



# HOUSE BILL No. 5495

April 26 1994 Introduced by Reps Freeman Banks Vorva Agee Curtis Baade  
Griffin Bullard Jersevic LeTarte and O Neill and referred to the Committee on Taxation

A bill to amend sections 10 12, 13, 14, 15 and 21 of Act  
No 327 of the Public Acts of 1980, entitled as amended  
"Racing law of 1980,"  
sections 10, 12, 13, and 15 as amended by Act No 108 of the  
Public Acts of 1986, being sections 431 70, 431 72, 431 73,  
431 74, 431 75, and 431 81 of the Michigan Compiled Laws to add  
section 15a and to repeal certain parts of the act

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT

1 Section 1 Sections 10, 12, 13, 14, 15, and 21 of Act  
2 No 327 of the Public Acts of 1980, sections 10, 12, 13, and 15  
3 as amended by Act No 108 of the Public Acts of 1986, being  
4 sections 431 70, 431 72, 431 73, 431 74, 431 75, and 431 81 of  
5 the Michigan Compiled Laws, are amended and section 15a is added  
6 to read as follows

1       Sec 10   (1) Before March 31 of each year, each holder of a  
2 race meeting or track license AND EACH ESCROW AGENT UNDER  
3 SECTION 15A shall file with the racing commissioner a certified  
4 FINANCIAL STATEMENT   THE CERTIFIED FINANCIAL STATEMENT FILED BY  
5 A HOLDER OF A RACE MEETING OR TRACK LICENSE SHALL CONSIST OF A  
6 full statement of receipts from all sources during the previous  
7 calendar year and of expenses and disbursements, itemized in a  
8 manner and on a standardized form as directed by the state trea-  
9 surer, showing the net revenue from all sources, derived by the  
10 holder of the license   ~~These certified~~ THE CERTIFIED FINANCIAL  
11 STATEMENT FILED BY AN ESCROW AGENT SHALL CONSIST OF A FULL STATE-  
12 MENT OF DEPOSITS IN, INVESTMENTS OF, EARNINGS ON, TAXES, IF ANY,  
13 PAID ON, AND DISTRIBUTIONS FROM THE ESCROW ACCOUNT   CERTIFIED  
14 financial statements ~~shall be considered~~ UNDER THIS SUBSECTION  
15 ARE public records and, as such, SHALL BE made available to any  
16 member of the legislature and open for public inspection   The  
17 certified financial statements ~~submitted must~~ SHALL be prepared  
18 by a certified public accountant in accordance with generally  
19 accepted auditing standards as promulgated by the American insti-  
20 tute of certified public accountants   The working papers and  
21 other records pertaining to preparation of the financial state-  
22 ments may be reviewed by the state treasurer

23       (2) On the first secular day after each day's racing, each  
24 holder of a race meeting license shall ~~remit~~ DO ALL OF THE  
25 FOLLOWING

26       (A) REMIT to the state treasurer, ~~or~~ deliver to the  
27 representative of the racing commissioner, or directly deposit

1 into an approved financial depository ~~—~~ the money due UNDER  
2 THIS ACT TO the state at the close of the day s racing, with a  
3 detailed statement of that money as required by this act and the  
4 rules promulgated under this act

5 (B) REMIT TO THE CITY TREASURER OR TOWNSHIP TREASURER OR  
6 DIRECTLY DEPOSIT INTO AN APPROVED FINANCIAL DEPOSITORY ANY MONEY  
7 DUE AT THE CLOSE OF THE DAY'S RACING TO THE CITY OR TOWNSHIP IN  
8 WHICH THE RACETRACK IS LOCATED FOR A TAX IMPOSED UNDER SECTION  
9 15(3), WITH A DETAILED STATEMENT OF THAT MONEY

10 (C) REMIT TO THE ESCROW AGENT OR DIRECTLY DEPOSIT INTO AN  
11 APPROVED FINANCIAL DEPOSITORY THE MONEY REQUIRED TO BE DEPOSITED  
12 INTO AN ESCROW ACCOUNT UNDER SECTION 15A WITH A DETAILED STATE-  
13 MENT OF THAT MONEY

14 (3) A person shall not hold or conduct, or assist aid or  
15 abet in holding or conducting, a race meeting within the state  
16 where horse racing is permitted for a stake, purse, or reward,  
17 and at which pari-mutuel wagering is used, unless the person and  
18 the racetrack on which the racing is conducted is licensed by the  
19 racing commissioner This subsection does not prevent the simul-  
20 cast of races from racetracks licensed in other states as  
21 allowed under section 12a

22 Sec 12 (1) A holder of a race meeting license may provide  
23 a place in the race meeting grounds or enclosure at which he or  
24 she may conduct and supervise the pari-mutuel system of wagering  
25 by patrons on horse racing The pari-mutuel system of wagering  
26 upon horse racing within the race meeting grounds shall not be  
27 held or construed to be unlawful If the pari-mutuel system of

1 wagering is used at a race meeting, a totalisator, or other  
2 device which is equal in accuracy and clearness to a totalisator  
3 and approved by the racing commissioner, shall be used The odds  
4 display of the totalisator or other device shall be placed in  
5 full view of the patrons

6 (2) No other place or method of betting, pool making, wager-  
7 ing, or gaming shall be used or permitted by the holder of the  
8 license The pari-mutuel system of wagering shall not be con-  
9 ducted except at the racetrack where the pari-mutuel system of  
10 wagering is conducted and pursuant to section 12a Each holder  
11 of a race meeting license shall retain as his or her commission  
12 17% of all money wagered Except as provided in subsection (6)  
13 each holder of a race meeting license shall retain as his or her  
14 commission on all forms of multiple wagering, 20-1/2% of all  
15 money wagered In each race meeting the holder of the race  
16 meeting license shall ~~divide~~ RETAIN AS HIS OR HER COMMISSION  
17 1/2 OF the breaks ~~equally with the state~~ Breaks shall be com-  
18 puted at all times at 10 cents and defined as the cents over any  
19 multiple of 10 otherwise payable to a patron on a wager of  
20 \$1 00

21 (3) Payoff prices of tickets of a higher denomination shall  
22 be calculated as even multiples of the payoff price for a \$1 00  
23 wager Each holder of a race meeting license shall distribute to  
24 the persons holding winning tickets, as a minimum, a sum not less  
25 than \$1 10 calculated on the basis of each \$1 00 deposited in a  
26 pool, except that each race meeting licensee may distribute a sum  
27 of not less than \$1 05 to persons holding winning tickets for

1 each \$1 00 deposited in a minus pool As used in this  
 2 subsection, minus pool' means any win, place, or show pool in  
 3 which the payout would exceed the total value of the pool

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

7 (5) Any act or transaction relative to wagering permitted by  
 8 this act shall only occur or be permitted to occur within the  
 9 enclosure of a race meeting grounds A person shall not partici-  
 10 pate in or be a party to any act or transaction relative to the  
 11 placing of a wager or carrying a wager for placement outside of a  
 12 race meeting grounds A person shall not provide messenger serv-  
 13 ice for the placing of a bet for another person who is not a  
 14 patron However, this subsection does not prevent the authoriza-  
 15 tion of the simulcast of Michigan pari-mutuel horse races to  
 16 wagering locations outside this state Upon proper application,  
 17 the racing commissioner may issue a permit allowing a race meet-  
 18 ing licensee to transmit, by live video and audio signals, a live  
 19 horse race to a viewing area outside this state

20 (6) As used in this subsection, "special sweepstakes  
 21 pari-mutuel pool' means amounts wagered for a selection in each  
 22 of 3 or more races designated by the race meeting licensee with  
 23 the approval of the racing commissioner The racing commissioner  
 24 may promulgate rules to regulate a special sweepstakes  
 25 pari-mutuel pool ~~which~~ A SPECIAL SWEEPSTAKES PARI-MUTUEL POOL  
 26 shall not be connected with or related to any other form of  
 27 multiple wagering, or to any other win, place, or show pool A

1 special sweepstakes pari-mutuel pool may be given a distinctive  
2 name by the race meeting licensee, subject to the approval of the  
3 racing commissioner. Each holder of a race meeting license shall  
4 retain as his or her commission on special sweepstakes  
5 pari-mutuel pools 25% of all money wagered.

6       Sec 13   (1) ~~Money received by the racing commissioner~~  
7 ~~under this act shall be paid promptly into the state treasury and~~  
8 ~~except as provided in subsections (2), (9), and (10) shall be~~  
9 ~~credited to the general fund of the state.~~ As used in this sec-  
10 tion, 'fair' means a county, district, community, or 4-H fair  
11 the Upper Peninsula state fair and any other state fair.

12       ~~(2) Twenty seven and 1/2 percent of the revenue received,~~  
13 ~~but not to exceed \$800,000.00, from racing license fees from a~~  
14 ~~racetrack shall be placed in a fund under the control of the~~  
15 ~~department of agriculture and shall be returned to the city or~~  
16 ~~township in which the racetrack is located.~~

17       ~~(3) If the city or township in which the racetrack is~~  
18 ~~located has reached the monetary limitation imposed by subsection~~  
19 ~~(2) then, in addition to that revenue, 20% of the revenue~~  
20 ~~received but not to exceed \$100,000.00, from racing license fees~~  
21 ~~from a meet held before April 16 and after November 15 in a year~~  
22 ~~shall be placed in a fund under the control of the department of~~  
23 ~~agriculture and shall be returned to the city or township in~~  
24 ~~which the racetrack is located. If the track is located in more~~  
25 ~~than 1 city or township, then the revenue provided for in this~~  
26 ~~subsection shall be divided equally between the cities or~~  
27 ~~townships. Funds shall not be returned to a city or township~~

~~1 pursuant to this subsection or subsection (2), if a city or~~  
~~2 township fails to provide a statement as required in section 14~~

3       (2) ~~(4)~~ A sufficient portion ~~, not to exceed 68 3/4%~~ of  
4 the revenue received BY THIS STATE from standardbred racing in  
5 this state, BUT NOT TO EXCEED 68-3/4% OF THE BASE AMOUNT AS  
6 DEFINED IN SECTION 15, shall be placed in a special fund under  
7 the control of the department of agriculture to be allotted to  
8 fairs, licensed pari-mutuel racetracks, other standardbred horse  
9 programs, agricultural commodity programs, and to pay the cost of  
10 administering this section, as follows

11       (a) A sum to pay not more than 75% of the purses for stan-  
12 dardbred harness horse races offered by fairs and special races  
13 at licensed pari-mutuel racetracks

14       (b) A sum to be allotted on a matching basis, but not to  
15 exceed \$8,000 00 each year to a single fair, for the purpose of  
16 equipment rental during fairs grounds improvement constructing,  
17 maintaining, and repairing buildings and making the racetrack  
18 more suitable and safe for racing at fairs

19       (c) A sum to be allotted to be used for paying special  
20 purses at fairs on 2- and 3-year-old standardbred harness horses  
21 sired by a registered standardbred stallion that was leased or  
22 owned exclusively by a resident of this state and which did not  
23 serve a mare at a location outside of this state during the cal-  
24 endar year in which the service occurred

25       (d) A sum to pay 75% or more of an eligible cash premium  
26 paid by a fair or exposition   The commission of agriculture

1 shall promulgate rules establishing which premiums are eligible  
2 for payment, and a dollar limit for all eligible payments

3 (e) A sum to pay breeders' awards in the amount of 10% of  
4 the gross purse to breeders of Michigan bred standardbred harness  
5 horses for each time the horse wins at a licensed racetrack or  
6 fair in this state As used in this subdivision, "Michigan bred  
7 standardbred harness horse means a horse from a mare owned by a  
8 resident of this state at the time of breeding and sired by a  
9 registered standardbred stallion that was leased or owned exclu-  
10 sively by a resident of this state and which did not serve a mare  
11 at a location outside of this state during the calendar year in  
12 which the service occurred To be eligible, each mare shall be  
13 registered with the director of the department of agriculture

14 (f) A sum to be allotted, but not to exceed \$4,000 00 each  
15 year, to fairs to provide training and stabling facilities for  
16 standardbred harness horses

17 (g) A sum to be allotted to fairs to pay the presiding  
18 judges and clerks of the course at fairs Presiding judges and  
19 clerks of the course shall be hired by the department of  
20 agriculture A person hired as a judge shall be approved by the  
21 racing commissioner The director of the department of agricul-  
22 ture may allot funds for a photo finish system and a mobile  
23 starting gate The director of the department of agriculture  
24 shall allot funds for the conducting of tests, the collection and  
25 laboratory analysis of urine, saliva, blood, and other samples  
26 from horses, and the taking of blood alcohol tests on drivers,  
27 jockeys, and starting gate employees, for those races described



1 in this subsection The department may require a driver, jockey  
 2 or starting gate employee to submit to a breathalyzer test, urine  
 3 test, or other noninvasive fluid test to detect the presence of  
 4 alcohol or a controlled substance as defined in section 7104 of  
 5 the public health code, Act No 368 of the Public Acts of 1978,  
 6 being section 333 7104 of the Michigan Compiled Laws If the  
 7 results of a test show that a person has more than 0.05% of alco-  
 8 hol in his or her blood, or has present in his or her body a con-  
 9 trolled substance, the person shall not be permitted to continue  
 10 in his or her duties on that race day and until he or she can  
 11 produce, at his or her own expense, a negative test result

12 (h) A sum to pay purse supplements to licensed pari-mutuel  
 13 racetracks for special 4-year-old filly and colt horse races

14 (3) ~~(5)~~ A sufficient portion ~~not to exceed 27 1/2%~~ of  
 15 the revenue received BY THIS STATE from thoroughbred racing, BUT  
 16 NOT TO EXCEED 27-1/2% OF THE BASE AMOUNT AS DEFINED IN SECTION  
 17 15, shall be placed in a special fund under the control of the  
 18 department of agriculture and shall be allotted to thoroughbred  
 19 racing associations to supplement the purses for races to be con-  
 20 ducted exclusively for Michigan bred horses to pay not more than  
 21 75% of the purses for registered light horse races offered by  
 22 fairs to pay the cost of administering this subsection and to  
 23 pay breeders awards in the amount of 10% of the gross purse to  
 24 the breeders of Michigan bred horses for each time Michigan bred  
 25 horses win at a licensed racetrack in this state In addition to  
 26 the sums allotted for purse supplements and breeders awards, the  
 27 department of agriculture may allot sufficient funds from the

1 revenue received from thoroughbred racing to create a fund not to  
2 exceed 1% of the revenue received BY THIS STATE from the thor-  
3 oughbred racing in this state which may be allotted to provide  
4 training and stabling facilities for thoroughbred horses The  
5 department shall also allot sufficient funds from the revenue  
6 received BY THIS STATE from thoroughbred racing to pay for the  
7 collection and laboratory analysis of urine, saliva, blood, and  
8 other samples from horses and for the conducting of tests  
9 described in section 11(3)(b)

10 (4) ~~-(6)-~~ A sufficient portion of the revenue received BY  
11 THIS STATE from quarter horse racing in this state shall be  
12 placed in a special fund under the control of the department of  
13 agriculture and shall be allotted to quarter horse racing associ-  
14 ations to supplement the purses for races to be conducted exclu-  
15 sively for Michigan bred horses to pay not more than 75% of the  
16 purses for registered light horse races offered by fairs to pay  
17 the cost of administering this subsection and to pay breeders  
18 awards in the amount of 10% of a gross purse to breeders of  
19 Michigan bred quarter horses for each time a Michigan bred quar-  
20 ter horse wins at a county fair or licensed racetrack in this  
21 state The department shall also allot sufficient funds from the  
22 revenue received BY THIS STATE from quarter horse racing to pay  
23 for the collection and laboratory analysis of urine, saliva,  
24 blood, and other samples from horses and the taking of blood  
25 alcohol tests on jockeys for those races described in this sub-  
26 section and for the conducting of tests described in  
27 section 11(3)(b) As used in this subsection, Michigan bred

1 quarter horse" means a horse from a mare owned by a resident of  
2 this state, at the time of breeding and sired by a registered  
3 stallion owned exclusively by a resident of this state and which  
4 did not serve a mare at a location outside of this state during  
5 the calendar year in which the service occurred Each mare and  
6 stallion shall be registered with the director of the department  
7 of agriculture

8 (5) ~~-(7)-~~ A sufficient portion of the revenue received BY  
9 THIS STATE from Appaloosa horses racing in this state shall be  
10 placed in a special fund under the control of the department of  
11 agriculture and shall be allotted to Appaloosa horse racing asso-  
12 ciations to supplement the purses for races to be conducted  
13 exclusively for Michigan bred horses to pay not more than 75% of  
14 the purses for registered light horse races offered by fairs to  
15 pay the cost of administering this subsection and to pay  
16 breeders' awards in the amount of 10% of the gross purse to the  
17 breeders of Michigan bred horses for each time Michigan bred  
18 horses win at a fair or licensed racetrack in this state The  
19 department shall also allot sufficient funds from the revenue  
20 received BY THIS STATE from Appaloosa horse racing to pay for the  
21 collection and laboratory analysis of urine, saliva, blood, or  
22 other samples from horses and the taking of blood alcohol tests  
23 on jockeys for those races described in this subsection and for  
24 the conducting of tests described in section 11(3)(b) Each mare  
25 and stallion shall be registered with the director of the depart-  
26 ment of agriculture

1       (6) ~~-(8)-~~ A sufficient portion of the revenue received BY  
 2 THIS STATE from Arabian horses racing in this state shall be  
 3 placed in a special fund under the control of the department of  
 4 agriculture and shall be allotted to Arabian horse racing associ-  
 5 ations to supplement the purses for races to be conducted exclu-  
 6 sively for Michigan bred horses to pay not more than 75% of the  
 7 purses for registered light horse races offered by fairs to pay  
 8 the cost of administering this subsection and to pay breeders  
 9 awards in the amount of 10% of the gross purse to the breeders of  
 10 Michigan bred horses for each time Michigan bred horses win at a  
 11 fair or licensed racetrack in this state The department shall  
 12 also allot sufficient funds from the revenue received BY THIS  
 13 STATE from Arabian horse racing to pay for the collection and  
 14 laboratory analysis of urine, saliva blood, and other samples  
 15 from horses and the taking of blood alcohol tests on jockeys for  
 16 those races described in this subsection and for the conducting  
 17 of tests described in section 11(3)(b) Each mare and stallion  
 18 shall be registered with the director of the department of  
 19 agriculture

20       (7) ~~-(9)- Three tenths of 1%~~ FROM THE REVENUE RECEIVED BY  
 21 THIS STATE, AN AMOUNT EQUAL TO 0.3% of all money wagered on stan-  
 22 dardbred races shall be placed in a special fund pursuant to sub-  
 23 sections ~~-(12)- and -(13)-~~ (10) AND (11), 100% of which shall be  
 24 used to provide purses for races to be conducted exclusively for  
 25 2- and 3-year-old Michigan sired standardbred horses at licensed  
 26 harness racetracks in this state As used in this section,  
 27 "Michigan sired standardbred horses" means a horse sired by a

1 registered stallion that was leased or owned exclusively by a  
 2 resident of this state and which did not serve a mare at a loca-  
 3 tion outside of this state during the calendar year in which the  
 4 service occurred

5 (8) ~~(10) Three tenths of 1%~~ FROM THE REVENUE RECEIVED BY  
 6 THIS STATE, AN AMOUNT EQUAL TO 0.3% of all money wagered on thor-  
 7 oughbred races shall be placed in a special fund pursuant to sub-  
 8 sections ~~(12) and (13)~~ (10) AND (11), 100% of which shall be  
 9 used to provide purses for races to be conducted exclusively for  
 10 2- and 3-year-old Michigan sired thoroughbred horses at licensed  
 11 thoroughbred racetracks in this state As used in this section,  
 12 "Michigan sired thoroughbred horses" means a horse sired by a  
 13 registered stallion that was leased or owned exclusively by a  
 14 resident or residents of this state and which did not serve a  
 15 mare at a location outside of this state during the calendar year  
 16 in which the service occurred

17 (9) ~~(11)~~ A sum equal to 2% or less, but not more than  
 18 \$2 500 000 00, of the principal amount of bonds issued for a sta-  
 19 dium and appurtenant parking and other facilities by an author-  
 20 ity organized pursuant to state law before December 1, 1971, from  
 21 the revenue received BY THIS STATE from thoroughbred and harness  
 22 racing, shall be returned to a county in which or adjoining which  
 23 a licensed racetrack is located or to a city in that county, if  
 24 that county or city has obligated itself to pay more than 1/2 of  
 25 the annual rental for a stadium, appurtenant parking, and other  
 26 facilities for the conduct of sporting events, exhibitions, and  
 27 other general recreational purposes The sum returned shall only

1 be used by that county or city, along with other available funds  
 2 to the extent necessary, only to pay the annual rental to the  
 3 authority organized pursuant to state law which acquired the sta-  
 4 dium and facilities and leased the stadium and facilities to that  
 5 county or city A sum returned pursuant to this subsection shall  
 6 not be specifically pledged for the payment of the rental or for  
 7 the payment of bonds issued in anticipation of the rental  
 8 Pari-mutuel wagering shall not be conducted in the stadium,  
 9 appurtenant parking area, or other facilities

10 (10) ~~(+2)~~ The director of the department of agriculture  
 11 shall promulgate rules pursuant to THE ADMINISTRATIVE PROCEDURES  
 12 ACT OF 1969, Act No 306 of the Public Acts of 1969, as amended,  
 13 being sections 24 201 to 24 328 of the Michigan Compiled Laws, to  
 14 implement this section The rules promulgated under this subsec-  
 15 tion shall do all of the following

16 (a) Prescribe the conditions under which the revenue  
 17 described in subsections (2) to ~~(+1)~~ (9) shall be disbursed

18 (b) Establish conditions and penalties regarding the pro-  
 19 grams described in subsections ~~(4)~~ (2) to ~~(+1)~~ (9)

20 (c) Develop and maintain informational programs related to  
 21 this section

22 (11) ~~(+3)~~ MONEY RECEIVED BY THE RACING COMMISSIONER UNDER  
 23 THIS ACT SHALL BE PAID PROMPTLY INTO THE STATE TREASURY AND,  
 24 EXCEPT AS PROVIDED IN SUBSECTIONS (7) AND (8), SHALL BE CREDITED  
 25 TO THE GENERAL FUND OF THE STATE Funds under the control of the  
 26 department of agriculture in this section shall be disbursed  
 27 under the rules promulgated pursuant to subsection ~~(+2)~~ (10)

1 All funds under the control of the department of agriculture  
2 approved for purse supplements and breeders' awards shall be paid  
3 by the state treasurer not later than 30 days from the date of  
4 the race

5 ~~(14) The department shall report to the legislature by~~  
6 ~~March 30, 1990 on the effect on the horse racing industry of the~~  
7 ~~practice of restricting premiums, purses, breeders' awards or~~  
8 ~~other payments to Michigan sired horses, including an analysis of~~  
9 ~~which sectors of the horse racing industry benefit from the pay-~~  
10 ~~ments and which are placed at a disadvantage The report shall~~  
11 ~~recommend extensions or elimination of such payments and regula-~~  
12 ~~tory restrictions~~

13 Sec 14 (1) ~~Local units of government participating in~~  
14 ~~the distribution of funds~~ A CITY OR TOWNSHIP THAT IMPOSES A TAX  
15 under section ~~+3(2)~~ 15(3) shall allocate A sufficient  
16 ~~portions~~ PORTION to provide for adequate police, fire, and  
17 traffic protection of persons and property at and near each race  
18 meet, including areas where occupational licenses are required

19 (2) Each ~~local unit of government participating in the dis-~~  
20 ~~tribution of funds under this act~~ CITY OR TOWNSHIP THAT IMPOSES  
21 A TAX UNDER SECTION 15(3) AND EACH COUNTY THAT RECEIVES FUNDS  
22 UNDER SECTION 13(9) shall show by a statement submitted annually  
23 on ~~January~~ MARCH 1 of each year to the racing commissioner, the  
24 amounts of funds received ATTRIBUTABLE TO RACES HELD DURING THE  
25 PRECEDING YEAR and shall detail the expenditure of ~~those~~  
26 ~~amounts~~ THE FUNDS The racing commissioner shall report

1 annually to the governor and the legislature regarding these  
2 statements

3       Sec 15   (1) Each licensed racetrack located in a city area  
4 shall pay TO THIS STATE \$1,000 00 annually, and any other  
5 licensed racetrack shall pay TO THIS STATE \$200 00 annually

6       (2) Each holder of a race meeting license FOR RACES TO BE  
7 CONDUCTED AT A RACETRACK shall pay a tax ~~in accordance with the~~  
8 ~~following schedule and~~ TO THIS STATE in a manner and time as the  
9 racing commissioner requires — THE TAX SHALL EQUAL THE SUM OF  
10 THE AMOUNTS CALCULATED UNDER SUBSECTIONS (5), (7) (8)(A), (9),  
11 AND (10) THE TAX SHALL BE CALCULATED SEPARATELY FOR EACH RACE-  
12 TRACK FOR WHICH THE TAXPAYER HOLDS A RACE MEETING LICENSE

13       ~~(a) Each holder of a race meeting license shall pay to the~~  
14 ~~state treasurer, from the holder's commission 4 1/2% of all~~  
15 ~~money wagered on pari mutuel wagering plus 1/2 the breaks,~~  
16 ~~except that each holder of a race meeting license in a county~~  
17 ~~having a population of less than 300,000 shall pay to the state~~  
18 ~~treasurer, from the holder's commission, 3 1/2% of all money~~  
19 ~~wagered on pari mutuel wagering plus 1/2 the breaks The reduc-~~  
20 ~~tion in a licensee's payment from 6% to 4 1/2% effected by this~~  
21 ~~1986 amendatory act is intended to allow generally for the~~  
22 ~~improvement of the pari mutuel racing industry in this state and~~  
23 ~~to encourage capital improvements at racetracks in this state~~  
24 ~~Not later than 4 years after the effective date of this 1986~~  
25 ~~amendatory act, the racing commissioner shall report to the~~  
26 ~~chairpersons of the senate and house committees responsible for~~



~~1 legislation concerning horse racing as to the effect on the horse  
2 racing industry of the reduction from 6% to 4 1/2%~~

~~3 (b) Each holder of a license for thoroughbred, harness,  
4 quarter horse, Appaloosa, or Arabian horse racing shall pay to  
5 the state treasurer from the commission of the holder on special  
6 sweepstakes pari mutuel pool wagering as defined in section  
7 12(6), 6% of the daily amount wagered on the special sweepstakes  
8 pari mutuel pool plus 1/2 the breaks~~

9 (3) THE CITY OR TOWNSHIP IN WHICH THE RACETRACK IS LOCATED  
10 MAY ADOPT AN ORDINANCE IMPOSING A TAX ON THE HOLDER OF A RACE  
11 MEETING LICENSE AND PROVIDING FOR THE COLLECTION OF THE TAX A  
12 CITY OR TOWNSHIP SHALL NOT IMPOSE A TAX UNDER THIS SUBSECTION  
13 UNLESS THE TAX HAS BEEN APPROVED BY A MAJORITY OF THE ELECTORS OF  
14 THE CITY OR TOWNSHIP VOTING ON THE QUESTION IN A GENERAL OR SPE-  
15 CIAL ELECTION THE AMOUNT OF THE TAX SHALL EQUAL THE SUM OF THE  
16 AMOUNTS CALCULATED UNDER SUBSECTIONS (6)(A) AND (8)(B) THE TAX  
17 SHALL BE CALCULATED SEPARATELY FOR EACH RACETRACK FOR WHICH THE  
18 TAXPAYER HOLDS A RACE MEETING LICENSE IF THE RACETRACK IS  
19 LOCATED IN MORE THAN 1 CITY OR TOWNSHIP, THE ORDINANCE SHALL PRO-  
20 VIDE THAT, IF ANOTHER CITY OR TOWNSHIP WHERE THE RACETRACK IS  
21 LOCATED ALSO IMPOSES A TAX UNDER THIS SUBSECTION THE AMOUNT OF  
22 THE TAX IMPOSED BY THE CITY OR TOWNSHIP ADOPTING THE ORDINANCE  
23 SHALL EQUAL THE AMOUNT OF THE TAX OTHERWISE PROVIDED FOR BY THIS  
24 SUBSECTION DIVIDED BY THE NUMBER OF CITIES OR TOWNSHIPS IMPOSING  
25 A TAX A CITY OR TOWNSHIP SHALL NOT IMPOSE A TAX UNDER THIS SUB-  
26 SECTION UNLESS THE TAX HAS BEEN APPROVED BY A MAJORITY OF THE

1 ELECTORS OF THE CITY OR TOWNSHIP VOTING ON THE QUESTION IN A  
2 GENERAL OR SPECIAL ELECTION

3 (4) AS USED IN THIS ACT, 'BASE AMOUNT' MEANS THE SUM OF THE  
4 FOLLOWING

5 (A) ONE HALF OF THE BREAKS

6 (B) THE FOLLOWING AMOUNT TO BE PAID FROM THE COMMISSION OF  
7 THE HOLDER OF A RACE MEETING LICENSE

8 (1) EXCEPT AS PROVIDED IN SUBPARAGRAPH (111), 3-1/2% OF ALL  
9 MONEY WAGERED ON PARI-MUTUEL WAGERING, FOR THE HOLDER OF A RACE  
10 MEETING LICENSE IN A COUNTY HAVING A POPULATION OF LESS THAN  
11 300,000

12 (11) EXCEPT AS PROVIDED IN SUBPARAGRAPH (111) 4-1/2% OF ALL  
13 MONEY WAGERED ON PARI-MUTUEL WAGERING, FOR THE HOLDER OF A RACE  
14 MEETING LICENSE IN A COUNTY HAVING A POPULATION OF 300 000 OR  
15 MORE

16 (111) SIX PERCENT OF A SPECIAL SWEEPSTAKES PARI-MUTUEL POOL,  
17 AS DEFINED IN SECTION 12(6) FOR THOROUGHBRED HARNESS QUARTER  
18 HORSE, APPALOOSA, OR ARABIAN HORSE RACING

19 (5) FIFTY-TWO AND ONE-HALF PERCENT OF THE BASE AMOUNT SHALL  
20 BE PAID TO THIS STATE

21 (6) TWENTY-SEVEN AND ONE-HALF PERCENT OF THE BASE AMOUNT,  
22 BUT NOT MORE THAN \$800,000 00, SHALL BE DISTRIBUTED AS FOLLOWS

23 (A) IF THE CITY OR TOWNSHIP IN WHICH THE RACETRACK IS  
24 LOCATED IMPOSES A TAX UNDER SUBSECTION (3), PAID TO THE CITY OR  
25 TOWNSHIP

26 (B) IF THE CITY OR TOWNSHIP DOES NOT IMPOSE A TAX UNDER  
27 SUBSECTION (3), RETAINED BY THE RACE LICENSE HOLDER

1 (7) IF 27-1/2% OF THE BASE AMOUNT EXCEEDS \$800 000 00, THE  
2 EXCESS SHALL BE PAID TO THIS STATE

3 (8) TWENTY PERCENT OF THE BASE AMOUNT FROM MEETS HELD BEFORE  
4 APRIL 16 OR AFTER NOVEMBER 15 IN A CALENDAR YEAR, BUT NOT MORE  
5 THAN \$100,000 00, SHALL BE DISTRIBUTED AS FOLLOWS

6 (A) IF THIS STATE IS NOT ENTITLED TO ANY MONEY UNDER SUBSEC-  
7 TION (7), PAID TO THIS STATE

8 (B) IF THIS STATE IS ENTITLED TO MONEY UNDER SUBSECTION (7)  
9 AND THE CITY OR TOWNSHIP IN WHICH THE RACETRACK IS LOCATED  
10 IMPOSES A TAX UNDER SUBSECTION (3), PAID TO THE CITY OR  
11 TOWNSHIP

12 (C) IF THIS STATE IS ENTITLED TO MONEY UNDER SUBSECTION (7)  
13 AND THE CITY OR TOWNSHIP DOES NOT IMPOSE A TAX UNDER SUBSECTION  
14 (3), RETAINED BY THE RACE LICENSE HOLDER

15 (9) IF 20% OF THE BASE AMOUNT FROM MEETS HELD BEFORE APRIL  
16 16 OR AFTER NOVEMBER 15 EXCEEDS \$100,000 00, THE EXCESS SHALL BE  
17 PAID TO THIS STATE

18 (10) TWENTY PERCENT OF THE BASE AMOUNT FOR MEETS HELD  
19 BETWEEN APRIL 16 AND NOVEMBER 15 INCLUSIVE SHALL BE PAID TO  
20 THIS STATE

21 SEC 15A (1) IF THE AMOUNT OF MONEY DETERMINED BY APPLYING  
22 THE FORMULA IN SECTION 15(6) TO THE IMMEDIATELY PRECEDING YEAR IS  
23 MORE THAN \$700,000 00, THE AMOUNT DESCRIBED IN SECTION 15(8)  
24 SHALL BE DEPOSITED IN AN ESCROW ACCOUNT NOT LATER THAN 30 DAYS  
25 AFTER THE LAST MEET HELD DURING THE YEAR, THE ESCROW AGENT SHALL  
26 DISTRIBUTE THE PRINCIPAL IN THE ESCROW ACCOUNT, AND EARNINGS  
27 REMAINING IN THE ESCROW ACCOUNT AFTER PAYMENT OR PROVISION FOR

1 PAYMENT OF ANY TAXES OR COMPENSATION DESCRIBED IN SUBSECTION (2),  
2 PURSUANT TO THE REQUIREMENTS OF SECTION 15(8)

3 (2) AN ESCROW AGENT UNDER SUBSECTION (1) SHALL BE A BANK OR  
4 OTHER FINANCIAL INSTITUTION THAT HAS THE AUTHORITY TO ACT AS AN  
5 ESCROW AGENT AND WHOSE ACCOUNT OPERATIONS ARE REGULATED AND  
6 EXAMINED BY A FEDERAL OR STATE AGENCY THE ESCROW AGENT SHALL  
7 INVEST MONEY IN THE ESCROW ACCOUNT IN TIME OR DEMAND DEPOSITS OF  
8 THE ESCROW AGENT OR ANY OTHER FINANCIAL INSTITUTION, TO THE  
9 EXTENT INSURED BY AN AGENCY OF THE FEDERAL GOVERNMENT, IN DIRECT  
10 OBLIGATIONS OF THE FEDERAL GOVERNMENT OR THIS STATE, IN OBLIGA-  
11 TIONS FOR WHICH THE PRINCIPAL AND INTEREST ARE GUARANTEED BY THE  
12 FEDERAL GOVERNMENT OR THIS STATE, OR IN A COMMON TRUST FUND OR  
13 REGISTERED MUTUAL FUND COMPRISED SOLELY OF THESE INVESTMENTS  
14 EARNINGS SHALL BE CREDITED TO THE ESCROW ACCOUNT THE ESCROW  
15 AGENT MAY BE COMPENSATED FROM EARNINGS OF THE ACCOUNT FOR REASON-  
16 ABLE FEES AND COSTS INCURRED FOR HIS OR HER RESPONSIBILITIES AS  
17 ESCROW AGENT THE ESCROW AGENT SHALL ANNUALLY MAKE AN ACCOUNTING  
18 TO THE RACING COMMISSIONER NOT LATER THAN 45 DAYS AFTER THE LAST  
19 MEET HELD DURING THE YEAR THE ESCROW AGENT SHALL FILE RETURNS  
20 FOR FEDERAL TAXES AND STATE TAXES, IF ANY, LEVIED ON EARNINGS OF  
21 THE ESCROW ACCOUNT AND SHALL DISBURSE FUNDS FROM EARNINGS OF THE  
22 ACCOUNT TO PAY THOSE TAXES

23 Sec 21 ~~—A~~ EXCEPT FOR A TAX AS PROVIDED IN THIS ACT, A  
24 political subdivision of this state shall not assess ~~nor~~ OR  
25 collect an excise or license tax or fee from a person licensed  
26 under this act ~~—~~ because of an activity performed under this  
27 act

1       Section 2    Section 28 of Act No 327 of the Public Acts of  
2 1980, being section 431 88 of the Michigan Compiled Laws, is  
3 repealed