

# SENATE BILL No. 1214

April 13, 2000, Introduced by Senators MC MANUS, GAST, STILLE, NORTH, KOIVISTO and YOUNG and referred to the Committee on Gaming and Casino Oversight.

A bill to permit the creation of a racing corporation for the purpose of conducting certain forms of site-only simulcasting on certain horse races; to permit and regulate site-only simulcasting; to impose payment of certain portion of revenue received from site-only simulcasting; and to provide for certain powers and duties for certain state officers and departments.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 1. This act shall be known and may be cited as the  
2 "telecommunications wagering act".

3       Sec. 3. As used in this act:

4       (a) "Breaks" means the cents over any multiple of 10 other-  
5 wise payable to a patron on a wager of \$1.00.

6       (b) "City area" means a city having a population of 750,000  
7 or more, and includes the counties wholly or partly within 30  
8 miles of the city limits of that city.

1 (c) "Commissioner" means the racing commissioner appointed  
2 under section 3 of the horse racing law of 1995, MCL 431.303.

3 (d) "Handle" means the gross receipts of a pari-mutuel bet-  
4 ting pool.

5 (e) "Horse racing law of 1995" means 1995 PA 279, MCL  
6 431.301 to 431.336.

7 (f) "On-track betting" means the placing of pari-mutuel  
8 wagers on live horse races licensed by the commissioner on the  
9 race meeting grounds of a race meeting licensee where the races  
10 are being conducted.

11 (g) "Race meeting licensee" means a person who is the holder  
12 of a valid race meeting license issued by the commissioner under  
13 the horse racing law of 1995.

14 (h) "Racing corporation" means the corporation formed under  
15 section 5.

16 (i) "Racing theater" means an enclosed site-only simulcast-  
17 ing facility where patrons may view telecasts of live horse races  
18 taking place at licensed racetracks in this state or tracks in  
19 other states as allowed under this act and where patrons may  
20 engage in pari-mutuel betting on the results of the telecast  
21 horse races. A racing theater may provide ancillary facilities,  
22 including, but not limited to, parking and food and beverage  
23 service provided at the viewing area.

24 (j) "Site-only simulcasting" means the placing of a  
25 pari-mutuel wager at site-only simulcasting facilities.

26 (k) "Site-only simulcasting facility" means a facility used  
27 for the conducting of site-only simulcasting on live horse races

1 licensed by the commissioner and held within this state or  
2 simulcast races held outside this state.

3       (1) "Takeout" means the sum of money subtracted from  
4 pari-mutuel pools pursuant to section 22 of the horse racing law  
5 of 1995, MCL 431.322, before calculating the odds and paying out  
6 winning wagers.

7       (m) "Telephone betting" means that part of the system of  
8 off-track betting operated by a site-only simulcasting facility  
9 by which telephone betting account holders may place wagers over  
10 the telephone, and by which deposits or withdrawals from tele-  
11 phone betting accounts are made at site-only simulcasting facili-  
12 ties, licensed racetracks, or by mail.

13       Sec. 5. A racing corporation may be formed for the opera-  
14 tion of site-only simulcasting facilities and telephone betting  
15 operations by some or all of the race meeting licensees who have  
16 held races on which pari-mutuel wagering is conducted at a race-  
17 track where race meetings are held for not less than 60 days in a  
18 calendar year in a city area.

19       Sec. 7. (1) Race meeting licensees authorized to operate  
20 site-only simulcasting facilities under this section or a racing  
21 corporation may conduct a pari-mutuel system of site-only simul-  
22 casting by patrons on the results of horse races held in this  
23 state under the horse racing law of 1995 or on the results of  
24 special event horse races held in other states. No other method  
25 of betting, pool making, wagering, or gaming shall be used or  
26 permitted in site-only simulcasting under this act.

1       (2) Each race meeting licensee that has conducted not less  
2 than 60 days of racing in a calendar year at a racetrack within a  
3 city area may establish site-only simulcasting facilities outside  
4 the premises of the racing enclosures and may establish site-only  
5 simulcasting facilities that may be located within the racing  
6 enclosures at a licensed racetrack.

7       (3) If a site-only simulcasting facility established under  
8 subsection (2) is within a city area, it may only be established  
9 with the permission of all race meeting licensees that are within  
10 12 miles of the proposed site-only simulcasting facility and are  
11 within the city area.

12       Sec. 9. (1) The site-only simulcasting facility may use any  
13 racing information as may be necessary to conduct site-only  
14 simulcasting on licensed horse racing in this state if compensa-  
15 tion is paid for the information. The site-only simulcasting  
16 facility shall compensate each race meeting licensee for the use  
17 of its racing program and racing information by paying a percen-  
18 tage of the site-only simulcasting conducted by the site-only  
19 simulcasting facility to each race meeting licensee conducting  
20 the race on which site-only simulcasting was conducted.

21       (2) All expenses and operating costs of the site-only simul-  
22 casting facility, including, but not limited to, the cost of  
23 leasing or buying data processing equipment or other real or per-  
24 sonal property, the cost of amortization of racing corporation  
25 debt, the cost of telecommunications, and the cost of on-track  
26 facilities that may be necessary to conduct site-only  
27 simulcasting shall be paid by the site-only simulcasting facility

1 from its operating revenues, which shall include a surcharge, not  
2 to exceed 5%, imposed on all winning wagers from site-only  
3 simulcasting.

4       Sec. 11. (1) The commissioner shall promulgate rules speci-  
5 fying the conditions under which site-only simulcasting shall be  
6 conducted in this state. The rules shall be promulgated under  
7 the administrative procedures act of 1969, 1969 PA 306, MCL  
8 24.201 to 24.328.

9       (2) The rules promulgated as described under subsection (1)  
10 shall prohibit the acceptance or placing of a wager at a  
11 site-only simulcasting facility by an individual less than  
12 18 years of age. The rules may provide that an individual desir-  
13 ing to place a wager at a site-only simulcasting facility be  
14 required to present proof of age.

15       (3) The rules shall provide for the placing and receiving of  
16 wagers by telephone.

17       (4) The rules shall prohibit placing wagers on credit.

18       Sec. 13. (1) The system of site-only simulcasting operated  
19 by the racing corporation or by race meeting licensees under sec-  
20 tion 7 shall result in the combination of all wagers placed at a  
21 site-only simulcasting facility and on-track wagers made within  
22 this state so as to produce common pari-mutuel betting pools for  
23 the calculation of odds and the determination of payouts from the  
24 pools. The payout shall be the same for all winning tickets,  
25 whether a wager is placed at a site-only simulcasting facility or  
26 on-track within this state, less the surcharge imposed under  
27 section 9.

1       (2) Off-track bets accepted by a site-only simulcasting  
2 facility shall conform in denomination, character, terms, condi-  
3 tions, and all other respects to on-track wagers accepted for the  
4 same race. A site-only simulcasting facility may, with approval  
5 of the commissioner, establish and accept other wager types on  
6 out-of-state races.

7       (3) The takeout at a site-only simulcasting facility shall  
8 be the same as the takeout of a race meeting licensee under the  
9 horse racing law of 1995.

10       (4) A site-only simulcasting facility shall retain the  
11 breaks on wagers at site-only simulcasting facilities.

12       Sec. 15. Each site-only simulcasting facility shall pay to  
13 the state treasurer from the site-only simulcasting facility's  
14 commission 2% of all money wagered on pari-mutuel wagering in a  
15 manner, and at times, as the commissioner requires.

16       Sec. 17. Money received by the state treasurer under this  
17 act shall be disposed of in the manner prescribed for the dispos-  
18 ing of money in section 20 of the horse racing law of 1995, MCL  
19 431.320.

20       Sec. 19. A race meeting licensee that has conducted not  
21 less than 60 days of racing in a calendar year, during any period  
22 of 30 consecutive days or longer when no live races were held at  
23 the race meeting licensee's racetrack, may operate as a racing  
24 theater, except that if the race meeting licensee's racetrack is  
25 located in a city area, the permission of any race meeting  
26 licensee whose racetrack is within 12 miles of the proposed

1 racing theater or is within the city area is required before the  
2 racetrack may be so utilized on that day.

3       Sec. 21. (1) The commissioner shall provide for the audit-  
4 ing of site-only simulcasting operations. The expense of the  
5 audits shall be paid by the state as a part of the commissioner's  
6 budget. Daily audit reports on each day's site-only simulcasting  
7 wagering shall be forwarded by the commissioner to the site-only  
8 simulcasting facility and the holder of the race meeting license  
9 on the day for which the report is made. The scope of the audits  
10 shall be established in specifications approved by the  
11 commissioner.

(2) The auditors shall have free and full access to the facility, space, or enclosure where the site-only simulcasting system of wagering is conducted, to the calculating room where the pay-off prices are calculated, to the rooms and enclosures where totalisator equipment is operated, and to the money rooms and cashier terminals, and are responsible for the accuracy of the calculations on which the pay-off prices to the public are based; the amount of racetrack commission, state tax, and breaks; and the amount withheld for payment of uncashed tickets. The auditors at all times shall have full and free access to all site-only simulcasting wagering records.

**23** Sec. 23. This act does not take effect unless Senate Bill  
**24** No.1215 of the  
**25** 90th Legislature is enacted into law.