

**HOUSE SUBSTITUTE FOR  
SENATE BILL NO. 661**

A bill to amend 1995 PA 279, entitled  
"Horse racing law of 1995,"  
by amending sections 2, 12, 14, 17, 19, 20, 20a, and 22 (MCL  
431.302, 431.312, 431.314, 431.317, 431.319, 431.320, 431.320a, and  
431.322), sections 2, 12, and 14 as amended by 2016 PA 271,  
sections 17, 19, 20, and 22 as amended and section 20a as added by  
2019 PA 153; and to repeal acts and parts of acts.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

- 1           Sec. 2. As used in this act:  
2           (a) "Affiliate" means a person who, directly or indirectly,  
3 controls, is controlled by, or is under common control with; is in  
4 a partnership or joint venture relationship with; or is a co-  
5 shareholder of a corporation, co-member of a limited liability



1 company, or co-partner in a limited liability partnership with a  
2 person who holds or applies for a race meeting or track license  
3 under this act. For purposes of this subdivision, a controlling  
4 interest is a pecuniary interest of more than 15%.

5 (b) "Breaks" means the cents over any multiple of 10 otherwise  
6 payable to a patron on a wager of \$1.00.

7 (c) "Certified horsemen's organization" means an organization  
8 that is registered with the office of racing commissioner in a  
9 manner and form required by the racing commissioner and that can  
10 demonstrate all of the following:

11 (i) The organization's capacity to supply horses.

12 (ii) The organization's ability to assist a race meeting  
13 licensee in conducting the licensee's racing program.

14 (iii) The organization's ability to monitor and improve physical  
15 conditions and controls for individuals and horses participating at  
16 licensed race meetings.

17 (iv) The organization's ability to protect the financial  
18 interests of the individuals participating at licensed race  
19 meetings.

20 (d) "Commissioner" or "racing commissioner" means the  
21 executive director of the Michigan gaming control board appointed  
22 under section 4 of the Michigan ~~gaming control~~ **Gaming Control** and  
23 ~~revenue act, Revenue Act~~, 1996 IL 1, MCL 432.204, who is ordered  
24 under Executive Reorganization Order No. 2009-31, MCL 324.99919, to  
25 perform all the functions and exercise the powers performed and  
26 exercised by the racing commissioner before that position was  
27 abolished.

28 (e) "Controlled substance" means that term as defined in  
29 section 7104 of the public health code, 1978 PA 368, MCL 333.7104.



1 (f) "Day of operation" means a period of 24 hours beginning at  
2 12 noon and ending at 11:59 a.m. the following day.

3 (g) "Drug" means any of the following:

4 (i) A substance intended for use in the diagnosis, cure,  
5 mitigation, treatment, or prevention of disease in humans or other  
6 animals.

7 (ii) A substance, other than food, intended to affect the  
8 structure or condition or any function of the body of humans or  
9 other animals.

10 (iii) A substance intended for use as a component of a substance  
11 specified in subparagraph (i) or (ii).

12 (h) "Fair" means a county, district, or community fair or a  
13 state fair.

14 (i) "Foreign substance" means a substance, or its metabolites,  
15 that does not exist naturally in an untreated horse or, if natural  
16 to an untreated horse, exists at an unnaturally high physiological  
17 concentration as a result of having been administered to the horse.

18 (j) "Full card simulcast" means an entire simulcast racing  
19 program of 1 or more race meeting licensees located in this state,  
20 or an entire simulcast racing program of 1 or more races  
21 simulcasted from 1 or more racetracks located outside of this  
22 state.

23 (k) "Horsemen's simulcast purse account" means an account  
24 maintained with a financial institution and managed by a designated  
25 agent as described in section 19 to receive and distribute money as  
26 provided in this act.

27 (l) "Member of the immediate family" means the spouse, child,  
28 parent, or sibling.

29 (m) "Net commission" means the amount determined under section



1 17(3), after first deducting from the licensee's statutory  
2 commission the applicable state tax on wagering due and payable  
3 under section 22 and the actual verified fee paid by the licensee  
4 to the sending host track to receive the simulcast signal.

5 (n) "Office of the racing commissioner" means the horse racing  
6 section of the horse racing, audit, and gaming technology division  
7 of the Michigan gaming control board created by section 4 of the  
8 Michigan ~~gaming control~~ **Gaming Control** and ~~revenue act,~~ **Revenue**  
9 **Act**, 1996 IL 1, MCL 432.204, which operates under the direction of  
10 the executive director of the Michigan gaming control board, to  
11 which Executive Reorganization Order No. 2009-31, MCL 324.99919,  
12 transferred all of the authority, powers, duties, functions,  
13 records, personnel, property, unexpended balances of  
14 appropriations, allocations, or other funds of the office of racing  
15 commissioner that previously existed under this act and that was  
16 abolished by that executive reorganization order.

17 (o) "Pari-mutuel" and "pari-mutuel wagering" mean ~~the form or~~  
18 ~~system of gambling in which the winner or winners divide the total~~  
19 ~~amount of money bet, after deducting the net commission.~~ **a system by**  
20 **which the wagers on the outcome of a live horse race, run in the**  
21 **past or to be run in the future, are placed with, or in, a wagering**  
22 **pool conducted by an operator licensed or otherwise permitted to do**  
23 **so under the laws of this state and in which the participants do**  
24 **not wager against the operator. Pari-mutuel and pari-mutuel**  
25 **wagering do not include wagering on a banked game in which the race**  
26 **meeting licensee is a participant or otherwise holds a stake in the**  
27 **outcome of the game, or in which the race meeting licensee**  
28 **established a bank against which the participants play. However,**  
29 **pari-mutuel and pari-mutuel wagering include a nonrefundable**



1 contribution to the pool to serve as a seed or guarantee. Pari-  
2 mutuel and pari-mutuel wagering do not include a video lottery that  
3 must be authorized under the McCauley-Traxler-Law-Bowman-McNeely  
4 lottery act, 1972 PA 239, MCL 432.1 to 432.47, or any other law of  
5 this state.

6 (p) "Person" means an individual, firm, partnership,  
7 corporation, association, or other legal entity.

8 (q) "Purse pool" means an amount of money allocated or  
9 apportioned to pay prizes for horse races and from which payments  
10 may be made to certified horsemen's organizations as provided in  
11 this act.

12 (r) "Standardbred" means a horse registered with the United  
13 States Trotting Association that races on designated gaits of pace  
14 or trot.

15 (s) "Thoroughbred" means a thoroughbred, quarter, paint,  
16 Arabian, or other breed horse. Thoroughbred does not include a  
17 standardbred.

18 (t) "Veterinarian" means an individual licensed to practice  
19 veterinary medicine under part 188 of the public health code, 1978  
20 PA 368, MCL 333.18801 to 333.18838, or under a state or federal law  
21 applicable to the individual.

22 Sec. 12. (1) An applicant for a license to conduct a  
23 thoroughbred race meeting shall apply to conduct not fewer than 30  
24 days of live thoroughbred racing during its proposed race meeting.  
25 Except during the opening and closing week of a race meeting, the  
26 applicant shall apply to conduct live racing not fewer than 2 days  
27 per week, with not fewer than 8 live horse races programmed, and  
28 shall conduct live racing programs on the days allocated by the  
29 racing commissioner. The commissioner shall allocate not fewer than



1 10 days of live horse racing to a race meeting licensee with not  
2 fewer than 6 programmed live races per allocated day.

3 (2) An applicant for a license to conduct a standardbred race  
4 meeting shall apply to conduct not fewer than 30 days of live  
5 standardbred harness horse racing during its proposed race meeting.  
6 Except during the opening and closing week of a race meeting, the  
7 applicant shall apply to conduct live horse racing not fewer than 2  
8 days per week, with not fewer than 8 live horse races programmed,  
9 and shall conduct live racing programs on the days awarded. The  
10 commissioner shall allocate not fewer than 10 days of live horse  
11 racing to a race meeting licensee with not fewer than 6 programmed  
12 live races per allocated day.

13 (3) If a race meeting licensee is unable to program and  
14 conduct 8 live horse races on a racing date awarded to the licensee  
15 because there are fewer than 5 entries in a race, the licensee  
16 shall not conduct any simulcasting **or pari-mutuel wagering** on that  
17 day without the written consent of the certified horsemen's  
18 organization with which it has a contract.

19 (4) If a race meeting licensee is unable to conduct racing on  
20 a live racing date awarded to the licensee or fewer than 8 live  
21 horse races on an awarded live racing date because of a labor  
22 dispute, fire, adverse weather conditions, or other causes beyond  
23 the race meeting licensee's control, the race meeting licensee is  
24 considered to have conducted those races or that race date for  
25 purposes of this act and is not precluded from conducting any  
26 simulcasts **or pari-mutuel wagering** because of the licensee's  
27 inability to conduct those live races or that race date.

28 (5) Intertrack simulcast races that a race meeting licensee  
29 contracts to receive from other racetracks that are canceled for



1 any of the reasons described in subsection (4) are offered to the  
2 public for purposes of this act.

3 (6) If an entire race meeting or the balance of a race meeting  
4 and racing dates awarded to a licensee cannot be raced because of  
5 an act of God or significant physical damage to the licensed  
6 racetrack at which the race meeting was licensed to be conducted  
7 caused by fire or some other catastrophe, the racing commissioner  
8 may transfer those dates to another race meeting licensee upon  
9 application of the substitute licensee if the substitute licensee  
10 satisfies the requirements for licensure under this act and  
11 demonstrates that it has or will have a legal or contractual right  
12 to the use of a different licensed racetrack facility on the racing  
13 dates in question, and all race meeting licensees that will be  
14 conducting live racing on those dates within 50 miles of the  
15 substitute racetrack consent to the transfer.

16 (7) Notwithstanding anything in this act to the contrary, if  
17 the racing commissioner determines that 1 or more of the conditions  
18 listed in subsection (8) apply and the contracted certified  
19 horsemen's organization is in agreement, the racing commissioner  
20 may amend an existing race meeting license and simulcast permit to  
21 allow the licensee to continue simulcasting **or conducting pari-**  
22 **mutuel wagering** during the remaining period of the race meeting  
23 license. An amended license under this section may be issued by the  
24 racing commissioner at any time, including at the time of the  
25 initial issuance of the race meeting license for the upcoming year  
26 during which it is valid.

27 (8) The racing commissioner may issue an order amending a race  
28 meeting license under subsection (7) if he or she determines that  
29 the licensee is capable of conducting simulcast horse racing **or**



1 **pari-mutuel wagering** in accordance with this act and that 1 or more  
2 of the following conditions exist:

3 (a) There is inadequate horse supply for the licensee to  
4 conduct a live race meeting of at least 10 days with 6 races per  
5 day.

6 (b) There is inadequate funding of live racing purses to  
7 support the licensee's conducting of a live race meeting of at  
8 least 10 days with 6 races per day.

9 (c) There is no certified horsemen's organization operating in  
10 this state.

11 (9) In order to obtain an amended license issued under  
12 subsection (7) and satisfy the live racing requirements of this  
13 act, the licensee must have a written contract with a certified  
14 horsemen's organization to pay a percentage of its net commission  
15 from simulcasting **or from conducting pari-mutuel wagering** to the  
16 live racing purse pool at another racetrack licensed under this act  
17 during the period when the amended license issued under subsection  
18 (7) is in effect. Unless otherwise provided in the written contract  
19 between the licensee and the certified horsemen's organization, the  
20 payment must be not less than 25% of net commission from  
21 simulcasting **or from conducting pari-mutuel wagering** if only 1  
22 certified horsemen's organization has a contract for live race days  
23 in this state for the calendar year. If both certified horsemen's  
24 organizations have a contract for live race dates in this state for  
25 the calendar year, the payment must be not more than 40% of the net  
26 commission from simulcasting.

27 (10) Subsections (7) to (9) apply only to amendments to a race  
28 meeting license for the purpose of allowing simulcast-only  
29 operations **or pari-mutuel wagering-only** and are not limitations on



1 or requirements for other race meeting license amendments the  
2 racing commissioner may approve or deny.

3 (11) Notwithstanding anything in this act to the contrary, if  
4 a race meeting licensee and the certified horsemen's organization  
5 with which the licensee has a contract jointly request that the  
6 licensee be allowed to conduct a live race meeting with fewer than  
7 8 races per day, the racing commissioner shall approve the request  
8 and issue an order amending the license accordingly.

9 Sec. 14. (1) Before November 1 of the year preceding the year  
10 for which applications are made, the racing commissioner shall  
11 grant or deny each application for a race meeting license, allocate  
12 or deny the dates, for which application has been made, on which  
13 pari-mutuel wagering on live races may be conducted at each  
14 licensed race meeting in this state, and shall also determine  
15 whether the applicant may simulcast under section 18 during the  
16 calendar year for which the license is issued. The racing  
17 commissioner may grant a race meeting license for any time period  
18 up to 1 year during which the licensee may conduct live and  
19 simulcast horse races with pari-mutuel wagering on the results of  
20 the races.

21 (2) Subject to section 12(4), all simulcasting **or pari-mutuel**  
22 **wagering** authorized by the racing commissioner must be conditioned  
23 on the holder of the license conducting not fewer than 8 live horse  
24 races on each live racing date allocated in the holder's race  
25 meeting license, unless this requirement is waived in writing by  
26 both the racing commissioner and the certified horsemen's  
27 organization with which the licensee has contracted.

28 (3) The racing commissioner shall not issue a race meeting  
29 license to an organization organized for a charitable purpose or



1 organized for the purpose of distributing its profits or income to  
2 charitable organizations.

3 (4) Except as provided in section 12(4), (5), and (6), if  
4 after the issuance of a race meeting license the racing  
5 commissioner determines on further investigation that the holder of  
6 a race meeting license has not met, or will be unable to meet, the  
7 requirements of the license, the racing commissioner may impose a  
8 fine or suspend or revoke the race meeting license, or both, for  
9 all or part of the remainder of the time period for which the  
10 license was granted. Before making the required determination to  
11 impose a fine or suspend or revoke a race meeting license under  
12 this subsection, the racing commissioner shall consider whether the  
13 race meeting licensee's inability or failure to meet the  
14 requirements of its license is due to a cause beyond the control of  
15 the race meeting licensee.

16 (5) Any action taken by the racing commissioner under  
17 subsection (4) becomes effective 10 days after the holder of the  
18 race meeting license receives written notice unless the  
19 commissioner finds that the public health, safety, or welfare  
20 requires emergency action and immediate effect of the  
21 commissioner's order.

22 (6) A denial of a race meeting license under subsection (3)  
23 may be appealed to the circuit court for judicial review under  
24 section 631 of the revised judicature act of 1961, 1961 PA 236, MCL  
25 600.631. A suspension or revocation of a race meeting license may  
26 be appealed under the administrative procedures act of 1969, 1969  
27 PA 306, MCL 24.201 to 24.328.

28 (7) Each applicant issued a race meeting license shall  
29 maintain an interest bearing account used exclusively to deposit



1 all money due to horsemen's purse pools under this act. All money  
2 due to this account must be deposited within a reasonable time  
3 after receipt by the race meeting licensee. The name of the  
4 depository and the identification number of the account must be  
5 designated in each race meeting license application and all  
6 interest earned by the account must be credited to the purse pool  
7 and deposited in the account.

8       Sec. 17. (1) The pari-mutuel system of wagering on the results  
9 of horse races as permitted by this act is not unlawful. All forms  
10 of pari-mutuel wagering must be conducted under a race meeting  
11 license preapproved by the racing commissioner by rule or written  
12 order of the commissioner. **The racing commissioner shall not allow**  
13 **a holder of a race meeting license to conduct pari-mutuel wagering**  
14 **on the outcome of a live horse race run in the past at a licensed**  
15 **racetrack unless the legislative body for the local unit of**  
16 **government in which the licensed racetrack is located has adopted**  
17 **an ordinance authorizing the activities surrounding the conduct of**  
18 **pari-mutuel wagering on the outcome of a live horse race run in the**  
19 **past at the licensed racetrack.**

20       (2) If pari-mutuel wagering is used at a race meeting, a  
21 totalisator or other device that is equal in accuracy and clearness  
22 to a totalisator and approved by the racing commissioner must be  
23 used. The odds display of the totalisator or other device must be  
24 placed in full view of the patrons.

25       (3) Subject to section 18(3), each holder of a race meeting  
26 license shall retain as his or her commission on all forms of  
27 straight wagering 17% of all money wagered involving straight  
28 wagering on the results of live and simulcast horse races conducted  
29 at the licensee's race meetings. Subject to section 18(3), each



1 holder of a race meeting license shall retain as his or her  
2 commission on all forms of multiple wagering without the written  
3 permission of the racing commissioner not more than 28% and with  
4 the written permission of the racing commissioner not more than 35%  
5 of all money wagered involving any form of multiple wagering on the  
6 results of live and simulcast horse races conducted at the  
7 licensee's race meeting. Except as otherwise provided by contract,  
8 50% of all commissions from wagering on the results of live racing  
9 at the racetrack where the live racing was conducted must be paid  
10 to the horsemen's purse pool at the racetrack where the live racing  
11 was conducted. As used in this subsection:

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

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

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

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



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

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

13 (8) Any form of pari-mutuel wagering on the results of live or  
 14 simulcast horse races must only be conducted or operated by a race  
 15 meeting licensee, which may use its contracted licensed third-party  
 16 facilitators, as determined and approved by the racing  
 17 commissioner. The race meeting licensee is responsible for all  
 18 conduct of its third-party facilitators. All wagers must be placed  
 19 by persons within this state and may be placed only in person at a  
 20 licensed race meeting or electronically through a licensed third-  
 21 party facilitator. A race meeting licensee or licensed third-party  
 22 facilitator shall not solicit, offer, accept, or process wagers on  
 23 or in connection with other gaming or gambling products, including,  
 24 but not limited to, slot machines and casino table games.

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  
 28 this state is guilty of a felony punishable by imprisonment for not  
 29 more than 5 years or a fine of not more than \$10,000.00, or both.



1 Each act of solicitation or wager that is accepted in violation of  
2 this section is a separate offense.

3 (10) Only a race meeting licensee or its contracted licensed  
4 third-party facilitator may process, accept, offer, or solicit  
5 wagers on the results of live or simulcast horse races as  
6 determined and approved by the racing commissioner.

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

12 Sec. 19. (1) Subject to subsection (2), a race meeting  
13 licensee shall pay an amount equal to not less than 25% and not  
14 more than 40% of the net commission generated at the licensee's  
15 race meeting to a site-specific horsemen's purse account. Money  
16 paid into a horsemen's purse account under this act must be  
17 deposited in a depository designated by the participating certified  
18 horsemen's organizations and distributed by their designated agent  
19 as follows:

20 (a) For purses for live horse races at a licensed race meeting  
21 in this state.

22 (b) Each year, all certified horsemen's organizations that  
23 participate in a live race meeting may receive an amount approved  
24 by order of the racing commissioner to use for general expenses.  
25 Beginning on January 1 and ending on December 31 of each year, the  
26 certified horsemen's organization is entitled to not less than 5%  
27 of the site-specific horsemen's purse account as ordered by the  
28 racing commissioner.

29 (2) A race meeting licensee shall pay the net commission



1 generated from wagering on live and simulcast racing through the  
 2 race meeting licensee's third-party facilitator to the pari-mutuel  
 3 horse racing disbursement account. ~~On the first day of each month~~  
 4 ~~after the effective date of the amendatory act that added this~~  
 5 ~~subsection,~~ **Beginning January 1, 2020, and on the first day of each**  
 6 **month after that date,** money paid into the pari-mutuel horse racing  
 7 disbursement account must be distributed as follows:

8 (a) Fifty percent to be divided equally to each certified  
 9 horsemen's organization.

10 (b) Fifty percent to be divided equally to each ~~track-race~~  
 11 **meeting** licensee.

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

26 (2) Except for money generated from the tax on wagers  
 27 processed through licensed third-party facilitators operating under  
 28 ~~this act under section 22,~~ **22 (2) (b) and the tax on pari-mutuel**  
 29 **wagering under section 22 (4),** money received by the racing



1 commissioner and the state treasurer under this act must be paid  
 2 promptly into the state treasury and placed in the Michigan  
 3 agriculture equine industry development fund created in subsection  
 4 (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 must 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 must not be expended from the Michigan agriculture  
 11 equine industry development fund except as appropriated by the  
 12 legislature. Money appropriated by the legislature from the  
 13 Michigan agriculture equine industry development fund must 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 must 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  
 28 of agriculture and rural development was less than \$1,000.00, purse  
 29 supplements for overnight races at fairs paid under this



1 subdivision must not exceed that average purse.

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

7 (c) A sum to be allotted for paying special purses at fairs on  
8 2-year-old and 3-year-old standardbred harness horses conceived  
9 after January 1, 1992, that is Michigan bred, or that is sired by a  
10 standardbred stallion registered with the department of agriculture  
11 and rural development, that was leased or owned by a resident or  
12 residents of this state, and that did not serve a mare at a  
13 location outside of this state from February 1 through July 31 of  
14 the calendar year in which the conception occurred. A foal that is  
15 born on or after January 1, 2002 of a mare owned by a nonresident  
16 of this state and that is conceived outside of this state from  
17 transported semen of a stallion registered with the department of  
18 agriculture and rural development is eligible for Michigan tax-  
19 supported races only if, in the year that the foal is conceived,  
20 the department of agriculture and rural development's agent for  
21 receiving funds as the holding agent for stakes and futurities is  
22 paid a transport fee as determined by the department of agriculture  
23 and rural development and administered by the Michigan Harness  
24 Horsemen's Association.

25 (d) A sum to pay not more than 75% of an eligible cash premium  
26 paid by a fair or exposition. The commission of agriculture and  
27 rural development shall promulgate rules establishing which  
28 premiums are eligible for payment and a dollar limit for all  
29 eligible payments.



1 (e) A sum to pay breeders' awards in an amount not to exceed  
2 10% of the gross purse to breeders of Michigan bred standardbred  
3 harness horses for each time the horse wins a race at a licensed  
4 race meeting or fair in this state. As used in this subdivision,  
5 "Michigan bred standardbred harness horse" means a horse from a  
6 mare owned by a resident or residents of this state at the time of  
7 conception, that was conceived after January 1, 1992, and sired by  
8 a standardbred stallion registered with the department of  
9 agriculture and rural development that was leased or owned by a  
10 resident or residents of this state and that did not serve a mare  
11 at a location outside of this state from February 1 through July 31  
12 of the calendar year in which the conception occurred. To be  
13 eligible, each mare must be registered with the department of  
14 agriculture and rural development. A foal that is born on or after  
15 January 1, 2002 of a mare owned by a nonresident of this state and  
16 that is conceived outside of this state from transported semen of a  
17 stallion registered with the department of agriculture and rural  
18 development is eligible for Michigan tax-supported races only if,  
19 in the year that the foal is conceived, the department of  
20 agriculture and rural development's agent for receiving funds as  
21 the holding agent for stakes and futurities is paid a transport fee  
22 as determined by the department of agriculture and rural  
23 development and administered by the Michigan Harness Horsemen's  
24 Association.

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

28 (g) A sum to be allotted to pay the presiding judges and  
29 clerks of the course at fairs. Presiding judges and clerks of the



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

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

22 (i) A sum not to exceed 0.25% of all money wagered on live and  
23 simulcast horse races in this state must be placed in a special  
24 standardbred sire stakes fund each year, 100% of which must be used  
25 to provide purses for races run exclusively for 2-year-old and 3-  
26 year-old Michigan sired standardbred horses at licensed harness  
27 race meetings in this state. As used in this subdivision, "Michigan  
28 sired standardbred horses" means standardbred horses conceived  
29 after January 1, 1992 and sired by a standardbred stallion



1 registered with the department of agriculture and rural development  
2 that was leased or owned by a resident or residents of this state  
3 and that did not serve a mare at a location outside of this state  
4 from February 1 through July 31 of the calendar year in which the  
5 conception occurred. A foal that is born on or after January 1,  
6 2002 of a mare owned by a nonresident of this state and that is  
7 conceived outside of this state from transported semen of a  
8 stallion registered with the department of agriculture and rural  
9 development is eligible for Michigan tax-supported races only if,  
10 in the year that the foal is conceived, the department of  
11 agriculture and rural development's agent for receiving funds as  
12 the holding agent for stakes and futurities is paid a transport fee  
13 as determined by the department of agriculture and rural  
14 development and administered by the Michigan Harness Horsemen's  
15 Association.

16 (6) The following amounts must be paid to thoroughbred  
17 programs:

18 (a) A sum to be allotted thoroughbred race meeting licensees  
19 to supplement the purses for races to be conducted exclusively for  
20 Michigan bred horses.

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

24 (c) A sum to pay breeders' awards in an amount not to exceed  
25 10% of the gross purse to the breeders of Michigan bred  
26 thoroughbred horses for each time Michigan bred thoroughbred horses  
27 win at a licensed race meeting in this state.

28 (d) A sum to pay purse supplements to licensed thoroughbred  
29 race meetings for special 4-year-old and older filly and colt horse



1 races.

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

15 (7) The following amounts must be paid for quarter horse  
16 programs:

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

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

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

25 (d) As used in this subsection, "Michigan bred quarter horse"  
26 means Michigan bred quarter horse as that term is defined in R  
27 285.817.1 of the Michigan Administrative Code. Each mare and  
28 stallion must be registered with the director of the department of  
29 agriculture and rural development.



1 (8) The following amounts must be paid for Appaloosa programs:

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

4 (b) A sum to pay not more than 75% of the purses for  
5 registered Appaloosa 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 Appaloosa  
8 horses for each time Michigan bred horses win at a fair or licensed  
9 race meeting in this state.

10 (d) As used in this subsection, "Michigan bred Appaloosa  
11 horse" means a Michigan bred Appaloosa horse as that term is  
12 defined in R 285.819.1 of the Michigan Administrative Code. Each  
13 mare and stallion must be registered with the director of the  
14 department of agriculture and rural development.

15 (9) The following amounts must be paid for Arabian programs:

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

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

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

24 (d) As used in this subsection, "Michigan bred Arabian horse"  
25 means a Michigan bred horse as that term is defined in R  
26 285.822.1(i) of the Michigan Administrative Code. Each mare and  
27 stallion shall be registered with the director of the department of  
28 agriculture and rural development.

29 (10) The following sums must be paid for American paint horse



1 programs:

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

4 (b) A sum to pay not more than 75% of the purses for  
5 registered American paint 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 American  
8 paint horses for each time a Michigan bred American paint horse  
9 wins at a county fair or licensed race meeting in this state.

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

13 (11) The following amounts must be paid for the equine  
14 industry research, planning, and development grant fund program:

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

20 (b) A sum to fund the development, implementation, and  
21 administration of new programs that promote the proper growth and  
22 development of the horse racing and breeding industry in this state  
23 and other valuable equine-related commercial and recreational  
24 activities in this state.

25 (12) As used in subsection (11), "equine industry research"  
26 means the study, discovery and generation of accurate and reliable  
27 information, findings, conclusions, and recommendations that are  
28 useful or beneficial to the horse racing and breeding industry in  
29 this state through improvement of the health of horses; prevention



1 of equine illness and disease, and performance-related accidents  
2 and injuries; improvement of breeding technique and racing  
3 performance; and compilation and study of valuable and reliable  
4 statistical data regarding the size, organization, and economics of  
5 the industry in this state; and strategic planning for the  
6 effective promotion, growth, and development of the industry in  
7 this state.

8 (13) An amount must be allotted annually to the racing  
9 commissioner that is sufficient to pay for the collection and  
10 laboratory analysis of urine, saliva, blood, and other samples from  
11 horses and licensed individuals involved in horse racing on which  
12 pari-mutuel wagers are made and for the conducting of tests  
13 described in section 16(4).

14 (14) Money appropriated and allotted to the Michigan  
15 agriculture equine industry development fund must not revert to the  
16 general fund and must be carried forward from year to year until  
17 disbursed to fund grants for research projects beneficial to the  
18 industry.

19 (15) A percentage of the Michigan agriculture equine industry  
20 development fund that is equal to 1/15 of 1% of the gross wagers  
21 made each year in each of the racetracks licensed under this act  
22 must be deposited in the compulsive gaming prevention fund created  
23 in section 3 of the compulsive gaming prevention act, 1997 PA 70,  
24 MCL 432.253.

25 (16) The director of the department of agriculture and rural  
26 development shall promulgate rules pursuant to the administrative  
27 procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328, to  
28 implement this section. The rules promulgated under this subsection  
29 must do all of the following:



1 (a) Prescribe the conditions under which the Michigan  
 2 agriculture equine industry development fund and related programs  
 3 described in subsections (1) to (14) must be funded.

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

6 (c) Develop and maintain informational programs related to  
 7 this section.

8 (17) Funds under the control of the department of agriculture  
 9 and rural development in this section must be disbursed under the  
 10 rules promulgated under subsection (16). All funds under the  
 11 control of the department of agriculture and rural development  
 12 approved for purse supplements and breeders' awards must be paid by  
 13 the state treasurer not later than 45 days from the date of the  
 14 race.

15 (18) Purses paid under this section must be based on actual  
 16 purses awarded in a race. If the actual purses awarded are less  
 17 than the purse supplement amount requested by a fair or licensed  
 18 pari-mutuel racetrack at the time they applied to the department of  
 19 agriculture and rural development for the purse supplement, the  
 20 purse supplement paid must be the lesser amount.

21 (19) If the amount allocated to the Michigan agriculture  
 22 equine industry development fund under this act or any other source  
 23 exceeds \$8,000,000.00 in a fiscal year, the amount in excess of  
 24 \$8,000,000.00 must be allocated to the pari-mutuel horse racing  
 25 disbursement account under section 19.

26 Sec. 20a. The tax imposed under section ~~22~~**22 (2) (b)** on wagers  
 27 processed through licensed third-party facilitators operating under  
 28 this act **and the tax imposed under section 22(4) on pari-mutuel**  
 29 **wagering** must be allocated as follows:



1 (a) Ninety percent to be deposited in the Michigan agriculture  
2 and equine industry development fund created under section 20.

3 (b) Ten percent to the horse racing advisory commission  
4 created in section 6a to be expended as provided in section  
5 6a(12) (d).

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

8 (2) Each holder of a race meeting license shall pay to the  
9 state treasurer, from the holder's commission, as follows:

10 (a) A tax in the amount of 3.5% of money wagered on interstate  
11 and intertrack simulcast races conducted at the holder's licensed  
12 race meetings.

13 (b) A tax in the amount of 1% of wagers processed through  
14 licensed third-party facilitators operating under this act.

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.

26 **(4) A race meeting licensee that conducts pari-mutuel wagering**  
27 **on the results of live horse races that are run in the past shall**  
28 **pay to the state treasurer a tax in the amount of 1% of all money**  
29 **wagered on the pari-mutuel wagering in a manner and time as**



1 **required by the racing commissioner.**

2 Enacting section 1. Section 19b of the horse racing law of

3 1995, 1995 PA 279, MCL 431.319b, is repealed.

