

Act No. 271  
Public Acts of 2016  
Approved by the Governor  
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**STATE OF MICHIGAN  
98TH LEGISLATURE  
REGULAR SESSION OF 2016**

**Introduced by Senators Robertson, Jones, Hertel, Gregory, Hood, Casperson, Ananich, Stamas and Emmons**

# **ENROLLED SENATE BILL No. 504**

AN ACT to amend 1995 PA 279, entitled “An act to license and regulate the conducting of horse race meetings in this state with pari-mutuel wagering on the results of horse races and persons involved in horse racing and pari-mutuel gaming activities at such race meetings; 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 taxes and fees and the disposition of revenues; to impose certain taxes; to create funds; to legalize and permit the pari-mutuel method of wagering on the results of live and simulcast races at licensed race meetings in this state; to appropriate the funds derived from pari-mutuel wagering on the results of horse races at licensed race meetings in this state; to prescribe remedies and penalties; and to repeal acts and parts of acts,” by amending sections 2, 8, 9, 10, 12, 14, 17, 18, 19, 19a, 20, 22, 30, and 31 (MCL 431.302, 431.308, 431.309, 431.310, 431.312, 431.314, 431.317, 431.318, 431.319, 431.319a, 431.320, 431.322, 431.330, and 431.331), section 2 as amended by 2006 PA 445, sections 9, 10, and 12 as amended by 2000 PA 164, sections 14, 17, and 18 as amended and section 19a as added by 1998 PA 408, and section 20 as amended by 2006 PA 185, and by adding sections 6a and 19b.

*The People of the State of Michigan enact:*

Sec. 2. As used in this act:

(a) “Affiliate” means a person who, directly or indirectly, controls, is controlled by, or is under common control with; is in a partnership or joint venture relationship with; or is a co-shareholder of a corporation, co-member of a limited liability company, or co-partner in a limited liability partnership with a person who holds or applies for a race meeting or track license under this act. For purposes of this subdivision, a controlling interest is a pecuniary interest of more than 15%.

(b) “Breaks” means the cents over any multiple of 10 otherwise payable to a patron on a wager of \$1.00.

(c) “Certified horsemen’s organization” means an organization that is registered with the office of racing commissioner in a manner and form required by the racing commissioner and that can demonstrate all of the following:

(i) The organization’s capacity to supply horses.

(ii) The organization’s ability to assist a race meeting licensee in conducting the licensee’s racing program.

(iii) The organization's ability to monitor and improve physical conditions and controls for individuals and horses participating at licensed race meetings.

(iv) The organization's ability to protect the financial interests of the individuals participating at licensed race meetings.

(d) "Commissioner" or "racing commissioner" means the executive director of the Michigan gaming control board appointed under section 4 of the Michigan gaming control and revenue act, 1996 IL 1, MCL 432.204, who is ordered under Executive Reorganization Order No. 2009-31, MCL 324.99919, to perform all the functions and exercise the powers performed and exercised by the racing commissioner before that position was abolished.

(e) "Controlled substance" means that term as defined in section 7104 of the public health code, 1978 PA 368, MCL 333.7104.

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

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

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

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

(iii) A substance intended for use as a component of a substance specified in subparagraph (i) or (ii).

(h) "Fair" means a county, district, or community fair or a state fair.

(i) "Foreign substance" means a substance, or its metabolites, that does not exist naturally in an untreated horse or, if natural to an untreated horse, exists at an unnaturally high physiological concentration as a result of having been administered to the horse.

(j) "Full card simulcast" means an entire simulcast racing program of 1 or more race meeting licensees located in this state, or an entire simulcast racing program of 1 or more races simulcasted from 1 or more racetracks located outside of this state.

(k) "Horsemen's simulcast purse account" means an account maintained with a financial institution and managed by a designated agent as described in section 19 to receive and distribute money as provided in this act.

(l) "Member of the immediate family" means the spouse, child, parent, or sibling.

(m) "Net commission" means the amount determined under section 17(3), after first deducting from the licensee's statutory commission the applicable state tax on wagering due and payable under section 22 and the actual verified fee paid by the licensee to the sending host track to receive the simulcast signal.

(n) "Office of the racing commissioner" means the horse racing section of the horse racing, audit, and gaming technology division of the Michigan gaming control board created by section 4 of the Michigan gaming control and revenue act, 1996 IL 1, MCL 432.204, which operates under the direction of the executive director of the Michigan gaming control board, to which Executive Reorganization Order No. 2009-31, MCL 324.99919, transferred all of the authority, powers, duties, functions, records, personnel, property, unexpended balances of appropriations, allocations, or other funds of the office of racing commissioner that previously existed under this act and that was abolished by that executive reorganization order.

(o) "Pari-mutuel" and "pari-mutuel wagering" mean the form or system of gambling in which the winner or winners divide the total amount of money bet, after deducting the net commission.

(p) "Person" means an individual, firm, partnership, corporation, association, or other legal entity.

(q) "Purse pool" means an amount of money allocated or apportioned to pay prizes for horse races and from which payments may be made to certified horsemen's organizations as provided in this act.

(r) "Standardbred" means a horse registered with the United States Trotting Association that races on designated gaits of pace or trot.

(s) "Thoroughbred" means a thoroughbred, quarter, paint, Arabian, or other breed horse. Thoroughbred does not include a standardbred.

(t) "Veterinarian" means an individual licensed to practice veterinary medicine under part 188 of the public health code, 1978 PA 368, MCL 333.18801 to 333.18838, or under a state or federal law applicable to the individual.

Sec. 6a. (1) The horse racing advisory commission is created within the department of agriculture and rural development.

(2) The advisory commission consists of the following members, appointed by the governor:

(a) An individual who has knowledge about and expertise in horse racing in this state, who shall serve as chairperson of the advisory commission.

(b) The director of the department of agriculture and rural development or his or her designee.

(c) A veterinarian.

(d) Two individuals from 2 different statewide horse racing associations.

(e) Two individuals who are owners or operators, or designees of owners or operators, of 2 different horse racetracks in this state.

(3) The governor shall appoint the members first appointed to the advisory commission within 90 days after the effective date of this section.

(4) Members of the advisory commission under subsection (2)(c), (d), and (e) shall serve for terms of 4 years or until a successor is appointed, whichever is later.

(5) If a vacancy occurs on the advisory commission, the governor shall make an appointment for the unexpired term in the same manner as the original appointment.

(6) The governor may remove a member of the advisory commission for incompetence, dereliction of duty, malfeasance, misfeasance, or nonfeasance in office, or any other good cause.

(7) The chairperson of the advisory commission appointed under subsection (2)(a) shall call the first meeting of the advisory commission. At the first meeting, the advisory commission shall elect from among its members other officers as it considers necessary or appropriate. After the first meeting, the advisory commission shall meet at the call of the chairperson or if requested by 3 or more members.

(8) A majority of the members of the advisory commission constitute a quorum for the transaction of business at a meeting of the advisory commission. A majority of the members present and serving are required for official action of the advisory commission.

(9) The advisory commission shall conduct its business at public meetings held in compliance with the open meetings act, 1976 PA 267, MCL 15.261 to 15.275.

(10) A writing prepared, owned, used, in the possession of, or retained by the advisory commission in the performance of an official function is subject to the freedom of information act, 1976 PA 442, MCL 15.231 to 15.246.

(11) Members of the advisory commission shall serve without compensation. However, members of the advisory commission may be reimbursed for their actual and necessary expenses incurred in the performance of their official duties as members of the advisory commission.

(12) The advisory commission shall do all of the following:

(a) Establish for the commissioner procedures governing the operation and promotion of horse racing in this state.

(b) Make recommendations to the legislature on amendments to this act that would improve the regulatory structure of horse racing in this state with a goal of maintaining the long-term viability of horse racing in this state.

(c) Annually submit a report to the legislature detailing its recommendations under subdivisions (a) and (b).

(13) The racing commissioner shall take under consideration the procedures established by the advisory commission under subsection (12)(a) in performing his or her duties under this act.

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

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

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

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

(2) The racing commissioner shall not issue a race meeting license to a person if the person is licensed to conduct a licensed race meeting at another licensed racetrack in this state and the person has a controlling interest in or co-ownership of the other licensed racetrack.

Sec. 9. (1) The racing commissioner shall issue, without further application, a track license to any person holding a valid track license under former 1980 PA 327, and maintaining or operating a licensed horse racetrack as of January 9, 1996 at which wagering by pari-mutuel methods on the results of horse racing has been conducted by a race meeting licensee.

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

(3) An applicant for a track license shall submit an application that is in writing, that demonstrates to the racing commissioner that the applicant has satisfactory financial responsibility, that shows the location of the racetrack or of the proposed racetrack, and that is accompanied by substantially detailed plans and specifications for the racecourse,

paddock, grandstand, stable barns, racetrack buildings, fences, electrical service and lighting, plumbing, parking, and other facilities and improvements. The application must include the name and address of the applicant, if the applicant is a corporation, the place of its incorporation, and any other information required by the rules promulgated under this act. On the applicant's filing of the application and payment of the license fee, the racing commissioner shall investigate the applicant and the racetrack or proposed racetrack as the racing commissioner considers necessary. If the racing commissioner determines that the applicant and the racetrack satisfy the requirements of this act and the rules promulgated under this act, the racing commissioner shall grant a license for the racetrack, designating in the license the county or other municipality in which the licensed racetrack will be or is located. If the racing commissioner determines that the applicant or the racetrack, or both, do not comply with this act and the rules promulgated under this act, the racing commissioner shall deny the license. The action of the racing commissioner in denying a track license may be reviewed by the circuit court under section 631 of the revised judicature act of 1961, 1961 PA 236, MCL 600.631.

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

(5) After a track license is issued under this section, the racing commissioner may impose a fine or suspend or revoke the license if the holder of the license, after reasonable notice from the racing commissioner, does not make necessary improvements, additions, or corrections to the licensed premises, fixtures, or equipment as determined and required by the racing commissioner; if the holder of the license violates or is no longer in compliance with the requirements of this act or the rules promulgated under this act; or if the licensed premises are not used to conduct a licensed race meeting for 2 consecutive years. In addition to the suspension or revocation of the license, the racing commissioner may impose a fine or bring an action in circuit court seeking an order of the court requiring the licensee to make reasonable and necessary racetrack improvements or additions as determined by the commissioner if the licensee fails to make improvements or corrections that comply with the applicable construction code or local ordinances. In suspending or revoking a track license, the racing commissioner shall comply with the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328. The action of the racing commissioner is subject to appeal.

(6) The racing commissioner shall not issue a track license under this section if the new license would result in harmful competition among existing racetracks.

Sec. 10. (1) A person that desires to conduct a thoroughbred or standardbred race meeting, or a combination of these race meetings, with pari-mutuel wagering on the results of live and simulcast horse races under this act shall apply each year to the racing commissioner for a race meeting license in the manner and form required by the racing commissioner. The application must be filed with the racing commissioner before September 1 of the preceding year. The racing commissioner shall make an application, after it is filed, available for public inspection during regular business hours. The application must be in writing and give the name and address of the applicant, and, if the applicant is a corporation or partnership, state the place of the applicant's incorporation or partnership and the names and addresses of all corporate directors, officers, shareholders, and partners. The application must also do all of the following:

(a) Specify the licensed racetrack at which the proposed race meeting will be held.

(b) Specify whether the applicant requests or will request to conduct simulcasting at the proposed race meeting and, if so, demonstrate the applicant's ability to conduct simulcasting in accordance with this act.

(c) Specify the horse breed for which the applicant desires to conduct live racing at the proposed race meeting, and the days on which the applicant proposes to conduct live horse racing at the race meeting.

(d) Specify the time period during which the applicant requests to be licensed during the calendar year immediately following the date of application.

(e) Demonstrate to the racing commissioner that the applicant and all persons associated with the applicant who hold any beneficial or ownership interest in the business activities of the applicant or who have power or ability to influence or control the business decisions or actions of the applicant satisfy all of the following requirements:

(i) Are persons of good character, honesty, and integrity.

(ii) Possess sufficient financial resources and business ability and experience to conduct the proposed race meeting.

(iii) Do not pose a threat to the public interest of this state or to the security and integrity of horse racing or pari-mutuel wagering on the results of horse races in this state.

(f) Provide any other information required by the rules promulgated under this act or by the racing commissioner.

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

Sec. 12. (1) An applicant for a license to conduct a thoroughbred race meeting shall apply to conduct not fewer than 30 days of live thoroughbred racing during its proposed race meeting. Except during the opening and closing week of a race meeting, the applicant shall apply to conduct live racing not fewer than 2 days per week, with not fewer than 8 live horse races programmed, and shall conduct live racing programs on the days allocated by the racing commissioner.

The commissioner shall allocate not fewer than 10 days of live horse racing to a race meeting licensee with not fewer than 6 programmed live races per allocated day.

(2) An applicant for a license to conduct a standardbred race meeting shall apply to conduct not fewer than 30 days of live standardbred harness horse racing during its proposed race meeting. Except during the opening and closing week of a race meeting, the applicant shall apply to conduct live horse racing not fewer than 2 days per week, with not fewer than 8 live horse races programmed, and shall conduct live racing programs on the days awarded. The commissioner shall allocate not fewer than 10 days of live horse racing to a race meeting licensee with not fewer than 6 programmed live races per allocated day.

(3) If a race meeting licensee is unable to program and conduct 8 live horse races on a racing date awarded to the licensee because there are fewer than 5 entries in a race, the licensee shall not conduct any simulcasting on that day without the written consent of the certified horsemen's organization with which it has a contract.

(4) If a race meeting licensee is unable to conduct racing on a live racing date awarded to the licensee or fewer than 8 live horse races on an awarded live racing date because of a labor dispute, fire, adverse weather conditions, or other causes beyond the race meeting licensee's control, the race meeting licensee is considered to have conducted those races or that race date for purposes of this act and is not precluded from conducting any simulcasts because of the licensee's inability to conduct those live races or that race date.

(5) Intertrack simulcast races that a race meeting licensee contracts to receive from other racetracks that are canceled for any of the reasons described in subsection (4) are offered to the public for purposes of this act.

(6) If an entire race meeting or the balance of a race meeting and racing dates awarded to a licensee cannot be raced because of an act of God or significant physical damage to the licensed racetrack at which the race meeting was licensed to be conducted caused by fire or some other catastrophe, the racing commissioner may transfer those dates to another race meeting licensee upon application of the substitute licensee if the substitute licensee satisfies the requirements for licensure under this act and demonstrates that it has or will have a legal or contractual right to the use of a different licensed racetrack facility on the racing dates in question, and all race meeting licensees that will be conducting live racing on those dates within 50 miles of the substitute racetrack consent to the transfer.

(7) Notwithstanding anything in this act to the contrary, if the racing commissioner determines that 1 or more of the conditions listed in subsection (8) apply and the contracted certified horsemen's organization is in agreement, the racing commissioner may amend an existing race meeting license and simulcast permit to allow the licensee to continue simulcasting during the remaining period of the race meeting license. An amended license under this section may be issued by the racing commissioner at any time, including at the time of the initial issuance of the race meeting license for the upcoming year during which it is valid.

(8) The racing commissioner may issue an order amending a race meeting license under subsection (7) if he or she determines that the licensee is capable of conducting simulcast horse racing in accordance with this act and that 1 or more of the following conditions exist:

(a) There is inadequate horse supply for the licensee to conduct a live race meeting of at least 10 days with 6 races per day.

(b) There is inadequate funding of live racing purses to support the licensee's conducting of a live race meeting of at least 10 days with 6 races per day.

(c) There is no certified horsemen's organization operating in this state.

(9) In order to obtain an amended license issued under subsection (7) and satisfy the live racing requirements of this act, the licensee must have a written contract with a certified horsemen's organization to pay a percentage of its net commission from simulcasting to the live racing purse pool at another racetrack licensed under this act during the period when the amended license issued under subsection (7) is in effect. Unless otherwise provided in the written contract between the licensee and the certified horsemen's organization, the payment must be not less than 25% of net commission from simulcasting if only 1 certified horsemen's organization has a contract for live race days in this state for the calendar year. If both certified horsemen's organizations have a contract for live race dates in this state for the calendar year, the payment must be not more than 40% of the net commission from simulcasting.

(10) Subsections (7) to (9) apply only to amendments to a race meeting license for the purpose of allowing simulcast-only operations and are not limitations on or requirements for other race meeting license amendments the racing commissioner may approve or deny.

(11) Notwithstanding anything in this act to the contrary, if a race meeting licensee and the certified horsemen's organization with which the licensee has a contract jointly request that the licensee be allowed to conduct a live race meeting with fewer than 8 races per day, the racing commissioner shall approve the request and issue an order amending the license accordingly.

Sec. 14. (1) Before November 1 of the year preceding the year for which applications are made, the racing commissioner shall grant or deny each application for a race meeting license, allocate or deny the dates, for which application has been made, on which pari-mutuel wagering on live races may be conducted at each licensed race meeting

in this state, and shall also determine whether the applicant may simulcast under section 18 during the calendar year for which the license is issued. The racing commissioner may grant a race meeting license for any time period up to 1 year during which the licensee may conduct live and simulcast horse races with pari-mutuel wagering on the results of the races.

(2) Subject to section 12(4), all simulcasting authorized by the racing commissioner must be conditioned on the holder of the license conducting not fewer than 8 live horse races on each live racing date allocated in the holder's race meeting license, unless this requirement is waived in writing by both the racing commissioner and the certified horsemen's organization with which the licensee has contracted.

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

(4) Except as provided in section 12(4), (5), and (6), if after the issuance of a race meeting license the racing commissioner determines on further investigation that the holder of a race meeting license has not met, or will be unable to meet, the requirements of the license, the racing commissioner may impose a fine or suspend or revoke the race meeting license, or both, for all or part of the remainder of the time period for which the license was granted. Before making the required determination to impose a fine or suspend or revoke a race meeting license under this subsection, the racing commissioner shall consider whether the race meeting licensee's inability or failure to meet the requirements of its license is due to a cause beyond the control of the race meeting licensee.

(5) Any action taken by the racing commissioner under subsection (4) becomes effective 10 days after the holder of the race meeting license receives written notice unless the commissioner finds that the public health, safety, or welfare requires emergency action and immediate effect of the commissioner's order.

(6) A denial of a race meeting license under subsection (3) may be appealed to the circuit court for judicial review under section 631 of the revised judicature act of 1961, 1961 PA 236, MCL 600.631. A suspension or revocation of a race meeting license may be appealed under the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328.

(7) Each applicant issued a race meeting license shall maintain an interest bearing account used exclusively to deposit all money due to horsemen's purse pools under this act. All money due to this account must be deposited within a reasonable time after receipt by the race meeting licensee. The name of the depository and the identification number of the account must be designated in each race meeting license application and all interest earned by the account must be credited to the purse pool and deposited in the account.

Sec. 17. (1) The pari-mutuel system of wagering upon the results of horse races as permitted by this act shall not be held or construed to be unlawful. All forms of pari-mutuel wagering conducted at a licensed race meeting shall be preapproved by the racing commissioner under rule or written order of the commissioner.

(2) A holder of a race meeting license may provide a place in the race meeting grounds or enclosure at which he or she may conduct and supervise pari-mutuel wagering on the results of horse races as permitted by this act. If pari-mutuel wagering is used at a race meeting, a totalisator or other device that is equal in accuracy and clearness to a totalisator and approved by the racing commissioner must be used. The odds display of the totalisator or other device must be placed in full view of the patrons.

(3) Subject to section 18(3), each holder of a race meeting license shall retain as his or her commission on all forms of straight wagering 17% of all money wagered involving straight wagers on the results of live and simulcast horse races conducted at the licensee's race meetings. Subject to section 18(3), each holder of a race meeting license shall retain as his or her commission on all forms of multiple wagering, without the written permission of the racing commissioner not more than 28% and with the written permission of the racing commissioner not more than 35% of all money wagered involving any form of multiple wager on the results of live and simulcast horse races conducted at the licensee's race meeting. Except as otherwise provided by contract, 50% of all commissions from wagering on the results of live racing at the racetrack where the live racing was conducted shall be paid to the horsemen's purse pool at the racetrack where the live racing was conducted. As used in this subsection:

(a) "Straight wagering" means a wager made on the finishing position of a single specified horse in a single specified race.

(b) "Multiple wagering" means a wager made on the finishing positions of more than 1 horse in a specified race or the finishing positions of 1 or more horses in more than 1 specified race.

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

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

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

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

(8) Any form of pari-mutuel wagering on the results of live or simulcast horse races must only occur or be permitted to occur at a licensed race meeting. A person shall not participate or be a party to any act or transaction relative to placing a wager or carrying a wager for placement outside of a race meeting ground. A person shall not provide messenger service for the placing of a bet for another person who is not a patron. However, this subsection does not prevent simulcasting or intrastate or interstate common pool wagering inside or outside this state as permitted by this act or the rules promulgated under this act.

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

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

Sec. 18. (1) Simulcasting by race meeting licensees may be authorized by the racing commissioner subject to the limitations of this section. Except as specifically provided in section 12, a race meeting licensee shall not conduct simulcast wagering unless the race meeting licensee conducts 30 or more live racing days in that calendar year.

(2) The holder of a race meeting license may apply to the racing commissioner, in the manner and form required by the commissioner, for a permit to televise simulcasts of horse races to viewing areas within the enclosure of the licensed racetrack at which the applicant is licensed to conduct its race meeting. The commissioner may issue a permit for individual race and full card simulcasts televised during, between, before, or after programmed live horse races on any day that live racing is conducted by the applicant, and also on other days during the term of the applicant's license when the applicant does not conduct live horse racing, subject to the following conditions:

(a) The applicant must have a current contract with a certified horsemen's organization.

(b) The applicant must have applied for the minimum number of live racing dates required by section 12(1) or (2), subject to the availability of adequate horse supply as determined by the racing commissioner.

(c) The applicant must make a continuing good faith effort throughout the duration of its race meeting to program and conduct not fewer than 8 live horse races on each live racing date allocated to the applicant.

(d) The certified horsemen's organization with which the applicant has contracted must have consented to the requested simulcasts on any live racing day when the applicant is unable to program and conduct not fewer than 8 live horse races, if required by section 12(3).

(e) If the requested simulcasts are interstate, the applicant must waive in writing any right that the applicant may have under the interstate horse racing act of 1978, 15 USC 3001 to 3007, to restrict interstate simulcasts by other race meeting licensees in this state.

(f) The applicant must make the video and audio signals of its live horse races available for intertrack simulcasting to all licensed race meetings in this state located more than 12 miles from the applicant's race meeting. The applicant must charge each race meeting licensee the same fee to receive its live signals for intertrack simulcasting.

(g) Except as otherwise agreed by the other race meeting licensees and the respective certified horsemen's organizations with which they contract, the applicant must receive all available intertrack simulcasts from licensed race meetings located more than 12 miles from the applicant's race meeting.

(h) The applicant must not conduct interstate simulcasts unless it also receives all intertrack simulcasts from other licensed race meetings that are available.

(i) All authorized simulcasts must be conducted in compliance with the written permit and related orders issued by the racing commissioner and all other requirements and conditions of this act and the rules of the racing commissioner promulgated under this act.

(j) All authorized interstate simulcasts must also comply with the interstate horse racing act of 1978, 15 USC 3001 to 3007.

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

of section 17. If the simulcast is an interstate simulcast, the money wagered on the simulcast must form a separate pari-mutuel pool at the receiving track unless 2 or more licensees receive the same interstate simulcast signals or the racing commissioner permits the receiving track to combine its interstate simulcast pool with the pool created at the out-of-state sending track on the same race. If 2 or more licensees receive the same interstate simulcast signals, the money wagered on the simulcasts must be combined in a common pool and the licensees shall jointly agree and designate at which race meeting the common pool will be located. However, if the law of the jurisdiction in which the sending racetrack is located permits interstate common pools at the sending racetrack, the racing commissioner may permit pari-mutuel pools on interstate simulcast races in this state to be combined with pari-mutuel pools on the same races created at the out-of-state sending racetrack. If the pari-mutuel pools on the interstate simulcast races in this state are combined in a common pool at the out-of-state sending track, then the commissions described in section 17 on the pool created in this state must be adjusted to equal the commissions in effect at the sending track under the laws of its jurisdiction. If the simulcast is an intertrack simulcast, the money wagered on the simulcast at the receiving racetrack must be added to the pari-mutuel pool at the sending racetrack.

(4) A race meeting licensee licensed to conduct pari-mutuel horse racing shall provide the necessary equipment to send intertrack simulcasts of the live horse races conducted at its race meeting to all other race meeting licensees in this state, and shall send its intertrack simulcast signals to those licensees upon request for an agreed fee, which shall not exceed 3% of the total amount wagered on the race at the receiving track.

(5) The racing commissioner may authorize a race meeting licensee to transmit simulcasts of live horse races conducted at its racetrack to locations outside of this state in accordance with the interstate horse racing act of 1978, 15 USC 3001 to 3007, or any other applicable laws, and may permit pari-mutuel pools on such simulcast races created under the laws of the jurisdiction in which the receiving track is located to be combined in a common pool with pari-mutuel pools on the same races created in this state. A race meeting licensee that transmits simulcasts of its races to locations outside this state shall pay 50% of the fee that it receives for sending the simulcast signal to the horsemen's purse pool at the sending track after first deducting the actual verified cost of sending the signal out of state.

(6) Unless otherwise approved by the racing commissioner, a race meeting licensee shall not receive and offer wagers on an interstate simulcast unless the interstate simulcast is available to all race meeting licensees in this state at the same rate.

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

(8) As used in this section:

(a) "Interstate simulcast" means a live simulcast from a racetrack outside of this state to a racetrack inside this state.

(b) "Intertrack simulcast" means a live simulcast from 1 racetrack in this state to another racetrack in this state.

(c) "Simulcast" means the live transmission of video and audio signals conveying a horse race held either inside or outside of this state to a licensed race meeting in this state.

Sec. 19. A race meeting licensee shall pay an amount equal to not less than 25% and not more than 40% of the net commission generated at the licensee's race meeting to a site-specific horsemen's simulcast purse account. Money paid into a horsemen's simulcast purse account under this act must be deposited in a depository designated by the participating certified horsemen's organizations and distributed by their designated agent as follows:

(a) For purses for live horse races at a licensed race meeting in this state.

(b) Each year, all certified horsemen's organizations that participate in a live race meeting may receive an amount approved by order of the racing commissioner to use for general expenses. Beginning on January 1 and ending on December 31 of each year, the certified horsemen's organization is entitled to not less than 5% of the site-specific horsemen's simulcast purse account as ordered by the racing commissioner.

Sec. 19a. If a track license is surrendered, revoked, or escrowed, or a licensed track is closed, the racing commissioner shall order the horsemen's purse pool money from the track be transferred to a depository designated by a race meeting licensee on written direction of the affected certified horsemen's organization regardless of whether there was racing at the race meeting licensee's location during the previous year. The money shall be transferred to the horsemen's simulcast purse account at any licensed racetrack in this state where the affected certified horsemen's organization subsequently obtains a written contract for live horse racing with pari-mutuel wagering. If the affected certified horsemen's organization does not enter into a written contract for live horse racing with pari-mutuel wagering at a track in this state within 12 months after the date when the horsemen's simulcast purse account money can be transferred under this section, the money must be equally divided between the horsemen's simulcast purse accounts at the licensed tracks in this state conducting pari-mutuel wagering on the results of horse races. The racing commissioner may rescind or modify any existing escrow orders to carry out this section.

Sec. 19b. Money that was to be distributed to a certified horsemen's organization but that was placed and remains in escrow under an escrow order of the racing commissioner before the effective date of the amendatory act that added



this section must be used by September 1, 2017 for a race meeting conducted by the certified horsemen's organization and the race meeting licensee that were the subjects of the order in accordance with a contractual agreement between a race meeting licensee and the certified horsemen's organization. If a contractual agreement is not reached by September 1, 2017, the racing commissioner shall order distribution of the escrowed money as follows:

(a) Fifteen percent to the race meeting licensee that was the subject of the order to be used for track operations and enhancements.

(b) Eighty-five percent to the certified horsemen's organization that was the subject of the order to be used for purses at any race meeting in this state for which the certified horsemen's organization has a contract.

Sec. 20. (1) It is the policy of this state to encourage the breeding of horses of all breeds in this state and the ownership of such horses by residents of this state to provide for sufficient numbers of high quality race horses of all breeds to participate in licensed race meetings in this state; to promote the positive growth and development of high quality horse racing and other equine competitions in this state as a business and entertainment activity for residents of this state; and to establish and preserve the substantial agricultural and commercial benefits of the horse racing and breeding industry to this state. It is the intent of the legislature to further this policy by the provisions of this act and annual appropriations to administer this act and adequately fund the agriculture and equine industry programs established by this section.

(2) Money received by the racing commissioner and the state treasurer under this act shall be paid promptly into the state treasury and placed in the Michigan agriculture equine industry development fund created in subsection (3).

(3) The Michigan agriculture equine industry development fund is created in the department of treasury. The Michigan agriculture equine industry development fund shall be administered by the director of the department of agriculture and rural development with the assistance and advice of the racing commissioner.

(4) Money shall not be expended from the Michigan agriculture equine industry development fund except as appropriated by the legislature. Money appropriated by the legislature for the Michigan agriculture equine industry development fund shall be expended by the director of the department of agriculture and rural development with the advice and assistance of the racing commissioner to provide funding for agriculture and equine industry development programs as provided in subsections (5) to (11).

(5) The following amounts shall be paid to standardbred and fair programs:

(a) A sum not to exceed 75% of the purses for standardbred harness horse races offered by fairs and races at licensed pari-mutuel racetracks. Purse supplements paid under this subdivision for overnight races at fairs for which Michigan sired, Michigan bred, or Michigan owned harness horses are eligible must be \$1,000.00. However, if the average purse offered for maiden overnight races of the same breed at any licensed race meeting in this state during the previous year as calculated by the department of agriculture and rural development was less than \$1,000.00, purse supplements for overnight races at fairs paid under this subdivision shall not exceed that average purse.

(b) A sum to be allotted on a matching basis, but not to exceed \$15,000.00 each year to a single fair, for the purpose of equipment rental during fairs; ground improvement; constructing, maintaining, and repairing buildings; and making the racetrack more suitable and safe for racing at fairs.

(c) A sum to be allotted for paying special purses at fairs on 2-year-old and 3-year-old standardbred harness horses conceived after January 1, 1992, that is Michigan bred, or that is sired by a standardbred stallion registered with the department of agriculture and rural development, that was leased or owned by a resident or residents of this state, and that did not serve a mare at a location outside of this state from February 1 through July 31 of the calendar year in which the conception occurred. A foal that is born on or after January 1, 2002 of a mare owned by a nonresident of this state and that is conceived outside of this state from transported semen of a stallion registered with the department of agriculture and rural development is eligible for Michigan tax-supported races only if, in the year that the foal is conceived, the department of agriculture and rural development's agent for receiving funds as the holding agent for stakes and futurities is paid a transport fee as determined by the department of agriculture and rural development and administered by the Michigan harness horsemen's association.

(d) A sum to pay not more than 75% of an eligible cash premium paid by a fair or exposition. The commission of agriculture and rural development shall promulgate rules establishing which premiums are eligible for payment and a dollar limit for all eligible payments.

(e) A sum to pay breeders' awards in an amount not to exceed 10% of the gross purse to breeders of Michigan bred standardbred harness horses for each time the horse wins a race at a licensed race meeting or fair in this state. As used in this subdivision, "Michigan bred standardbred harness horse" means a horse from a mare owned by a resident or residents of this state at the time of conception, that was conceived after January 1, 1992, and sired by a standardbred stallion registered with the department of agriculture and rural development that was leased or owned by a resident or residents of this state and that did not serve a mare at a location outside of this state from February 1 through July 31 of the calendar year in which the conception occurred. To be eligible, each mare must be registered with the department of agriculture and rural development. A foal that is born on or after January 1, 2002 of a mare owned by a

nonresident of this state and that is conceived outside of this state from transported semen of a stallion registered with the department of agriculture and rural development is eligible for Michigan tax-supported races only if, in the year that the foal is conceived, the department of agriculture and rural development's agent for receiving funds as the holding agent for stakes and futurities is paid a transport fee as determined by the department of agriculture and rural development and administered by the Michigan harness horsemen's association.

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

(g) A sum to be allotted to pay the presiding judges and clerks of the course at fairs. Presiding judges and clerks of the course shall be hired by the fair's administrative body with the advice and approval of the racing commissioner. The director of the department of agriculture and rural development may allot funds for a photo finish system and a mobile starting gate. The director of the department of agriculture and rural development shall allot funds for the conducting of tests, the collection and laboratory analysis of urine, saliva, blood, and other samples from horses, and the taking of blood alcohol tests on drivers, jockeys, and starting gate employees, for those races described in this subdivision. The department may require a driver, jockey, or starting gate employee to submit to a breathalyzer test, urine test, or other noninvasive fluid test to detect the presence of alcohol or a controlled substance. If the results of a test show that a person has more than .05% of alcohol in his or her blood, or has present in his or her body a controlled substance, the person shall not be permitted to continue in his or her duties on that race day and until he or she can produce, at his or her own expense, a negative test result.

(h) A sum to pay purse supplements to licensed pari-mutuel harness race meetings for special 4-year-old filly and colt horse races.

(i) A sum not to exceed 0.25% of all money wagered on live and simulcast horse races in this state shall be placed in a special standardbred sire stakes fund each year, 100% of which shall be used to provide purses for races run exclusively for 2-year-old and 3-year-old Michigan sired standardbred horses at licensed harness race meetings in this state. As used in this subdivision, "Michigan sired standardbred horses" means standardbred horses conceived after January 1, 1992 and sired by a standardbred stallion registered with the department of agriculture and rural development that was leased or owned by a resident or residents of this state and that did not serve a mare at a location outside of this state from February 1 through July 31 of the calendar year in which the conception occurred. A foal that is born on or after January 1, 2002 of a mare owned by a nonresident of this state and that is conceived outside of this state from transported semen of a stallion registered with the department of agriculture and rural development is eligible for Michigan tax-supported races only if, in the year that the foal is conceived, the department of agriculture and rural development's agent for receiving funds as the holding agent for stakes and futurities is paid a transport fee as determined by the department of agriculture and rural development and administered by the Michigan harness horsemen's association.

(6) The following amounts shall be paid to thoroughbred programs:

(a) A sum to be allotted thoroughbred race meeting licensees to supplement the purses for races to be conducted exclusively for Michigan bred horses.

(b) A sum to pay awards to owners of Michigan bred horses that finish first, second, or third in races open to non-Michigan bred horses.

(c) A sum to pay breeders' awards in an amount not to exceed 10% of the gross purse to the breeders of Michigan bred thoroughbred horses for each time Michigan bred thoroughbred horses win at a licensed race meeting in this state.

(d) A sum to pay purse supplements to licensed thoroughbred race meetings for special 4-year-old and older filly and colt horse races.

(e) A sum not to exceed 0.25% of all money wagered on live and simulcast horse races in Michigan shall be placed in a special thoroughbred sire stakes fund each year, 100% of which shall be used to provide purses for races run exclusively for 2-year-old and 3-year-old and older Michigan sired thoroughbred horses at licensed thoroughbred race meetings in this state and awards for owners of Michigan sired horses or stallions. As used in this subdivision, "Michigan sired thoroughbred horses" means thoroughbred horses sired by a stallion registered with the department of agriculture and rural development that was leased or owned exclusively by a resident or residents of this state and that did not serve a mare at a location outside of this state during the calendar year in which the service occurred.

(7) The following amounts shall be paid for quarter horse programs:

(a) A sum to supplement the purses for races to be conducted exclusively for Michigan bred quarter horses.

(b) A sum to pay not more than 75% of the purses for registered quarter horse races offered by fairs.

(c) A sum to pay breeders' awards in an amount not to exceed 10% of a gross purse to breeders of Michigan bred quarter horses for each time a Michigan bred quarter horse wins at a county fair or licensed race meeting in this state.

(d) As used in this subsection, "Michigan bred quarter horse" means that term as defined in R 285.817.1 of the Michigan Administrative Code. Each mare and stallion shall be registered with the director of the department of agriculture and rural development.

(8) The following amounts shall be paid for Appaloosa programs:

(a) A sum to supplement the purses for races to be conducted exclusively for Michigan bred Appaloosa horses.

(b) A sum to pay not more than 75% of the purses for registered Appaloosa horse races offered by fairs.

(c) A sum to pay breeders' awards in an amount not to exceed 10% of the gross purse to the breeders of Michigan bred Appaloosa horses for each time Michigan bred horses win at a fair or licensed race meeting in this state.

(d) As used in this subsection, "Michigan bred Appaloosa horse" means that term as defined in R 285.819.1 of the Michigan Administrative Code. Each mare and stallion shall be registered with the director of the department of agriculture and rural development.

(9) The following amounts shall be paid for Arabian programs:

(a) A sum to supplement the purses for races to be conducted exclusively for Michigan bred Arabian horses.

(b) A sum to pay not more than 75% of the purses for registered Arabian horse races offered by fairs.

(c) A sum to pay breeders' awards in an amount not to exceed 10% of the gross purse to the breeders of Michigan bred Arabian horses for each time Michigan bred horses win at a fair or licensed racetrack in this state.

(d) As used in this subsection, "Michigan bred Arabian horse" means a Michigan-bred horse as that term is defined in R 285.822.1(i) of the Michigan Administrative Code. Each mare and stallion shall be registered with the director of the department of agriculture and rural development.

(10) The following sums shall be paid for American paint horse programs:

(a) A sum to supplement the purses for races to be conducted exclusively for Michigan bred American paint horses.

(b) A sum to pay not more than 75% of the purses for registered American paint horse races offered by fairs.

(c) A sum to pay breeders' awards in an amount not to exceed 10% of the gross purse to the breeders of Michigan bred American paint horses for each time a Michigan bred American paint horse wins at a county fair or licensed race meeting in this state.

(d) As used in this subsection, "Michigan bred American paint horse" means a Michigan-bred paint horse as that term is defined in R 285.823.1 of the Michigan Administrative Code.

(11) The following amounts shall be paid for the equine industry research, planning, and development grant fund program:

(a) A sum to fund grants for research projects conducted by persons affiliated with a university or governmental research agency or institution or other private research entity approved by the racing commissioner, which are beneficial to the horse racing and breeding industry in this state.

(b) A sum to fund the development, implementation, and administration of new programs that promote the proper growth and development of the horse racing and breeding industry in this state and other valuable equine-related commercial and recreational activities in this state.

(12) As used in subsection (11), "equine industry research" means the study, discovery and generation of accurate and reliable information, findings, conclusions, and recommendations that are useful or beneficial to the horse racing and breeding industry in this state through improvement of the health of horses; prevention of equine illness and disease, and performance-related accidents and injuries; improvement of breeding technique and racing performance; and compilation and study of valuable and reliable statistical data regarding the size, organization, and economics of the industry in this state; and strategic planning for the effective promotion, growth, and development of the industry in this state.

(13) An amount shall be allotted annually to the racing commissioner that is sufficient to pay for the collection and laboratory analysis of urine, saliva, blood, and other samples from horses and licensed individuals involved in horse racing on which pari-mutuel wagers are made and for the conducting of tests described in section 16(4).

(14) Money appropriated and allotted to the Michigan agriculture equine industry development fund shall not revert to the general fund and shall be carried forward from year to year until disbursed to fund grants for research projects beneficial to the industry.

(15) A percentage of the Michigan agriculture equine industry development fund that is equal to 1/100 of 1% of the gross wagers made each year in each of the racetracks licensed under this act shall be deposited in the compulsive gaming prevention fund created in section 3 of the compulsive gaming prevention act, 1997 PA 70, MCL 432.253.

(16) The director of the department of agriculture and rural development shall promulgate rules pursuant to the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328, to implement this section. The rules promulgated under this subsection shall do all of the following:

(a) Prescribe the conditions under which the Michigan agriculture equine industry development fund and related programs described in subsections (1) to (14) shall be funded.

(b) Establish conditions and penalties regarding the programs described in subsections (5) to (12).

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

(17) Funds under the control of the department of agriculture and rural development in this section shall be disbursed under the rules promulgated pursuant to subsection (16). All funds under the control of the department of agriculture and rural development approved for purse supplements and breeders' awards shall be paid by the state treasurer not later than 45 days from the date of the race.

Sec. 22. (1) A licensed racetrack shall pay a license fee to the racing commissioner of \$1,000.00 annually.

(2) Each holder of a race meeting license shall pay to the state treasurer, from the holder's commission, a tax in the amount of 3.5% of money wagered on interstate and intertrack simulcast races conducted at the holder's licensed race meetings.

(3) By eliminating the pari-mutuel wagering tax on live racing programs and altering the calculation of the tax on simulcast horse racing, it is not the intent of the legislature to diminish the funding and appropriations for the Michigan agriculture equine industry fund and related programs described in section 20. The pari-mutuel tax alteration effected by this section is intended to generally allow for the improvement of the pari-mutuel horse racing and breeding industry in this state by increasing purses at licensed race meetings and making additional pari-mutuel revenues available for capital improvements at licensed racetracks in this state.

Sec. 30. (1) A drug or foreign substance must not be administered to a horse that is intended to be entered or is entered, or be present in a horse that participates, in a race with pari-mutuel wagering or any nonbetting race or workout that is conducted at a licensed race meeting in this state. A banned drug, a nontherapeutic drug, or a foreign substance designated by the racing commissioner as not permitted must not be present in a horse eligible to race that is stabled in this state on the grounds of a race meeting licensee, off-track training center, farm, or stable.

(2) A drug or foreign substance may be administered to a horse that is intended to be entered or is entered, or be present in a horse that participates, in a race with pari-mutuel wagering or any nonbetting race or workout that is conducted at a licensed race meeting in this state only if authorized by the racing commissioner by rule or written order for use in the care or treatment of the horse. A veterinarian is not prohibited by this section from administering to a horse any drug or foreign substance that is necessary and appropriate for the emergency veterinary care and treatment of the horse under accepted standards of veterinary practice in this state. The treating veterinarian and the horse's trainer shall report immediately to the racing commissioner, the state veterinarian, or the steward any unauthorized or emergency administration of an unauthorized drug or foreign substance to a horse that is intended to be entered, is entered, or participates in a race or workout at a licensed race meeting in this state, before the running of the race or workout, in the manner and form prescribed by the racing commissioner and the stewards shall scratch the horse from the race.

(3) A veterinarian who administers a drug or foreign substance to any horse that is intended to be entered, is entered, or participates in a race or workout that is to be conducted at a licensed race meeting in this state shall keep and maintain a true and complete written record of the veterinarian's examination, examination findings, diagnosis and treatment of the horse, and all drugs or foreign substances administered to the horse by the veterinarian, in the manner and form prescribed by the racing commissioner, and shall provide the record to the commissioner for review on request.

(4) The racing commissioner or his or her designee shall conduct random testing to detect the presence of a drug or foreign substance in all winning horses and in any other horse in each horse race and may conduct individual testing for the presence of a drug or foreign substance in any horse eligible to race within the grounds of a racetrack or off-track training center, farm, or stable.

(5) The racing commissioner shall issue written orders or promulgate rules pursuant to the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328, that specify the condition of the horse that must exist in order to permit authorization of the use and possession of a foreign substance or a permissible drug for the intended care or treatment of a horse and that specify the procedures that must be followed in administering the authorized drugs. Any written order issued by the racing commissioner under this section must be available for review in the office of racing commissioner at each licensed race meeting in this state.

(6) Except as authorized by the racing commissioner or as provided in this section, a person who administers or conspires to administer a drug or foreign substance, that could affect the racing condition or performance of a horse, internally, externally, by hypodermic method, or by any other method, to a horse that is intended to be entered, is entered, or participates in a race or workout at a licensed race meeting in this state, or who knowingly starts a horse in any race or workout at a licensed race meeting in this state knowing that the horse was administered a drug or foreign substance, by any method, after the horse was entered or intended to be entered in the race or workout is guilty of a felony punishable by a fine of not more than \$10,000.00 or by imprisonment for not more than 5 years, or both.

(7) A postmortem examination must be performed on every horse that dies at a racetrack. The postmortem examination must be a complete autopsy unless the racing commissioner, on the advice of the veterinarian, is satisfied as to the cause of death without the complete autopsy being performed. A complete autopsy must be ordered and performed if the presence of a drug or foreign substance in the horse is suspected.

Sec. 31. (1) Except as provided in subsection (3), a person who does any of the following, or who aids or abets another in doing any of the following, is guilty of a misdemeanor punishable by a fine of not more than \$10,000.00 or by imprisonment for not more than 1 year, or both:

(a) Introduces an object or foreign substance into the nostrils or windpipe of a horse that is entered or intended to be entered in a race or workout at a licensed race meeting in this state for the purpose of affecting the racing condition or performance of the horse in a race or workout, without authorization of the racing commissioner.

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

(c) Has in his or her possession within the confines of a racetrack, stable, shed, building, or grounds of a licensed race meeting or within the confines of an off-track stable, shed, building, or grounds where horses are kept that are eligible to race over the racetrack of the holder of a race meeting license a controlled substance or a hypodermic needle or other instrument that can be used to administer a controlled substance, unless the controlled substance was obtained directly from or pursuant to a prescription from a licensed physician and the person notifies the racing commissioner or racing commissioner's designee that the person possesses the controlled substance or instrument.

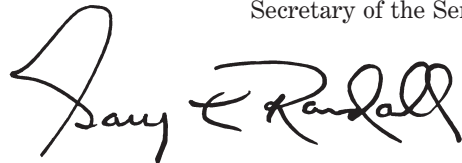
(2) In addition to the penalties prescribed in subsection (1), the racing commissioner shall suspend the license of a person who is a licensee under this act and who does any of the acts described in subsection (1) for a period of not less than 5 years after the person is convicted.

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

This act is ordered to take immediate effect.



Secretary of the Senate



Clerk of the House of Representatives

Approved .....

.....  
Governor