



# HOUSE BILL No. 4526

March 7, 1995, Introduced by Reps. Randall, Alley, Bankes, Weeks, Profit, Freeman, Varga, Porreca, DeHart, Vaughn, Munsell, Bullard, Palamara, Law, Yokich, McNutt, Bodem, Griffin, Rhead, Dobb, Middleton, Gnodtke, Gustafson and Harder and referred to the Committee on Regulatory Affairs.

A bill to regulate the conduct of horse race meetings in this state and in other states; to license certain racing and gaming activities and to regulate certain persons involved in those racing and gaming activities; 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 fees and the disposition of certain revenues under certain circumstances; to impose certain taxes; to create funds; to legalize and permit the pari-mutuel method of wagering on the results of races at licensed race meetings in this state; to allow the operation of certain electronic computerized gaming devices under certain circumstances; to appropriate the funds derived from pari-mutuel wagering and other

allowable gaming activities; to prescribe remedies and penalties; and to repeal acts and parts of acts.

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

1       Sec. 1. This act shall be known and may be cited as the  
2 "horse racing and gaming law".

3       Sec. 2. 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) "Central on-line telecommunication computer system"  
7 means a system approved by the racing commissioner linking all  
8 electronic computerized gaming devices at a race meeting  
9 licensee's location to provide any information regarding play and  
10 operation of electronic computerized gaming devices as required  
11 by the racing commissioner.

12       (c) "Certified horsemen's group" means an organization reg-  
13 istered with the office of racing commissioner in a manner and  
14 form required by the racing commissioner, certifying the  
15 organization's capacity to supply horses, to assist in conducting  
16 the applicant's requested racing programs, to monitor and improve  
17 physical conditions and controls for individuals and horses, and  
18 to protect the financial interests of the individuals participat-  
19 ing in the applicant's requested live racing program.

20       (d) "City area" means a city having a population of 750,000  
21 or more, and includes the counties wholly or partly within a dis-  
22 tance of 30 miles of the city limits of the city.

23       (e) "Controlled substance" means that term as defined in  
24 section 7104 of the public health code, Act No. 368 of the Public

1 Acts of 1978, being section 333.7104 of the Michigan Compiled  
2 Laws.

3 (f) "Day of operation" means a period of 24 hours beginning  
4 at 12 noon and ending at 11:59 a.m. the following day.

5 (g) "Drug" means any of the following:

6 (i) A substance intended for use in the diagnosis, cure,  
7 mitigation, treatment, or prevention of disease in humans or  
8 other animals.

9 (ii) A substance, other than food, intended to affect the  
10 structure, condition, or any function of the body of humans or  
11 other animals.

12 (iii) A substance intended for use as a component of a sub-  
13 stance specified in subparagraph (i) or (ii).

14 (h) "Electronic computerized gaming device" means any  
15 machine in which money or tokens are deposited in order to play  
16 in a game of chance in which the results, including options  
17 available to the player, are randomly and immediately determined  
18 by the machine. A machine may use spinning reels or video dis-  
19 plays, or both, and may or may not dispense money or tokens  
20 directly to winning players. A machine shall be considered an  
21 electronic computerized gaming device notwithstanding the use of  
22 an electronic credit system making the deposit of money  
23 unnecessary.

24 (i) "Foreign substance" means a substance, or its metabo-  
25 lites, which does not exist naturally in an untreated horse or,  
26 if natural to an untreated horse, exists at an unnaturally high

1 physiological concentration as a result of having been  
2 administered to the horse.

3 (j) "Gross play" means total currency placed into an elec-  
4 tronic computerized gaming device.

5 (k) "Gross win" means gross play less prizes paid.

6 (l) "Net terminal income" means gross win less deductions  
7 provided for in section 22(10).

8 (m) "Person" means an individual, firm, partnership, corpo-  
9 ration, association, or other legal entity.

10 (n) "Purse pool" means an amount of money allocated or  
11 apportioned to pay prizes for races and from which payments may  
12 be made to certified horsemen's groups.

13 (o) "Technology provider" means any individual, partnership,  
14 corporation, or association licensed by the state that does at  
15 least 1 of the following: designs, manufactures, installs, oper-  
16 ates, distributes, supplies, maintains, or services electronic  
17 computerized gaming devices or associated equipment for sale or  
18 use in this state. A race meeting licensee may be a technology  
19 provider.

20 (p) "Telephone account wagering" means pari-mutuel wagering  
21 received within the enclosure of a racetrack by telephone or any  
22 other electronic signal.

23 (q) "Veterinarian" means a person licensed to practice vet-  
24 erinary medicine under article 15 of the public health code, Act  
25 No. 368 of the Public Acts of 1978, being sections 333.16101 to  
26 333.18838 of the Michigan Compiled Laws, or under a state or  
27 federal law applicable to that person.

1       Sec. 3. The office of racing commissioner is created within  
2 the department of agriculture. The racing commissioner has the  
3 powers and duties prescribed in this act and shall administer the  
4 provisions of this act relating to licensing, enforcement, and  
5 regulation. The racing commissioner also has those additional  
6 powers necessary and proper to implement and enforce this act and  
7 to regulate and maintain jurisdiction over the conduct of each  
8 licensed race meeting within this state where electronic comput-  
9 erized gaming, simulcasting, telephone account wagering, or  
10 pari-mutuel horse racing and wagering are permitted for a stake,  
11 purse, prize, share, or reward.

12       Sec. 4. (1) The racing commissioner shall be appointed for  
13 a term of 4 years by the governor by and with the advice and con-  
14 sent of the senate.

15       (2) The racing commissioner shall be a resident of this  
16 state and during his or her term of office shall not be a stock-  
17 holder of, or be directly or indirectly connected with the con-  
18 duct or management of, or have any other legal or beneficial  
19 interest in, any of the following:

20       (a) A racetrack, race meeting, or a racing interest, includ-  
21 ing, but not limited to, the ownership, breeding, training, or  
22 racing of horses or any vendor, supplier, or distributor of goods  
23 or services to a racetrack, race meeting, or racing participant  
24 licensed under this act.

25       (b) Any gaming activity conducted at any licensed race meet-  
26 ing in the state, including, but not limited to, the ownership,  
27 manufacture, distribution, maintenance, or operation of any

1 licensed electronic computerized gaming device or related  
2 hardware or software equipment at licensed race meetings.

3       Sec. 5. Before entering upon the discharge of the duties of  
4 office, the racing commissioner shall take the constitutional  
5 oath of office with the condition that he or she will competently  
6 and faithfully execute and perform all the duties pertaining to  
7 the office according to the laws of this state.

8       Sec. 6. (1) The racing commissioner shall receive an annual  
9 salary as appropriated by the legislature. The racing commis-  
10 sioner shall employ 2 deputy commissioners, an executive secre-  
11 tary, and other personnel as necessary for the administration of  
12 this act within the limits of the appropriations made by the leg-  
13 islature and subject to civil service rules. For the purpose of  
14 carrying out this act, the racing commissioner may delegate the  
15 performance of duties of the racing commissioner to the deputy  
16 commissioners or special deputies. The racing commissioner shall  
17 appoint 3 state stewards of racing as special deputies for each  
18 licensed race meeting in the state. A state steward shall take  
19 the constitutional oath of office and may exercise any power  
20 granted by the rules of the racing commissioner promulgated pur-  
21 suant to this act. A decision of a state steward may be appealed  
22 to the racing commissioner pursuant to the contested case provi-  
23 sions of the administrative procedures act of 1969, Act No. 306  
24 of the Public Acts of 1969, being sections 24.201 to 24.328 of  
25 the Michigan Compiled Laws. The racing commissioner is entitled  
26 to the reasonable and necessary expenses incurred in the  
27 discharge of the duties prescribed in this act.

1 (2) The executive secretary to the racing commissioner shall  
2 keep a record of all proceedings; preserve all books, maps, docu-  
3 ments, and papers belonging to the racing commissioner or  
4 entrusted to the care of the office of racing commissioner; and  
5 perform other duties as the racing commissioner prescribes.

6 (3) The racing commissioner shall make an annual report to  
7 the governor before April 15 for the immediately preceding calen-  
8 dar year, which report shall include a statement of the racing  
9 commissioner's receipts and disbursements and additional informa-  
10 tion and recommendations that the racing commissioner considers  
11 necessary or the governor requires.

12 Sec. 7. (1) The racing commissioner shall promulgate rules  
13 pursuant to the administrative procedures act of 1969, Act  
14 No. 306 of the Public Acts of 1969, being sections 24.201 to  
15 24.328 of the Michigan Compiled Laws, for conducting electronic  
16 computerized gaming, horse racing, pari-mutuel wagering on horse  
17 racing results, simulcasting, telephone account wagering, and  
18 other approved methods of conducting pari-mutuel wagering at  
19 licensed race meetings. The rules promulgated under this section  
20 shall be designed to accomplish all of the following:

21 (a) The governing, restricting, approving, or regulating of  
22 electronic computerized gaming, horse racing, pari-mutuel wager-  
23 ing on the results of horse races, simulcasting, telephone  
24 account wagering, and other methods of conducting pari-mutuel  
25 wagering and other methods of electronic computerized gaming at  
26 licensed race meetings within this state.

1 (b) The promoting of the safety, security, growth, and  
2 integrity of all electronic computerized gaming, horse racing,  
3 pari-mutuel wagering on the results of horse races, simulcasting,  
4 telephone account wagering, and other forms of conducting  
5 pari-mutuel wagering and other methods of electronic computerized  
6 gaming at licensed race meetings within this state.

7 (c) The licensing and regulating of each person participat-  
8 ing in, or having to do with, the conduct of electronic computer-  
9 ized gaming, pari-mutuel horse racing and wagering, simulcasting,  
10 telephone account wagering, and other methods of conducting  
11 pari-mutuel wagering and other methods of electronic computerized  
12 gaming conducted at licensed race meetings within this state.

13 (2) Each race meeting licensee shall provide security at all  
14 times so as to reasonably ensure the safety of all persons and  
15 horses on the grounds, and to protect and preserve the integrity  
16 of horse racing, pari-mutuel wagering, simulcasting, telephone  
17 account wagering, electronic computerized gaming, and other  
18 methods of conducting pari-mutuel wagering and other methods of  
19 electronic computerized gaming conducted at licensed race  
20 meetings. Upon a determination by the racing commissioner that  
21 additional security is necessary to ensure the safety and integ-  
22 rity of racing, the racing commissioner shall provide supplemen-  
23 tal security at each race meeting in areas where occupational  
24 licenses are required for admittance.

25 (3) The racing commissioner may issue sanctions including,  
26 but not limited to, revocation or suspension of license,  
27 exclusion from racetrack grounds, or a fine of not more than



1 \$25,000.00 for each violation of this act or a rule promulgated  
2 under this act committed by a licensee or other person under this  
3 act. A sanction issued under this section may be appealed to the  
4 racing commissioner. The appeal shall be heard pursuant to the  
5 contested case provisions of Act No. 306 of the Public Acts of  
6 1969.

7 (4) All proposed extensions, additions, modifications, or  
8 improvements to the racecourse, roadways, parking, buildings,  
9 stables, plumbing, public utilities, drainage, totalisator  
10 system, and equipment, all gaming devices and related equipment,  
11 hardware and software for all approved methods of conducting  
12 pari-mutuel and electronic computerized wagering, and security on  
13 the grounds of a licensed racetrack owned or leased by a person  
14 licensed under this act are subject to the approval of the racing  
15 commissioner.

16 (5) The racing commissioner may compel the production of  
17 books, records, memoranda, electronically retrievable data, or  
18 documents that relate to electronic computerized gaming, horse  
19 racing, simulcasting, pari-mutuel wagering, and other approved  
20 methods of conducting pari-mutuel wagering conducted at a  
21 licensed race meeting.

22 (6) The racing commissioner at any time may require for  
23 cause the removal of any employee or official involved in or  
24 having to do with electronic computerized gaming, horse racing,  
25 pari-mutuel wagering, and other approved forms of pari-mutuel  
26 wagering conducted at a licensed race meeting.

1 (7) The racing commissioner may visit, investigate, and  
2 place auditors and other persons as the racing commissioner  
3 considers necessary in the offices, racetracks, or places of  
4 business of a licensee under this act to ensure compliance with  
5 this act and the rules promulgated under this act.

6 (8) The racing commissioner may summon witnesses and admin-  
7 ister oaths or affirmations to exercise and discharge his or her  
8 powers and duties under this act. A person failing to appear  
9 before the racing commissioner at the time and place specified in  
10 a summons from the racing commissioner or refusing to testify,  
11 without just cause, in answer to a summons from the racing com-  
12 missioner is guilty of a misdemeanor, punishable by a fine of not  
13 more than \$1,000.00, or imprisonment for not more than 6 months,  
14 or both, and may also be sanctioned by the racing commissioner.  
15 A person testifying falsely to the racing commissioner or his or  
16 her authorized representative while under oath is guilty of a  
17 felony punishable by a fine of not more than \$10,000.00 or  
18 imprisonment for not more than 4 years, or both, and may also be  
19 sanctioned by the racing commissioner.

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

22 (a) Occupational licenses issued to individuals participat-  
23 ing in, involved in, or otherwise having to do with electronic  
24 computerized gaming, horse racing, pari-mutuel wagering, simul-  
25 casting, telephone account wagering, and other approved methods  
26 of conducting pari-mutuel wagering at a licensed race meeting in  
27 this state.

1 (b) Race meeting licenses issued annually for the succeeding  
2 year to a person to conduct electronic computerized gaming, live  
3 horse racing, simulcasting, telephone account wagering,  
4 pari-mutuel wagering on the results of horse races, and other  
5 approved forms of pari-mutuel wagering at a licensed race meeting  
6 in this state pursuant to and in accordance with the provisions  
7 of this act.

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

11 (2) The racing commissioner shall not issue a race meeting  
12 license to a person if the person is licensed to conduct a  
13 licensed race meeting at another licensed racetrack within a city  
14 area and the person has a controlling interest in or co-ownership  
15 of the other licensed racetrack within a city area.

16 Sec. 9. (1) The racing commissioner shall issue, without  
17 further application, a track license to any person holding a  
18 valid track license under former Act No. 327 of the Public Acts  
19 of 1980, and maintaining or operating a licensed horse racetrack  
20 as of the effective date of this act at which wagering by  
21 pari-mutuel methods on the results of horse racing has been con-  
22 ducted by a race meeting licensee.

23 (2) A track license, once issued, is valid only as long as  
24 the annual license fee is paid, or until the track license is  
25 voluntarily surrendered or is revoked as provided in this act or  
26 the rules promulgated under this act.

1           (3) An applicant for a track license shall submit an  
2 application that is in writing, that demonstrates to the racing  
3 commissioner that the applicant has satisfactory financial  
4 responsibility, that shows the location of the racetrack or of  
5 the proposed racetrack, and that is accompanied by substantially  
6 detailed plans and specifications of the racetrack, buildings,  
7 fences, and other improvements. The application shall include  
8 the name and address of the applicant, and, if a corporation, the  
9 place of its incorporation, and any other information required by  
10 the rules promulgated under this act by the racing commissioner.  
11 Upon the applicant's filing of the application and the payment of  
12 the license fee, the racing commissioner shall investigate the  
13 applicant and the racetrack or proposed racetrack as the racing  
14 commissioner considers necessary. If the racing commissioner  
15 determines that the applicant and the racetrack satisfy the  
16 requirements of this act and the rules promulgated under this  
17 act, the racing commissioner shall grant a license for the race-  
18 track, designating in the license the county or area of the  
19 holder of the license. If the racing commissioner determines  
20 that the applicant or the racetrack, or both, do not comply with  
21 this act and the rules promulgated under this act, the racing  
22 commissioner shall deny the license. The action of the racing  
23 commissioner in denying a track license may be reviewed by the  
24 circuit court pursuant to section 631 of the revised judicature  
25 act of 1961, Act No. 236 of the Public Acts of 1961, being sec-  
26 tion 600.631 of the Michigan Compiled Laws.

1 (4) A track license may be transferred to a new owner of a  
2 racetrack with the consent of the racing commissioner.

3 (5) After a track license is issued under this section, the  
4 racing commissioner may impose a fine or suspend or revoke the  
5 license if the holder of the license, after reasonable notice  
6 from the racing commissioner, does not make necessary improve-  
7 ments, additions, or corrections to the licensed premises, fix-  
8 tures, or equipment as determined and required by the racing com-  
9 missioner; if the holder of the license violates or is no longer  
10 in compliance with the requirements of this act or the rules  
11 promulgated under this act; or if the licensed premises are not  
12 utilized to conduct a licensed race meeting for 2 consecutive  
13 years. In addition to the revocation of the license, the racing  
14 commissioner may impose a fine or bring an action in circuit  
15 court seeking an order of the court requiring the licensee to  
16 make the improvements or additions if the licensee fails to make  
17 improvements or corrections that comply with the applicable con-  
18 struction code or local ordinances. The action of the racing  
19 commissioner in revoking a track license shall comply with the  
20 provisions of the administrative procedures act of 1969, Act  
21 No. 306 of the Public Acts of 1969, being sections 24.201 to  
22 24.328 of the Michigan Compiled Laws, and shall be subject to  
23 appeal.

24 (6) In a city area, not more than 3 racetracks shall be  
25 licensed.

1 (7) A person shall not be issued more than 1 track license.  
2 Controlling ownership and interlocking directorates among the  
3 holders of track licenses are prohibited.

4 (8) A track license shall not be issued under this section  
5 if the racetrack would result in harmful competition among exist-  
6 ing racetracks.

7 Sec. 10. (1) A person desiring to conduct a thoroughbred,  
8 standardbred, quarter horse, Appaloosa, or Arabian race meeting,  
9 or a combination of these race meetings, with pari-mutuel wager-  
10 ing on the results of horse races, simulcasting, telephone  
11 account wagering, or electronic computerized gaming pursuant to  
12 sections 20, 21, 22, and 23 shall apply each year to the racing  
13 commissioner for an annual license in the manner and form  
14 required by the racing commissioner. The application shall be  
15 filed with the racing commissioner before July 1 of the preceding  
16 year except that a race meeting license issued for 1995 may be  
17 amended by the racing commissioner to conform with this act  
18 within 60 days of the effective date of this act. The applica-  
19 tion, after being filed, shall be made available for public  
20 inspection during regular business hours. The application shall  
21 be in writing and shall give the name and address of the appli-  
22 cant, and, if a corporate applicant, shall state the place of the  
23 corporate applicant's incorporation and the names and addresses  
24 of all corporate directors, officers, and shareholders. The  
25 application shall also do all of the following:

26 (a) Specify the licensed racetrack at which the proposed  
27 race meeting will be held and the days and hours on which

1 pari-mutuel wagering will be conducted on the results of live or  
2 simulcast horse races and the days and hours on which electronic  
3 computerized gaming will be conducted at the proposed race  
4 meeting.

5 (b) Specify whether the applicant will conduct telephone  
6 account wagering by pari-mutuel method on the results of horse  
7 races.

8 (c) Demonstrate to the racing commissioner that the appli-  
9 cant, and all persons associated with the applicant, who hold any  
10 beneficial or ownership interest in the business activities of  
11 the applicant, or who have power or ability to influence or con-  
12 trol the business decisions or actions of the applicant, are per-  
13 sons of good character, honesty, and integrity; possess suffi-  
14 cient financial resources and business ability and experience to  
15 conduct the proposed race meeting; and do not pose a threat to  
16 the public interest of the state or to the security and integrity  
17 of horse racing, pari-mutuel wagering, or electronic computerized  
18 gaming in the state.

19 (d) Provide any other information required by the rules  
20 promulgated under this act by the racing commissioner.

21 (2) Upon the filing of the application for a race meeting  
22 license, the racing commissioner shall conduct an investigation  
23 of the applicant and the application to determine whether the  
24 applicant, application, and proposed race meeting comply with the  
25 licensing requirements under this act and the rules promulgated  
26 under this act.

1       Sec. 11. (1) Pari-mutuel wagering on the results of horse  
2 races or other authorized gaming activity shall not be scheduled  
3 or conducted at a licensed race meeting before 12 noon or after  
4 2 a.m. Live or simulcast standardbred races shall not be sched-  
5 uled or conducted at a licensed race meeting before 6:45 p.m. on  
6 any day of operation except Sunday. Live or simulcast thorough-  
7 bred racing shall not be scheduled or conducted at a licensed  
8 race meeting after 6:45 p.m. on any day of operation except  
9 Sunday. Notwithstanding the 6:45 p.m. time restriction, the  
10 racing commissioner, upon application by a race meeting licensee,  
11 may grant to the race meeting licensee a race meeting license  
12 authorizing a live racing program that would otherwise be pre-  
13 vented by the 6:45 p.m. time restriction provided that no other  
14 race meeting licensee located within 50 miles of the applicant is  
15 authorized to conduct live racing on the same day the live racing  
16 program is proposed to be conducted.

17       (2) The national anthem shall be played before the first  
18 live or simulcast race is run on each day of operation during a  
19 licensed race meeting.

20       Sec. 12. (1) Each applicant for a thoroughbred, quarter  
21 horse, Appaloosa, or Arabian licensed in a county located outside  
22 of a city area shall apply to conduct at least 45 days of live  
23 thoroughbred, quarter horse, Appaloosa, or Arabian horse racing  
24 during its race meeting. Except during the opening and closing  
25 week of a race meeting, the applicant shall apply to conduct live  
26 racing at least 3 days per week, including Saturdays and Sundays,  
27 with not less than 9 live horse races programmed and conducted



1 per day, and shall conduct live racing programs on such days  
2 awarded.

3 (2) Each applicant for a thoroughbred, quarter horse,  
4 Appaloosa, or Arabian race meeting license in a city area shall  
5 apply to conduct at least 170 days of live thoroughbred, quarter  
6 horse, Appaloosa, or Arabian horse racing during its proposed  
7 race meeting. Except during the opening and closing week of a  
8 race meeting, the applicant shall apply to conduct live racing at  
9 least 5 days per week, including Saturdays and Sundays, with not  
10 less than 9 live horse races programmed and conducted per day,  
11 and shall conduct live racing programs on such days awarded.

12 (3) Each applicant for a standardbred race meeting license  
13 in a county having a population of less than 250,000 shall apply  
14 to conduct at least 75 days of live standardbred harness horse  
15 racing during its proposed race meeting. Except during the open-  
16 ing and closing week of a race meeting, the applicant shall apply  
17 to conduct live racing at least 3 days per week, including  
18 Saturdays and Sundays, with not less than 9 live horse races pro-  
19 grammed and conducted per day, and shall conduct live racing pro-  
20 grams on such days awarded.

21 (4) Each applicant for a standardbred race meeting license  
22 in a county having a population greater than 250,000 shall apply  
23 to conduct during its race meeting no less than the number of  
24 live racing days that it conducted in calendar year 1993 or no  
25 less than 75 days of live racing if the applicant did not conduct  
26 live racing in 1993. During the proposed live portion of the  
27 applicant's proposed race meeting, the applicant shall apply to

1 conduct live racing at least 5 days per week, including  
2 Saturdays, with not less than 9 live horse races programmed and  
3 conducted per day and shall conduct live racing programs on the  
4 days awarded.

5 (5) Each race meeting licensee who is authorized and  
6 licensed to conduct the live racing programs required pursuant to  
7 this act shall only be required to conduct live racing on a spe-  
8 cific date as long as the dates do not compete with other licens-  
9 ees of the same breed of horse and are similar to the dates  
10 authorized by the racing commissioner in the calendar year of  
11 1993.

12 (6) If a race meeting licensee is unable to conduct live  
13 racing of 1 or more required live races on a day for which it is  
14 licensed to do so because races scheduled for that day, except  
15 stake races, had less than 5 entries, there were late scratches  
16 reducing the entries to less than 5, or because of a labor dis-  
17 pute, fire, adverse weather conditions, or other causes beyond  
18 the race meeting licensee's control, then the race meeting  
19 licensee shall be considered to have conducted all required live  
20 racing on that day for purposes of complying with this section.

21 (7) Live races that are canceled in accordance with the pro-  
22 visions of subsection (6) and races that a race meeting licensee  
23 contracts to receive from other racetracks that are canceled for  
24 any of the reasons described in subsection (6) shall be consid-  
25 ered to be offered to the public for purposes of section 22(8)  
26 and the race meeting licensee may operate electronic computerized  
27 gaming devices on the day those live or other races were canceled

1 if the race meeting licensee otherwise complies with the  
2 requirement of section 22(8).

3 (8) If an entire race meeting or the balance of a race meet-  
4 ing and all racing dates issued to a licensee cannot be raced due  
5 to an act of God or significant physical damage to a racing  
6 facility caused by fire or some other catastrophe and if all  
7 affected licensees agree to a transfer of dates, the racing com-  
8 missioner may transfer those dates to another licensed racetrack  
9 upon application of the affected licensee and a showing by the  
10 licensee of a legal or contractual right to the use of a differ-  
11 ent licensed racetrack facility.

12 Sec. 13. (1) A race meeting licensee shall have a current  
13 written contract with a certified horsemen's group, except as  
14 otherwise provided in this act. If a written contract is not  
15 agreed upon 30 days prior to the commencement of a live race  
16 meet, the meet can proceed and the issues to be arbitrated shall  
17 be submitted by the parties to tri-partite binding arbitration.  
18 Each party shall select 1 arbitrator and the 2 selected arbitra-  
19 tors shall select the third arbitrator. The selection of each  
20 party's arbitrator shall be made not later than the first day of  
21 the live race meet. All arbitrators shall be selected within 30  
22 days after the start of the live race meet. The arbitrators'  
23 hearing and written binding decisions shall be concluded by the  
24 arbitrators within 60 days after the start of the live race  
25 meet. The decision of the arbitrators is retroactive to the  
26 start of the live race meet. Either party may apply to the

1 circuit court to compel arbitration or to enforce the  
2 arbitrator's decision.

3       (2) The racing commissioner shall, without further review,  
4 register and certify all certified horsemen's groups that had  
5 contracts with race meeting licensees in this state in 1993 or  
6 1994, and their successors or assigns. The racing commissioner  
7 shall also accept any current contracts that these certified  
8 horsemen's groups have with race meeting licensees as complying  
9 with the requirements of subsection (1) for the term of the  
10 contract.

11       Sec. 14. Each applicant issued a race meeting license shall  
12 maintain an interest-bearing account used exclusively for deposit  
13 of all funds due horsemen's purse pools under this act. Deposits  
14 shall be made simultaneously with payments made to the state  
15 treasurer under sections 16(2) and 25(2) by the race meeting  
16 licensee. The name of the depository and the identification  
17 number of the account shall be included in each application and  
18 all interest earned shall be deposited to the account.

19       Sec. 15. (1) Before November 1 of the year preceding the  
20 year for which applications are made, the racing commissioner  
21 shall grant or deny each application for a race meeting license  
22 and shall allocate or deny the dates for which application has  
23 been made on which electronic computerized gaming, pari-mutuel  
24 wagering on live or simulcast races, telephone account wagering,  
25 and other approved forms of pari-mutuel wagering may be  
26 conducted. The racing commissioner may grant a race meeting  
27 license for any time period up to 1 year. Before issuing a race

1 meeting license with live race dates less than those required by  
2 section 12, the racing commissioner shall require a hearing pur-  
3 suant to the administrative procedures act of 1969, Act No. 306  
4 of the Public Acts of 1969, being sections 24.201 to 24.328 of  
5 the Michigan Compiled Laws. At the hearing, the racing commis-  
6 sioner shall rule, with supporting specific written factual find-  
7 ings, that there is an inadequate horse supply justifying live  
8 racing dates. The ruling of the racing commissioner is appeal-  
9 able, de novo, to the circuit court. If the racing  
10 commissioner's decision eliminates the only available racing pro-  
11 gram on a particular day, the race meeting licensee may operate  
12 electronic computerized gaming devices on that day.

13 (2) The racing commissioner shall not issue a race meeting  
14 license to an organization organized for a charitable purpose or  
15 organized for the purpose of distributing its profits or income  
16 to charitable organizations.

17 (3) Except as provided in section 12(6), (7), and (8), if  
18 after the issuance of a race meeting license, the racing commis-  
19 sioner determines upon further investigation that the holder of a  
20 race meeting license has not met, or will be unable to meet, the  
21 requirements of the license, the racing commissioner may impose a  
22 fine or suspend or revoke the race meeting license, or both, for  
23 all or part of the remainder of the time period for which the  
24 license was granted. Before making the required determination to  
25 impose a fine or suspend or revoke a race meeting license under  
26 this subsection, the racing commissioner shall consider, whether  
27 by reason of any cause beyond the control of the race meeting

1 licensee, racing cannot be conducted on a date licensed by the  
2 racing commissioner.

3 (4) Any action by the racing commissioner pursuant to sub-  
4 section (3) shall become effective only after 10 days' written  
5 notice to the holder of the race meeting license.

6 (5) A denial of a race meeting license pursuant to subsec-  
7 tion (3) may be appealed to the circuit court for judicial review  
8 pursuant to section 631 of the revised judicature act of 1961,  
9 Act No. 236 of the Public Acts of 1961, being section 600.631 of  
10 the Michigan Compiled Laws. A suspension or revocation of a race  
11 meeting license may be appealed pursuant to Act No. 306 of the  
12 Public Acts of 1969.

13 Sec. 16. (1) Before March 31 of each year, each holder of a  
14 race meeting or track license shall file with the racing commis-  
15 sioner a certified full statement of receipts from all sources  
16 during the previous calendar year and of all expenses and dis-  
17 bursements, itemized in a manner and on a standardized form as  
18 directed by the state treasurer, showing the net revenue from all  
19 sources derived by the holder of the license. These certified  
20 financial statements shall be considered public records and made  
21 available for public inspection during regular business hours.  
22 The certified financial statements submitted shall be prepared by  
23 a certified public accountant in accordance with generally  
24 accepted accounting and auditing standards as promulgated by the  
25 American institute of certified public accountants. The working  
26 papers and other records pertaining to preparation of the

1 financial statements may be reviewed by the state treasurer and  
2 the racing commissioner.

3 (2) On the first secular day after each day of operation,  
4 each holder of a race meeting license shall remit the money due  
5 to the state or other entities under this act at the close of the  
6 day of operation with a detailed statement of that money as  
7 required by this act and the rules promulgated under this act.

8 (3) A person shall not hold or conduct, or assist, aid, or  
9 abet in holding or conducting a race meeting within the state  
10 where pari-mutuel wagering on the results of horse racing, elec-  
11 tronic computerized gaming activity, and other approved forms of  
12 gaming under this act are conducted, unless the person and the  
13 racetrack at which such gaming activity is conducted are licensed  
14 by the racing commissioner.

15 Sec. 17. (1) Each person participating in or having to do  
16 with pari-mutuel horse racing or pari-mutuel wagering on the  
17 results of horse races at a licensed race meeting, including, but  
18 not limited to, all racing officials, veterinarians, pari-mutuel  
19 clerks or tellers, totalisator company employees, security  
20 guards, timers, horse owners, jockeys, drivers, apprentices,  
21 exercise riders, authorized agents, trainers, grooms, valets,  
22 owners of stables operating under an assumed name, jockey agents,  
23 pony riders, hot walkers, blacksmiths, starting gate employees,  
24 owners and operators of off-track training centers, farms or sta-  
25 bles where racehorses are kept, and vendors operating within the  
26 barn area of a licensed racetrack or off-track training center,  
27 farm, or stable where racehorses are kept may be licensed by the

1 racing commissioner under rules promulgated by the racing  
2 commissioner under this act. The racing commissioner shall not  
3 issue an occupational license to a person who, within the 6 years  
4 immediately preceding the date of the person's application for  
5 the occupational license, was convicted of a felony related to  
6 the person's ability and likelihood to serve the public and par-  
7 ticipate in pari-mutuel horse racing in a fair, honest, open, and  
8 lawful manner. The racing commissioner shall not issue a  
9 pari-mutuel occupational license to a person who was convicted of  
10 a misdemeanor related to the person's ability and likelihood to  
11 serve the public and participate in pari-mutuel horse racing in a  
12 fair, honest, open, and lawful manner within 2 years immediately  
13 preceding application for the occupational license. A veterinar-  
14 ian is not required to be licensed under this act to provide nec-  
15 essary and appropriate emergency veterinary care and treatment to  
16 any horse that is intended to be entered, is entered, or partici-  
17 pates in a race with wagering by pari-mutuel methods or a nonbet-  
18 ting race or workout conducted at a licensed race meeting in this  
19 state. Only veterinarians licensed under this act may provide  
20 nonemergency veterinary care and treatment to a horse in this  
21 state that is intended to be entered, is entered, or participates  
22 in races at licensed race meetings in this state. Only persons  
23 licensed under this act or otherwise authorized by the racing  
24 commissioner may enter the restricted grounds of a licensed race  
25 meeting where horses are kept that are eligible to race at the  
26 race meeting. For the purposes of this section and sections 34  
27 and 35, a horse that is intended to be entered is a horse that



1 has its name put into the draw for a specific race, and a horse  
2 that is entered in a race is a horse that has been drawn into a  
3 specific race.

4 (2) As conditions precedent to being issued and holding a  
5 valid pari-mutuel occupational license, a license applicant shall  
6 disclose, in writing, any ownership interest in a racehorse and  
7 the racing commissioner may demand, in addition to other informa-  
8 tion the racing commissioner considers necessary and proper, fin-  
9 gerprints of occupational license applicants and of horse owners  
10 or trainers, proof of compliance with the worker's disability  
11 compensation act of 1969, Act No. 317 of the Public Acts of 1969,  
12 being sections 418.101 to 418.941 of the Michigan Compiled Laws,  
13 except that proof of compliance requirement does not apply to  
14 horse owners and trainers not covered under section 115 of Act  
15 No. 317 of the Public Acts of 1969, being section 418.115 of the  
16 Michigan Compiled Laws.

17 (3) In addition to the requirements of subsection (2), an  
18 applicant for a pari-mutuel occupational license shall consent,  
19 upon application and for the duration of the occupational  
20 license, if issued, to all of the following:

21 (a) Personal inspections, inspections of the applicant's  
22 personal property, and inspections of premises and property  
23 related to his or her participation in a race meeting by persons  
24 authorized by the racing commissioner.

25 (b) If the applicant is applying for a racing official,  
26 jockey, driver, trainer, or groom license, or for any other  
27 license for an occupation that involves contact with or access to

1 the racehorses or the barn areas or stables where racehorses are  
2 kept, then the applicant shall agree as a condition of licensure  
3 to submit for the duration of the license period to a breath-  
4 lyzer test, urine test, or other noninvasive fluid test to detect  
5 the presence of alcohol or a controlled substance as defined in  
6 section 7104 of the public health code, Act No. 368 of the Public  
7 Acts of 1978, being section 333.7104 of the Michigan Compiled  
8 Laws, if directed to do so by the racing commissioner or his or  
9 her representative. If the results of a test show that a person  
10 has more than .05% of alcohol in his or her blood, or has present  
11 in his or her body a controlled substance, the person shall not  
12 be permitted to continue in his or her duties or participate in  
13 horse racing until he or she can produce, at his or her own  
14 expense, a negative test result. The person may be penalized by  
15 the racing commissioner, which may include action by the racing  
16 commissioner as provided in subsection (5). This subsection does  
17 not apply to a controlled substance obtained directly from, or  
18 pursuant to a valid prescription from, a licensed health care  
19 provider, except that the racing commissioner may consider the  
20 person's medical need for prescribed controlled substances in  
21 determining the person's fitness to be licensed to participate in  
22 pari-mutuel horse racing. The racing commissioner shall suspend  
23 for not less than 1 year the license of a person who for the  
24 third time in a period of not more than 6 consecutive years is  
25 relieved of his or her duties for the reasons prescribed in this  
26 subsection.

1 (4) A person who is issued a pari-mutuel occupational  
2 license as a trainer is responsible for and absolute insurer of  
3 the condition, fitness, eligibility, and qualification of the  
4 horses entered to race for the person by whom the trainer is  
5 employed, except as prescribed by the rules promulgated by the  
6 racing commissioner under this act. This subsection shall not be  
7 construed or interpreted to determine civil tort liability of any  
8 racehorse owner or trainer but shall be for purposes of enforce-  
9 ment of this act only. A trainer shall not start a horse that  
10 has in its body a drug or foreign substance unless permitted pur-  
11 suant to section 34 and the rules promulgated under that  
12 section. A trainer is strictly liable and subject to disci-  
13 plinary action if a horse under the trainer's actual or apparent  
14 care and control as trainer has a drug or foreign substance in  
15 its body, in violation of section 34 and the rules promulgated  
16 under that section.

17 (5) Upon the filing of a written complaint, under oath, in  
18 the office of the racing commissioner, or upon the written motion  
19 of the racing commissioner regarding the actions or omissions of  
20 a person issued a pari-mutuel occupational license, the racing  
21 commissioner may suspend the occupational license of the person  
22 for a period of not more than 90 days pending a hearing and final  
23 determination by the racing commissioner regarding the acts or  
24 omissions complained of in the written complaint. The racing  
25 commissioner shall set the date, time, and place for the hearing  
26 within 14 business days after the occupational license is  
27 suspended and notify the holder of the occupational license of

1 the date, time, and place of the hearing not less than 5 days  
2 before the date of the hearing. In the conduct of the hearing,  
3 the racing commissioner is not bound by rules of evidence, but  
4 all evidence offered before the racing commissioner shall be  
5 reduced to writing. That evidence, together with the exhibits  
6 and the findings of the racing commissioner, shall be permanently  
7 preserved and shall constitute the record of the racing commis-  
8 sioner in the case. The racing commissioner shall make a written  
9 final order setting forth the reasons for the action taken by the  
10 racing commissioner, and a copy of the final order shall be  
11 served on the holder of the occupational license. The action of  
12 the racing commissioner in revoking or suspending a pari-mutuel  
13 occupational license is reviewable by the circuit court for the  
14 county in which the alleged act or failures to act took place.  
15 If the racing commissioner's order is predicated upon a series of  
16 acts, the review by the circuit court may be in the county in  
17 which any of the alleged acts or failures to act took place.

18 (6) Upon a refusal by the racing commissioner to issue a  
19 pari-mutuel occupational license, a writ of mandamus shall not be  
20 directed to the racing commissioner until a hearing is held and  
21 findings issued on the basis of the hearing.

22 (7) Each pari-mutuel occupational licensee shall pay a  
23 license fee of not less than \$10.00 or more than \$100.00 as  
24 determined by the racing commissioner.

25 Sec. 18. Each person participating in or involved with  
26 electronic computerized gaming at a licensed race meeting,  
27 including but not limited to persons involved in the manufacture,

1 distribution, service, maintenance, or operation of electronic  
2 computerized gaming devices and related equipment, hardware, and  
3 software, shall be licensed by the racing commissioner pursuant  
4 to the rules promulgated under this act.

5       Sec. 19. (1) The pari-mutuel system of wagering upon the  
6 results of horse races as permitted by this act shall not be held  
7 or construed to be unlawful.

8       (2) A holder of a race meeting license may provide a place  
9 in the race meeting grounds or enclosure at which he or she may  
10 conduct and supervise the pari-mutuel system of wagering on the  
11 results of horse races as permitted by this act. If the  
12 pari-mutuel system of wagering is used at a race meeting, a  
13 totalisator or other device which is equal in accuracy and clear-  
14 ness to a totalisator and approved by the racing commissioner  
15 shall be used. The odds display of the totalisator or other  
16 device shall be placed in full view of the patrons.

17       (3) Each holder of a race meeting license shall retain as  
18 his or her commission 17% of all money wagered on live or simul-  
19 cast horse racing. Except as provided in subsection (8), each  
20 holder of a race meeting license shall retain as his or her com-  
21 mission on all forms of multiple wagering, 20.5% of all money  
22 wagered on live horse racing. Except as otherwise provided by  
23 contract, 50% of all commissions and breaks after payments to the  
24 state of Michigan shall be paid to the horsemen's purse pool.

25       (4) Except as otherwise provided by contract, the race meet-  
26 ing licensee shall divide the breaks by paying 1/2 to the state  
27 and 1/4 to the contracting horsemen's purse pool and retaining

1 1/4 as part of the licensee's commission. The race meeting  
2 licensee and certified horsemen's group may provide for a differ-  
3 ent distribution of their respective share of the breaks by  
4 contract.

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

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

18 (7) Any act or transaction relative to pari-mutuel wagering  
19 or other approved forms of gaming permitted by this act shall  
20 only occur or be permitted to occur within the enclosure of a  
21 licensed race meeting. A person shall not participate or be a  
22 party to any act or transaction relative to placing a wager or  
23 carrying a wager for placement outside of a race meeting ground.  
24 A person shall not provide messenger service for the placing of a  
25 bet for another person who is not a patron. However, this sub-  
26 section shall not be construed to prevent simulcasting, telephone  
27 account wagering, or intertrack or interstate common pool

1 wagering inside or outside this state, as permitted by this act  
2 or the rules promulgated under this act.

3 (8) As used in this subsection, "special sweepstakes  
4 pari-mutuel" means amounts wagered for a selection in each of 3  
5 or more races designated by the race meeting licensee with the  
6 approval of the racing commissioner. The racing commissioner may  
7 promulgate rules to regulate a special sweepstakes pari-mutuel  
8 pool which shall not be connected with or related to any other  
9 form of multiple wagering, or to any other win, place, or show  
10 pool. A special sweepstakes pari-mutuel pool may be given a dis-  
11 tinctive name by the race meeting licensee, subject to the  
12 approval of the racing commissioner. A special sweepstakes  
13 pari-mutuel shall constitute a single bet and, if the bet is made  
14 with respect to simulcast races, such races shall constitute a  
15 single simulcast race for purposes of section 15. Each holder of  
16 a race meeting license shall retain as his or her commission on  
17 special sweepstakes pari-mutuel pools 25% of all money wagered on  
18 such races.

19 Sec. 20. (1) Simulcasting by race meeting licensees may be  
20 authorized and licensed by the racing commissioner subject to the  
21 limitations of this section. As used in this section,  
22 "simulcast" means the live transmission of video and audio sig-  
23 nals conveying a horse race held either inside or outside this  
24 state to a licensed race meeting in this state. A simulcast from  
25 1 racetrack in this state to another racetrack in this state  
26 shall be called an "intertrack simulcast". A simulcast from a

1 racetrack outside this state to a racetrack inside this state  
2 shall be called an "interstate simulcast".

3 (2) The racing commissioner may authorize and license a race  
4 meeting licensee to simulcast the following:

5 (a) On live racing days, any of the following:

6 (i) Intertrack simulcasts of races transmitted or relayed  
7 from a licensed race meeting to the enclosed grounds of another  
8 licensee's race meeting either before or after the receiving  
9 licensee's scheduled live racing program, if the certified  
10 horsemen's group at the receiving track consents in writing to  
11 the simulcasts. However, the written consent of the certified  
12 horsemen's group is not required for the triple crown.

13 (ii) One intertrack or interstate simulcast race of the same  
14 breed as part of and during the licensee's scheduled live racing  
15 program for each 3 live horse races programmed for the day.

16 (iii) One or more additional interstate simulcasts of races  
17 of special significance of the same breed, as part of and during  
18 the licensee's scheduled live racing program, but no more than 25  
19 simulcasts of special significance per licensee, per racetrack,  
20 per year. Simulcast races of special significance shall include,  
21 but are not limited to, the full card of the breeder's crown and  
22 the breeder's cup. All simulcast races of special significance,  
23 except the full card of the breeder's crown and breeder's cup,  
24 shall be subject to the time limits imposed in section 11.

25 (iv) If racing live on Sunday or holidays, the race meeting  
26 licensee may simulcast up to an additional 12 interstate races  
27 before or after the receiving licensee's scheduled live program,



1 provided the certified horsemen's group at the receiving track  
2 consents in writing to the simulcasts.

3 (b) On dark days during a live meet, any of the following:

4 (i) Intertrack simulcasts of full cards, provided the certi-  
5 fied horsemen's group at the receiving track consents in writing  
6 to the simulcasts.

7 (ii) If dark on Monday, the race meeting licensee may simul-  
8 cast up to an additional 12 interstate races on each such day,  
9 provided that the certified horsemen's group at the receiving  
10 track consents in writing to the simulcasts.

11 (c) On other dark days outside the live meet, any of the  
12 following:

13 (i) Intertrack simulcasts of the same breed.

14 (ii) Cross-breed intertrack simulcasts, provided that the  
15 contracting certified horsemen's group of the receiving track  
16 consents in writing to the simulcasts.

17 (iii) Interstate simulcasts of up to 12 simulcast races of  
18 the same breeds of horse racing as conducted during the  
19 licensee's live race meeting, provided that intertrack simulcast  
20 of the same racing breed from a licensed race meeting in a city  
21 area is not available.

22 (3) All forms of wagering by pari-mutuel methods provided  
23 for under this act for live racing shall be allowed on simulcast  
24 horse races authorized under this section. All money wagered on  
25 simulcast horse races at a licensed race meeting shall be  
26 included in computing the total amount of all money wagered at  
27 the licensed race meeting for purposes of sections 19 and 25(2).

1 When the simulcast is interstate, then the money wagered on that  
2 simulcast shall form a separate pari-mutuel pool at the receiving  
3 track unless the foreign state provides for interstate common  
4 pools, in which case the racing commissioner may allow the race  
5 meeting licensee at the receiving track to participate in the  
6 interstate common pool at the sending track. When the simulcast  
7 is intertrack, then the money wagered on that simulcast at the  
8 receiving track shall be added to the pari-mutuel pool at the  
9 sending track.

10 (4) Each race meeting licensee receiving interstate simul-  
11 casts shall pay to the contracting horsemen's purse pool for the  
12 licensed race meeting a sum equal to 50% of the licensee's com-  
13 mission and breaks from all money wagered on the simulcast races  
14 received from outside this state, as determined by section 19(3),  
15 (4), and (8) after deduction of only the applicable tax due and  
16 payable to this state under section 25(2) and the actual verified  
17 fee paid by the licensee to receive the simulcast races from the  
18 sending track. The only expenses incurred by the race meeting  
19 licensee which may be deducted from the licensee's commission  
20 from money wagered on the simulcast races to determine the 50%  
21 split between the licensee and the contracting horsemen's purse  
22 pool for the licensed race meetings are the applicable state tax  
23 and the actual verified fees paid by a licensee to receive the  
24 simulcast races from the sending track. Any subsequent rebate of  
25 any fee paid by a licensee to receive simulcast races shall be  
26 shared equally by the licensee and the horsemen's purse pool.  
27 All verified simulcast fees and rebates shall be correctly

1 reported to the contracting certified horsemen's group and the  
2 racing commissioner by the receiving race meeting licensee within  
3 7 days of receipt of the rebate. Any dispute between the race  
4 meeting licensee and the contracting certified horsemen's group  
5 regarding the actual amount of the licensee's commission from  
6 money wagered on simulcast races to be paid to the horsemen's  
7 purse pool under this section shall be subject to final binding  
8 arbitration and decision by the racing commissioner upon the  
9 request of either party.

10 (5) Each race meeting licensee conducting an intertrack  
11 simulcast, after deduction of the applicable tax due to the state  
12 under section 25(2), shall divide its commissions and breaks  
13 received under section 19(3), (4), and (8) as follows:

14 (a) 22% to the sending meet licensee.

15 (b) 22% to the purse pool of the sending meet.

16 (c) 22% to the receiving meet licensee.

17 (d) 22% to the purse pool of the receiving meet.

18 (e) Expenses in excess of the remaining 12% shall be the  
19 sole responsibility of the sending and receiving race meeting  
20 licensees. Any portion of the 12% not allocated to costs of  
21 simulcasting by the racing commissioner shall be equally divided  
22 between the sending meet licensee, the purse pool of the sending  
23 meet, the receiving meet licensee, and the purse pool of the  
24 receiving meet. Any disagreement regarding the allocation of the  
25 12% for expenses set forth in this subdivision shall be deter-  
26 mined by the racing commissioner.

1 (6) The revenue received from simulcast horse races shall be  
2 subject to the provisions of section 23(4) and (5).

3 (7) Simulcasting of events other than horse races for  
4 pari-mutuel purposes is prohibited.

5 (8) A race meeting licensee operating within a city area  
6 shall provide at its expense, and offer under the terms of sub-  
7 section (5), equipment for sending simulcast signals of its  
8 entire meet to other race meeting licensees in this state in  
9 order to qualify for a license to conduct electronic computerized  
10 gaming pursuant to section 22.

11 (9) A race meeting licensee offering an intertrack simulcast  
12 signal shall charge the same fee for the rights to receive the  
13 signal to all race meeting licensees, and shall not charge total  
14 fees from all receiving tracks greater than the fee that the race  
15 meeting licensee offering the signal pays to receive the signal.

16 (10) All interstate thoroughbred simulcasts shall be  
17 received only by a city area racetrack of the same breed. The  
18 receiving track may transmit and relay interstate thoroughbred  
19 simulcast race signals to other race meeting licensees in this  
20 state subject to the provisions of subsection (5).

21 (11) The racing commissioner may approve of a race meeting  
22 licensee transmitting horse races conducted at its racetrack  
23 electronically to racetracks located outside of this state as  
24 required by the interstate horse racing act of 1978, 15  
25 U.S.C. 3001-3007, or any other applicable laws, and may promul-  
26 gate rules relating to the transmission of those races,  
27 commingling of wagering on those races, and other matters that

1 the racing commissioner considers appropriate and not consistent  
2 with this act.

3       Sec. 21. (1) Applications for race meeting licenses may  
4 include a request for authority to conduct and accept telephone  
5 account wagering on the results of live and simulcast races pro-  
6 grammed and conducted at the licensed race meeting. Telephone  
7 account wagering shall be conducted by the pari-mutuel method of  
8 wagering in accordance with this act and rules promulgated under  
9 this act.

10       (2) All money wagered by telephone account wagering shall be  
11 included with other money wagered on the results of live and  
12 simulcast races at a licensed race meeting to compute the total  
13 amount of all money wagered at the race meeting for purposes of  
14 determining the race meeting licensee's commission under section  
15 19(3) and (8), and the applicable taxes due and owing to the  
16 state under section 25(2).

17       (3) A race meeting licensee shall accept and tabulate a  
18 telephone account wager only from the holder of a telephone  
19 wagering account who has funds on deposit at the licensed meet.

20       Sec. 22. (1) A holder of a race meeting license may apply  
21 to the racing commissioner, in the manner and form required by  
22 the racing commissioner, for an electronic computerized gaming  
23 operator's license to place 1 or more approved electronic comput-  
24 erized gaming devices and related equipment on the grounds of the  
25 applicant's licensed race meeting for use by race meeting patrons  
26 for gaming purposes, in accordance with the provisions of this  
27 act and the rules promulgated under this act.

1           (2) The racing commissioner may issue an annual electronic  
2 computerized gaming operator's license to the holder of a race  
3 meeting license if the application of the holder of the race  
4 meeting license satisfies the licensing conditions and require-  
5 ments of this act and the rules promulgated under this act.

6           (3) Electronic computerized gaming devices may only be  
7 licensed to and operated by race meeting licensees who were  
8 licensed during calendar year 1994 and the successors and assigns  
9 of the business of those race meeting licensees.

10          (4) A race meeting licensee licensed as an electronic com-  
11 puterized gaming operator may place 1 or more approved video  
12 gaming terminals and related equipment on the grounds of the  
13 operator's licensed race meeting for use by race meeting patrons  
14 for gaming purposes, in accordance with the provisions of this  
15 act and the rules promulgated under this act regarding the opera-  
16 tion of video gaming terminals and related equipment.

17          (5) The racing commissioner shall promulgate rules pursuant  
18 to the administrative procedures act of 1969, Act No. 306 of the  
19 Public Acts of 1969, being sections 24.201 to 24.328 of the  
20 Michigan Compiled Laws, regarding operation of electronic comput-  
21 erized gaming devices. The rules promulgated under this section  
22 shall accomplish all of the following:

23           (a) Protect, encourage, promote, and preserve the best  
24 interests of live horse racing in this state.

25           (b) Protect, encourage, promote, and preserve the safety,  
26 security, growth, and integrity of electronic computerized gaming  
27 activity at licensed race meetings within this state.

1 (c) Administer the provisions of this act and the rules  
2 promulgated under this act with respect to the licensing and reg-  
3 ulation of each person participating in or having to do with the  
4 conduct of electronic computerized gaming activity at licensed  
5 race meetings within this state.

6 (d) Establish and set forth the qualifications and require-  
7 ments for licensure of each person involved in the manufacture,  
8 distribution, service, maintenance, or operation of electronic  
9 computerized gaming devices used and operated at licensed race  
10 meetings within this state.

11 (e) Establish and set forth the rights and duties of licens-  
12 ees who participate in the manufacture, distribution, service,  
13 maintenance, or operation of electronic computerized gaming  
14 devices used and operated at licensed race meetings within this  
15 state.

16 (f) Establish and set forth the rights and duties of patrons  
17 who participate in electronic computerized gaming activity at  
18 licensed race meetings within this state.

19 (g) Establish uniform technical specifications, standards,  
20 and requirements for electronic computerized gaming devices and  
21 related hardware, software, and other equipment used and operated  
22 for gaming purposes at licensed race meetings within this state,  
23 including, but not limited to, hardware, software, and other  
24 equipment needed to conduct a progressive system of gaming in  
25 which electronic computerized gaming devices located at the same  
26 or multiple licensed race meetings are linked together.

1 (h) Establish the technical specifications, standards, and  
2 requirements for a central on-line telecommunications computer  
3 system linking all electronic computerized gaming devices at  
4 licensed race meetings in this state to provide the racing com-  
5 missioner with whatever information the commissioner requires  
6 regarding the play and operation of each gaming device.

7 (i) Establish uniform criteria and requirements governing  
8 the racing commissioner's review and approval of the type of  
9 electronic computerized games that may be conducted, and the  
10 number and location of electronic computerized gaming devices, at  
11 licensed race meetings within this state. If requested by the  
12 holder of the electronic computerized gaming operator's license,  
13 the racing commissioner shall authorize not less than 1,700  
14 gaming devices on the grounds of the racetrack where such devices  
15 will be operated.

16 (j) Establish uniform criteria and requirements governing  
17 the racing commissioner's approval of each game that may be  
18 played and the price to play and prizes or credits that may be  
19 awarded for each game approved by the racing commissioner.

20 (k) Require that electronic computerized gaming devices be  
21 tested and certified by an independent testing laboratory to be  
22 in compliance with the technical standards, specifications, and  
23 requirements established by rules promulgated under this act.

24 (l) Ensure that all electronic computerized gaming devices  
25 are linked together by a central on-line telecommunication com-  
26 puter system approved by the racing commissioner that meets  
27 technical standards and specifications established and required



1 by promulgated rules of the racing commissioner to provide the  
2 racing commissioner with immediate and direct information regard-  
3 ing the operation and play of each gaming device at each licensed  
4 race meeting within this state. The communications system  
5 approved by the racing commissioner may not limit participation  
6 to only 1 manufacturer of electronic computerized gaming devices  
7 by either cost of implementing the necessary program modifica-  
8 tions to communicate or the inability to communicate with the  
9 central communications system.

10 (m) Establish and set forth uniform auditing and reporting  
11 requirements for all licensees participating in or having to do  
12 with the manufacture, distribution, service, maintenance, or  
13 operation of electronic computerized gaming devices used and  
14 operated at licensed race meetings within this state.

15 (n) Establish and set forth uniform insurance and bonding  
16 requirements for race meeting licensees and licensed technology  
17 providers who participate or are involved in the manufacture,  
18 distribution, service, maintenance, or operation of electronic  
19 computerized gaming devices used and related hardware, software,  
20 and other equipment at licensed race meetings within this state.

21 (o) Establish and set forth uniform procedures for supervi-  
22 sion and enforcement of the provisions of this act and rules of  
23 the racing commissioner relating to the licensing and regulation  
24 of electronic computerized gaming activity at licensed race meet-  
25 ings within this state.

26 (p) Establish procedures for the hearing and determination  
27 of violations of this act or rules promulgated under this act by

1 the racing commissioner in accordance with Act No. 306 of the  
2 Public Acts of 1969, and disciplinary action by the racing  
3 commissioner.

4 (q) Establish procedures and define grounds for noncriminal  
5 disciplinary action by the racing commissioner for violations of  
6 this act or rules promulgated under this act.

7 (6) A person under the age of 18 years shall not operate a  
8 video game authorized by this act and a race meeting licensee  
9 shall not knowingly permit a person under the age of 18 years to  
10 play an electronic computerized gaming device.

11 (7) Any person, unless authorized by the racing commission-  
12 er, who with intent to manipulate the outcome, payoff, or opera-  
13 tion, or any combination of outcome, payoff, or operation, of an  
14 electronic computerized gaming device manipulates the outcome,  
15 prize, or operation of a video terminal by physical or electronic  
16 means shall be guilty of a felony punishable by imprisonment for  
17 not more than 10 years or a fine of not less than \$10,000.00, or  
18 both.

19 (8) Electronic computerized gaming devices authorized by  
20 this act may be operated only at the licensed premises of a race  
21 meeting licensee between the hours of 12 noon and 2 a.m.  
22 Additionally, electronic computerized gaming devices may be oper-  
23 ated only if the race meeting licensee, on the day of operation,  
24 offers to the public, at a minimum, either 1 full card live  
25 racing program or receives 9 simulcast races. If a certified  
26 horsemen's group does not consent to simulcasting of an available  
27 racing program for a particular dark day, the race meeting

1 licensee may operate electronic computerized devices on that  
2 day.

3 (9) Before a race meeting licensee is permitted to operate  
4 electronic computerized gaming devices, the race meeting licensee  
5 shall enter into a contract, approved by and containing provi-  
6 sions required by rules promulgated by the racing commissioner,  
7 with a licensed technology provider.

8 (10) The following amounts shall be paid from the gross win  
9 of each race meeting licensee:

10 (a) 15% to the race meeting licensee for all expenses of  
11 owning, leasing, operating, and maintaining electronic computer-  
12 ized gaming devices, including, but not limited to, amounts paid  
13 for the central communication system, amounts paid to the tech-  
14 nology provider, and amounts paid for necessary improvements to,  
15 or capital expenditures incurred in connection with, the premises  
16 of the race meeting licensee to accommodate electronic computer-  
17 ized gaming devices and patrons.

18 (b) 1% shall be paid by the race meeting licensee directly  
19 to the city or township in which the licensed race meeting is  
20 located no later than January 31 of the year immediately follow-  
21 ing each year of operation. If the licensed race meeting is  
22 located in more than 1 city or township, then the payment pro-  
23 vided for in this subdivision shall be divided equally among the  
24 cities or townships. The payment to cities or townships provided  
25 for in this subdivision shall not be paid if the city or township  
26 failed to provide a statement as required in section 24.

1 (c) 0.25% from all race meeting licensees to be paid  
2 directly to an equine industry research fund for equine research  
3 only which shall be created within the department of treasury and  
4 administered by the director of the department of agriculture  
5 with the advice of the equine industry research advisory  
6 committee. The racing commissioner and the director of the  
7 department of agriculture shall determine the number of members  
8 on the committee and shall appoint those members. Contributions  
9 shall be made by race meeting licensees in proportion to the  
10 total wagers on live races conducted by such race meeting  
11 licensee during the prior year. The director shall promulgate  
12 rules pursuant to Act No. 306 of the Public Acts of 1969 to  
13 implement this subdivision.

14 (d) 2.75% shall be paid into a segregated and restricted  
15 fund for each race breed to be administered by the racing  
16 commissioner. For standardbred, the money shall be utilized for  
17 an industry development program. For thoroughbred, the money  
18 shall be utilized for breeders' awards and to supplement purses  
19 for Michigan-bred horses. The racing commissioner shall promul-  
20 gate rules pursuant to Act No. 306 of the Public Acts of 1969 to  
21 implement this subdivision.

22 (e) 1% shall be paid to a fund administered by the racing  
23 commissioner for capital improvements and premiums, and not for  
24 horse race purses, at fairs as defined in section 23(1).

25 (f) Any additional direct tax or fee which may in the future  
26 be imposed upon pari-mutuel handle or gross win by federal,

1 state, or local law shall be deducted prior to a determination of  
2 net terminal income of a licensee's commission.

3 (11) Net terminal income shall be distributed as follows:

4 (a) 1/3 to the state of Michigan.

5 (b) 1/3 to the purse pool of the race meeting licensee.

6 (c) 1/3 to the race meeting licensee on whose premises elec-  
7 tronic computerized gaming devices were operated.

8 (12) The revenue received by the state of Michigan under  
9 this section shall be paid promptly into the state treasury and  
10 credited to the general fund of the state except as provided by  
11 the following:

12 (a) A sufficient sum to the office of the racing commis-  
13 sioner to provide for the administration and regulation of elec-  
14 tronic computerized gaming activity under this section.

15 (b) A sum equal to 25%, but not more than \$25,000,000.00, to  
16 the Michigan strategic fund.

17 (13) The prizes received by patrons from gaming authorized  
18 pursuant to this act shall be exempt from the state sales or use  
19 tax.

20 (14) A local unit of government shall not impose special  
21 taxation on, enact or enforce any ordinance or regulation per-  
22 taining to, or regulate in any other manner pari-mutuel horse  
23 racing or electronic computerized gaming.

24 Sec. 23. (1) Money received by the racing commissioner  
25 under this act from pari-mutuel betting on live races, simulcast  
26 races, and telephone account wagering shall be paid promptly into  
27 the state treasury and, except as otherwise provided in this

1 section, shall be credited to the general fund of the state. As  
2 used in this section, "fair" means a county, district, or commu-  
3 nity fair; the Upper Peninsula state fair; and any other state  
4 fair.

5 (2) Twenty-seven and one-half percent of the state tax and  
6 breakage, but not to exceed \$800,000.00, from racing license fees  
7 from a racetrack shall be returned directly to the city or town-  
8 ship in which the racetrack is located.

9 (3) If the city or township in which the racetrack is  
10 located has reached the monetary limitation imposed by subsection  
11 (2), then, in addition to that revenue, 20% of the state tax and  
12 breakage but not to exceed \$100,000.00, from racing license fees  
13 from a meet held before April 16 and after November 15 in a year  
14 shall be returned directly to the city or township in which the  
15 racetrack is located. If the track is located in more than 1  
16 city or township, then the money provided for in this subsection  
17 shall be divided equally between the cities or townships. Money  
18 shall not be returned to a city or township pursuant to this sub-  
19 section or subsection (2), if a city or township fails to provide  
20 a statement as required in section 24.

21 (4) A sufficient portion, but not to exceed 68.75%, of reve-  
22 nue received from pari-mutuel betting on live races, simulcast  
23 races, and telephone account wagering from standardbred racing in  
24 this state shall be placed in a special fund under the control of  
25 the department of agriculture to be allotted to fairs, licensed  
26 pari-mutuel racetracks, other standardbred horse programs,

1 agricultural commodity programs, and to pay the cost of  
2 administering this section, as follows:

3 (a) A sum to pay not more than 75% of the purses for stan-  
4 dardbred harness horse races offered by fairs and races at  
5 licensed pari-mutuel racetracks.

6 (b) A sum to be allotted on a matching basis, but not to  
7 exceed \$8,000.00 each year to a single fair, for the purpose of  
8 equipment rental during fairs; ground improvement; constructing,  
9 maintaining, and repairing buildings; and making the racetrack  
10 more suitable and safe for racing at fairs.

11 (c) A sum to be allotted to be used for paying special  
12 purses at fairs on 2-year-old and 3-year-old standardbred harness  
13 horses conceived after January 1, 1992, and sired by a standard-  
14 bred stallion registered with the Michigan department of agricul-  
15 ture that was leased or owned by a resident or residents of this  
16 state and which did not serve a mare at a location outside of  
17 this state from February 1 through July 31 of the calendar year  
18 in which the conception occurred. Transportation of semen from a  
19 standardbred stallion registered with the Michigan department of  
20 agriculture to a location outside the state of Michigan does not  
21 create eligibility for Michigan tax supported races, and does not  
22 affect the eligibility of Michigan conceived foals for the purses  
23 provided for by this section. A foal conceived outside the state  
24 of Michigan by means of semen from a standardbred stallion regis-  
25 tered with the Michigan department of agriculture is not eligible  
26 for Michigan tax-supported races.

1 (d) A sum to pay 75% or more of an eligible cash premium  
2 paid by a fair or exposition. The commission of agriculture  
3 shall promulgate rules establishing which premiums are eligible  
4 for payment and a dollar limit for all eligible payments.

5 (e) A sum to pay breeders' awards in the amount of 10% of  
6 the gross purse to breeders of Michigan bred standardbred harness  
7 horses for each time the horse wins at a licensed racetrack or  
8 fair in this state. As used in this subdivision, "Michigan bred  
9 standardbred harness horse" means a horse from a mare owned by a  
10 resident or residents of this state at the time of conception,  
11 that was conceived after January 1, 1992, and sired by a stan-  
12 dardbred stallion registered with the Michigan department of  
13 agriculture that was leased or owned by a resident or residents  
14 of this state and that did not serve a mare at a location outside  
15 of this state from February 1 through July 31 of the calendar  
16 year in which the conception occurred. To be eligible, each mare  
17 shall be registered with the Michigan department of agriculture.  
18 Transportation of semen from a standardbred stallion registered  
19 with the Michigan department of agriculture to a location outside  
20 the state of Michigan does not create eligibility for Michigan  
21 tax supported races, and does not affect the eligibility of  
22 Michigan conceived foals for the purses provided for by this  
23 section. A foal conceived outside the state of Michigan by means  
24 of semen from a standardbred stallion registered with the  
25 Michigan department of agriculture is not eligible for Michigan  
26 tax-supported races.



1 (f) A sum to be allotted, but not to exceed \$4,000.00 each  
2 year, to fairs to provide training and stabling facilities for  
3 standardbred harness horses.

4 (g) A sum to be allotted to fairs to pay the presiding  
5 judges and clerks of the course at fairs. Presiding judges and  
6 clerks of the course shall be hired by the department of  
7 agriculture. A person hired as a judge shall be approved by the  
8 racing commissioner. The director of the department of agricul-  
9 ture may allot funds for a photo finish system and a mobile  
10 starting gate. The director of the department of agriculture  
11 shall allot funds for the conducting of tests, the collection and  
12 laboratory analysis of urine, saliva, blood, and other samples  
13 from horses, and the taking of blood alcohol tests on drivers,  
14 jockeys, and starting gate employees, for those races described  
15 in this subdivision. The department may require a driver,  
16 jockey, or starting gate employee to submit to a breathalyzer  
17 test, urine test, or other noninvasive fluid test to detect the  
18 presence of alcohol or a controlled substance as defined in sec-  
19 tion 7104 of the public health code, Act No. 368 of the Public  
20 Acts of 1978, being section 333.7104 of the Michigan Compiled  
21 Laws. If the results of a test show that a person has more than  
22 0.05% of alcohol in his or her blood, or has present in his or  
23 her body a controlled substance, the person shall not be permit-  
24 ted to continue in his or her duties on that race day and until  
25 he or she can produce, at his or her own expense, a negative test  
26 result.

1 (h) A sum to pay purse supplements to license pari-mutuel  
2 racetracks for special 4-year-old filly and colt horse races.

3 (5) A sufficient portion not to exceed 68.75% of the revenue  
4 received from pari-mutuel betting on live races, simulcast races,  
5 and telephone account wagering from thoroughbred racing shall be  
6 placed in a special fund under the control of the department of  
7 agriculture and shall be allotted to thoroughbred racing associa-  
8 tions to supplement the purses for races to be conducted exclu-  
9 sively for Michigan bred horses; to pay the cost of administering  
10 this subdivision; and to pay breeders' awards in the amount of  
11 10% of the gross purse to the breeders of Michigan bred horses  
12 for each time Michigan bred horses win at a licensed racetrack in  
13 this state. The department shall also allot sufficient funds  
14 from the revenue received from thoroughbred racing to pay for the  
15 collection and laboratory analysis of urine, saliva, blood, and  
16 other samples from horses and for the conducting of tests  
17 described in section 17(3)(b).

18 (6) A sufficient portion of the revenue received from  
19 pari-mutuel betting on live races, simulcast races, and telephone  
20 account wagering from quarter horse racing in this state shall be  
21 placed in a special fund under the control of the department of  
22 agriculture and shall be allotted to quarter horse racing associ-  
23 ations to supplement the purses for races to be conducted exclu-  
24 sively for Michigan bred horses; to pay not more than 75% of the  
25 purses for registered light horse races offered by fairs; to pay  
26 the cost of administering this subdivision; and to pay breeders'  
27 awards in the amount of 10% of a gross purse to breeders of

1 Michigan bred quarter horses for each time a Michigan bred  
2 quarter horse wins at a county fair or licensed racetrack in this  
3 state. The department shall also allot sufficient funds from the  
4 revenue received from quarter horse racing to pay for the collec-  
5 tion and laboratory analysis of urine, saliva, blood, and other  
6 samples from horses and the taking of blood alcohol tests on  
7 jockeys for those races described in this subdivision and for the  
8 conducting of tests described in section 17(3)(b). As used in  
9 this subdivision, "Michigan bred quarter horse" means a horse  
10 from a mare owned by a resident of this state, at the time of  
11 breeding and sired by a registered stallion owned exclusively by  
12 a resident of this state and which did not serve a mare at a  
13 location outside of this state during the calendar year in which  
14 the service occurred. Each mare and stallion shall be registered  
15 with the director of the department of agriculture.

16 (7) A sufficient portion of the revenue received from  
17 pari-mutuel betting on live races, simulcast races, and telephone  
18 account wagering from Appaloosa horses racing, in this state  
19 shall be placed in a special fund under the control of the  
20 department of agriculture and shall be allotted to Appaloosa  
21 horse racing associations to supplement the purses for races to  
22 be conducted exclusively for Michigan bred horses; to pay not  
23 more than 75% of the purses for registered light horse races  
24 offered by fairs; to pay the cost of administering this subdivi-  
25 sion; and to pay breeders' awards in the amount of 10% of the  
26 gross purse to the breeders of Michigan bred horses for each time  
27 Michigan bred horses win at a fair or licensed racetrack in this

1 state. The department shall also allot sufficient funds from the  
2 revenue received from Appaloosa horse racing to pay for the col-  
3 lection and laboratory analysis of urine, saliva, blood, or other  
4 samples from horses and the taking of blood alcohol tests on  
5 jockeys for those races described in this subdivision and for the  
6 conducting of tests described in section 17(3)(b). Each mare and  
7 stallion shall be registered with the director of the department  
8 of agriculture.

9 (8) A sufficient portion of the revenue received from  
10 pari-mutuel betting on live races, simulcast races, and telephone  
11 account wagering from Arabian horses racing in this state shall  
12 be placed in a special fund under the control of the department  
13 of agriculture and shall be allotted to Arabian horse racing  
14 associations to supplement the purses for races to be conducted  
15 exclusively for Michigan bred horses; to pay not more than 75% of  
16 the purses for registered light horse races offered by fairs; to  
17 pay the cost of administering this subdivision; and to pay  
18 breeders' awards in the amount of 10% of the gross purse to the  
19 breeders of Michigan bred horses for each time Michigan bred  
20 horses win at a fair or licensed racetrack in this state. The  
21 department shall also allot sufficient funds from the revenue  
22 received from Arabian horse racing to pay for the collection and  
23 laboratory analysis of urine, saliva, blood, and other samples  
24 from horses and the taking of blood alcohol tests on jockeys for  
25 those races described in this subdivision and for the conducting  
26 of tests described in section 17(3)(b). Each mare and stallion

1 shall be registered with the director of the department of  
2 agriculture.

3 (9) In addition to the funds described in subsection (4),  
4 0.5% of all money wagered on live races, simulcast races, and  
5 telephone account wagering from standardbred racing shall be  
6 placed in a special fund pursuant to subsections (11) and (12),  
7 100% of which shall be used to provide purses for races to be  
8 conducted exclusively for 2-year-old and 3-year-old Michigan  
9 sired standardbred horses at licensed harness racetracks at this  
10 state. As used in this section, "Michigan sired standardbred  
11 horses" means a horse conceived after January 1, 1992 and sired  
12 by a stallion registered with the Michigan department of agricul-  
13 ture that was leased or owned by a resident or residents of this  
14 state and which did not serve a mare at a location outside of  
15 this state from February 1 through July 31 of the calendar year  
16 in which the conception occurred. Transportation of semen from a  
17 standardbred stallion registered with the Michigan department of  
18 agriculture to a location outside the state of Michigan does not  
19 create eligibility for Michigan tax supported races, and does not  
20 affect the eligibility of Michigan conceived foals for the purses  
21 provided for by this section. A foal conceived outside the state  
22 of Michigan by means of semen from a standardbred stallion regis-  
23 tered with the Michigan department of agriculture is not eligible  
24 for Michigan tax-supported races.

25 (10) In addition to the funds described in subsection (5),  
26 0.5% of all money wagered on live races, simulcast races, and  
27 telephone account wagering from thoroughbred racing shall be

1 placed in a special fund pursuant to subsections (11) and (12),  
2 100% of which shall be used to provide purses for races to be  
3 conducted exclusively for 2-year-old, 3-year-old, and 4-year-old  
4 Michigan sired thoroughbred horses at licensed thoroughbred race-  
5 tracks in this state. As used in this subdivision, "Michigan  
6 sired thoroughbred horses" means a horse sired by a registered  
7 stallion that was leased or owned exclusively by a resident or  
8 residents of this state.

9 (11) The director of the department of agriculture shall  
10 promulgate rules pursuant to the administrative procedures act of  
11 1969, Act No. 306 of the Public Acts of 1969, being sections  
12 24.201 to 24.328 of the Michigan Compiled Laws, to implement this  
13 section. The rules promulgated under this subsection shall do  
14 all of the following:

15 (a) Prescribe the conditions under which the revenue  
16 described in subsections (2) through (10) shall be disbursed.

17 (b) Establish conditions and penalties regarding the pro-  
18 grams described in subsections (2) through (10).

19 (c) Develop and maintain informational programs related to  
20 this section.

21 (12) Funds under the control of the department of agricul-  
22 ture in this section shall be disbursed under the rules promul-  
23 gated pursuant to subsection (11). All funds under the control  
24 of the department of agriculture approved for purse supplements  
25 and breeders' awards shall be paid by the state treasurer not  
26 later than 30 days after the date of the race.

1       Sec. 24. Local units of government participating in the  
2 distribution of funds under section 22(10) or section 23(2) or  
3 (3) shall allocate sufficient portions to provide for adequate  
4 police, fire, and traffic protection of persons and property at  
5 and near each race meet, including areas where occupational  
6 licenses are required. Each local unit of government participat-  
7 ing in the distribution of funds under this act shall show by a  
8 statement submitted annually on January 1 of each year to the  
9 racing commissioner the amounts of funds received and shall  
10 detail the expenditure of those amounts. The racing commissioner  
11 shall report annually to the governor and the legislature regard-  
12 ing these statements.

13       Sec. 25. (1) Each licensed racetrack located in a city area  
14 shall pay a license fee to the racing commissioner of \$1,000.00  
15 annually, and any other licensed racetrack shall pay a license  
16 fee of \$200.00 annually.

17       (2) Each holder of a race meeting license shall pay a tax in  
18 accordance with the following schedule and in a manner and time  
19 as the racing commissioner requires:

20       (a) Each holder of a race meeting license shall pay to the  
21 state treasurer, from the holder's commission, 4.5% of all money  
22 wagered on pari-mutuel wagering, plus 1/2 the breaks, except that  
23 each holder of a race meeting license in a county having a popu-  
24 lation of less than 500,000 and each holder of a race meeting  
25 license with respect to its operation between October 15 and  
26 March 31 shall pay to the state treasurer, from the holder's

1 commission, 3.5% of all money wagered on pari-mutuel wagering,  
2 plus 1/2 the breaks.

3 (b) Each holder of a license for thoroughbred, harness,  
4 quarter horse, Appaloosa, or Arabian horse racing shall pay to  
5 the state treasurer from the commission of the holder on special  
6 sweepstakes pari-mutuel pool wagering as defined in section  
7 19(8), 6% of the daily amount wagered on the special sweepstakes  
8 pari-mutuel pool plus 1/2 the breaks.

9 Sec. 26. (1) The auditing of pari-mutuel operations at each  
10 race meeting shall be performed by a private auditing firm  
11 appointed by the state treasurer and approved by the racing  
12 commissioner. The expense of pari-mutuel audits shall be paid by  
13 the state as a part of the state treasurer's budget. Daily audit  
14 reports on each day's racing shall be forwarded to the racing  
15 commissioner and the holder of the race meeting license not later  
16 than 2 business days after the day for which the report is made.  
17 Within 60 days following each race meeting, at least 3 copies of  
18 the pari-mutuel audit report for the entire race meeting shall be  
19 forwarded to the racing commissioner and additional copies shall  
20 be supplied to the state treasurer and the holder of the race  
21 meeting license. The scope of the pari-mutuel audits shall be  
22 established in specifications prepared by the state treasurer and  
23 approved by the racing commissioner.

24 (2) The auditors representing the state shall have free and  
25 full access to the space or enclosure where the payoff prices are  
26 calculated, to the rooms and enclosures where the totalisator  
27 equipment is operated, and to the money rooms and cashier



1 terminals, and shall be responsible for the accuracy of the  
2 calculations on which are based the payoff prices to the public  
3 and amount of racetrack commission, state tax and breakage, and  
4 for the amounts withheld by the holder of the race meeting  
5 license for payment of uncashed tickets. The auditors at all  
6 times shall have full and free access to all pari-mutuel records  
7 and all aspects, areas, and functions of the totalisator system,  
8 including but not limited to, all hardware, software, input and  
9 output data, documents, and files. The auditors may audit inter-  
10 nally and externally any or all parts and elements of the total-  
11 isator system whether on or off the site of the race meeting  
12 grounds. If the records are maintained in a machine-readable  
13 form, such as computer tapes or disks, copies shall be made  
14 available to the auditors on request. The auditors, in addition  
15 to their regular reports, shall make prompt report to the racing  
16 commissioner, the state treasurer, and the holder of the race  
17 meeting license of any irregularities or discrepancies which they  
18 may encounter during their auditing.

19 (3) In addition to auditing the pari-mutuel operations, the  
20 auditors shall include in their final reports the daily  
21 attendance figures as supplied by the holder of the race meeting  
22 license.

23 Sec. 27. A person licensed under this act shall not know-  
24 ingly permit the dissemination of racing information that might  
25 be of benefit to the operator of an illegal handbook or other  
26 illegal gambling enterprise, including the changes in odds which  
27 may take place during the period of wagering in advance of each

1 race. This section does not prevent the accredited  
2 representatives of newspapers, turf publications, newspaper press  
3 services, and radio and television networks and stations from  
4 promptly reporting from the racetrack the results of races,  
5 payoff prices on winning tickets, entries, claims, and other  
6 information concerning the actual running of races and training  
7 activities.

8       Sec. 28. To the extent information is disclosed by any  
9 licensee under this act regarding the name, address, or any other  
10 personal information, including financial information, of any  
11 patron of a licensee, neither the office of the racing commis-  
12 sioner nor any other governmental authority to whom disclosure  
13 has been made shall disclose that information. All information  
14 provided to the office of the racing commission or any other gov-  
15 ernmental authority by a licensee that in any manner discloses  
16 the name, address, or any other personal information, including  
17 financial information, of any patron of the licensee is consid-  
18 ered confidential, and is not subject to disclosure under the  
19 freedom of information act, Act No. 442 of the Public Acts of  
20 1976, being sections 15.231 to 15.246 of the Michigan Compiled  
21 Laws.

22       Sec. 29. (1) Except as provided for in section 18, this act  
23 shall apply to county or state fairs or to agricultural or live-  
24 stock exhibitions only if the pari-mutuel system of wagering upon  
25 the result of horse racing is conducted.

26       (2) This act does not permit the pari-mutuel system of  
27 wagering upon a racetrack unless the racetrack is licensed as

1 provided by this act. A person shall not permit, conduct, or  
2 supervise upon racetrack grounds, the pari-mutuel system of  
3 wagering, except in accordance with this act.

4       Sec. 30. At least 85% of all employees of a holder of a  
5 race meeting license, except the steward appointed by the associ-  
6 ation and employees of the racing secretary's office, shall have  
7 been residents or registered voters of this state for at least 2  
8 years at the time of their employment. Annually, all employees  
9 shall furnish affidavits of compliance with this section to their  
10 employer.

11       Sec. 31. (1) A person shall not participate in racing  
12 involving wagering of any kind except as permitted under this  
13 act.

14       (2) Racing at the state fairgrounds at Detroit involving  
15 pari-mutuel wagering under this act is not authorized.

16       Sec. 32. A political subdivision of this state shall not  
17 assess or collect an excise or license tax or fee from a person  
18 licensed under this act based upon an activity performed under  
19 this act.

20       Sec. 33. A person who willfully aids, assists, or abets the  
21 violation of this act or the rules promulgated under this act is  
22 guilty of a misdemeanor punishable by a fine of not more than  
23 \$10,000.00 or by imprisonment for not more than 1 year, or both.  
24 For the purpose of this section, each day of racing in violation  
25 of this act constitutes a separate offense.

26       Sec. 34. (1) A drug or painkiller that is a stimulant to a  
27 horse or depressant to a horse shall not be administered to a

1 horse or be present in a horse that is intended to be entered, is  
2 entered, or participates in a race with wagering by pari-mutuel  
3 methods or any nonbetting race or workout that is conducted at a  
4 licensed race meeting in this state. Any drug or foreign sub-  
5 stance, other than a stimulant or depressant, may be administered  
6 to a horse or present in a horse that is intended to be entered,  
7 is entered, or participates in a race with wagering by  
8 pari-mutuel methods or any nonbetting race or workout that is  
9 conducted at a licensed race meeting in this state only if autho-  
10 rized by the racing commissioner by rule or written order for use  
11 in the care or treatment of the horse. A veterinarian is not  
12 prohibited by this section from administering to a horse any drug  
13 or foreign substance that is necessary and appropriate for the  
14 emergency veterinary care and treatment of the horse under  
15 accepted standards of veterinary practice in this state. The  
16 treating veterinarian and the horse's trainer shall report imme-  
17 diately to the racing commissioner, the state veterinarian, or  
18 the state steward any unauthorized or emergency administration of  
19 an unauthorized drug or foreign substance to a horse that is  
20 intended to be entered, is entered, or participates in a race or  
21 workout at a licensed race meeting in this state, before the run-  
22 ning of the race or workout, in the manner and form prescribed by  
23 the racing commissioner; and the stewards shall scratch the horse  
24 from the race. A veterinarian who administers a drug or foreign  
25 substance to any horse that is intended to be entered, is  
26 entered, or participates in a race or workout that is to be  
27 conducted at a licensed race meeting in this state shall keep and

1 maintain a true and complete written record of the veterinarian's  
2 examination, examination findings, diagnosis and treatment of the  
3 horse, and all drugs or foreign substances administered to the  
4 horse by the veterinarian, in the manner and form prescribed by  
5 the racing commissioner, and shall provide the record to the com-  
6 missioner for review upon request.

7       (2) The racing commissioner or his or her designee shall  
8 conduct random testing to detect the presence of a drug or for-  
9 eign substance in all winning horses and in any other horse in  
10 each pari-mutuel horse race and may conduct individual testing  
11 for the presence of a drug or foreign substance in any specific  
12 horse within the racetrack.

13       (3) The racing commissioner shall issue written orders or  
14 promulgate rules pursuant to the administrative procedures act of  
15 1969, Act No. 306 of the Public Acts of 1969, being sections  
16 24.201 to 24.328 of the Michigan Compiled Laws, that specify the  
17 condition of the horse that must exist in order to permit autho-  
18 rization of the use and possession of a foreign substance or a  
19 permissible drug for the intended care or treatment of a horse  
20 and that specify the procedures that must be followed in adminis-  
21 tering the authorized drugs. Any written order issued by the  
22 racing commissioner pursuant to this section shall be available  
23 for review in the office of the racing commissioner at each  
24 licensed race meeting in this state.

25       (4) Except as authorized by the racing commissioner or as  
26 provided in section 34, a person who administers or conspires to  
27 administer a drug or foreign substance, that could affect the

1 racing condition or performance of a horse, internally,  
2 externally, by hypodermic method, or by any other method, to a  
3 horse that is intended to be entered, is entered, or participates  
4 in a race or workout at a licensed race meeting in this state, or  
5 who knowingly starts a horse in any race or workout at a licensed  
6 race meeting in this state knowing that the horse was adminis-  
7 tered a drug or foreign substance, by any method, after the horse  
8 was entered or intended to be entered in the race or workout is  
9 guilty of a felony punishable by a fine of not more than  
10 \$10,000.00 or by imprisonment for not more than 5 years, or  
11 both.

12 (5) A postmortem examination shall be performed on every  
13 horse that dies at a racetrack. A postmortem examination shall  
14 be a complete autopsy unless the racing commissioner on the  
15 advice of the veterinarian is satisfied as to the cause of death  
16 without the complete autopsy being performed. A complete autopsy  
17 shall be ordered and performed if the presence of a drug or for-  
18 eign substance in the horse is suspected.

19 Sec. 35. (1) Except as provided in subsection (3), a person  
20 who does any of the following, or who aids or abets another in  
21 doing any of the following, is guilty of a misdemeanor punishable  
22 by a fine of not more than \$10,000.00 or by imprisonment for not  
23 more than 1 year, or both:

24 (a) Introduces an object or foreign substance into the nos-  
25 trils or windpipe of a horse that is entered or intended to be  
26 entered in a race or workout at a license race meeting in this  
27 state for the purpose of affecting the racing condition or

1 performance of the horse in a race or workout, without  
2 authorization of the racing commissioner.

3 (b) Has in his or her possession within the confines of a  
4 racetrack, stable, shed, building, or grounds of a licensed race  
5 meeting, or within the confines of an off-track stable, shed,  
6 building, or grounds where horses are kept which are eligible to  
7 race over the racetrack of the holder of a race meeting license,  
8 any drug not authorized by the racing commissioner for use at  
9 those locations, or battery or buzzer, electrical or mechanical,  
10 or syringe, hypodermic needle, or other appliance device, other  
11 than the ordinary whip, which may or can be used for the purpose  
12 of affecting a horse's racing condition or performance in a race  
13 or workout at a licensed race meeting in this state.

14 (c) Has in his or her possession within the confines of a  
15 racetrack, stable, shed, building, or grounds of a licensed race  
16 meeting or within the confines of an off-track stable, shed,  
17 building, or grounds where horses are kept that are eligible to  
18 race over the racetrack of the holder of a race meeting license a  
19 controlled substance as defined in section 7104 of the public  
20 health code, Act No. 368 of the Public Acts of 1978, being sec-  
21 tion 333.7104 of the Michigan Compiled Laws, or a hypodermic  
22 needle or other instrument that can be used to administer a con-  
23 trolled substance, unless the controlled substance was obtained  
24 directly from or pursuant to a prescription from, a licensed phy-  
25 sician, and the person notifies the racing commissioner or racing  
26 commissioner's designee that the person possesses the controlled  
27 substance or instrument.

1           (2) In addition to the penalties prescribed in subsection  
2 (1), a person who is a licensee under this act and who does any  
3 of the acts described in subsection (1) shall have his or her  
4 license suspended by the racing commission for a period of not  
5 less than 5 years after being convicted.

6           (3) Subsections (1) and (2) do not prohibit the possession  
7 and use of drugs, foreign substances, controlled substances,  
8 hypodermic needles and syringes, nasogastric tubes, endotracheal  
9 tubes, endoscopes, or other instruments or equipment by a veteri-  
10 narian within the confines of a racetrack, stable, shed, build-  
11 ing, or grounds of a licensed race meeting or within the confines  
12 of an off-track stable, shed, building, or grounds where horses  
13 are kept that are eligible to race over the racetrack of the  
14 holder of a race meeting license, if the drugs and equipment are  
15 recognized and accepted in veterinary medicine for use in the  
16 care and treatment of horses and are possessed and used by the  
17 veterinarian in accordance with accepted standards of veterinary  
18 practice in this state and applicable state and federal laws and  
19 not in violation of other provisions of this act.

20           Sec. 36. A person influencing or attempting to influence  
21 the result of a race or workout at a licensed race meeting in  
22 this state, by offer of money, thing of value, future benefit,  
23 favor, preferment; by any form of pressure or threat; or by seek-  
24 ing or having an agreement, understanding, or conniving with any  
25 owner, jockey, driver, trainer, groom valet, agent, or other  
26 person associated with or interested in any stable of horses,  
27 horse, or race or workout in which the horse participates; or in



1 any other manner, is guilty of a felony punishable by a fine of  
2 not more than \$10,000.00 or by imprisonment for not more than 5  
3 years, or both.

4       Sec. 37. A person who has information regarding a violation  
5 or attempted violation of sections 34, 35, and 36 shall report  
6 that information to the racing commissioner or an agent of the  
7 racing commissioner. A person who violates this section is  
8 guilty of a misdemeanor punishable by a fine of not more than  
9 \$10,000.00 or imprisonment for not more than 1 year, or both.

10       Sec. 38. In addition to the penalties provided in sections  
11 33, 34, 35, 36, and 37, the holder of a license who violates sec-  
12 tion 34, 35, 36, or 37 is subject to penalties prescribed by the  
13 racing commissioner that may include the suspension or revocation  
14 of the person's license.

15       Sec. 39. Act No. 327 of the Public Acts of 1980, being sec-  
16 tions 431.61 to 431.88 of the Michigan Compiled Laws, is  
17 repealed.