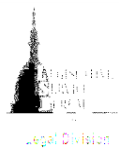


# HOUSE BILL NO. 4311

March 07, 2019, Introduced by Rep. Iden and referred to the Committee on Regulatory Reform.

A bill to create the lawful internet gaming act; to impose requirements for persons to engage in internet gaming; to create the division of internet gaming; to provide for the powers and duties of the division of internet gaming and other state governmental officers and entities; to impose fees; to impose tax and other payment obligations on the conduct of licensed internet gaming; to create the internet gaming fund; to prohibit certain acts in relation to internet gaming and to prescribe penalties for those violations; to require the promulgation of rules; and to provide remedies.



DAW



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**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1           Sec. 1. This act shall be known and may be cited as the  
2 "lawful internet gaming act".

3           Sec. 2. The legislature finds and declares all of the  
4 following:

5           (a) Operating, conducting, and offering for play internet  
6 games over the internet involves gaming activity that already  
7 occurs throughout this state.

8           (b) This act is consistent and complies with the unlawful  
9 internet gambling enforcement act of 2006, 31 USC 5361 to 5367, and  
10 specifically authorizes use of the internet to place, receive, or  
11 otherwise knowingly transmit a bet or wager if that use complies  
12 with this act and rules promulgated under this act.

13           (c) This act is consistent and complies with the state  
14 constitution of 1963 by ensuring that the internet may be used to  
15 place wagers only on games of skill or chance that may be lawfully  
16 played in this state and that internet gaming is only conducted by  
17 persons who are lawfully operating casinos in this state.

18           (d) In order to protect residents of this state who wager on  
19 games of chance or skill through the internet and to capture  
20 revenues generated from internet gaming, it is in the best interest  
21 of this state and its citizens to regulate this activity by  
22 authorizing and establishing a secure, responsible, fair, and legal  
23 system of internet gaming.

24           Sec. 3. As used in this act:

25           (a) "Authorized participant" means an individual who has a  
26 valid internet wagering account with an internet gaming operator  
27 and is at least 21 years of age.

28           (b) "Board" means the Michigan gaming control board created



1 under section 4 of the Michigan gaming control and revenue act,  
2 1996 IL 1, MCL 432.204.

3 (c) "Casino" means a building or buildings in which gaming is  
4 lawfully conducted under the Michigan gaming control and revenue  
5 act, 1996 IL 1, MCL 432.201 to 432.226, or in which class III  
6 gaming is lawfully conducted by an Indian tribe under a facility  
7 license issued in accordance with a tribal gaming ordinance  
8 approved by the chair of the National Indian Gaming Commission.

9 (d) "Class II gaming" means that term as defined in 25 USC  
10 2703.

11 (e) "Class III gaming" means that term as defined in 25 USC  
12 2703.

13 (f) "Compact" means a tribal-state compact governing the  
14 conduct of gaming activities that is negotiated under the Indian  
15 gaming regulatory act, Public Law 100-497, 102 Stat 2467.

16 (g) "Division" means the division of internet gaming  
17 established under section 5.

18 (h) "Fund" means the internet gaming fund created under  
19 section 16.

20 (i) "Gross gaming revenue" means the total of all internet  
21 wagers received by an internet gaming operator, less the total of  
22 all winnings paid out to authorized participants by the internet  
23 gaming operator, during the accounting period. For purposes of this  
24 subdivision, internet wagers received by an internet gaming  
25 operator do not include the monetary value of free play used by  
26 authorized participants.

27 (j) "Indian lands" means that term as defined in 25 USC 2703.

28 (k) "Indian tribe" means that term as defined in 25 USC 2703  
29 and any instrumentality, political subdivision, or other legal



1 entity through which an Indian tribe operates its existing casino.

2 (l) "Institutional investor" means a person that is any of the  
3 following:

4 (i) A retirement fund administered by a public agency for the  
5 exclusive benefit of federal, state, or local public employees.

6 (ii) An employee benefit plan or pension fund that is subject  
7 to the employee retirement income security act of 1974, Public Law  
8 93-406.

9 (iii) An investment company registered under the investment  
10 company act of 1940, 15 USC 80a-1 to 80a-64.

11 (iv) A collective investment trust organized by a bank under 12  
12 CFR part 9.

13 (v) A closed end investment trust.

14 (vi) A chartered or licensed life insurance company or property  
15 and casualty insurance company.

16 (vii) A chartered or licensed financial institution.

17 (viii) An investment advisor registered under the investment  
18 advisers act of 1940, 15 USC 80b-1 to 80b-21.

19 (ix) Any other person that the division determines through  
20 rulemaking should be considered to be an institutional investor for  
21 reasons consistent with this act.

22 (m) "Internet" means the international computer network of  
23 interoperable packet-switched data networks, inclusive of such  
24 additional technological platforms as mobile, satellite, and other  
25 electronic distribution channels approved by the division.

26 (n) "Internet game" means a game of skill or chance that is  
27 offered for play through the internet in which an individual wagers  
28 money or something of monetary value for the opportunity to win



1 money or something of monetary value. For purposes of this  
2 definition, free plays or extended playing time that is won on a  
3 game of skill or chance that is offered through the internet is not  
4 something of monetary value. Internet game includes gaming  
5 tournaments conducted via the internet in which individuals compete  
6 against one another in 1 or more of the games authorized by the  
7 division or in approved variations or composites as authorized by  
8 the division.

9 (o) "Internet gaming" means operating, conducting, or offering  
10 for play an internet game.

11 (p) "Internet gaming operator" means a person that is issued  
12 an internet gaming license from the division to operate, conduct,  
13 or offer internet gaming.

14 (q) "Internet gaming platform" means an integrated system of  
15 hardware, software, and servers through which an internet gaming  
16 operator operates, conducts, or offers internet gaming.

17 (r) "Internet gaming vendor" means a person that provides to  
18 an internet gaming operator goods, software, or services that  
19 directly affect wagering, play, and results of internet games  
20 offered under this act, including goods, software, or services  
21 necessary to the acceptance, operation, administration, or control  
22 of internet wagers, internet games, internet wagering accounts, or  
23 internet gaming platforms. Internet gaming vendor does not include  
24 a person that provides to an internet gaming operator only such  
25 goods, software, or services that it also provides to others for  
26 purposes not involving internet gaming, including, but not limited  
27 to, a payment processor or a geolocation service provider.

28 (s) "Internet wager" means money or something of monetary  
29 value risked on an internet game.



1 (t) "Internet wagering" means risking money or something of  
2 monetary value on an internet game.

3 (u) "Internet wagering account" means an electronic ledger in  
4 which all of the following types of transactions relative to an  
5 authorized participant are recorded:

6 (i) Deposits.

7 (ii) Withdrawals.

8 (iii) Internet wagers.

9 (iv) Monetary value of prizes.

10 (v) Service or other transaction-related charges authorized by  
11 the authorized participant, if any.

12 (vi) Adjustments to the account.

13 (v) "Person" means an individual, partnership, corporation,  
14 association, limited liability company, Indian tribe, or other  
15 legal entity.

16 (w) "Prizes" includes both monetary and nonmonetary prizes  
17 received directly or indirectly by an authorized participant from  
18 an internet gaming operator as a direct or indirect result of  
19 internet wagering. The value of a nonmonetary prize is the actual  
20 cost of the prize.

21 (x) "Winnings" includes all of the following:

22 (i) The total monetary value of prizes received by authorized  
23 participants.

24 (ii) Stakes returned to authorized participants.

25 (iii) Other amounts credited to authorized participants'  
26 internet wagering accounts, including the monetary value of loyalty  
27 points, and other similar complimentaries and incentives, not  
28 including free play, granted to authorized participants as a result



1 of participation in internet games.

2           Sec. 4. (1) Internet gaming may be conducted only to the  
3 extent that it is conducted in accordance with this act.

4           (2) An internet wager received by an internet gaming operator  
5 is considered to be gambling or gaming that is conducted in the  
6 internet gaming operator's casino located in this state, regardless  
7 of the authorized participant's location at the time the  
8 participant initiates or otherwise places the internet wager.

9           (3) A law that is inconsistent with this act does not apply to  
10 internet gaming as provided for by this act.

11           (4) This act does not apply to any of the following:

12           (a) Lottery games offered by the bureau of lottery under the  
13 McCauley-Traxler-Bowman-McNeely lottery act, 1972 PA 239, MCL 432.1  
14 to 432.47.

15           (b) Class II and Class III gaming conducted exclusively on  
16 Indian lands by an Indian tribe under a facility license issued in  
17 accordance with a tribal gaming ordinance approved by the chair of  
18 the National Indian Gaming Commission. For purposes of this  
19 subdivision, gaming is conducted exclusively on Indian lands only  
20 if the individual who places the wager is physically present on  
21 Indian lands when the wager is initiated and the wager is received  
22 or otherwise made on equipment that is physically located on those  
23 Indian lands, and the wager is initiated, received, or otherwise  
24 made in conformity with the safe harbor requirements described in  
25 31 USC 5362(10)(C).

26           (c) A fantasy contest conducted under the fantasy contests  
27 consumer protection act.

28           (5) Unless licensed as an internet gaming operator under this  
29 act, a person shall not aggregate computers or other internet



1 access devices in a place of public accommodation in this state,  
2 including a club or other association, to enable multiple players  
3 to simultaneously play an internet game.

4 (6) For purposes of this act, the intermediate routing of  
5 electronic data in connection with internet wagering, including  
6 routing across state lines, does not determine the location or  
7 locations in which the wager is initiated, received, or otherwise  
8 made.

9 Sec. 5. (1) The division of internet gaming is established in  
10 the board. The division has the powers and duties specified in this  
11 act and all other powers necessary to enable it to fully and  
12 effectively execute this act to administer, regulate, and enforce  
13 the system of internet gaming established by this act.

14 (2) The division has jurisdiction over every person licensed  
15 by the division and may take enforcement action against a person  
16 that is not licensed by the division that offers internet gaming in  
17 this state.

18 (3) The division may enter into agreements with other  
19 jurisdictions, including Indian tribes, to facilitate, administer,  
20 and regulate multijurisdictional internet gaming by internet gaming  
21 operators to the extent that entering into the agreement is  
22 consistent with state and federal laws and if the gaming under the  
23 agreement is conducted only in the United States.

24 (4) The division may permit internet gaming operators licensed  
25 by the division to accept internet wagers under this act on any  
26 amateur or professional sporting event or contest.

27 Sec. 6. (1) The division may issue an internet gaming license  
28 only to an applicant that is either of the following:

29 (a) A person that holds a casino license under the Michigan





1 gaming control and revenue act, 1996 IL 1, MCL 432.201 to 432.226.

2 (b) An Indian tribe that lawfully conducts class III gaming in  
3 a casino located in this state under a facility license issued in  
4 accordance with a tribal gaming ordinance approved by the chair of  
5 the National Indian Gaming Commission.

6 (2) The division shall issue an internet gaming license to an  
7 applicant described in subsection (1) after receiving the  
8 application described in subsection (4) or (5), as applicable, and  
9 the application fee, if the division determines that the internet  
10 gaming proposed by the applicant complies with this act and the  
11 applicant is otherwise eligible and suitable. An applicant is  
12 eligible if it meets the requirements set forth in subsection  
13 (1) (a) or (b). It is the burden of the applicant to establish by  
14 clear and convincing evidence its suitability as to character,  
15 reputation, integrity, business probity, and financial ability. The  
16 application or enforcement of this subsection by the division must  
17 not be arbitrary, capricious, or contradictory to the express  
18 provisions of this act. In evaluating the eligibility and  
19 suitability of an applicant under the standards provided in this  
20 act, the division shall establish and apply the standards to each  
21 applicant in a consistent and uniform manner. In determining  
22 whether to grant a license to an applicant, the division may  
23 request and consider any or all of the following information from  
24 the applicant as a factor in the determination:

25 (a) Whether the applicant has adequate capitalization and the  
26 financial ability and the means to develop, construct, operate, and  
27 maintain the proposed internet gaming platform and to offer and  
28 conduct internet gaming in accordance with this act and the rules  
29 promulgated by the division.



1 (b) Whether the applicant has the financial ability to  
2 purchase and maintain adequate liability and casualty insurance and  
3 to provide an adequate surety bond.

4 (c) Whether the applicant has adequate capitalization and the  
5 financial ability to responsibly pay off its secured and unsecured  
6 debts in accordance with its financing agreements and other  
7 contractual obligations.

8 (d) Whether the applicant has a history of material  
9 noncompliance with casino or casino-related licensing requirements  
10 or compacts with this state or any other jurisdiction, where the  
11 noncompliance resulted in enforcement action by the body having  
12 jurisdiction over the applicant.

13 (e) Whether the applicant has been indicted for, charged with,  
14 arrested for, or convicted of, pleaded guilty or nolo contendere  
15 to, forfeited bail concerning, or had expunged any criminal offense  
16 under the laws of any jurisdiction, either felony or misdemeanor,  
17 not including traffic violations, regardless of whether the offense  
18 has been expunged, pardoned, or reversed on appeal or otherwise.  
19 The division may consider mitigating factors, and, for an applicant  
20 described in subsection (1)(b), shall give deference to whether the  
21 applicant has otherwise met the requirements of the applicant's  
22 gaming compact for licensure, as applicable.

23 (f) Whether the applicant has filed, or had filed against it,  
24 a proceeding for bankruptcy or has ever been involved in any formal  
25 process to adjust, defer, suspend, or otherwise work out the  
26 payment of any debt.

27 (g) Whether the applicant has a history of material  
28 noncompliance with any regulatory requirements in this state or any  
29 other jurisdiction where the noncompliance resulted in an



1 enforcement action by the regulatory agency having jurisdiction  
2 over the applicant.

3 (h) Whether at the time of application the applicant is a  
4 defendant in litigation involving the integrity of its casino  
5 business practices.

6 (3) An internet gaming license issued under this act is valid  
7 for the 5-year period after the date of issuance and, if the  
8 division determines that the licensee continues to meet the  
9 eligibility and suitability standards under this act, is renewable  
10 for additional 5-year periods.

11 (4) A person described in subsection (1)(a) may apply to the  
12 division for an internet gaming license to offer internet gaming as  
13 provided in this act. The application must be made on forms  
14 provided by the division and include the information required by  
15 the division.

16 (5) A person described in subsection (1)(b) may apply to the  
17 division for an internet gaming license to offer internet gaming as  
18 provided in this act. The application must be made on forms  
19 provided by the division that require only the following  
20 information:

21 (a) The name and location of any of the applicant's casinos.

22 (b) The tribal law, charter, or any other organizational  
23 document of the applicant and other governing documents under which  
24 the applicant operates any of its casinos.

25 (c) Detailed information about the primary management  
26 officials of the applicant's casinos who will have management  
27 responsibility for the applicant's internet gaming operations.

28 (d) The current facility license for the applicant's casinos.

29 (e) The applicant's current tribal gaming ordinance.



1 (f) The gaming history and experience of the applicant in the  
2 United States and other jurisdictions.

3 (g) Financial information, including copies of the last  
4 independent audit and management letter submitted by the applicant  
5 to the National Indian Gaming Commission under 25 USC 2710(b)(2)(C)  
6 and (D) and 25 CFR parts 271.12 and 271.13.

7 (h) The total number of gaming positions, including, but not  
8 limited to, electronic gaming devices and table games, at each of  
9 the applicant's casinos.

10 (6) An initial application for an internet gaming license must  
11 be accompanied by an application fee of \$100,000.00. The rules  
12 promulgated under section 10 may include provisions for the refund  
13 of an application fee, or the portion of an application fee that  
14 has not been expended by the division in processing the  
15 application, and the circumstances under which the fee will be  
16 refunded.

17 (7) The division shall keep all information, records,  
18 interviews, reports, statements, memoranda, or other data supplied  
19 to or used by the division in the course of its review or  
20 investigation of an application for an internet gaming license or  
21 renewal of an internet gaming license confidential and shall use  
22 that material only to evaluate the applicant for an internet gaming  
23 license or renewal. The materials described in this subsection are  
24 exempt from disclosure under section 13 of the freedom of  
25 information act, 1976 PA 442, MCL 15.243.

26 (8) An application under this section must be submitted and  
27 considered in accordance with this act and any rules promulgated  
28 under this act.

29 (9) An internet gaming operator shall pay a license fee of



1 \$200,000.00 to the division at the time the initial internet gaming  
2 license is issued and \$100,000.00 each year after the initial  
3 license is issued.

4 (10) The division shall deposit all application and license  
5 fees paid under this act into the fund.

6 (11) An institutional investor that holds for investment  
7 purposes only less than 30% of the equity of an applicant under  
8 this section is exempt from the licensure requirements of this act.

9 Sec. 7. (1) The division shall condition the issuance,  
10 maintenance, and renewal of an internet gaming license to a person  
11 described in section 6(1)(b) on the person's compliance with all of  
12 the following conditions:

13 (a) The person complies with this act and rules promulgated by  
14 the division pertaining to all of the following:

15 (i) The types of and rules for playing internet games that  
16 internet gaming operators may offer under this act.

17 (ii) Technical standards, procedures, and requirements for the  
18 acceptance, by the person, of internet wagers initiated or  
19 otherwise made by individuals located in this state who are not  
20 physically present on the person's Indian lands in this state at  
21 the time the wager is initiated or otherwise made.

22 (iii) Procedures and requirements for the acceptance, by the  
23 person, of internet wagers initiated or otherwise made by  
24 individuals located in other jurisdictions, if the division  
25 authorizes multijurisdictional gaming as provided in this act.

26 (iv) Those requirements set forth in section 11.

27 (b) The person adopts and maintains technical standards for  
28 internet gaming platforms, systems, and software that are  
29 consistent with the standards adopted by the division under section



1 10.

2 (c) The person maintains 1 or more mechanisms on the internet  
3 gaming platform utilized by the person that are designed to  
4 reasonably verify that an authorized participant is 21 years of age  
5 or older and that internet wagering is limited to transactions that  
6 are initiated and received or otherwise made by an authorized  
7 participant located in this state or, if the division authorizes  
8 multijurisdictional internet gaming as provided in this act,  
9 another jurisdiction in the United States authorized by the  
10 multijurisdictional agreement.

11 (d) The person adopts and maintains responsible gaming  
12 measures consistent with those described in section 12.

13 (e) The person continues to maintain and operate in this state  
14 a casino offering class III gaming and the casino contains not less  
15 than 50% of the gaming positions that were in place as of the  
16 effective date of this act.

17 (f) The person pays to this state 8% of the gross gaming  
18 revenue received by that person from all internet gaming it  
19 conducts under this act as an internet gaming operator, and the  
20 person makes the payments within the time period described in  
21 section 14(2).

22 (g) The person agrees to and timely provides, on written  
23 request of the division, books and records directly related to its  
24 internet gaming operations for the purpose of permitting the  
25 division to verify the calculation of the payments under  
26 subdivision (f).

27 (h) The person provides a waiver of sovereign immunity to the  
28 division for the sole and limited purpose of consenting to both of  
29 the following:



1 (i) The jurisdiction of the division to the extent necessary  
2 and for the limited purpose of providing a mechanism for the  
3 division to do all of the following:

4 (A) Issue, renew, and revoke the person's internet gaming  
5 license.

6 (B) Enforce the payment obligations set forth in this section  
7 and section 14.

8 (C) Regulate and enforce the provisions of this act described  
9 in sections 10(a), (b), (d) to (g), 11, 12(4) and (5), and 13.

10 (D) Inspect the person's internet gaming operation and records  
11 to verify that the person is conducting its internet gaming  
12 operation in conformity with the conditions prescribed in this  
13 section.

14 (E) Assess fines or monetary penalties for violations of the  
15 provisions or rules referred to in sub-subparagraph (C).

16 (F) Enforce the payment of internet gaming license fees  
17 described in section 6(9).

18 (ii) The exclusive jurisdiction of the courts of this state,  
19 and expressly waiving the exhaustion of tribal remedies, with venue  
20 in Ingham County, and any courts to which appeals from that venue  
21 may be taken, to permit the state to enforce administrative orders  
22 of the division, the person's obligation to make payments required  
23 under subdivision (f) and section 14, and to enforce collection of  
24 the judgments. Any judgment of monetary damages under this  
25 subparagraph is deemed limited recourse obligations of the person  
26 and does not impair any trust or restricted income or assets of the  
27 person.

28 (2) This state, acting through the governor, shall, at the  
29 request of any Indian tribe, negotiate any amendments to an Indian



1 tribe's compact necessary to ensure compliance with this act and  
2 any applicable federal laws. If the governor fails to enter into  
3 negotiations with any Indian tribe, or fails to negotiate in good  
4 faith with respect to any request, the Indian tribe may initiate a  
5 cause of action against the governor in his or her official  
6 capacity in either state court or in federal court and obtain those  
7 remedies as authorized in 25 USC 2710(d)(7).

8 (3) The division must exercise its limited direct regulatory  
9 and enforcement authority in a manner that is not arbitrary,  
10 capricious, or contradictory to this act. Notwithstanding anything  
11 in this act to the contrary, this act only regulates internet  
12 gaming as provided in this act and does not extend to the division,  
13 or any other agency of this state, any jurisdiction or regulatory  
14 authority over any aspect of any gaming operations of an Indian  
15 tribe described in section 4(4)(b) beyond those rights granted to  
16 this state under the compact with the Indian tribe.

17 Sec. 8. (1) The division may issue an internet gaming vendor  
18 license to a person to provide goods, software, or services to  
19 internet gaming operators. A person that is not licensed under this  
20 section shall not provide goods, software, or services as an  
21 internet gaming vendor to an internet gaming operator.

22 (2) On application by an interested person, the division may  
23 issue a provisional internet gaming vendor license to an applicant  
24 for an internet gaming vendor license. A provisional license issued  
25 under this subsection allows the applicant for the internet gaming  
26 vendor license to conduct business with an internet gaming operator  
27 before the internet gaming vendor license is issued to the  
28 applicant. A provisional license issued under this subsection  
29 expires on the date provided in the license by the division.





1 (3) An internet gaming vendor license issued under subsection  
2 (1) is valid for the 5-year period after the date of issuance. An  
3 internet gaming vendor license is renewable after the initial 5-  
4 year period for additional 5-year periods if the division  
5 determines that the internet gaming vendor continues to meet the  
6 eligibility and suitability standards under this act.

7 (4) A person may apply to the division for an internet gaming  
8 vendor license as provided in this act and the rules promulgated  
9 under this act.

10 (5) Except as otherwise provided in this section, an  
11 application under this section must be made on forms provided by  
12 the division and include the information required by the division.  
13 An Indian tribe that submits an application under this section  
14 shall provide only the information described in section 6(5).

15 (6) An application under this section must be accompanied by a  
16 nonrefundable application fee in an amount to be determined by the  
17 division, not to exceed \$5,000.00.

18 (7) The division shall keep all information, records,  
19 interviews, reports, statements, memoranda, or other data supplied  
20 to or used by the division in the course of its review or  
21 investigation of an application for an internet gaming vendor  
22 license or renewal of an internet gaming vendor license  
23 confidential and shall use that material only to evaluate the  
24 applicant for an internet gaming vendor license or renewal. The  
25 materials described in this subsection are exempt from disclosure  
26 under section 13 of the freedom of information act, 1976 PA 442,  
27 MCL 15.243.

28 (8) Except as otherwise provided in this subsection, an  
29 internet gaming vendor shall pay a license fee of \$5,000.00 to the



1 division at the time an initial internet gaming vendor license is  
 2 issued to the internet gaming vendor and \$2,500.00 each year after  
 3 the initial license is issued. An internet gaming vendor that  
 4 provides to an internet gaming operator all or substantially all of  
 5 an internet gaming platform shall pay a license fee of \$100,000.00  
 6 to the division at the time the initial license is issued to the  
 7 vendor and \$50,000.00 each year after the initial license is  
 8 issued.

9 (9) The division shall deposit all application and license  
 10 fees paid under this act into the fund.

11 (10) An institutional investor that holds for investment  
 12 purposes only less than 30% of the equity of an applicant under  
 13 this section is exempt from the licensure requirements of this act.

14 Sec. 9. (1) The division has jurisdiction over and shall  
 15 supervise all internet gaming operations governed by this act. The  
 16 division may do anything necessary or desirable to effectuate this  
 17 act, including, but not limited to, all of the following:

18 (a) Develop qualifications, standards, and procedures for  
 19 approval and licensure by the division of internet gaming operators  
 20 and internet gaming vendors.

21 (b) Decide promptly and in reasonable order all license  
 22 applications and approve, deny, suspend, revoke, restrict, or  
 23 refuse to renew internet gaming licenses and internet gaming vendor  
 24 licenses. A party aggrieved by an action of the division denying,  
 25 suspending, revoking, restricting, or refusing to renew a license  
 26 may request a contested case hearing before the division. A request  
 27 for hearing under this subdivision must be made to the division in  
 28 writing within 21 days after service of notice of the action by the  
 29 division.



1 (c) Conduct all hearings pertaining to violations of this act  
2 or rules promulgated under this act.

3 (d) Provide for the establishment and collection of all  
4 applicable license fees, taxes, and payments imposed by this act  
5 and the rules promulgated under this act and the deposit of the  
6 applicable fees, taxes, and payments into the fund.

7 (e) Develop and enforce testing and auditing requirements for  
8 internet gaming platforms, internet wagering, and internet wagering  
9 accounts.

10 (f) Develop and enforce requirements for responsible gaming  
11 and player protection, including privacy and confidentiality  
12 standards and duties.

13 (g) Develop and enforce requirements for accepting internet  
14 wagers.

15 (h) Adopt by rule a code of conduct governing division  
16 employees that ensures, to the maximum extent possible, that  
17 persons subject to this act avoid situations, relationships, or  
18 associations that may represent or lead to an actual or perceived  
19 conflict of interest.

20 (i) Develop and administer civil fines for internet gaming  
21 operators and internet gaming vendors that violate this act or the  
22 rules promulgated under this act. A fine imposed under this  
23 subdivision must not exceed \$5,000.00 per violation.

24 (j) Audit and inspect, on reasonable notice, books and records  
25 relevant to internet gaming operations, internet wagers, internet  
26 wagering accounts, internet games, or internet gaming platforms,  
27 including, but not limited to, the books and records regarding  
28 financing and accounting materials held by or in the custody of an  
29 internet gaming operator or internet gaming vendor.



1 (k) Acquire by lease or by purchase personal property,  
2 including, but not limited to, any of the following:

3 (i) Computer hardware.

4 (ii) Mechanical, electronic, and online equipment and  
5 terminals.

6 (iii) Intangible property, including, but not limited to,  
7 computer programs, software, and systems.

8 (2) The division may investigate and may issue cease and  
9 desist orders and obtain injunctive relief against a person that is  
10 not licensed by the division that offers internet gaming in this  
11 state.

12 (3) The division shall keep all information, records,  
13 interviews, reports, statements, memoranda, and other data supplied  
14 to or used by the division in the course of any investigation of a  
15 person licensed under this act confidential and shall use that  
16 material only for investigative purposes. The materials described  
17 in this subsection are exempt from disclosure under section 13 of  
18 the freedom of information act, 1976 PA 442, MCL 15.243.

19 Sec. 10. Within 1 year after the effective date of this act,  
20 the division shall promulgate rules governing the licensing,  
21 administration, and conduct of internet gaming under this act. The  
22 division shall promulgate the rules pursuant to the administrative  
23 procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328. The  
24 rules may include only things expressly authorized by this act,  
25 including all of the following:

26 (a) The types of internet games to be offered, which must  
27 include, but need not be limited to, poker, blackjack, cards,  
28 slots, and other games typically offered at a casino.

29 (b) The qualifications, standards, and procedures for approval



1 and licensure by the division of internet gaming operators and  
2 internet gaming vendors consistent with this act.

3 (c) Requirements to ensure responsible gaming.

4 (d) Technical and financial standards for internet wagering,  
5 internet wagering accounts, and internet gaming platforms, systems,  
6 and software or other electronic components integral to offering  
7 internet gaming.

8 (e) Procedures for conducting contested case hearings under  
9 this act.

10 (f) Requirements for multijurisdictional agreements entered  
11 into by the division with other jurisdictions, including  
12 qualifications, standards, and procedures for approval by the  
13 division of internet gaming vendors providing internet gaming  
14 platforms in connection with the agreements.

15 (g) Procedures and requirements for the acceptance, by an  
16 internet gaming operator, of internet wagers initiated or otherwise  
17 made by persons located in other jurisdictions, if the division  
18 authorizes multijurisdictional gaming as provided in this act.

19 Sec. 11. (1) An internet gaming operator shall require the  
20 internet gaming vendor providing its internet gaming platform to  
21 provide 1 or more mechanisms on the internet gaming platform that  
22 the internet gaming operator uses that are designed to reasonably  
23 verify that an authorized participant is 21 years of age or older  
24 and that internet wagering is limited to transactions that are  
25 initiated and received or otherwise made by an authorized  
26 participant located in this state or, if the division authorizes  
27 multijurisdictional internet gaming as provided in this act,  
28 another jurisdiction in the United States authorized by the  
29 multijurisdictional agreement.



1           (2) An individual who wishes to place an internet wager under  
2 this act must satisfy the verification requirements under  
3 subsection (1) before the individual may establish an internet  
4 wagering account or make an internet wager on an internet game  
5 offered by an internet gaming operator.

6           (3) An internet gaming operator shall require the internet  
7 gaming vendor providing its internet gaming platform to include  
8 mechanisms on its internet gaming platform that are designed to  
9 detect and prevent the unauthorized use of internet wagering  
10 accounts and to detect and prevent fraud, money laundering, and  
11 collusion.

12           (4) An internet gaming operator shall not knowingly authorize  
13 any of the following individuals to establish an internet wagering  
14 account or knowingly allow them to wager on internet games offered  
15 by the internet gaming operator, except if required and authorized  
16 by the division for testing purposes or to otherwise fulfill the  
17 purposes of this act:

18           (a) An individual who is less than 21 years old.

19           (b) An individual whose name appears in the division's  
20 responsible gaming database.

21           (5) An internet gaming operator shall require the internet  
22 gaming vendor providing its internet gaming platform to display, on  
23 the internet gaming platform used by the internet gaming operator,  
24 in a clear, conspicuous, and accessible manner evidence of the  
25 internet gaming operator's internet gaming license issued under  
26 this act.

27           (6) An internet gaming operator shall not conduct internet  
28 gaming until 1 year after the effective date of this act.

29           Sec. 12. (1) The division may develop responsible gaming



1 measures, including a statewide responsible gaming database  
2 identifying individuals who are prohibited from establishing an  
3 internet wagering account or participating in internet gaming  
4 offered by an internet gaming operator. The executive director of  
5 the board may place an individual's name in the responsible gaming  
6 database if any of the following apply:

7 (a) The individual has been convicted in any jurisdiction of a  
8 felony, a crime of moral turpitude, or a crime involving gaming.

9 (b) The individual has violated this act or another gaming-  
10 related law.

11 (c) The individual has performed an act or has a notorious or  
12 unsavory reputation such that the individual's participation in  
13 internet gaming under this act would adversely affect public  
14 confidence and trust in internet gaming.

15 (d) The individual's name is on a valid and current exclusion  
16 list maintained by this state or another jurisdiction in the United  
17 States.

18 (2) The division may promulgate rules for the establishment  
19 and maintenance of the responsible gaming database.

20 (3) An internet gaming operator, in a format specified by the  
21 division, may provide the division with names of individuals to be  
22 included in the responsible gaming database.

23 (4) An internet gaming operator shall require the internet  
24 gaming vendor providing its internet gaming platform to display, on  
25 the internet gaming platform used by the internet gaming operator,  
26 in a clear, conspicuous, and accessible manner the number of the  
27 toll-free compulsive gambling hotline maintained by this state and  
28 offer responsible gambling services and technical controls to  
29 authorized participants, consisting of both temporary and permanent



1 self-exclusion for all internet games offered and the ability for  
2 authorized participants to establish their own periodic deposit and  
3 internet wagering limits and maximum playing times.

4 (5) An authorized participant may voluntarily prohibit himself  
5 or herself from establishing an internet wagering account with an  
6 internet gaming operator. The division may incorporate the  
7 voluntary self-exclusion list into the responsible gaming database  
8 and maintain both the self-exclusion list and the responsible  
9 gaming database in a confidential manner.

10 (6) The self-exclusion list and responsible gaming database  
11 established under this section are exempt from disclosure under  
12 section 13 of the freedom of information act, 1976 PA 442, MCL  
13 15.243.

14 Sec. 13. (1) A person shall not do any of the following:

15 (a) Offer internet gaming for play in this state if the person  
16 is not an internet gaming operator unless exempt from this act  
17 under section 4(4).

18 (b) Knowingly make a false statement on an application for a  
19 license to be issued under this act.

20 (c) Knowingly provide false testimony to the board or an  
21 authorized representative of the board while under oath.

22 (2) A person that violates subsection (1)(a) is guilty of a  
23 felony punishable by imprisonment for not more than 10 years or a  
24 fine of not more than \$100,000.00, or both.

25 (3) The division shall not issue a license under this act to a  
26 person that violates subsection (1).

27 (4) The attorney general or a county prosecuting attorney may  
28 bring an action to prosecute a violation of subsection (1)(a) in  
29 the county in which the violation occurred or in Ingham County.





1           Sec. 14. (1) Except for an internet gaming operator that is an  
2 Indian tribe, an internet gaming operator is subject to a tax of 8%  
3 on the gross gaming revenue received by the internet gaming  
4 operator. An internet gaming operator that is an Indian tribe is  
5 subject to the payment requirements under section 7(1)(f).

6           (2) An internet gaming operator shall pay the tax or payment,  
7 as applicable, under subsection (1) on a monthly basis. The payment  
8 for each monthly accounting period is due on the tenth day of the  
9 following month.

10           (3) No other tax, payment, or fee may be imposed on an  
11 internet gaming operator by this state or a political subdivision  
12 of this state for internet gaming conducted under this act. This  
13 subsection does not impair the contractual rights under an existing  
14 development agreement between a city and an internet gaming  
15 operator that holds a casino license under the Michigan gaming  
16 control and revenue act, 1996 IL 1, MCL 432.201 to 432.226.

17           (4) In addition to payment of the tax and other fees as  
18 provided in this act, and to any payment required pursuant to an  
19 existing development agreement described in subsection (3), if a  
20 city has imposed a municipal services fee equal to 1.25% on a  
21 casino licensee, the city shall charge a 1.25% fee on the gross  
22 gaming revenues of an internet gaming operator that holds a casino  
23 license under the Michigan gaming control and revenue act, 1996 IL  
24 1, MCL 432.201 to 432.226, whose casino is in that city.

25           Sec. 15. (1) The tax imposed under section 14 must be  
26 allocated as follows:

27           (a) Thirty percent to the city in which the internet gaming  
28 licensee's casino is located, for use in connection with the  
29 following:



1 (i) The hiring, training, and deployment of street patrol  
2 officers in that city.

3 (ii) Neighborhood development programs designed to create jobs  
4 in that city with a focus on blighted neighborhoods.

5 (iii) Public safety programs such as emergency medical services,  
6 fire department programs, and street lighting in that city.

7 (iv) Anti-gang and youth development programs in that city.

8 (v) Other programs that are designed to contribute to the  
9 improvement of the quality of life in that city.

10 (vi) Relief to the taxpayers of the city from 1 or more taxes  
11 or fees imposed by the city.

12 (vii) The costs of capital improvements in that city.

13 (viii) Road repairs and improvements in that city.

14 (b) Fifty-five percent to the state to be deposited in the  
15 fund.

16 (c) Five percent to be deposited in the state school aid fund  
17 established under section 11 of article IX of the state  
18 constitution of 1963.

19 (d) Five percent to be deposited in the Michigan  
20 transportation fund created under section 10 of 1951 PA 51, MCL  
21 247.660, to be disbursed as provided in section 10(1)(l) of 1951 PA  
22 51, MCL 247.660.

23 (e) Five percent to the Michigan agriculture equine industry  
24 development fund created under section 20 of the horse racing law  
25 of 1995, 1995 PA 279, MCL 431.320. However, if the 5% allocated  
26 under this subdivision to the Michigan agriculture equine industry  
27 development fund created under section 20 of the horse racing law  
28 of 1995, 1995 PA 279, MCL 431.320, exceeds \$3,000,000.00 in a



1 fiscal year, the amount in excess of \$3,000,000.00 must be  
2 allocated and deposited in the fund created under section 16.

3 (2) By December 31, 2020 and each December 31 after that date,  
4 if the combined amount of money received in the preceding fiscal  
5 year by the city in which the internet gaming operator licensee's  
6 casino is located from money allocated under subsection (1)(a) and  
7 from the wagering tax allocated under section 12(3) of the Michigan  
8 gaming control and revenue act, 1996 IL 1, MCL 432.212, is less  
9 than \$179,000,000.00, the board shall distribute from the fund to  
10 the city in which the internet gaming operator licensee's casino is  
11 located an amount equal to the difference between \$179,000,000.00  
12 and the combined amount of money the city in which the internet  
13 gaming operator licensee's casino is located received in the  
14 preceding fiscal year from money allocated under subsection (1)(a)  
15 and from the wagering tax allocated under section 12(3) of the  
16 Michigan gaming control and revenue act, 1996 IL 1, MCL 432.212.  
17 However, the total amount the city in which the internet gaming  
18 operator licensee's casino is located receives for the preceding  
19 fiscal year under subsection (1)(a) and this subsection must not be  
20 more than 55% of the total tax imposed under section 14 in the  
21 fiscal year.

22 Sec. 15a. Any payments under section 7(1)(f) must be allocated  
23 as follows:

24 (a) Seventy-five percent to this state to be deposited in the  
25 fund.

26 (b) Twenty-five percent to the Michigan strategic fund created  
27 under section 5 of the Michigan strategic fund act, 1984 PA 270,  
28 MCL 125.2005.

29 Sec. 16. (1) The internet gaming fund is created in the state



1 treasury.

2 (2) The state treasurer may receive money or other assets  
3 required to be paid into the fund under this act or from any other  
4 source for deposit into the fund. The state treasurer shall direct  
5 the investment of the fund. The state treasurer shall credit to the  
6 fund interest and earnings from fund investments.

7 (3) The board is the administrator of the fund for auditing  
8 purposes.

9 (4) Except as otherwise provided in section 15(2), the board  
10 shall expend money from the fund, on appropriation, for all of the  
11 following:

12 (a) Each year, \$1,000,000.00 to the compulsive gaming  
13 prevention fund created in section 3 of the compulsive gaming  
14 prevention act, 1997 PA 70, MCL 432.253.

15 (b) The board's costs of regulating and enforcing internet  
16 gaming under this act.

17 Sec. 17. This act does not authorize the construction or  
18 operation of a casino that was not constructed or operating before  
19 the effective date of this act.

20 Enacting section 1. This act takes effect 90 days after the  
21 date it is enacted into law.

22 Enacting section 2. This act does not take effect unless  
23 Senate Bill No.\_\_\_\_ or House Bill No.\_\_\_\_ (request no. 01480'19) of  
24 the 100th Legislature is enacted into law.

