

BOXING REGULATORY ACT

House Bill 4335 (Substitute H-1)
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First Analysis (1-21-04)

Sponsor: Rep. David Robertson
Committee: Regulatory Reform

THE APPARENT PROBLEM:

Michigan, particularly Detroit, has a storied tradition of producing great boxers and boxing matches and has produced, among others, Joe Louis, Tommy Hearn, James Toney, and Floyd Mayweather, Jr. The state is also home to Muhammad Ali. While the state has long been considered a good state for boxing, critics say that its status has been in decline for over two decades as state laws have failed to keep up with industry standards and the activities of other states.

The state's regulated boxing industry dates back to Public Act 328 of 1919. The act created the five-member Athletic Board of Control, which continues to oversee the industry to this day. The board was given "the sole direction, management and control of and jurisdiction over, all boxing and sparring matches, all wrestling contests and exhibitions to be conducted, held or given with the State by any person, club, corporation or association." The 1919 law further specified that boxing matches could not be more than 10 rounds in length, with each round lasting no more than three minutes and rests between rounds lasting no less than one minute. Participants were required to wear gloves weighing at least six ounces each. The act also imposed a ten percent tax of the gross receipts from ticket sales, with the money being used to pay the expenses of the board.

Public Act 205 of 1939 repealed the 1919 law, though the 1939 law seems to provide few significant changes. Public Act 205 retained the same contest requirements from the 1919 law, although it did permit the board to issue a permit for a contest lasting up to 20 rounds "whenever such contest shall involve a national or international championship in any of the several weights." Since 1939, the state's boxing statute has undergone numerous changes, though the basic thrust of the law remains largely intact, which critics say leaves the state's law extremely antiquated. For instance, Public Act 138 of 1952 added a provision that requires the promoter of any

professional boxing contest to insure each participant for not less than \$1,000 for medical and hospital expenses for injuries sustained during the contest and not less than \$5,000 if a participant were to die as a result of the injuries sustained during the contest. Other than recodification into the Occupational Code, this provision has gone unchanged since its enactment over 50 years ago.

Given that the state's boxing statute has remained relatively unchanged since its original enactment over 80 years ago, many assert that the law no longer adequately regulates the industry in a manner that protects the integrity of the sport, safeguards the health of participants, and encourages the sport to flourish in the state. To that end, legislation has been introduced that would update the law.

THE CONTENT OF THE BILLS:

Article 8 of the Occupational Code regulates amateur and professional boxing matches in the state. House Bill 4335 (H-1) would repeal that article and replace it with a new act, the "Michigan Boxing Regulatory Act." The act is divided into six chapters as follows: (1) definitions and applicability; (2) Michigan Boxing Commission; (3) promoters' licensure; (4) complaints and due process; (5) licenses, contest requirements, and applicability to "Toughman" contests; and (6) enacting provisions. The new act would take effect June 1, 2004.

House Bill 4336 would amend Chapter LXVI of the Michigan Penal Code (MCL 750.447) to specify that the chapter would not apply to contests held under the new act to be created by House Bill 4335. The two bills are tie-barred to one another, meaning that neither can take effect unless both are enacted.

Following is a brief outline of provisions in the new Michigan Boxing Regulatory Act.

Chapter 1: Definitions and Applicability

The bill provides that it would not apply to the following: (1) wrestling; (2) amateur martial arts sports or activities; (3) contests conducted by and participated in exclusively by the agency of the U.S. government or by a school, college, university, or an organization composed exclusively of those entities if each participant is an amateur; (4) amateur boxing regulated under the federal Amateur Sports Act of 1978; and (5) boxing elimination contests regulated by section 50 (including so-called Toughman contests as described later).

Chapter 2: Michigan Boxing Commission

Boxing is currently regulated by the nine-member Athletic Board of Control. The bill, instead, would create a seven-member Michigan Boxing Commission that would, in conjunction with the Department of Labor and Economic Growth, have authority over the management and control of all boxing contests held in the state. Six of the members would be appointed by the governor with the advice and consent of the Senate and would serve four year terms, except initial members would serve terms between one and four years. The seventh member of the commission would be the director of the Department of Labor and Economic Growth. Five members of the commission would constitute a quorum, and the concurrence of at least four members would be necessary to render a decision. The records and the meetings of the commission would be subject to the Freedom of Information Act and Open Meetings Act, respectively.

Members of the commission would be prohibited from promoting or sponsoring any contest or exhibition or having any financial interest in the promotion or sponsorship of a contest or exhibition and, likewise, a person with a financial interest would not be eligible for appointment to the commission.

The director of the department would be permitted to promulgate rules only after first consulting with the commission. The rules would pertain to ring officials, licensure, license fees, federal mandates, and a list of prohibited substances. In addition, the commission would be permitted to affiliate with another state or a national boxing commission or athletic authority.

The bill would create the Michigan Boxing Fund as a revolving fund in the department. Money in the fund would only be used for administration and enforcement of the act. Money remaining in the fund at the close of the fiscal year would be carried

forward to the next fiscal year. The fund would receive all money from license fees, event fees, and administrative fees.

Chapter 3: Promoter's License

A person could not be involved in a boxing contest without a license issued by the department, unless that person is exempt from licensure. A person who violates this would be guilty of a misdemeanor punishable by a fine not exceeding \$500 and/or imprisonment not exceeding 90 days. Subsequent violations would be punishable by a fine not exceeding \$1,000 and/or imprisonment not exceeding one year. A person directly affected by the suspected violation of the act could maintain injunctive action in a court of competent jurisdiction to restrain or prevent another person from violating the act.

The bill provides that an application for licensure would be a request for a determination of the applicant's general suitability, character, integrity, and ability to participate, engage in, or be associated with a boxing contest. The burden of proof in establishing an applicant's qualifications would lie with the applicant, who would have to demonstrate "good moral character". If a license is denied for want of good moral character, the applicant could request an administrative hearing before the commission.

A boxing contest or exhibition could not be held in the state except under a promoter's license. An applicant for a promoter's license would have to file a bond with the department in an amount fixed by the department, but at least \$20,000 and purchased at least five days prior to the contest. (The bond requirement would be adjusted based on the Detroit Consumer Price Index.) In lieu of the bond, an applicant could deposit a like amount of money.

The annual fee for a promoter's license would be \$250. As part of renewing a license, an applicant would have to submit a credit report no more than 60 days old to the department. In addition, the promoter would have to pay an event fee, based on venue seating capacity, for each event held. The fee would be (1) \$125 for a seating capacity of 1,000 or less, (2) \$500 for a seating capacity between 1,001 and 5,000, and (3) \$2,500 for a seating capacity of more than 5,000.

The director of LEG, in consultation with the new commission, could promulgate rules for the

application and approval process for promoters. The rules would have to include, among other things, an application fee of at least \$250; the disclosure of certain background information on the applicant, if an individual, or by the principal officers or members and individuals with at least a 10 percent ownership interest in the case of any other legal entity, including at least two years of federal income tax returns and a credit report not more than 60 days old; and the disclosure of information concerning past and present civil lawsuits, judgments, and filings under the bankruptcy code not more than seven years old.

Chapter 4: Complaints and Due Process

This chapter pertains to complaint procedures and due process for appeals. The provisions are nearly identical to provisions currently contained in Article 5 of the Occupational Code (MCL 339.501 et al.). The chapter includes provisions pertaining to investigations, license suspension, informal conferences, findings of fact, petitions for review, and issuance of a license, among others.

Chapter 5: Applicability to Boxing Elimination Contests; Licenses; Contest Requirements

The provisions of this chapter largely mirror language currently in Article 8 of the Occupational Code. The bill has language that is virtually identical to language in Section 805a regarding the applicability of the act to boxing elimination contests (sometimes referred to as Toughman Contests). The boxing statute would not apply to boxing elimination contests if certain conditions are met, including a requirement that the promoter be insured for all medical and hospital expenses to be paid to the contestants to cover injuries sustain during the contest.

The bill also contains language pertaining to a license to participate in a boxing contest that is virtually identical to language in Sections 806 and 806b of Article 8. The bill would require a physician, referee, judge, matchmaker, timekeeper, professional boxer, contestant, or manager to obtain a participant license from the department prior to participating either directly or indirectly in a boxing contest. [See Section 806]. The bill provides that a person seeking a license to serve as a judge or referee could be required to pass an examination or training program. [See Section 806b.]

The act requires person seeking a license as a professional referee to referee at least 300 rounds of amateur competitive boxing. The bill would extend

the same time requirement to for judges and timekeepers. The bill does not, however, retain a requirement that a person seeking a referee license officiate a certain number of four-round, six-round, and eight-round contests. [See Section 806c.] The bill retains language from Section 806d regarding requirements for persons seeking a license as a professional judge.

The bill would require a professional participating in a boxing contest to be insured for at least \$50,000 for medical and hospital expenses sustained in the contest and for at least \$50,000 to be paid if the contestant were to die as a result of injuries sustained during the contest.

The bill would decrease the allowable length of a contest involving a national or international championship from a maximum of 20 rounds to a maximum of 12 rounds. All other matches would continue to have a 10-round limit. The bill would increase the minimum weight of a boxing glove from six ounces to eight ounces.

The act requires a promoter or boxing club to file with the department the report of the physical examination of a contest within 24 hours after completion of the contest. The bill would require the report to be filed by the physician and file with the commission.

The act requires a physician appointed by the department to examine a contestant who loses consciousness because of a contest before that contestant can participate in a contest in the state again. The bill would require the commission to appoint the physician.

Chapter 6: Enacting Provisions

The bill would repeal Article 8 of the Occupational Code and Section 49 of the State License Fee Act. Unless rescinded, any rules promulgated under Article 8 would retain authorization under the new act.

FISCAL IMPLICATIONS:

Fiscal information is not yet available.

ARGUMENTS:

For:

The bill provides numerous improvements over current law. These improvements are said to be

necessary for the state to regain its status as a state where boxing can once again flourish. Critics say that the current statute is antiquated to the point where boxers and promoters take their business elsewhere. When top-notch championship events have occurred, such as Floyd Mayweather's WBC Super Featherweight title defenses in his hometown-Grand Rapids, they have merely served to highlight the glaring inadequacies in state law. Absent any meaningful changes, say supporters of the sport, it is not very likely the state will play host to many important bouts.

First, the bill replaces the Athletic Board of Control with the Michigan Boxing Commission. Under current law, the board is said to be largely a non-player in regulating the state's boxing industry. When the board was originally established, it was granted the sole authority over the control and management of boxing in the state. That authority was reaffirmed in the 1939 law. However, over the years the statute was amended to specify that boxing matches in the state are "subject to the direction, management, and control of the department [of commerce/consumer and industry services/labor and economic growth]." Indeed, one promoter was quoted in the *Grand Rapids Press* (1-18-04) stating, "[f]or all intents and purposes, the Athletic Board of Control is a meaningless entity empowered to act only on penalty phases." Now, much of the administration of the boxing industry comes from the Department of Labor and Economic Growth.

The bill would provide the boxing commission with greater authority than its predecessor in that it provides the commission with more input in the promulgation of rules. Under the bill, the department would promulgate rules only after it first consults the commission. In addition, the commission would be permitted to request the department to promulgate rules. The bill also permits the commission to affiliate with outside boxing authorities. Finally, the bill provides that the commission and the department, together, would be responsible for the management and control of boxing matches held in the state.

Second, the bill increases the medical insurance premiums for boxers. The act currently requires promoters to provide each boxer with insurance coverage totally at least \$1,000 for medical and hospital expenses, and at least \$5,000 should the participant die from injuries sustained in a match. This provision was first added in 1952 and has not been materially altered since then. The minimum amounts are clearly inadequate to cover the expenses of a boxer. The bill would raise the minimum

insurance coverage required to \$50,000 for both medical and hospital expenses and for death benefits.

Third, the bill requires promoters to post a bond in an amount (at least \$20,000) set by the department as a condition of receiving their license. This provision is necessary to ensure that boxers, among others, get paid the promised amount. In one example, Christy Martin, a female boxer from Florida, was set to fight in a match held at the Pontiac Silverdome. Ms. Martin signed a contract for a \$300,000 purse and advance of \$100,000 with a first-time promoter from Ann Arbor. The fight attracted 300 people to the 80,000 seat stadium, and Ms. Martin wasn't paid, although she recently settled with the promoter. In a recent story, Ms. Martin was quoted in the *Grand Rapids Press*, stating "[w]e probably could've covered ourselves a little bit better. But we were used to fighting in Florida, New York and Nevada, where the promoters are required to be bonded."

Finally, the bill's supporters say it would require drug testing to occur both before and after a fight. Under current rules, drug testing is only required to take place prior to a fight. This would help to ensure the safety of the fighters and the integrity of the sport.

Response:

Any revision of the state boxing statute should be accompanied by necessary revisions of the corresponding rules. For instance, one of the oft-cited arguments in favor of the bill is that it would allow for two-minute rounds between female contestants (the industry standard) rather than require three minute rounds. But this does not appear to be a problem caused by statute but by state rules. State boxing statutes have stated for over 80 years that rounds shall be "no longer than" three minutes. [See Section 6 of Public Act 328 of 1919, Section 19 of Public Act 205 of 1939, and current Section 810 of the Occupational Code.] Indeed, the new legislation retains that language in Section 56. Under the statute, it appears, rounds for matches between females can be two minutes; they just can't be more than three minutes. However, the department's rule (R. 339.204) provides that a round of boxing shall be three minutes. In this instance, the problem is not the statute, but the rule.

POSITIONS:

The Department of Labor and Economic Growth indicated that it supports the bill. (1-20-04)

The State Athletic Board of Control indicated that it supports the bill. (1-20-04)

Casa de Boxeo indicated that it supports the bill. (1-20-04)

K.O. World Class Boxing indicated that it supports the bill. (1-20-04)

Fight Night, Inc. indicated that it supports the bill. (1-20-04)

Goosen-Tudor Promotions indicated that it supports the bill. (1-20-04)

The Livonia Boxing Club indicated that it supports the bill. (1-20-04)

Kronk Boxing indicated that it supports the bill. (1-20-04)

The Teamsters Union indicated that it supports the bill. (1-20-04)

Analyst: M. Wolf

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.