

# HOUSE BILL No. 5911

March 2, 2010, Introduced by Reps. Haugh, Roy Schmidt, Roberts, LeBlanc and Polidori and referred to the Committee on Regulatory Reform.

A bill to amend 1972 PA 239, entitled  
"McCauley-Traxler-Law-Bowman-McNeely lottery act,"  
by amending the title and sections 41 and 43 (MCL 432.41 and  
432.43), the title as amended by 1996 PA 95, section 41 as amended  
by 2009 PA 25, and section 43 as amended by 1997 PA 72, and by  
adding section 10.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

### 1 TITLE

2 An act to establish and operate a state lottery and to allow  
3 state participation in certain lottery-related joint enterprises  
4 with other sovereignties; to create a bureau of state lottery and  
5 to prescribe its powers and duties; to prescribe certain powers and  
6 duties of other state departments and agencies; to license and

1 regulate certain sales agents; to create ~~the state lottery fund,~~  
2 **FUNDS**; to provide for the distribution of lottery revenues and  
3 earnings for certain purposes; to provide for an appropriation; and  
4 to provide for remedies and penalties.

5       SEC. 10. (1) THE COMMISSIONER SHALL CONDUCT A SPECIAL INSTANT  
6 LOTTERY GAME FOR THE BENEFIT OF MICHIGAN VETERANS. THE GAME SHALL  
7 COMMENCE ON JANUARY 1, 2011 OR AS SOON AFTER JANUARY 1, 2011 AS THE  
8 COMMISSIONER DETERMINES IS REASONABLY PRACTICAL. THE OPERATION OF  
9 THE GAME OFFERED UNDER THIS SECTION SHALL BE GOVERNED BY THIS ACT  
10 AND ANY RULES ADOPTED BY THE COMMISSIONER. THE BUREAU SHALL NOT  
11 UNREASONABLY DIMINISH THE EFFORTS DEVOTED TO MARKETING OTHER  
12 INSTANT LOTTERY GAMES BECAUSE OF THE GAME OFFERED UNDER THIS  
13 SECTION.

14       (2) THE VETERANS ASSISTANCE FUND IS CREATED WITHIN THE STATE  
15 TREASURY.

16       (3) THE STATE TREASURER SHALL DEPOSIT MONEY PAID FROM THE  
17 STATE LOTTERY FUND UNDER SECTION 41(5) AND ANY MONEY OR OTHER  
18 ASSETS RECEIVED FROM GIFTS, GRANTS, AWARDS, OR ANY OTHER SOURCE  
19 DESIGNATED FOR THE VETERANS ASSISTANCE FUND INTO THE VETERANS  
20 ASSISTANCE FUND. THE STATE TREASURER SHALL DIRECT THE INVESTMENT OF  
21 THE VETERANS ASSISTANCE FUND. THE STATE TREASURER SHALL CREDIT TO  
22 THE VETERANS ASSISTANCE FUND INTEREST AND EARNINGS FROM VETERANS  
23 ASSISTANCE FUND INVESTMENTS.

24       (3) MONEY IN THE VETERANS ASSISTANCE FUND AT THE CLOSE OF THE  
25 FISCAL YEAR SHALL REMAIN IN THE VETERANS ASSISTANCE FUND AND SHALL  
26 NOT LAPSE TO THE GENERAL FUND.

27       (4) THE DEPARTMENT OF MILITARY AND VETERANS AFFAIRS SHALL BE

1 THE ADMINISTRATOR OF THE FUND FOR AUDITING PURPOSES.

2 (5) THE DEPARTMENT OF MILITARY AND VETERANS AFFAIRS SHALL  
3 EXPEND MONEY FROM THE FUND, UPON APPROPRIATION AND PURSUANT TO  
4 SUBSECTION (16), ONLY FOR MAKING GRANTS, FUNDING SERVICES, OR  
5 CONDUCTING RESEARCH PROJECTS RELATING TO 1 OR MORE OF THE  
6 FOLLOWING:

7 (A) VETERANS' POST-TRAUMATIC STRESS DISORDER.

8 (B) VETERANS' HOMELESSNESS.

9 (C) THE HEALTH INSURANCE COSTS OF VETERANS. HOWEVER, BEGINNING  
10 WITH MONEY APPROPRIATED FOR THE STATE FISCAL YEAR BEGINNING OCTOBER  
11 1, 2013, NOT MORE THAN 20% OF THE MONEY APPROPRIATED FROM THE  
12 VETERANS ASSISTANCE FUND SHALL BE USED FOR VETERANS' HEALTH  
13 INSURANCE COSTS.

14 (D) VETERANS' DISABILITY BENEFITS, INCLUDING DISABILITY  
15 BENEFITS PROVIDED BY VETERANS SERVICE ORGANIZATIONS AND VETERANS  
16 ASSISTANCE COMMISSIONS OR CENTERS.

17 (E) THE LONG-TERM CARE OF VETERANS.

18 (6) THE VETERANS ASSISTANCE FUND ADVISORY COMMITTEE IS CREATED  
19 WITHIN THE DEPARTMENT OF MILITARY AND VETERANS AFFAIRS.

20 (7) THE VETERANS ASSISTANCE FUND ADVISORY COMMITTEE SHALL  
21 CONSIST OF 3 MEMBERS, APPOINTED BY THE HEAD OF THE DEPARTMENT OF  
22 MILITARY AND VETERANS AFFAIRS.

23 (8) A MEMBER OF THE VETERANS ASSISTANCE FUND ADVISORY  
24 COMMITTEE SHALL SERVE UNTIL A SUCCESSOR IS APPOINTED BY THE HEAD OF  
25 THE DEPARTMENT OF MILITARY AND VETERANS AFFAIRS.

26 (9) IF A VACANCY OCCURS ON THE VETERANS ASSISTANCE FUND  
27 ADVISORY COMMITTEE, THE HEAD OF THE DEPARTMENT OF MILITARY AND

1 VETERANS AFFAIRS SHALL MAKE AN APPOINTMENT FOR THE VACANT OFFICE IN  
2 THE SAME MANNER AS THE ORIGINAL APPOINTMENT.

3 (10) THE HEAD OF THE DEPARTMENT OF MILITARY AND VETERANS  
4 AFFAIRS MAY REMOVE A MEMBER OF THE VETERANS ASSISTANCE FUND  
5 ADVISORY COMMITTEE FOR INCOMPETENCY, DERELICTION OF DUTY,  
6 MALFEASANCE, MISFEASANCE, OR NONFEASANCE IN OFFICE, OR ANY OTHER  
7 GOOD CAUSE.

8 (11) THE HEAD OF THE DEPARTMENT OF MILITARY AND VETERANS  
9 AFFAIRS SHALL DESIGNATE 1 OF THE MEMBERS OF THE VETERANS ASSISTANCE  
10 FUND ADVISORY COMMITTEE AS CHAIRPERSON OF THE COMMITTEE. THE  
11 VETERANS ASSISTANCE FUND ADVISORY COMMITTEE SHALL MEET AT LEAST  
12 QUARTERLY, OR MORE FREQUENTLY AT THE CALL OF THE CHAIRPERSON OR IF  
13 REQUESTED BY 2 OR MORE MEMBERS.

14 (12) TWO OF THE MEMBERS OF THE VETERANS ASSISTANCE FUND  
15 ADVISORY COMMITTEE CONSTITUTE A QUORUM FOR THE TRANSACTION OF  
16 BUSINESS AT A MEETING OF THE VETERANS ASSISTANCE FUND ADVISORY  
17 COMMITTEE. THE APPROVAL OF 2 OF THE MEMBERS OF THE VETERANS  
18 ASSISTANCE FUND ADVISORY COMMITTEE ARE REQUIRED FOR OFFICIAL ACTION  
19 OF THE VETERANS ASSISTANCE FUND ADVISORY COMMITTEE.

20 (13) THE BUSINESS THAT THE VETERANS ASSISTANCE FUND ADVISORY  
21 COMMITTEE MAY PERFORM SHALL BE CONDUCTED AT A PUBLIC MEETING OF THE  
22 VETERANS ASSISTANCE FUND ADVISORY COMMITTEE HELD IN COMPLIANCE WITH  
23 THE OPEN MEETINGS ACT, 1976 PA 267, MCL 15.261 TO 15.275.

24 (14) A WRITING PREPARED, OWNED, USED, IN THE POSSESSION OF, OR  
25 RETAINED BY THE VETERANS ASSISTANCE FUND ADVISORY COMMITTEE IN THE  
26 PERFORMANCE OF AN OFFICIAL FUNCTION IS SUBJECT TO THE FREEDOM OF  
27 INFORMATION ACT, 1976 PA 442, MCL 15.231 TO 15.246.

1           (15) MEMBERS OF THE VETERANS ASSISTANCE FUND ADVISORY  
2 COMMITTEE SHALL SERVE WITHOUT COMPENSATION. HOWEVER, MEMBERS OF THE  
3 VETERANS ASSISTANCE FUND ADVISORY COMMITTEE MAY BE REIMBURSED FOR  
4 THEIR ACTUAL AND NECESSARY EXPENSES INCURRED IN THE PERFORMANCE OF  
5 THEIR OFFICIAL DUTIES AS MEMBERS OF THE VETERANS ASSISTANCE FUND  
6 ADVISORY COMMITTEE.

7           (16) BEGINNING WITH MONEY APPROPRIATED FROM THE VETERANS  
8 ASSISTANCE FUND FOR THE STATE FISCAL YEAR THAT BEGINS OCTOBER 1,  
9 2013, THE VETERANS ASSISTANCE FUND ADVISORY COMMITTEE SHALL DECIDE  
10 HOW MONEY FROM THE VETERANS ASSISTANCE FUND SHALL BE EXPENDED FOR  
11 THE PURPOSES LISTED IN SUBSECTION (5). A DECISION OF THE VETERANS  
12 ASSISTANCE FUND ADVISORY COMMITTEE DOES NOT TAKE EFFECT UNTIL IT IS  
13 APPROVED BY THE HEAD OF THE DEPARTMENT OF MILITARY AND VETERANS  
14 AFFAIRS.

15           Sec. 41. (1) The state lottery fund is created in the  
16 department of treasury. Except as provided in subsection (3), the  
17 state lottery fund consists of all money received from the sale of  
18 state lottery tickets or shares and all other money credited or  
19 transferred to the fund from any other fund or source pursuant to  
20 law including interest earnings on common cash attributable to the  
21 state lottery fund. Money derived from the sale of tickets or  
22 shares of any joint enterprise shall be treated in the manner  
23 provided for in the joint enterprise participation agreement  
24 executed by the commissioner. The commissioner shall deposit net  
25 revenue from any joint enterprise in the state lottery fund.  
26 Earnings resulting from installment payment of any lottery prizes  
27 shall be used for payment of prizes to lottery winners and the

1 prize structure formulated pursuant to sections 11 and 12 shall be  
2 established accordingly.

3 (2) The investment authority of the state treasurer with  
4 regard to the state lottery fund is the same as his or her  
5 investment authority with regard to retirement system funds. The  
6 state treasurer may also invest all or part of the money in the  
7 state lottery fund in obligations issued by this state pursuant to  
8 section 14, 15, or 16 of article IX of the state constitution of  
9 1963 if the treasurer determines that the obligations are full  
10 faith and credit obligations of this state and provide a rate of  
11 return at the time of investment that is not less than the rate of  
12 return at the time of investment on United States treasury  
13 obligations of comparable maturity. The state treasurer shall  
14 comply with the divestment from terror act, 2008 PA 234, MCL  
15 129.291 to 129.301, in making investments under this act. To assure  
16 a continuing availability of money with which to pay state lottery  
17 prize installments and to compensate for variations in the yield on  
18 investments, every 6 months the commissioner and the state  
19 treasurer shall review the status of the installment prize  
20 investments and shall agree on an amount to be restricted out of  
21 the total revenues of the state lottery fund as a reserve against a  
22 drop in yield. If the commissioner and the state treasurer fail to  
23 agree on the amount to be reserved, the matter shall be referred to  
24 the state administrative board for a decision on the amount to be  
25 reserved.

26 (3) Except as provided in ~~subsection~~ **SUBSECTIONS (4) AND (5)**,  
27 after the payment of prizes to the holders of winning state lottery

1 tickets or shares or the payment pursuant to section 32 of the  
2 liabilities to this state of holders of winning state lottery  
3 tickets or shares, and the payment of the reasonable expenses of  
4 the bureau in its operation of the lottery, the net revenue in the  
5 state lottery fund and any money or interest generated by the state  
6 lottery fund and share of common cash shall be deposited in the  
7 state school aid fund and shall be distributed as provided by law.

8 (4) Ten percent of each year's state lottery advertising  
9 budget but not more than \$1,000,000.00 shall be deposited in the  
10 compulsive gaming prevention fund created in section 3 of the  
11 compulsive gaming prevention act, 1997 PA 70, MCL 432.253.

12 (5) THE REVENUE IN THE STATE LOTTERY FUND ATTRIBUTABLE TO THE  
13 SALE OF TICKETS FOR AN INSTANT GAME UNDER SECTION 10, AFTER THE  
14 PAYMENT OF PRIZES FOR THE GAME AND THE REASONABLE EXPENSES OF THE  
15 BUREAU IN ITS OPERATION OF THE GAME, AND ANY MONEY OR INTEREST  
16 GENERATED BY THE STATE LOTTERY FUND ATTRIBUTABLE TO THE RESULTING  
17 NET REVENUE SHALL BE DEPOSITED IN THE VETERANS ASSISTANCE FUND  
18 CREATED UNDER SECTION 10.

19 Sec. 43. Subject to section 41(1), the money in the state  
20 lottery fund is appropriated only for the payment of prizes to the  
21 holders of winning state lottery tickets or shares, for the payment  
22 pursuant to section 32 of the liabilities to this state of holders  
23 of winning state lottery tickets or shares, for reasonable expenses  
24 of the bureau in its operation of the state lottery, for deposit in  
25 the compulsive gaming prevention fund as provided in section 41(4),  
26 ~~and~~ for deposit in the state school aid fund as provided in section  
27 41(3), AND FOR DEPOSIT INTO THE VETERANS ASSISTANCE FUND CREATED IN

1 SECTION 10 AS PROVIDED IN SECTION 41(5) .