

SENATE BILL No. 1261

May 11, 2000, Introduced by Senators STEIL and V. SMITH and referred to the Committee on Gaming and Casino Oversight.

A bill to amend the Initiated Law of 1996, entitled
"Michigan gaming control and revenue act,"
by amending section 6 (MCL 432.206), as amended by 1997 PA 69.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 6. (1) The board shall issue a casino license to a
2 person who applies for a license, who pays the nonrefundable
3 application fee required under section 5(5) and a \$25,000.00
4 license fee for the first year of operation, and who the board
5 determines is eligible and suitable to receive a casino license
6 under this act and the rules promulgated by the board. It is the
7 burden of the applicant to establish by clear and convincing evi-
8 dence its suitability as to character, reputation, integrity,
9 business probity, experience, and ability, financial ability and
10 responsibility, and other criteria as may be considered
11 appropriate by the board. The criteria considered appropriate by

1 the board shall not be arbitrary, capricious, or contradictory to
2 the expressed provisions of this act. A person is eligible to
3 apply for a casino license if all of the following criteria are
4 met:

5 (a) The applicant proposes to locate the casino in a city
6 where the local legislative body enacted an ordinance approving
7 casino gaming that may include local ordinances governing casino
8 operations, occupational licensees and suppliers ~~which~~ THAT are
9 consistent with this act and rules promulgated by the board.

10 (b) The applicant entered into a certified development
11 agreement with the city where the local legislative body enacted
12 an ordinance approving casino gaming.

13 (c) The applicant or its affiliates or affiliated companies
14 ~~has~~ HAVE a history of, or a bona fide plan for, either invest-
15 ment or community involvement in the city where the casino will
16 be located.

17 (2) A city shall not certify or submit and have pending
18 before the board more than 3 certified development agreements.
19 If an applicant is denied a casino license by the board, THEN the
20 city may ~~then~~ certify a development agreement with another
21 applicant and submit the certified development agreement to the
22 board. ~~Nothing in this~~ THIS act shall NOT be construed to pre-
23 vent the city from entering into more than 3 development
24 agreements.

25 (3) No more than ~~three (3)~~ 3 licenses shall be issued by
26 the board in any city. ~~A license shall not be issued~~ THE BOARD
27 SHALL NOT ISSUE A LICENSE for a casino to be located on land held

1 in trust by the United States for a federally recognized Indian
2 tribe. In evaluating the eligibility and suitability of all
3 applicants under the standards provided in this act, the board
4 shall establish and apply the standards to all applicants in a
5 consistent and uniform manner. In the event that more than
6 ~~three~~ (3) 3 applicants meet the standards for eligibility and
7 suitability provided for in subsections (4) and (5), licenses
8 shall first be issued to those eligible and suitable applicants
9 ~~which~~ THAT submitted any casino gaming proposal for voter
10 approval prior to January 1, 1995, in the city ~~in which~~ WHERE
11 the casino will be located and the voters approved the proposal.

12 (4) An applicant is ineligible to receive a casino license
13 if any of the following circumstances exist:

14 (a) The applicant has been convicted of a felony under the
15 laws of this state, any other state, or the United States.

16 (b) The applicant has been convicted of a misdemeanor
17 involving gambling, theft, dishonesty, or fraud in any state or a
18 local ordinance in any state involving gambling, dishonesty,
19 theft, or fraud that substantially corresponds to a misdemeanor
20 in that state. HOWEVER, THE APPLICANT IS NOT AUTOMATICALLY INEL-
21 IGIBLE TO RECEIVE A CASINO LICENSE UNDER THIS SUBSECTION IF THE
22 MISDEMEANOR OR LOCAL ORDINANCE VIOLATION OCCURRED WHEN THE APPLI-
23 CANT WAS LESS THAN 18 YEARS OF AGE, OR 25 OR MORE YEARS BEFORE
24 THE APPLICANT APPLIED FOR A LICENSE UNDER THIS ACT.

25 (c) The applicant has submitted an application for a license
26 under this act that contains false information.

1 (d) The applicant is a member of the board.

2 (e) The applicant fails to demonstrate the applicant's
3 ability to maintain adequate liability and casualty insurance for
4 its proposed casino.

5 (f) The applicant holds an elective office of a governmental
6 unit of this state, another state, or the federal government, or
7 is a member of or employed by a gaming regulatory body of a gov-
8 ernmental unit in this state, another state, or the federal gov-
9 ernment, or is employed by a governmental unit of this state.
10 This section does not apply to an elected officer of or employee
11 of a federally recognized Indian tribe or to an elected precinct
12 delegate.

13 (g) The applicant or affiliate owns more than a 10% owner-
14 ship interest in any entity holding a casino license issued under
15 this act.

16 (h) The board concludes that the applicant lacks the requi-
17 site suitability as to integrity, moral character, and reputa-
18 tion; personal and business probity; financial ability and
19 experience; responsibility; or means to develop, construct, oper-
20 ate, or maintain the casino proposed in the certified development
21 agreement.

22 (i) The applicant fails to meet other criteria considered
23 appropriate by the board. The criteria considered appropriate by
24 the board shall not be arbitrary, capricious, or contradictory to
25 the expressed provisions of this act.

26 (5) In determining whether to grant a casino license to an
27 applicant, the board shall also consider all of the following:

1 (a) The integrity, moral character, and reputation; personal
2 and business probity; financial ability and experience; and
3 responsibility of the applicant and of any other person or means
4 to develop, construct, operate, or maintain a casino that
5 either:

6 (i) Controls, directly or indirectly, the applicant.

7 (ii) Is controlled, directly or indirectly, by the applicant
8 or by a person who controls, directly or indirectly, the
9 applicant.

10 (b) The prospective total revenue to be derived by the state
11 from the conduct of casino gambling.

12 (c) The financial ability of the applicant to purchase and
13 maintain adequate liability and casualty insurance and to provide
14 an adequate surety bond.

15 (d) The sources and total amount of the applicant's capital-
16 ization to develop, construct, maintain, and operate the proposed
17 casino.

18 (e) Whether the applicant has adequate capitalization to
19 develop, construct, maintain, and operate for the duration of a
20 license the proposed casino in accordance with the requirements
21 of this act and rules promulgated by the board and to responsibly
22 pay off its secured and unsecured debts in accordance with its
23 financing agreement and other contractual obligations.

24 (f) The extent and adequacy of any compulsive gambling pro-
25 grams that the applicant will adopt and implement if licensed.

26 (g) The past and present compliance of the applicant and its
27 affiliates or affiliated companies with casino or casino-related

1 licensing requirements, casino-related agreements, or compacts
2 with the state of Michigan or any other jurisdiction.

3 (h) Whether the applicant has been indicted, charged,
4 arrested, convicted, pleaded guilty or nolo contendere, forfeited
5 bail concerning, or had expunged any criminal offense under the
6 laws of any jurisdiction, either felony or misdemeanor, not
7 including traffic violations, regardless of whether the offense
8 has been expunged, pardoned, or reversed on appeal or otherwise.

9 (i) Whether the applicant has filed, or had filed against
10 it, a proceeding for bankruptcy or has ever been involved in any
11 formal process to adjust, defer, suspend, or otherwise work out
12 the payment of any debt.

13 (j) Whether the applicant has been served with a complaint
14 or other notice filed with any public body regarding a payment of
15 any tax required under federal, state, or local law that has been
16 delinquent for 1 or more years.

17 (k) The applicant has a history of noncompliance with the
18 casino licensing requirements of any jurisdiction.

19 (l) The applicant has a history of noncompliance with any
20 regulatory requirements in this state or any other jurisdiction.

21 (m) Whether at the time of application the applicant is a
22 defendant in litigation involving its business practices.

23 (n) Whether awarding a license to an applicant would under-
24 mine the public's confidence in the Michigan gaming industry.

25 (o) Whether the applicant meets other standards for the
26 issuance of a casino license ~~which~~ THAT the board may
27 promulgate by rule. The rules promulgated under this subdivision

1 shall not be arbitrary, capricious, or contradictory to the
2 expressed provisions of this act.

3 (6) Each applicant shall submit with its application, on
4 forms provided by the board, a photograph and 2 sets of finger-
5 prints for each person having a greater than 1% direct or indi-
6 rect pecuniary interest in the casino, and each person who is an
7 officer, director, or managerial employee of the applicant.

8 (7) The board shall review all applications for casino
9 licenses and shall inform each applicant of the board's
10 decision. Prior to rendering its decision, the board shall pro-
11 vide a public investigative hearing at which the applicant for a
12 license shall have the opportunity to present testimony and evi-
13 dence to establish its suitability for a casino license. Other
14 testimony and evidence may be presented at the hearing, but the
15 board's decision shall be based on the whole record before the
16 board and is not limited to testimony and evidence submitted at
17 the public investigative hearing.

18 (8) A license shall be issued for a 1-year period. All
19 licenses are renewable annually upon payment of the license fee
20 and upon the transmittal to the board of an annual report ~~to~~
21 ~~include~~ THAT INCLUDES information required under rules promul-
22 gated by the board.

23 (9) All applicants and licensees shall consent to inspec-
24 tions, searches, and seizures and ~~the providing of~~ TO PROVIDE
25 handwriting exemplar, fingerprints, photographs, and information
26 as authorized in this act and in rules promulgated by the board.

1 (10) Applicants and licensees shall be under a continuing
2 duty to provide information requested by the board and to
3 cooperate in any investigation, inquiry, or hearing conducted by
4 the board.

5 (11) Failure to provide information requested by the board
6 to assist in any investigation, inquiry, or hearing of the board,
7 or failure to comply with this act or rules promulgated by the
8 board, may result in denial, suspension, or, upon reasonable
9 notice, revocation of a license ISSUED UNDER THIS ACT.