



**House
Legislative
Analysis
Section**

MULTI-STATE LOTTERY COMPACT

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House Bill 5689
Sponsor: Rep. Ilona Varga Mich. State Law Library
Committee: State Affairs

Complete to 6-3-88

A SUMMARY OF HOUSE BILL 5689 AS INTRODUCED 5-26-88

The bill would amend the McCauley-Traxler-Bowman-McNeely Lottery Act to allow the state lottery commissioner to enter into an agreement with officials of other states for inclusion into a multistate lottery. The commissioner could enter into agreements with the lottery managers of other states to create and operate a multistate lottery -- by which a separate and distinct prize pool would be created from combined revenues from the sales of multistate lottery tickets in all participating states. All tickets or shares that were sold in this state in connection with a multistate lottery would have to be sold under the direction of the commissioner, and could be sold through licensed sales agents who sell state lottery tickets, as the commissioner would determine.

A multistate lottery agreement could not pledge the full faith and credit of this state, nor could the Bureau of State Lottery expend state funds pursuant to a multistate lottery agreement unless the money for those expenditures was specifically appropriated by the legislature. In the event, however, that a multistate lottery prize was awarded erroneously due to a mistake or omission of the bureau, the bureau could expend up to \$1 million or the amount of the disputed prize, whichever was less, from the funds reserved for the payment of state lottery prizes. The bureau could share in paying the operating expenses of the multistate lottery from funds that were appropriated for that purpose by the legislature. Also, if the multistate lottery "control offices" were located in this state, the bureau could advance start-up costs of not more than \$150,000, subject to the proportionate reimbursement of those costs by the lotteries of other participating states. The bureau could share proportionately in the costs of establishing a liability reserve fund for a multistate lottery from funds that were appropriated by the legislature.

The bureau could transfer money for prizes attributable to the sale in this state of multistate lottery tickets to the multistate lottery control office, or its designated depository, for deposit into the multistate lottery game pool accounts as annually established by the multistate lottery directors designated under the multistate lottery compact. The multistate lottery pool accounts would have to remain available at all times for inspection by auditors of this state. Unclaimed multistate prize money could be retained in a multistate game prize pool for any special drawings as allowed under an agreement creating and regulating the multistate lottery.

Net revenue to this state from a multistate lottery would have to be deposited in the state school aid fund and distributed as the law provides.

The bill specifies that other provisions in the act, apart from those specifically applicable to the multistate lottery as the bill would provide, would not apply to the creation and operation of a multistate lottery. The provisions in the current law that would apply to the multistate lottery would include the following:

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** A ticket or share in the multistate lottery could not be sold to any person under the age of 18; a ticket or share, however, could be purchased by a person 18 years of age or older for the purpose of making a gift to a person less than age 18;

** A licensee who knowingly sold or offered to sell a multistate lottery ticket or share to a person less than age 18 would be guilty of a misdemeanor;

** Any person who, with intent to defraud, had falsely made, altered, forged, uttered, passed, or counterfeited a multistate lottery ticket or share, would be guilty of a felony punishable by not more than five years imprisonment or by a fine of not more than \$1,000, or both;

** A multistate lottery ticket or share could not be purchased by, nor a prize paid to, an officer or employee of the bureau or to any spouse, child, brother, sister, or parent who resided as a member of the same household in the principal dwelling of an officer or employee;

** No state or local taxes of any kind whatsoever could be imposed upon the proceeds from a multistate lottery prize;

** Any other law providing any penalty or disability for the sale of lottery tickets or any acts done in connection with a lottery would not apply to a sale of multistate lottery tickets that was performed pursuant to the provisions in the bill; and

** If a person entitled to a prize or any winning multistate lottery ticket was less than age 18, and the prize was more than \$1,000, the commissioner would be required to direct payment of the prize by transferring to the guardian of the minor a check or draft payable to the order of the guardian. If the prize was less than \$1,000, the commissioner could direct payment of the prize to the adult member of the minor's family who was legally responsible for the care and custody of the minor. The commissioner would be discharged of all further liability upon payment of a prize to a minor as conditioned under the bill.

MCL 432.3 et al.