



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

BILL



ANALYSIS

**Telephone: (517) 373-5383**  
**Fax: (517) 373-1986**

Senate Bill 504 (Substitute S-2 as reported)  
Senate Bill 505 (Substitute S-1 as reported)  
Sponsor: Senator Dave Robertson  
Committee: Agriculture

### **CONTENT**

Senate Bill 504 (S-2) would amend the Horse Racing Law to do the following:

- Require a person applying to conduct a thoroughbred or standardbred race meeting to specify a racetrack to host the race meeting that had hosted live horse racing with pari-mutuel wagering in the year before year of the bill's effective date.
- Require a person who wished to conduct a thoroughbred or standardbred race meeting to program at least eight, rather than nine, live horse races.
- Modify various requirements pertaining to the timing, frequency, and number of days of standardbred and thoroughbred horse racing.
- Allow the Racing Commissioner, under certain conditions, to amend a race meeting license to allow the licensee to continue simulcasting during the remainder of the license.
- Allow the Racing Commissioner to authorize the licensee with the highest total handle for the previous five years to operate advanced deposit account wagering and accept pari-mutuel wagering on live and simulcast race results.
- Require the licensee authorized to operate advanced deposit account wagering to distribute the net commission from that activity as provided by the bill.
- Eliminate a 3% fee cap on the fee that may be charged to licensees for live signals for intertrack simulcasting.
- Prohibit a person who did not hold a race meeting license from soliciting or accepting wagers on the results of live or simulcast horse races, prohibit an unauthorized person from soliciting an advanced deposit wager from another person, and prescribe felony penalties for those violations.
- Require a race meeting licensee to pay at least 25%, but not more than 40%, of net commissions generated at the licensee's race meetings for purses.
- Eliminate language pertaining to the distribution of money to be paid to certified horsemen's organizations' depositories.
- Eliminate various references and provisions pertaining to a racetrack within a city area.

Senate Bill 505 (S-1) would add sentencing guidelines designations for the felonies proposed by Senate Bill 504 (S-2). Accepting wagers on live or simulcast horse races without a license would be a class E felony against public trust subject to a five-year maximum term. The unauthorized conduct of advanced deposit account wagering would be a class F felony against public trust subject to a three-year maximum term.

Each bill would take effect 90 days after its enactment. Senate Bill 505 (S-1) is tie-barred to Senate Bill 504.

MCL 431.302 et al. (S.B. 504)  
777.14d (S.B. 505)

Legislative Analyst: Jeff Mann

## **FISCAL IMPACT**

Senate Bill 504 (S-2) would have an overall negative fiscal impact on State and local government. The bill would make it a felony punishable by up to five years' imprisonment and a fine of up to \$10,000 for a person to solicit or accept wagers on horse races if that person did not hold a race meeting license, and would make it a felony punishable by up to three years' imprisonment and a fine of up to \$25,000 for a person not authorized to conduct advanced deposit account wagering to solicit such a wager. An increase in felony prosecutions and convictions could increase resource demands on local court systems, law enforcement, and jails and prisons. For any increase in prison intakes, in the short term, the marginal cost to State government would be approximately \$3,764 per prisoner per year. In the long term, if the increased intake of prisoners increased the total prisoner population enough to require the Department of Corrections to open a housing unit or an entire facility, the marginal cost to State government would be approximately \$34,550 per prisoner per year. Any associated increase in fine revenue would increase funding for public libraries.

In the Department of Treasury, which houses the Michigan Gaming Control Board, regulatory and licensure changes would result in minimal administrative costs that would be within current appropriations.

Senate Bill 505 (S-1) would have no fiscal impact on local government and an indeterminate fiscal impact on the State, in light of the Michigan Supreme Court's July 2015 opinion in *People v. Lockridge* (in which the Court struck down portions of the sentencing guidelines law). According to one interpretation of that decision, the sentencing guidelines are advisory for all cases even after the scoring of the offense is completed. This means that the addition to the guidelines under the bill would not be compulsory for the sentencing judge. As penalties for felony convictions vary, the fiscal impact of any given felony conviction would depend on judicial decisions.

Date Completed: 4-25-16

Fiscal Analyst: Ryan Bergan

Floor\sb504

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.