

**STATE OF MICHIGAN
96TH LEGISLATURE
REGULAR SESSION OF 2012**

**Introduced by Reps. Daley, LaFontaine, Denby, Kurtz, Rendon, Muxlow, Outman, Tyler, Brunner, Smiley,
McBroom, Heise, Hovey-Wright and Lipton**

ENROLLED HOUSE BILL No. 5546

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 the title and sections 2, 3, 4, 6, 7, 8, 9, 9a, 10, 12, 13, 14, 15, 16, 17, 18, 19, 19a, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, and 32 (MCL 431.302, 431.303, 431.304, 431.306, 431.307, 431.308, 431.309, 431.309a, 431.310, 431.312, 431.313, 431.314, 431.315, 431.316, 431.317, 431.318, 431.319, 431.319a, 431.320, 431.321, 431.322, 431.323, 431.324, 431.325, 431.326, 431.327, 431.328, 431.329, and 431.332), sections 2 and 4 as amended by 2006 PA 445, sections 7, 9, 10, and 12 as amended by 2000 PA 164, section 9a as added by 1997 PA 73, sections 14, 17, and 18 as amended and section 19a as added by 1998 PA 408, section 16 as amended by 2005 PA 7, and section 20 as amended by 2006 PA 185; and to repeal acts and parts of acts.

The People of the State of Michigan enact:

TITLE

An act to license and regulate horse race meetings in this state, pari-mutuel wagering on the results of horse races, and persons involved in horse racing and pari-mutuel gaming activities at race meetings; to provide for the powers and duties of certain state governmental officers and entities; to provide for the promulgation of rules; to impose taxes and fees and dispose of revenues; to create funds; to legalize and permit the pari-mutuel method of wagering and gaming on the results of horse races and events 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; to declare the effect of this act; and to repeal acts and parts of acts.

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 a 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 program of 1 or more race meeting licensees or events located in this state, or an entire simulcast program of 1 or more races or events simulcast from 1 or more racetracks or locations outside of this state.

(k) “Interstate simulcast” means a simulcast from a racetrack outside this state to a racetrack inside this state.

(l) “Intertrack simulcast” means a simulcast from 1 racetrack in this state to another racetrack in this state.

(m) “Member of the immediate family” means the spouse, child, parent, or sibling.

(n) “Net commission” means the money retained by the race meeting licensee from pari-mutuel wagering under this act after all winning wagers and fees and taxes paid by the race meeting licensee are deducted. As used in this subdivision:

(i) “Fees and taxes” includes, but is not limited to, breaks, simulcast fees, licensing fees, and other regulatory fees.

(ii) “Money retained by the race meeting licensee from pari-mutuel wagering” includes any money paid by participants to engage in pari-mutuel wagering, including a fee to participate in a pari-mutuel card game.

(iii) “Winning wagers” includes payments by the race meeting licensee in the form of cash, prizes, awards, or other things of value.

(o) “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 under 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.

(p) “Pari-mutuel”, “pari-mutuel gaming activities”, and “pari-mutuel wagering” mean the form or system of gambling on races, events, games, and activities in which the winner or winners divide the total amount of money bet, after deducting all commissions, fees, and taxes. Pari-mutuel, pari-mutuel gaming activities, and pari-mutuel wagering allowed under this act are limited to wagering on the results of horse races, but include all technology and innovations related to horse races and wagering on the results of horse races that may exist now or in the future. Pari-mutuel, pari-mutuel gaming activities, and pari-mutuel wagering do not include banked games in which the race meeting licensee is a participant or otherwise holds a stake in the outcome of the game, or in which the race meeting licensee establishes a bank against which participants play. Pari-mutuel, pari-mutuel gaming activities, and pari-mutuel wagering under this act do not include a video lottery that must be authorized under the McCauley-Traxler-Law-Bowman-McNeely lottery act, 1972 PA 239, MCL 432.1 to 432.47, or any other law of this state.

(q) “Person” means an individual, firm, partnership, corporation, association, or other legal entity.

(r) “Purse pool” means an amount of money allocated or apportioned to pay prizes for horse races and from which other payments may be made consistent with this act.

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

(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 that individual.

Sec. 3. The racing commissioner has the powers and duties prescribed in this act and shall administer this act. The racing commissioner also has those additional powers necessary and proper to implement and enforce this act, to regulate and maintain jurisdiction over the conduct of each licensed race meeting in this state subject to this act, and to take any other actions necessary to support and promote horse racing, simulcast races and events, and pari-mutuel wagering and pari-mutuel gaming activities under this act.

Sec. 4. (1) The racing commissioner shall be a resident of this state and, during his or her term of office, shall not be a stockholder of, or be directly or indirectly connected with the conduct or management of, or have any other legal or beneficial interest in, any of the following:

(a) A racetrack, race meeting, or a racing interest, including, but not limited to, the ownership, breeding, training, or racing of horses or any vendor, supplier, or distributor of goods or services to a racetrack, race meeting, or racing participant licensed under this act.

(b) Any pari-mutuel wagering and pari-mutuel gaming activity conducted at a licensed race meeting in this state.

(2) The racing commissioner, an employee of the office of the racing commissioner, or a member of the immediate family of the racing commissioner or of an employee of the office of the racing commissioner shall not participate in wagering permitted under this act or conducted by a person or an affiliate of a person licensed or applying for a license under this act. This subsection does not apply to wagering that is part of surveillance, security, or other official duties for the office of the racing commissioner.

Sec. 6. (1) The racing commissioner shall appoint 2 deputy commissioners and 3 state stewards of racing as special deputies for each licensed race meeting in this state. The racing commissioner shall appoint additional deputy commissioners or special deputies as necessary. For the purpose of carrying out this act, the racing commissioner may delegate the performance of his or her duties to the deputy commissioners or special deputies. An individual appointed as a deputy commissioner or state steward shall take the constitutional oath of office and may exercise any power granted by the rules of the racing commissioner promulgated under this act. A decision of a deputy commissioner or state steward may be appealed to the racing commissioner pursuant to the contested case provisions of the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328. The racing commissioner shall employ other personnel as necessary for the administration of this act within the limits of the appropriations made by the legislature and subject to civil service rules. The racing commissioner is entitled to the reasonable and necessary expenses incurred in performing his or her duties prescribed in this act.

(2) The racing commissioner shall keep a record of all proceedings and preserve all books, maps, documents, and papers belonging to the racing commissioner or entrusted to the care of the office of racing commissioner.

(3) The racing commissioner shall make an annual report to the governor before April 15 for the immediately preceding calendar year. The report shall include a statement of the racing commissioner's receipts and disbursements and additional information and recommendations that the racing commissioner considers necessary or the governor requires.

Sec. 7. (1) The racing commissioner shall promulgate rules pursuant to the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328, for conducting live horse racing, simulcast races and events, and pari-mutuel wagering and pari-mutuel gaming activities. The rules promulgated under this section shall do all of the following:

(a) Govern, restrict, approve, or regulate horse racing, pari-mutuel wagering and pari-mutuel gaming activities, and simulcasting of races and events for licensed race meetings in this state.

(b) Promote the safety, security, growth, and integrity of all horse racing, pari-mutuel wagering and pari-mutuel gaming activities, and simulcasting of races and events for licensed race meetings in this state.

(c) License or regulate each person participating in, or having to do with, live horse racing, simulcasting of races and events, pari-mutuel wagering and pari-mutuel gaming activities at licensed race meetings in this state.

(d) Provide a process by which race meeting licensees may request and obtain approval from the racing commissioner to conduct and offer to the public all pari-mutuel wagering and pari-mutuel gaming activities consistent with this act.

(2) Each race meeting licensee shall provide security at all times so as to reasonably ensure the safety of all persons and horses on the grounds, and to protect and preserve the integrity of horse racing, pari-mutuel wagering and pari-mutuel gaming activities, and simulcasting of races and events at licensed race meetings. If the racing commissioner determines that additional security is necessary to ensure the safety and integrity of racing, the racing commissioner shall provide supplemental security at each race meeting in areas where occupational licenses are required for admittance.

(3) The racing commissioner may issue sanctions including, but not limited to, revocation or suspension of a license, exclusion from racetrack grounds, or a fine of not more than \$25,000.00 for each violation of this act or a rule promulgated under this act committed by a licensee or other person under this act. A sanction issued under this section may be appealed to the racing commissioner. The appeal shall be heard pursuant to the contested case provisions of the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328.

(4) All proposed extensions, additions, modifications, or improvements to the racecourse, roadways, parking lots, buildings, stables, lighting and electrical service, plumbing, public utilities, drainage, totalisator system and equipment, hardware and software for all approved methods of conducting pari-mutuel wagering and pari-mutuel gaming activities, and security on the grounds of a licensed racetrack owned or leased by a person licensed under this act are subject to the approval of the racing commissioner.

(5) The racing commissioner may compel the production of books, records, memoranda, electronically retrievable data, or documents that relate to horse racing, simulcast races and events, and pari-mutuel wagering and pari-mutuel gaming activities at a licensed race meeting.

(6) The racing commissioner at any time may require for cause the removal of any employee or official involved in or having to do with horse racing, a simulcast race or event, or pari-mutuel wagering and pari-mutuel gaming activities at a licensed race meeting.

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

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

Sec. 8. 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 and pari-mutuel gaming activities, or simulcasting races and events for 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 of races and events, and pari-mutuel wagering and pari-mutuel gaming activities for licensed race meetings in this state under this act.

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

Sec. 9. (1) On and after the effective date of the amendatory act that added this sentence, a track license for a racetrack where live horse racing with pari-mutuel wagering under a race meeting license was conducted in 2010 is valid and remains valid under the terms and requirements of this act. A track license in existence in 2010 for a facility that did not offer live horse racing with pari-mutuel wagering under a race meeting license in 2010 is invalid.

(2) If at any time there are fewer than 5 valid track licenses in this state, the racing commissioner shall accept applications for new track licenses from any person, regardless of whether the person conducted live horse racing with pari-mutuel wagering under a race meeting license in 2010, if the application is for a license for a track located where live horse racing with pari-mutuel wagering occurred in 2010 or at least 100 miles away from any other licensed track.

(3) An applicant for a new track license under this section 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 shall 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 by the racing commissioner.

(4) On the filing of a new application under this section and the payment of the license fee, the racing commissioner shall investigate the applicant and the racetrack or proposed racetrack as the racing commissioner considers necessary.

(5) If the racing commissioner determines that an applicant for a new track license under this section and the racetrack satisfy the requirements of this act and the rules promulgated under this act, the racing commissioner may grant a license for the racetrack, designating in the license the address where and the county or other municipality in which the licensed racetrack will be or is located.

(6) The racing commissioner shall deny an application for and shall not issue a new track license under this section if approving the application would increase the number of valid track licenses in this state to more than 5 or would cause harmful competition by or among existing tracks. The racing commissioner shall deny a new track license application if he or she determines that the applicant or the racetrack, or both, do not comply with this act and the rules promulgated under this act.

(7) The action of the racing commissioner in denying a new track license under this section may be reviewed by the circuit court pursuant to section 631 of the revised judicature act of 1961, 1961 PA 236, MCL 600.631.

(8) Subject to subsection (1), a track license is valid if the annual license fee is paid or until the license is voluntarily surrendered or is revoked as provided in this act or the rules promulgated under this act.

(9) A valid track license may be transferred or sold by the licensee with the consent of the racing commissioner. The racing commissioner shall consent to the transfer or sale of a track license unless the person seeking to acquire the track license does not meet the requirements for a new track license under subsections (2) to (6). A track license transferred or sold with the racing commissioner's consent is entitled to all privileges and subject to all requirements applicable to other track licenses.

(10) The racing commissioner may impose a fine or suspend or revoke a track 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 reasonably determined and required by the racing commissioner or 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. In addition to suspending or revoking a 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. The action of the racing commissioner in suspending or revoking a track license shall comply with and is subject to the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328, including the right to judicial appeal.

Sec. 9a. Each holder of a track license shall post a toll-free compulsive gaming helpline number at each entrance and exit of the racetrack and in prominent places in other areas where pari-mutuel wagering and pari-mutuel gaming activities are allowed. All printed advertisement and promotional materials for the track shall include the toll-free compulsive gaming helpline number.

Sec. 10. (1) A person desiring to conduct live horse racing, simulcasting of races and events, pari-mutuel wagering and pari-mutuel gaming activities, or a combination of any of these activities under a license issued under section 8(b) 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 shall be filed with the racing commissioner before September 1 of the preceding year. The application, after being filed, shall be made available for public inspection during regular business hours. The application shall be in writing and shall give the name and address of the applicant, and, if the applicant is a corporation or partnership, shall 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 shall also do all of the following:

(a) Specify the facility of a track licensee at which the proposed race meeting will be held.

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

(c) Specify whether the applicant requests or will request to conduct other pari-mutuel wagering and pari-mutuel gaming activities and simulcasting of races and events.

(d) Specify what pari-mutuel wagering will be conducted on live horse racing, simulcast races and events, and gaming activities, including any pari-mutuel wagering with common, linked, or progressive pools.

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

(f) For an applicant requesting to conduct standardbred racing, apply for a minimum of 50 days of live racing. For an applicant requesting to conduct thoroughbred racing, apply for a minimum of 75 days of live racing.

(g) Specify that the applicant requests to offer at least 9 live horse races on each day of live horse racing allocated by the racing commissioner in the race meeting license, unless another number of live horse races per day is specified in the applicant's contract with a certified horsemen's organization.

(h) 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, simulcasting of races and events, or pari-mutuel wagering and pari-mutuel gaming activities in this state.

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

(2) Upon the filing of an 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 under this act and the rules promulgated under this act. If the racing commissioner determines that the applicant, application, and proposed race meeting comply with the licensing requirements of this act and the rules promulgated under this act, the racing commissioner shall issue the race meeting license. The racing commissioner shall not deny a race meeting license or restrict the lawful activities available under a race meeting license because live racing cannot be offered or authorized for a reason allowed under this act, the rules promulgated under this act, or an order of the racing commissioner. However, a race meeting licensee shall have a contract with a certified horsemen's organization during any year in which the race meeting licensee does not conduct live horse racing.

(3) A race meeting licensee may conduct live racing of any breed or breeds of horse named in section 20 and any combination of other activities permitted under this act.

Sec. 12. (1) If a race meeting licensee is unable to conduct live horse racing on any live racing dates allocated to the licensee by the racing commissioner or cannot conduct the number of live horse races per allocated day of live horse racing required by the race meeting license because of a labor dispute, a fire, adverse weather conditions, or another cause beyond the race meeting licensee's control, the race meeting licensee is considered to have conducted those races or race days for purposes of this act. The race meeting licensee shall make a good-faith effort to reschedule live horse races on allocated live racing dates not held for 1 of the reasons described in this section unless rescheduling is impracticable.

(2) Intertrack simulcast races and events that a race meeting licensee contracts to receive from other racetracks that are canceled for any of the reasons described in subsection (1) shall be considered to be offered to the public for purposes of this act.

(3) If an entire live horse race meeting or the balance of a live horse race meeting and live horse racing dates allocated to a licensee cannot be raced due to 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 live horse racing 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 if all race meeting licensees that will be conducting live horse racing on those dates within 50 miles of the substitute racetrack consent to the transfer.

Sec. 13. (1) A race meeting licensee shall have a current written contract with a certified horsemen's organization before it may conduct live horse racing or simulcast horse racing under its license.

(2) Except as provided in section 18, a certified horsemen's organization may use its own horsemen's purse pool money to pay for all of the following:

(a) Its reasonable annual expenses.

(b) Purses for live horse races at the track where the race meeting licensee with which it has a contract operates.

(c) Costs of regulation by the racing commissioner at the racetrack where the race meeting licensee with which it has a contract operates.

(3) After the effective date of the amendatory act that added this subsection, a certified horsemen's organization may also pay or disburse purse pool money directly to the race meeting licensee with which the certified horsemen's organization has a contract for purposes expressly allowed under this act, rules promulgated under this act, or an order of the racing commissioner and according to the terms and conditions of a written contract with the race meeting licensee.

(4) The racing commissioner shall certify a horsemen's organization biannually if the horsemen's organization demonstrates that it meets the definition of a certified horsemen's organization in section 2 and it submits documentation that it has provided the consents required by the interstate horse racing act of 1978, 15 USC 3001 to 3007, to allow simulcast horse racing and interstate off-track wagering on simulcast horse racing consistent with this act at all licensed race meetings in this state that have been licensed to offer simulcast horse racing.

(5) The racing commissioner's decision not to certify a horsemen's organization or to revoke its certification is subject to review under the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328, and to appeal to the circuit court.

(6) A horsemen's purse pool may be audited by the racing commissioner, the certified horsemen's organization that establishes and maintains the purse pool, and the race meeting licensee that provides money for the purse pool. The racing commissioner may order an accounting, restitution, and redistribution of money handled in a manner inconsistent with this act. The certified horsemen's organization and the race meeting licensee may seek any remedy available if purse pool money is handled in a manner inconsistent with this act.

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 and allocate or deny any live horse racing dates requested in the application for the license. In granting the race meeting license, the racing commissioner shall also authorize the conduct of any other pari-mutuel wagering and pari-mutuel gaming activities, including simulcasting and common, linked, or progressive pool wagering, as requested by the applicant 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.

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

(3) Except as provided in section 12, if after the issuance of a race meeting license the racing commissioner determines upon 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.

(4) Any action taken by the racing commissioner under subsection (3) takes effect 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.

(5) A denial of a race meeting license under subsection (2) may be appealed directly to the circuit court for judicial review pursuant to 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 pursuant to the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328.

(6) Each race meeting licensee shall maintain an interest bearing account used exclusively for deposit of all money due horsemen's purse pools under this act. All money due to this account shall 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 shall be designated in each race meeting license application and all interest earned by the account shall be credited to the purse pool and deposited in the account.

Sec. 15. (1) Before March 31 of each year, each holder of a race meeting or track license shall file with the racing commissioner a certified statement of receipts from all sources during the previous calendar year and of all expenses and disbursements, itemized in a manner and on a standardized form as directed by the state treasurer, showing the net revenue from all sources derived by the holder of the license. These certified financial statements are public records and shall be made available for public inspection during regular business hours. The certified financial statements submitted shall be prepared by a certified public accountant in accordance with generally accepted accounting and auditing standards as promulgated by the American institute of certified public accountants. The working papers and other records pertaining to preparation of the financial statements may be reviewed by the state treasurer and the racing commissioner and shall be promptly provided to them by the holders of the race meeting license upon their request.

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

Sec. 16. (1) Each person participating in or having to do with horse racing, simulcasting of races or events, or pari-mutuel wagering and pari-mutuel gaming activities at a licensed race meeting under this act, including, but not limited to, all racing officials, veterinarians, pari-mutuel clerks or tellers, totalisator company employees, security guards, timers, horse owners, jockeys, drivers, apprentices, exercise riders, authorized agents, trainers, grooms, valets, owners of stables operating under an assumed name, jockey agents, pony riders, hot walkers, blacksmiths, starting gate employees, owners and operators of off-track training centers, farms or stables where racehorses are kept, vendors operating within the barn area of a licensed racetrack or off-track training center, farm, or stable where racehorses are kept, or vendors operating where pari-mutuel wagering and pari-mutuel gaming activities are allowed may be licensed by the racing commissioner pursuant to rules promulgated by the racing commissioner under this act. The racing commissioner shall not issue an occupational license to a person who, within the 6 years immediately preceding the date of the person's application for the occupational license, was convicted of a felony involving theft, dishonesty, misrepresentation, fraud, corruption, drug possession, delivery, or use, or other criminal misconduct that is related to the person's ability to and the likelihood that the person will perform the functions and duties of the occupation for which the person seeks to be licensed and participate in that licensed occupation in a fair, honest, open, and lawful manner. The racing commissioner shall not issue an occupational license to a person who, within 2 years immediately preceding the date of the person's application for the occupational license, was convicted of a misdemeanor involving theft, dishonesty, misrepresentation, fraud, corruption, drug possession, delivery, or use, or other criminal misconduct that is related to the person's ability to and the likelihood that the person will perform the functions and duties of the occupation for which the person seeks to be licensed and participate in that licensed occupation in a fair, honest, open, and lawful manner.

(2) A veterinarian is not required to be licensed under this act to provide necessary and appropriate emergency veterinary care or treatment to a horse that is intended to be entered, is entered, or participates in a race with wagering by pari-mutuel methods or a nonbetting race or workout conducted at a licensed race meeting in this state. Only a veterinarian licensed under this act may provide nonemergency veterinary care or treatment to a horse in this state that is intended to be entered, is entered, or participates in races at licensed race meetings in this state. Only an individual licensed under this act or otherwise authorized by the racing commissioner may enter the restricted grounds of a licensed race meeting where horses that are eligible to race at the race meeting are kept. For the purposes of this section and sections 30 and 31, a horse is intended to be entered in a race if the horse's name is put into the draw for that specific race and a horse is entered in a race if the horse has been drawn into that specific race. As used in this subsection, "emergency veterinary care or treatment" means care or treatment necessary and appropriate to save the life of the horse or prevent permanent physical injury or damage to the horse in a situation requiring immediate veterinary action.

(3) As conditions precedent to being issued and holding a valid occupational license under this act, a license applicant shall disclose, in writing, any ownership interest that the applicant has in a racehorse and provide any other information the racing commissioner considers necessary and proper and proof of compliance with the worker's disability compensation act of 1969, 1969 PA 317, MCL 418.101 to 418.941, except that the proof of compliance requirement does not apply to horse owners and trainers not covered under section 115 of the worker's disability compensation act of 1969, 1969 PA 317, MCL 418.115.

(4) In addition to the requirements of subsection (3), an applicant for an occupational license under this act shall consent, upon application and for the duration of the occupational license, if issued, to all of the following:

(a) Personal inspections, inspections of the applicant's personal property, and inspections of premises and property related to the applicant's participation in a race meeting by persons authorized by the racing commissioner.

(b) If the applicant is applying for a racing official, jockey, driver, trainer, or groom license, or for any other license for an occupation that involves contact with or access to the racehorses or the barn areas or stables where racehorses are kept, a breathalyzer test, urine test, or other noninvasive fluid test to detect the presence of alcohol or a controlled substance, if directed to do so by the racing commissioner or his or her representative. If the results of a test show that an occupational licensee 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 or participate in horse racing until he or she can produce, at his or her own expense, a negative test result. The racing commissioner may penalize a licensee for his or her positive test results, including any disciplinary action authorized by this act or rules promulgated under this act. This subsection does not apply to a controlled substance obtained directly from, or pursuant to a valid prescription from, a licensed health care provider, except that the racing commissioner may consider the person's medical need for prescribed controlled substances in determining the person's fitness to be licensed to participate in horse racing. The racing commissioner shall suspend for not less than 1 year the license of a person who for the third time in a period of not more than 6 consecutive years is relieved of his or her duties because of this subsection.

(5) When applying for an occupational license, an applicant shall provide the racing commissioner with 1 or more sets of his or her fingerprints and the appropriate fees as requested by the racing commissioner. The racing commissioner shall send the applicant's fingerprints and the appropriate fees to either the department of state police or the federal bureau of investigation in a manner acceptable to the federal bureau of investigation. If the fingerprints and fees are sent to the department of state police, the department of state police shall forward the fingerprints and the fees to the federal bureau of investigation for a criminal history check. Information obtained under this subsection shall only be used to determine the character and fitness of the applicant for licensing.

(6) A person who is issued an occupational license as a trainer is responsible for and absolute insurer of the condition, fitness, eligibility, and qualification of the horses entered to race for the person by whom the trainer is employed, except as prescribed by the rules promulgated under this act. This subsection shall not be construed or interpreted to determine civil tort liability of any racehorse owner or trainer but shall only be used in the enforcement of this act. A trainer shall not start a horse that has in its body a drug or foreign substance unless permitted under section 30 and the rules promulgated under that section. A trainer is strictly liable and subject to disciplinary action if a horse under the trainer's actual or apparent care and control as trainer has a drug or foreign substance in its body, in violation of section 30 and the rules promulgated under that section.

(7) Upon the filing of a written complaint, under oath, in the office of the racing commissioner, or upon the written motion of the racing commissioner regarding the actions or omissions of a person issued an occupational license, the racing commissioner may summarily suspend the occupational license of the person for not more than 90 days pending a hearing and final determination by the racing commissioner regarding the acts or omissions complained of in the written complaint or motion, if the commissioner determines from the complaint or motion that the public health, safety, or welfare requires emergency action. The racing commissioner shall schedule the complaint or motion to be heard within 14 business days after the occupational license is summarily suspended and notify the holder of the occupational license of the date, time, and place of the hearing not less than 5 days before the date of the hearing. The hearing shall be conducted as a contested case under the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328. The revocation or suspension of an occupational license by the racing commissioner may be appealed to the circuit court pursuant to the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328. If the racing commissioner's order is predicated upon a series of acts, the review by the circuit court may be in the county in which any of the alleged acts or failures to act took place.

(8) A decision by the racing commissioner, a deputy commissioner, or a state steward of racing to deny an application for an occupational license may be appealed to the circuit court and reviewed pursuant to section 631 of the revised judicature act of 1961, 1961 PA 236, MCL 600.631.

(9) An occupational licensee shall pay a license fee of not less than \$10.00 or more than \$100.00 as determined by the racing commissioner.

Sec. 17. (1) The pari-mutuel system of wagering permitted by this act shall not be held or construed to be unlawful. All forms of pari-mutuel wagering and pari-mutuel gaming activities conducted at a licensed race meeting shall be preapproved by the racing commissioner pursuant to rule or written order of the commissioner, or in a license issued by the commissioner, including the use of common, linked, or progressive pools.

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

(3) A holder of a race meeting license shall retain as commission by not more than 35% of all money wagered on or fees paid to participate in any pari-mutuel wagering and pari-mutuel gaming activity under this act.

(4) Unless a different percentage is stated in a written contract between the race meeting licensee and a certified horsemen's organization, 50% of net commission from wagering on the results of live horse racing at the racetrack where the live horse racing was conducted shall be paid to the horsemen's purse pool at the racetrack where the live horse racing was conducted.

(5) The racing commissioner may request and the race meeting licensee and the certified horsemen's organization shall provide information concerning any commission retained or withheld by the race meeting licensee and any net commission paid into a horsemen's purse pool.

(6) All breaks on wagers placed on live or simulcast races and events 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.

(7) Payoff prices of tickets for wagers on live or simulcast races and events of a higher denomination shall 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.

(8) A race meeting licensee shall not knowingly permit a person less than 18 years of age to be a patron of the pari-mutuel wagering and pari-mutuel gaming activities conducted or supervised by the licensee.

(9) A person shall not provide messenger service for the placing of a bet for another person who is not a patron. This act does not prevent account wagering, advanced deposit wagering, simulcasting, or intertrack or interstate common pool wagering inside or outside this state as permitted by this act, rules promulgated under this act, or order of the commissioner.

Sec. 18. (1) Simulcasting by race meeting licensees may be authorized by the racing commissioner subject to the limitations of this section.

(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 license to televise simulcasts of races and events 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 license for individual 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) If the requested simulcasts are interstate simulcast horse races, the applicant has waived in writing any right that the applicant may have under the interstate horse racing act of 1978, 15 USC 3001 to 3007, to restrict those interstate simulcasts by other race meeting licensees in this state.

(b) If the applicant transmits a simulcast signal of its live horse races, the applicant makes 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.

(c) The applicant does not charge or pay a fee for the signal of a simulcast horse race that exceeds 5% of the total amount wagered on the simulcast horse race unless it is a horse race with a purse that exceeds \$200,000.00 or the higher fee is determined by the racing commissioner not to be excessive in comparison to the amount of money expected to be wagered on the race and is authorized by an order of the racing commissioner.

(d) The applicant receives all available intertrack simulcasts from licensed race meetings located more than 12 miles from the licensee's race meeting.

(e) All authorized simulcasts are conducted in compliance with the license and related orders issued by the racing commissioner and all other requirements and conditions of this act and the rules promulgated under this act.

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

(3) A race meeting licensee that conducts live horse racing and transmits a simulcast signal of its live horse races 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 as a commission, which shall not exceed 3% of the total amount wagered on the race at the receiving track. A race meeting licensee that distributes simulcast signals for another licensee may charge a separate fee for that service.

(4) 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 the 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 cost of sending the signal out of state.

(5) Each race meeting licensee that receives an interstate simulcast or intertrack simulcast shall pay to the horsemen's simulcast purse pool established under section 19 an amount equal to 40% of the licensee's net commission from all money wagered on the interstate simulcast or intertrack simulcast.

(6) A race meeting licensee shall pay to the horsemen's purse pool at its track 15% of the net commission retained from all pari-mutuel wagering and pari-mutuel gaming activities other than live horse racing or simulcast horse races. The money paid to a horsemen's purse pool under this subsection shall be distributed and used as follows:

(a) The certified horsemen's organization shall expend 1/15 of the money for marketing and promotion of live racing at the track for the race meeting licensee that generated the money.

(b) The certified horsemen's organization shall expend 1/15 of the money for capital improvements at the track for the race meeting licensee that generated the money by paying for the improvements directly or by reimbursing the race meeting licensee for the improvements. The race meeting licensee must agree to the capital improvements being made or paid for at the track by the certified horsemen's organization.

(c) The certified horsemen's organization shall use 2/15 of the money for purses or purse supplements for Michigan-bred 2- and 3-year-old horses that race at fairs or pari-mutuel racetracks in this state.

(d) The certified horsemen's organization shall use 1/15 of the money for awards to breeders of Michigan-bred horses that race at fairs or pari-mutuel racetracks in this state.

(e) The remainder of the money shall be distributed and used as provided in section 13(2).

(7) All purse pools and other accounts established under this section may be audited by the racing commissioner, the certified horsemen's organization named on the account, and the race meeting licensee that provides money for the account. The racing commissioner may order an accounting, restitution, and redistribution of money handled in a manner inconsistent with this act. The certified horsemen's organization and the race meeting licensee may seek any remedy available if purse pool money is handled in a manner inconsistent with this act.

Sec. 19. (1) All money designated by this act to be paid into the horsemen's simulcast purse pool shall be deposited in a depository designated by all participating certified horsemen's organizations and distributed by their designated escrow agent as follows:

(a) 50% of the money generated from thoroughbred simulcasts for horsemen's purses and 35% of the money generated from standardbred simulcasts for horsemen's purses shall be divided between all thoroughbred purse pools. The division shall be on a pro rata basis between all thoroughbred race meeting licensees based upon the percentage of total thoroughbred handle, from all sources, for the previous calendar year.

(b) 50% of the money generated from thoroughbred simulcasts for horsemen's purses and 65% of the money generated from standardbred simulcasts for horsemen's purses shall be divided between all standardbred purse pools. The division shall be on a pro rata basis between all standardbred race meeting licensees based upon the percentage of total standardbred handle, from all sources, for the previous calendar year.

(2) The certified horsemen's organizations, race meeting licensees, and racing commissioner may audit money deposited and distributed under this section. The racing commissioner may order an accounting, restitution, and redistribution of money handled in a manner inconsistent with this act and take all actions necessary to require the establishment of the accounts necessary for the simulcast purse pool. The certified horsemen's organizations and the race meeting licensees may seek any remedy available at law or equity if simulcast purse pool money is handled in a manner inconsistent with this act.

(3) A participating certified horsemen's organization is only entitled to simulcast purse pool money generated from simulcast horse racing during a time in which it has a contract with a race meeting licensee that offers simulcast horse racing and is making the payments required by this act into the simulcast purse pool. However, a certified horsemen's

organization is entitled to its allocation of money from the simulcast purse pool for administrative expenses for 1 year after the expiration of a contract described in subsection (4) and during that year the simulcast purse pool money for live horse racing purses shall be placed in escrow and disbursed to the certified horsemen's organization if it obtains a new contract described in subsection (4).

(4) As used in this section, "participating certified horsemen's organization" means an organization certified under section 13 that has a contract with either of the following:

(a) A race meeting licensee that conducts its race meetings at a track located in a county with a population of less than 500,000 and that offers simulcast horse racing on at least 240 days in a year, or on less than 240 days if the certified horsemen's organization and race meeting licensee agree in writing to decrease the number of days and the decreased number of days is also authorized by the racing commissioner by order or in the race meeting license.

(b) A race meeting licensee that conducts its race meetings at a track located in a county with a population of more than 500,000 and that offers simulcast horse racing on at least 350 days in a year, or on less than 350 days if the certified horsemen's organization and race meeting licensee agree in writing to decrease the number of days and the decreased number of days is also authorized by the racing commissioner by order or in the race meeting license.

Sec. 19a. (1) If a track license or race meeting license is surrendered, revoked, or escrowed, the racing commissioner shall issue an order to pay, distribute, reallocate, or refund money due or owing between the affected licensee and its certified horsemen's organization. The racing commissioner's order shall not reallocate or refund money approved for the reasonable annual expenses of the affected licensee's certified horsemen's organization, money paid to this state for regulatory costs at the affected licensee's track, or money already disbursed or payable as purses for live horse races already conducted at the affected licensee's race meeting.

(2) The racing commissioner shall take all actions and issue all orders necessary to deal with the closing or suspension of operations by the affected licensee and may compel the production and preservation of books, receipts, and other information that may be necessary to this process.

(3) The attorney general may institute a civil action or intervene in any action to enforce an order issued by the racing commissioner under this section.

(4) As used in this section, "affected licensee" means the track licensee or race meeting licensee whose license has been surrendered, revoked, or escrowed.

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 horse 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 generated under this act from licensing fees, fines, and the simulcast horse racing tax imposed under section 22(3) that is received by the department of agriculture and rural development, the racing commissioner, the office of racing commissioner, and the state treasurer shall be used first to pay the actual costs incurred by the department of agriculture and rural development, the racing commissioner, and the office of racing commissioner in carrying out their duties under this act and then to fund the programs as provided in subsections (5) to (11). At the end of each fiscal year, money generated under this act from licensing fees, fines, and the simulcast horse racing tax imposed under section 22(3) that was appropriated for and that exceeds the actual costs incurred by the department of agriculture and rural development, the racing commissioner, and the office of racing commissioner in carrying out their duties 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). However, any money appropriated by the legislature out of the Michigan agriculture equine industry development fund to the racing commissioner or office of racing commissioner shall be administered only by the racing commissioner.

(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 for overnight races at fairs paid under this subsection shall be \$1,000.00.

(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 and races at which pari-mutuel wagering is conducted on 2-year-old and 3-year-old standardbred harness horses sired by a standardbred stallion registered with the Michigan 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.

(d) A sum to pay not more than 75% of an eligible cash premium paid by a fair or exposition. The commission of agriculture 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 15% 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 and sired by a standardbred stallion that was registered with the department of agriculture and rural development, was leased or owned by a resident or residents of this state, and 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 shall 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 money 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 director of the department of agriculture and rural development. The director of the department of agriculture and rural development may allot money for a photo finish system and a mobile starting gate. The director of the department of agriculture and rural development shall allot money 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 of agriculture and rural development 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 2-, 3-, and 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 sired by a standardbred stallion that was registered with the department of agriculture and rural development, was leased or owned by a resident or residents of this state, and 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 money 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 thoroughbred horses.

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

(c) A sum to pay breeders' awards in an amount not to exceed 15% 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 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.

(f) A sum to be allotted sufficient to pay for the collection and laboratory analysis of urine, saliva, blood, and other samples from horses and licensed persons and for the conducting of tests described in section 16(4)(b).

(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 15% 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) A sum to pay for the collection and laboratory analysis of urine, saliva, blood, and other samples from horses and licensed persons and the taking of blood alcohol tests on jockeys for those races described in this subsection and for the conducting of tests described in section 16(4)(b).

(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 15% 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) The department of agriculture and rural development shall also allot sufficient funds from the revenue received from Appaloosa horse racing to pay for the collection and laboratory analysis of urine, saliva, blood, or other samples from horses and licensed persons and the taking of blood alcohol tests on jockeys for those races described in this subsection and for the conducting of tests described in section 16(4)(b).

(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 15% 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) A sum allotted from the revenue received from Arabian horse racing to pay for the collection and laboratory analysis of urine, saliva, blood, and other samples from horses and licensed persons and the taking of blood alcohol tests on jockeys for those races described in this subsection and for the conducting of tests described in section 16(4)(b).

(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 15% 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) A sum to pay for the collection and laboratory analysis of urine, saliva, blood, and other samples from horses and licensed persons and the taking of blood alcohol tests on jockeys for those races described in this subsection and for the conducting of tests described in section 16(4)(b).

(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 director of the department of agriculture and rural development, 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) 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.

(14) 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.

(15) 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 the provisions of this section that relate to the department of agriculture and rural development. 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 (13) 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.

(16) Money under the control of the department of agriculture and rural development in this section shall be disbursed under the rules promulgated under subsection (15). All money 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 after the date of the race.

(17) The director of the department of agriculture and rural development has any additional powers necessary and proper to implement and enforce this section.

(18) As used in this section:

(a) "Michigan bred American paint horse" means a horse to which both of the following apply:

(i) The horse is from a mare that is owned by a resident of this state at the time of conception, was registered with the department of agriculture and rural development by February 15 of the foaling year, was in this state on or before February 15 of the foaling year, and remained in this state until foaling and for not less than 7 months of the foaling year.

(ii) The horse is sired by a stallion registered with the department of agriculture and rural development once per ownership at the time the ownership is transferred with the American paint horse association.

(b) "Michigan bred Appaloosa horse" means an Appaloosa horse to which both of the following apply:

(i) The horse is from a mare owned by a resident of this state at the time of conception and registered with the department of agriculture and rural development once per ownership at the time the ownership is transferred with the Appaloosa horse club.

(ii) The horse is sired by a stallion that is owned or leased exclusively by a resident of this state, did not serve a mare at a location outside of this state during the calendar year in which the service occurred, and is registered with the department of agriculture and rural development once per ownership at the time the ownership is transferred with the Appaloosa horse club.

(c) "Michigan bred Arabian horse" means an Arabian horse to which both of the following apply:

(i) The horse is from a mare that is owned by a resident of this state at the time of conception and registered with the department of agriculture and rural development once per ownership, at the time the ownership is transferred with the Arabian horse association.

(ii) The horse is sired by a stallion that is owned or leased exclusively by a resident of this state, did not serve a mare at a location outside of this state during the calendar year in which the service occurred, and is registered with the department of agriculture and rural development once per ownership at the time the ownership is transferred with the Arabian horse association.

(d) "Michigan bred quarter horse" means a quarter horse to which both of the following apply:

(i) The horse is from a mare that was owned by a resident of this state at the time of conception, was registered with the department of agriculture and rural development by February 15 of the foaling year, was in this state on or before February 15 of the foaling year, and remained in this state until foaling and for not less than 7 months of the foaling year.

(ii) The horse was sired by a stallion registered with the director of the department of agriculture and rural development once per ownership at the time the ownership is transferred with the American quarter horse association.

(e) "Michigan bred thoroughbred horse" means a thoroughbred horse to which both of the following apply:

(i) The horse is from a thoroughbred mare that was registered with the department of agriculture and rural development by February 15 of the foaling year, was in this state on or before February 15 of the foaling year, and remained in this state until foaling and for not less than 7 months of the foaling year.

(ii) The horse has a jockey club, incorporated, certificate of foal registration that states "Foaled in Michigan, U.S.A.".

Sec. 21. Local units of government participating in the distribution of money under section 17(6) shall provide for adequate police, fire, and traffic protection of persons and property at and near each race meeting, including areas where occupational licenses are required. Each local unit of government participating in the distribution of money under this act shall submit a statement on February 1 of each year to the racing commissioner showing the amount of money received and shall detail the expenditure of the money during the previous calendar year. The racing commissioner shall report annually to the governor and the legislature regarding the statements received under this section.

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

(2) A tax imposed by this act does not apply to and is not imposed on money wagered on or commissions retained from live horse racing.

(3) Each holder of a race meeting license shall pay a tax in the amount of 3.5% of all money wagered in interstate simulcast and intertrack simulcast races at the license holder's race meetings to the state treasurer to be deposited in the Michigan agriculture equine industry development fund and appropriated and expended as provided in section 20.

(4) Each holder of a race meeting license shall pay a tax in the amount of 15% of its commissions on pari-mutuel wagering and pari-mutuel gaming activities other than wagering and gaming activities on which a tax is paid under subsection (3). The tax collected under this subsection is not subject to section 20, but shall be paid as follows:

(a) Three-quarters shall be paid by the race meeting licensee to the state treasurer for deposit in the state general fund and appropriation by the legislature.

(b) One-eighth shall be paid by the race meeting licensee to the city, township, or village in which the race meeting licensee conducts race meetings at a licensed track facility.

(c) One-eighth shall be paid by the race meeting licensee to the county in which the race meeting licensee conducts race meetings at a licensed track facility.

(5) By eliminating the pari-mutuel wagering tax on live 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 reduction 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 while also creating a new source of tax revenue for this state.

(6) As used in this section, "commission" means the money retained by the race meeting licensee from pari-mutuel wagering under this act after winning wagers are deducted. Winning wagers include wagers paid by the race meeting licensee in the form of cash, prizes, awards, or other things of value. Money retained by the race meeting licensee as commission includes any money paid by participants to engage in pari-mutuel wagering, including a fee to participate in a pari-mutuel card game.

Sec. 23. (1) The auditing of pari-mutuel operations at a race meeting shall be performed by a private auditing firm appointed by the state treasurer and approved by the racing commissioner. The expense of pari-mutuel audits shall be paid by this state as a part of the state treasurer's budget. Daily audit reports on each day of pari-mutuel wagering and pari-mutuel gaming activities shall be forwarded to the racing commissioner and the holder of the race meeting license not later than 2 business days after the day for which the report is made. Within 60 days after a race meeting, at least 3 copies of the pari-mutuel audit report for the entire race meeting shall be forwarded to the racing commissioner and additional copies shall be supplied to the state treasurer and the holder of the race meeting license. The scope of the pari-mutuel audits shall be established in specifications prepared by the state treasurer and approved by the racing commissioner.

(2) The auditors representing this state under this section shall have free and full access to the space or enclosure where the payoff prices are calculated, to the rooms and enclosures where the totalisator equipment is operated, and to the money rooms and cashier terminals, and shall be responsible for verifying the accuracy of the calculations on which are based the payoff prices to the public and amount of commission, state tax and breakage, and the amounts withheld by the holder of the race meeting license for payment of uncashed tickets. The auditors at all times shall have full and free access to all pari-mutuel records and all aspects, areas, and functions of the totalisator system, including but not limited to, all hardware, software, input and output data, documents, and files. The auditors may audit internally and externally any or all parts and elements of the totalisator system whether on or off the site of the race meeting grounds. If the records are maintained in a machine-readable form, such as computer tapes or disks, copies shall be made available to the auditors on request. The auditors, in addition to their regular reports, shall make prompt report to the racing commissioner, the state treasurer, and the holder of the race meeting license of any irregularities or discrepancies they encounter during their auditing.

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

Sec. 24. A person licensed under this act shall not knowingly permit the dissemination of racing or other information that might be of benefit to the operator of an illegal handbook or other illegal gambling enterprise, including the changes in odds that may take place during the period of wagering in advance of each race. This section does not prevent the accredited representatives of newspapers, turf publications, newspaper press services, radio and television networks and stations, and other news and sports reporting media from promptly reporting from the racetrack the results of races, payoff prices on winning tickets, entries, claims, and other information concerning the actual running of races and training activities.

Sec. 25. (1) To the extent information is disclosed by a race meeting licensee under this act regarding the name, address, or other personal information, including financial information, of a patron of the licensee, the office of the racing commissioner and any other governmental authority to whom disclosure has been made shall not disclose the information. All information provided to the office of racing commissioner or any other governmental authority by a race meeting licensee that in any manner discloses the name, address, or other personal information, including financial information, of a patron of the licensee is considered confidential, and is not subject to disclosure under the freedom of information act, 1976 PA 442, MCL 15.231 to 15.246.

(2) A person regulated under this act may designate a record, license application, other information, or a portion of a record, license application, or other information furnished to or obtained by the racing commissioner or the racing commissioner's agents or employees as being only for the confidential use of the racing commissioner. The racing commissioner shall notify the regulated person of a request for public records under the freedom of information act, 1976 PA 442, MCL 15.231 to 15.246, if the scope of the request includes information designated as confidential. The person regulated under this act has 30 days after the receipt of the notice to demonstrate to the racing commissioner that the information designated as confidential should not be disclosed because the information is a trade secret or secret process; is operational, commercial, or financial information the disclosure of which would jeopardize the competitive position of the person from whom the information was obtained and make available information not otherwise publicly available; relates to security or the internal controls of a racetrack; or is of a personal nature, the release of which would constitute a clearly unwarranted invasion of a person's privacy or otherwise cause harm. The racing commissioner shall grant the request for the information unless the person regulated under this act makes a satisfactory demonstration to the racing commissioner that the information should not be disclosed. If the racing commissioner makes a decision to grant a request for information, the information requested shall not be released until 3 business days have elapsed after the decision is made.

(3) This section does not protect information from disclosure if the information is otherwise expressly required to be made public under this act.

Sec. 26. (1) Except as provided in section 20, this act applies to a county or state fair or to an agricultural or livestock exhibition only if the pari-mutuel system of wagering on the result of horse racing is conducted at the fair or exhibition.

(2) This act does not permit the pari-mutuel system of wagering at a racetrack unless the racetrack is licensed under this act. A person shall not permit, conduct, or supervise on racetrack grounds, the pari-mutuel system of wagering or other pari-mutuel wagering and pari-mutuel gaming activities, except in accordance with this act.

Sec. 27. (1) A person shall not participate in live horse racing, simulcast races and events, or other gaming activities involving wagering of any kind except as permitted under this act or otherwise permitted by law.

(2) Live horse racing, simulcast races and events, and gaming and activities with pari-mutuel wagering, including, but not limited to, the placing of pari-mutuel wagers and collection of winning pari-mutuel wagers, are authorized to the extent that they are conducted in accordance with this act and not prohibited by federal law.

(3) This act does not apply to any of the following:

(a) Casino gaming authorized under the Michigan gaming control and revenue act, 1996 IL 1, MCL 432.201 to 432.226.

(b) Lottery games authorized under the McCauley-Traxler-Law-Bowman-McNeely lottery act, 1972 PA 239, MCL 432.1 to 432.47.

(c) Bingo or millionaire parties or any other activities authorized under the Traxler-McCauley-Law-Bowman bingo act, 1972 PA 382, MCL 432.101 to 432.120.

(d) Gambling on Native American land and land held in trust by the United States for a federally recognized Indian tribe on which gaming may be conducted under the Indian gaming regulatory act, Public Law 100-497, 102 Stat. 2467.

(e) Recreational card playing, bowling, redemption games, and occasional promotional activities allowed under sections 303a, 310a, 310b, 372, and 375 of the Michigan penal code, 1931 PA 328, MCL 750.303a, 750.310a, 750.310b, 750.372, and 750.375.

Sec. 28. Except as provided in section 21, a political subdivision of this state shall not assess or collect an excise or license tax or fee from a person licensed under this act based on an activity performed under or authorized by this act.

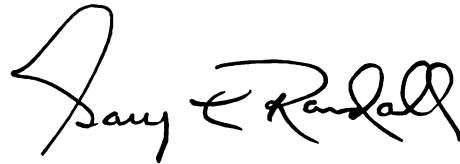
Sec. 29. A person who willfully aids, assists, or abets the violation of this act or the rules promulgated under this act is guilty of a misdemeanor punishable by a fine of not more than \$10,000.00 or by imprisonment for not more than 1 year, or both. For the purpose of this section, each day of violation of this act constitutes a separate offense.

Sec. 32. A person influencing or attempting to influence the result of a race or workout or any lawful pari-mutuel wagering and pari-mutuel gaming activity at a licensed race meeting in this state, by offer of money, thing of value, future benefit, favor, preferment; by any form of pressure or threat; by seeking or having an agreement, understanding, or conniving with an owner, jockey, driver, trainer, groom, valet, agent, or other person associated with or interested in a stable of horses or a horse or a race or workout in which the horse participates; or in any other manner, 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.

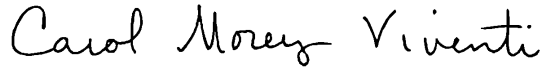
Enacting section 1. Sections 5 and 35 of the horse racing law of 1995, 1995 PA 279, MCL 431.305 and 431.335, are repealed.

Enacting section 2. Subdivision (p) of section 2 of the horse racing law of 1995, 1995 PA 279, MCL 431.302, as added by this amendatory act, is curative, shall be applied retroactively, and is intended to correct any misinterpretation concerning the original intent of the legislature to allow all pari-mutuel wagering on the results of horse races to occur under this act subject to the regulatory authority of the racing commissioner without respect to whether the pari-mutuel wagering on the results of horse races or technology for pari-mutuel wagering on the results of horse races occurred or existed on a specific date.

This act is ordered to take immediate effect.



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Clerk of the House of Representatives



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Secretary of the Senate

Approved

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Governor