



August 10, 2012

Charitable Gaming
Directive No. 10.02.04

Hall (Rental Fee Restrictions)

BACKGROUND

Act 382 of the Public Acts of 1972, as amended (Act), allows for the issuance of bingo hall licenses. Hall Rule 1004 requires licensed halls to comply with the Act, rules, and directives of the bureau.

Section 9 of the Act states in pertinent part: "The entire net proceeds of an event shall be devoted exclusively to the lawful purposes of the licensee. A licensee shall not incur or pay an item of expense in connection with the holding, operating, or conducting of an event except the following expenses in **reasonable amounts** . . .

(c) Rental of the location at which the event is conducted." [Emphasis added.]

Hall Rule 1005 states: "(1) The hall licensee shall not charge or accept a fee for rent different from the fee that has been approved in writing by the bureau.

(2) The rental fee stated in the agreement, as specified in R 432.21331, shall include all charges payable to the hall licensee for services related directly or indirectly to the conduct of bingo at the licensed hall.

(3) Any changes to the original rental agreement shall be submitted to the bureau in writing for approval prior to implementation. These changes shall be agreed to by both the hall licensee and bingo licensee."

RENTAL FEE

1. The maximum rental amount will be based on a physical inspection of the hall by a representative of the bureau and completion of the Hall Rent Evaluation form.
2. The amount charged by a hall licensee shall be negotiated with the bingo licensee and stated in the signed and dated rental agreement.
3. A hall's maximum rental amount may be increased, decreased, or frozen by the bureau based on the score from the hall evaluation.
4. The maximum rental amounts based upon individual hall evaluations are listed in the chart below. The hall licensee is allowed to charge an amount negotiated with the bingo licensee up to, but not exceeding, the maximum rental amount approved by the bureau.

Score	Max. Rental Amt.
81 +	Up to 5% more than the highest amount charged at the time of the evaluation.
66 – 80	Frozen at the highest amount charged at the time of the evaluation.
Zero – 65	5% less than the highest amount charged at the time of the evaluation.

NEW HALLS

5. A new applicant's hall must receive a minimum evaluation score of 66 before it may be licensed.

Signed copy available upon request

M. Scott Bowen, Lottery Commissioner

Date