



Senate Fiscal Agency
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Senate Bill 661 (Substitute S-1 as reported)
Sponsor: Senator Jim Ananich
Committee: Agriculture

CONTENT

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

- Specify that if, after the bill's effective date, the Racing Commissioner issued a race meeting license to a person that had previously held a license but that would be conducting its race meeting under the new license at a different racetrack, that person could not conduct pari-mutuel wagering at a licensed racetrack that was within 35 miles of another licensed racetrack.
- Allow the Commissioner to issue, after the bill's effective date, a track license to a local unit of government that held or had previously held a track license issued under the Law.
- Require the Commissioner to issue a race meeting license to a licensed casino if he or she determined that all of the requirements of the Law for issuing a race meeting license were met.
- Require a race meeting licensee that conducted pari-mutuel wagering on the results of live horse races that were run in the past to pay to the State Treasurer a 1.0% tax of all money wagered on the pari-mutuel wagering, and provide for the distribution of revenue raised from the tax.
- Require the Horse Racing Advisory Commission to spend money it received from the 1.0% tax on money wagered on pari-mutuel wagering for the promotion and marketing of horse racing, equine-related research, and horse-racing grants and programs.

MCL 431.302

Legislative Analyst: Jeff Mann

FISCAL IMPACT

The bill would increase the responsibilities for the Michigan Department of Agriculture and Rural Development pertaining to the Horse Racing Advisory Commission and its duties, which include distributing grants, research funding and promoting horse racing. The Department estimates that these added responsibilities would require an additional 3.0 FTEs and \$600,000 to support all payroll, travel, and other related expenses.

The bill could result in additional costs to the Office of the Racing Commissioner, within the Michigan Gaming Control Board, and additional revenue to the State, by including a 1.0% tax on pari-mutuel wagering. There is the potential for increased wagers collected from live horse races, which would result in additional revenue to the State in the form of the 1.0% tax on the money wagered on races, which would be distributed to various funds. In 2018 and 2019, there were no live horse races in which pari-mutuel wagering was used held in the State; however, there are plans to hold racing and simulcasting in 2020. Presumably any races held in the future could generate additional revenue.

The bill would distribute revenue from the 1.0% tax to the Michigan Agriculture Equine Industry Development Fund (90%) and the Horse Racing Advisory Commission (10%). Because of the uncertainty as to whether races in which pari-mutuel wagering is used will be held, it is difficult to estimate accurately whether significant revenue would be collected and distributed.

The bill also likely would increase administrative costs to the Office of the Racing Commissioner to oversee licenses. The costs would depend on the level of activity of pari-mutuel wagering on races. It is anticipated that the increased administrative costs would be minimal.

The bill would have no fiscal impact on local government.

Date Completed: 12-11-19

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