



Senate Fiscal Agency
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Senate Bill 396 (Substitute S-1 as reported by the Committee of the Whole)
Senate Bill 398 (as reported without amendment)
Sponsor: Senator Dan Lauwers (S.B. 396)
 Senator Curtis Hertel, Jr. (S.B. 398)
Committee: Agriculture

CONTENT

Senate Bill 396 (S-1) would amend the Horse Racing Law to do the following:

- Modify the definition of "pari-mutuel" and "pari-mutuel wagering".
- Allow the Racing Commissioner to issue a third-party facilitator license to an internet sports betting platform provider that held a sports betting supplier license issued under the Lawful Sports Betting Act.
- Allow the Commissioner to issue a race meeting license for 2022, 2023, or 2024 to a person who does not meet the annual deadline for submitting the application if the Commissioner determined that the applicant, application, and proposed race meeting complied with all of the other licensing requirements and rules promulgated under the Act.
- Prohibit the Commissioner from issuing more than three race meeting licenses.
- Require a race meeting licensee to provide to the Commissioner a monthly report regarding its operation of pari-mutuel wagering on horse races run in the past, and require the Commissioner to provide that report to the Department of Treasury, the State Budget Office on request, and the House and Senate Fiscal Agencies on request.
- Specify that certain information and reports would not be subject to disclosure under the Freedom of Information Act.
- Allow the Commissioner to issue a pari-mutuel racing supplier license to a pari-mutuel racing supplier and prescribe requirements and fees for licensure.
- Prohibit the Commissioner from allowing a holder of a race meeting license to conduct pari-mutuel wagering on the outcome of a live horse race run in the past at a licensed racetrack unless the legislative body for the local unit of government in which the racetrack was located had adopted an ordinance authorizing those activities.
- Modify various provisions pertaining to simulcasting to include pari-mutuel wagering.
- Modify various amounts that must be paid to standardbred and fair programs and thoroughbred programs, and eliminate language pertaining to quarter horse programs.
- 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 a tax of 19.0% of adjusted gross receipts, and require the tax to be allocated to the State School Aid Fund (45%), the local unit in which the racetrack at which the race was held was located (13%), the Michigan Agriculture and Equine Industry Development Fund (25%), the City of Detroit (13%), and the Horse Racing Advisory Commission (4%).
- Increase the license fee a licensed racetrack must pay, from \$1,000 to \$50,000 annually.

Senate Bill 398 would amend the Lottery Act to specify that a casino licensee could not televise or allow any other person to televise simulcast horse races on the premises of the casino unless the licensee also held a third-party facilitator license issued under the Horse Racing Law.

Senate Bill 398 is tie-barred to Senate Bill 396. Senate Bill 396 also would repeal Section 19b of the Law. (Section 19b pertains to money in escrow for distribution to a certified horsemen's organization.)

MCL 431.302 et al. (S.B. 396)
432.209b & 432.212 (S.B. 398)

Legislative Analyst: Jeff Mann

FISCAL IMPACT

Senate Bill 396 (S-1) could have a positive fiscal impact on State and local government. The bill could increase the revenue generated from each horse racing event by allowing wagers on internet sports betting platforms and live racing, taxing wagers on live racing at 3.5%, and requiring a race meeting licensee that conducted pari-mutuel wagering on the results of live horse races that were run in the past to pay a tax of 19.0% of adjusted gross receipts. Increased revenue could be generated for the Michigan Agriculture and Equine Industry Development Fund, the Racing Advisory Commission, and the School Aid Fund.

Local units of government with tracks that held racing events and the City of Detroit would experience additional revenue for the tax imposed on pari-mutual wagering on past races. Specifically, those local units and the City of Detroit each would receive 13% of all tax revenue generated from pari-mutual wagering. The total revenue that could be generated for State and local government is indeterminate and would depend on the number of horse racing events that occurred in a given fiscal year and the amount of money wagered during each event.

The Michigan Gaming Control board could experience increased administrative costs for administration and oversight of horse race licensees and third-party facilitators. These costs likely would be covered by the annual \$50,000 license fee.

Senate Bill 398 would have no fiscal impact on State or local government.

Date Completed: 11-3-21

Fiscal Analyst: Cory Savino