

DRAFT 2  
**SUBSTITUTE FOR**  
**HOUSE BILL NO. 4916**

A bill to create the lawful sports betting act; to allow persons to engage in sports betting via the internet, including through mobile applications; to impose requirements for such sports betting; to impose tax and other payment obligations on the conduct of licensed sports betting; to create the sports betting gaming fund; to prohibit certain acts in relation to sports betting 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 sports betting act".

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



1 (a) Operating, conducting, and offering for play sports  
2 betting on the internet, including through mobile application,  
3 involves gaming activity that is allowable class III gaming.

4 (b) This act is consistent and complies with the unlawful  
5 internet gambling enforcement act of 2006, 31 USC 5361 to 5367, and  
6 with 18 USC 1084, and permits the use of the internet, including  
7 through mobile application, to place, receive, or otherwise  
8 knowingly transmit a sports bet or wager if that use complies with  
9 this act and rules promulgated under this act.

10 (c) This act is consistent and complies with the state  
11 constitution of 1963 by ensuring that internet sports betting may  
12 only be offered by licensed sports betting operators who are  
13 currently operating casinos legally in this state.

14 (d) In order to protect residents of this state who wager on  
15 sports through the internet, including through mobile application,  
16 and to capture revenues generated from such sports betting, it is  
17 in the best interest of this state and its citizens to regulate  
18 this activity by authorizing and establishing a secure,  
19 responsible, fair, and legal system of internet sports betting.

20 Sec. 3. As used in this act:

21 (a) "Adjusted gross sports betting receipts" means the total  
22 value of all internet sports betting wagers received by a sports  
23 betting operator under this act, less all of the following:

24 (i) Winnings.

25 (ii) Excise tax payments on internet sports betting remitted to  
26 the federal government.

27 (iii) Voided internet sports betting wagers.

28 (b) "Affiliate" means a person that, directly or indirectly,  
29 through 1 or more intermediaries, controls or is controlled by a



1 sports betting operator.

2 (c) "Athletic event" means a sports activity that involves the  
3 athletic skill of 1 or more players or participants. Athletic event  
4 does not include any of the following:

5 (i) Pari-mutuel horse racing.

6 (ii) Any K-12 sport or athletic event or any other athletic  
7 event played by individuals that are at the high school level or  
8 below.

9 (iii) Roulette, poker, blackjack, a card game, a dice game, or  
10 any other game or contest typically offered in a casino other than  
11 sports betting.

12 (d) "Applicant" means a person that applies for a license or  
13 for registration under this act. As used in section 6(2), applicant  
14 includes an affiliate, director, or managerial employee of the  
15 applicant that performs the function of principal executive  
16 officer, principal operations manager, or principal accounting  
17 officer, or a person who holds more than 5% direct or indirect  
18 ownership interest in the applicant. As used in this subdivision,  
19 affiliate does not include a partnership, a joint venture, a co-  
20 shareholder of a corporation, a co-member of a limited liability  
21 company, or a co-partner in a limited liability partnership that  
22 has 5% or less direct ownership interest in the applicant and is  
23 not involved in the internet sports betting operation.

24 (e) "Authorized participant" means an individual who has a  
25 valid internet sports betting account with a sports betting  
26 operator and is at least 21 years of age.

27 (f) "Board" means the Michigan gaming control board created  
28 under section 4 of the Michigan Gaming Control and Revenue Act,  
29 1996 IL 1, MCL 432.204.



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

7 (h) "Class III gaming" means that term as defined in 25 USC  
8 2703.

9 (i) "Compact" means a tribal-state compact governing the  
10 conduct of gaming activities in this state that is negotiated under  
11 the Indian gaming regulatory act, Public Law 100-497, 102 Stat  
12 2467.

13 (j) "Fund" means the sports betting gaming fund created under  
14 section 16.

15 (k) "Gaming equipment" or "sports betting equipment" means any  
16 mechanical, electronic, or other device, mechanism, or equipment  
17 used in the operation of internet sports betting that directly  
18 affects the wagering and results of sports betting offered under  
19 this act. Gaming equipment does not include an individually owned  
20 personal computer or mobile device used by an authorized  
21 participant to place an internet sports betting wager.

22 (l) "Indian lands" means that term as defined in 25 USC 2703.

23 (m) "Indian tribe" means that term as defined in 25 USC 2703  
24 and any instrumentality, political subdivision, or other legal  
25 entity through which an Indian tribe operates its existing casino.

26 (n) "In-game wagering" means placing an internet sports  
27 betting wager after an athletic event has started.

28 (o) "Institutional investor" means a person that is any of the  
29 following:



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

3 (ii) An employee benefit plan or pension fund that is subject  
4 to the employee retirement income security act of 1974, Public Law  
5 93-406.

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

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

10 (v) A closed end investment trust.

11 (vi) A chartered or licensed life insurance company or  
12 property and casualty insurance company.

13 (vii) A chartered or licensed financial institution.

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

16 (ix) Any other person that the board determines through  
17 rulemaking should be considered to be an institutional investor for  
18 reasons consistent with this act.

19 (p) "Internet" means the international computer network of  
20 interoperable packet-switched data networks, inclusive of mobile  
21 application and satellite technological platforms, and other  
22 electronic distribution channels approved by the board.

23 (q) "Internet sports betting platform" means an integrated  
24 system of hardware, software, applications, including mobile  
25 applications, and servers through which a sports betting operator  
26 operates, conducts, or offers sports betting on the internet.

27 (r) "Internet sports betting" means operating, conducting, or  
28 offering for play sports betting through the internet.



1 (s) "Internet sports betting wager" means the cash, or cash  
2 equivalent, including free play, loyalty points, and other  
3 redeemable sports betting credits, risked by an authorized  
4 participant on sports betting through the internet.

5 (t) "Internet sports betting account" means an electronic  
6 ledger in which all of the following types of transactions relative  
7 to an authorized participant are recorded:

8 (i) Deposits.

9 (ii) Withdrawals.

10 (iii) Internet sports betting wagers.

11 (iv) Monetary value of winnings.

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

14 (vi) Adjustments to the account.

15 (u) "Minor" means an individual under the age of 21 years.

16 (v) "Mobile application" means an application on a cellular  
17 phone or other computerized device that allows an individual to  
18 engage in sports betting remotely.

19 (w) "National criminal history background check system" means  
20 the criminal history record system maintained by the Federal Bureau  
21 of Investigation, based on fingerprint identification or any other  
22 method of positive identification.

23 (x) "Occupational license" means a license issued by the board  
24 to a person to perform an occupation directly related to internet  
25 sports betting that the board has identified as requiring the  
26 license.

27 (y) "Official league data" means statistics, results,  
28 outcomes, and other data relating to an athletic event obtained  
29 under an agreement with the relevant sports governing body, or an



1 entity expressly authorized by the sports governing body to provide  
2 the information described in this subdivision to sports betting  
3 licensees, that authorizes the use of the data described in this  
4 subdivision for determining the outcome of tier 2 sports wagers.

5 (z) "Person" means an individual, partnership, corporation,  
6 association, limited liability company, federally recognized Indian  
7 tribe, or other legal entity.

8 (aa) "Prizes" includes both monetary and nonmonetary prizes  
9 received directly or indirectly by an authorized participant from a  
10 sports betting operator as a result of internet sports betting. The  
11 value of a nonmonetary prize is the actual cost of the prize.

12 (bb) "Sports betting" means to operate, conduct, or offer for  
13 play wagering conducted under this act on athletic events and other  
14 events approved by the board. Sports betting includes, but is not  
15 limited to, single-game bets, teaser bets, parlays, over-under,  
16 moneyline, pools, exchange betting, in-game betting, proposition  
17 bets, and straight bets.

18 (cc) "Sports betting operator" means a person that is issued a  
19 sports betting operator license.

20 (dd) "Sports betting operator license" means a license issued  
21 by the board to a person to operate, conduct, or offer internet  
22 sports betting.

23 (ee) "Sports betting supplier" means a person that the board  
24 has identified as requiring a license to provide goods, software,  
25 or services to a sports betting operator to operate, conduct, or  
26 offer internet sports betting. Sports betting supplier includes,  
27 but is not limited to, payment processors, geolocation service  
28 providers, sports governing bodies, internet sports betting  
29 platform providers, and data providers.



1 (ff) "Sports betting wagering device" means a mechanical,  
2 electrical, or computerized terminal, device, apparatus, or piece  
3 of equipment for internet sports betting wagering. Sports betting  
4 wagering device does not include an individually owned personal  
5 computer or mobile device used by an authorized participant to  
6 place an internet sports betting wager.

7 (gg) "Sports governing body" means an organization that  
8 prescribes final rules and enforces codes of conduct for an  
9 athletic event and the participants in the athletic event.

10 (hh) "Vendor" means a person that is not licensed under this  
11 act that supplies to a sports betting operator any goods or  
12 services used to operate, conduct, or offer internet sports  
13 betting.

14 (ii) "Tier 1 sports bet" means an internet sports betting  
15 wager that is placed after an athletic event has started.

16 (jj) "Tier 2 sports bet" means an internet sports betting  
17 wager that is not a tier 1 sports bet.

18 (kk) "Winnings" includes both of the following:

19 (i) The total monetary value of prizes received by authorized  
20 participants.

21 (ii) Other amounts credited to authorized participants'  
22 internet sports betting accounts and redeemed by the authorized  
23 participants, including the monetary value of loyalty points,  
24 freeplay, and other similar complimentaries, incentives, and  
25 redeemable sports betting credits and other things of value  
26 provided to authorized participants as an incentive to place or as  
27 a result of their having placed internet sports betting wagers.

28 Sec. 4. (1) Internet sports betting may be conducted only to  
29 the extent that it is conducted in accordance with this act.





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

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

8 (4) This act does not apply to internet sports betting  
9 conducted exclusively on Indian lands by an Indian tribe under a  
10 facility license issued in accordance with a tribal gaming  
11 ordinance approved by the chair of the National Indian Gaming  
12 Commission. For purposes of this subsection, internet sports  
13 betting is conducted exclusively on Indian lands only if the  
14 individual who places the internet sports betting wager is  
15 physically present on Indian lands when the internet sports betting  
16 wager is initiated and the internet sports betting wager is  
17 received or otherwise made on equipment that is physically located  
18 on Indian lands, and the internet sports betting wager is  
19 initiated, received, or otherwise made in conformity with the safe  
20 harbor requirements described in 31 USC 5362(10)(C).

21 (5) A person shall not aggregate sports betting wagering  
22 devices in a place of public accommodation in this state, including  
23 a club or other association, to enable multiple players to  
24 simultaneously place internet sports betting wagers. This  
25 subsection does not apply to a sports betting operator aggregating  
26 sports betting wagering devices within its own casino.

27 (6) For purposes of this act, the intermediate routing of  
28 electronic data in connection with internet wagering, including  
29 routing across state lines, does not determine the location or



1 locations in which the wager is initiated, received, or otherwise  
2 made.

3 (7) A sports betting operator may use no more than 1 internet  
4 sports betting platform to offer, conduct, or operate internet  
5 sports betting on the internet. The sports betting operator must  
6 clearly display its own brand or that of an affiliate on its  
7 internet sports betting platform. The sports betting operator may  
8 also elect to brand its internet sports betting platform using the  
9 name and logos of no more than 1 internet sports betting supplier  
10 if the sports betting platform also clearly displays the sports  
11 betting operator's own trademarks and logos or those of an  
12 affiliate.

13 Sec. 5. (1) The board has the powers and duties specified in  
14 this act and all other powers necessary to enable it to fully and  
15 effectively execute this act to administer, regulate, and enforce  
16 internet sports betting under this act.

17 (2) The board has jurisdiction over every person licensed by  
18 the board and may take enforcement action against a person that is  
19 not licensed by the board that offers sports betting in this state.

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

26 (4) The board may permit sports betting operators licensed by  
27 the board to accept internet sports betting wagers under this act  
28 on any amateur or professional athletic event.

29 Sec. 6. (1) The board may issue a sports betting license only



1 to an applicant that is either of the following:

2 (a) A person that holds a casino license under the Michigan  
3 Gaming Control and Revenue Act, 1996 IL 1, MCL 432.201 to 432.226.

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

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

27 (a) Whether the applicant has adequate capitalization and the  
28 financial ability and the means to develop, construct, operate, and  
29 maintain the applicant's casino and proposed internet sports



1 betting platforms in accordance with this act and the rules  
2 promulgated by the board.

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

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

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

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

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

29 (g) Whether the applicant has a history of material



1 noncompliance with any regulatory requirements in this state or any  
2 other jurisdiction where the noncompliance resulted in an  
3 enforcement action by the regulatory agency having jurisdiction  
4 over the applicant.

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

8 (3) A sports betting license issued under this act is valid  
9 for the 5-year period after the date of issuance and, if the board  
10 determines that the licensee continues to meet the eligibility and  
11 suitability standards under this act, is renewable for additional  
12 5-year periods.

13 (4) A person described in subsection (1)(a) may apply to the  
14 board for a sports betting operator license to offer internet  
15 sports betting as provided in this act. The application must be  
16 made on forms provided by the board and include the information  
17 required by the board.

18 (5) A person described in subsection (1)(b) may apply to the  
19 board for a sports betting operator license to offer internet  
20 sports betting as provided in this act. The application must be  
21 made on forms provided by the board that require only the following  
22 information:

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

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

27 (c) Detailed information about the primary management  
28 officials of the applicant's casinos who will have management  
29 responsibility for the applicant's internet sports betting



1 operations.

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

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

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

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

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

13 (6) An initial application for a sports betting license must  
14 be accompanied by an application fee of \$50,000.00. The rules  
15 promulgated under section 10 may include provisions for the refund  
16 of an application fee, or the portion of an application fee that  
17 has not been expended by the board in processing the application,  
18 and the circumstances under which the fee will be refunded. The  
19 board may assess additional fees for the costs related to licensure  
20 investigation.

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



1 (8) An application under this section must be submitted and  
2 considered in accordance with this act and any rules promulgated  
3 under this act.

4 (9) A sports betting operator shall pay a license fee of  
5 \$100,000.00 to the board at the time the initial sports betting  
6 operator license is issued and \$50,000.00 each year after the  
7 initial license is issued.

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

10 (11) A sports betting operator shall not offer internet sports  
11 betting until the board has issued a license to at least 1 person  
12 under subsection (1)(a) and 1 person under subsection (1)(b) or 6  
13 months after the effective date of this act, whichever occurs  
14 first.

15 (12) A person described in subsection (1)(b) that offers  
16 gaming in this state under a tribal-state gaming compact that  
17 requires agreement by the governor for the addition of any new  
18 class III gaming games may request the addition of sports betting  
19 as an allowable class III gaming game. If a tribe makes a request  
20 under this subsection within 60 days after the effective date of  
21 this act, the governor shall allow the addition of sports betting  
22 as a class III gaming game under the applicable compact. A tribe  
23 that receives the addition of sports betting under this subsection  
24 shall not offer internet sports betting until the requirements of  
25 subsection (11) are satisfied.

26 (13) An institutional investor that holds for investment  
27 purposes only less than 25% of the equity of an applicant under  
28 this section is exempt from the licensure requirements of this act.

29 Sec. 7. (1) The board shall condition the issuance,



1 maintenance, and renewal of a sports betting operator license to a  
2 person described in section 6(1)(b) on the person's compliance with  
3 all of the following conditions:

4 (a) The person complies with this act, rules promulgated by  
5 the board, and minimum internal controls pertaining to all of the  
6 following:

7 (i) The types of and rules for sports betting offered under  
8 this act.

9 (ii) Technical standards, procedures, and requirements for the  
10 acceptance, by the person, of internet sports betting wagers  
11 initiated or otherwise made by individuals located in this state  
12 who are not physically present on the person's Indian lands in this  
13 state at the time the internet sports betting wager is initiated or  
14 otherwise made.

15 (iii) Procedures and requirements for the acceptance of internet  
16 sports betting wagers initiated or otherwise made by individuals  
17 located in other jurisdictions, if the board authorizes  
18 multijurisdictional sports betting as provided in this act.

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

20 (b) The person adopts and maintains technical standards for  
21 internet sports betting platforms that are consistent with the  
22 standards adopted by the board under section 10.

23 (c) The person maintains 1 or more mechanisms on the internet  
24 sports betting platform that are designed to reasonably verify that  
25 an authorized participant is 21 years of age or older and that  
26 sports betting is limited to transactions that are initiated and  
27 received or otherwise made by an authorized participant located in  
28 this state or, if the board authorizes multijurisdictional sports  
29 betting as provided in this act, another jurisdiction in the United





1 States authorized by the multijurisdictional agreement.

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

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

8 (f) The person pays to this state within the time period  
9 described in section 14(2), 8% of the adjusted gross gaming  
10 receipts received by that person from all internet sports betting  
11 conducted under this act. All payments made under this subdivision  
12 must be deposited in the fund.

13 (g) The person agrees to and timely provides, on written  
14 request of the board, books and records directly related to its  
15 internet sports betting for the purpose of permitting the board to  
16 verify the calculation of the payments under subdivision (f).

17 (h) The person provides a waiver of sovereign immunity to the  
18 board for the sole and limited purpose of consenting to both of the  
19 following:

20 (i) The jurisdiction of the board to the extent necessary and  
21 for the limited purpose of providing a mechanism for the board to  
22 do all of the following:

23 (A) Issue, renew, and revoke the person's sports betting  
24 operator license.

25 (B) Enforce the payment obligations set forth in this section  
26 and section 14.

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

29 (D) Inspect the person's sports betting gaming operation and



1 records to verify that the person is conducting its internet sports  
2 betting in conformity with the conditions prescribed in this  
3 section.

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

6 (F) Enforce the payment of internet sports betting operator  
7 license fees described in section 6(9).

8 (ii) The exclusive jurisdiction of the courts of this state,  
9 and expressly waiving the exhaustion of tribal remedies, with venue  
10 in Ingham County, and any courts to which appeals from that venue  
11 may be taken, to permit this state to enforce administrative orders  
12 of the board, the person's obligation to make payments required  
13 under subdivision (f) and section 14, and to enforce collection of  
14 the judgments. Any judgment of monetary damages under this  
15 subparagraph is deemed limited recourse obligations of the person  
16 and does not impair any trust or restricted income or assets of the  
17 person.

18 (2) This state, acting through the governor, at the request of  
19 any Indian tribe, shall negotiate and may conclude and execute any  
20 amendments to an Indian tribe's compact necessary to effectuate  
21 internet sports betting by the Indian tribe under this act and to  
22 ensure internet gaming conducted by any Indian tribe is in  
23 compliance with this act. If the governor fails to enter into  
24 negotiations with any Indian tribe, or fails to negotiate in good  
25 faith with respect to any request, this state waives its sovereign  
26 immunity to permit the Indian tribe to initiate a cause of action  
27 against the governor in his or her official capacity in either  
28 state court or in federal court and obtain those remedies as  
29 authorized in 25 USC 2710(d)(7).



1 (3) The board must exercise its limited direct regulatory and  
2 enforcement authority in a manner that is not arbitrary,  
3 capricious, or contradictory to this act. Notwithstanding anything  
4 in this act to the contrary, this act only regulates internet  
5 sports betting as provided in this act and does not extend to the  
6 board, or any other agency of this state, any jurisdiction or  
7 regulatory authority over any aspect of any gaming operations of an  
8 Indian tribe described in section 6(1)(b) beyond those rights  
9 granted to this state under the compact with the Indian tribe.

10 Sec. 8. (1) The board may issue a sports betting supplier  
11 license to a person to provide goods, software, or services to  
12 sports betting operators. A person that is not licensed under this  
13 section shall not provide goods, software, or services as a sports  
14 betting supplier to a sports betting operator.

15 (2) On application by an interested person, the board may  
16 issue a provisional sports betting supplier license to an applicant  
17 for a sports betting supplier license. A provisional license issued  
18 under this subsection allows the applicant for the sports betting  
19 supplier license to conduct business with a sports betting operator  
20 before the sports betting supplier license is issued to the  
21 applicant. A provisional license issued under this subsection  
22 expires on the date provided by the board.

23 (3) A sports betting supplier license issued under subsection  
24 (1) is valid for the 5-year period after the date of issuance. A  
25 sports betting supplier license is renewable after the initial 5-  
26 year period for additional 5-year periods if the board determines  
27 that the sports betting supplier continues to meet the eligibility  
28 and suitability standards under this act.

29 (4) A person may apply to the board for a sports betting



1 supplier license as provided in this act and the rules promulgated  
2 under this act.

3 (5) Except as otherwise provided in this section, an  
4 application under this section must be made on forms provided by  
5 the board and include the information required by the board. An  
6 Indian tribe that submits an application under this section shall  
7 provide only the information described in section 6(5).

8 (6) An application under this section must be accompanied by a  
9 nonrefundable application fee in an amount to be determined by the  
10 board, not to exceed \$5,000.00.

11 (7) The board shall keep all information, records, interviews,  
12 reports, statements, memoranda, or other data supplied to or used  
13 by the board in the course of its review or investigation of an  
14 application for a sports betting supplier license or renewal of a  
15 sports betting supplier license confidential and shall use that  
16 material only to evaluate the applicant for an sports betting  
17 vendor license or renewal. The materials described in this  
18 subsection are exempt from disclosure under section 13 of the  
19 freedom of information act, 1976 PA 442, MCL 15.243.

20 (8) A sports betting supplier shall pay a license fee of  
21 \$5,000.00 to the board at the time an initial sports betting  
22 supplier license is issued to the sports betting supplier and  
23 \$2,500.00 each year after the initial license is issued.

24 (9) The board shall deposit all application and license fees  
25 paid under this act into the fund.

26 (10) An institutional investor that holds for investment  
27 purposes only less than 25% of the equity of an applicant under  
28 this section is exempt from the licensure requirements of this act.

29 Sec. 9. (1) The board has jurisdiction over and shall



1 supervise all internet sports betting operations governed by this  
2 act. The board may do anything necessary or desirable to effectuate  
3 this act, including, but not limited to, all of the following:

4 (a) Develop qualifications, standards, and procedures for  
5 approval and licensure by the board of internet sports betting  
6 operators and internet sports betting suppliers.

7 (b) Decide promptly and in reasonable order all license  
8 applications and approve, deny, suspend, revoke, restrict, or  
9 refuse to renew sports betting operator licenses and sports betting  
10 supplier licenses. A party aggrieved by an action of the board  
11 denying, suspending, revoking, restricting, or refusing to renew a  
12 license may request a contested case hearing before the board. A  
13 request for hearing under this subdivision must be made to the  
14 board in writing within 21 days after service of notice of the  
15 action by the board.

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

18 (d) Provide for the establishment and collection of all  
19 applicable license fees, taxes, and payments imposed by this act  
20 and the rules promulgated under this act and the deposit of the  
21 applicable fees, taxes, and payments into the fund.

22 (e) Develop and enforce testing and auditing requirements for  
23 internet sports betting platforms, internet sports betting  
24 wagering, and internet sports betting accounts.

25 (f) Develop and enforce requirements for responsible gaming  
26 and player protection, including privacy and confidentiality  
27 standards and duties.

28 (g) Develop and enforce requirements for accepting internet  
29 sports betting wagers.



1 (h) Adopt by rule a code of conduct governing board employees  
2 that ensures, to the maximum extent possible, that persons subject  
3 to this act avoid situations, relationships, or associations that  
4 may represent or lead to an actual or perceived conflict of  
5 interest.

6 (i) Develop and administer civil fines for sports betting  
7 operators and sports betting suppliers that violate this act or the  
8 rules promulgated under this act.

9 (j) Audit and inspect books, records, and facilities relevant  
10 to internet sports betting operations, including, but not limited  
11 to, the books and records regarding financing and accounting  
12 materials held by or in the custody of a sports betting operator or  
13 sports betting supplier.

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

16 (i) Computer hardware.

17 (ii) Mechanical, electronic, and online equipment and  
18 terminals.

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

21 (2) The board may investigate and may issue cease and desist  
22 orders and obtain injunctive relief against a person that is not  
23 licensed by the board that offers internet sports betting in this  
24 state.

25 (3) The board shall keep all information, records, interviews,  
26 reports, statements, memoranda, and other data supplied to or used  
27 by the board in the course of any investigation of a person  
28 licensed under this act confidential and shall use that material  
29 only for investigative purposes. The materials described in this



1 subsection are exempt from disclosure under section 13 of the  
2 freedom of information act, 1976 PA 442, MCL 15.243.

3 Sec. 10. (1) Within 1 year after the effective date of this  
4 act, the board shall promulgate rules governing the licensing,  
5 administration, and conduct of sports betting under this act. The  
6 board shall promulgate the rules pursuant to the administrative  
7 procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328. The  
8 rules may include only things expressly authorized by this act,  
9 including all of the following:

10 (a) The acceptance net sports betting wagers.

11 (b) The development and posting of house rules regarding  
12 internet sports betting.

13 (c) Method of reporting to be used by licensees.

14 (d) Types of records that must be kept.

15 (e) The ways in which an authorized participant may fund his  
16 or her internet sports betting account, that must include, at a  
17 minimum, the use of cash, cash equivalents, automated clearing  
18 house, debit cards, credit cards, and any other form of payment  
19 authorized by the board. As used in this subdivision, "automated  
20 clearing house" means a national or governmental organization that  
21 has authority to process electronic payments, including, but not  
22 limited to, the National Automated Clearing House Association and  
23 the federal reserve system.

24 (f) Protections for authorized participants placing internet  
25 sports betting wagers.

26 (g) The qualifications, standards, and procedures for approval  
27 and licensure by the board of sports betting operators and sports  
28 betting suppliers consistent with this act.

29 (h) Requirements to ensure responsible gaming.



1 (i) Technical and financial standards for internet sports.

2 (2) The board may audit and inspect books and records relating  
3 to internet sports betting operations, internet sports betting  
4 wagers, internet sports betting accounts, or internet sports  
5 betting platforms, including, but not limited to, the books and  
6 records regarding financing and accounting materials held by, or in  
7 the custody of, a licensee.

8 (3) The board may use information received from a sports  
9 governing body to determine whether to allow either of the  
10 following:

11 (a) Internet sports betting wagering on a particular event.

12 (b) Authorized participants to make internet sports betting  
13 wagers of a particular type.

14 (4) If a sports governing body requests internet sports  
15 betting wagering information or requests the board to prohibit  
16 internet sports betting wagering on a particular event or making  
17 internet sports betting wagers of a particular type, the board  
18 shall notify, in writing, all sports betting operators, which must  
19 be allowed to respond to a sports governing body's request, in  
20 writing, in the time prescribed by the board. After reviewing the  
21 request, any response, and any other information available to the  
22 board, the board may grant the request or part of the request if it  
23 determines that it is necessary to protect the integrity of the  
24 event on which the internet sports betting wagers are being placed.

25 Sec. 10a. (1) Except as provided in subsection (2), a sports  
26 betting operator may use any data source that the board has  
27 approved to determine the results of a sports bet.

28 (2) A sports governing body may notify the board that it  
29 desires to supply official league data to sports betting operators





1 for determining the result of a tier 1 sports bet. A notification  
2 under this subsection must be made in the form and manner as the  
3 board may require. Within 30 days after a notification under this  
4 subsection by a sports governing body, the board shall determine if  
5 official league data is necessary and appropriate to determine the  
6 result of a tier 1 sports bet. If the board determines that  
7 official league data is necessary and appropriate to determine the  
8 result of a tier 1 sports bet, an operator shall use only official  
9 league data to determine the result of the tier 1 sports bet unless  
10 the operator can demonstrate to the board that the sports governing  
11 body or an entity that is contracted with the sports governing body  
12 cannot provide a feed of official league data to the operator on  
13 commercially reasonable terms, as determined by the board.

14       Sec. 11. (1) A sports betting operator shall require the  
15 sports betting supplier providing an internet sports betting  
16 platform to provide 1 or more mechanisms on the internet sports  
17 betting platform that are designed to reasonably verify that an  
18 authorized participant is 21 years of age or older and that  
19 internet sports betting is limited to transactions that are  
20 initiated and received or otherwise made by an authorized  
21 participant located in this state or, if the board authorizes  
22 multijurisdictional sports betting as provided in this act, another  
23 jurisdiction in the United States authorized by the  
24 multijurisdictional agreement.

25       (2) An individual who wishes to place an internet sports  
26 betting wager under this act must satisfy the verification  
27 requirements under subsection (1) before the individual may  
28 establish an internet sports betting account or make an internet  
29 sports betting wager on an internet sports bet offered by a sports



1 betting operator.

2 (3) A sports betting operator shall require a sports betting  
3 supplier providing an internet sports betting platform to include  
4 mechanisms on its internet sports betting platform that are  
5 designed to detect and prevent the unauthorized use of internet  
6 sports betting accounts and to detect and prevent fraud, money  
7 laundering, and collusion.

8 (4) A sports betting operator shall not knowingly authorize  
9 any of the following individuals to establish an internet sports  
10 betting account or knowingly allow them to place an internet sports  
11 betting wager, except if required and authorized by the board for  
12 testing purposes or to otherwise fulfill the purposes of this act:

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

14 (b) An individual whose name appears in the board's  
15 responsible gaming database.

16 (5) A sports betting operator shall display, in a clear,  
17 conspicuous, and accessible manner, evidence of the sports betting  
18 operator's license issued under this act.

19 Sec. 12. (1) The board may develop responsible gaming  
20 measures, including a statewide responsible gaming database  
21 identifying individuals who are prohibited from establishing an  
22 internet sports betting account or participating in internet sports  
23 betting offered by a sports betting operator. The executive  
24 director of the board may place an individual's name in the  
25 responsible gaming database if any of the following apply:

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

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



1 (c) The individual has performed an act or has a notorious or  
2 unsavory reputation such that the individual's participation in  
3 sports betting under this act would adversely affect public  
4 confidence and trust in sports betting.

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

8 (e) Any other reason the board considers appropriate to  
9 protect the integrity of sports betting under this act.

10 (2) The board may promulgate rules for the establishment and  
11 maintenance of the responsible gaming database.

12 (3) A sports betting operator, in a format specified by the  
13 board, may provide the board with names of individuals to be  
14 included in the responsible gaming database.

15 (4) A sports betting operator shall require a sports betting  
16 supplier providing an internet sports betting platform to display,  
17 on the internet sports betting platform used by the sports betting  
18 operator, in a clear, conspicuous, and accessible manner the number  
19 of the toll-free compulsive gambling hotline maintained by this  
20 state and offer responsible gambling services and technical  
21 controls to authorized participants, consisting of both temporary  
22 and permanent self-exclusion for all internet sports betting  
23 offered and the ability for authorized participants to establish  
24 their own periodic deposit and internet sports betting wagering  
25 limits and maximum playing times.

26 (5) An authorized participant may voluntarily prohibit himself  
27 or herself from establishing an internet sports betting account  
28 with a sports betting operator. The board may incorporate the  
29 voluntary self-exclusion list into the responsible gaming database



1 and maintain both the self-exclusion list and the responsible  
2 gaming database in a confidential manner.

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

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

8 (a) Offer internet sports betting for play in this state if  
9 the person is not a sports betting operator unless the person is  
10 offering internet sports betting exclusively on Indian lands as  
11 described in section 4(4).

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

14 (c) Knowingly provide false information to the board or an  
15 authorized representative of the board.

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

19 (3) The board shall not issue a license under this act to a  
20 person that violates subsection (1).

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

24 Sec. 14. (1) Except for a sports betting operator that is an  
25 Indian tribe, a sports betting operator is subject to a tax of 8%  
26 on its adjusted sports betting receipts. A sports betting operator  
27 that is an Indian tribe is subject to the payment requirements  
28 under section 7(1)(f).

29 (2) An internet gaming operator shall pay the tax or payment,



1 as applicable, under subsection (1) on a monthly basis. The payment  
2 for each monthly accounting period is due on the tenth day of the  
3 following month.

4 (3) No other tax, payment, or fee may be imposed on a sports  
5 betting operator by this state or a political subdivision of this  
6 state for sports betting conducted under this act. This subsection  
7 does not impair the contractual rights under an existing  
8 development agreement between a city and a sports betting operator  
9 that holds a casino license under the Michigan Gaming Control and  
10 Revenue Act, 1996 IL 1, MCL 432.201 to 432.226.

11 (4) In addition to payment of the tax and other fees as  
12 provided in this act, and to any payment required pursuant to an  
13 existing development agreement described in subsection (3), if a  
14 city has imposed a municipal services fee equal to 1.25% on a  
15 casino licensee, the city shall charge a 1.25% fee on the adjusted  
16 gross sports betting receipts of a sports betting operator that  
17 holds a casino license under the Michigan Gaming Control and  
18 Revenue Act, 1996 IL 1, MCL 432.201 to 432.226, whose casino is in  
19 that city.

20 Sec. 15. The tax imposed under section 14 must be allocated as  
21 follows:

22 (a) Thirty percent to the city in which the sports betting  
23 operator's casino is located, for use in connection with the  
24 following:

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

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

29 (iii) Public safety programs such as emergency medical services,



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

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

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

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

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

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

9 (b) Fifty percent to this state to be deposited in the fund.

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

13 (d) Five percent to be deposited in the Michigan  
14 transportation fund created under section 10 of 1951 PA 51, MCL  
15 247.660, to be disbursed as provided in section 10(1)(l) of 1951 PA  
16 51, MCL 247.660.

17 (e) Five percent to the Michigan agriculture equine industry  
18 development fund created under section 20 of the horse racing law  
19 of 1995, 1995 PA 279, MCL 431.320. However, if the 5% allocated  
20 under this subdivision to the Michigan agriculture equine industry  
21 development fund created under section 20 of the horse racing law  
22 of 1995, 1995 PA 279, MCL 431.320, exceeds \$3,000,000.00 in a  
23 fiscal year, the amount in excess of \$3,000,000.00 must be  
24 allocated and deposited in the fund created under section 16.

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

27 (a) Thirty percent to the governing body of the jurisdiction  
28 in which the internet gaming licensee's casino is located, for its  
29 use in connection with the provision of governmental services.



1 (b) Fifty-two and one-half percent to this state to be  
2 deposited in the fund.

3 (c) Seventeen and one-half percent to the Michigan strategic  
4 fund created under section 5 of the Michigan strategic fund act,  
5 1984 PA 270, MCL 125.2005.

6 Sec. 16. (1) The sports betting gaming fund is created in the  
7 state treasury.

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

13 (3) The board is the administrator of the fund for auditing  
14 purposes.

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

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

20 (b) The board's costs of regulating and enforcing sports  
21 betting under this act.

22 (5) To the extent that sports betting wagering equipment used  
23 to offer internet sports betting wagering under this act is a  
24 gambling device as that term is defined in 15 USC 1171, a shipment  
25 of a sports betting wagering device, the registering, recording,  
26 and labeling of which has been completed by the manufacturer or the  
27 manufacturer's dealer in accordance with 15 USC 1171 to 1178, is a  
28 legal shipment of a gambling device into this state.

29 Sec. 17. This act does not authorize the construction or



1 operation of a casino that was not constructed or operating before  
2 the effective date of this act.

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

