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AMERICAN PAINT HORSE RACES, STANDARD BRED FOAL ELIGIBILITY

House Bill 5078 as enrolled
Public Act 164 of 2000
Second Analysis (6-26-00)

Sponsor: Rep. Sandra Caul
House Committee: Agriculture and
Resource Management
Senate Committee: Farming, Agribusiness,
and Food Systems

THE APPARENT PROBLEM:

The Horse Racing Law of 1995 authorizes and regulates the racing of certain breeds of horses in Michigan. The act also establishes a Michigan Agriculture Equine Industry Development Fund, which receives money from various licensing and other fees from the horse racing industry, and from which funding is provided for "agriculture and equine industry development" programs for each of the horse breeds recognized under the act. (See BACKGROUND INFORMATION.) The growing popularity of the American Paint Horse has resulted in a growing number of American Paint Horse owners and breeders in Michigan and elsewhere, many of whom would like to be able to enter their horses in licensed Michigan races. Legislation has been introduced to allow this.

THE CONTENT OF THE BILL:

The bill would amend the Horse Racing Law of 1995 to add American Paint Horses to the list of horse breeds allowed to race in the state at fairs and licensed race meetings, specify sums to be paid to American Paint Horse programs from the Michigan Agriculture Equine Industry Development Fund, and define "Michigan bred" race horses in administrative rules rather than in the act. The bill also would change the current provisions barring standardbred foals conceived outside the state by semen from standardbred stallions registered with the state from eligibility for Michigan tax-supported races to allow eligibility if a "transport fee" were paid in the year that the foal had been conceived.

Definitions. Currently, the definitions of "Michigan bred" quarter horses, Appaloosa, and Arabian horses are included in the act, as are the definitions of "Michigan sired" standardbred horses and thoroughbred horses. The bill would amend the act to

move the definitions of "Michigan bred" race horses, including the proposed addition of American Paint Horses, to administrative rules, but would keep the definition of "Michigan sired" standardbred and thoroughbred horses in statute.

American Paint Horses. The Horse Racing Law authorizes and regulates the breeds of horses that can be used in pari-mutuel racing. The horse breeds currently regulated under the act include thoroughbred, standardbred, Appaloosa, Arabian, and quarter horses. Money received by the state under the act is placed in the Michigan Agriculture Equine Industry Development Fund, to be used to provide funding for agriculture and equine industry development programs for each of the authorized horse breeds as specified in the act.

The bill would amend the act to allow and regulate pari-mutuel racing of American Paint Horses, and would add language similar to existing language with regard to the other horse breeds regulated under the act specifying how money from the Michigan Agriculture Equine Industry Development Fund would be spent on American Paint Horse programs.

Currently, the act allots money from the Michigan Agriculture Equine Industry Development Fund to programs for each of the breeds of race horses recognized under the act. The programs for standardbred or thoroughbred horses differ slightly from those for quarter horses, Appaloosa, and Arabian horses, but money from the fund is allocated to each breed program generally to provide or supplement race purses, to pay owner or breeder awards, and to pay for the testing of horses and licensed people involved in racing.

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More specifically, in the case of Appaloosa, and Arabian, and quarter horses, money is allotted for each breed program to do each of the following:

- To supplement the purses for races conducted exclusively for Michigan bred race horses;
- To pay up to 75 percent of the purses for races offered at fairs for registered race horse breeds;
- To pay breeders' awards of up to 10 percent of the gross purse to Michigan breeders of Michigan bred race horses each time the Michigan bred horse wins at a fair or licensed race meeting in Michigan; and
- To pay for (a) the collection and laboratory analysis of urine, saliva, blood, and other samples from horses and licensed persons, (b) the taking of blood alcohol tests on jockeys for Michigan races at fairs or licensed race meetings, and (c) conducting the random alcohol and controlled substances tests required of anyone applying under the act for a license for an occupation (such as racing official, jockey, driver, trainer, or groom) that involves contact with or access to the racehorses or the barn areas of stables where the horses are kept.

The bill would amend the act to require that money from the Michigan Agriculture Equine Industry Development Act be paid for American Paint Horse programs for each of the above purposes.

Eligibility of standardbred foals conceived outside of the state. Currently, transportation of semen from a standardbred stallion registered with the Michigan Department of Agriculture (MDA) outside of Michigan does not create eligibility for Michigan tax-supported races, nor does it affect the eligibility of "Michigan conceived" foals for race purses under the act. The act explicitly says that foals conceived outside of Michigan by means of semen from a standardbred stallion registered with the MDA is not eligible for Michigan tax-supported races.

The bill would delete this language and instead confer eligibility for Michigan tax-supported races on foals born on or after January 1, 2002 of mares owned by nonresidents of Michigan and conceived outside of Michigan from "transported semen" of a stallion registered with the MDA if, in the year that the foal had been conceived, the MDA (more specifically, the department's "agent for receiving funds as the holding agent for stakes and futurities") were paid a "transport fee" set by the MDA and administered by the Michigan Harness Horsemen's Association.

MCL 431.307 et al.

BACKGROUND INFORMATION:

Michigan race tracks. The state currently has seven pari-mutuel horse race tracks at Hazel Park, Jackson, Mt. Pleasant, Muskegon, Northville, Saginaw, and Swartz Creek. All but two of these race tracks have only harness racing, which uses standardbred horses. In Muskegon, only thoroughbreds are raced, while the race track in Mt. Pleasant runs thoroughbred, Appaloosa, Arabian, and quarter horses.

American Paint Horse. The American Paint Horse is a colorful breed whose popularity has made the American Paint Horse Association (APHA) the second-largest breed registry in the United States. Throughout the 19th and into the 20th centuries these spotted horses were known by a number of names, including pinto, skewbald, and piebald. In the late 1950s, the first group dedicated to preserving the spotted horse – the Pinto Horse Association – was organized, followed in 1962 by the formation of a second group of spotted horse enthusiasts, the American Paint Stock Horse Association, dedicated to preserving both the color and stock-type conformation of this breed. Both groups later worked together, and now one group, the APHA serves as the official breed registry for this increasingly popular breed.

State horse racing policy. The Horse Racing Act of 1995 says, in part, that "*It is the policy of this state:*

- *to encourage the breeding of horses of all breeds in this state and the ownership of such horses by residents of this state to provide for sufficient numbers of high quality race horses of all breeds to participate in licensed race meetings in this state;*
- *to promote the positive growth and development of high quality horse racing and other equine competitions in this state as a beneficial business and entertainment activity for residents of this state; and*
- *to establish and preserve the substantial agricultural and commercial benefits of the horse racing and breeding industry to the state of Michigan.*

It is the intent and purpose of the legislature to further this policy by the provisions of the act and annual appropriations to administer this act and adequately fund the agriculture and equine industry programs established by [the act]." (MCL 432.320)

FISCAL IMPLICATIONS:

According to the Senate Fiscal Agency, the bill would have no direct fiscal impact on the state. However, it would create another program eligible for appropriations from the Agriculture Equine Industry Development Fund. If the legislature appropriated money from the fund for Paint Horse programs, appropriations for other horse racing programs would have to be reduced. In addition, the addition of Paint Horse programs and the authorization for pari-mutuel racing on these races could increase total wagering at Michigan racetracks, which could in turn increase simulcast wagering and the revenue associated with simulcast wagering. (5-30-00)

ARGUMENTS:

For:

The increasing popularity of the American Paint Horse, a distinct and separate breed of horse with its own breed registry, has led to an increase in the numbers of these horses and a desire on the part of their owners and breeders to enter them into racing and other equine competition in the state. Currently, however, the only breeds of horses authorized to race in Michigan are standardbred horses (which are used in harness racing), and thoroughbred, Appaloosa, Arabian, and quarter horses. Since American Paint Horses can run in mixed-breed races – apparently most often with Appaloosa and quarter-horses – the bill would enable owners and breeders of these horses, both in Michigan and elsewhere, to race at the Mt. Pleasant race track, which currently is the only horse racing track in the state to run races involving horses other than harness races with standardbred horses or, in the case of the Muskegon track, in addition to thoroughbred horses.

However, the bill would not only provide racing opportunities for owners and breeders of American Paint Horses, it also could help the struggling racing industry in the state, which has faced stiff competition for wagering dollars from the growth of casinos in the state and in nearby states and in Ontario. Moreover, the bill would enable the state to help the racing industry without expanding the current gambling options in the state, to which expansion some people have objected.

Finally, by recognizing American Paint Horses under the racing act, the bill also would provide American Paint Horse breeders and owners in the state with access to funds from the state equine development fund. The fund was created for the specific purposes of promoting high quality equine competitions as

beneficial business and entertainment activities for residents of the state, but also to encourage the breeding and ownership of horses in the state to provide of high quality race horses to participate in such competitions, as well as to establish and preserve the agricultural and commercial benefits of the horse racing and breeding industry to the state. In the end, the bill would benefit all horse enthusiasts by helping promote the growth and development of the American Paint Horse in the state, to the enjoyment of all horse lovers.

For:

The bill would help Michigan standardbred horse breeders attract high quality standardbred stallions to the state by changing the current provisions regarding the eligibility for Michigan programs of foals conceived out-of-state by semen from registered Michigan standardbred stallions. Currently, such foals are not eligible for such programs, so if an out-of-state owner of a quality stallion leases a stallion to someone in Michigan – which makes the stallion available for breeding with Michigan brood mares – that nonresident owner must import his or her own brood mares into the state in order for that stallion's foals to be eligible for Michigan programs. This is a disincentive to such arrangements, and to that extent also narrows the breeding options of Michigan standardbred horse breeders. The bill would remove this disincentive by allowing out-of-state foals conceived by semen from Michigan registered standardbred stallions eligible for Michigan standardbred programs if the out-of-state owner paid a fee (to be specified by the Department of Agriculture and administered by the state harness racing association). This would benefit both nonresident owners and Michigan breeders.

Analyst: S. Ekstrom

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