

**SUBSTITUTE FOR
HOUSE BILL NO. 5498**

A bill to amend 1995 PA 279, entitled
"Horse racing law of 1995,"
by amending section 20 (MCL 431.320), as amended by 2000 PA 471.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 20. (1) It is the policy of this state to encourage the
2 breeding of horses of all breeds in this state and the ownership of
3 such horses by residents of this state to provide for sufficient
4 numbers of high quality race horses of all breeds to participate in
5 licensed race meetings in this state; to promote the positive
6 growth and development of high quality horse racing and other
7 equine competitions in this state as a business and entertainment
8 activity for residents of this state; and to establish and preserve
9 the substantial agricultural and commercial benefits of the horse

1 racing and breeding industry to the state of Michigan. It is the
2 intent and purpose of the legislature to further this policy by the
3 provisions of this act and annual appropriations to administer this
4 act and adequately fund the agriculture and equine industry
5 programs established by this section.

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

10 (3) The Michigan agriculture equine industry development fund
11 is created in the department of treasury. The Michigan agriculture
12 equine industry development fund shall be administered by the
13 director of the department of agriculture with the assistance and
14 advice of the racing commissioner.

15 (4) Money shall not be expended from the Michigan agriculture
16 equine industry development fund except as appropriated by the
17 legislature. Money appropriated by the legislature for the Michigan
18 agriculture equine industry development fund shall be expended by
19 the director of the department of agriculture with the advice and
20 assistance of the racing commissioner to provide funding for **THE**
21 **GENERAL FUND AS PROVIDED IN SUBSECTION (17) AND** agriculture and
22 equine industry development programs as provided in subsections (5)
23 to ~~-(12)-~~ (11).

24 (5) The following amounts shall be paid to standardbred and
25 fair programs:

26 (a) A sum not to exceed 75% of the purses for standardbred
27 harness horse races offered by fairs and races at licensed pari-

1 mutuel racetracks. Purse supplements for overnight races at fairs
2 paid pursuant to this subsection may not exceed the lowest purse
3 offered for overnight races of the same breed at any licensed race
4 meeting in this state during the previous year.

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

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

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

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

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

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

1 harness horses.

2 (g) A sum to be allotted to pay the presiding judges and
3 clerks of the course at fairs. Presiding judges and clerks of the
4 course shall be hired by the fair's administrative body with the
5 advice and approval of the racing commissioner. The director of the
6 department of agriculture may allot funds for a photo finish system
7 and a mobile starting gate. The director of the department of
8 agriculture shall allot funds for the conducting of tests, the
9 collection and laboratory analysis of urine, saliva, blood, and
10 other samples from horses, and the taking of blood alcohol tests on
11 drivers, jockeys, and starting gate employees, for those races
12 described in this subdivision. The department may require a driver,
13 jockey, or starting gate employee to submit to a breathalyzer test,
14 urine test, or other noninvasive fluid test to detect the presence
15 of alcohol or a controlled substance. ~~as defined in section 7104~~
16 ~~of the public health code, 1978 PA 368, MCL 333.7104.~~ If the
17 results of a test show that a person has more than .05% of alcohol
18 in his or her blood, or has present in his or her body a controlled
19 substance, the person shall not be permitted to continue in his or
20 her duties on that race day and until he or she can produce, at his
21 or her own expense, a negative test result.

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

25 (i) A sum not to exceed 0.25% of all money wagered on live and
26 simulcast horse races in Michigan shall be placed in a special
27 standardbred sire stakes fund each year, 100% of which shall be

1 used to provide purses for races run exclusively for 2-year-old and
2 3-year-old Michigan sired standardbred horses at licensed harness
3 race meetings in this state. As used in this subdivision, "Michigan
4 sired standardbred horses" means standardbred horses conceived
5 after January 1, 1992 and sired by a standardbred stallion
6 registered with the Michigan department of agriculture that was
7 leased or owned by a resident or residents of this state and that
8 did not serve a mare at a location outside of this state from
9 February 1 through July 31 of the calendar year in which the
10 conception occurred. A foal that is born on or after January 1,
11 2002 of a mare owned by a nonresident of this state and that is
12 conceived outside of this state from transported semen of a
13 stallion registered with the Michigan department of agriculture is
14 eligible for Michigan tax-supported races only if, in the year that
15 the foal is conceived, the Michigan department of agriculture's
16 agent for receiving funds as the holding agent for stakes and
17 futurities is paid a transport fee as determined by the Michigan
18 department of agriculture and administered by the Michigan harness
19 horsemen's association.

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

22 (a) A sum to be allotted thoroughbred race meeting licensees
23 to supplement the purses for races to be conducted exclusively for
24 Michigan bred horses.

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

1 (c) A sum to pay breeders' awards in an amount not to exceed
2 10% of the gross purse to the breeders of Michigan bred
3 thoroughbred horses for each time Michigan bred thoroughbred horses
4 win at a licensed race meeting in this state.

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

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

20 (f) A sum to be allotted sufficient to pay for the collection
21 and laboratory analysis of urine, saliva, blood, and other samples
22 from horses and licensed persons and for the conducting of tests
23 described in section 16(4)(b).

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

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

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

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

7 (d) A sum to pay for the collection and laboratory analysis of
8 urine, saliva, blood, and other samples from horses and licensed
9 persons and the taking of blood alcohol tests on jockeys for those
10 races described in this subsection and for the conducting of tests
11 described in section 16(4)(b).

12 (e) As used in this subsection, "Michigan bred quarter horse"
13 means that term as defined in ~~R 285.817.1(j)~~ **R 285.817.1** of the
14 Michigan administrative code. Each mare and stallion shall be
15 registered with the director of the department of agriculture.

16 (8) The following amounts shall be paid for Appaloosa
17 programs:

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

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

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

26 (d) The department shall also allot sufficient funds from the
27 revenue received from Appaloosa horse racing to pay for the

1 collection and laboratory analysis of urine, saliva, blood, or
2 other samples from horses and licensed persons and the taking of
3 blood alcohol tests on jockeys for those races described in this
4 subsection and for the conducting of tests described in section
5 16(4)(b).

6 (e) As used in this subsection, "Michigan bred Appaloosa
7 **HORSE**" means that term as defined in ~~R 285.817.1(k)~~ **R 285.819.1**
8 of the Michigan administrative code. Each mare and stallion shall
9 be registered with the director of the department of agriculture.

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

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

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

15 (c) A sum to pay breeders' awards in an amount not to exceed
16 10% of the gross purse to the breeders of Michigan bred Arabian
17 horses for each time Michigan bred horses win at a fair or licensed
18 racetrack in this state.

19 (d) A sum allotted from the revenue received from Arabian
20 horse racing to pay for the collection and laboratory analysis of
21 urine, saliva, blood, and other samples from horses and licensed
22 persons and the taking of blood alcohol tests on jockeys for those
23 races described in this subsection and for the conducting of tests
24 described in section 16(4)(b).

25 (e) As used in this subsection, "Michigan bred Arabian **HORSE**"
26 means **A MICHIGAN-BRED HORSE AS** that term ~~as~~ **IS** defined in R
27 285.822.1(i) of the Michigan administrative code. Each mare and

1 stallion shall be registered with the director of the department of
2 agriculture.

3 (10) The following sums shall be paid for American paint horse
4 programs:

5 (a) A sum to supplement the ~~purposes~~ **PURSES** for races to be
6 conducted exclusively for Michigan bred American paint horses.

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

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

13 (d) A sum to pay for the collection and laboratory analysis of
14 urine, saliva, blood, and other samples from horses and licensed
15 persons and the taking of blood alcohol tests on jockeys for those
16 races described in this subsection and for the conducting of tests
17 described in section 16(4)(b).

18 (e) As used in this subsection, "Michigan bred American paint
19 horse" means ~~that term as defined by the department of agriculture~~
20 ~~by rules promulgated under this section~~ **A MICHIGAN-BRED PAINT**
21 **HORSE AS THAT TERM IS DEFINED IN R 285.823.1 OF THE MICHIGAN**
22 **ADMINISTRATIVE CODE.**

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

25 (a) A sum to fund grants for research projects conducted by
26 persons affiliated with a university or governmental research
27 agency or institution or other private research entity approved by

1 the racing commissioner, which are beneficial to the horse racing
2 and breeding industry in this state.

3 (b) ~~Money appropriated and allotted to this fund shall not~~
4 ~~revert to the general fund and shall be carried forward from year~~
5 ~~to year until disbursed to fund grants for research projects~~
6 ~~beneficial to the industry.~~ **A SUM TO FUND THE DEVELOPMENT,**
7 **IMPLEMENTATION, AND ADMINISTRATION OF NEW PROGRAMS THAT PROMOTE THE**
8 **PROPER GROWTH AND DEVELOPMENT OF THE HORSE RACING AND BREEDING**
9 **INDUSTRY IN THIS STATE AND OTHER VALUABLE EQUINE-RELATED COMMERCIAL**
10 **AND RECREATIONAL ACTIVITIES IN THIS STATE.**

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

23 ~~———— (12) A sum to fund the development, implementation, and~~
24 ~~administration of new programs that promote the proper growth and~~
25 ~~development of the horse racing and breeding industry in this state~~
26 ~~and other valuable equine related commercial and recreational~~
27 ~~activities in this state.~~

1 (13) SUBJECT TO SUBSECTION (17), MONEY APPROPRIATED AND
2 ALLOTTED TO THE MICHIGAN AGRICULTURE EQUINE INDUSTRY DEVELOPMENT
3 FUND SHALL NOT REVERT TO THE GENERAL FUND AND SHALL BE CARRIED
4 FORWARD FROM YEAR TO YEAR UNTIL DISBURSED TO FUND GRANTS FOR
5 RESEARCH PROJECTS BENEFICIAL TO THE INDUSTRY.

6 (14) ~~—(13)—~~ A percentage of the Michigan agriculture equine
7 industry development fund that is equal to 1/100 of 1% of the gross
8 wagers made each year in each of the racetracks licensed under this
9 act shall be deposited in the compulsive gaming prevention fund
10 created in section 3 of the compulsive gaming prevention act, 1997
11 PA 70, MCL 432.253.

12 (15) ~~—(14)—~~ The director of the department of agriculture
13 shall promulgate rules pursuant to the administrative procedures
14 act of 1969, 1969 PA 306, MCL 24.201 to 24.328, to implement this
15 section. The rules promulgated under this subsection shall do all
16 of the following:

17 (a) Prescribe the conditions under which the Michigan
18 agriculture equine industry development fund and related programs
19 described in subsections (1) to ~~—(12)—~~ (13) shall be funded.

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

22 (c) Develop and maintain informational programs related to
23 this section.

24 (16) ~~—(15)—~~ Funds under the control of the department of
25 agriculture in this section shall be disbursed under the rules
26 promulgated pursuant to subsection ~~—(14)—~~ (15). All funds under the
27 control of the department of agriculture approved for purse

1 supplements and breeders' awards shall be paid by the state
2 treasurer not later than 45 days from the date of the race.

3 (17) TWO MILLION DOLLARS SHALL BE TRANSFERRED FROM THE
4 MICHIGAN AGRICULTURE EQUINE INDUSTRY DEVELOPMENT FUND TO THE
5 GENERAL FUND IN THE FISCAL YEAR ENDING SEPTEMBER 30, 2006.