

**STATE OF MICHIGAN  
99TH LEGISLATURE  
REGULAR SESSION OF 2018**

**Introduced by Rep. Lauwers**

# **ENROLLED HOUSE BILL No. 4611**

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 sections 8, 17, 20, and 22 (MCL 431.308, 431.317, 431.320, and 431.322), as amended by 2016 PA 271.

*The People of the State of Michigan enact:*

Sec. 8. (1) The racing commissioner may issue the following general classes of licenses:

(a) Occupational licenses issued to individuals participating in, involved in, or otherwise having to do with horse racing, pari-mutuel wagering, or simulcasting at a licensed race meeting in this state.

(b) Race meeting licenses issued annually for the succeeding year to persons to conduct live horse racing, simulcasting, and pari-mutuel wagering on the results of live and simulcast horse races at a licensed race meeting in this state under this act.

(c) Track licenses issued to persons to maintain or operate a racetrack at which 1 or more race meeting licensees may conduct licensed race meetings in this state.

(d) Third-party facilitator licenses issued to persons contracted by race meeting licensees to facilitate wagering on live and simulcast racing. The racing commissioner shall establish the terms and conditions and the appropriate fee for a third-party facilitator license subject to all of the following:

(i) The third-party facilitator must comply with consumer protections, as determined by the racing commissioner, to protect the public.

(ii) The third-party facilitator must cooperate in any audit necessary to comply with section 23.

(iii) The racing commissioner must have received from the race meeting licensee both a letter of intent and a certification that the race meeting licensee assumes and acknowledges responsibility for all conduct of its third-party facilitator.

(iv) The third-party facilitator must comply with the conditions and suitability standards under section 10(1)(e) and (f) and rules promulgated under this act.

(v) The license must terminate or expire as follows:

(A) On the date and at the time set by the racing commissioner in the license.

(B) When the contract with the race meeting licensee to facilitate live and simulcast wagering expires.

(C) If the license is suspended or revoked by the racing commissioner.

(2) The racing commissioner shall not issue a race meeting license to a person if the person is licensed to conduct a licensed race meeting at another licensed racetrack in this state and the person has a controlling interest in or co-ownership of the other licensed racetrack.

Sec. 17. (1) The pari-mutuel system of wagering on the results of horse races as permitted by this act is not unlawful. All forms of pari-mutuel wagering must be conducted under a race meeting license preapproved by the racing commissioner by rule or written order of the commissioner.

(2) If pari-mutuel wagering is used at a race meeting, a totalisator or other device that is equal in accuracy and clearness to a totalisator and approved by the racing commissioner must be used. The odds display of the totalisator or other device must be placed in full view of the patrons.

(3) Subject to section 18(3), each holder of a race meeting license shall retain as his or her commission on all forms of straight wagering 17% of all money wagered involving straight wagering on the results of live and simulcast horse races conducted at the licensee's race meetings. Subject to section 18(3), each holder of a race meeting license shall retain as his or her commission on all forms of multiple wagering without the written permission of the racing commissioner not more than 28% and with the written permission of the racing commissioner not more than 35% of all money wagered involving any form of multiple wagering on the results of live and simulcast horse races conducted at the licensee's race meeting. Except as otherwise provided by contract, 50% of all commissions from wagering on the results of live racing at the racetrack where the live racing was conducted must be paid to the horsemen's purse pool at the racetrack where the live racing was conducted. As used in this subsection:

(a) "Straight wagering" means a wager made on the finishing position of a single specified horse in a single specified race.

(b) "Multiple wagering" means a wager made on the finishing positions of more than 1 horse in a specified race or the finishing positions of 1 or more horses in more than 1 specified race.

(4) All breaks must be retained by the race meeting licensee and paid directly to the city or township in which the racetrack is located as a fee for services provided under section 21.

(5) Payoff prices of tickets of a higher denomination must be calculated as even multiples of the payoff price for a \$1.00 wager. Each holder of a race meeting license shall distribute to the persons holding winning tickets, as a minimum, a sum not less than \$1.10 calculated on the basis of each \$1.00 deposited in a pool, except that each race meeting licensee may distribute a sum of not less than \$1.05 to persons holding winning tickets for each \$1.00 deposited in a minus pool. As used in this subsection, "minus pool" means any win, place, or show pool in which the payout would exceed the total value of the pool.

(6) A holder of a race meeting license shall not knowingly permit a person less than 18 years of age to be a patron of the pari-mutuel wagering conducted or supervised by the holder.

(7) Any act or transaction relative to pari-mutuel wagering on the results of live or simulcast horse races may be conducted by a race meeting licensee under this act for the race meeting licensee to comply with the auditing requirements of section 23. A person shall not provide messenger service for the placing of a bet for another person who is not a patron. However, this subsection does not prevent simulcasting or intertrack or interstate common pool wagering inside or outside this state as permitted by this act or the rules promulgated under this act.

(8) Any form of pari-mutuel wagering on the results of live or simulcast horse races must only be conducted or operated by a race meeting licensee, which may use its contracted licensed third-party facilitators, as determined and approved by the racing commissioner. The race meeting licensee is responsible for all conduct of its third-party facilitators. All wagers must be placed by persons within this state and may be placed only in person at a licensed race meeting or electronically through a licensed third-party facilitator. Wagers must be placed only on live races offered at or live races simulcast to licensed race meetings at racetracks operated by persons that hold track licenses issued under this act. Each race meeting licensee and licensed third-party facilitator shall not solicit, offer, accept, or process wagers on or in connection with any other horse races, form of horse racing, or other form of gaming or gambling product, including, but not limited to, historical horse races, slot machines, or any electronic game of chance that simulates, imitates, or emulates an electronic gaming device such as a video lottery terminal, pulltab dispenser, or any other electronic or mechanical device.

(9) A person that does not hold a race meeting license or a third-party facilitator license that solicits or accepts wagers on the results of live or simulcast horse races from individuals in this state is guilty of a felony punishable by imprisonment for not more than 5 years or a fine of not more than \$10,000.00, or both. Each act of solicitation or wager that is accepted in violation of this section is a separate offense.

(10) Only a race meeting licensee or its contracted licensed third-party facilitator may process, accept, offer, or solicit wagers on the results of live or simulcast horse races as determined and approved by the racing commissioner.

(11) As used in this section, “act or transaction relative to pari-mutuel wagering on the results of live or simulcast horse races” means those steps taken by a race meeting licensee to accept a wager and process it within the ordinary course of its business and in accordance with this act.

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 this state. 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 must 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 must be administered by the director of the department of agriculture and rural development with the assistance and advice of the racing commissioner.

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

(5) The following amounts must 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 paid under this subdivision for overnight races at fairs for which Michigan sired, Michigan bred, or Michigan owned harness horses are eligible must 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 and rural development was less than \$1,000.00, purse supplements for overnight races at fairs paid under this subdivision must 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, that is Michigan bred, or that is sired by a standardbred stallion registered with the department of agriculture and rural development, 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 department of agriculture and rural development is eligible for Michigan tax-supported races only if, in the year that the foal is conceived, the department of agriculture and rural development’s agent for receiving funds as the holding agent for stakes and futurities is paid a transport fee as determined by the department of agriculture and rural development 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 and rural development 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 department of agriculture and rural development 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 must be registered with the department of agriculture and rural development. 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 department of agriculture and rural development is eligible for Michigan tax-supported races only if, in the year that the foal is conceived, the department of agriculture and rural development’s agent for receiving funds as the holding agent for stakes and futurities is paid a transport fee as determined by the department of agriculture and rural development 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 must be hired by the fair's administrative body with the advice and approval of the racing commissioner. The director of the department of agriculture and rural development may allot funds for a photo finish system and a mobile starting gate. The director of the department of agriculture and rural development 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 is not 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 this state must be placed in a special standardbred sire stakes fund each year, 100% of which must 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 department of agriculture and rural development 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 department of agriculture and rural development is eligible for Michigan tax-supported races only if, in the year that the foal is conceived, the department of agriculture and rural development's agent for receiving funds as the holding agent for stakes and futurities is paid a transport fee as determined by the department of agriculture and rural development and administered by the Michigan Harness Horsemen's Association.

(6) The following amounts must 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 this state must be placed in a special thoroughbred sire stakes fund each year, 100% of which must 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 and rural development 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.

(7) The following amounts must 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) 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 must be registered with the director of the department of agriculture and rural development.

(8) The following amounts must 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) As used in this subsection, "Michigan bred Appaloosa horse" means a Michigan bred appaloosa horse as that term is defined in R 285.819.1 of the Michigan Administrative Code. Each mare and stallion must be registered with the director of the department of agriculture and rural development.

(9) The following amounts must 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) 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 and rural development.

(10) The following sums must 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) 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 must 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) An amount must be allotted annually to the racing commissioner that is sufficient to pay for the collection and laboratory analysis of urine, saliva, blood, and other samples from horses and licensed individuals involved in horse racing on which pari-mutuel wagers are made and for the conducting of tests described in section 16(4).

(14) Money appropriated and allotted to the Michigan agriculture equine industry development fund must not revert to the general fund and must be carried forward from year to year until disbursed to fund grants for research projects beneficial to the industry.

(15) A percentage of the Michigan agriculture equine industry development fund that is equal to 1/15 of 1% of the gross wagers made each year in each of the racetracks licensed under this act must be deposited in the compulsive gaming prevention fund created in section 3 of the compulsive gaming prevention act, 1997 PA 70, MCL 432.253.

(16) The director of the department of agriculture and rural development 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 must 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 (14) must 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.

(17) Funds under the control of the department of agriculture and rural development in this section must be disbursed under the rules promulgated under subsection (16). All funds under the control of the department of



agriculture and rural development approved for purse supplements and breeders' awards must be paid by the state treasurer not later than 45 days from the date of the race.

(18) Purses paid under this section must be based on actual purses awarded in a race. If the actual purses awarded are less than the purse supplement amount requested by a fair or licensed pari-mutuel racetrack at the time they applied to the department of agriculture and rural development for the purse supplement, the purse supplement paid must be the lesser amount.

Sec. 22. (1) A licensed racetrack shall pay a license fee to the racing commissioner of \$1,000.00 annually.

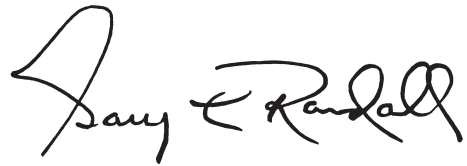
(2) Each holder of a race meeting license shall pay to the state treasurer, from the holder's commission, including any wagers processed through licensed third-party facilitators operating under this act, a tax in the amount of 3.5% of money wagered on interstate and intertrack simulcast races conducted at the holder's licensed race meetings.

(3) By eliminating the pari-mutuel wagering tax on live racing programs and altering the calculation of the tax on simulcast horse racing, it is not the intent of the legislature to diminish the funding and appropriations for the Michigan agriculture equine industry development fund and related programs described in section 20. The pari-mutuel tax alteration effected by this section is intended to generally allow for the improvement of the pari-mutuel horse racing and breeding industry in this state by increasing purses at licensed race meetings and making additional pari-mutuel revenues available for capital improvements at licensed racetracks in this state.

Enacting section 1. This amendatory act does not take effect unless all of the following bills of the 99th Legislature are enacted into law:

- (a) House Bill No. 4926.
- (b) House Bill No. 5881.

This act is ordered to take immediate effect.



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Clerk of the House of Representatives



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Secretary of the Senate

Approved .....

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Governor