

**SUBSTITUTE FOR
HOUSE BILL NO. 4611**

A bill to amend 1995 PA 279, entitled
"Horse racing law of 1995,"
by amending sections 8, 17, 20, and 22 (MCL 431.308, 431.317,
431.320, and 431.322), as amended by 2016 PA 271.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 8. (1) The racing commissioner may issue the following
2 general classes of licenses:

3 (a) Occupational licenses issued to individuals participating
4 in, involved in, or otherwise having to do with horse racing, pari-
5 mutuel wagering, or simulcasting at a licensed race meeting in this
6 state.

7 (b) Race meeting licenses issued annually for the succeeding
8 year to persons to conduct live horse racing, simulcasting, and
9 pari-mutuel wagering on the results of live and simulcast horse

1 races at a licensed race meeting in this state under this act.

2 (c) Track licenses issued to persons to maintain or operate a
3 racetrack at which 1 or more race meeting licensees may conduct
4 licensed race meetings in this state.

5 (D) THIRD PARTY FACILITATOR LICENSES ISSUED TO PERSONS
6 CONTRACTED BY RACE MEETING LICENSEES TO FACILITATE WAGERING ON LIVE
7 AND SIMULCAST RACING. THE RACING COMMISSIONER SHALL ESTABLISH THE
8 TERMS AND CONDITIONS AND THE APPROPRIATE FEE FOR A THIRD PARTY
9 FACILITATOR LICENSE SUBJECT TO THE FOLLOWING:

10 (i) THE THIRD PARTY FACILITATOR MUST COMPLY WITH CONSUMER
11 PROTECTIONS, AS DETERMINED BY THE RACING COMMISSIONER, TO PROTECT
12 THE PUBLIC.

13 (ii) THE THIRD PARTY FACILITATOR MUST COOPERATE IN ANY AUDIT
14 NECESSARY TO COMPLY WITH SECTION 23.

15 (iii) THE THIRD PARTY FACILITATOR MUST COMPLY WITH THE
16 CONDITIONS AND SUITABILITY STANDARDS UNDER SECTION 10(1)(E) TO (F)
17 AND RULES PROMULGATED UNDER THIS ACT.

18 (iv) A LICENSE ISSUED TO A THIRD PARTY FACILITATOR UNDER THIS
19 SUBDIVISION IS TERMINATED IF ANY OF THE FOLLOWING OCCUR:

20 (A) ON THE DATE AND AT THE TIME SET BY THE RACING COMMISSIONER
21 IN THE LICENSE.

22 (B) THE CONTRACT WITH THE RACE MEETING LICENSEE TO FACILITATE
23 LIVE AND SIMULCAST WAGERING EXPIRES.

24 (C) THE LICENSE IS SUSPENDED OR REVOKED BY THE RACING
25 COMMISSIONER.

26 (2) The racing commissioner shall not issue a race meeting
27 license to a person if the person is licensed to conduct a licensed

1 race meeting at another licensed racetrack in this state and the
2 person has a controlling interest in or co-ownership of the other
3 licensed racetrack.

4 Sec. 17. (1) The pari-mutuel system of wagering upon the
5 results of horse races as permitted by this act shall not be held
6 or construed to be unlawful. All forms of pari-mutuel wagering **MUST**
7 **BE** conducted ~~at a licensed~~ **UNDER A** race meeting ~~shall be~~ **LICENSE**
8 preapproved by the racing commissioner ~~under~~ **BY** rule or written
9 order of the commissioner.

10 (2) ~~A holder of a race meeting license may provide a place in~~
11 ~~the race meeting grounds or enclosure at which he or she may~~
12 ~~conduct and supervise pari-mutuel wagering on the results of horse~~
13 ~~races as permitted by this act.~~ If pari-mutuel wagering is used at
14 a race meeting, a totalisator or other device that is equal in
15 accuracy and clearness to a totalisator and approved by the racing
16 commissioner must be used. The odds display of the totalisator or
17 other device must be placed in full view of the patrons.

18 (3) Subject to section 18(3), each holder of a race meeting
19 license shall retain as his or her commission on all forms of
20 straight wagering 17% of all money wagered involving straight
21 wagers on the results of live and simulcast horse races conducted
22 at the licensee's race meetings. Subject to section 18(3), each
23 holder of a race meeting license shall retain as his or her
24 commission on all forms of multiple wagering, without the written
25 permission of the racing commissioner not more than 28% and with
26 the written permission of the racing commissioner not more than 35%
27 of all money wagered involving any form of multiple wager on the

1 results of live and simulcast horse races conducted at the
2 licensee's race meeting. Except as otherwise provided by contract,
3 50% of all commissions from wagering on the results of live racing
4 at the racetrack where the live racing was conducted shall be paid
5 to the horsemen's purse pool at the racetrack where the live racing
6 was conducted. As used in this subsection:

7 (a) "Straight wagering" means a wager made on the finishing
8 position of a single specified horse in a single specified race.

9 (b) "Multiple wagering" means a wager made on the finishing
10 positions of more than 1 horse in a specified race or the finishing
11 positions of 1 or more horses in more than 1 specified race.

12 (4) All breaks shall be retained by the race meeting licensee
13 and paid directly to the city or township in which the racetrack is
14 located as a fee for services provided under section 21.

15 (5) Payoff prices of tickets of a higher denomination must be
16 calculated as even multiples of the payoff price for a \$1.00 wager.
17 Each holder of a race meeting license shall distribute to the
18 persons holding winning tickets, as a minimum, a sum not less than
19 \$1.10 calculated on the basis of each \$1.00 deposited in a pool,
20 except that each race meeting licensee may distribute a sum of not
21 less than \$1.05 to persons holding winning tickets for each \$1.00
22 deposited in a minus pool. As used in this subsection, "minus pool"
23 means any win, place, or show pool in which the payout would exceed
24 the total value of the pool.

25 (6) A holder of a race meeting license shall not knowingly
26 permit a person less than 18 years of age to be a patron of the
27 pari-mutuel wagering conducted or supervised by the holder.

1 (7) Any act or transaction relative to pari-mutuel wagering on
2 the results of live or simulcast horse races may be conducted by a
3 race meeting licensee under this act for the race meeting licensee
4 to comply with the auditing requirements of section 23. A person
5 shall not provide messenger service for the placing of a bet for
6 another person who is not a patron. However, this subsection does
7 not prevent simulcasting or intertrack or interstate common pool
8 wagering inside or outside this state as permitted by this act or
9 the rules promulgated under this act.

10 (8) Any form of pari-mutuel wagering on the results of live or
11 simulcast horse races ~~must only occur or be permitted to occur at a~~
12 ~~licensed race meeting. A person shall not participate or be a party~~
13 ~~to any act or transaction relative to placing a wager or carrying a~~
14 ~~wager for placement outside of a race meeting ground. A person~~
15 ~~shall not provide messenger service for the placing of a bet for~~
16 ~~another person who is not a patron. However, this subsection does~~
17 ~~not prevent simulcasting or intrastate or interstate common pool~~
18 ~~wagering inside or outside this state as permitted by this act or~~
19 ~~the rules promulgated under this act.~~ **MAY ONLY BE CONDUCTED OR**
20 **OPERATED BY A RACE MEETING LICENSEE OR ITS CONTRACTED LICENSED**
21 **THIRD PARTY FACILITATORS, AS DETERMINED AND APPROVED BY THE RACING**
22 **COMMISSIONER. ALL WAGERS PLACED BY PERSONS WITHIN THIS STATE MAY BE**
23 **PLACED ONLY IN PERSON AT A LICENSED RACE MEETING OR ELECTRONICALLY**
24 **THROUGH A LICENSED THIRD PARTY FACILITATOR.**

25 (9) A person that does not hold a race meeting license **OR A**
26 **THIRD PARTY FACILITATOR LICENSE** that solicits or accepts wagers on
27 the results of live or simulcast horse races from individuals in

1 this state is guilty of a felony punishable by imprisonment for not
2 more than 5 years or a fine of not more than \$10,000.00, or both.
3 Each act of solicitation or wager that is accepted in violation of
4 this section is a separate offense.

5 **(10) ONLY A RACE MEETING LICENSEE OR ITS CONTRACTED LICENSED**
6 **THIRD PARTY FACILITATOR MAY PROCESS, ACCEPT, OR SOLICIT WAGERS ON**
7 **THE RESULTS OF LIVE OR SIMULCAST HORSE RACES AS DETERMINED AND**
8 **APPROVED BY THE RACING COMMISSIONER.**

9 **(11)** ~~(10)~~—As used in this section, "act or transaction
10 relative to pari-mutuel wagering on the results of live or
11 simulcast horse races" means those steps taken by a race meeting
12 licensee to accept a wager and process it within the ordinary
13 course of its business and in accordance with this act.

14 Sec. 20. (1) It is the policy of this state to encourage the
15 breeding of horses of all breeds in this state and the ownership of
16 such horses by residents of this state to provide for sufficient
17 numbers of high quality race horses of all breeds to participate in
18 licensed race meetings in this state; to promote the positive
19 growth and development of high quality horse racing and other
20 equine competitions in this state as a business and entertainment
21 activity for residents of this state; and to establish and preserve
22 the substantial agricultural and commercial benefits of the horse
23 racing and breeding industry to this state. It is the intent of the
24 legislature to further this policy by the provisions of this act
25 and annual appropriations to administer this act and adequately
26 fund the agriculture and equine industry programs established by
27 this section.

1 (2) Money received by the racing commissioner and the state
2 treasurer under this act shall be paid promptly into the state
3 treasury and placed in the Michigan agriculture equine industry
4 development fund created in subsection (3).

5 (3) The Michigan agriculture equine industry development fund
6 is created in the department of treasury. The Michigan agriculture
7 equine industry development fund shall be administered by the
8 director of the department of agriculture and rural development
9 with the assistance and advice of the racing commissioner.

10 (4) Money shall not be expended from the Michigan agriculture
11 equine industry development fund except as appropriated by the
12 legislature. Money appropriated by the legislature ~~for~~**FROM** the
13 Michigan agriculture equine industry development fund shall be
14 expended by the director of the department of agriculture and rural
15 development with the advice and assistance of the racing
16 commissioner to provide funding for agriculture and equine industry
17 development programs as provided in subsections (5) to (11).

18 (5) The following amounts shall be paid to standardbred and
19 fair programs:

20 (a) A sum not to exceed 75% of the purses for standardbred
21 harness horse races offered by fairs and races at licensed pari-
22 mutuel racetracks. Purse supplements paid under this subdivision
23 for overnight races at fairs for which Michigan sired, Michigan
24 bred, or Michigan owned harness horses are eligible must be
25 \$1,000.00. However, if the average purse offered for maiden
26 overnight races of the same breed at any licensed race meeting in
27 this state during the previous year as calculated by the department

1 of agriculture and rural development was less than \$1,000.00, purse
2 supplements for overnight races at fairs paid under this
3 subdivision shall not exceed that average purse.

4 (b) A sum to be allotted on a matching basis, but not to
5 exceed \$15,000.00 each year to a single fair, for the purpose of
6 equipment rental during fairs; ground improvement; constructing,
7 maintaining, and repairing buildings; and making the racetrack more
8 suitable and safe for racing at fairs.

9 (c) A sum to be allotted for paying special purses at fairs on
10 2-year-old and 3-year-old standardbred harness horses conceived
11 after January 1, 1992, that is Michigan bred, or that is sired by a
12 standardbred stallion registered with the department of agriculture
13 and rural development, that was leased or owned by a resident or
14 residents of this state, and that did not serve a mare at a
15 location outside of this state from February 1 through July 31 of
16 the calendar year in which the conception occurred. A foal that is
17 born on or after January 1, 2002 of a mare owned by a nonresident
18 of this state and that is conceived outside of this state from
19 transported semen of a stallion registered with the department of
20 agriculture and rural development is eligible for Michigan tax-
21 supported races only if, in the year that the foal is conceived,
22 the department of agriculture and rural development's agent for
23 receiving funds as the holding agent for stakes and futurities is
24 paid a transport fee as determined by the department of agriculture
25 and rural development and administered by the Michigan ~~harness~~
26 ~~horsemen's association.~~ **HARNESS HORSEMEN'S ASSOCIATION.**

27 (d) A sum to pay not more than 75% of an eligible cash premium

1 paid by a fair or exposition. The commission of agriculture and
2 rural development shall promulgate rules establishing which
3 premiums are eligible for payment and a dollar limit for all
4 eligible payments.

5 (e) A sum to pay breeders' awards in an amount not to exceed
6 10% of the gross purse to breeders of Michigan bred standardbred
7 harness horses for each time the horse wins a race at a licensed
8 race meeting or fair in this state. As used in this subdivision,
9 "Michigan bred standardbred harness horse" means a horse from a
10 mare owned by a resident or residents of this state at the time of
11 conception, that was conceived after January 1, 1992, and sired by
12 a standardbred stallion registered with the department of
13 agriculture and rural development that was leased or owned by a
14 resident or residents of this state and that did not serve a mare
15 at a location outside of this state from February 1 through July 31
16 of the calendar year in which the conception occurred. To be
17 eligible, each mare must be registered with the department of
18 agriculture and rural development. A foal that is born on or after
19 January 1, 2002 of a mare owned by a nonresident of this state and
20 that is conceived outside of this state from transported semen of a
21 stallion registered with the department of agriculture and rural
22 development is eligible for Michigan tax-supported races only if,
23 in the year that the foal is conceived, the department of
24 agriculture and rural development's agent for receiving funds as
25 the holding agent for stakes and futurities is paid a transport fee
26 as determined by the department of agriculture and rural
27 development and administered by the Michigan ~~harness-horsemen's~~

1 ~~association.~~ **HARNESS HORSEMEN'S ASSOCIATION.**

2 (f) A sum not to exceed \$4,000.00 each year to be allotted to
3 fairs to provide training and stabling facilities for standardbred
4 harness horses.

5 (g) A sum to be allotted to pay the presiding judges and
6 clerks of the course at fairs. Presiding judges and clerks of the
7 course shall be hired by the fair's administrative body with the
8 advice and approval of the racing commissioner. The director of the
9 department of agriculture and rural development may allot funds for
10 a photo finish system and a mobile starting gate. The director of
11 the department of agriculture and rural development shall allot
12 funds for the conducting of tests, the collection and laboratory
13 analysis of urine, saliva, blood, and other samples from horses,
14 and the taking of blood alcohol tests on drivers, jockeys, and
15 starting gate employees, for those races described in this
16 subdivision. The department may require a driver, jockey, or
17 starting gate employee to submit to a breathalyzer test, urine
18 test, or other noninvasive fluid test to detect the presence of
19 alcohol or a controlled substance. If the results of a test show
20 that a person has more than .05% of alcohol in his or her blood, or
21 has present in his or her body a controlled substance, the person
22 shall not be permitted to continue in his or her duties on that
23 race day and until he or she can produce, at his or her own
24 expense, a negative test result.

25 (h) A sum to pay purse supplements to licensed pari-mutuel
26 harness race meetings for special 4-year-old filly and colt horse
27 races.

(i) A sum not to exceed 0.25% of all money wagered on live and simulcast horse races in this state shall be placed in a special standardbred sire stakes fund each year, 100% of which shall be used to provide purses for races run exclusively for 2-year-old and 3-year-old Michigan sired standardbred horses at licensed harness race meetings in this state. As used in this subdivision, "Michigan sired standardbred horses" means standardbred horses conceived after January 1, 1992 and sired by a standardbred stallion registered with the department of agriculture and rural development that was leased or owned by a resident or residents of this state and that did not serve a mare at a location outside of this state from February 1 through July 31 of the calendar year in which the conception occurred. A foal that is born on or after January 1, 2002 of a mare owned by a nonresident of this state and that is conceived outside of this state from transported semen of a stallion registered with the department of agriculture and rural development is eligible for Michigan tax-supported races only if, in the year that the foal is conceived, the department of agriculture and rural development's agent for receiving funds as the holding agent for stakes and futurities is paid a transport fee as determined by the department of agriculture and rural development and administered by the Michigan ~~harness horsemen's association.~~ **HARNESS HORSEMEN'S ASSOCIATION.**

(6) The following amounts shall be paid to thoroughbred programs:

(a) A sum to be allotted thoroughbred race meeting licensees to supplement the purses for races to be conducted exclusively for

1 Michigan bred horses.

2 (b) A sum to pay awards to owners of Michigan bred horses that
3 finish first, second, or third in races open to non-Michigan bred
4 horses.

5 (c) A sum to pay breeders' awards in an amount not to exceed
6 10% of the gross purse to the breeders of Michigan bred
7 thoroughbred horses for each time Michigan bred thoroughbred horses
8 win at a licensed race meeting in this state.

9 (d) A sum to pay purse supplements to licensed thoroughbred
10 race meetings for special 4-year-old and older filly and colt horse
11 races.

12 (e) A sum not to exceed 0.25% of all money wagered on live and
13 simulcast horse races in Michigan shall be placed in a special
14 thoroughbred sire stakes fund each year, 100% of which shall be
15 used to provide purses for races run exclusively for 2-year-old and
16 3-year-old and older Michigan sired thoroughbred horses at licensed
17 thoroughbred race meetings in this state and awards for owners of
18 Michigan sired horses or stallions. As used in this subdivision,
19 "Michigan sired thoroughbred horses" means thoroughbred horses
20 sired by a stallion registered with the department of agriculture
21 and rural development that was leased or owned exclusively by a
22 resident or residents of this state and that did not serve a mare
23 at a location outside of this state during the calendar year in
24 which the service occurred.

25 (7) The following amounts shall be paid for quarter horse
26 programs:

27 (a) A sum to supplement the purses for races to be conducted

1 exclusively for Michigan bred quarter horses.

2 (b) A sum to pay not more than 75% of the purses for
3 registered quarter horse races offered by fairs.

4 (c) A sum to pay breeders' awards in an amount not to exceed
5 10% of a gross purse to breeders of Michigan bred quarter horses
6 for each time a Michigan bred quarter horse wins at a county fair
7 or licensed race meeting in this state.

8 (d) As used in this subsection, "Michigan bred quarter horse"
9 means that term as defined in R 285.817.1 of the Michigan
10 Administrative Code. Each mare and stallion shall be registered
11 with the director of the department of agriculture and rural
12 development.

13 (8) The following amounts shall be paid for Appaloosa
14 programs:

15 (a) A sum to supplement the purses for races to be conducted
16 exclusively for Michigan bred Appaloosa horses.

17 (b) A sum to pay not more than 75% of the purses for
18 registered Appaloosa horse races offered by fairs.

19 (c) A sum to pay breeders' awards in an amount not to exceed
20 10% of the gross purse to the breeders of Michigan bred Appaloosa
21 horses for each time Michigan bred horses win at a fair or licensed
22 race meeting in this state.

23 (d) As used in this subsection, "Michigan bred Appaloosa
24 horse" means that term as defined in R 285.819.1 of the Michigan
25 Administrative Code. Each mare and stallion shall be registered
26 with the director of the department of agriculture and rural
27 development.

1 (9) The following amounts shall be paid for Arabian programs:

2 (a) A sum to supplement the purses for races to be conducted
3 exclusively for Michigan bred Arabian horses.

4 (b) A sum to pay not more than 75% of the purses for
5 registered Arabian horse races offered by fairs.

6 (c) A sum to pay breeders' awards in an amount not to exceed
7 10% of the gross purse to the breeders of Michigan bred Arabian
8 horses for each time Michigan bred horses win at a fair or licensed
9 racetrack in this state.

10 (d) As used in this subsection, "Michigan bred Arabian horse"
11 means a Michigan-bred horse as that term is defined in R
12 285.822.1(i) of the Michigan Administrative Code. Each mare and
13 stallion shall be registered with the director of the department of
14 agriculture and rural development.

15 (10) The following sums shall be paid for American paint horse
16 programs:

17 (a) A sum to supplement the purses for races to be conducted
18 exclusively for Michigan bred American paint horses.

19 (b) A sum to pay not more than 75% of the purses for
20 registered American paint horse races offered by fairs.

21 (c) A sum to pay breeders' awards in an amount not to exceed
22 10% of the gross purse to the breeders of Michigan bred American
23 paint horses for each time a Michigan bred American paint horse
24 wins at a county fair or licensed race meeting in this state.

25 (d) As used in this subsection, "Michigan bred American paint
26 horse" means a Michigan-bred paint horse as that term is defined in
27 R 285.823.1 of the Michigan Administrative Code.

1 (11) The following amounts shall be paid for the equine
2 industry research, planning, and development grant fund program:

3 (a) A sum to fund grants for research projects conducted by
4 persons affiliated with a university or governmental research
5 agency or institution or other private research entity approved by
6 the racing commissioner, which are beneficial to the horse racing
7 and breeding industry in this state.

8 (b) A sum to fund the development, implementation, and
9 administration of new programs that promote the proper growth and
10 development of the horse racing and breeding industry in this state
11 and other valuable equine-related commercial and recreational
12 activities in this state.

13 (12) As used in subsection (11), "equine industry research"
14 means the study, discovery and generation of accurate and reliable
15 information, findings, conclusions, and recommendations that are
16 useful or beneficial to the horse racing and breeding industry in
17 this state through improvement of the health of horses; prevention
18 of equine illness and disease, and performance-related accidents
19 and injuries; improvement of breeding technique and racing
20 performance; and compilation and study of valuable and reliable
21 statistical data regarding the size, organization, and economics of
22 the industry in this state; and strategic planning for the
23 effective promotion, growth, and development of the industry in
24 this state.

25 (13) An amount shall be allotted annually to the racing
26 commissioner that is sufficient to pay for the collection and
27 laboratory analysis of urine, saliva, blood, and other samples from

House Bill No. 4611 as amended May 23, 2017

1 horses and licensed individuals involved in horse racing on which
2 pari-mutuel wagers are made and for the conducting of tests
3 described in section 16(4).

4 (14) Money appropriated and allotted to the Michigan
5 agriculture equine industry development fund shall not revert to
6 the general fund and shall be carried forward from year to year
7 until disbursed to fund grants for research projects beneficial to
8 the industry.

9 (15) A percentage of the Michigan agriculture equine industry
10 development fund that is equal to ~~[1/1001/15]~~ of 1% of the gross
wagers
11 made each year in each of the racetracks licensed under this act
12 shall be deposited in the compulsive gaming prevention fund created
13 in section 3 of the compulsive gaming prevention act, 1997 PA 70,
14 MCL 432.253.

15 (16) The director of the department of agriculture and rural
16 development shall promulgate rules pursuant to the administrative
17 procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328, to
18 implement this section. The rules promulgated under this subsection
19 shall do all of the following:

20 (a) Prescribe the conditions under which the Michigan
21 agriculture equine industry development fund and related programs
22 described in subsections (1) to (14) shall be funded.

23 (b) Establish conditions and penalties regarding the programs
24 described in subsections (5) to (12).

25 (c) Develop and maintain informational programs related to
26 this section.

27 (17) Funds under the control of the department of agriculture

1 and rural development in this section shall be disbursed under the
2 rules promulgated pursuant to subsection (16). All funds under the
3 control of the department of agriculture and rural development
4 approved for purse supplements and breeders' awards shall be paid
5 by the state treasurer not later than 45 days from the date of the
6 race.

7 Sec. 22. (1) A licensed racetrack shall pay a license fee to
8 the racing commissioner of \$1,000.00 annually.

9 (2) Each holder of a race meeting license shall pay to the
10 state treasurer, from the holder's commission, **INCLUDING ANY WAGERS**
11 **RECEIVED BY LICENSED THIRD PARTY FACILITATORS OPERATING PURSUANT TO**
12 **THIS ACT**, a tax in the amount of 3.5% of money wagered on
13 interstate and intertrack simulcast races conducted at the holder's
14 licensed race meetings.

15 (3) By eliminating the pari-mutuel wagering tax on live racing
16 programs and altering the calculation of the tax on simulcast horse
17 racing, it is not the intent of the legislature to diminish the
18 funding and appropriations for the Michigan agriculture equine
19 industry **DEVELOPMENT** fund and related programs described in section
20 20. The pari-mutuel tax alteration effected by this section is
21 intended to generally allow for the improvement of the pari-mutuel
22 horse racing and breeding industry in this state by increasing
23 purses at licensed race meetings and making additional pari-mutuel
24 revenues available for capital improvements at licensed racetracks
25 in this state.