



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

**BILL ANALYSIS**

Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

Senate Bill 401 (as introduced 4-18-07)
Sponsor: Senator Gerald Van Woerkom
Committee: Agriculture

Date Completed: 6-13-07

CONTENT

The bill would amend the Horse Racing Law to do the following:

- Create the "Horse Racing Promotion Fund".**
- Require race meeting licensees to pay 0.5% of wagers for deposit into the Fund.**
- Require that money in the Fund be distributed as grants to licensees to fund 50% of the cost of programs that would promote horse racing in the State.**

Specifically, a holder of a race meeting license would have to pay 0.5% of all money wagered on the results of live and simulcast horse races conducted at the license holder's race meetings to the State Treasurer, to be deposited into the Horse Racing Promotion Fund. That payment would not affect the amount of the license holder's commission under Section 17 of the Law or fee under Section 18.

(Section 17 permits a holder of a race meeting license to retain as a commission a portion of all money wagered on the results of live or simulcast horse races conducted at the licensee's race meetings, subject to certain limits. Section 18 requires a licensee to charge a maximum fee of 3% of the total amount wagered on the intertrack simulcast at each race meeting that receives the simulcast.)

The State Treasurer would have to deposit money received under the bill into the Horse Racing Promotion Fund. The Treasurer also could receive money or other assets from any other source for deposit into the Fund. The Treasurer would have to direct the investment of the Fund and credit to it interest and earnings from Fund investments. Money in the Fund at the close of the fiscal year would remain in the Fund and would not lapse to the General Fund.

The Michigan Department of Agriculture (MDA) would have to distribute money from the Horse Racing Promotion Fund, upon appropriation, as grants to holders of race meeting licenses to fund 50% of the cost of programs proposed by the recipients to advertise and promote horse racing in the State.

A holder of a race meeting license would be ineligible to receive a grant unless the license holder could show to the MDA's satisfaction that in the previous fiscal year the licensee had spent, from the licensee's own money, at least the amount of the grant on any proposed program for which the licensee received a grant.

The holder of a race meeting license could use money distributed from the Fund only for the purpose of advertising and promoting horse racing in the State.

FISCAL IMPACT

The bill would direct 0.5% of total wagers on live and simulcast horse races to the proposed Horse Racing Promotion Fund. Fiscal year 2005-06 wagers totaled \$281.2 million. Based upon this amount, revenue to the Fund would have been approximately \$1.4 million if the legislation had been in place during that time. The bill would reduce the percentage of total wagers returned to track patrons through payouts for winning bets.

The Department of Agriculture believes that any additional duties resulting from passage of this bill could be absorbed within the Department's current budget.

Fiscal Analyst: Debra Hollon

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.