



Senate Fiscal Agency
P.O. Box 30036
Lansing, Michigan 48909-7536



Telephone: (517) 373-5383
Fax: (517) 373-1986

Senate Bill 1065 (as introduced 5-26-22)
Sponsor: Senator Dan Lauwers
Committee: Regulatory Reform

Date Completed: 6-7-22

CONTENT

The bill would amend Chapter 44 (Gambling) of the Michigan Penal Code to do the following:

- **Delete provisions governing the use and operation of crane games.**
- **Modify provisions governing the use and operation of redemption game machines.**
- **Increase, from \$3.75 to \$500, the maximum wholesale value of any prize received in a single play of a redemption game.**
- **Prohibit a person from offering for play more than eight redemption game machines that awarded gift cards as a prize, at any one location.**
- **Prescribe penalties for a violation of the bill.**
- **Allow the Attorney General to commence and maintain a civil action for ongoing, past, or future violations of the bill.**
- **Allow a person to commence and maintain a private civil action to enforce the bill.**

Crane Games

Under Section 303(1) of the Code, except as otherwise provided, a person who for hire, gain, or reward, keeps or maintains a gaming room, gaming table, game of skill or chance, or game partly of skill and partly of chance, used for gaming, or who permits a gaming room, or gaming table, or game to be kept, maintained, or played on premises occupied or controlled by the person, is guilty of a misdemeanor, punishable by up to two years' imprisonment or a maximum fine of \$1,000. A person who aids, assists, or abets in the keeping or maintaining of a gaming room, gaming table, or game, is guilty of a misdemeanor, punishable by up to two years' imprisonment or a maximum fine of \$1,000.

These penalties do not apply to a crane game. "Crane game" means an amusement machine activated by the insertion of a coin by which the player uses one or more buttons, joysticks, or similar means of control, or a combination of those means of control, to position a mechanical or electromechanical claw, or other retrieval device, over a prize, toy, novelty, or an edible item having a wholesale value of not more than \$3.75, and thereby attempts to retrieve the prize, toy, novelty, or edible item. Every prize, toy, or edible item must be retrievable by the claw. A slot machine is not considered a crane game. The bill would delete these provisions.

The Code specifies that a person who knowingly alters a crane game so that it is not in compliance with the Code is guilty of a felony, punishable by up to two years' imprisonment

or a maximum fine of \$20,000, or both. A law enforcement officer may confiscate a crane game that is available for play and is not in compliance with the Code. The confiscated games must be destroyed, dismantled, sold, or otherwise disposed of except upon court order. The bill would delete these provisions.

The Code also requires a notice to be conspicuously posted on the front of every crane game located in Michigan. The bill would delete this provision.

Redemption Game Machines

Section 310b of the Code specifies that Chapter 44 does not apply to a redemption game if all of the following conditions are met:

- The outcome of the game is determined through the application of an element of skill by the player.
- Awarding the prize is based on the player's achieving the object of the game or otherwise on the player's score.
- The maximum wholesale value of a prize, toy, or novelty award for the successful single play of a game is not more than \$3.75.
- The redemption value of coupons or other representations of value awarded for the successful single play of the game does not exceed 15 times the amount charged for a single play of the game or a \$3.75 per play average, whichever is less; however, players may accumulate coupons or other representations of value for redemption for noncash prizes, toys, or novelties of a greater value up to \$500 wholesale value.
- Only noncash prizes, toys, novelties, or coupons or other representations of value redeemable for noncash prizes, toys, or novelties are awarded.

A gift card may be awarded if all of the following apply:

- It is usable only at a retailer or an affiliated group of retailers.
- It is issued in a specified amount.
- It is redeemable only for goods and services available from the retailer or retailers and not for cash.
- Information on it may not be altered with the use of a personal identification number.

"Redemption game" means a single player or multiplayer mechanical, electronic, or manual amusement device involving a game, the object of which is throwing, rolling, bowling, shooting, placing, propelling, or stopping a ball or other object into, upon, or against a hole or other target. The term does not include either of the following:

- A game such as roulette, beano, cards, dice, wheel of fortune, video poker, a slot machine, or another game in which winning depends primarily upon fortuitous or accidental circumstances beyond the control of the player.
- A game that includes a mechanical or physical device that directly or indirectly impairs or thwarts the skill of the player.

The bill would delete these provisions.

Instead, under the bill, Chapter 44 would not apply to a redemption game machine if all of the following conditions were met:

- The outcome of a single play of the redemption game machine was determined through the application of an element of skill or any combination of skill and chance by the player.

- The outcome of the game was based on the player's achieving the object of the game or otherwise on the player's score.
- The maximum wholesale value of any prize, redemption could not exceed \$500; a player could win more than one prize.
- Only noncash prizes, stored value or gift cards, toys, novelties, edible items, or coupons or other representations of value redeemable for noncash prizes could be awarded.

The offer of stored value or gift cards would be subject to all of the following conditions:

- The value of it did not exceed \$500.
- It was issued in a specified amount.
- It was redeemable only for goods or services and not for cash.
- Information on it could not be altered with the use of a personal identification number.

"Redemption game machine" would mean a game, including a crane game, a pusher game, or a single player or multiplayer mechanical, electronic, or manual amusement device that is either physically played or played using electronic controls or a computer generated on a video monitor display or a display whose purpose is to award prizes. A redemption game machine could allow a player to accumulate coupons or other representations of value. A redemption game machine would not include either of the following:

- A game in which a player could take no action to influence the outcome.
- A game in which the outcome was determined entirely by change or fortuitous or accidental circumstance that were beyond the influence of the player applying some element of skill.

"Crane game" would mean a redemption game machine offered for play and activated by the insertion of a coin, token, or other payment device by which the player uses one or more buttons, joysticks, or similar means of control, or a combination of the means of control, to position a mechanical or electromechanical claw or other retrieval device over a prize, toy, novelty, or edible item to attempt to retrieve the prize, toy, novelty, or edible item. Every prize, toy, novelty, and edible item would have to be retrievable by the claw and adhere to the prize value limit set forth in the bill. "Pusher game" would mean a redemption game machine activated by a coin, token, or other payment device by which a player uses buttons, joy sticks, or a combination of those means to control a pusher bar to push a prize, toy, novelty, or edible item into a prize dispenser.

"Some element of skill" would mean a player has the ability to influence the outcome of the game through the application of any of the following factors alone or in combination:

- A learned power of doing a thing completely.
- A particular craft, art, ability, strategy, or tactic.
- A developed or acquired aptitude or ability.
- A coordinated set of actions, including, but not limited to, eye-hand coordination.
- Dexterity, fluency, or coordination, in the execution of learned physical or mental tasks, or both.
- Technical proficiency or expertise.
- Development or implementation of strategy or tactics in order to achieve a goal.
- Knowledge of the means or methods of accomplishing a task.

The bill would prohibit a person from offering for play more than eight redemption game machines that awarded gift cards as a prize, at any one location. "Person" would mean an individual, association, trustee, receiver, partnership, corporation, limited liability company

(LLC), or organization, or manager, agent, servant, or employee of an individual, association, trustee, receiver, partnership, corporation, LLC, or organization.

A person who violated Section 310b would be guilty of a misdemeanor punishable by up to one year's imprisonment or a maximum fine of \$20,000, or both. A redemption game machine that was found to be in violation of Section 310b could be confiscated by the Department of State Police and offered at public auction.

The Attorney General could commence and maintain a civil action, including a request for legal or equitable remedies, for ongoing, past, or future violations. The Attorney General could collect reasonable attorney fees and costs spent in a successful prosecution of the auction. A person could commence and maintain a private civil action to enforce Section 310b, including a request for legal or equitable remedies, for ongoing, past, or future, violations. A person that successfully prosecuted an action could collect reasonable attorney fees and costs spent.

Also, under the bill, Section 303(1) would not apply to a redemption game machine.

MCL 750.303 & 750.310b

Legislative Analyst: Eleni Lionas

FISCAL IMPACT

The bill would have an indeterminate negative fiscal impact on State and local government. New misdemeanor arrests and convictions under the bill could increase resource demands on law enforcement, court systems, community supervision, and jails. However, it is unknown how many people would be prosecuted under bill's provisions. Local jail costs vary by jurisdiction and thus costs for local governments would vary. Any additional revenue from imposed fines would go to local libraries.

Fiscal Analyst: Joe Carrasco, Jr.

SAS\S2122\s1065sa

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.