

**SUBSTITUTE FOR
HOUSE BILL NO. 4926**

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".

1 Sec. 2. (1) The legislature finds that the internet has become
2 an integral part of everyday life for a significant number of
3 residents of this state, not only in regard to their professional
4 lives, but also in regard to personal business and communication.
5 Internet wagering on games of chance and games of skill is a core
6 form of entertainment for millions of individuals worldwide. In
7 multiple jurisdictions across the world, internet gaming is legal,
8 regulated, and taxed, generating billions of dollars in revenue for
9 governments.

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

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

24 (4) The legislature additionally finds that this act is
25 consistent and complies with the unlawful internet gambling
26 enforcement act of 2006, 31 USC 5361 to 5367, and specifically
27 authorizes use of the internet to place, receive, or otherwise

1 knowingly transmit a bet or wager if that use complies with this
2 act and rules promulgated under this act.

3 (5) The legislature additionally finds that this act is
4 consistent and complies with the state constitution of 1963 by
5 ensuring that internet gaming only occurs in casinos that are
6 lawfully operating in this state.

7 Sec. 3. As used in this act:

8 (a) "Athletic event" means a sports activity that involves the
9 athletic skill of 1 or more players or participants. Athletic event
10 does not include any of the following:

11 (i) Horse racing.

12 (ii) College, high school, or other amateur sports.

13 (iii) Roulette, poker, blackjack, a card game, a dice game, or
14 any other game or contest typically offered in a casino.

15 (b) "Authorized participant" means an individual who has a
16 valid internet wagering account with an internet gaming licensee
17 and is at least 21 years of age.

18 (c) "Board" means the Michigan gaming control board created
19 under section 4 of the Michigan gaming control and revenue act,
20 1996 IL 1, MCL 432.204.

21 (d) "Class III gaming" means that term as defined in 25 USC
22 2703.

23 (e) "Casino" means a building or buildings in which gaming is
24 lawfully conducted under the Michigan gaming control and revenue
25 act, 1996 IL 1, MCL 432.201 to 432.226, or in which class III
26 gaming is lawfully conducted by an Indian tribe under a facility
27 license issued in accordance with a tribal gaming ordinance

1 approved by the chair of the National Indian Gaming Commission.

2 (f) "Division" means the division of internet gaming
3 established under section 5.

4 (g) "Fantasy sports game" means a fantasy or simulation sports
5 game or contest with a cash or cash equivalent entry fee that meets
6 all of the following conditions:

7 (i) The value of all prizes offered to winning game
8 participants is established and made known to the game participants
9 in advance of the fantasy sports game and their value is not
10 determined by the number of game participants or the amount of any
11 fees paid by the game participants.

12 (ii) All winning outcomes reflect the relative knowledge and
13 skill of game participants and are determined predominantly by
14 accumulated statistical results of the performance of athletes in
15 real-world athletic events.

16 (iii) A winning outcome is not based on the score, point
17 spread, or performance of a single real-world team or any
18 combination of teams or on any single performance of an individual
19 athlete in a single athletic event.

20 (h) "Fund" means the internet gaming fund created under
21 section 15.

22 (i) "Gross gaming revenue" means the total of all internet
23 wagers actually received by an internet gaming licensee licensed by
24 the division, less the total of all winnings paid out to authorized
25 participants. As used in this subdivision:

26 (i) "Prizes" includes both monetary and nonmonetary prizes
27 received directly or indirectly by an authorized participant from

1 an internet gaming licensee licensed by the division as a direct or
2 indirect result of placing an internet wager. The value of a
3 nonmonetary prize is the actual cost of the prize.

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

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

7 (B) Stakes returned to authorized participants.

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

13 (j) "Institutional investor" means a person that is any of the
14 following:

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

17 (ii) An employee benefit plan or pension fund that is subject
18 to the employee retirement income security act of 1974, Public Law
19 93-406.

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

22 (iv) A collective investment trust organized by a bank under
23 12 CFR part 9.

24 (v) A closed end investment trust.

25 (vi) A chartered or licensed life insurance company or
26 property and casualty insurance company.

27 (vii) A chartered or licensed financial institution.

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

3 (ix) Any other person that the division determines should be
4 considered to be an institutional investor for reasons consistent
5 with this act.

6 (k) "Internet" means the international computer network of
7 interoperable packet-switched data networks, inclusive of such
8 additional technological platforms as mobile, satellite, and other
9 electronic distribution channels approved by the division.

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

21 (m) "Internet gaming" means operating, conducting, or offering
22 for play an internet game.

23 (n) "Internet gaming licensee" means a person that is issued
24 an internet gaming license from the division to conduct internet
25 gaming or is otherwise authorized to conduct internet gaming under
26 section 7.

27 (o) "Internet gaming platform" means an integrated system of

1 hardware, software, and servers through which an internet gaming
2 licensee conducts internet gaming under this act.

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

14 (q) "Internet wager" means money or something of monetary
15 value risked on an internet game offered under this act.

16 (r) "Internet wagering" means the placing of wagers with an
17 internet gaming licensee using a computer network of both federal
18 and nonfederal interoperable packet switched data networks through
19 which the internet gaming licensee may offer internet games to
20 authorized participants who have established a wagering account
21 with the internet gaming licensee.

22 (s) "Internet wagering account" means an electronic ledger in
23 which all of the following types of transactions relative to the
24 internet gaming platform are recorded:

25 (i) Deposits.

26 (ii) Withdrawals.

27 (iii) Amounts wagered.

1 (iv) Amounts paid on winning wagers.

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

4 (vi) Adjustments to the account.

5 (t) "Person" means an individual, partnership, corporation,
6 association, limited liability company, federally recognized Indian
7 tribe, or other legal entity. Person does not include this state or
8 any department or agency of this state.

9 Sec. 4. (1) Internet gaming may be conducted only to the
10 extent that it is conducted in accordance with this act. A law that
11 is inconsistent with this act does not apply to internet gaming as
12 provided for by this act. This act does not apply to lottery games
13 offered by the bureau of state lottery either through the internet
14 or via its online terminal and network systems.

15 (2) An internet wager received by an internet gaming licensee
16 is considered to be gambling or gaming that is conducted in the
17 licensee's casino located in this state, regardless of the
18 authorized participant's location at the time the participant
19 initiates or otherwise places the internet wager.

20 (3) An internet wager received by a federally recognized
21 Michigan Indian tribe is considered to be gambling or gaming that
22 is conducted wholly within that Indian tribe's casino on Indian
23 tribal lands located in this state, regardless of the authorized
24 participant's location at the time the participant places the
25 internet wager.

26 (4) All internet wagers placed in accordance with this act are
27 considered placed when received by the internet gaming licensee,

1 regardless of the authorized participant's location at the time the
2 participant initiates the wager. Any intermediate routing of
3 electronic data in connection with a wager, including across state
4 lines, does not determine the location or locations in which the
5 wager is initiated, received, or otherwise made, and does not
6 affect the fact that the wager is considered placed in the internet
7 gaming licensee's casino.

8 (5) An internet gaming licensee's primary internet gaming
9 operation, including facilities, equipment, and personnel who are
10 directly engaged in the conduct of internet gaming activities, must
11 be located in a restricted area on the premises of the internet
12 gaming licensee's casino. Backup equipment may be located outside
13 the internet gaming licensee's casino, as long as any wager is
14 placed with the internet gaming licensee on equipment that is
15 physically located within the internet gaming licensee's casino.

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

**[(7) An internet gaming licensee licensed by the division shall, on
the internet gaming platform used by the licensee, display in a clear,
conspicuous, and accessible manner evidence of the licensee's internet
gaming license issued under this act.**

24 **(8)]** This act does not apply to a fantasy sports game.

25 Sec. 5. (1) The division of internet gaming is established in
26 the board. The division has the powers and duties specified in this
27 act and all other powers necessary to enable it to fully and

1 effectively execute this act to administer, regulate, and enforce
2 the system of internet gaming established by this act.

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

7 (3) The division may enter into agreements with other
8 jurisdictions to facilitate, administer, and regulate
9 multijurisdictional internet gaming by internet gaming licensees to
10 the extent that entering into the agreement is consistent with
11 state and federal laws and if the gaming under the agreement is
12 conducted only in the United States.

13 (4) The division may permit an internet gaming licensee
14 licensed by the division to conduct internet wagering under this
15 act on any amateur or professional sporting event or contest, if
16 that internet wagering is not prohibited by federal law.

17 Sec. 6. (1) The division may issue an internet gaming license
18 only to a person that holds a casino license under the Michigan
19 gaming control and revenue act, 1996 IL 1, MCL 432.201 to 432.226.
20 The division shall issue an internet gaming license to the person
21 described in this subsection after receiving the application
22 described in subsection (3) and the application fee if the division
23 determines that the internet gaming proposed by the person complies
24 with this act.

25 (2) An internet gaming license issued under this act is valid
26 for the 5-year period after the date of issuance and, if the
27 division determines that the licensee continues to meet the

1 eligibility standards under this act, is renewable for additional
2 5-year periods. An internet gaming licensee shall not conduct
3 internet gaming until 1 year after the date this act is enacted
4 into law.

5 (3) A person may apply to the division for an internet gaming
6 license to offer internet gaming as provided in this act. Subject
7 to subsection (4), the application must be made on forms provided
8 by the division and include the information required by the
9 division, including, but not limited to, all of the following:

10 (a) Detailed information regarding the ownership and
11 management of the person.

12 (b) Detailed personal information regarding the person.

13 (c) Financial information regarding the person.

14 (d) The gaming history and experience of the person in the
15 United States and other jurisdictions.

16 (4) A person does not need to provide any information in an
17 application under subsection (3) that the person has previously
18 provided to the division unless the division notifies the applicant
19 that the division cannot locate the previously provided
20 information.

21 (5) An initial application for an internet gaming license must
22 be accompanied by an application fee of \$100,000.00. The rules
23 promulgated under section 10 may include provisions for the refund
24 of an application fee, or the portion of an application fee that
25 has not been expended by the division in processing the
26 application, and the circumstances under which the fee will be
27 refunded.

1 (6) The division shall keep all information, records,
2 interviews, reports, statements, memoranda, or other data supplied
3 to or used by the division in the course of its review or
4 investigation of an application for an internet gaming license or a
5 renewal of an internet gaming license confidential and shall use
6 that material only to evaluate the application for an internet
7 gaming license for the license or renewal of the license. The
8 materials described in this subsection are exempt from disclosure
9 under section 13 of the freedom of information act, 1976 PA 442,
10 MCL 15.243.

11 (7) An application under this section must be submitted and
12 considered in accordance with this act and any rules promulgated
13 under this act.

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

19 (9) An institutional investor that holds for investment
20 purposes only less than 30% of the equity of a person applying for
21 an internet gaming license under this section is exempt from the
22 licensure requirements of this section.

23 Sec. 7. (1) A federally recognized Michigan Indian tribe that
24 operates a casino in this state in which class III gaming is
25 conducted may conduct internet gaming at that casino under this
26 act, commencing no sooner than 1 year after the effective date of
27 this act, if authorized by a compact the tribe has entered into

1 with this state under the Indian gaming regulatory act, Public Law
2 100-497, subject to the terms of the compact or amendment, and
3 requirements of applicable federal law.

4 (2) With respect to a request for a compact amendment or a new
5 compact to permit an eligible Indian tribe to conduct internet
6 gaming under this act, the tribe shall request the amendment or new
7 compact by letter from the tribal chairperson on behalf of the
8 tribe to the governor on behalf of this state. The letter described
9 in this subsection must include proposed terms consistent with this
10 act.

11 (3) With respect to a request to authorize an Indian tribe to
12 conduct internet gaming authorized under this act under the terms
13 of an existing compact that authorizes the Indian tribe to request
14 the addition of new class III games with approval by the governor,
15 the tribe shall request that internet gaming be added as an
16 additional class III game under the compact.

17 (4) The governor, on behalf of this state, may negotiate and
18 enter into a compact, on behalf of this state, with a federally
19 recognized Indian tribe, that expressly authorizes internet gaming
20 under this act. The terms of a compact or amendment to a compact
21 under this subsection must address the following:

22 (a) The amount and manner of revenue sharing payments to be
23 made to this state related to internet gaming.

24 (b) The legal and equitable remedies and process by which this
25 state may enforce, in federal courts, the terms of the compact or
26 amendment to a compact, including, but not limited to, the Indian
27 tribe's agreement to make revenue sharing payments to this state

1 based on revenues generated by the internet gaming conducted by the
2 Indian tribe.

3 (c) The types of internet games to be offered for play and
4 that the tribe may only offer for play those internet games that
5 the division has approved for internet gaming licensees licensed by
6 the division to offer.

7 (d) The tribe's commitment to develop and utilize responsible
8 gaming programs similar to those described in section 12.

9 (e) The tribe's obligation to develop and utilize financial
10 standards for internet wagering, internet wagering accounts, and
11 internet gaming platforms, systems and software, and other
12 electronic components for internet gaming that are similar to the
13 standards imposed by the division, or to standards promulgated by
14 the state of Nevada or the state of New Jersey.

15 (f) The tribe's obligation to develop and utilize 1 or more
16 mechanisms designed to reasonably verify that an individual who
17 desires to wager over the internet gaming platform used by the
18 tribe is 21 years of age or older.

19 (g) The tribe's obligation to develop and utilize verification
20 mechanisms designed to detect and prevent the unauthorized use of
21 internet wagering accounts and to detect and prevent fraud, money
22 laundering, and collusion.

23 (h) The tribe's obligation to ensure that its internet gaming
24 platform provider, if not tribally owned, is licensed as an
25 internet gaming vendor under this act.

26 (i) The tribe's obligation to cease all internet gaming
27 operations permitted by this act if a court enters a judgment or

1 order that has the effect of invalidating or otherwise rendering
2 inoperative section 6(1) or otherwise nullifies the ability of a
3 person that holds a casino license under the Michigan gaming
4 control and revenue act, 1996 IL 1, MCL 432.201 to 432.226, to
5 offer internet gaming under this act.

6 (j) The tribe's obligation to cease all internet gaming
7 operations if the tribe ceases operating its casino or the tribe
8 fails to offer class III games other than internet gaming at its
9 casino.

10 (5) The governor shall negotiate in good faith regarding an
11 eligible Indian tribe's request for a compact amendment or a new
12 compact under subsection (2). If the governor fails to negotiate
13 with an Indian tribe or fails to negotiate in good faith with
14 respect to any request that addresses the provisions set forth in
15 subsection (4), the Indian tribe may initiate a cause of action in
16 federal court as authorized under 25 USC 2710(d)(7).

17 (6) An Indian tribe authorized to conduct internet gaming
18 under this act pursuant to a compact, or amendment to a compact,
19 entered into with this state is authorized to become a party to any
20 multijurisdictional agreement entered into by the division under
21 section 5(3) of this act and may enter into agreements with other
22 Indian tribes to facilitate, administer, and regulate
23 multijurisdictional internet gaming to the extent that the
24 agreement is consistent with applicable tribe, state and federal
25 laws, including the Indian gaming regulatory act, Public Law 100-
26 497, and the unlawful internet gambling enforcement act of 2006,
27 Public Law 109-347.

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

6 (2) On application by an interested person, the division may
7 issue a provisional internet gaming vendor license to a person that
8 applies for an internet gaming vendor license. A provisional
9 license issued under this subsection allows the person applying for
10 the internet gaming vendor license to conduct business with an
11 internet gaming licensee or person applying for an internet gaming
12 license before the internet gaming vendor license is issued to the
13 person. A provisional license issued under this subsection expires
14 on the date provided in the license by the division.

15 (3) An internet gaming vendor license issued under subsection
16 (1) is valid for the 5-year period after the date of issuance. An
17 internet gaming vendor license is renewable after the initial 5-
18 year period for additional 5-year periods if the division
19 determines that the internet gaming vendor continues to meet the
20 eligibility standards under this act.

21 (4) A person may apply to the division to become an internet
22 gaming vendor licensee as provided in this act and the rules
23 promulgated under this act.

24 (5) Subject to subsection (6), an application under this
25 section must be made on forms provided by the division and include
26 the information required by the division, including, but not
27 limited to, all of the following:

1 (a) Detailed information regarding the ownership and
2 management of the person applying for the internet gaming vendor
3 license.

4 (b) Detailed personal information regarding the person
5 applying for the internet gaming vendor license.

6 (c) Financial information regarding the person applying for
7 the internet gaming vendor license.

8 (d) The gaming history and experience of the person applying
9 for the internet gaming vendor license.

10 (6) If the person applying for the internet gaming vendor
11 license is licensed as a supplier under the Michigan gaming control
12 and revenue act, 1996 IL 1, MCL 432.201 to 432.226, the person does
13 not need to provide any information that it has previously provided
14 to the division unless the division notifies the person that the
15 division cannot locate the previously provided information.

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

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

27 (9) An internet gaming vendor shall pay a license fee of

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

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

9 (11) An institutional investor that holds for investment
10 purposes only less than 30% of the equity of a person applying for
11 the internet gaming vendor license under this section is exempt
12 from the licensure requirements of this act.

13 Sec. 9. (1) Except for internet gaming conducted by an Indian
14 tribe under a compact or an amendment to a compact described in
15 section 7, the division has jurisdiction over and shall supervise
16 all internet gaming operations governed by this act. The division
17 may do anything necessary or desirable to effectuate this act,
18 including, but not limited to, all of the following:

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

22 (b) Decide promptly and in reasonable order all license
23 applications and approve, deny, suspend, revoke, restrict, or
24 refuse to renew internet gaming licenses and internet gaming vendor
25 licenses. A party aggrieved by an action of the division denying,
26 suspending, revoking, restricting, or refusing to renew a license
27 may request a contested case hearing before the division. A request

1 for hearing under this subdivision must be made to the division in
2 writing within 21 days after service of notice of the action by the
3 division.

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

6 (d) Provide for the establishment and collection of all
7 license fees and taxes imposed by this act and the rules
8 promulgated under this act and the deposit of the fees and taxes
9 into the fund.

10 (e) Develop and enforce testing and auditing requirements for
11 internet gaming platforms, internet wagering, and internet wagering
12 accounts.

13 (f) Develop and enforce requirements for responsible gaming
14 and player protection, including privacy and confidentiality
15 standards and duties.

16 (g) Develop and enforce requirements for accepting internet
17 wagers.

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

23 (i) Develop and administer civil fines for internet gaming
24 licensees licensed by the division and internet gaming vendor
25 licensees that violate this act or the rules promulgated under this
26 act. A fine imposed under this subdivision must not exceed
27 \$5,000.00 per violation.

1 (j) Audit and inspect, on reasonable notice, books and records
2 relevant to internet gaming operations, internet wagers, internet
3 wagering accounts, internet games, or internet gaming platforms,
4 including, but not limited to, the books and records regarding
5 financing and accounting materials held by or in the custody of an
6 internet gaming licensee or internet gaming vendor licensee.

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

10 (i) Computer hardware.

11 (ii) Mechanical, electronic, and online equipment and
12 terminals.

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

15 (2) The division may investigate, issue cease and desist
16 orders, and obtain injunctive relief against a person that offers
17 internet gaming in this state and is not an internet gaming
18 licensee.

19 (3) The division shall keep all information, records,
20 interviews, reports, statements, memoranda, and other data supplied
21 to or used by the division in the course of any investigation of a
22 person licensed under this act strictly confidential and shall use
23 that material only for investigative purposes. The materials
24 described in this subsection are exempt from disclosure under
25 section 13 of the freedom of information act, 1976 PA 442, MCL
26 15.243.

27 Sec. 10. The division shall promulgate rules governing the

1 licensing, administration, and conduct of internet gaming necessary
2 to carry out this act within 1 year after the effective date of
3 this act. The promulgation of emergency rules does not satisfy the
4 requirement for the promulgation of rules to allow a person to
5 conduct internet gaming under this act. The division shall
6 promulgate the rules pursuant to the administrative procedures act
7 of 1969, 1969 PA 306, MCL 24.201 to 24.328. The rules may include
8 only things expressly authorized by this act, including all of the
9 following:

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

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

15 (c) Requirements to ensure responsible gaming.

16 (d) Technical and financial standards for internet wagering,
17 internet wagering accounts, and internet gaming platforms, systems,
18 and software or other electronic components integral to offering
19 internet gaming.

20 (e) Procedures for conducting contested case hearings under
21 this act.

22 (f) Procedures and requirements for the acceptance, by an
23 internet gaming licensee licensed by the division, of internet
24 wagers initiated or otherwise made by persons located in other
25 jurisdictions.

26 (g) Requirements for multijurisdictional agreements entered
27 into by the division with other jurisdictions, including

1 qualifications, standards, and procedures for approval by the
2 division of vendors providing internet gaming platforms in
3 connection with the agreements.

4 Sec. 11. (1) An internet gaming licensee licensed by the
5 division must provide 1 or more mechanisms on the internet gaming
6 platform that the licensee uses that are designed to reasonably
7 verify that an authorized participant is 21 years of age or older
8 and that internet wagering is limited to transactions that are
9 initiated and received or otherwise made by an authorized
10 participant located in this state or a jurisdiction in the United
11 States in which internet gaming is legal.

12 (2) An individual who wishes to place an internet wager under
13 this act must satisfy the verification requirements under
14 subsection (1) before he or she may establish an internet gaming
15 account or make an internet wager on an internet game offered by an
16 internet gaming licensee licensed by the division.

17 (3) An internet gaming licensee licensed by the division shall
18 require its internet gaming platform provider to include mechanisms
19 on the internet gaming platform the internet gaming licensee uses
20 that are designed to detect and prevent the unauthorized use of
21 internet wagering accounts and to detect and prevent fraud, money
22 laundering, and collusion.

23 (4) An internet gaming licensee licensed by the division shall
24 not knowingly authorize any of the following individuals to
25 establish an internet gaming account or knowingly allow them to
26 wager on internet games offered by the internet gaming licensee,
27 except if required and authorized by the division for testing

1 purposes or to otherwise fulfill the purposes of this act:

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

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

5 Sec. 12. (1) The division may develop responsible gaming
6 measures, including a statewide responsible gaming database
7 identifying individuals who are prohibited from establishing an
8 internet wagering account or participating in internet gaming
9 offered by an internet gaming licensee licensed by the division.

10 The executive director of the board may place an individual's name
11 in the responsible gaming database if any of the following apply:

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

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

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

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

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

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

1 (4) An internet gaming licensee licensed by the division
2 shall, on the internet gaming platform used by the licensee,
3 display in a clear, conspicuous, and accessible manner the number
4 of the toll-free compulsive gambling hotline maintained by this
5 state and offer responsible gambling services and technical
6 controls to participants, consisting of both temporary and
7 permanent self-exclusion for all internet games offered and the
8 ability for participants to establish their own periodic deposit
9 and internet wagering limits and maximum playing times.

10 (5) An authorized participant may voluntarily prohibit himself
11 or herself from establishing an internet wagering account with an
12 internet gaming licensee licensed by the division. The division may
13 incorporate the voluntary self-exclusion list into the responsible
14 gaming database and maintain both the self-exclusion list and the
15 responsible gaming database in a confidential manner.

16 (6) The self-exclusion list and responsible gaming database
17 established under this section are exempt from disclosure under
18 section 13 of the freedom of information act, 1976 PA 442, MCL
19 15.243.

20 Sec. 13. (1) Except as otherwise authorized in the opinion
21 described in section 2(2), a person shall not do any of the
22 following:

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

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

27 (c) Knowingly provide false testimony to the board or an

1 authorized representative of the board while under oath.

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

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

7 (4) The attorney general or a county prosecuting attorney
8 shall bring an action to prosecute a violation of subsection (1),
9 in the attorney general's or prosecuting attorney's discretion, in
10 the county in which the violation occurred or in Ingham County.

11 Sec. 14. (1) A person that receives an internet gaming license
12 from the division is subject to a tax of 8% on the gross gaming
13 revenue received by the internet gaming licensee from internet
14 gaming conducted under this act.

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

18 (3) The tax imposed under this section must be allocated as
19 follows:

20 (a) Fifty-five percent to the city in which the internet
21 gaming licensee's casino is located, for use in connection with the
22 following:

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

25 (ii) Neighborhood and downtown economic development programs
26 designed to create jobs in that city.

27 (iii) Public safety programs such as emergency medical

1 services, fire department programs, and street lighting in that
2 city.

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

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

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

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

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

10 (b) **[Thirty-five]** percent to the state to be deposited in the
11 fund.

12 Sec. 15. (1) The internet gaming fund is created in the state
13 treasury.

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

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

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

19 (3) The board is the administrator of the fund for auditing
20 purposes.

21 (4) The board shall expend money from the fund, on
22 appropriation, for all of the following:

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

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

1 Sec. 16. (1) If a court enters a final judgment or order that
2 has the effect of invalidating or otherwise rendering inoperative
3 section 6(1), or otherwise nullifies the ability of a person that
4 holds a casino license under the Michigan gaming control and
5 revenue act, 1996 IL 1, MCL 432.201 to 432.226, to offer internet
6 gaming under this act, this entire act is inoperable and of no
7 effect.

8 (2) If a court holds that a provision of this act, or the
9 application of a provision of this act to any person or
10 circumstance, is invalid or inoperative other than as provided in
11 subsection (1), the validity of the remainder of this act and the
12 application of the remainder of this act to other persons and
13 circumstances are not affected, as provided in section 5 of 1846 RS
14 1, MCL 8.5.

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

17 Enacting section 2. This act does not take effect unless House
18 Bill No. 4927 of the 99th Legislature is enacted into law.