



Senate Fiscal Agency
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BILL



ANALYSIS

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Senate Bill 382 (Substitute S-1 as reported)
Sponsor: Senator Dave Robertson
Committee: Agriculture

CONTENT

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

- Allow the Racing Commissioner to issue a third party facilitator license for entities contracted to facilitate wagering on live and simulcast horse racing.
- Require the Racing Commissioner to establish the terms and conditions and the appropriate fee for a third party facilitator subject to certain provisions.
- Provide that any form of pari-mutuel wagering on live or simulcast horse races could be conducted only by a race meeting licensee or its contracted licensed third party facilitator.
- Eliminate prohibitions pertaining to participating in an act or transaction relative to placing a wager outside of a race meeting ground.
- Apply a prohibition against soliciting or accepting wagers on horse racing results to a person who did not hold a third party facilitator license.
- Specify that only a race meeting licensee or its contracted licensed third party facilitator could process, accept, or solicit wagers on the results of live or simulcast horse races.

MCL 431.302 et al.

Legislative Analyst: Jeff Mann

FISCAL IMPACT

The bill could result in additional costs to the Office of the Racing Commission, which is located in the Michigan Gaming Control Board, and additional revenue to the State, by allowing third party facilitator licensees to assist with processing, accepting, or soliciting wagers on live and simulcast races. There is the potential for increased wagers collected from horse races, which would result in additional revenue to the State in the form of the 3.5% tax on the money wagered on races and license fees, which is deposited into the Agriculture and Equine Industry Development Fund. In 2016, 95% of total wagers made were collected under simulcasting, with the remaining collected through live betting. Since the third party facilitator licensees would assist with simulcast wagers, the total amount of wagers collected from races likely would increase. For fiscal year 2015-16, the Racing Commission collected \$3.9 million in total revenue from horse racing. Any additional revenue collected would increase appropriations to the various equine programs and the Racing Commission.

The bill also would likely increase administrative costs to the Racing Commission to oversee third party licensees and conduct audits. Since the bill would allow the Commission to set the appropriate fee amount without a cap, the Commission would be able to cover any additional administrative costs through license fees. At this time, it is anticipated that the increased administrative costs would be minimal.

The bill would have no fiscal impact on local government.

Date Completed: 5-22-17

Fiscal Analyst: Cory Savino

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Bill Analysis @ www.senate.michigan.gov/sfa

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