law Library
Senate Committee: Regulatory Affairs

THE APPARENT PROBLEM:

Public Act 464 of 1988 (enrolled House Bill 5576) amended the Penal Code to exempt "crane games" (games where a player tries to grab a prize with a claw attached to a crane) from the code's prohibition against gaming devices. The act requires two different kinds of crane game licenses -- ownership licenses and location licenses -- as well as crane game certificates. Owners of crane games must obtain ownership licenses (\$500 a year) plus annual certificates (costing \$30) for each crane game. Proprietors who have crane games on their premises, but who do not own the games, must obtain an annual "location license."

At the request of the Bureau of State Lottery and the main industry group regulated by the act, legislation has been introduced which would amend the crane game act.

THE CONTENT OF THE BILL:

The bill would amend the Penal Code with respect to the provisions affecting those who make crane games available for play. The bill would delete requirements for a location license, but retain requirements for an annual ownership license, plus a certificate for each game available for play. The ownership license fee would remain \$500, but the certificate fee would be increased from \$30 to \$50. The bill would exempt crane games that were 25 years old or older and crane games that were used for "demonstration and display purposes" and not for making money.

The bill also would change the penalties for violations, decreasing the maximum imprisonment time and increasing the fines as follows:

- For misdemeanors presently punishable by imprisonment of up to one year and a fine of not more than \$1,000, imprisonment for up to 30 days and a fine of up to \$5,000;
- For felonies presently punishable by imprisonment of up to 5 years and a fine of up to \$10,000, imprisonment for up to 2 years and a fine of up to \$20,000.

MCL 750.303

FISCAL IMPLICATIONS:

According to the Senate Fiscal Agency, there would be a decrease in revenue to the Bureau of State Lottery that would be equal to, and offset by, a reduction in administrative costs from the bill. With the bill's provisions in full effect, revenue to the bureau would be about \$150,000, an amount adequate for the bureau to administer the crane game regulations. (5-23-90)

ARGUMENTS:

For:

When the crane game law was enacted, the Bureau of State Lottery assumed that a location license would be necessary in order to keep track of where the machines

were located. However, this tracking can be done through the owners of the machines (who must have ownership licenses), while at the same time the bureau has discovered that the machines are moved so frequently that a backlog of location license paperwork has built up. The bill would eliminate the need for the paperwork backlog by eliminating the requirement for location licenses.

For:

With the jail overcrowding problem in the state, the imprisonment penalties in the act are unlikely to be invoked (and, to the present, have not been used). The true deterrent for crane machine owners tempted to violate the act's provisions are financial anyway, and the bill would strengthen the deterrent by raising the maximum fines.

H.B. 5657 (7-18-90)