

SENATE SUBSTITUTE FOR
HOUSE BILL NO. 4610

A bill to amend 1972 PA 239, entitled "McCauley-Traxler-Law-Bowman-McNeely lottery act," by amending the title and sections 3, 11, 12, 23, and 32 (MCL 432.3, 432.11, 432.12, 432.23, and 432.32), the title as amended by 1996 PA 95, sections 3, 11, and 23 as amended by 1996 PA 167, section 12 as amended by 2002 PA 471, and section 32 as amended by 1996 PA 13, and by adding a heading for article 1 and by adding section 2 and article 2.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1

TITLE

2

An act to establish and operate a state lottery; ~~and~~ to

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allow state participation in certain lottery-related joint

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enterprises with other sovereignties; **to allow and regulate the**

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operation of video lottery games at licensed race meetings in

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this state; to create a bureau of state lottery and to prescribe

1 its powers and duties; **to create the Michigan lottery gaming**
2 **control board and prescribe its powers and duties;** to prescribe
3 certain powers and duties of other state departments and
4 agencies; **to provide for the promulgation of rules;** to license
5 and regulate ~~certain~~ lottery sales agents, **race meeting**
6 **licensees that host video lottery machines, individuals who**
7 **operate video lottery machines, and manufacturers of video**
8 **lottery machines and related equipment;** to create ~~the state~~
9 ~~lottery fund~~ funds; **to impose fees;** to provide for the
10 distribution of lottery revenues and earnings for certain
11 purposes; to provide for an appropriation; **to restrict certain**
12 **political contributions;** and to provide for remedies and
13 penalties.

14 **ARTICLE 1**

15 **Sec. 2. The legislature determines that video lottery**
16 **gaming constitutes the operation of a lottery as previously**
17 **authorized by section 41 of article IV of the state constitution**
18 **of 1963 and by this act and is exempt from the application of the**
19 **Michigan gaming control and revenue act, the Initiated Law of**
20 **1996, MCL 432.201 to 432.226, by section 3(2)(b) of the Michigan**
21 **gaming control and revenue act, the Initiated Law of 1996, MCL**
22 **432.203. It is not the intent or purpose of the legislature, by**
23 **enacting article 2 of this act, to amend the Michigan gaming**
24 **control and revenue act, the Initiated Law of 1996, MCL 432.201**
25 **to 432.226.**

26 **Sec. 3. As used in this act:**

27 **(a) "Board" means the Michigan lottery gaming control board**

1 created in section 52.

2 (b) ~~-(a)-~~ "Bureau" means the bureau of state lottery created
3 ~~by this act in section 5.~~

4 (c) ~~-(b)-~~ "Commissioner" ~~means the~~ or "commissioner of
5 state lottery" means the head of the bureau.

6 (d) ~~-(e)-~~ "Joint enterprise" means ~~any~~ a lottery activity
7 in which the bureau participates pursuant to a written agreement
8 between ~~the state of Michigan~~ this state and any state,
9 territory, country, or other sovereignty as executed by the
10 commissioner. Joint enterprise does not include ~~the state~~ a
11 lottery created ~~pursuant to~~ under this act.

12 (e) ~~-(d)-~~ "Lottery" ~~or "state lottery"~~ means ~~the~~ a
13 lottery, which is any game, undertaking, or operation that
14 includes the elements of consideration, prize, and chance,
15 created ~~pursuant to~~ under this act and operated exclusively by
16 or under the exclusive control of the bureau ~~of state lottery~~
17 or the board. Lottery includes, but is not limited to, all of
18 the following types of gaming:

19 (i) Lotto.

20 (ii) Instant lottery tickets.

21 (iii) Keno.

22 (iv) Beano.

23 (v) Club keno.

24 (vi) Rapid draw keno.

25 (vii) Pull tabs.

26 (viii) Video lottery.

27 (f) "State lottery" means the lottery created in article 1.

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1 (g) "Video lottery" means a lottery that allows a video
 2 lottery game, as defined in section 51, to be played using an
 3 electronic computer and an interactive computer terminal device,
 4 equipped with a video screen and keys, a keyboard, or other
 5 equipment allowing input by a player, into which the player
 6 inserts coins, currency, or vouchers as consideration in order
 7 for play to be available, and through which terminal device the
 8 player may receive free games, credit that can be redeemed for
 9 cash, annuitized payments over time, or a noncash prize, or
 10 nothing as determined wholly or predominantly by chance. Video
 11 lottery does not include a lottery game that merely uses an
 12 electronic computer and a video screen to operate a lottery game
 13 and communicate the results of the game and that does not use an
 14 interactive electronic terminal device allowing input by a
 15 player. Video lottery shall be ~~<<owned and>>~~ operated exclusively by and
 under
 16 the exclusive control of the board.

17 Sec. 11. (1) The commissioner shall promulgate rules
 18 pursuant to the administrative procedures act of 1969, ~~Act~~
 19 ~~No. 306 of the Public Acts of 1969, being sections 24.201 to~~
 20 ~~24.328 of the Michigan Compiled Laws 1969 PA 306, MCL 24.201 to~~
 21 ~~24.328, as necessary to implement this ~~act~~ article.~~

22 (2) The rules authorized under this section may include any
 23 of the following, **subject to requirements and limitations**
 24 **expressed in this act:**

25 (a) The type of lottery to be conducted. ~~subject to section~~
 26 ~~9(2).~~

27 (b) The price of tickets or shares in the lottery.

1 (c) The number and size of the prizes on the winning tickets
2 or shares.

3 (d) The manner of selecting the winning tickets or shares.

4 (e) The manner of payment of prizes to the holders of winning
5 tickets or shares. ~~, subject to section 32.~~

6 (f) The frequency of the drawings or selections of winning
7 tickets or shares.

8 (g) Without limit as to number, the type or types of
9 locations at which tickets or shares may be sold. ~~subject to~~
10 ~~section 23(10).~~

11 (h) The method to be used in selling tickets or shares,
12 except that a person's name shall not be printed on the tickets
13 or shares.

14 (i) The licensing of agents to sell tickets or shares, but a
15 person under the age of 18 shall not be licensed as an agent.

16 (j) The manner and amount of compensation to be paid licensed
17 sales agents necessary to provide for the adequate availability
18 of tickets or shares to prospective buyers and for the
19 convenience of the public.

20 (k) The apportionment of the total annual revenues accruing
21 from the sale of lottery tickets or shares and from all other
22 sources for the payment of prizes to the holders of winning
23 tickets or shares, for the payment of costs incurred in the
24 operation and administration of the lottery, including the
25 expenses of the bureau and the costs resulting from any contract
26 or contracts entered into for promotional, advertising,
27 consulting, or operational services or for the purchase or lease

1 of lottery equipment and materials, for the repayment of the
2 money appropriated to the state lottery fund, and for transfer to
3 the general fund.

4 (3) The commissioner may promulgate rules incorporating by
5 reference existing rules or regulations of any joint enterprise
6 as required as a condition for participation in that joint
7 enterprise. Any subsequent changes or additions to the rules or
8 regulations of the joint enterprise may be adopted by the
9 commissioner through the promulgation of a rule.

10 ~~(4) This section is repealed if the Michigan supreme court~~
11 ~~rules that sections 45 and 46 of the administrative procedures~~
12 ~~act of 1969, Act No. 306 of the Public Acts of 1969, being~~
13 ~~sections 24.245 and 24.246 of the Michigan Compiled Laws, are~~
14 ~~unconstitutional and a statute requiring legislative review of~~
15 ~~administrative rules is not enacted within 90 days after the~~
16 ~~Michigan supreme court ruling. Nothing in this subsection~~
17 ~~invalidates rules that have been promulgated prior to the~~
18 ~~effective date of the amendatory act that added this subsection.~~

19 Sec. 12. (1) Except as otherwise provided in subsection
20 (3), as nearly as is practicable, until January 1, 2007, not less
21 than 45% of the total annual revenue accruing from the sale of
22 **state** lottery tickets or shares shall be apportioned for payment
23 of prizes to the holders of winning tickets or shares **in the**
24 **state lottery.**

25 (2) On or after January 1, 2007, 45% of the total **annual**
26 revenue **accruing from the sale of state lottery tickets or shares**
27 shall be apportioned for payment of prizes **to the holders of**

1 **winning tickets or shares in the state lottery.**

2 (3) Notwithstanding subsections (1) and (2), the prize money
3 from the sale of tickets or shares of any joint enterprise is
4 that percentage of the total annual revenue accrued from that
5 game as prescribed by the joint enterprise participation
6 agreement executed by the commissioner.

7 Sec. 23. (1) ~~A~~ **The commissioner shall not issue a license**
8 as an agent to sell lottery tickets or shares ~~shall not be~~
9 ~~issued~~ to any person to engage in business exclusively as a
10 lottery sales agent. Before issuing a license **to a person to act**
11 **as a lottery sales agent**, the commissioner shall consider factors
12 such as the financial responsibility and security of the person
13 and his or her business or activity, the accessibility of his or
14 her place of business or activity to the public, the sufficiency
15 of existing licenses to serve the public convenience, and the
16 volume of expected sales.

17 ~~(2) As used in this section, "person" means an individual,~~
18 ~~association, corporation, club, trust, estate, society, company,~~
19 ~~joint stock company, receiver, trustee, referee, any other person~~
20 ~~acting in a fiduciary or representative capacity who is appointed~~
21 ~~by a court, or any combination of individuals. Person includes~~
22 ~~any department, commission, agency, or instrumentality of the~~
23 ~~state, including any county, city, village, or township and any~~
24 ~~agency or instrumentality thereof.~~

25 (2) ~~(3)~~ Notwithstanding any other provision of law, a
26 person licensed ~~pursuant to this act may act~~ as a lottery sales
27 agent **may sell lottery tickets and shares**. A person lawfully

1 engaged in nongovernmental business on state property may be
2 licensed as a lottery sales agent.

3 (3) ~~—(4)—~~ A **lottery sales agent** license is not assignable or
4 transferable.

5 (4) ~~—(5)—~~ A licensed **lottery sales** agent or his or her
6 employee may sell lottery tickets or shares only on the premises
7 stated in the license of the **lottery sales** agent. ~~—Effective~~
8 ~~July 1, 1996, a~~ A licensed **lottery sales** agent who violates this
9 subsection is, at the commissioner's discretion, subject to 1 or
10 more of the following:

11 (a) Probation for not more than 2 years.

12 (b) A fine of not more than \$1,000.00.

13 (c) Removal of his or her lottery terminal.

14 ~~(6) The commissioner may issue temporary licenses upon~~
15 ~~conditions as he or she considers necessary for a term which~~
16 ~~shall not extend beyond 1 year after the effective date of this~~
17 ~~act.~~

18 (5) ~~—(7)—~~ The commissioner may require a bond from any
19 licensed **lottery sales** agent in an amount ~~as~~ provided in ~~the~~
20 rules **promulgated under this act.**

21 (6) ~~—(8)—~~ A licensed **lottery sales** agent shall display his or
22 her license or a copy ~~thereof~~ **of the license** conspicuously in
23 accordance with ~~the~~ rules **promulgated under this act.**

24 (7) ~~—(9)—~~ The commissioner may suspend or revoke the license
25 of ~~any~~ a **lottery sales** agent who violates this act or a rule
26 promulgated ~~pursuant to~~ **under** this act.

27 (8) ~~—(10)—~~ For purposes of terminal placement, the

1 commissioner shall take into account with equal emphasis both of
2 the following:

3 (a) The total instant game sales for the 3 months immediately
4 preceding a market evaluation.

5 (b) The need to maximize net lottery revenues from the total
6 number of terminals placed.

7 (9) **As used in this section, "person" means an individual,**
8 **association, corporation, club, trust, estate, society, company,**
9 **joint stock company, receiver, trustee, referee, any other person**
10 **acting in a fiduciary or representative capacity who is appointed**
11 **by a court, or any combination of individuals. Person includes**
12 **any department, commission, agency, or instrumentality of the**
13 **state, including any county, city, village, or township and any**
14 **agency or instrumentality of a county, city, village, or**
15 **township.**

16 Sec. 32. (1) Before payment of a prize of \$1,000.00 or
17 more, the bureau **if the prize is paid under this article, or the**
18 **board if the prize is paid under article 2,** shall determine
19 whether the department of treasury records show that a lottery
20 winner has a current liability to this state or a support
21 arrearage. The department of treasury shall provide the bureau
22 **and the board** with a list or computer access to a compilation of
23 persons known to the department to have a current liability to
24 this state, including **a delinquent ~~accounts~~ account of ~~amounts~~**
25 **~~due and owing~~ money due** to a court that **~~have~~ has** been assigned
26 to the state for collection, or a support arrearage. The
27 information shall be updated not less than once a month. If a

1 liability to this state or support arrearage is identified, the
2 bureau **or the board, as applicable**, shall ascertain the amount
3 owed from the department of treasury and ~~first~~ apply the
4 ~~amount of the prize~~ **first** to ~~the liability to the state other~~
5 ~~than the amount of any assigned delinquent account of amounts due~~
6 ~~and owing to a court, next to the~~ a support arrearage, **next to a**
7 **liability to the state other than an assigned delinquent account**
8 **of money due to a court**, and next to ~~the~~ **an** assigned delinquent
9 ~~accounts of amounts due and owing~~ **account of money due** to a
10 court. ~~—, and the~~ **The** excess, if any, shall be paid to the
11 lottery winner.

12 (2) A lottery winner shall receive notice and an opportunity
13 for a hearing before the department of treasury or its designee
14 with respect to the liability to which the prize is to be applied
15 ~~where~~ **under this section, if** the liability has not been reduced
16 to judgment or has not been finalized under statutory review
17 provisions of the statute under which the liability arose. The
18 notice shall be ~~made~~ **given** by regular mail. The lottery winner
19 may request a hearing within 15 days of the date of the notice by
20 making a written request to the revenue commissioner.

21 (3) ~~An amount~~ **Money** applied to ~~pay~~ a support arrearage
22 **under this section** shall be paid by the bureau **or the board, as**
23 **applicable**, to the department of treasury which shall pay the
24 ~~amount~~ **money** to the office of the friend of the court for the
25 appropriate judicial circuit in the ~~same~~ manner ~~as is~~
26 prescribed for a payment pursuant to an order of income
27 withholding under section 9 of the support and parenting time

1 enforcement act, ~~Act No. 295 of the Public Acts of 1982, being~~
2 ~~section 552.609 of the Michigan Compiled Laws 1982 PA 295, MCL~~
3 ~~552.609.~~

4 (4) In regard to the information provided by the department
5 of treasury to the bureau **and the board** under this section, the
6 bureau ~~is~~ **and the board are** subject to the confidentiality
7 restrictions and penalties provided in section 28(1)(f) and (2)
8 of ~~Act No. 122 of the Public Acts of 1941, being section 205.28~~
9 ~~of the Michigan Compiled Laws 1941 PA 122, MCL 205.28.~~

10 (5) ~~Until October 1, 1995 each office of the friend of the~~
11 ~~court may report to the department of treasury the names of~~
12 ~~persons who have a current support arrearage. Beginning~~
13 ~~October 1, 1995 each~~ **The** office of the friend of the court shall
14 report to the office of child support the names of persons who
15 have a current support arrearage and the office of child support
16 shall provide that information to the department of treasury.

17 (6) As used in this section:

18 (a) "Office of the friend of the court" means an agency
19 created in section 3 of the friend of the court act, ~~Act No. 294~~
20 ~~of the Public Acts of 1982, being section 552.503 of the Michigan~~
21 ~~Compiled Laws 1982 PA 294, MCL 552.503.~~

22 (b) "Support" means that term as defined in section ~~31 of~~
23 ~~Act No. 294 of the Public Acts of 1982, being section 552.531 of~~
24 ~~the Michigan Compiled Laws 2a of the friend of the court act,~~
25 ~~1982 PA 294, MCL 552.502a.~~

26 **ARTICLE 2**

27 **Sec. 51. As used in this article:**

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1 (a) "Administrative costs" means the costs and expenses
2 incurred by the board in operating and regulating video lottery
3 at the racetrack where a license holder holds race meetings,
4 including, but not limited to, all of the following:

5 (i) Expenses incurred by the board in performing an
6 investigation of an applicant for a license or a license holder.

7 (ii) All operating, payroll, and employment expenses
8 attributable to the regulation of video lottery incurred by the
9 board, the department of attorney general, the department of
10 treasury, the department of state police, or the racing
11 commissioner.

12 (b) "Affiliate" means a person who, directly or indirectly,
13 controls, is controlled by, or is under common control with; is
14 in a partnership or joint venture relationship with; or is a
15 coshareholder of a corporation, a comember of a limited liability
16 company, or copartner in a limited liability partnership with a
17 person who holds or applies for a license under this article.

18 (c) "Applicant" means a person applying for a license or
19 permit. If the applicant is not an individual, the term
20 "applicant" includes all partners, shareholders <<who own more than a 1%
21 interest in the applicant>>, directors,
22 officers, managerial employees, members, trustees, or
23 beneficiaries of or persons with an ownership interest in the

24 (d) "Associated equipment" means hardware located at the
25 racetrack where a license holder holds race meetings that is
26 connected to the central control system for communication,
27 validation, or other purposes. Associated equipment does not

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1 include a video lottery terminal or the communication facilities
2 of a regulated public utility.

3 (e) "Ballot question committee" means that term as defined in
4 section 2 of the Michigan campaign finance act, 1976 PA 388, MCL
5 169.202.

6 (f) "Candidate" means that term as defined in section 3 of
7 the Michigan campaign finance act, 1976 PA 388, MCL 169.203.

8 (g) "Central control system" means a computer or computer
9 system provided to and owned <<operated,>> and controlled exclusively by
10 the board that communicates with video lottery terminals to retrieve
11 information and activate and disable the terminals.

12 (h) "Committee" means that term as defined in section 3 of
13 the Michigan campaign finance act, 1976 PA 388, MCL 169.203 <<, or any
14 committee described in the Michigan campaign finance act, 1976 PA 388,
MCL 169.201 to 169.282>>.

15 (i) "Control" means, as to the relationship between 2
16 persons, that 1 of the persons has a greater than 15% direct or
17 indirect pecuniary interest in the other person.

18 (j) "Disable" means the process of executing a shutdown
19 command from the central control system that causes a video
20 lottery terminal to cease functioning.

21 (k) "Display" means the visual presentation of video lottery
22 game features on a video lottery terminal in the form of video
23 images, actual symbols, or both.

24 (l) "Gross terminal income" means the total amount of coins,
25 currency, and vouchers inserted into the video lottery terminals,
26 minus the total value of game credits cleared from the video
27 lottery terminals in exchange for winning redemption tickets.

(m) "License" means authorization granted by the board to a

1 person that holds a race meeting license under the horse racing
2 law of 1995, 1995 PA 279, MCL 431.301 to 431.336, permitting the
3 person to operate video lottery terminals registered and owned by
4 the board as an agent of the board.

5 (n) "Managerial employee" means an individual who holds a
6 management, supervisory, or policy making position.

7 (o) "Manufacturer" means a person holding a permit issued by
8 the board to engage in the business of designing, building,
9 constructing, assembling, or manufacturing video lottery
10 terminals, the electronic computer components of video lottery
11 terminals, the random number generator of video lottery
12 terminals, or cabinets in which video lottery terminals are
13 housed, whose products are intended for sale, lease, or other
14 transfer to the board to be placed at racetracks in this state.

15 (p) "Michigan strategic fund" means the Michigan strategic
16 fund as described in the Michigan strategic fund act, 1984 PA
17 270, MCL 125.2001 to 125.2093.

18 (q) "Net terminal income" means gross terminal income minus
19 an amount deducted by the board for administrative costs plus any
20 money returned to a licensee under section 63(2). Cost and
21 expenses of a license holder related to the operation of video
22 lottery games shall not be deducted from gross terminal income to
23 determine net terminal income.

24 (r) "Noncash prize" means merchandise a player may be given
25 the option of receiving instead of cash in exchange for a winning
26 redemption ticket. A noncash prize shall be assigned a
27 redemption value equal to the actual cost of the merchandise to

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1 the license holder.

2 (s) "Pecuniary interest" means an ownership or other
3 financial interest, the interest of a beneficiary in a trust, a
4 shareholder or director in a corporation, a partner, general or
5 limited, in a partnership, or a member in a limited liability
6 company. Pecuniary interest does not include the interest of an
7 individual whose only financial interest in a person is the
8 payment of wages and fringe benefits, unless a fringe benefit is
9 the receipt of an ownership or equity interest.

10 (t) "Permit" means authorization granted by the board to a
11 person to function as a manufacturer or supplier.

12 (u) "Person" means an individual, corporation, association,
13 partnership, limited partnership, or other legal entity.

14 (v) "Player" means a person who plays a video lottery game on
15 a video lottery terminal at the racetrack where a license holder
16 holds race meetings.

17 (w) "Racetrack" means a facility where licensed race meetings
18 are held and the pari-mutuel system of wagering is conducted as
19 authorized under the horse racing law of 1995, 1995 PA 279, MCL
20 431.301 to 431.336.

21 (x) "Racing commissioner" means the racing commissioner
22 created by section 3 of the horse racing law of 1995, 1995 PA
23 279, MCL 431.303.

24 (y) "Restricted person" means a person that is 1 or more of
25 the following:

26 (i) An applicant for or holder of a license or a permit.

27 (ii) An officer, director, shareholder <<who owns more than a 1%
interest in the applicant or holder>>, partner, member, or

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1 managerial employee of or person with an ownership interest in an
2 applicant for or holder of a license or a permit.

3 (iii) If a person described in subparagraph (ii) is not an
4 individual, <<then>> an officer, director, shareholder <<who owns more
5 than a 1% interest in the person>>, partner, member,
6 or managerial employee of or person with an ownership interest in
7 the person described in subparagraph (ii).

8 (iv) A person established, directed, or controlled by a
9 person described in this subdivision.

<<(v) The spouse, parent, child, or spouse of a child of an
individual described in subparagraphs (i) to (iii).>>

10 (z) "Service technician" means an individual employed by the
11 board who performs service, maintenance, and repair on video
12 lottery terminals in this state.

13 (aa) "Supplier" means a person who the board has identified
14 under rules promulgated by the board as requiring a license to
15 provide video lottery license holders with goods or services
16 regarding the realty, construction, maintenance, or business of a
17 proposed or existing video lottery operation or related facility
18 on a regular or continuing basis, including, but not limited to,
19 security businesses, manufacturers, distributors, garbage
20 haulers, maintenance companies, food purveyors, and construction
21 companies.

22 (bb) "Video lottery game" means an electronically simulated
23 game of chance, approved and operated by the board, that is
24 displayed on a video lottery terminal and to which all of the
25 following apply:

26 (i) The video lottery terminal on which the game is displayed
27 is connected to the central control system by an on-line wired,
cable, or wireless communication system.

1 (ii) The game is initiated by a player's insertion of coins,
2 currency, or vouchers into a video lottery terminal, which causes
3 game play credits to be displayed on the video lottery terminal,
4 each game play credit entitling a player to choose 1 or more
5 symbols or numbers or to cause the video lottery terminal to
6 randomly select symbols or numbers.

7 (iii) The game allows a player to win additional game play
8 credits based upon game rules that establish the random selection
9 of winning combinations of symbols, numbers, or both and the
10 number of game play credits to be awarded for each winning
11 combination of symbols, numbers, or both.

12 (iv) The game is based on computer-generated random selection
13 of winning combinations produced totally or predominantly by
14 chance.

15 (v) If the video lottery game allows the player an option to
16 select replacement symbols or numbers or additional symbols or
17 numbers after the game is initiated and in the course of play,
18 the game does 1 of the following before the optional selection by
19 the player of randomly generated replacement or additional
20 symbols or numbers:

21 (A) Signals the player which symbols or numbers should be
22 retained by the player to present the best chance, based on
23 probabilities, that the player may select a winning combination.

24 (B) Signals the player whether additional selection presents
25 the best chance, based on probabilities, that the player may
26 select a winning combination.

27 (C) Randomly generates additional or replacement symbols and

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1 numbers for the player after automatically selecting the symbols
2 and numbers that should be retained to present the best chance,
3 based on probabilities, for a winning combination, so that the
4 player is not permitted to benefit from personal skill, based on
5 a knowledge of probabilities, before deciding which optional
6 numbers or symbols to choose in the course of video lottery game
7 play.

8 (vi) The game allows a player at any time to simultaneously
9 clear all game play credits and print a redemption ticket
10 entitling the player to receive the cash value of the game play
11 credits cleared from the video lottery terminal.

12 (vii) The game does not display roulette, dice, or baccarat
13 card game themes commonly associated with casino gambling. The
14 game may display symbols that appear to roll on drums or may
15 display other card game or keno game themes.

16 (cc) "Video lottery terminal" means a board-approved and
17 owned interactive electronic terminal device that is connected to
18 the central control system, owned <<, operated,>> and controlled
19 exclusively by
20 the board, and used to play only video lottery games authorized
21 by the board. A video lottery terminal may simulate the play of
22 1 or more video lottery games.

23 (dd) "Wager" means a thing of value, including, but not
24 limited to, money, credit, vouchers, and property, risked on an
25 uncertain occurrence in connection with the operation of video
26 lottery under this article.

27 Sec. 52. (1) The Michigan lottery gaming control board is
created as an autonomous entity within the lottery bureau and

1 within the department of treasury.

2 (2) The board shall consist of 5 members, not more than 3 of
3 whom shall be members of the same political party, to be
4 appointed by the governor with the advice and consent of the
5 senate. One member shall be designated by the governor to be
6 chairperson. Each member shall be a resident of this state.

7 (3) Members of the board shall serve for terms of 4 years,
8 except that of the members who are first appointed, 1 shall serve
9 for 2 years, 2 shall serve for 3 years, and 2 shall serve for 4
10 years. A member's term expires on December 31 of the last year
11 of the member's term. If there is a vacancy on the board, the
12 governor shall appoint a successor to fill the unexpired term in
13 the same manner as an original appointment.

14 (4) Members of the board shall be reimbursed for actual and
15 necessary expenses and disbursements incurred in the execution of
16 official duties.

17 (5) A board member shall not hold any other public office for
18 which he or she receives compensation other than necessary travel
19 or other incidental expenses.

20 (6) A person who is not of good moral character or who has
21 been indicted or charged with, convicted of, pled guilty or nolo
22 contendere to, or forfeited bail concerning a felony or a
23 misdemeanor involving gambling, theft, dishonesty, or fraud under
24 the laws of this state, any other state, or the United States or
25 a local ordinance in any state involving gambling, dishonesty,
26 theft, or fraud that substantially corresponds to a misdemeanor
27 in that state shall not be appointed or remain as a member of the

1 board.

2 (7) A member of the board may be removed by the governor for
3 neglect of duty, misfeasance, malfeasance, nonfeasance, or any
4 other just cause.

5 (8) The governor shall appoint the executive director of the
6 board to serve a 6-year term. After the effective date of the
7 amendatory act that added this section, the appointment of the
8 executive director shall require the approval of the senate by a
9 record roll call vote. The executive director shall perform the
10 duties assigned to him or her by the board. The executive
11 director shall be reimbursed for actual and necessary expenses
12 incurred by him or her in discharge of his or her official
13 duties. The executive director shall keep records of all
14 proceedings of the board and shall preserve all records, books,
15 documents, and other papers belonging to the board or entrusted
16 to its care. The executive director shall devote his or her full
17 time to the duties of the office and shall not hold any other
18 office or employment. A vacancy in the position of executive
19 director shall be filled in the same manner as an original
20 appointment for a new 6-year term.

21 (9) The board shall employ personnel necessary to perform the
22 functions of the board under this act.

23 (10) An individual shall not be appointed to or employed by
24 the board if 1 or more of the following circumstances exist:

25 (a) During the 3 years immediately preceding appointment or
26 employment, the individual held a direct or indirect interest in
27 or was employed by a person licensed to conduct any type of

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1 gambling in this state or in another jurisdiction or a person who
2 had an application to conduct any type of gambling pending before
3 the board or a similar agency of another jurisdiction. However,
4 the individual may be employed by the board if both of the
5 following apply to the individual's interest in the licensed or
6 applying person:

7 (i) The interest did not constitute a controlling interest.

8 (ii) In the opinion of the board, the interest will not
9 interfere with the individual's objective discharge of his or her
10 employment obligations.

11 (b) The <<individual, the>> individual's spouse, parent, child,
12 child's spouse,
13 sibling, or sibling's spouse is a member of the board of
14 directors of or financially interested in a person licensed to
15 conduct any type of gambling or that has an application for a
16 license to conduct video lottery pending before the board.

17 (11) Each member of the board, the executive director, and
18 each key employee as determined by the board shall file a
19 financial disclosure statement with the governor. The statement
20 shall be made under oath, list all assets, liabilities, property
21 and business interests, and sources of income of the member,
22 director, or employee and his or her spouse, and affirm that the
23 member, director, or employee is in compliance with subsection
24 (10). The statement shall be filed at the time of appointment or
25 employment and annually each year after appointment or
26 employment.

27 (12) An employee of the board other than the executive
director or a key employee shall file with the board a financial

1 disclosure statement listing all assets, liabilities, property
2 and business interests, and sources of income of the employee and
3 his or her spouse.

4 (13) A member of the board, executive director, or key
5 employee as determined by the board shall not hold a direct or
6 indirect interest in, be employed by, or enter into a contract
7 for services with an applicant for a license or a person licensed
8 by the board for a period of 4 years after his or her term or
9 employment with the board ends.

10 (14) An employee of the board shall not hold a direct or
11 indirect interest in, be employed by, or enter into a contract
12 for services with an applicant for a license or a person licensed
13 by the board for a period of 2 years after his or her employment
14 with the board ends.

15 (15) A board member, executive director, or a person employed
16 by the board shall not represent a person other than the state
17 before or against the board for a period of 2 years after the end
18 of his or her term or employment with the board.

19 (16) A person in which a former board member, executive
20 director, or employee or agent of the board has an interest or a
21 partner, officer, or employee of the person shall not engage in
22 representation that is prohibited to the former member, director,
23 employee, or agent.

24 (17) The board shall hold at least 1 public meeting in each
25 quarter of a fiscal year. A special meeting may be called by the
26 chairperson or any 2 board members upon 72 hours' written notice
27 to each member. Three members of the board constitute a quorum,

1 except that for a meeting to make a determination on an
2 application for a video lottery license, 4 members constitute a
3 quorum. A majority of the members present are required for
4 official action of the board, except that 3 votes are required
5 for a final determination on an application for a video lottery
6 license.

7 (18) A person aggrieved by an action of the board denying,
8 suspending, revoking, restricting, or refusing to renew a license
9 or imposing a fine may request a hearing before the board by
10 making the request in writing within 21 days after service of
11 notice of the board's action. Notice of the board's action shall
12 be served either by personal delivery or by certified mail to the
13 aggrieved person. Notice served by certified mail is complete on
14 the business day following the date of mailing.

15 (19) On order of the board, 1 of the board members or a
16 hearing officer designated by the board may conduct a hearing
17 under this act or rules promulgated by the board and may
18 recommend findings and decisions to the board. The board member
19 or hearing officer conducting the hearing shall have all powers
20 and rights regarding the conduct of hearings granted to the board
21 under this act. The record made at the time of the hearing shall
22 be reviewed by the board or a majority of the board. The
23 findings and decision of a majority of the board constitute the
24 order of the board in the case.

25 (20) A contested case may be appealed pursuant to the
26 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to
27 24.328. Appeals from the grant or denial of a video lottery

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1 license shall be made to the court of appeals. All other

2 contested case appeals shall be made to the circuit court.

<<Sec. 52a. The bureau shall encourage video lottery to be
conducted with a video lottery machine that was assembled in the state of
Michigan.>>

3 Sec. 53. (1) By January 31 of each year, each member of the
4 board shall prepare and file with the board a disclosure in the
5 form prescribed by the board that does all of the following:

6 (a) Affirms that the member or the member's spouse, parent,
7 child, or child's spouse is not a member of the board of
8 directors of, financially interested in, or employed by an
9 applicant for or holder of a license or permit.

10 (b) Affirms that the member continues to meet all other
11 criteria for board membership under this article or the rules
12 promulgated by the board.

13 (c) Discloses all legal or beneficial interest in real
14 property that is or that may be directly or indirectly involved
15 with video lottery operations conducted under this article.

16 (d) Discloses any other information required to ensure that
17 the integrity of the board and its work is maintained.

18 (2) By January 31 of each year, each employee of the board
19 shall prepare and file with the board an employee disclosure form
20 that does all of the following:

21 (a) Affirms the absence of financial interests prohibited by
22 this article.

23 (b) Discloses all legal or beneficial interest in real
24 property that is or that may be directly or indirectly involved
25 with video lottery operations under this article.

26 (c) Discloses whether the employee or the employee's spouse,
27 parent, child, or child's spouse is financially interested in or

1 employed by an applicant for or holder of a manufacturer's
2 permit.

3 (d) Discloses anything else necessary to ensure that the
4 integrity of the board and its work is maintained.

5 (3) A member, employee, or agent of the board who becomes
6 aware that the member, employee, or agent of the board or his or
7 her spouse, parent, or child is a member of the board of
8 directors of, financially interested in, or employed by an
9 applicant for or holder of a video lottery license or
10 manufacturer's permit shall immediately provide detailed written
11 notice of the relationship or interest to the board.

12 (4) A member, employee, or agent of the board who has been
13 indicted for, charged with, convicted of, pled guilty or nolo
14 contendere to, or forfeited bail concerning a misdemeanor
15 involving gambling, dishonesty, theft, or fraud or a local
16 ordinance in any state involving gambling, dishonesty, theft, or
17 fraud that substantially corresponds to a misdemeanor in that
18 state, or a felony under the laws of this state, any other state,
19 the United States, or any other jurisdiction shall immediately
20 provide detailed written notice of the conviction or charge to
21 the chairperson.

22 (5) A member, employee, or agent of the board who is
23 negotiating for or acquires an interest in an applicant for or
24 holder of a video lottery license or manufacturer's permit or in
25 a person affiliated with an applicant or holder shall immediately
26 give written notice of the details of the interest to the
27 chairperson. The member, employee, or agent of the board shall

1 not act on behalf of the board with respect to that person.

2 (6) A member, employee, or agent of the board shall not enter
3 into negotiations for or discussions regarding employment with an
4 applicant for or holder of a video lottery license or
5 manufacturer's permit or a person affiliated with an applicant or
6 holder and shall immediately provide written notice of the
7 details of any such negotiations or discussions to the
8 chairperson. The member, employee, or agent shall not take any
9 action on behalf of the board with respect to that person.

10 (7) A member, employee, or agent of the board who receives an
11 invitation, written or oral, to initiate a discussion concerning
12 employment or the possibility of employment with an applicant for
13 or holder of a video lottery license or manufacturer's permit or
14 a person affiliated with an applicant or holder shall immediately
15 report the invitation to the chairperson. The member, employee,
16 or agent shall not take action on behalf of the board with
17 respect to the person.

18 (8) An applicant for or holder of a video lottery license or
19 manufacturer's permit shall not knowingly initiate a negotiation
20 for or discussion of employment with a member, employee, or agent
21 of the board. An applicant or holder who initiates a negotiation
22 or discussion about employment shall immediately provide written
23 notice of the details of the negotiation or discussion to the
24 chairperson.

25 (9) A current or former member, employee, or agent of the
26 board shall not disseminate or otherwise disclose any material or
27 information in the possession of the board that the board

1 designates as confidential unless the chairperson or the board
2 specifically authorizes the dissemination or release.

3 (10) A member, employee, or agent of the board or a parent,
4 spouse, sibling, spouse of a sibling, child, or spouse of a child
5 of a member, employee, or agent of the board shall not accept a
6 gift, gratuity, compensation, travel, lodging, or anything of
7 value, directly or indirectly, from an applicant for or holder of
8 a video lottery license or manufacturer's permit or a person
9 affiliated with or representative of an applicant or holder,
10 unless the acceptance complies with a written policy or directive
11 issued by the chairperson or the board. A member, employee, or
12 agent of the board who is offered or receives a gift, gratuity,
13 compensation, travel, lodging, or anything of value, the
14 acceptance of which is prohibited by this subsection, shall
15 immediately provide written notification of the details to the
16 chairperson.

17 (11) An applicant for or holder of a video lottery license or
18 manufacturer's permit or a person affiliated with or
19 representative of an applicant or holder shall not, directly or
20 indirectly, give or offer a gift, gratuity, compensation, travel,
21 lodging, or anything of value to a member, employee, or agent of
22 the board that the member, employee, or agent is prohibited from
23 accepting under subsection (10).

24 (12) A member, employee, or agent of the board shall not
25 engage in conduct that constitutes a conflict of interest and
26 shall immediately advise the chairperson in writing of the
27 details of any incident or circumstances that present a conflict

1 of interest for the member, employee, or agent.

2 (13) A member, employee, or agent of the board who is offered
3 a bribe in violation of section 118 of the Michigan penal code,
4 1931 PA 328, MCL 750.118, or this article shall immediately give
5 a written account of the details of the offer to the chairperson
6 and to an officer of a law enforcement agency that has
7 jurisdiction over the offense.

8 (14) A member, employee, or agent of the board shall disclose
9 his or her past involvement with any gaming interest in the past
10 5 years and shall not engage in political activity or politically
11 related activity during his or her appointment or employment.

12 (15) A former member, employee, or agent of the board may
13 appear before the board as a fact witness about matters or
14 actions handled by the member, employee, or agent during his or
15 her appointment or employment. The former member, employee, or
16 agent shall not receive compensation for such an appearance other
17 than a standard witness fee and reimbursement for travel expenses
18 as established by statute or court rule.

19 (16) An applicant for or holder of a video lottery license or
20 manufacturer's permit or a person affiliated with or
21 representative of an applicant or holder shall not engage in ex
22 parte communications with a member of the board. A member of the
23 board shall not engage in any ex parte communications with an
24 applicant for or holder of a video lottery license or
25 manufacturer's permit or a person affiliated with or
26 representative of an applicant or holder.

27 (17) A board member, applicant for or holder of a video

1 lottery license or manufacturer's permit, or a person affiliated
2 with or representative of an applicant or holder who receives an
3 ex parte communication in violation of subsection (16), or who is
4 aware of an attempted communication in violation of subsection
5 (16), shall immediately report details of the communication or
6 attempted communication in writing to the chairperson.

7 (18) A member of the board who receives an ex parte
8 communication that attempts to influence that member's official
9 action shall disclose the source and content of the communication
10 to the chairperson. The chairperson may investigate or initiate
11 an investigation with the assistance of the attorney general and
12 state police to determine if the communication violates
13 subsection (16) or (17) or other state law. The disclosure under
14 this section and the investigation shall remain confidential.
15 The chairperson shall advise the governor, the board, or both of
16 the results of the investigation and may recommend action
17 determined to be appropriate by the chairperson.

18 (19) An employee or agent of the board shall obtain written
19 permission from the executive director before continuing outside
20 employment held at the time the employee begins to work for the
21 board. Permission shall be denied or permission previously
22 granted revoked if the nature of the outside employment is
23 determined to create an actual or potential conflict of interest
24 or otherwise interferes with the duties of the employee or
25 agent.

26 (20) An employee or agent of the board granted permission for
27 outside employment shall not conduct any business or perform any

1 activities, including solicitation, related to the outside
2 employment on premises used by the board or during the employee's
3 working hours.

4 (21) If the chairperson, as an employee of the board, is
5 required under this section to make a disclosure or report, he or
6 she shall make the disclosure or report to the board.

7 (22) The chairperson shall report any action he or she has
8 taken or contemplates taking under this section with respect to
9 an employee or agent or former employee or former agent to the
10 board at the next meeting of the board. The board may direct the
11 executive director to take additional or different action.

12 (23) A member, employee, or agent of the board shall not
13 participate in or wager on any game of chance conducted by an
14 applicant for or holder of a video lottery license in this state
15 or any other jurisdiction, except that this subsection does not
16 apply to either of the following situations:

17 (a) The participation or wagering is authorized by the
18 chairperson or board for the purpose of surveillance, security,
19 or other official duties of the member, employee, or agent.

20 (b) The member, employee, or agent of the board has advised
21 the chairperson at least 24 hours in advance that he or she plans
22 to be present on a premises operated by an applicant for or
23 holder of a video lottery license in this state or in another
24 jurisdiction outside the scope of his or her official duties for
25 the board.

26 (24) The board may deny, revoke, or suspend the license of or
27 take other disciplinary action against an applicant for or holder

1 of a video lottery license or manufacturer's permit or a person
2 affiliated with or representative of an applicant or holder for a
3 violation of this section.

4 (25) A member may be disqualified for or removed from
5 membership on the board, or other disciplinary action as
6 determined by the board may be taken against the member, for a
7 violation of this section.

8 (26) An employee or agent of the board shall not be
9 terminated for a violation of this section if the board
10 determines that the conduct involved does not violate the purpose
11 of this article or require other disciplinary action, including
12 termination of employment. However, an employee's or agent's
13 employment shall be terminated if 1 or more of the following
14 occur:

15 (a) After being offered employment or beginning employment
16 with the board, the employee or agent intentionally acquires a
17 financial interest in an applicant for or holder of a video
18 lottery license or manufacturer's permit or a person affiliated
19 with or representative of an applicant or holder.

20 (b) The employee or agent or the employee's or agent's
21 spouse, parent, or child, through no intentional action of the
22 employee or agent, acquires a financial interest in an applicant
23 for or holder of a video lottery license or manufacturer's permit
24 or a person affiliated with or representative of an applicant or
25 holder and the individual that acquires the interest does not,
26 within 30 days, divest himself or herself of or terminate the
27 financial interest.

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1 (c) The employee or agent is a spouse, parent, child, or
2 spouse of a child of a board member.

3 (27) Violation of this section does not create a civil cause
4 of action.

5 (28) As used in this section:

6 (a) "Outside employment" includes, but is not limited to,
7 operation of a sole proprietorship, participation in a
8 partnership or group business enterprise, and acting as a
9 director or corporate officer of a for-profit corporation or
10 banking or credit institution.

11 (b) "Political activity" or "politically related activity"
12 includes, but is not limited to, the following:

13 (i) Using official authority or influence to attempt to
14 interfere with or affect the result of an election.

15 (ii) Knowingly soliciting, accepting, or receiving a
16 political contribution from any person.

17 (iii) Running as a candidate for nomination or election to a
18 partisan political office.

19 (iv) Knowingly soliciting or discouraging participation in
20 political activity by a person who is either of the following:

21 (A) Applying for a grant, contract, ruling, license, permit,
22 or certificate or <<for>> compensation from the board.

23 (B) The subject of or a participant in an ongoing audit,
24 investigation, or enforcement action being carried out by the
25 board.

26 Sec. 54. The board shall perform all of the following
27 duties:

1 (a) Decide in a reasonable period of time an application for
2 a license or permit.

3 (b) Conduct its public meetings in compliance with the open
4 meetings act, 1976 PA 267, MCL 15.261 to 15.275.

5 (c) Promulgate rules necessary to implement, administer, and
6 enforce this article. The rules may include, but need not be
7 limited to, rules that do the following:

8 (i) Govern, restrict, approve, or regulate video lottery.

9 (ii) Promote the safety, security, and integrity of video
10 lottery.

11 (iii) License and regulate persons participating in or
12 involved with video lottery.

13 (d) Collect all fees imposed under this article and, if not
14 set by this article, set the fees.

15 (e) Provide for the levy and collection of penalties and
16 fines for the violation of this article and the rules promulgated
17 by the board.

18 (f) Do all of the following, through its employees or agents,
19 the Michigan state police, or the attorney general on a premises
20 where video lottery is conducted:

21 (i) Certify the revenue from video lottery.

22 (ii) Receive complaints from the public.

23 (iii) Conduct other investigations into the conduct of video
24 lottery, including, but not limited to, maintenance of the
25 equipment, that the board considers necessary and proper.

26 (g) Review and rule on complaints by video lottery licensees
27 regarding investigative procedures of the board or this state, in

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1 doing so, following a presumption that there is a need to inspect
2 and requiring a licensee to establish by clear and convincing
3 evidence all of the following:

4 (i) That the licensee's operations were disrupted.

5 (ii) That the procedures had no reasonable law enforcement or
6 regulatory purpose.

7 (iii) That the procedures were so disruptive as to
8 unreasonably inhibit video lottery operations.

9 (h) Maintain separate and distinct records, including
10 accurate records of all board meetings and proceedings.

11 (i) Review the patterns of wagering and wins and losses by
12 individuals playing video lottery and make recommendations to the
13 governor and the legislature in a written annual report and in
14 additional reports as requested by the governor. The annual
15 report shall include a statement of receipts and disbursements by
16 the board, actions taken by the board, and any additional
17 information and recommendations that the board considers
18 appropriate or that the governor requests.

19 (j) Take any other action, including the exercise of a power
20 listed in section 55, if necessary to implement and conduct video
21 lottery in accordance with this article and the welfare of the
22 people of this state.

23 (k) When required or authorized by this article or other law
24 to consider an aspect of an individual's criminal history, take
25 all steps necessary to obtain the available history from the
26 department of state police and the federal bureau of
27 investigation.

<<(l) Suspend and, if the board determines necessary, revoke a video
lottery license if the license holder fails to conduct the number of live
race days as allocated to the license holder under the horse racing law
of 1995, 1995 PA 279, MCL 431.301 to 431.336, unless excused from doing
so by the horse racing law of 1995, 1995 PA 279, MCL 431.301 to
431.336.>>

1 Sec. 54a. (1) The following records in the possession of
2 the board are exempt from disclosure under the freedom of
3 information act, 1976 PA 442, MCL 15.231 to 15.246:

4 (a) Unless presented during a public hearing, and subject to
5 subsection (2), all the information, records, interviews,
6 reports, statements, memoranda, or other data supplied to,
7 created by, or used by the board related to background
8 investigation of an applicant for or holder of a license or
9 permit and to trade secrets, internal controls, and security
10 measures of an applicant for or holder of a license or permit.

11 (b) All information, records, interviews, reports,
12 statements, memoranda, or other data received by the board from
13 another jurisdiction or local, state, or federal agency under a
14 promise of confidentiality or the release of which is otherwise
15 barred by the statutes, rules, or regulations of that
16 jurisdiction or agency or by an intergovernmental agreement.

17 (c) Subject to subsection (2), all information provided in an
18 application for a license required under this article.

19 (2) If the board has the information in its possession, the
20 board shall, on written request, provide the following
21 information concerning an applicant for or holder of a license or
22 permit, the applicant's or holder's products, services, or
23 gaming-related enterprises, and the applicant's or holder's
24 business holdings:

25 (a) The applicant's or holder's name, business address, and
26 business telephone number.

27 (b) Information identifying the applicant or holder,

1 including, if the applicant or holder is not an individual, its
2 state of incorporation or registration, the names of its
3 corporate officers, and the identity of its shareholders. If the
4 applicant or holder has a registration statement or a pending
5 registration statement filed with the securities and exchange
6 commission, the board shall only provide the names of those
7 persons or entities holding an interest of 5% or more.

8 (c) An identification of any business, including, if
9 applicable, the state of incorporation or registration, in which
10 the applicant or holder or the applicant's or holder's spouse,
11 parent, or child has an equity interest of more than 5%.

12 (d) Whether the applicant or holder has been indicted,
13 convicted, pleaded guilty or nolo contendere, or forfeited bail
14 in connection with a criminal offense, not including traffic
15 violations, under the laws of any jurisdiction and, if so,
16 provide the name and location of the court, the date, and the
17 disposition of the offense.

18 (e) Whether the applicant or holder has been denied a license
19 or certification by a licensing authority in this state or
20 another jurisdiction or had a license or permit restricted,
21 suspended, revoked, or not renewed and, if so, a statement giving
22 the details of the denial, restriction, suspension, revocation,
23 or nonrenewal, including the name of the licensing authority, the
24 date the action was taken, and the reason for the action.

25 (f) Whether the applicant or holder has ever been a party to
26 a civil or administrative action or proceeding in bankruptcy or
27 been involved in a formal process to adjust, defer, suspend, or

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1 otherwise work out the payment of a debt and, if so, the date of
2 filing, the name and location of the court, the case number, and
3 the disposition.

4 (g) Whether the applicant or holder has filed or been served
5 with a complaint or other notice regarding the delinquent
6 payment, underpayment, or nonpayment of tax or the late or
7 incorrect filing of, or failure to file, a tax return under
8 federal, state, or local law and, if so, the amount of the tax,
9 type of tax, the taxing agency, and the time periods involved.

10 (h) A statement listing the names and titles of all public
11 officials or officers of a local unit of government, state, or
12 federal body, agency, or entity and relatives of the officials or
13 officers who, directly or indirectly, own a financial interest
14 in, are the creditors of, or have a beneficial or other interest
15 in or a contractual or service relationship with the applicant or
16 holder.

17 (i) Whether the applicant or holder or the spouse, parent,
18 child, or spouse of a child of the applicant or holder has made,
19 directly or indirectly, a political contribution or a loan, gift,
20 or other payment to a candidate, committee, <<

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22 or officeholder elected in this state within 5 years prior to the
23 date of the applicant's or holder's application for a license or
24 permit and, if so, the amount and the method of payment.

25 (j) The name and business telephone number of all attorneys,
26 counsel, lobbyist agents as defined in section 5 of 1978 PA 472,
27 MCL 4.415, or other persons representing the applicant or holder

1 before the board.

2 (k) If the subject of the request is an applicant for a video
3 lottery license, a description of the proposed video lottery
4 operation, including the square footage of the proposed premises,
5 the expected economic benefit to the community, the anticipated
6 or actual number of employees, a statement from the applicant
7 regarding compliance with federal and state affirmative action
8 guidelines, projected or actual admissions, and projected or
9 actual gross terminal income.

10 (l) A description of the product or service to be supplied by
11 an applicant for a permit or the occupation to be engaged in by
12 an occupational licensee.

13 (3) This section does not prevent the board from cooperating
14 with and providing all information, records, interviews, reports,
15 statements, memoranda, or other data supplied to the board to
16 other jurisdictions or law enforcement agencies.

17 Sec. 55. (1) The board may do all of the following:

18 (a) Investigate applicants, determine their eligibility for a
19 license or permit, grant licenses and permits, and review and
20 decide applications to renew licenses and permits.

21 (b) Exercise jurisdiction over and supervise video lottery
22 operations authorized by this article and all individuals in
23 areas of racetracks where video lottery is conducted under this
24 article.

25 (c) By its investigators, agents, auditors, and the
26 department of state police, at any time, without a warrant and
27 without notice to the licensee, enter premises where video

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1 lottery is conducted, where records relating to video lottery are
2 located, or other places of business of a license holder or
3 permit holder, where evidence of compliance or noncompliance with
4 this article or rules promulgated by the board is likely to be
5 found, for the following purposes:

6 (i) To inspect and examine the premises including, but not
7 limited to, counting and control rooms.

8 (ii) To examine, audit, assume physical control of, or
9 summarily remove from the premises all books, ledgers, documents,
10 writings, photocopies, correspondence, records, videotapes,
11 electronically stored records, money receptacles, other
12 containers and their contents, equipment in which the records are
13 stored, or other gaming related equipment and supplies on the
14 premises, including counting rooms.

15 (iii) To inspect the person and inspect and seize the
16 personal effects of a license holder <<or permit holder>> on the
17 premises.

18 (iv) To investigate and deter alleged violations of this act
19 or rules promulgated by the board.

20 (d) Investigate alleged violations of this article or rules
21 promulgated by the board and take appropriate disciplinary or
22 legal action against a holder of a license or permit or any other
23 person for a violation.

24 (e) Adopt standards for issuing licenses and permits and
25 establish fees for licenses and permits.

26 (f) Adopt appropriate standards for video lottery facilities
27 and equipment.

(g) Require that all records of holders of licenses and

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1 permits, including financial or other statements, be kept on the
2 premises of the license holders or permit holders in the manner
3 required by the board.

4 (h) Require that license holders annually submit to the board
5 a balance sheet and profit and loss statement for the preceding
6 year, a list of the stockholders or other persons that have a 1%
7 or greater beneficial interest in the gambling activities of the
8 license holder, and any other information the board considers
9 necessary to effectively administer this <<article>>, the rules
10 promulgated by the board, and orders and final decisions made
11 under this <<article>>.

12 (i) Conduct investigative and contested case hearings, issue
13 subpoenas for witnesses and the production of documents and other
14 things, and administer oaths and affirmations to witnesses. The
15 executive director or his or her designee is also authorized to
16 issue subpoenas and to administer oaths and affirmations to
17 witnesses.

18 (j) Prescribe a form to be used by license holders as an
19 application for employment for prospective employees.

20 (k) Revoke, suspend, or restrict licenses and permits. The
21 power to suspend a license or permit includes the power to do so
22 without notice or hearing upon a determination that the safety or
23 health of patrons or employees is jeopardized by allowing the
24 license holder or permit holder to continue to operate video
25 lottery. However, if the board suspends a license under this
26 subdivision without notice or hearing, the board shall hold a
27 hearing promptly after the suspension to determine if the

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1 suspension should remain in effect. A suspension may be
2 indeterminate and remain in effect until the board determines
3 that the cause for suspension has been abated, and the board may
4 revoke the license or permit if it determines that the owner has
5 not made satisfactory progress toward abating the cause for
6 suspension.

7 (l) Eject or exclude or authorize the ejection or exclusion
8 of an individual from an area where video lottery is conducted if
9 the individual violates this article, rules promulgated by the
10 board, or final orders of the board or if the board determines
11 that, because of the individual's conduct or reputation, his or
12 her presence in the area may compromise the integrity or
13 interfere with the orderly conduct of the video lottery
14 operation. An individual ejected or excluded under this
15 subdivision has the right to have the propriety of the ejection
16 or exclusion determined in a subsequent hearing by the board.

17 (m) Impose civil penalties of up to \$10,000.00 or an amount
18 equal to the daily gross terminal income, whichever is greater,
19 against video lottery <<license holders>> or up to \$5,000.00 against
20 other
21 persons for each violation of this article, a rule promulgated by
22 the board, or an order of the board.

22 (n) Revoke, suspend, or restrict a video lottery license or
23 impose a fine or other disciplinary action for 1 or more of the
24 following reasons:

25 (i) The license holder has violated the Michigan liquor
26 control code of 1998, 1998 PA 58, MCL 436.1101 to 436.2303, or
27 rules promulgated under that act.

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1 applicants to pay administrative costs.

2 (2) The board may seek and shall receive the cooperation and
3 assistance of the department of state police and department of
4 attorney general in conducting background investigations of
5 applicants and in fulfilling its responsibilities under this act.

6 Sec. 56. (1) A manufacturer shall not sell, lease, or place
7 a video lottery terminal in this state unless the board has
8 approved the terminal. Only a manufacturer with a permit may
9 apply for approval of a video lottery terminal or associated
10 equipment. <<The board may contract with an independent laboratory
11 to test video lottery machines and related equipment on a periodic basis
12 to ensure that the machines and equipment comply with the board's
13 standards and any other applicable standards and regulations. The
14 manufacturer, vendor, or lessor of the machines and equipment shall pay
15 all costs associated with the testing.

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>> The
20 testing, examination, and analysis of a video lottery terminal
21 model may require dismantling the terminal, and some tests may
22 result in damage or destruction to 1 or more electronic
23 components of the model. The board may require the manufacturer
24 to provide specialized equipment or pay for the services of an
25 independent technical expert to test the terminal.

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>> If the video lottery terminal fails the test conducted by the board under this subsection, the manufacturer shall make all modifications required by the board.

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>> Before approving a particular terminal model, the board may require a trial period of not more than 60 days for a license holder to test the terminal. The manufacturer shall not make any modifications to the terminal model during the trial period unless the board approves the modifications.

<<(2)>> A video manufacturer and a license holder are jointly responsible for the assembly and installation of a video lottery terminal and associated equipment. A manufacturer or a license holder shall not modify the assembly or operational functions of a video terminal approved for placement in this state unless the board first approves a request for the modification. A request for modification of an approved video terminal model shall contain a detailed description of the type of change, the reasons for the change, and technical documentation of the change.

<<(3)>> A video lottery terminal approved for placement with a license holder shall conform to the exact specifications of the video lottery terminal model tested and approved by the board.

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1 The board, acting through its employees or agents, the department
2 of state police, or the attorney general, shall seize and destroy
3 a video lottery terminal or modification to a video lottery
4 terminal that has not been approved by the board and shall
5 suspend the license of a license holder or permit of a
6 manufacturer that operates or manufactures a video lottery
7 terminal or modification to a video lottery terminal that has not
8 been approved by the board.

9 Sec. 57. (1) A video lottery terminal approved for
10 placement in this state shall <<be approved by the board and
11 comply with all federal, state, and local laws and ordinances and those
12 rules promulgated by the board pursuant to the administrative procedures
13 act of 1969, 1969 PA 306, MCL 24.201 to 24.328.

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<<(2)>> A video lottery terminal registered with and approved by the board shall only allow the play of video lottery games regulated and controlled by the board under this section that use specific game rules promulgated by the board pursuant to the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328.

<<(3)>> The rules of play for each video lottery game as approved by the board shall be displayed on the video lottery terminal screen. The board shall reject any rules of play that are incomplete, confusing, misleading, or inconsistent. Each video lottery game shall have a display detailing the credits awarded for the occurrence of each possible winning combination of numbers or symbols. All information required by this subdivision shall be displayed under glass or another transparent substance. No stickers or other removable devices shall be placed on the

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1 video lottery terminal screen without the prior approval of the
2 board.

3 <<(4) A>> video lottery terminal shall have communication
4 equipment and devices installed that enable it to communicate
5 with the central control system using a communications protocol
6 that the board shall provide to each manufacturer, including
7 information retrieval and terminal activation and disabling
8 programs.

9 <<(5) A>> video lottery terminal shall have a security system
10 that temporarily disables the gaming function of the terminal
11 while opened.

12 <<(6)>> A video lottery terminal shall use a random number
13 generator to determine randomly the occurrence of each specific
14 symbol or number used in a video lottery game. <<

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22 (7) The board shall own and have primary responsibility for
23 the control and regulation of a video lottery game or video
24 lottery terminal operated under this article.

25 (8) The board shall, directly or through a contract with a
26 third party vendor other than a license holder, maintain a
27 central control system to monitor lottery terminals using an

1 on-line wired, cable, or wireless communication method. The
2 central control system shall be capable of monitoring the
3 operation of and immediately disabling each video lottery
4 terminal. A license holder shall pay a portion, as determined by
5 the board, of the cost of the central control system as part of
6 the license holder's licensing requirement.

7 Sec. 57a. A person shall not sell or lease or contract to
8 sell or lease equipment or supplies to a video lottery license
9 holder unless the person is licensed as a supplier under this
10 article.

11 Sec. 58. (1) An applicant for a license or the renewal of a
12 license shall make its application under oath in the form
13 required by the board. The application shall contain all of the
14 following information:

15 (a) The name, business address, business telephone number,
16 social security number, and, if applicable, the federal tax
17 identification number of the applicant.

18 (b) Subject to subsection (8), the name of every person that
19 has more than a 1% direct or indirect pecuniary interest in the
20 applicant.

21 (c) The name and, if applicable, the state of incorporation
22 or registration of every person, in which the applicant or, if
23 the applicant is an individual, the applicant's spouse, parent,
24 or child has a more than 5% pecuniary interest. Filing a copy of
25 the applicant's registration with the securities and exchange
26 commission satisfies this subdivision if the registration
27 contains the information required by this subdivision.

1 (d) Whether the applicant has been indicted, charged, or
2 arrested in connection with any felony or misdemeanor, not
3 including traffic violations, under the laws of any jurisdiction,
4 regardless of whether the offense has been dismissed, reversed on
5 appeal, expunged, or pardoned. If the applicant has been
6 indicted, charged, or arrested, the application shall contain all
7 of the following information:

8 (i) The date.

9 (ii) The name and location of the court.

10 (iii) The case caption, including the case number.

11 (iv) The names and location of the arresting agency and
12 prosecuting agency.

13 (v) The offense as initially charged.

14 (vi) Whether the applicant ever forfeited bail.

15 (vii) The disposition, including, but not limited to, whether
16 the applicant was convicted or pleaded guilty or nolo
17 contendere.

18 (viii) The location and length of any incarceration.

19 (e) Whether the applicant has ever been denied a license or
20 certificate by a licensing authority in this state or another
21 jurisdiction or had a license or certificate restricted,
22 suspended, revoked, or not renewed. If so, the application shall
23 disclose the details of the denial, restriction, suspension,
24 revocation, or nonrenewal, including, but not limited to, all of
25 the following:

26 (i) The licensing authority involved.

27 (ii) The date each action was taken.

1 (iii) The reason for each action.

2 (f) Whether the applicant has ever been a party to a civil or
3 administrative action or proceeding in bankruptcy or been
4 involved in a formal process to adjust, defer, suspend, or
5 otherwise work out the payment of any debt. If so, the
6 application shall include all of the following:

7 (i) The date of filing.

8 (ii) The name and location of the court.

9 (iii) The case caption, including the case number.

10 (iv) The disposition of the case.

11 (g) Whether the applicant has filed or been served with a
12 complaint or notice regarding the delinquent payment,
13 underpayment, or nonpayment of tax or the late or incorrect
14 filing of or failure to file a tax return under federal, state,
15 or local law. If so, the application shall include all of the
16 following:

17 (i) The amount involved.

18 (ii) The type of tax.

19 (iii) The taxing agency.

20 (iv) The time periods involved.

21 (h) Excluding individuals who would have to be listed solely
22 because of their state or federal military service, the names and
23 titles of all public officials or officers of any unit of
24 government and of all spouses, parents, and children of public
25 officials or officers that are related to the applicant, directly
26 or indirectly, in 1 or more of the following ways:

27 (i) Subject to subsection (8), own a financial or beneficial

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1 interest in the applicant.

2 (ii) Are creditors of or hold a debt instrument issued by the
3 applicant.

4 (iii) Have an interest in a contract or a service
5 relationship with an applicant.

6 (i) Whether the applicant or, if the applicant is an
7 individual, the spouse, parent, child, or spouse of a child of
8 the applicant has made, directly or indirectly, a contribution,
9 loan, donation, or other payment to a candidate, the holder of a
10 state or local elective office, or a committee <<

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12 >>, within 5 years from the date of application. If so, the
13 application shall state all of the following with regard to the
14 contribution, loan, donation, or payment:

15 (i) The identity of the recipient.

16 (ii) The date it was made.

17 (iii) Its amount.

18 (iv) The method by which it was made.

19 (j) The name and business telephone number of all attorneys,
20 lobbyist agents as defined in section 5 of 1978 PA 472, MCL
21 4.415, or any other person representing the applicant before the
22 board.

23 (k) A description of the proposed video lottery operation,
24 including all of the following:

25 (i) The economic benefit that will accrue to the community.

26 (ii) The anticipated number of individuals the operation will
27 employ.

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1 (iii) A statement regarding compliance with federal and state
2 affirmative action guidelines.

3 (iv) Projected participation in the operation.

4 (v) Projected gross terminal income.

5 (vi) The results of any market research conducted.

6 (l) Financial information in the manner and form requested by
7 the board.

8 (m) Any other information required by the board.

9 (2) The board shall use information provided in the
10 application for a thorough background investigation of the
11 applicant. A false or incomplete application is cause for denial
12 of a license by the board.

13 (3) An applicant shall submit with its application any
14 agreements with or resolutions or letters of support from the
15 governing body that represents the <<local unit of government>> in which
16 the
17 applicant's racetrack is located.

18 (4) An applicant for a license shall submit with its
19 application a photograph, 2 sets of fingerprints, and a
20 handwriting exemplar for each individual having a greater than 1%
21 direct or indirect pecuniary interest in the applicant, and each
22 person who is an officer, director, or managerial employee of the
23 applicant.

24 (5) An applicant shall consent in writing to the inspections,
25 searches, and seizures described in section 55(1)(c) and to
26 disclosure to the board and its agents of otherwise confidential
27 records, including tax records, held by any federal, state, or
local agency, credit bureau, or financial institution, during the

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1 time that an application for a license is pending and continuing
2 as long as a license is held. An applicant or a <<license holder>> shall
3 continue to provide information requested by the board and to
4 cooperate in any investigation, inquiry, or hearing conducted by
5 the board.

6 (6) If the board identifies a deficiency in an application
7 submitted under this section that would require denial of the
8 application, the board shall notify the applicant in writing of
9 the deficiency and allow the applicant a reasonable time to
10 correct the deficiency.

11 (7) All documents, interviews, reports, statements,
12 memoranda, or other information supplied to or used by the board
13 in the course of its review or investigation of an application
14 for a license shall only be disclosed as allowed by this act and
15 is not admissible as evidence or discoverable in an action or
16 proceeding before a court, tribunal, board, agency, or person,
17 except for an action considered necessary by the board.

18 (8) If subsection (1) or (4) requires the disclosure of a
19 person that has a direct or indirect pecuniary interest in a
20 corporation whose stock is publicly traded and that is regulated
21 by the securities and exchange commission, that disclosure is
22 only required if the person has a beneficial ownership interest
23 of more than 5%, except that the board may, by rule or order,
24 require the disclosure of persons with a smaller ownership
25 interest whose identity is known or should have been known to the
26 corporation.

27 Sec. 59. (1) <<Subject to section 59c, the>> board shall grant a
license if it has

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1 determined that the applicant satisfies all of the following
2 qualifications:

3 (a) The applicant holds a valid race meeting license under
4 the horse racing law of 1995, 1995 PA 279, MCL 431.301 to
5 431.336, and either of the following applies:

6 (i) The applicant was first licensed to conduct race meetings
7 before <<January 1, 2003.

8 >>

9 (ii) Both of the following apply to the applicant:

10 (A) The applicant was 1 of the first 2 new race meeting
11 licensees licensed <<after January 1, 2003 and before April 30, 2004.

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13 (B) The applicant is licensed to conduct its race meetings in
14 a city area as that term is defined in section 2 of the horse
15 racing law of 1995, 1995 PA 279, MCL 431.302.

16 (b) If the application is the initial application for a
17 license, the applicant has paid to the board a nonrefundable
18 application fee << >> for each video lottery terminal
19 that the applicant proposes, in its application, to install and
20 operate. <<The amount of the application fee shall be determined by the
board after conducting a market analysis of fees, but in no case shall it
be less than \$15,000.00 per terminal.>> If the cost of the background
investigation conducted
21 by the board exceeds the amount of the application fee, the board
22 shall not grant the license unless the applicant has paid the
23 additional cost of the investigation to the board.

24 (c) The applicant has obtained a surety or, if required by
25 the board, fidelity bond in an amount determined by the board
26 with a company approved by the board.

27 (d) The applicant is suitable to receive a license under this

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1 part and rules promulgated by the board.

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2 (e) If the application is a renewal, the applicant has
3 submitted a report of its operation for the previous license
4 period containing information as required by the board.

<<(f) If the application is not an application to renew a license,
the racetrack where the applicant conducts its race meetings is not
located within the following distance of a casino where gaming is
conducted by a federally recognized Indian tribe:

(i) If at the time of the application the tribe is making payments to
this state of 8% of the total amount wagered on electronic games of
chance at the casino minus the amount paid for winning wagers at the
machines, 25 miles.

(ii) If for the 3 years before the application the tribe has made
payments to this state of 8% of the total amount wagered on electronic
games of chance at the casino minus the amount paid for winning wagers at
the machines, 50 miles.>>

5 (2) The board shall not issue a license to an applicant if
6 the board determines that 1 or more of the following are true:

7 (a) The applicant has been convicted of a felony under the
8 laws of this state, another state, or the United States.

9 (b) The applicant has been convicted of a misdemeanor
10 involving gambling, theft, dishonesty, or fraud in a state or a
11 violation of a local ordinance in any state involving gambling,
12 dishonesty, theft, or fraud that substantially corresponds to a
13 misdemeanor in that state.

14 (c) The applicant has submitted an application for a license
15 under this article that is incomplete or contains false
16 information.

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

18 (e) The applicant fails to demonstrate the ability to
19 maintain adequate liability and casualty insurance for its
20 proposed video lottery operation.

21 (f) The applicant holds an elective office of a governmental
22 unit of this state, another state, or the United States, or is a
23 member of or employed by a gaming regulatory body of a

24 governmental unit of this state, another state, or the United
25 States, or is employed by a governmental unit of this state.
26 This subdivision does not apply to an elected officer of or
27 employee of a federally recognized Indian tribe or an elected

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1 precinct delegate.

2 (g) The applicant or affiliate of the applicant has more than
3 a 10% ownership interest in another person licensed under this
4 article.

5 (h) The applicant fails to meet other criteria considered
6 appropriate by the board, including, but not limited to, the
7 integrity, moral character, reputation, personal and business
8 probity, financial ability and experience, and responsibility of
9 the applicant.

10 (3) In addition to criteria in subsections (1) and (2), the
11 board shall consider all of the following in determining whether
12 to grant a license to an applicant:

13 (a) The prospective revenue to be derived by the state from
14 the proposed operation.

15 (b) The applicant's ability to maintain adequate liability
16 and casualty insurance and to provide an adequate surety bond.

17 (c) Whether the applicant has adequate capitalization to
18 develop and conduct the proposed video lottery operation for the
19 duration of the license.

20 (d) The sources of the applicant's capitalization to develop
21 and conduct the proposed video lottery operation.

22 (e) The ability of the applicant to responsibly pay its
23 debts.

24 (f) The extent and adequacy of any compulsive gambling
25 programs that the applicant will conduct <<or support financially>> if
26 licensed.

27 (g) The past compliance of the applicant and its affiliates
with licensing requirements of this state or any other

1 jurisdiction.

2 (h) The past compliance of the applicant and its affiliates
3 with regulatory requirements of this state or any other
4 jurisdiction.

5 (i) Whether the applicant has been charged with or indicted
6 or arrested for a criminal offense, not including a traffic
7 violation, that is not a basis for a denial of license under
8 subsection (2). The board may consider charges, indictments, or
9 arrests under the laws of any jurisdiction, regardless of whether
10 it resulted in a dismissal, plea of guilty or nolo contendere,
11 reversal on appeal, expungement, or pardon.

12 (j) Whether the applicant has been the debtor in a voluntary
13 or involuntary bankruptcy case or has ever been involved in any
14 formal process to adjust, defer, suspend, or otherwise work out
15 the payment of any debt.

16 (k) Whether the applicant has filed or been served with a
17 complaint or notice regarding the delinquent payment, nonpayment,
18 or underpayment of tax or the late or improper filing of or
19 failure to file a tax return under federal, state, or local law.

20 (l) The applicant's involvement in civil litigation,
21 including, but not limited to, litigation involving the business
22 practices of the applicant.

23 (m) Whether awarding a license to the applicant would
24 undermine confidence in the gaming industry in this state.

25 (4) In deciding whether to grant a license application, the
26 board may consider criteria not required by this section that are
27 contained in rules promulgated by the board. The board shall not

1 promulgate rules containing criteria that are arbitrary,
2 capricious, or contradictory to this article.

3 (5) The board shall conduct a criminal history investigation
4 of an applicant by obtaining all available information related to
5 the applicant in the files of the department of state police and
6 the federal bureau of investigation. The department of state
7 police shall provide all criminal record information related to
8 an applicant as requested by the board.

9 (6) The board shall review all applications for licenses that
10 are complete under section 58. The board shall hold a public
11 investigative hearing. The applicant has the right to present
12 testimony and other evidence to establish its suitability for a
13 license. Other testimony and evidence may be presented at the
14 hearing. The board shall base its decision on the whole record,
15 not limited to testimony and evidence submitted at the public
16 investigative hearing. The board shall inform each applicant of
17 the board's decision.

18 (7) In evaluating the eligibility and suitability of
19 applicants, the board shall establish and apply standards to all
20 applicants in a consistent and uniform manner.

21 (8) It is the burden of the applicant to establish by clear
22 and convincing evidence its suitability for a license.

23 (9) The board shall only issue a video lottery license that
24 allows video lottery to be conducted at licensed race meetings.
25 The board may issue a license to conduct video lottery at
26 licensed race meetings held on public property. The board shall
27 only allow a video lottery licensee to conduct video lottery at 1

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1 location.

2 (10) If a video lottery license is granted to a race meeting
3 licensee that was first licensed to conduct race meetings after
4 the effective date of this article, video lottery shall not be
5 conducted at the racetrack where the race meeting licensee holds
6 its race meetings until 90 days after the first day of horse
7 racing completed by the licensee.

8 (11) A license is valid for 1 year. An application for
9 renewal of a license shall be made after November 1 of each year
10 after the initial license is granted.

11 (12) If this section requires the disclosure of a person that
12 has a direct or indirect pecuniary interest in a corporation
13 whose stock is publicly traded and that is regulated by the
14 securities and exchange commission, that disclosure is only
15 required if the person has a beneficial ownership interest of
16 more than 5%, except that the board may, by rule or order,
17 require the disclosure of persons with a smaller ownership
18 interest whose identity is known or should have been known to the
19 corporation.

20 <<Sec. 59a. (1) The board shall not place video lottery terminals or
21 grant a license to a person that conducts its race meetings at a
22 racetrack located in a city that has a population of more than 6,000 and
23 less than 15,000 unless a majority of the electors of the city voting on
24 the question have approved the operation of video lottery terminals at
25 the racetrack. The question of operation of video lottery terminals at
26 the racetrack shall be submitted to the electors of the city at the next
27 regular election held after the person applies for the license or at a

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1 special election held before the next regular election and called for
2 that purpose by the city council.

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<<(2) A person shall not construct, as part of changes or
improvements under this section, a building or structure to be used as a
meeting, conference, convention, or exposition space that has a total
floor area of more than 30,000 square feet.>>

20 Sec. 59b. (1) A video lottery license holder shall provide
21 a secure and segregated room on the premises where the license
22 holder operates video lottery for the exclusive use of the board,
23 racing commissioner, department of attorney general, and
24 department of state police. The room shall be in addition to the
25 board surveillance room required under subsection (2) and shall
26 be a size approved by the board based on space and board staffing
27 needs within the area where video lottery gaming is permitted.

1 The board premises office shall have a secure telephone line that
2 has a different number than the telephone line of the racetrack
3 and video lottery operation. The secure telephone line shall
4 provide sufficient extensions and direct emergency lines as
5 determined by the board. A license holder shall provide
6 sufficient parking spaces located in proximity to the board
7 office for exclusive use of the board, racing commissioner,
8 department of attorney general, and department of state police.

9 (2) A recording and monitoring room shall be provided in the
10 area where video lottery games are permitted. The room shall be
11 for the exclusive use of the board and department of state
12 police, racing commissioner, and department of attorney general
13 personnel assisting the board in the regulation of the video
14 lottery gaming and shall be designated as the board surveillance
15 room.

16 (3) A video lottery license holder shall provide space on its
17 premises, other than rooms described in subsections (1) and (2),
18 for separate temporary holding areas for male and female
19 detainees or arrestees that are capable of accommodating not
20 fewer than 4 people for the purposes of detention and arrest.

21 (4) A video lottery license holder shall provide, in addition
22 to rooms and space required under subsections (1) to (3), space
23 or facilities as required by rules promulgated by the board
24 pursuant to the administrative procedures act of 1969, 1969 PA
25 306, MCL 24.201 to 24.328.

<<Sec. 59c. The board shall not place video lottery terminals or
grant a license to operate video lottery unless a majority of the
electors of the county where the racetrack where video lottery is
proposed to be operated is located voting on the question have approved
the operation of video lottery terminals at the racetrack. The question
of operation of video lottery terminals at the racetrack shall be
submitted to the electors of the county at the next regular election held
after the person applies for the license or at a special election held
before the next regular election and called for that purpose.>>

26 Sec. 60. (1) The board may issue a permit <<to a manufacturer or
supplier>> if it has
27 determined that an applicant satisfies all of the following

1 qualifications:

2 (a) The applicant has paid a nonrefundable application fee
3 set by the board in an amount that covers all actual costs
4 related to obtaining information and review of the application.
5 If the costs of obtaining information and reviewing the
6 application exceed the amount of the application fee, the board
7 shall not grant the license unless the applicant has paid the
8 additional costs to the board.

9 (b) The applicant has submitted a complete application under
10 oath in the form required by the board.

11 (c) The applicant is eligible and suitable for a permit.

12 (d) The applicant has paid a \$5,000.00 annual permit fee.

13 (e) If the application is a renewal, the applicant has
14 submitted a report of its operation for the previous permit
15 period containing information as required by the board.

16 (2) As part of its application, an applicant for a permit
17 shall consent to inspections, searches, and seizures allowed in
18 section 55(1)(c) and to disclosure of confidential records,
19 including tax records, held by any federal, state, or local
20 agency, credit bureau, or financial institution and to provide
21 handwriting exemplars, photographs, fingerprints, and information
22 as required in this article and in rules promulgated by the
23 board.

24 (3) It is the burden of the applicant to establish by clear
25 and convincing evidence that it is eligible and suitable for a
26 permit.

27 (4) An applicant is ineligible for a permit if any of the

1 following circumstances exist:

2 (a) The applicant has been convicted of a felony under the
3 laws of this state, another state, or the United States.

4 (b) The applicant has been convicted of a misdemeanor
5 involving gambling, theft, fraud, or dishonesty in any state or a
6 violation of a local ordinance in any state involving gambling,
7 dishonesty, theft, or fraud that substantially corresponds to a
8 misdemeanor in that state.

9 (c) The applicant has submitted an application for a permit
10 that is incomplete or contains false information.

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

12 (e) The applicant holds an elective office of a governmental
13 unit of this state, another state, or the United States, or is a
14 member of or employed by a gaming regulatory body of a
15 governmental unit of this state, another state, or the federal
16 government, or is employed by a governmental unit of this state.
17 This subdivision does not apply to an elected officer of or
18 employee of a federally recognized Indian tribe or an elected
19 precinct delegate.

20 (f) The applicant owns more than a 10% ownership interest in
21 a person licensed under this article.

22 (g) The board concludes that the applicant does not have the
23 integrity, moral character, reputation, personal and business
24 probity, financial ability and experience, and responsibility
25 suitable to be a manufacturer.

26 (h) The applicant fails to meet other criteria not contained
27 in this section but considered appropriate by the board. The

1 board shall not consider criteria that are arbitrary, capricious,
2 or contradictory to this article.

3 (5) In addition to criteria contained in subsections (1) and
4 (4), in determining whether to grant a permit, the board shall
5 consider all of the following:

6 (a) The applicant's past and present compliance with
7 licensing requirements and other regulations of this state or any
8 other jurisdiction.

9 (b) Whether the applicant has been charged with or indicted
10 or arrested for a criminal offense, not including a traffic
11 violation, that does not make the applicant ineligible for a
12 permit under subsection (3). The board may consider charges,
13 indictments, or arrests under the laws of any jurisdiction,
14 regardless of whether it resulted in a dismissal, plea of guilty
15 or nolo contendere, reversal on appeal, expungement, or pardon.

16 (c) Whether the applicant has been the debtor in a voluntary
17 or involuntary bankruptcy case or has ever been involved in any
18 formal process to adjust, defer, suspend, or otherwise work out
19 the payment of any debt.

20 (d) Whether the applicant has filed or been served with a
21 complaint or notice regarding the delinquent payment, nonpayment,
22 or underpayment of tax or the late or improper filing of or
23 failure to file a tax return under federal, state, or local law.

24 (e) Whether the applicant has adequate capitalization.

25 (f) The sources of the applicant's capitalization.

26 (g) The ability of the applicant to responsibly pay its
27 debts.

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1 (h) The applicant's involvement in civil litigation <<including, but
not limited to, litigation involving the business practices of the
applicant>>.

2 (i) Whether issuing a permit to the applicant would undermine
3 public confidence in the gaming industry in this state.

4 (6) If it determines that it is necessary, the board may
5 consider criteria in addition to criteria contained in this
6 section in deciding whether to issue a permit. The board shall
7 not consider criteria that are arbitrary, capricious, or
8 contradictory to this article.

9 (7) A permit is valid for 1 year. A permit may be renewed
10 annually.

11 (8) If this section requires the disclosure of a person that
12 has a direct or indirect pecuniary interest in a corporation
13 whose stock is publicly traded and that is regulated by the
14 securities and exchange commission, that disclosure is only
15 required if the person has a beneficial ownership interest of
16 more than 5%, except that the board may, by rule or order,
17 require the disclosure of persons with a smaller ownership
18 interest whose identity is known or should have been known to the
19 corporation.

20 Sec. 61. (1) If the board determines that individuals who
21 perform an occupation related to the conduct of video lottery
22 should be licensed, an individual shall not perform that
23 occupation in connection with a video lottery operation in this
24 state unless the person is licensed to perform that occupation by
25 the board.

26 (2) The board shall promulgate rules identifying each
27 occupation as to which it has made a determination under

1 subsection (1) and to do anything else the board determines is
2 necessary to carry out the requirements of this section.

3 (3) The board shall issue an occupational license to an
4 individual to whom all of the following apply:

5 (a) The individual has paid the nonrefundable application fee
6 set by the board in an amount that covers all actual costs
7 related to obtaining information and review of the application.
8 If the costs of obtaining information and reviewing the
9 application exceed the amount of the application fee, the board
10 shall not grant the license unless the applicant has paid the
11 additional costs to the board.

12 (b) The board has determined that the individual is eligible
13 for an occupational license under this article and rules
14 promulgated by the board.

15 (c) The individual has paid the biennial license fee set by
16 the board.

17 (4) It is the burden of the individual applying for the
18 occupational license to establish by clear and convincing
19 evidence that the individual is eligible and suitable for the
20 occupation.

21 (5) An individual to whom all of the following apply is
22 eligible for an occupational license:

23 (a) The individual is at least 21 years of age.

24 (b) The individual has not been convicted of a felony under
25 the laws of this state, another state, or the United States.

26 (c) The individual has not been convicted of a misdemeanor
27 involving gambling, dishonesty, theft, or fraud in any state or a

1 violation of a local ordinance in any state involving gambling,
2 dishonesty, theft, or fraud that substantially corresponds to a
3 misdemeanor in that state.

4 (6) An individual shall apply for an occupational license
5 under oath on a form prescribed by the board containing all
6 information required by the board, including, but not limited to,
7 all of the following:

8 (a) Whether the individual has been issued prior gambling
9 related licenses.

10 (b) All names the individual has been licensed under.

11 (c) The individual's age at the time a prior license was
12 issued.

13 (d) Whether a permit or license issued to the individual has
14 been suspended, restricted, or revoked, and, if so, the cause and
15 the duration of each licensing action.

16 (7) Each individual who applies for an occupational license
17 shall submit with the application 2 sets of his or her
18 fingerprints and photograph.

19 (8) The board may, in its discretion, deny an occupational
20 license to an individual if any of the following apply:

21 (a) The individual failed to disclose requested information
22 or supplied false information.

23 (b) The individual is a member of the board.

24 (c) The individual has a history of noncompliance with
25 licensing requirements or regulations in any jurisdiction.

26 (d) The individual has been charged with or indicted or
27 arrested for a criminal offense, not including a traffic

1 violation, that does not make the individual ineligible for a
2 license under subsection (5). The board may consider charges,
3 indictments, or arrests under the laws of any jurisdiction,
4 regardless of whether it resulted in a dismissal, plea of guilty
5 or nolo contendere, reversal on appeal, expungement, or pardon.

6 (e) The individual has been the debtor in a voluntary or
7 involuntary bankruptcy case or has ever been involved in any
8 formal process to adjust, defer, suspend, or otherwise work out
9 the payment of any debt.

10 (f) The individual has filed or been served with a complaint
11 or notice regarding the delinquent payment, nonpayment, or
12 underpayment of tax or the late or improper filing of or failure
13 to file a tax return under federal, state, or local law.

14 (g) The individual is employed by a governmental unit.

15 (h) The individual owns more than a 10% interest in a holder
16 of a license.

17 (i) The board determines that the individual does not have
18 the integrity, moral character, reputation, personal probity,
19 financial ability and experience, or responsibility required to
20 perform the occupation.

21 (j) The individual fails to meet criteria not listed in this
22 section that the board determines to be appropriate. The board
23 shall not consider criteria that are arbitrary, capricious, or
24 contradictory to this article.

25 (k) The individual has been found guilty of a violation of
26 this act.

27 (l) A prior application by the individual for a gambling

1 related license or a prior gambling related license issued to the
2 individual has been denied, suspended, restricted, or revoked for
3 just cause in any jurisdiction.

4 (9) The board may suspend, revoke, or restrict an
5 occupational license for 1 or more of the following:

6 (a) A violation of this article.

7 (b) A violation of any of the rules promulgated by the
8 board.

9 (c) Failure to provide information requested by the board, or
10 to assist in any investigation, inquiry, or hearing of the
11 board.

12 (d) Anything that, if known to the board, would have
13 disqualified the individual from receiving the occupational
14 license.

15 (e) Default in the payment of any obligation or debt due to
16 this state.

17 (f) Any other reason that the board determines is just.

18 (10) An occupational license is valid for 2 years from the
19 date of issuance.

20 (11) An individual who applies for or holds an occupational
21 license shall consent to inspections, searches, and seizures of
22 his or her person or property as allowed in section 55(1)(c) and
23 to provide handwriting exemplars, photographs, fingerprints, and
24 information as required in this article and in rules promulgated
25 by the board.

26 (12) An individual who applies for or holds an occupational
27 license shall provide information requested by the board and

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1 cooperate in any investigation, inquiry, or hearing conducted by
2 the board.

3 Sec. 62. (1) A <<license holder>> or permit holder shall do all of
4 the following:

5 (a) Report to the board promptly any facts or circumstances
6 related to video lottery operations that constitute a violation
7 of state or federal law.

8 (b) Conduct all video lottery activities and functions in a
9 manner that does not pose a threat to the public health, safety,
10 or welfare of the citizens of this state, and that does not
11 adversely affect the security or integrity of the lottery.

12 (c) Hold the board and this state harmless from and defend
13 and pay for the defense of a claim asserted against a license
14 holder, the board, the state, or an employee of a license holder,
15 the board, or the state, arising from the license holder's
16 participation in video lottery.

17 (d) Assist the board in maximizing video lottery revenues.

18 (e) Maintain all records required by the board.

19 (f) Upon request by the board, department of state police, or
20 attorney general, provide the requesting person access to all
21 records and the physical premises of the business or businesses
22 where the license holder's or permit holder's video lottery
23 activities occur for purposes of monitoring or inspecting the
24 license holder's or permit holder's activities and the video
25 lottery games, video lottery terminals, and associated
26 equipment.

27 (g) Keep current in all payments and obligations to the

1 board.

2 (h) Provide information requested by the board and cooperate
3 in any investigation, inquiry, or hearing conducted by the
4 board.

5 (2) A manufacturer shall do all of the following:

6 (a) Manufacture terminals and associated equipment for
7 placement in this state in accordance with the specifications and
8 procedures of sections 56 and 57.

9 (b) Manufacture terminals and associated equipment to ensure
10 timely delivery to racetracks where license holders hold race
11 meetings.

12 (c) Maintain and provide an inventory of spare parts to
13 assure the timely repair and continuous operation of video
14 lottery terminals of license holders in this state.

15 (d) Provide technical assistance and training in the service
16 and repair of video lottery terminals and associated equipment to
17 service technicians to assure the continuous operation of the
18 video lottery terminals.

19 (e) Obtain certification of compliance under 47 CFR part 15
20 for all video lottery terminals placed in this state.

21 (f) Keep records of its business activities with licensees.

22 (g) File a quarterly report with the board listing all sales,
23 leases, and services.

24 (3) A license holder shall do all of the following:

25 (a) Provide a secure location for the placement, operation,
26 and play of video lottery terminals.

27 (b) Through its license fees paid to the board, provide for

1 the installation and operation of video lottery terminals,
2 associated equipment, and board-approved telephone lines, cables,
3 fiber-optic cables, or wireless equipment to provide on-line
4 wired, cable, or wireless communication between each video
5 lottery terminal and the central control system.

6 (c) Not permit a person to tamper or interfere with the
7 operation of a video lottery terminal.

8 (d) Ensure that telephone lines from the central control
9 system to the video lottery terminals located at the racetrack
10 where the license holder holds race meetings are connected at all
11 times and prevent any person from tampering or interfering with
12 the operation of the telephone lines.

13 (e) Ensure that a video lottery terminal is within the sight
14 and control of a designated employee of the license holder when
15 the terminal is available for play.

16 (f) Ensure that a video lottery terminal is placed and
17 remains in the specific location or locations at the racetrack
18 where the license holder holds race meetings that have been
19 approved by the board, unless the board first approves the
20 relocation of the video lottery terminal.

21 (g) Monitor a video lottery terminal to prevent access to or
22 play at the terminal by an individual who is under 21 years of
23 age or visibly intoxicated.

24 (h) Maintain sufficient currency and coins at all times in
25 the denominations accepted by the video lottery terminals.

26 (i) Pay for all credits won by a player on presentment of a
27 valid winning video lottery ticket.

1 (j) Report a video lottery terminal malfunction promptly to
2 the manufacturer and the board and notify the board of the
3 failure of a manufacturer or service technician to provide prompt
4 service and repair of the malfunction of a video lottery terminal
5 or associated equipment.

6 (k) Install, post, and display prominently at locations at
7 the racetrack where the license holder holds race meetings signs,
8 redemption information, and other promotional material as
9 required by the board.

10 (l) Permit video lottery games to be played only during hours
11 established and approved by the board.

12 (m) Maintain general liability insurance coverage for all
13 video lottery terminals in an amount of at least \$2,000,000.00
14 per claim.

15 (n) Promptly notify the board in writing of any breaks or
16 tears in any logic unit seals.

17 (o) Assume liability for money lost or stolen from a video
18 lottery terminal.

19 (p) Submit a financial statement audited by a certified
20 public accountant registered under article 7 of the occupational
21 code, 1980 PA 299, MCL 339.720 to 339.736, on a form that has
22 been approved by the board to the board when initially applying
23 for a license or permit and, after a license or permit has been
24 granted, within 30 days after the end of each fiscal quarter.

25 (q) Before hiring a prospective employee whose employment
26 will be related to the license holder's video lottery operation,
27 conduct a background check to determine whether the prospective

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1 employee has been convicted of a crime or whether criminal
2 charges are pending against the prospective employee.

3 (r) Conspicuously post at each entrance and exit of the
4 premises where the license holder conducts its video lottery a
5 visually prominent sign on which is printed a toll-free
6 compulsive gaming helpline number.

7 (s) Include a toll-free compulsive gaming helpline number on
8 all its printed advertisements and promotional material.

9 (4) A license holder shall not do any of the following:

10 (a) Provide players access to an automated teller machine
11 within 50 feet of the area where video lottery games are played.

12 (b) Accept a credit card or debit card from a player for the
13 exchange or purchase of video lottery game credits or for an
14 advance of coins or currency to be used by a player to play video
15 lottery games.

16 (c) Extend credit, in any manner, to a player to enable the
17 player to play a video lottery game.

18 (d) Accept from a wagerer a lien on real or personal
19 property.

20 (e) Sell or distribute alcoholic beverages on the premises
21 where video lottery is conducted contrary to the Michigan liquor
22 control code of 1998, 1998 PA 58, MCL 436.1101 to 436.2303, or
23 rules promulgated under that act.

<<(f) Move the location of its video lottery operation from the
initial location that was approved by the board.>>

24 (5) The board may deny an application for renewal or suspend
25 or, upon reasonable notice, revoke a license or permit if the
26 holder of the license or permit fails to comply with this
27 section.

1 Sec. 63. (1) The board shall provide to a manufacturer, or
2 an applicant applying for a manufacturer's permit, the protocol
3 documentation data necessary to enable the manufacturer's video
4 lottery terminals to communicate with the central control system
5 to transmit auditing program information and activate and disable
6 the video lottery terminals.

7 (2) A license holder shall remit its gross terminal income to
8 the board by electronic transfer of funds on dates established by
9 the board. A license holder shall furnish to the board all
10 information and bank authorizations required to facilitate the
11 timely transfer of money to the board. A license holder shall
12 provide the board at least 30 days' advance notice of any
13 proposed account changes to ensure the uninterrupted electronic
14 transfer of funds. The board shall deduct from the gross
15 terminal income remitted by the license holder an amount
16 sufficient to reimburse the board, the department of state
17 police, and the department of attorney general for estimated
18 administrative costs. The amount deducted under this subsection
19 shall not include administrative costs that have been paid or
20 reimbursed by license fees. The board shall annually, on or
21 before January 31, return any amount deducted for estimated
22 administrative costs that exceeds actual administrative costs to
23 each license holder in proportion to the administrative costs
24 deducted from the license holder's gross terminal income.

25 (3) Net terminal income from all license holders shall be
26 combined. The board shall distribute the combined net terminal
27 income as follows:

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1 (a) If the amount paid into the Michigan strategic fund under
2 gaming compacts between Indian tribes and this state in the
3 preceding state fiscal year is less than the amount paid into the
4 Michigan strategic fund under gaming compacts between Indian
5 tribes and this state in the last full state fiscal year before
6 the first video lottery license is granted under this article,
7 the board shall first deposit an amount equal to that difference
8 into the Michigan strategic fund.

9 (b) After making a deposit required under subdivision (a),
10 the board shall distribute the balance as follows:

11 (i) Seventy percent to the state treasurer to be distributed
12 as follows:

13 (A) Six percent to the state school aid fund.

14 (B) Ninety-four percent to be deposited into the general
15 fund.

16 (ii) <<Nineteen>> percent as commissions to race meeting licensees,
17 the portion paid to a licensee being equal to the percentage of
18 the total amount wagered in video lottery games in this state
19 during the previous year that was wagered in video lottery games
20 conducted at the racetrack where the licensee conducts its race
21 meetings. A race meeting licensee shall use not less than 1/3 of
22 the money received under this <<subparagraph>> to make capital
23 improvements to the licensee's track, grandstand, or other
24 equine-related structure or facility on the licensee's premises,
25 and shall pay <<4%>> of the money received under this
26 <<subparagraph, quarterly >>, as
27 follows:

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1 (A) Unless sub-subparagraph (B) applies, to the local unit of
2 government in which the racetrack where the licensee conducts its
3 race meetings is located.

4 (B) If the race meeting licensee relocates its racetrack from
5 1 local unit of government to another local unit of government in
6 the same county after the effective date of the amendatory act
7 that added this article, to both local units of government,
8 dividing the money equally between them.

9 (iii) Eight percent to the agricultural enhancement purse
10 pool described in section 77.

11 (iv) Two percent to pay breeders' awards described in section
12 77.

<<(v) One percent to the compulsive gaming prevention fund created
in section 3 of the compulsive gaming prevention act, 1997 PA 70, MCL
432.253.>>

13 (4) A license holder shall, on a daily basis, maintain in the
14 bank account or accounts from which funds are transferred to the
15 board under subsection (2) an amount equal to or greater than the
16 gross terminal income from its operation of video lottery games.
17 If a license holder fails to maintain this balance, the board may
18 disable all of the license holder's video lottery terminals until
19 full payment of all amounts due.

20 (5) The central control system shall keep accurate records of
21 all income generated by each video lottery terminal. The board
22 shall prepare and mail to each license holder a monthly statement
23 reflecting the gross terminal income generated by the license
24 holder's video lottery terminals. A license holder shall report
25 to the board any discrepancy between the board's statement and a
26 terminal's mechanical and electronic meter readings. A license
27 holder is solely responsible for resolving an income discrepancy

1 between actual money collected and the amount shown on the
2 accounting meters or on the board's statement.

3 (6) The board shall not make a credit adjustment unless an
4 accounting discrepancy is resolved in favor of a license holder.
5 If the meter readings and the board's records cannot be
6 reconciled, final disposition of the matter shall be determined
7 by the board. Any accounting discrepancies that cannot be
8 otherwise resolved shall be resolved in favor of the board.

9 (7) A license holder shall remit payment by mail if the
10 electronic transfer of funds under subsection (2) is not
11 operational or the board notifies the license holder that
12 remittance by this method is required. The license holder shall
13 report an amount equal to the total amount of cash inserted into
14 each video lottery terminal operated by the license holder, minus
15 the total value of game credits which are cleared from the video
16 lottery terminal in exchange for winning redemption tickets, and
17 remit the resulting amount as the amount generated from its
18 terminals during the reporting period. The remittance shall be
19 sealed in a properly addressed and stamped envelope and sent by
20 certified or registered United States mail no later than 12 noon
21 on the day when the payment would otherwise be completed through
22 electronic funds transfer.

23 (8) The board shall provide additional reports of play
24 transactions for a license holder's video lottery terminals and
25 other marketing information not considered confidential by the
26 board to the license holder if the license holder requests them.
27 The board may charge a reasonable fee for the cost of producing

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1 and mailing a report other than a statement under subsection (5).

<<Sec. 63a. A local unit of government that receives money under section 63(3)(b)(ii) shall distribute up to 1/4 of the money received to the local community mental health entity to provide grants to local community health organizations that provide treatment and counseling for compulsive gambling for treatment and counseling of compulsive gambling. Any funds not distributed in grants shall be returned to the local unit of government.>>

2 Sec. 64. (1) A manufacturer shall not place a video lottery
3 terminal in operation in this state unless the manufacturer

4 provides training in service and repair of each approved video
5 lottery terminal to board employees or agents as required by the
6 board.

7 (2) Only an agent or a person employed by the board may
8 conduct maintenance on a video lottery terminal or associated
9 equipment.

10 (3) The board shall keep a written maintenance log within the
11 main cabinet access area in each video lottery terminal. Every
12 person, including board personnel, who gains entry into an
13 internal space of a video lottery terminal shall sign the log,
14 record the time and date of entry, record the mechanical meter
15 readings, and list the areas inspected or repaired. The board
16 shall retain a maintenance log for 3 years from the date of the
17 last entry.

18 (4) The board shall keep keys for access into the main
19 cabinet door of each video lottery terminal placed in operation.
20 The board shall provide a logic box seal that board personnel
21 shall affix to prevent unauthorized access to the video lottery
22 terminal's logic unit.

23 Sec. 65. (1) A license holder may install and operate the
24 number of video lottery terminals for which it has paid an
25 application fee under section 59, up to 500, at the racetrack
26 where the license holder holds race meetings. A license holder
27 may install and operate video lottery machines in addition to the

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1 number for which it has paid an application fee under section 59,
2 up to 500, or replace video lottery machines already on its
3 premises, only if it pays an additional nonrefundable license fee
4 <<equal to the initial application fee in section 59 (1)(b)>> for each
5 additional machine or each machine
6 replaced <<, of which \$10,000.00 for each machine shall be deposited by
7 the board into the state school aid fund>>. A license holder may apply
8 to the board for
9 authorization to install and operate more than 500 video lottery
10 terminals at the time of a renewal application or during the
11 period of the license. The license holder shall pay an
12 additional nonrefundable application or license fee <<equal to the
13 initial application fee in section 59(1)(b)>>
14 for each video lottery machine it proposes to add <<, of which \$10,000.00
15 for each machine shall be deposited by the board into the state school
16 aid fund>>. If the
17 application to install additional video lottery machines in
18 excess of 500 is made during the period of the license, the
19 license holder shall submit a new statement of the impact of the
20 additional machines on the <<community>> where the
21 racetrack where the license holder conducts its race meetings is
22 located under section 58(1)(k). If the board determines that it
23 is in the best interests of the license holder, the board, and
24 the citizens of this state, the board may grant the license
25 holder permission to install and operate the additional video
26 lottery terminals.

21 (2) A video lottery terminal shall be physically located in
22 an area to which all of the following apply:

23 (a) The area is continuously monitored by a closed circuit
24 television system capable of recording activity for a continuous
25 24-hour period. All recorded videotapes or other media are
26 retained for at least 30 days.

27 (b) Access to the area is restricted to persons legally

1 entitled by age to play video lottery games.

2 (c) A floor plan of the area showing the locations of
3 terminals and security cameras has been submitted by the license
4 holder for board approval.

5 (d) The area is in a building or structure located on
6 property contiguous to the grandstand area of the racetrack where
7 the license holder holds race meetings.

8 Sec. 66. (1) All shipments of video lottery terminals that
9 have been registered, recorded, and labeled as required by 15 USC
10 1171 to 1178 made to the board or a premises where video lottery
11 is conducted under a license issued by the board are legal
12 shipments of gambling devices into this state.

13 (2) This state is declared to be exempt from 15 USC 1171 to
14 1178 as allowed by 15 USC 1172.

15 Sec. 67. Payment for credits awarded on a video lottery
16 terminal shall not be made unless the ticket meets all of the
17 following requirements:

18 (a) The ticket is fully legible, printed on paper approved by
19 the board, and contains all information required by this
20 article.

21 (b) The ticket has not been mutilated, altered, made
22 unreadable, or tampered with in any manner.

23 (c) The ticket, or any part of it, is not counterfeit.

24 (d) The ticket is presented by a person authorized to play
25 video lottery under this article.

26 Sec. 68. (1) A local labor organization that directly
27 represents video lottery employees shall annually register with

1 and provide all of the following information to the board:

2 (a) The organization's name, address, and telephone number.

3 (b) The name and address of any international labor
4 organization with which the organization is directly or
5 indirectly affiliated.

6 (c) All of the following information for the designated
7 individuals and other personnel of the organization:

8 (i) The individual's full name and any known alias or
9 nickname.

10 (ii) The individual's business address and telephone number.

11 (iii) The individual's title or other designation in the
12 organization.

13 (iv) Unless information is required under subdivision (d) (v),
14 a brief description of the individual's duties and activities.

15 (v) The individual's annual compensation, including salary,
16 allowances, reimbursed expenses, and other direct or indirect
17 disbursements.

18 (d) All of the following additional information for each
19 designated individual of the organization:

20 (i) The individual's home address and telephone number.

21 (ii) The individual's date and place of birth.

22 (iii) The individual's social security number.

23 (iv) The date that the individual was hired by or first
24 consulted with or advised the organization.

25 (v) A detailed description of all of the following:

26 (A) The individual's duties and activities.

27 (B) Whether the individual previously performed the same or

1 similar activities for a labor organization.

2 (C) The individual's prior employment or occupational
3 history.

4 (vi) Excluding minor traffic offenses, a detailed description
5 of all of the following:

6 (A) The individual's convictions, including any conviction
7 that was expunged or set aside, sealed by court order, or for
8 which the individual was pardoned.

9 (B) Any criminal offense for which the individual was charged
10 or indicted but not convicted.

11 (vii) Whether the individual was ever denied a business,
12 liquor, gaming, or professional license or had such a license
13 revoked.

14 (viii) Whether a court or governmental agency determined the
15 individual unsuitable to be affiliated with a labor organization
16 and the details of that determination.

17 (ix) Whether the individual was ever subpoenaed to testify
18 before a grand jury, legislative committee, administrative body,
19 crime commission, or similar agency and the details relating to
20 that subpoena.

21 (x) A photograph of the individual taken within the previous
22 60 days.

23 (xi) For the local labor organization's first filing, a
24 complete set of the individual's fingerprints.

25 (e) A written certification under oath by the president,
26 secretary, treasurer, or chief official of the organization in
27 the form prescribed by the board that the information provided

1 under this subsection is complete and accurate.

2 (2) A local labor organization may satisfy the information
3 requirements of subsection (1) by providing to the board copies
4 of reports filed with the United States department of labor under
5 the labor management reporting and disclosure act of 1959, Public
6 Law 86-257, supplemented by any information required by
7 subsection (1) that is not contained in those reports.

8 (3) If information required by subsection (1) for a
9 designated individual changes after registration or if the local
10 labor organization gains a designated individual after
11 registration, the organization shall provide the board with that
12 new information or the information, photograph, and fingerprints
13 required under subsection (1) for the new designated individual
14 within 21 days.

15 (4) Information provided by a local labor organization to the
16 board under this section is exempt from disclosure under the
17 freedom of information act, 1976 PA 442, MCL 15.231 to 15.246.

18 (5) If the board finds by clear and convincing evidence that
19 grounds for disqualification under subsection (6) exist, the
20 board may disqualify an officer, agent, or principal employee of
21 a local labor organization registered or required to be
22 registered under this section from performing any of the
23 following functions:

24 (a) Adjusting grievances for or negotiating or administering
25 the wages, hours, working conditions, or employment conditions of
26 video lottery employees.

27 (b) Soliciting, collecting, or receiving dues, assessments,

1 levies, fines, contributions, or other charges from video lottery
2 employees in this state for the organization.

3 (c) Supervising, directing, or controlling other officers,
4 agents, or employees of the organization in performing functions
5 described in subdivisions (a) and (b).

6 (6) An individual may be disqualified under subsection (5)
7 for lacking good moral character only if 1 or more of the
8 following apply:

9 (a) The individual has been indicted for, charged with,
10 convicted of, pled guilty or nolo contendere to, or forfeited
11 bail in connection with a crime involving gambling, theft,
12 dishonesty, prostitution, or fraud under the laws of this state,
13 any other state, or the United States, or a local ordinance of a
14 political subdivision of this state or another state. However,
15 disqualification under this subdivision cannot be based only on
16 crimes that involve soliciting or engaging in prostitution
17 services unless the individual is or has engaged in an ongoing
18 pattern of that behavior. If the grounds for disqualification
19 are criminal charges or indictment, at the individual's request,
20 the board shall defer making a decision on disqualification while
21 the charge or indictment is pending.

22 (b) The individual intentionally or knowingly makes or causes
23 to be made a false or misleading statement in a document provided
24 to the board or its agents or orally to a board member or agent
25 in connection with an investigation.

26 (c) The individual engages in criminal or unlawful activities
27 in an occupation or employment context for economic gain, or is

1 an associate or member of a group of individuals who operate
2 together in that fashion, and this behavior creates a reasonable
3 belief that the behavior adversely affects gambling operations
4 and the public policy underlying this article. In making a
5 determination under this subdivision, the board may consider a
6 finding or identification by the attorney general or department
7 of state police that the individual is an individual described in
8 this subdivision.

9 (7) A designated individual of a local labor organization
10 shall report all information required by subsection (6)(a) to (c)
11 concerning him or her to the organization. A local labor
12 organization shall report all information described in subsection
13 (6)(a) to (c) concerning its designated individuals of which it
14 has actual knowledge to the board.

15 (8) The board may waive any disqualification criterion under
16 subsection (6) or may rescind a disqualification under subsection
17 (5) if doing so is consistent with the public policy of this
18 article and based on a finding that the interests of justice so
19 require.

20 (9) The board shall give written notice to an individual it
21 proposes to disqualify and to the affected labor organization,
22 stating the reason for the proposed disqualification and
23 describing any supporting evidence in the board's possession.
24 Within 30 days after receiving the written notice of proposed
25 disqualification, the individual may file with the board a
26 written request for a hearing. If requested, a hearing shall be
27 held promptly. The board shall conduct the hearing pursuant to

1 the contested case procedures of the administrative procedures
2 act of 1969, 1969 PA 306, MCL 24.201 to 24.328. An individual
3 aggrieved by a final disqualification has the right to appeal to
4 the circuit court for the county in which the individual resides
5 or has his or her principal place of business to have the
6 disqualification set aside for a reason listed in section 106 of
7 the administrative procedures act of 1969, 1969 PA 306, MCL
8 24.306.

9 (10) Not later than January 31 of the calendar year after
10 disqualification and each year after that, unless the
11 disqualification is rescinded or reversed, the disqualified
12 individual shall give the board a sworn statement that he or she
13 did not perform the functions described in subsection (5) during
14 the previous year.

15 (11) The board may petition the circuit court for the county
16 in which the disqualified individual resides or has his or her
17 principal place of business for an order to enforce the
18 disqualification.

19 (12) A local labor organization that is registered or
20 required to be registered under this section or any officer,
21 agent, or principal employee of the organization shall not
22 personally hold a financial interest in a video lottery licensee
23 that employs individuals represented by the organization.

24 (13) This section does not prohibit a local labor
25 organization from conducting training for or operating a school
26 to train video lottery employees or from entering into an
27 agreement or arrangement with the holder of a video lottery

1 license or manufacturer's permit to provide for the training of
2 video lottery employees.

3 (14) The board and any other executive or administrative body
4 shall not promulgate interpretive rules or make interpretive
5 rulings to implement this section. The board and any other
6 executive or administrative body shall not require a local labor
7 organization or an officer, agent, or principal employee of a
8 labor organization to do either of the following:

9 (a) Qualify for or obtain a video lottery license or
10 manufacturer's permit or any other license or permit required
11 under rules promulgated by the board.

12 (b) Ensure compliance by a person with licensing requirements
13 under this act or under rules promulgated by the board.

14 (15) This section does not deny, abridge, or limit in any way
15 the legitimate rights of video lottery employees to form, join,
16 or assist labor organizations, to bargain collectively through
17 representatives of their own choosing, or to engage in other
18 concerted activities for the purpose of collective bargaining or
19 other mutual aid and protection or the free exercise of any other
20 rights they may have as employees under the laws of the United
21 States or this state.

22 (16) Nothing in this act precludes employees from exercising
23 their legal rights to organize themselves into collective
24 bargaining units.

25 (17) As used in this section:

26 (a) "Video lottery employee" means all of the following and
27 their supervisors:

1 (i) An individual involved in operating video lottery.

2 (ii) An individual involved in handling money, including a
3 cashier, change person, member of a count team, or coin wrapper.

4 (iii) An individual involved in operating and maintaining
5 video lottery machines, including a mechanic, floor person, or
6 change and payoff person.

7 (iv) An individual involved in security, including a guard or
8 a game observer.

9 (v) An individual with duties similar to those described in
10 subparagraphs (i) to (iv). However, video lottery employee does
11 not include an individual whose duties are related solely to
12 nongaming activities such as entertainment, hotel operation,
13 maintenance, or preparing or serving food and beverages.

14 (b) "Designated individual" means an officer, agent,
15 principal employee, or individual who performs a function
16 described in subsection (5).

17 Sec. 69. (1) A person who does any of the following is
18 guilty of a felony punishable by imprisonment for not more than
19 10 years or a fine of not more than \$100,000.00, or both, and
20 shall be barred from receiving or holding a license, permit, or
21 occupational license:

22 (a) Conducts a video lottery operation without a license.

23 (b) Conducts video lottery in a manner that violates this
24 article.

25 (c) Knowingly makes a false statement on an application for a
26 license, permit, or occupational license.

27 (d) Knowingly provides false testimony under oath to the

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1 board or its authorized representative.

2 (e) Willfully fails to report, pay, or truthfully account for
3 a fee imposed by this article or willfully attempts to evade or
4 defeat a fee or payment. A person convicted under this
5 subsection is also subject to a penalty of 3 times the amount of
6 the license fee or tax not paid.

7 (f) Makes or aids or abets the making of a political
8 contribution in violation of this article.

9 (2) A person who does any of the following is guilty of a
10 felony punishable by imprisonment for not more than 10 years or a
11 fine of not more than \$100,000.00, or both, and, in addition,
12 shall be barred for life from any video lottery operation under
13 the jurisdiction of the board:

14 (a) Offers, promises, or gives anything of value or benefit
15 to a person connected with a license holder or permit holder or
16 affiliate, including, but not limited to, an officer or employee
17 of a license holder <<, permit holder,>> or an occupational licensee
18 under an
19 agreement or arrangement or with the intent that the offer,
20 promise, or thing of value or benefit will influence the person
21 to whom it was made to affect or attempt to affect the outcome of
22 a video lottery game, or to influence official action of a member
23 of the board.

24 (b) Solicits or knowingly accepts or receives a promise of
25 anything of value or benefit while employed by or connected with
26 a holder of a license or permit, including, but not limited to,
27 an officer or employee of a license holder or an occupational
license, under an agreement or arrangement or with the intent

1 that the promise or thing of value or benefit will influence the
2 person to affect or attempt to affect the outcome of a video
3 lottery game.

4 (c) Offers, promises, or gives anything of value or benefit
5 to a member, employee, or agent of the board or an official of
6 any state or local agency or governmental body with the intent
7 that the offer, promise, or thing of value or benefit will
8 influence the person to whom it was made in administering,
9 licensing, regulating, or enforcing this act.

10 (d) Solicits or knowingly accepts or receives a promise of
11 anything of value or benefit while the person is a member,
12 employee, or agent of the board, or an official of any state or
13 local agency or governmental body, under an agreement or
14 arrangement or with the intent that the promise, thing of value,
15 or benefit will influence the official action of the member,
16 employee, or agent of the board or official of the state or local
17 governmental body in enforcing this act.

18 (e) Cheats at a video lottery game.

19 (f) Manufactures, sells, or distributes a device that is
20 intended to be used to violate this act.

21 (g) Claims, collects, takes, or attempts to claim, collect,
22 or take money or anything of value in or from a video lottery
23 game with the intent to defraud, without having made a wager
24 contingent on winning the video lottery game, or claims,
25 collects, or takes an amount of money or thing of greater value
26 than the amount won.

27 (h) Uses counterfeit vouchers in a video lottery game.

1 (i) Unless the person is an employee of the holder of the
2 license or of the board and acting within the scope of his or her
3 employment, possesses a key or device designed for the purpose of
4 opening, entering, or affecting the operation of a video lottery
5 machine or for removing coins or other contents of a video
6 lottery machine.

7 (3) A person who does any of the following is guilty of a
8 misdemeanor punishable by imprisonment for not more than 1 year
9 in a county jail or a \$10,000.00 fine, or both:

10 (a) Knowingly makes a wager on a video lottery game if the
11 person is under 21 years of age or permits a person under 21
12 years of age to make a wager on a video lottery game.

13 (b) Willfully fails to appear before or provide an item to
14 the board at the time and place specified in a subpoena or
15 summons issued by the board or executive director.

16 (c) Willfully refuses, without just cause, to testify or
17 provide items in answer to a subpoena, subpoena duces tecum, or
18 summons issued by the board or executive director.

19 (d) Conducts or permits a person who is not licensed to
20 conduct activities required to be licensed under this article or
21 rules promulgated by the board.

22 (e) Leases, pledges, borrows, or loans money against a
23 license, permit, or occupational license.

24 (4) The possession of more than 1 device described in
25 subsection (2)(f) raises a rebuttable presumption that the
26 possessor intended to use the devices for cheating.

27 (5) In the discretion of the attorney general or county

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1 prosecuting attorney, an action to prosecute a crime described in
2 this section may be filed in the county in which the crime
3 occurred or in the county of Ingham.

4 Sec. 70. In addition to other penalties under this act, a
5 person who conducts a video lottery operation without first
6 obtaining a license to do so, the holder of a video lottery
7 license that continues to conduct video lottery after the license
8 is revoked, or the holder of a video lottery license that
9 conducts or allows an unauthorized video lottery game or any
10 other unauthorized gaming to be conducted on its premises is
11 subject to a civil penalty equal to the gross terminal income
12 derived from video lottery conducted by the person, whether
13 unauthorized or authorized, and income from any unauthorized
14 gaming, on the day that the improper operation as described in
15 this section occurred.

16 Sec. 71. In addition to the power to seize and destroy
17 property granted in sections 55(1)(c) and 56(6), the board, the
18 department of state police, and the attorney general may <<cause to be
19 forfeited,>> seize,
20 confiscate, and destroy a video lottery terminal, associated
21 equipment, other gambling equipment or supplies, money, proceeds,
22 substituted proceeds, and real or personal property used,
23 obtained, or received in violation of this article.

24 Sec. 72. (1) Notwithstanding any other provision of this
25 act, if the board revokes or suspends a video lottery license for
26 more than 120 days or refuses to renew a video lottery license,
27 regardless of whether an appeal is pending, the board shall
appoint a conservator to, among other things, take into his or

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1 her possession and control all the video lottery related property
2 of the license holder << >> that is on premises where
3 the video lottery license holder conducts its race meetings.
4 This subsection does not apply if the video lottery license
5 holder's operation has not been open to the public. A person
6 shall not be appointed as a conservator unless the board is
7 satisfied that he or she is qualified.

8 (2) The board may appoint a conservator summarily, appoint or
9 remove 1 or more conservators, and enjoin a former or suspended
10 video lottery license holder from exercising privileges,
11 collecting debts, or selling, assigning, or transferring property
12 to a person other than a conservator unless allowed in an order
13 issued by the board.

14 (3) Before assuming his or her duties, a conservator
15 appointed under this section shall obtain a bond for the faithful
16 performance of those duties. The bond shall be payable to the
17 board and issued by a surety or sureties, in the form, and for
18 the amount approved by the board. The conservator shall file the
19 bond in the office of the board.

20 (4) If more than 1 conservator is appointed under this
21 section, each conservator may collect the debts and property of
22 the former or suspended license holder. The powers and rights
23 conferred on the conservators shall be exercised only when a
24 majority of the conservators have agreed to the proposed action.

25 (5) On his or her appointment under this section, a
26 conservator is vested with the title of all the property of the
27 former or suspended license holder relating to the license

1 holder's video lottery operation. Subject to any valid liens,
2 claims, and encumbrances, the conservator has the duty to
3 conserve and preserve the assets to ensure that they continue to
4 be operated on a sound and businesslike basis.

5 (6) Subject to a specific order issued by and the general
6 supervision of the board, a conservator has the power to do all
7 of the following:

8 (a) Take into his or her possession all the property of the
9 former or suspended license holder relating to the license
10 holder's video lottery operation, including its books, records,
11 and papers.

12 (b) Institute and defend actions by or on behalf of the
13 former or suspended license holder.

14 (c) Settle or compromise a claim of a debtor or creditor of
15 the former or suspended license holder, including any taxing
16 authority.

17 (d) Continue the business of the former or suspended license
18 holder, including enter into contracts, borrow money, and pledge,
19 mortgage, or otherwise encumber the property of the former or
20 suspended license holder as security for the repayment of the
21 conservator's loans. However, a power under this subdivision is
22 subject to the provisions and restrictions in any existing credit
23 documents.

24 (e) Hire, fire, and discipline employees.

25 (f) Review all outstanding agreements to which the former or
26 suspended license holder is a party that fall within the purview
27 of this article and advise the board which, if any, of the

1 agreements should be the subject of scrutiny, examination, or
2 investigation by the board.

3 (g) Do all acts that best fulfill the purposes of this
4 article.

5 (7) Except as provided in subsection (8), the conservator
6 shall sell, assign, or otherwise transfer, in bulk, the ownership
7 of all of the property of a former license holder that was part
8 of the license holder's video lottery operation to a person who
9 meets all of the requirements of this article and rules
10 promulgated under this article to receive a video lottery
11 license, subject to all of the following:

12 (a) Prior approval of the board.

13 (b) Prior consultation with the former license holder about
14 the reasonableness of the terms and conditions of the sale,
15 assignment, or transfer.

16 (c) Prior written notice to all creditors and other persons
17 required to be notified by court rule or statute.

18 (8) A conservator shall not conduct a sale, assignment, or
19 transfer under subsection (7) if any of the following
20 circumstances exist:

21 (a) A suspension of the video lottery license is pending.

22 (b) An appeal from an action that precipitated the
23 conservatorship is pending.

24 (c) The board has not approved a sale, assignment, or
25 transfer.

26 (9) If requested by the conservator, prior to a sale,
27 assignment, or transfer under subsection (7), the board shall

1 conduct a summary review of the proposed sale, assignment, or
2 transfer.

3 (10) The board may direct that a conservator retain the
4 property received under this section and continue the business of
5 the former or suspended license holder for an indefinite period
6 of time. During the period of operation by the conservator, the
7 conservator shall pay when due all secured obligations. The
8 conservator is not personally liable for the payment of secured
9 obligations. Foreclosure or other legal proceedings to collect
10 the secured debt may be commenced against the conservator. The
11 conservator has all of the legal rights, claims, or defenses that
12 would have been available to the former or suspended license
13 holder.

14 (11) In a proceeding described in subsection (10), the board
15 shall allow a reasonable compensation for the services, costs,
16 and expenses of the conservator, an attorney for the conservator,
17 an appraiser, an auctioneer, an accountant, and other persons
18 appointed by the board in connection with the conservatorship.

19 (12) In approving a sale, assignment, or transfer under
20 subsection (7), the board may require, as a condition of the
21 sale, that the purchaser of the property assume in a form
22 acceptable to the board all of the outstanding debts of the
23 former license holder that arise from the video lottery
24 operation.

25 (13) Following a sale, assignment, or transfer under
26 subsection (7), the conservator shall pay the net proceeds from
27 the sale that remain after payment of all obligations owing to

1 this state and any political subdivisions of this state and of
2 other amounts as required or allowed in this article to the
3 former or suspended license holder.

4 (14) A conservator appointed under this section is subject to
5 this article and the rules, limitations, restrictions, terms, and
6 conditions prescribed by the board. A conservator shall hold and
7 transfer all gross terminal income as provided in section 63
8 unless authorized to pay the income otherwise by the board.
9 Except as otherwise provided in this article, during the period
10 of a conservatorship imposed under this article the video lottery
11 operation conducted by the conservator shall be considered a
12 licensed video lottery operation subject to this article.

13 (15) The board shall direct that a conservatorship under this
14 section be discontinued when the conservator has consummated the
15 sale, assignment, or transfer under subsection (7).

16 (16) The board may direct the discontinuation of a
17 conservatorship under this section if it determines that the
18 reason for instituting the conservatorship no longer exists.

19 (17) Upon discontinuation of a conservatorship under this
20 section and with the approval of the board, the conservator shall
21 take the steps necessary to effect an orderly transfer of any
22 remaining property of the former or suspended license holder.

23 (18) The sale, assignment, transfer, pledge, or other
24 disposition of securities issued by a former or suspended license
25 holder during a conservatorship under this section does not
26 divest or otherwise affect the powers conferred on the
27 conservator.

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1 (19) A conservator appointed under this section shall file
 2 with the board reports on the administration of the
 3 conservatorship in the form and at the intervals prescribed by
 4 the board. The reports under this subsection shall be available
 5 for examination and inspection by any creditor or party in
 6 interest and, in addition, the board may direct that copies of
 7 the reports be mailed to designated creditors or other persons
 8 and that a summary of a report be published in designated
 9 newspapers of general circulation.

10 Sec. 73. (1) A restricted person shall not make a
 11 contribution to a candidate, the holder of a state or local
 12 elective office, or a committee <<.

13 >>

14 (2) A restricted person shall not make a contribution to a
 15 candidate, officeholder, or committee described in subsection

16 (1) << >>

17 after the person ceases to be a restricted person.

18 (3) A person shall not make a contribution to a candidate,
 19 officeholder, or committee described in subsection (1) <<

20 >> within 1 year before the person
 21 becomes a restricted person, except that this subsection does not
 22 apply to a person who becomes a restricted person by becoming a
 23 permit holder.

24 (4) A person who knowingly violates this section is guilty of
 25 a <<felony>> punishable by imprisonment for not more than <<5

26 years>>, or a fine of <<not more than \$25,000.00>>, or both.

27 Sec. 74. A license holder shall conduct and provide to both

1 houses of the legislature, the governor, the department of
2 attorney general, the department of state police, and the bureau
3 an annual study on underage individuals and compulsive gaming and
4 compile all of the following information for the license holder's
5 video lottery operation:

6 (a) The number of underage individuals who were denied entry
7 into the area where video lottery is conducted.

8 (b) The number of underage individuals who were physically
9 escorted from the area where video lottery is conducted.

10 (c) The number of underage individuals who were detected
11 participating in video lottery games.

12 (d) The number of underage individuals who were taken into
13 custody by a law enforcement agency in the area where video
14 lottery is conducted.

15 (e) The number of underage individuals who were detected
16 illegally consuming alcohol on the license holder's premises.

17 Sec. 75. (1) The board shall create a list of disassociated
18 persons. The board shall, with the assistance of all license
19 holders, inform each video lottery patron of the list of
20 disassociated persons and explain how the patron may add his or
21 her name to the list.

22 (2) The board shall create and make available an application
23 for placement on the list of disassociated persons. The
24 application shall contain a statement that the individual
25 believes he or she is a problem gambler and is seeking treatment
26 and shall include all of the following information about the
27 individual who is applying:

1 (a) Full name and all aliases.

2 (b) Physical description, including height, weight, hair and
3 eye color, skin color, and any other noticeable physical
4 characteristics.

5 (c) Occupation.

6 (d) Current home and work addresses and phone numbers.

7 (e) Social security number.

8 (f) Date of birth.

9 (g) Other information that the board considers necessary.

10 (3) An individual's name shall be placed on the list of
11 disassociated persons if all of the following have occurred:

12 (a) The individual has notified the board in writing of his
13 or her pledge not to visit premises where video lottery is
14 conducted in this state.

15 (b) The individual has submitted a completed application
16 described in subsection (2) to the board.

17 (c) The individual has submitted a photograph suitable for
18 the board and license holders to use to identify the individual.

19 (d) The application has been verified by a representative of
20 the board.

21 (e) The individual has signed an affidavit in which he or she
22 affirms that he or she wishes to be placed on the list of
23 disassociated persons and authorizing the board to release the
24 contents of his or her application to all license holders in this
25 state.

26 (f) The individual signs a form releasing this state, the
27 board, and the license holders from any injury the individual

1 suffers as a consequence of placing his or her name on the list
2 of disassociated persons.

3 (g) The individual signs a form stating that he or she
4 understands and authorizes all of the following:

5 (i) That a criminal complaint for trespassing will be filed
6 against him or her if he or she is found on the premises where
7 video lottery is conducted in this state and he or she will be
8 immediately removed from the premises.

9 (ii) That if he or she plays video lottery and wins any
10 money, the board will confiscate the winnings.

11 (4) An individual who has his or her name placed on the list
12 of disassociated persons shall remain on the list for the
13 remainder of his or her life.

14 (5) After an application under this section has been
15 submitted to the board, the chairperson of the board shall file a
16 notice of the placement on the list of disassociated persons with
17 the board at the next closed session.

18 (6) Information contained in an application under this
19 section is exempt from disclosure under this act and is not open
20 for public inspection. The information shall be disclosed to the
21 board, each license holder, the department of attorney general,
22 and the department of state police.

23 (7) The list of disassociated persons shall be provided to
24 each license holder, the department of attorney general, and the
25 department of state police.

26 (8) Each license holder shall submit to the board a plan for
27 disseminating the information contained in the applications for

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1 placement on the list of disassociated persons. The plan shall
2 be designed to safeguard the confidentiality of the information
3 but shall include dissemination to all of the following:

4 (a) The general manager or the managerial employee who has
5 responsibility over the entire video lottery operation.

6 (b) All security and surveillance personnel.

7 (c) The department of state police.

8 (9) A <<license holder>> shall not extend credit, offer check
9 cashing privileges, offer coupons, market its services, or send
10 advertisements to, or otherwise solicit the patronage of, those
11 persons whose names are on the list of disassociated persons.

12 (10) The <<license holder>> shall keep a computer record of each
13 individual whose name is on the list of disassociated persons.

14 If a <<license holder>> identifies an individual whose name is on the
15 list on the premises where video lottery is conducted, the <<license holder>>
16 shall immediately notify the board, a representative of the
17 board, or a representative of the department of state police who
18 is on the premises. After the <<license holder>> confirms that the
19 individual has filed an affidavit under this section, the
20 <<license holder>> shall do all of the following:

21 (a) Immediately seize the individual's winnings.

22 (b) Immediately remove the individual from the premises.

23 (c) Report the incident to the prosecutor for the county in
24 which the racetrack is located.

25 (11) An individual who has placed his or her name on the list
26 of disassociated persons who enters a premises where video
27 lottery is conducted in this state is guilty of criminal trespass

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1 punishable by imprisonment for not more than 1 year, a fine of
2 not more than \$1,000.00, or both.

3 (12) This section does not create any right or cause of
4 action in favor of the individual whose name is placed on the
5 list of disassociated persons against this state, the board, or a
6 video lottery license holder.

7 (13) Any winnings collected by the board under this section
8 shall be deposited into the compulsive gaming prevention fund.

9 Sec. 77. (1) All certified horsemen's organizations
10 participating in the distribution of money under this section
11 shall designate a depository as the recipient of money designated
12 under section 63 to be deposited into the agricultural
13 enhancement purse pool. Money deposited with the depository
14 under section 63 shall be distributed by the escrow agent
15 designated by the participating horsemen's organizations as
16 follows:

17 (a) One percent <<of the money deposited with the depository under
18 section 63>> to be divided between all mixed breed purse
19 pools. The amount distributed to mixed breed purse pools each
20 year shall be not less than a minimum amount that is 1 of the
21 following:

22 (i) For the first full calendar year in which money is
23 distributed under this subsection, \$1,200,001.00.

24 (ii) For each year after the first full calendar year in
25 which money is distributed under this subsection, the minimum
26 amount for the previous year adjusted as follows:

27 (A) If the amount of the simulcast purse pool for the
previous year increased from the amount of the simulcast purse

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1 pool for the year before that, by increasing the minimum amount
2 by the percentage of the increase in the simulcast purse pool.

3 (B) If the amount of the simulcast purse pool for the
4 previous year decreased from the amount of the simulcast purse
5 pool for the year before that, by decreasing the minimum amount
6 by the percentage of the decrease in the simulcast purse pool.

7 (b) If there is no race meeting licensee conducting
8 thoroughbred racing in a city area, 45% of the balance shall be
9 paid to thoroughbred purse pools and 55% of the balance shall be
10 paid to standardbred purse pools.

11 (c) If there is a race meeting licensee conducting
12 thoroughbred racing in a city area, the balance of the money
13 shall be distributed equally between thoroughbred and
14 standardbred purse pools.

15 (2) Money designated under section 63 to be distributed to
16 breeders' awards under this section shall be distributed as
17 follows:

18 (a) One percent <<of the money designated under section 63 to be
19 distributed to breeders' awards>> to pay mixed breed breeders' awards
20 described
21 in section 20(7)(c), (8)(c), (9)(c), and (10)(c) of the horse
22 racing law of 1995, 1995 PA 279, MCL 431.320.

23 (b) The balance of the money to be divided between
24 standardbred breeders' awards and thoroughbred breeders' awards,
25 as described in section 20(5)(e) and (6)(c) of the horse racing
26 law of 1995, 1995 PA 279, MCL 431.320, the division being the
27 same as the division between standardbred and thoroughbred purse
pools under subsection (1).

(3) Money to be distributed for thoroughbred breeders' awards

1 under subsection (2) shall be administered by the thoroughbred
2 certified breeders' organization. The thoroughbred certified
3 breeders' organization may expend not more than 5% from money it
4 administers for administrative expenses, including expenses of
5 registering and certifying the eligibility of mares and foals,
6 paying awards, and other expenses approved by the department of
7 agriculture.

8 (4) Money distributed to a breed's purse pools under
9 subsection (1) or a breed's breeders' awards under subsection (2)
10 shall be divided between all race meeting licensees that hold
11 races in which that breed of horse participates, each licensee's
12 portion being determined by the percentage of the total amount
13 wagered on races of that breed of horse conducted in this state
14 during the previous year that was wagered on races of that breed
15 of horse conducted by the licensee in this state during the
16 previous year.

17 (5) As used in this section:

18 (a) "Certified breeders' organization" means an organization
19 registered with the office of the racing commissioner in the
20 manner required by the racing commissioner that can demonstrate
21 all of the following:

22 (i) The organization has been in existence more than 10
23 consecutive years.

24 (ii) The organization has historically demonstrated the
25 ability to produce promotional materials.

26 (iii) The organization has previously managed the
27 distribution of breeders' or owners' awards under the horse

1 racing law of 1995, 1995 PA 279, MCL 431.301 to 431.336.

2 (iv) The organization has the ability to protect the
3 financial interests of the recipients of breeders' and owners'
4 awards.

5 (b) "Certified horsemen's organization" and "city area" mean
6 those terms as defined in section 2 of the horse racing law of
7 1995, 1995 PA 279, MCL 431.302.

8 (c) "Mixed breed" means a breed of horse other than
9 standardbred or thoroughbred. Mixed breed includes, but is not
10 limited to, quarter horse, Appaloosa, Arabian, and American
11 paint.

12 (d) "Purse pool" means that term as defined in section 2 of
13 the horse racing law of 1995, 1995 PA 279, MCL 431.302.

14 (e) "Quarter horse" means a breed of horse developed in the
15 western United States that is capable of high speed for a short
16 distance and used in quarter horse racing and registered with the
17 American quarter horse association.

18 (f) "Simulcast" means the live transmission of video and
19 audio signals conveying a horse race held either inside or
20 outside this state to a racetrack where a race meeting licensee
21 holds its race meeting in this state.

22 (g) "Standardbred" means a pacing or trotting horse that is
23 used in harness racing and that has been registered as a
24 standardbred by the United States trotting association or by a
25 foreign registry whose stud book is recognized by the United
26 States trotting association.

27 (h) "Thoroughbred" means a purebred horse whose ancestry can

1 be traced back to 1 of 3 foundation sires and whose pedigree is
2 registered in the American stud book or in a foreign stud book
3 that is recognized by the jockey club and the international stud
4 book committee.