

Act No. 185
Public Acts of 2006
Approved by the Governor
June 16, 2006
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**STATE OF MICHIGAN
93RD LEGISLATURE
REGULAR SESSION OF 2006**

Introduced by Senator Emerson

ENROLLED SENATE BILL No. 837

AN ACT to amend 1995 PA 279, entitled "An act to license and regulate the conducting of horse race meetings in this state with pari-mutuel wagering on the results of horse races and persons involved in horse racing and pari-mutuel gaming activities at such race meetings; to create the office of racing commissioner; to prescribe the powers and duties of the racing commissioner; to prescribe certain powers and duties of the department of agriculture and the director of the department of agriculture; to provide for the promulgation of rules; to provide for the imposition of taxes and fees and the disposition of revenues; to impose certain taxes; to create funds; to legalize and permit the pari-mutuel method of wagering on the results of live and simulcast races at licensed race meetings in this state; to appropriate the funds derived from pari-mutuel wagering on the results of horse races at licensed race meetings in this state; to prescribe remedies and penalties; and to repeal acts and parts of acts," by amending section 20 (MCL 431.320), as amended by 2006 PA 42.

The People of the State of Michigan enact:

Sec. 20. (1) 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 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 of the legislature to further this policy by the provisions of this act and annual appropriations to administer this act and adequately fund the agriculture and equine industry programs established by this section.

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

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

(4) Money shall not be expended from the Michigan agriculture equine industry development fund except as appropriated by the legislature. Money appropriated by the legislature for the Michigan agriculture equine industry development fund shall be expended by the director of the department of agriculture with the advice and assistance of the racing commissioner to provide funding for the general fund as provided in subsection (17) and agriculture and equine industry development programs as provided in subsections (5) to (11).

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

(a) A sum not to exceed 75% of the purses for standardbred harness horse races offered by fairs and races at licensed pari-mutuel racetracks. Purse supplements for overnight races at fairs paid pursuant to this subsection shall be \$1,000.00. However, if the average purse offered for maiden overnight races of the same breed at any licensed race meeting in this state during the previous year as calculated by the department of agriculture was less than \$1,000.00, purse supplements for overnight races at fairs paid under this subsection shall not exceed that average purse.

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

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

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

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

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

(g) A sum to be allotted to pay the presiding judges and clerks of the course at fairs. Presiding judges and clerks of the course shall be hired by the fair's administrative body with the advice and approval of the racing commissioner. The director of the department of agriculture may allot funds for a photo finish system and a mobile starting gate. The director of the department of agriculture shall allot funds for the conducting of tests, the collection and laboratory analysis of urine, saliva, blood, and other samples from horses, and the taking of blood alcohol tests on drivers, jockeys, and starting gate employees, for those races described in this subdivision. The department may require a driver, jockey, or starting gate employee to submit to a breathalyzer test, urine test, or other noninvasive fluid test to detect the presence of alcohol or a controlled substance. If the results of a test show that a person has more than .05% of alcohol in his or her blood, or has present in his or her body a controlled substance, the person shall not be permitted to continue in his or her duties on that race day and until he or she can produce, at his or her own expense, a negative test result.

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

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

January 1, 1992 and sired by a standardbred stallion registered with the Michigan department of agriculture that was leased or owned by a resident or residents of this state and that did not serve a mare at a location outside of this state from February 1 through July 31 of the calendar year in which the conception occurred. A foal that is born on or after January 1, 2002 of a mare owned by a nonresident of this state and that is conceived outside of this state from transported semen of a stallion registered with the Michigan department of agriculture is eligible for Michigan tax-supported races only if, in the year that the foal is conceived, the Michigan department of agriculture's agent for receiving funds as the holding agent for stakes and futurities is paid a transport fee as determined by the Michigan department of agriculture and administered by the Michigan harness horsemen's association.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(d) The department shall also allot sufficient funds from the revenue received from Appaloosa horse racing to pay for the collection and laboratory analysis of urine, saliva, blood, or other samples from horses and licensed persons and the taking of blood alcohol tests on jockeys for those races described in this subsection and for the conducting of tests described in section 16(4)(b).

(e) As used in this subsection, "Michigan bred Appaloosa horse" means that term as defined in R 285.819.1 of the Michigan administrative code. Each mare and stallion shall be registered with the director of the department of agriculture.

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

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

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

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

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

(e) As used in this subsection, "Michigan bred Arabian horse" means a Michigan-bred horse as that term is defined in R 285.822.1(i) of the Michigan administrative code. Each mare and stallion shall be registered with the director of the department of agriculture.

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

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

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

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

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

(e) As used in this subsection, "Michigan bred American paint horse" means a Michigan-bred paint horse as that term is defined in R 285.823.1 of the Michigan administrative code.

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

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

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

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

(13) Subject to subsection (17), money appropriated and allotted to the Michigan agriculture equine industry development fund shall not revert to the general fund and shall be carried forward from year to year until disbursed to fund grants for research projects beneficial to the industry.

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

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

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

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

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

(16) Funds under the control of the department of agriculture in this section shall be disbursed under the rules promulgated pursuant to subsection (15). All funds under the control of the department of agriculture approved for purse supplements and breeders' awards shall be paid by the state treasurer not later than 45 days from the date of the race.

(17) Two million dollars shall be transferred from the Michigan agriculture equine industry development fund to the general fund in the fiscal year ending September 30, 2006.

This act is ordered to take immediate effect.

Carol Morey Viventi

Secretary of the Senate

Sam E. Randall

Clerk of the House of Representatives

Approved _____

Governor