

Legislative Analysis



UNCASHED HORSE RACE WINNINGS

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House Bill 4260 with House committee amendment

Sponsor: Rep. Joe Hune

Committee: Agriculture

Complete to 9-26-05

A SUMMARY OF HOUSE BILL 4260 AS REPORTED FROM COMMITTEE 9-13-05

Under Public Act 90 of 1951, money held as winnings by horse racing meeting licensees that has remained unclaimed for at least 60 days after the close of the race meeting is divided evenly between the licensee and the Michigan Agriculture Equine Industry Development Fund for standardbred, thoroughbred, and light horse programs provided under the Horse Racing Law of 1995 (generally purse supplements and breeders awards).

The bill would, instead, split the uncashed winnings between the race meeting licensee and certified horsemen's organizations, which would generally use the money for purse supplements and breeders awards. Additionally, if a certified horsemen's organization contracts with a quarter horse race meeting licensee, the uncashed winnings could also be spent for the management, promotion, and protection of live horse racing in the state.

The Horse Racing Law defines "certified horsemen's organization" to mean an organization registered with the Office of Racing Commissioner that can demonstrate all of the following: (1) The organization's capacity to supply horses; (2) The organization's ability to assist a race meeting licensee in conducting the licensee's racing program; (3) The organization's ability to monitor and improve physical conditions and controls for individuals and horses participating at licensed race meetings; and (4) The organization's ability to protect the financial interests of the individuals participating at licensed race meetings.

MCL 431.252

FISCAL IMPACT:

As described above, money from unclaimed winner horse race tickets, or "outs," is currently divided between the licensee and the Agriculture Equine Industry Development Fund (AEIDF), for distribution to various race programs as provided under PA 90 of 1951. The total in uncashed ticket revenue credited to the AEIDF in FY 2003-04 was \$694,100. Under provisions of the bill, the licensee would continue to retain 50% of the funds from outs, but would be required to distribute the remaining 50% to "*the certified horsemen's organization with which the licensee has a contract,*" rather than to the AEIDF. This would effectively reduce revenue to the AEIDF, a state-restricted fund by approximately \$700,000, and redirect those funds to private organizations.

BACKGROUND INFORMATION:

The Michigan Agriculture Equine Industry Development Fund was established with the enactment of the Horse Racing Law of 1995 to provide funding for agriculture and equine industry-related programs. In addition to uncashed winning tickets, the AEIDF also receives funding from simulcast wagering taxes, horse racing licensing fees and fines, and a portion of the Detroit casino tax. The AEIDF is expended, upon appropriation, for a variety of horse racing programs pursuant to Section 20 of the Horse Racing Law. Additionally, a small portion is deposited in the Compulsive Gambling Prevention Fund.

Public Act 90 of 1951 was amended by Public Act 505 of 1998 to divide any uncashed winnings between the AEIDF and race meeting licensees. Prior to Public Act 505, any uncashed winnings were escheated by the state and eventually deposited in the General Fund. The uncashed winnings are the only AEIDF revenue source specifically earmarked for specific programs, and essentially provide a floor funding amount for various horse racing-related programs.

Currently, there are four "certified horsemen's organizations" registered with the Office of Racing Commissioner: Michigan Horsemen's Benevolent and Protection Association (HBPA), Michigan Harness Horsemen's Association (MHHA), Great Lakes Quarter Horse Association (GLQHA), and Northern Fairs and Racing Association (NFRA). The table below shows uncashed winning tickets ("outs") received as AEIDF revenue in 2004, for each of the eight race meetings licensed by the ORC:

Track	Amount	Certified Horsemen's Org.
Great Lakes Downs	\$49,457.48	HBPA
Hazel Park Raceway	\$318,786.43	MHHA
Jackson Harness Raceway	\$28,478.88	MHHA
Mt. Pleasant Meadows	\$12,155.55	GLQHA
Northville Downs	\$102,368.60	MHHA
Northville Racing Corp.	\$78,002.40	MHHA
Saginaw Harness Raceway	\$24,797.48	NFRA
Sports Creek Raceway	\$80,072.38	MHHA
	\$694,119.20	

Source: Office of Racing Commissioner 2004 Annual Report & Department of Agriculture

Note: Northville Downs and Northville Racing Corporation both offer live racing, at different times of the year, at the Northville Downs track.

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