



# HOUSE BILL No. 4171

February 4, 1993, Introduced by Rep. Alley and referred to the Committee on Agriculture and Forestry.

A bill to permit the creation of a racing corporation for the purpose of conducting certain forms of off-track wagering on certain horse races; to permit and regulate off-track wagering; to impose payment of certain portion of revenue received from off-track wagering; and to provide for certain powers and duties for certain state officers and departments.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Sec. 1. This act shall be known and may be cited as the  
2 "telecommunications wagering act".

3       Sec. 3. As used in this act:

4       (a) "Breaks" means the cents over any multiple of 10 other-  
5 wise payable to a patron on a wager of \$1.00.

6       (b) "City area" means a city having a population of 750,000  
7 or more, and includes the counties wholly or partly within 30  
8 miles of the city limits of that city.

1 (c) "Commissioner" means the racing commissioner appointed  
2 pursuant to section 3 of the racing law of 1980.

3 (d) "Handle" means the gross receipts of a pari-mutuel bet-  
4 ting pool.

5 (e) "Off-track betting" means the placing of a pari-mutuel  
6 wagers at off-track facilities.

7 (f) "Off-track facility" means a facility used for the con-  
8 ducting of off-track betting on live horse races held within this  
9 state or simulcast races held outside this state.

10 (g) "On-track betting" means the placing of pari-mutuel  
11 wagers on live horse races licensed by the commissioner on the  
12 race meeting grounds of a race meeting licensee where the races  
13 are being conducted.

14 (h) "Race meeting licensee" means a person who is the holder  
15 of a valid race meeting license issued by the commissioner under  
16 the racing law of 1980.

17 (i) "Racing corporation" means the corporation that may be  
18 formed under section 5.

19 (j) "Racing law of 1980" means Act No. 327 of the Public  
20 Acts of 1980, being sections 431.61 to 431.88 of the Michigan  
21 Compiled Laws.

22 (k) "Racing theater" means an enclosed off-track facility at  
23 which patrons can view telecasts of live horse races taking place  
24 at licensed racetracks in this state or tracks in other states as  
25 allowed under this act, and at which patrons may engage in  
26 pari-mutuel betting on the results of the telecast horse races.  
27 A racing theater may provide ancillary facilities, such as

1 parking and food and beverage service provided at the viewing  
2 area.

3 (l) "Takeout" means the sum of money subtracted from  
4 pari-mutuel pools pursuant to section 15 of the racing law of  
5 1980, being section 431.75 of the Michigan Compiled Laws, before  
6 calculating the odds and paying out winning wagers.

7 (m) "Telephone betting" means that part of the system of  
8 off-track betting operated by an off-track facility by which  
9 telephone betting account holders may place wagers over the tele-  
10 phone, and by which deposits or withdrawals from telephone bet-  
11 ting accounts are made at off-track facilities, licensed race-  
12 tracks, or by mail.

13 Sec. 5. A racing corporation may be formed for the opera-  
14 tion of off-track facilities and telephone betting operations by  
15 some or all of the race meeting licensees who have held races on  
16 which pari-mutuel wagering is conducted at a racetrack at which  
17 race meetings are held for at least 60 days in a calendar year in  
18 a city area.

19 Sec. 7. (1) Race meeting licensees authorized to operate  
20 off-track facilities pursuant to this section or a racing corpo-  
21 ration may conduct a pari-mutuel system of off-track betting by  
22 patrons on the results of horse races held in this state under  
23 the racing law of 1980 or on the results of special event horse  
24 races held in other states. No other method of betting, pool  
25 making, wagering, or gaming shall be used or permitted in  
26 off-track betting under this act.

1           (2) Each race meeting licensee that has conducted 60 days or  
2 more of racing in a calendar year at a racetrack within a city  
3 area may establish off-track facilities outside the premises of  
4 the racing enclosures, and may establish off-track facilities  
5 which may be located within the racing enclosures at a licensed  
6 racetrack.

7           (3) If any off-track facilities established pursuant to sub-  
8 section (2) are within a city area, the off-track facilities may  
9 only be established with the permission of all race meeting  
10 licensees that are within 30 miles of the proposed off-track  
11 facility and are within the city area.

12           (4) An off-track facility established outside of a city area  
13 may only be established with the permission of all race meeting  
14 licensees that are within 50 miles of the proposed off-track  
15 facility.

16           Sec. 9. (1) The off-track facility may use any racing  
17 information as may be necessary to conduct off-track betting on  
18 licensed horse racing in this state if compensation is paid for  
19 the information. The off-track facility shall compensate each  
20 race meeting licensee for the use of its racing program and  
21 racing information by paying a percentage of the off-track bet-  
22 ting conducted by the off-track facility to each race meeting  
23 licensee conducting the race on which off-track betting was  
24 conducted.

25           (2) All expenses and operating costs of the off-track facil-  
26 ity, including, but not limited to, the cost of leasing or buying  
27 data processing equipment or other real or personal property, the

1 cost of amortization of racing corporation debt, the cost of  
2 telecommunications, and the cost of on-track facilities that may  
3 be necessary to conduct off-track betting shall be paid by the  
4 off-track facility from its operating revenues, which shall  
5 include a surcharge, not to exceed 5%, imposed on all winning  
6 wagers from off-track betting.

7       Sec. 11. (1) The commissioner shall promulgate rules speci-  
8 fying the conditions under which off-track betting shall be con-  
9 ducted in this state. The rules shall be promulgated pursuant to  
10 the administrative procedures act of 1969, Act No. 306 of the  
11 Public Acts of 1969, being sections 24.201 to 24.328 of the  
12 Michigan Compiled Laws.

13       (2) The rules shall prohibit the acceptance or placing of an  
14 off-track bet by an individual less than 18 years of age. The  
15 rules may provide that an individual desiring to place off-track  
16 wagers be required to present proof of age.

17       (3) The rules shall provide for the placing and receiving of  
18 wagers by telephone.

19       (4) The rules shall prohibit the placement of wagers on  
20 credit.

21       Sec. 13. (1) The system of off-track betting operated by  
22 the racing corporation or by race meeting licensees under section  
23 7 shall result in the combination of all off-track wagers and  
24 on-track wagers made within this state so as to produce common  
25 pari-mutuel betting pools for the calculation of odds and the  
26 determination of payouts from the pools. The payout shall be the  
27 same for all winning tickets, whether a bet is placed off-track

1 or on-track within this state, less the surcharge, not to exceed  
2 5%, imposed pursuant to section 9(2).

3 (2) Off-track bets accepted by the off-track facility shall  
4 conform in denomination, character, terms, conditions, and all  
5 other respects to on-track wagers accepted for the same race.  
6 The off-track facility may, with approval of the commissioner,  
7 establish and accept other wager types on out-of-state races.

8 (3) The takeout at an off-track facility shall be the same  
9 as the takeout of a race meeting licensee under the racing law of  
10 1980.

11 (4) The off-track facility shall retain the breaks on wagers  
12 at off-track facilities.

13 Sec. 15. Each off-track facility shall pay to the state  
14 treasurer from the off-track facility's commission 2% of all  
15 money wagered on pari-mutuel wagering in a manner, and at times,  
16 as the commissioner requires.

17 Sec. 17. Money received by the state treasurer under this  
18 act shall be disposed of in the manner prescribed for the dispos-  
19 ing of money in section 13 of the racing law of 1980, being  
20 section 431.73 of the Michigan Compiled Laws.

21 Sec. 19. A race meeting licensee that has conducted at  
22 least 60 days of racing in a calendar year, during any period of  
23 30 consecutive days or longer in which no live races were held at  
24 the race meeting licensee's racetrack, may operate as a racing  
25 theater, except that if the race meeting licensee's racetrack is  
26 located in a city area, the permission of any race meeting  
27 licensee whose racetrack is within 30 miles of the proposed

1 racing theater or is within the city area is required before the  
2 racetrack may be so utilized on that day. If the racetrack that  
3 is to be operated as a racing theater is outside a city area, the  
4 permission of any race meeting licensee within 50 miles of the  
5 proposed racing theater is required before the racetrack may be  
6 so utilized on that day.

7       Sec. 21. (1) The commissioner shall provide for the audit-  
8 ing of off-track betting operations. The expense of the audits  
9 shall be paid by the state as a part of the commissioner's  
10 budget. Daily audit reports on each day's off-track betting  
11 shall be forwarded by the commissioner to the off-track facility  
12 and the holder of the race meeting license on the day for which  
13 the report is made. The scope of the audits shall be established  
14 in specifications approved by the commissioner.

15       (2) The auditors shall have free and full access to the  
16 facility, space, or enclosure where the off-track betting system  
17 of wagering is conducted, to the calculating room where the  
18 pay-off prices are calculated, to the rooms and enclosures where  
19 totalisator equipment is operated, and to the money rooms and  
20 cashier terminals, and are responsible for the accuracy of the  
21 calculations on which are based the pay-off prices to the public;  
22 the amount of racetrack commission, state tax, and breaks; and  
23 the amount withheld for payment of uncashed tickets. The audi-  
24 tors at all times shall have full and free access to all  
25 off-track betting records.

1       Sec. 23. This act shall not take effect unless Senate Bill  
2 No. \_\_\_ or House Bill No. 4170 (request no. 02377'93) of the 87th  
3 Legislature is enacted into law.