

Legislative Analysis



ALLOW ONLINE CHARITABLE RAFFLE GAMES

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<http://www.house.mi.gov/hfa>

House Bill 5862 as introduced
Sponsor: Rep. Eric Leutheuser
Committee: Regulatory Reform
Complete to 6-22-20

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

SUMMARY:

House Bill 5862 would amend the Traxler-McCauley-Law-Bowman Bingo Act to allow eligible charities to conduct a small or large raffle through the internet.

Charitable gaming is regulated by the Bingo Act and through administrative rules. Under the act, a **qualified organization** may apply for an unlimited number of small (up to \$500 in prizes) or large (more than \$500 in prizes) **raffle** licenses. For small raffles, only one small raffle license may be issued for a **location** each day. If a small raffle license is issued for more than one date, all drawing locations must be the same.

Qualified organization means 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 a 501(c) nonprofit under federal tax laws. For purpose of conducting a small or large raffle under the act, the term also includes a component of the military or the Michigan National Guard whose members are in active service or active state service. The term does not include a candidate committee, political committee, political party committee, ballot question committee, independent committee, or any other committee organized under the Michigan Campaign Finance Act.

Raffle means an event for which raffle tickets are sold and at which a winner or winners are determined, either by randomly selecting stubs from all the tickets sold or by an alternative method approved in writing by the Bureau of State Lottery, and a preannounced prize is awarded.

Location means a building, enclosure, part of a building or enclosure, or a portion of real property used to conduct an event.

The bill would allow a qualified organization that held a license to conduct a raffle in 2018 or 2019, or in both years, to conduct a small or large raffle via the internet. The **location** where an internet raffle is conducted would be the **internet raffle platform**, defined as an integrated system of hardware, software, applications (including mobile applications), and servers through which a qualified organization can conduct a small or large raffle via the internet.

The provisions of the bill would no longer apply after June 30, 2023.

The Bureau of State Lottery would have to promulgate rules to implement the bill.

MCL 432.103 and 432.105d

FISCAL IMPACT:

The bill would increase costs for the Bureau of State Lottery (BSL) by an unknown, but likely significant amount, due to the requirement that the BSL operate and administer an internet raffle platform, which would necessitate purchasing or contracting for software, hardware, servers, and application development. It is unlikely that revenues generated from licensing an online internet raffle game would support financing for the internet raffle platform. Large raffle licensees currently pay \$50 per drawing date, and small raffle licensees pay \$15 for the first three drawing dates and \$5 for each subsequent drawing date. It is also possible that offering raffle online could lower state revenues from other similarly situated wagering.

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