



**House  
Legislative  
Analysis  
Section**

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**CRANE AMUSEMENT MACHINES**

House Bill 5576 as enrolled  
Second Analysis (1-25-89)

**RECEIVED**

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Sponsor: Rep. Debbie Stabenow  
House Committee: Judiciary Mich. State Law Library  
Senate Committee: Regulatory Affairs

**THE APPARENT PROBLEM:**

Games where a player attempts to grab a prize with a claw attached to a crane have long been popular at amusement parks and carnivals. More recently, crane games are being found in places such as bowling alleys and bars. The Liquor Control Commission has ruled that the crane games are to be considered gambling devices under the penal code and therefore are banned from establishments licensed under the Liquor Control Act. A Kalamazoo County tavern has challenged this ruling and obtained a temporary restraining order in the local circuit court, arguing that the crane machines found in bowling alleys, taverns, and family fun centers do not constitute gambling devices as elucidated in a 1982 Court of Appeals case. In that case, Michigan Ex Rel Commissioner of State Police v. One Helix Game (122 Mich. App. 148), the court found that a crane game that randomly positioned the claw and offered tokens for better prizes constituted a gambling device. The games that are the object of the Liquor Control Commission's ruling reportedly do not have such characteristics and are basically games of skill, not chance. Those who wish to offer such games to the public are seeking legislation to exempt such games from the gambling law.

**THE CONTENT OF THE BILL:**

The bill would amend the Michigan Penal Code to provide that a "crane game" would not be subject to the code's prohibition against gaming devices. The bill would require licensure for crane games and would establish license fees, place regulation of the machines under the Bureau of State Lottery, establish penalties for violations of the bill's provisions, and require the lottery commissioner to promulgate rules.

The bill would define a "crane game" as an amusement machine activated by insertion of a coin, where the player uses one or more means of control to position a mechanical or electromagnetic claw, or other retrieval device, over a prize in an attempt to retrieve the prize. The prize could not have a wholesale value of more than \$3.75. A crane game would not include a slot machine.

The bill would require an owner of a crane game, and a person who operates a retail establishment, club, or other location, to obtain a crane game ownership license or a location license, respectively, from the bureau. An ownership license would require a \$500 annual fee. A copy of the license would have to be prominently displayed adjacent to each location where a crane game was available. A location license would require a \$150 annual fee, except that the first license issued would be \$50. A copy of the license would have to be prominently displayed. A person who obtained an ownership license would not have to have a location license if he or she owned all the crane games at the location or locations where he or she operated. A person who obtained an ownership license

also would be required to obtain an annual crane game certificate for each crane that would have to be affixed to the crane. There would be a \$30 annual fee for each certificate.

All fees collected by the bureau would be paid to the state lottery fund. All necessary expenses incurred by the bureau in administering and enforcing provisions of the bill, and in the regulation of crane games, would be financed from the fund. Expenses could not exceed the amount of fees collected. All money, including interest, that was attributable to fees collected but not expended would have to be deposited in the state's general fund at the end of each fiscal year.

The bill would require the lottery commissioner to promulgate rules to implement all of the following:

- licensing of persons regarding ownership or location licenses, including provisions for the revocation or suspension of licenses.
- issuance of crane certificates.
- standards for the manufacture and operation of crane games, that would have to be published and made available to the bureau.
- provision that a crane game could not contain a device that was used to alter the electrical closing strength of the game's claw, or a self-regulating claw that altered the closing strength between plays.
- inspection of crane games by the bureau or a law enforcement officer during reasonable hours.

The bill would make it a misdemeanor, punishable by imprisonment of up to one year, a fine up to \$1,000, or both, for a person to operate a location where a crane game was available without obtaining a location license; own a crane game that was available for play without obtaining an ownership license or a crane game certificate; operate a location where a crane game did not conform to the requirements of the bill; or make a crane game available for play in connection with a fund-raising event. A third violation for operating a location where there was an improper crane would be a felony, punishable by imprisonment for up to five years, a fine up to \$10,000, or both. These penalties also would apply to a person who knowingly altered a crane game so that the crane was not in compliance with the bill or rules promulgated under it.

The bureau or a law enforcement officer could confiscate any crane game that was not in compliance with the bill or rules. A confiscated game and its contents could not be destroyed, altered, sold, or disposed of without a court order.

MCL 750.303

**FISCAL IMPLICATIONS:**

According to the Senate Fiscal Agency, the Bureau of State Lottery estimates that administrative costs under the bill would be about \$95,000 annually, while first-year revenues would be about \$290,000. (12-7-88)

H.B. 5576 (1-25-89)

OVER

## ***ARGUMENTS:***

### ***For:***

The bill would enact special regulatory provisions for crane or claw amusement machines, thus allowing their continued operation in amusement centers throughout the state, including establishments licensed under the Liquor Control Act.