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BILL



ANALYSIS

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Senate Bill 382 (as introduced 5-17-17)  
Sponsor: Senator Dave Robertson  
Committee: Agriculture

Date Completed: 5-17-17

### **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.**
- **Eliminate prohibitions pertaining to participating in an act or transaction relative to placing a wager or carrying a wager for placement outside of a race meeting ground, or offering certain messenger services.**
- **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 could process, accept, or solicit wagers on the results of simulcast horse races.**

Under the Law, the Commissioner may issue certain general classes of licenses, including occupational licenses, race meeting licenses, and track licenses. The bill also would allow the Commissioner to issue third party facilitator licenses for entities contracted by race meeting licensees to facilitate wagering on live and simulcast racing. The Commissioner would have to set the terms and conditions and the appropriate fee for the license. A third party facilitator license would end once the contract with the race meeting licensee terminated. The bill would define "race meeting" as "activities related to live horse racing with the conducting and overseeing of pari-mutuel wagering on live and simulcast wagering by a race meeting licensee".

All forms of pari-mutuel wagering conducted at a licensed race meeting must be preapproved by the Commissioner. A race meeting licensee may provide a place in the race meeting grounds or enclosure at which he or she may conduct and supervise pari-mutuel wagering on the results of horse races. The bill would remove the phrase "in the race meeting grounds or enclosure".

The Law specifies that any form of pari-mutuel wagering on the results of live or simulcast horse races must occur or be permitted to occur only at a licensed race meeting, and contains prohibitions that pertain to participating in an act or transaction relative to placing a wager or carrying a wager for placement outside of a race meeting ground, or providing messenger services for the placing of a bets by people who are not patrons. The bill would eliminate these prohibitions.

The Law prohibits a person who does not hold a race meeting license from soliciting or accepting wagers on the results of live or simulcast horse races from individuals in the State. A person who violates this prohibition is guilty of a felony punishable by imprisonment for up

to five years, a maximum fine of \$10,000, or both. Under the bill, the prohibition would apply to a person who did not hold a race meeting license or a third party facilitator license.

The bill specifies that only a race meeting licensee could process, accept, or solicit wagers on the results of simulcast horse races. For this purpose, race meeting licensees could use a third party facilitator licensee to assist with wagering at a licensed racetrack.

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.

Fiscal Analyst: Cory Savino

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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.