

SENATE BILL No. 203

March 1, 2017, Introduced by Senators KOWALL, JONES, WARREN, KNOLLENBERG, HERTEL and JOHNSON 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 a tax 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.

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. (1) The legislature finds that the internet has become
4 an integral part of everyday life for a significant number of

1 residents of this state, not only in regard to their professional
2 lives, but also in regard to personal business and communication.
3 Internet wagering on games of chance and games of skill is a core
4 form of entertainment for millions of individuals worldwide. In
5 multiple jurisdictions across the world, internet gaming is legal,
6 regulated, and taxed, generating billions of dollars in revenue for
7 governments.

8 (2) In an opinion dated September 20, 2011, the United States
9 Department of Justice reversed its previous interpretation of 18
10 USC 1084, commonly referred to as the federal wire act, allowing
11 states, subject to certain restrictions, to legalize and regulate
12 internet gaming and capture the revenue for the benefit of state
13 governments.

14 (3) In order to protect residents of this state who wager on
15 games of chance or skill through the internet and to capture
16 revenues and create jobs generated from internet gaming, it is in
17 the best interest of this state and its citizens to regulate this
18 activity by authorizing and establishing a secure, responsible,
19 fair, and legal system of internet gaming that complies with the
20 United States Department of Justice's September 2011 opinion
21 concerning 18 USC 1084.

22 (4) The legislature additionally finds that this act is
23 consistent and complies with the unlawful internet gambling
24 enforcement act of 2006, 31 USC 5361 to 5367, and specifically
25 authorizes use of the internet to place, receive, or otherwise
26 knowingly transmit a bet or wager if that use complies with this
27 act and rules promulgated under this act.

1 Sec. 3. As used in this act:

2 (a) "Authorized participant" means an individual who has a
3 valid internet wagering account with an internet gaming licensee
4 and is at least 21 years of age.

5 (b) "Board" means the Michigan gaming control board created
6 under section 4 of the Michigan gaming control and revenue act,
7 1996 IL 1, MCL 432.204.

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

14 (d) "Division" means the division of internet gaming
15 established under section 5.

16 (e) "Fund" means the internet gaming fund created under
17 section 15.

18 (f) "Gross gaming revenue" means the total of all internet
19 wagers actually received by an internet gaming licensee licensed by
20 the division, less the total of all winnings paid out to authorized
21 participants. As used in this subdivision:

22 (i) "Prizes" includes both monetary and nonmonetary prizes
23 received directly or indirectly by an authorized participant from
24 an internet gaming licensee licensed by the division as a direct or
25 indirect result of placing an internet wager. The value of a
26 nonmonetary prize is the actual cost of the prize.

27 (ii) "Winnings" includes all of the following:

1 (A) The total amount authorized participants receive as prizes
2 during the accounting period.

3 (B) Stakes returned to authorized participants.

4 (C) Other amounts credited to authorized participants'
5 accounts, including the monetary value of loyalty points, free
6 play, and other similar complimentaries and incentives granted to
7 authorized participants as a result of participation in internet
8 games.

9 (g) "Institutional investor" means a person that is any of the
10 following:

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

13 (ii) An employee benefit plan or pension fund that is subject
14 to the employee retirement income security act of 1974, Public Law
15 93-406.

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

18 (iv) A collective investment trust organized by a bank under
19 12 CFR part 9.

20 (v) A closed end investment trust.

21 (vi) A chartered or licensed life insurance company or
22 property and casualty insurance company.

23 (vii) A chartered or licensed financial institution.

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

26 (ix) Any other person that the division determines should be
27 considered to be an institutional investor for reasons consistent

1 with this act.

2 (h) "Internet" means the international computer network of
3 interoperable packet-switched data networks, inclusive of such
4 additional technological platforms as mobile, satellite, and other
5 electronic distribution channels approved by the division.

6 (i) "Internet game" means a game of skill or chance that is
7 offered for play through the internet in which a person wagers
8 money or something of monetary value for the opportunity to win
9 money or something of monetary value. For purposes of this
10 definition, free plays or extended playing time that is won on a
11 game of skill or chance that is offered through the internet is not
12 something of monetary value. Internet game includes gaming
13 tournaments conducted via the internet in which persons compete
14 against one another in 1 or more of the games authorized by the
15 division or in approved variations or composites as authorized by
16 the division.

17 (j) "Internet gaming" means operating, conducting, or offering
18 for play an internet game.

19 (k) "Internet gaming licensee" means a person that is issued
20 an internet gaming license from the division to conduct internet
21 gaming or is otherwise authorized to conduct internet gaming under
22 section 7.

23 (l) "Internet gaming platform" means an integrated system of
24 hardware, software, and servers through which an internet gaming
25 licensee conducts internet gaming under this act.

26 (m) "Internet gaming vendor" means a person that provides to
27 an internet gaming licensee goods, software, or services that

1 directly affect the wagering, play, and results of internet games
2 authorized, conducted, and played under this act, including goods,
3 software, or services necessary to the acceptance, operation,
4 administration, or control of internet wagers, internet games,
5 internet wagering accounts, or internet gaming platforms. Internet
6 gaming vendor does not include a person that provides to an
7 internet gaming licensee only such goods, software, or services
8 that it also provides to others for purposes not involving internet
9 gaming, including, but not limited to, a payment processor or a
10 geolocation service provider.

11 (n) "Internet wager" means money or something of monetary
12 value risked on an internet game authorized by this act.

13 (o) "Internet wagering" means risking money or something of
14 monetary value on an internet game authorized by this act.

15 (p) "Internet wagering account" means an electronic ledger in
16 which all of the following types of transactions relative to the
17 internet gaming platform are recorded:

18 (i) Deposits.

19 (ii) Withdrawals.

20 (iii) Amounts wagered.

21 (iv) Amounts paid on winning wagers.

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

24 (vi) Adjustments to the account.

25 (q) "Person" means an individual, partnership, corporation,
26 association, limited liability company, federally recognized Indian
27 tribe, or other legal entity.

1 Sec. 4. (1) Internet gaming may be conducted only to the
2 extent that it is conducted in accordance with this act. A law that
3 is inconsistent with this act does not apply to internet gaming as
4 provided for by this act. This act does not apply to lottery games
5 offered by the bureau of state lottery.

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

11 (3) Only an internet gaming licensee at its casino may
12 aggregate computers or other internet access devices in order to
13 enable multiple players to simultaneously play an internet game.
14 Except as provided in this subsection, a person shall not aggregate
15 computers or other internet access devices in a place of public
16 accommodation in this state, including a club or other association,
17 in order to enable multiple players to simultaneously play an
18 internet game.

19 Sec. 5. (1) The division of internet gaming is established in
20 the board. The division has the powers and duties specified in this
21 act and all other powers necessary to enable it to fully and
22 effectively execute this act to administer, regulate, and enforce
23 the system of internet gaming established by this act.

24 (2) The division has jurisdiction over every person licensed
25 by the division and may take enforcement action as provided in
26 section 9(2) against a person that is not licensed by the division
27 that offers internet gaming in this state.

1 (3) The division may enter into agreements with other
2 jurisdictions to facilitate, administer, and regulate
3 multijurisdictional internet gaming by internet gaming licensees
4 licensed by the division to the extent that entering into the
5 agreement is consistent with state and federal laws and if the
6 gaming under the agreement is conducted only in the United States.

7 (4) The division shall not authorize, administer, or otherwise
8 license a person to conduct internet wagering on any amateur or
9 professional sporting event or contest, unless doing so is
10 consistent with state and federal laws.

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

16 Sec. 6. (1) The division may issue an internet gaming license
17 to a person that applies for the license if the division determines
18 that the applicant is eligible for an internet gaming license under
19 this act and the rules promulgated under this act. If the applicant
20 holds a casino license under the Michigan gaming control and
21 revenue act, 1996 IL 1, MCL 432.201 to 432.226, the division shall
22 consider the applicant to be eligible for an internet gaming
23 license under this act, and the division shall issue an internet
24 gaming license to the applicant after receiving the application and
25 the application fee if the division determines that the internet
26 gaming proposed by the applicant complies with this act.

27 (2) An internet gaming license issued under this act is valid

1 for the 5-year period after the date of issuance and, if the
2 division determines that the licensee continues to meet the
3 eligibility standards under this act, is renewable for additional
4 5-year periods.

5 (3) The division shall only issue an internet gaming license
6 to a person that is 1 of the following:

7 (a) A casino licensee under the Michigan gaming control and
8 revenue act, 1996 IL 1, MCL 432.201 to 432.226.

9 (b) A federally recognized Michigan Indian tribe that operates
10 a casino in this state in which class III gaming other than
11 internet gaming is conducted under a facility license issued in
12 accordance with a tribal gaming ordinance approved by the chair of
13 the National Indian Gaming Commission. The division shall not issue
14 an internet gaming license unless the Indian tribe, in connection
15 with its application to conduct internet gaming under this act,
16 waives its sovereign immunity with respect to conducting internet
17 gaming under this act, including, but not limited to, obtaining
18 licensure and subjecting itself to enforcement by the division in
19 state and federal courts and paying fees and taxes imposed under
20 this act.

21 (4) A qualified applicant may apply to the division for an
22 internet gaming license to offer internet gaming as provided in
23 this act. The application must be made on forms provided by the
24 division and contain the information required by the division,
25 including, but not limited to, detailed information regarding the
26 ownership and management of the applicant, detailed personal
27 information regarding the applicant, financial information

1 regarding the applicant, and the gaming history and experience of
2 the applicant in the United States and other jurisdictions.
3 However, if the applicant holds a casino license under the Michigan
4 gaming control and revenue act, 1996 IL 1, MCL 432.201 to 432.226,
5 the applicant need not provide any information that it has
6 previously provided to the division unless notified by the division
7 that the information cannot be located.

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

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

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

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

4 (9) An internet gaming licensee licensed by the division shall
5 pay a license fee of \$200,000.00 to the division at the time the
6 initial license is issued and \$100,000.00 each year after the
7 initial license is issued. The division shall deposit all
8 application and license fees paid under this act into the fund.

9 Sec. 7. (1) A federally recognized Michigan Indian tribe that
10 operates a casino in this state in which class III gaming other
11 than internet gaming is conducted under a facility license issued
12 in accordance with a tribal gaming ordinance approved by the chair
13 of the National Indian Gaming Commission may conduct internet
14 gaming on the same basis as any internet gaming licensee licensed
15 by the division, only if either of the following applies:

16 (a) The Indian tribe holds an internet gaming license under
17 this act.

18 (b) The Indian tribe has entered into a compact with this
19 state under the Indian gaming regulatory act, Public Law 100-497,
20 or an amendment to such a compact, that has, to the extent required
21 by the compact, been approved by the legislature, and that meets
22 all of the following requirements:

23 (i) The compact or amendment specifically authorizes the tribe
24 to conduct internet gaming to the same extent as an internet gaming
25 licensee licensed by the division under this act may, but subject
26 to all of the following:

27 (A) The terms of the compact and any amendments to the compact

1 relating to internet gaming.

2 (B) The Indian gaming regulatory act, Public Law 100-497.

3 (C) The unlawful internet gambling enforcement act of 2006, 31
4 USC 5361 to 5367.

5 (D) Any other applicable state and federal laws.

6 (ii) The compact or amendment has been approved by the
7 applicable federal agencies as required by the Indian gaming
8 regulatory act, Public Law 100-497.

9 (iii) The compact or amendment includes provisions addressing
10 all of the following:

11 (A) The amount and manner of revenue sharing to be paid to
12 this state by the Indian tribe related to internet gaming.

13 (B) A dispute resolution process, which must include a limited
14 waiver of sovereign immunity, to provide this state with legal and
15 equitable remedies enforceable in state and federal courts to
16 enforce the tribe's agreement to make revenue sharing payments to
17 this state related to internet gaming. If an Indian tribe fails to
18 comply with the requirements set forth in its compact or amendment
19 with respect to the revenue sharing payments to be made to this
20 state related to internet gaming, the tribe is no longer eligible
21 to be an internet gaming licensee and shall cease all internet
22 gaming operations.

23 (C) The types of internet games to be offered. The compact or
24 amendment must provide that the Indian tribe may only offer games
25 that are authorized by the division.

26 (D) Responsible gaming.

27 (E) Technical and financial standards for internet wagering,

1 internet wagering accounts, and internet gaming platforms, systems
2 and software, and other electronic components for internet gaming.

3 (F) One or more mechanisms designed to reasonably verify that
4 an individual who desires to place a wager over the internet gaming
5 platform used by the Indian tribe is 21 years of age or older.

6 (iv) The compact or amendment includes all of the following:

7 (A) A requirement that an individual who desires to place a
8 wager over the internet gaming platform used by the Indian tribe
9 must first satisfy the verification requirements required under
10 sub-subparagraph (B) to establish an internet gaming account or
11 make an internet wager.

12 (B) A requirement that the internet gaming platform used by
13 the Indian tribe include verification mechanisms designed to detect
14 and prevent the unauthorized use of internet wagering accounts and
15 to detect and prevent fraud, money laundering, and collusion, and
16 that the internet gaming platform provider, if not tribally owned,
17 be licensed as an internet gaming vendor under this act.

18 (C) A provision stating that if a court enters a judgment or
19 order that has the effect of invalidating or otherwise rendering
20 inoperative section 6(3)(a), which authorizes the division to issue
21 an internet gaming license to a casino licensee under the Michigan
22 gaming control and revenue act, 1996 IL 1, MCL 432.201 to 432.226,
23 the compact or amendment, to the extent that it authorizes internet
24 gaming by the Indian tribe, is inoperable and of no effect.

25 (D) A provision providing that eligibility to conduct internet
26 gaming is conditioned on the tribe's continuous operation of its
27 casino under a facility license issued in accordance with a tribal

1 gaming ordinance approved by the chair of the National Indian
2 Gaming Commission.

3 (2) This section does not limit the additional terms that this
4 state and an Indian tribe may negotiate and include in a compact or
5 amendment to a compact under the Indian gaming regulatory act,
6 Public Law 100-497.

7 Sec. 8. (1) The division may issue an internet gaming vendor
8 license to a person to provide goods, software, or services to
9 internet gaming licensees. A person that is not licensed under this
10 section shall not provide goods, software, or services as an
11 internet gaming vendor to an internet gaming licensee.

12 (2) On application by an interested person, the division may
13 issue a provisional internet gaming vendor license to an applicant
14 for an internet gaming vendor license. A provisional license issued
15 under this subsection allows the applicant for the internet gaming
16 vendor license to conduct business with an internet gaming licensee
17 or applicant for an internet gaming license before the internet
18 gaming vendor license is issued to the applicant. A provisional
19 license issued under this subsection expires on the date provided
20 in the license by the division.

21 (3) An internet gaming vendor license issued under subsection
22 (1) is valid for the 5-year period after the date of issuance. An
23 internet gaming vendor license is renewable after the initial 5-
24 year period for additional 5-year periods if the division
25 determines that the internet gaming vendor continues to meet the
26 eligibility standards under this act.

27 (4) A person may apply to the division to become an internet

1 gaming vendor licensee as provided in this act and the rules
2 promulgated under this act.

3 (5) An application under this section must be made on forms
4 provided by the division and contain any information required by
5 the division, including, but not limited to, detailed information
6 regarding the ownership and management of the applicant, detailed
7 personal information regarding the applicant, financial information
8 regarding the applicant, and the gaming history and experience of
9 the applicant. However, if the applicant is licensed as a supplier
10 under the Michigan gaming control and revenue act, 1996 IL 1, MCL
11 432.201 to 432.226, the applicant need not provide any information
12 that it has previously provided to the division unless notified by
13 the division that the information cannot be located.

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

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 licensure as an internet gaming
21 vendor strictly confidential and use the materials only to evaluate
22 an applicant for licensure. The materials described in this
23 subsection are exempt from disclosure under section 13 of the
24 freedom of information act, 1976 PA 442, MCL 15.243.

25 (8) An internet gaming vendor shall pay a license fee of
26 \$5,000.00 to the division at the time an initial license is issued
27 to the vendor and \$2,500.00 each year after the initial license is

1 issued. An internet gaming platform provider shall pay a license
2 fee of \$100,000.00 to the division at the time the initial license
3 is issued to the provider and \$50,000.00 each year after the
4 initial license is issued.

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

7 Sec. 9. (1) Except for internet gaming conducted by an Indian
8 tribe under section 7(1)(b), the division has jurisdiction over and
9 shall supervise all internet gaming operations governed by this
10 act. The division may do anything necessary or desirable to
11 effectuate this act, including, but not limited to, all of the
12 following:

13 (a) Develop qualifications, standards, and procedures for
14 approval and licensure by the division of internet gaming licensees
15 and internet gaming vendors.

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

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

27 (d) Provide for the establishment and collection of all

1 license fees and taxes imposed by this act and the rules
2 promulgated under this act and the deposit of the fees and taxes
3 into the fund.

4 (e) Develop and enforce testing and auditing requirements for
5 internet gaming platforms, internet wagering, and internet wagering
6 accounts.

7 (f) Develop and enforce requirements for responsible gaming
8 and player protection, including privacy and confidentiality
9 standards and duties.

10 (g) Develop and enforce requirements for accepting internet
11 wagers.

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

17 (i) Develop and administer civil fines for internet gaming
18 licensees licensed by the division and internet gaming vendor
19 licensees that violate this act or the rules promulgated under this
20 act. A fine imposed under this subdivision must not exceed
21 \$5,000.00 per violation.

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

1 (k) Acquire or lease real property and make improvements to
2 the property and acquire by lease or by purchase personal property,
3 including, but not limited to, any of the following:

4 (i) Computer hardware.

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

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

9 (2) The division may investigate, issue cease and desist
10 orders, and obtain injunctive relief against a person that is not
11 licensed by the division that offers internet gaming in this 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 strictly confidential and shall use
16 that material only for investigative purposes. The materials
17 described in this subsection are exempt from disclosure under
18 section 13 of the freedom of information act, 1976 PA 442, MCL
19 15.243.

20 Sec. 10. The division shall promulgate rules governing the
21 licensing, administration, and conduct of internet gaming necessary
22 to carry out this act within 1 year after the effective date of
23 this act. A person shall not conduct internet gaming under this act
24 until 150 days after the division promulgates the rules and the
25 rules take effect. The promulgation of emergency rules does not
26 satisfy the requirement for the promulgation of rules to allow a
27 person to conduct internet gaming under this act. The division

1 shall promulgate the rules pursuant to the administrative
2 procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328. The
3 rules may include only things expressly authorized by this act,
4 including all of the following:

5 (a) The types of internet games to be offered, which must
6 include, but need not be limited to, poker.

7 (b) The qualifications, standards, and procedures for approval
8 and licensure by the division of internet gaming licensees and
9 internet gaming vendor licensees consistent with this act.

10 (c) Requirements to ensure responsible gaming.

11 (d) Technical and financial standards for internet wagering,
12 internet wagering accounts, and internet gaming platforms, systems,
13 and software or other electronic components for internet gaming.

14 (e) Procedures for conducting contested case hearings under
15 this act.

16 (f) Procedures and requirements for the acceptance, by an
17 internet gaming licensee licensed by the division, of internet
18 wagers initiated or otherwise made by persons located in other
19 jurisdictions.

20 (g) Requirements for multijurisdictional agreements entered
21 into by the division with other jurisdictions, including
22 qualifications, standards, and procedures for approval by the
23 division of vendors providing internet gaming platforms in
24 connection with the agreements.

25 Sec. 11. (1) An internet gaming licensee licensed by the
26 division must provide 1 or more mechanisms on the internet gaming
27 platform that the licensee uses that are designed to reasonably

1 verify that an authorized participant is 21 years of age or older
2 and that internet wagering is limited to transactions that are
3 initiated and received or otherwise made by an authorized
4 participant located in this state or a jurisdiction in the United
5 States in which internet gaming is legal.

6 (2) An individual who wishes to place an internet wager under
7 this act must satisfy the verification requirements under
8 subsection (1) before he or she may establish an internet gaming
9 account or make an internet wager on an internet game offered by an
10 internet gaming licensee licensed by the division.

11 (3) An internet gaming licensee licensed by the division shall
12 include mechanisms on the internet gaming platform the licensee
13 uses that are designed to detect and prevent the unauthorized use
14 of internet wagering accounts and to detect and prevent fraud,
15 money laundering, and collusion.

16 (4) An internet gaming licensee licensed by the division shall
17 not knowingly authorize any of the following individuals to
18 establish an internet gaming account or knowingly allow them to
19 wager on internet games offered by the internet gaming licensee,
20 except if required and authorized by the division for testing
21 purposes or to otherwise fulfill the purposes of this act:

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

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

25 Sec. 12. (1) The division may develop responsible gaming
26 measures, including a statewide responsible gaming database
27 identifying individuals who are prohibited from establishing an

1 internet wagering account or participating in internet gaming
2 offered by an internet gaming licensee licensed by the division.
3 The executive director of the board may place an individual's name
4 in the responsible gaming database if any of the following apply:

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

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

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

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

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

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

21 (4) An internet gaming licensee licensed by the division
22 shall, on the internet gaming platform used by the licensee,
23 display in a clear, conspicuous, and accessible manner the number
24 of the toll-free compulsive gambling hotline maintained by this
25 state and offer responsible gambling services and technical
26 controls to participants, consisting of both temporary and
27 permanent self-exclusion for all internet games offered and the

1 ability for participants to establish their own periodic deposit
2 and internet wagering limits and maximum playing times.

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

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

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

14 (a) Offer internet gaming for play in this state if the person
15 is not an internet gaming licensee.

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

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

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

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

25 (4) The attorney general or a county prosecuting attorney
26 shall bring an action to prosecute a violation of subsection (1),
27 in the attorney general's or prosecuting attorney's discretion, in

1 the county in which the violation occurred or in Ingham County.

2 Sec. 14. (1) A person that receives an internet gaming license
3 from the division is subject to a tax of 10% on the gross gaming
4 revenue received by the internet gaming licensee from internet
5 gaming conducted under this act.

6 (2) An internet gaming licensee that is subject to subsection
7 (1) shall pay the tax under subsection (1) on a monthly basis. The
8 payment for a month is due on the tenth day of the following month.

9 (3) If, as provided in a compact, amendment to a compact, or
10 other agreement negotiated with this state, a person is able to
11 lawfully conduct internet gaming in this state for a period of time
12 subject to payment of a revenue share or other payment to this
13 state that is lower than the tax rate imposed under subsection (1),
14 the tax rate under subsection (1) is automatically reduced to a
15 rate equivalent, as determined by the board, to the rate paid as a
16 revenue share or other payment under the compact, amendment to a
17 compact, or other agreement with this state during that period of
18 time. If this state enters into compacts, amendments to compacts,
19 or agreements described in this subsection with more than 1 person,
20 the tax rate under this section is reduced to the rate in the
21 compact, amendment to a compact, or agreement with the lowest rate.
22 For all calculations under this subsection, if there is more than 1
23 rate paid under a compact, amendment to a compact, or agreement,
24 the rate to be applied is the highest rate in the compact,
25 amendment to a compact, or agreement in effect during the
26 applicable time period.

27 Sec. 15. (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) Money in the fund at the close of the fiscal year must
8 remain in the fund and not lapse to the general fund.

9 (4) The board is the administrator of the fund for auditing
10 purposes.

11 (5) The board shall expend money from the fund, on
12 appropriation, for all of the following:

13 (a) Each year, \$5,000,000.00 to the first responder presumed
14 coverage fund created in section 405 of the worker's disability
15 compensation act of 1969, 1969 PA 317, MCL 418.405.

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

18 Sec. 16. (1) If a court enters a final judgment or order that
19 has the effect of invalidating or otherwise rendering inoperative
20 section 6(3)(a), which authorizes the division to issue an internet
21 gaming license to a person that holds a casino license under the
22 Michigan gaming control and revenue act, 1996 IL 1, MCL 432.201 to
23 432.226, this entire act is inoperable and of no effect.

24 (2) If a court holds that a provision of this act, or the
25 application of a provision of this act to any person or
26 circumstance, is invalid other than as provided in subsection (1),
27 the validity of the remainder of this act and the application of

1 the remainder of this act to other persons and circumstances are
2 not affected, as provided in section 5 of 1846 RS 1, MCL 8.5.

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

5 Enacting section 2. This act does not take effect unless
6 Senate Bill No. 204
7 of the 99th Legislature is enacted into law.