

Act No. 153
Public Acts of 2019
Approved by the Governor
December 20, 2019

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**STATE OF MICHIGAN
100TH LEGISLATURE
REGULAR SESSION OF 2019**

Introduced by Rep. Vaupel

ENROLLED HOUSE BILL No. 4310

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 6a, 8, 9, 17, 19, 19a, 20, and 22 (MCL 431.306a, 431.308, 431.309, 431.317, 431.319, 431.319a, 431.320, and 431.322), section 6a as added and sections 8, 9, 17, 19, 19a, 20, and 22 as amended by 2016 PA 271, and by adding sections 8a, 19c, and 20a.

The People of the State of Michigan enact:

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 by September 29, 2016.

(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 racing 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).

(d) Expend money received under section 20a, as appropriated by the legislature, for the following purposes:

(i) Promotion and marketing of horse racing.

(ii) Equine-related research.

(iii) Grants for equine-related support and aftercare and programs related to horse racing.

(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.

(d) Third-party facilitator licenses issued to persons that have contracts with race meeting licensees to facilitate wagering on live and simulcast racing. The racing commissioner shall establish the terms and conditions and the appropriate fee for a third-party facilitator license subject to all of the following:

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 8a. (1) If the racing commissioner determines that all of the requirements of this act for issuing a race meeting license are met, the racing commissioner shall issue a race meeting license to the holder of a casino license issued under section 6 of the Michigan Gaming Control and Revenue Act, 1996 IL 1, MCL 432.206.

(2) The holder of a race meeting license issued under this section shall not conduct pari-mutuel wagering at a licensed racetrack that is within 50 miles of another licensed racetrack at which 1 or more race meeting licensees may conduct pari-mutuel wagering.

Sec. 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. After the effective date of the amendatory act that added this sentence, the racing commissioner may issue, without further application, a track license to a local unit of government that holds or has previously held a track license issued under this act.

(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. 17. (1) The pari-mutuel system of wagering on the results of horse races as permitted by this act is not unlawful. All forms of pari-mutuel wagering must be conducted under a race meeting license preapproved by the racing commissioner by rule or written order of the commissioner.

(2) If pari-mutuel wagering is used at a race meeting, a totalisator or other device that is equal in accuracy and clearness to a totalisator and approved by the racing commissioner must be used. The odds display of the totalisator or other device must be placed in full view of the patrons.

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

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

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

(4) All breaks must 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 be conducted or operated by a race meeting licensee, which may use its contracted licensed third-party facilitators, as determined and approved by the racing commissioner. The race meeting licensee is responsible for all conduct of its third-party facilitators. All wagers must be placed by persons within this state and may be placed only in person at a licensed race meeting or electronically through a licensed third-party facilitator. A race meeting licensee or licensed third-party facilitator shall not solicit, offer, accept, or process wagers on or in connection with other gaming or gambling products, including, but not limited to, slot machines and casino table games.

(9) A person that does not hold a race meeting license or a third-party facilitator 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) Only a race meeting licensee or its contracted licensed third-party facilitator may process, accept, offer, or solicit wagers on the results of live or simulcast horse races as determined and approved by the racing commissioner.

(11) 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. 19. (1) Subject to subsection (2), 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 purse account. Money paid into a horsemen's 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 purse account as ordered by the racing commissioner.

(2) A race meeting licensee shall pay the net commission generated from wagering on live and simulcast racing through the race meeting licensee's third-party facilitator to the pari-mutuel horse racing disbursement account. On the first day of each month after the effective date of the amendatory act that added this subsection, money paid into the pari-mutuel horse racing disbursement account must be distributed as follows:

(a) Fifty percent to be divided equally to each certified horsemen's organization.

(b) Fifty percent to be divided equally to each track licensee.

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 must 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 36 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. 19c. The Michigan Harness Horsemen's Association shall not expend the money it is holding in its horsemen's simulcast purse account that was transferred under an order of the racing commissioner dated April 8, 2019 until June 1, 2020, on which date the Michigan Harness Horsemen's Association shall transfer \$900,000.00 of the money to the Michigan Horsemen's Benevolent and Protective Association to be used by the Michigan Horsemen's Benevolent and Protective Association only to pay purses.

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) Except for money generated from the tax on wagers processed through licensed third-party facilitators operating under this act under section 22, money received by the racing commissioner and the state treasurer under this act must 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 must be administered by the director of the department of agriculture and rural development with the assistance and advice of the racing commissioner.

(4) Money must not be expended from the Michigan agriculture equine industry development fund except as appropriated by the legislature. Money appropriated by the legislature from the Michigan agriculture equine industry development fund must 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 must 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 must 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 must 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 is not 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 must be placed in a special standardbred sire stakes fund each year, 100% of which must 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 must 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 this state must be placed in a special thoroughbred sire stakes fund each year, 100% of which must 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 must 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 Michigan bred quarter horse as that term is defined in R 285.817.1 of the Michigan Administrative Code. Each mare and stallion must be registered with the director of the department of agriculture and rural development.

(8) The following amounts must 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 a Michigan bred Appaloosa horse as that term is defined in R 285.819.1 of the Michigan Administrative Code. Each mare and stallion must be registered with the director of the department of agriculture and rural development.

(9) The following amounts must 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 must 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 must 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 must 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 must not revert to the general fund and must 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 1/15 of 1% of the gross wagers made each year in each of the racetracks licensed under this act must 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 must 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) must 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 must be disbursed under the rules promulgated under subsection (16). All funds under the control of the department of agriculture and rural development approved for purse supplements and breeders' awards must be paid by the state treasurer not later than 45 days from the date of the race.

(18) Purses paid under this section must be based on actual purses awarded in a race. If the actual purses awarded are less than the purse supplement amount requested by a fair or licensed pari-mutuel racetrack at the time they applied to the department of agriculture and rural development for the purse supplement, the purse supplement paid must be the lesser amount.

(19) If the amount allocated to the Michigan agriculture equine industry development fund under this act or any other source exceeds \$8,000,000.00 in a fiscal year, the amount in excess of \$8,000,000.00 must be allocated to the pari-mutuel horse racing disbursement account under section 19.

Sec. 20a. The tax imposed under section 22 on wagers processed through licensed third-party facilitators operating under this act must be allocated as follows:

(a) Ninety percent to be deposited in the Michigan agriculture and equine industry development fund created under section 20.

(b) Ten percent to the horse racing advisory commission created in section 6a to be expended as provided in section 6a(12)(d).

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

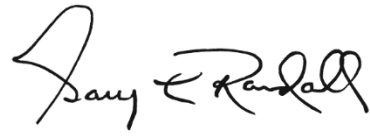
(2) Each holder of a race meeting license shall pay to the state treasurer, from the holder's commission, as follows:

(a) 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.

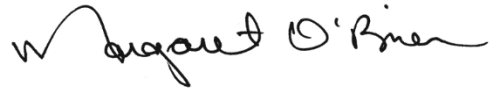
(b) A tax in the amount of 1% of wagers processed through licensed third-party facilitators operating under this act.

(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 development 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.

This act is ordered to take immediate effect.



Clerk of the House of Representatives



Secretary of the Senate

Approved _____

Governor