

SENATE BILL NO. 1131

June 30, 2022, Introduced by Senator HERTEL and referred to the Committee on Regulatory Reform.

A bill to amend 1995 PA 279, entitled
"Horse racing law of 1995,"
by amending sections 8 and 17 (MCL 431.308 and 431.317), as amended
by 2019 PA 153, and by adding section 11.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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

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

1 state.

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

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

9 (d) ~~Third-party~~ **Subject to subdivision (e), third-party**
10 facilitator licenses issued to persons that have contracts with
11 race meeting licensees to facilitate wagering on live and simulcast
12 racing. The racing commissioner shall establish the terms and
13 conditions and the appropriate fee for a third-party facilitator
14 license subject to all of the following:

15 (i) The third-party facilitator must have a joint contract with
16 all race meeting licensees and certified horsemen's organizations
17 in this state.

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

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

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

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

(vi) The license must terminate or expire when any of the following occur:

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

(B) When the third-party facilitator's joint contract expires or is terminated as to any race meeting licensee or certified horsemen's organization.

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

(e) If there is no race meeting licensee under this section in this state, third-party facilitator licenses issued to persons to facilitate wagering on live and simulcast races. 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 third-party facilitator must comply with the conditions and suitability standards under section 10(1)(e) and (f) and rules promulgated under section 11.

(iv) The license must terminate or expire when any of the following occur:

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

(B) 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.

(3) If, after ~~the effective date of the amendatory act that added this subsection,~~ **December 20, 2019**, the racing commissioner issues a race meeting license to a person that has, after January 1, 2018, held a race meeting license but that will be conducting all or part of its race meeting under the new license at a different racetrack than under the previous licenses, the person shall not conduct pari-mutuel wagering at a licensed racetrack that is within 35 miles of another licensed racetrack at which 1 or more race meeting licensees may conduct pari-mutuel wagering.

(4) If, after ~~the effective date of the amendatory act that added this subsection,~~ **December 20, 2019**, the racing commissioner issues a race meeting license to a person that has not held a race meeting license before ~~the effective date of the amendatory act that added this subsection,~~ **December 20, 2019**, the person shall not conduct pari-mutuel wagering at a licensed racetrack that is within 50 miles of another licensed racetrack at which 1 or more race meeting licensees may conduct pari-mutuel wagering.

Sec. 11. If there is no race meeting licensee under section 8 in this state, the office of the racing commissioner shall promulgate rules to facilitate third-party facilitator licensees to offer pari-mutuel wagering through the internet on live and simulcast horse races.

Sec. 17. (1) The pari-mutuel system of wagering on the results of horse races as permitted by this act is not unlawful. ~~All~~

Subject to section 11, 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.

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

4 (5) Payoff prices of tickets of a higher denomination must be
5 calculated as even multiples of the payoff price for a \$1.00 wager.
6 Each holder of a race meeting license shall distribute to the
7 persons holding winning tickets, as a minimum, a sum not less than
8 \$1.10 calculated on the basis of each \$1.00 deposited in a pool,
9 except that each race meeting licensee may distribute a sum of not
10 less than \$1.05 to persons holding winning tickets for each \$1.00
11 deposited in a minus pool. As used in this subsection, "minus pool"
12 means any win, place, or show pool in which the payout would exceed
13 the total value of the pool.

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

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

26 (8) ~~Any~~ **Subject to section 11, any** form of pari-mutuel
27 wagering on the results of live or simulcast horse races must only
28 be conducted or operated by a race meeting licensee, which may use
29 its contracted licensed third-party facilitators, as determined and

1 approved by the racing commissioner. The race meeting licensee is
2 responsible for all conduct of its third-party facilitators. All
3 wagers must be placed by persons within this state and may be
4 placed only in person at a licensed race meeting or electronically
5 through a licensed third-party facilitator. A race meeting licensee
6 or licensed third-party facilitator shall not solicit, offer,
7 accept, or process wagers on or in connection with other gaming or
8 gambling products, including, but not limited to, slot machines and
9 casino table games.

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

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

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