

HOUSE BILL No. 4611

May 11, 2017, Introduced by Rep. Lauwers and referred to the Committee on Agriculture.

A bill to amend 1995 PA 279, entitled
"Horse racing law of 1995,"
by amending sections 2, 8, and 17 (MCL 431.302, 431.308, and
431.317), as amended by 2016 PA 271.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 2. As used in this act:

2 (a) "Affiliate" means a person who, directly or indirectly,
3 controls, is controlled by, or is under common control with; is in
4 a partnership or joint venture relationship with; or is a co-
5 shareholder of a corporation, co-member of a limited liability
6 company, or co-partner in a limited liability partnership with a
7 person who holds or applies for a race meeting or track license
8 under this act. For purposes of this subdivision, a controlling

1 interest is a pecuniary interest of more than 15%.

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

4 (c) "Certified horsemen's organization" means an organization
5 that is registered with the office of racing commissioner in a
6 manner and form required by the racing commissioner and that can
7 demonstrate all of the following:

8 (i) The organization's capacity to supply horses.

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

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

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

17 (d) "Commissioner" or "racing commissioner" means the
18 executive director of the Michigan gaming control board appointed
19 under section 4 of the Michigan gaming control and revenue act,
20 1996 IL 1, MCL 432.204, who is ordered under Executive
21 Reorganization Order No. 2009-31, MCL 324.99919, to perform all the
22 functions and exercise the powers performed and exercised by the
23 racing commissioner before that position was abolished.

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

26 (f) "Day of operation" means a period of 24 hours beginning at
27 12 noon and ending at 11:59 a.m. the following day.

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

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

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

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

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

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

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

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

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

27 (m) "Net commission" means the amount determined under section

1 17(3), after first deducting from the licensee's statutory
2 commission the applicable state tax on wagering due and payable
3 under section 22 and the actual verified fee paid by the licensee
4 to the sending host track to receive the simulcast signal.

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

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

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

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

25 **(R) "RACE MEETING" MEANS ACTIVITIES RELATED TO LIVE HORSE**
26 **RACING WITH THE CONDUCTING AND OVERSEEING OF PARI-MUTUEL WAGERING**
27 **ON LIVE AND SIMULCAST WAGERING BY A RACE MEETING LICENSEE.**

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

4 (T) ~~(s)~~—"Thoroughbred" means a thoroughbred, quarter, paint,
5 Arabian, or other breed horse. Thoroughbred does not include a
6 standardbred.

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

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

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

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

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

24 **(D) THIRD PARTY FACILITATOR LICENSES FOR PERSONS CONTRACTED BY**
25 **RACE MEETING LICENSEES TO FACILITATE WAGERING ON LIVE AND SIMULCAST**
26 **RACING. THE RACING COMMISSIONER SHALL SET THE TERMS AND CONDITIONS**
27 **AND THE APPROPRIATE FEE FOR THE LICENSE. A LICENSE ISSUED UNDER**

**1 THIS SUBDIVISION ENDS ONCE THE CONTRACT WITH THE RACE MEETING
2 LICENSEE TO FACILITATE WAGERING ON LIVE AND SIMULCAST RACING
3 ACTIVITIES TERMINATES.**

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

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

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

23 (3) Subject to section 18(3), each holder of a race meeting
24 license shall retain as his or her commission on all forms of
25 straight wagering 17% of all money wagered involving straight
26 wagers on the results of live and simulcast horse races conducted
27 at the licensee's race meetings. Subject to section 18(3), each

1 holder of a race meeting license shall retain as his or her
2 commission on all forms of multiple wagering, without the written
3 permission of the racing commissioner not more than 28% and with
4 the written permission of the racing commissioner not more than 35%
5 of all money wagered involving any form of multiple wager on the
6 results of live and simulcast horse races conducted at the
7 licensee's race meeting. Except as otherwise provided by contract,
8 50% of all commissions from wagering on the results of live racing
9 at the racetrack where the live racing was conducted shall be paid
10 to the horsemen's purse pool at the racetrack where the live racing
11 was conducted. As used in this subsection:

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

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

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

20 (5) Payoff prices of tickets of a higher denomination must be
21 calculated as even multiples of the payoff price for a \$1.00 wager.
22 Each holder of a race meeting license shall distribute to the
23 persons holding winning tickets, as a minimum, a sum not less than
24 \$1.10 calculated on the basis of each \$1.00 deposited in a pool,
25 except that each race meeting licensee may distribute a sum of not
26 less than \$1.05 to persons holding winning tickets for each \$1.00
27 deposited in a minus pool. As used in this subsection, "minus pool"

1 means any win, place, or show pool in which the payout would exceed
2 the total value of the pool.

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

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

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

25 **(8) ANY FORM OF PARI-MUTUEL WAGERING ON THE RESULTS OF LIVE OR**
26 **SIMULCAST HORSE RACES MUST ONLY OCCUR OR BE PERMITTED TO OCCUR AT A**
27 **LICENSED RACE MEETING, AS DETERMINED BY THE RACING COMMISSIONER.**

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

8 (10) **ONLY A RACE MEETING LICENSEE MAY PROCESS, ACCEPT, OR**
9 **SOLICIT WAGERS ON THE RESULTS OF LIVE OR SIMULCAST HORSE RACES. FOR**
10 **PURPOSES OF THIS SUBSECTION ONLY, RACE MEETING LICENSEES MAY**
11 **UTILIZE A THIRD PARTY FACILITATOR LICENSEE TO ASSIST WITH WAGERING**
12 **AT A LICENSED RACETRACK.**

13 (11) ~~(10)~~As used in this section, "act or transaction
14 relative to pari-mutuel wagering on the results of live or
15 simulcast horse races" means those steps taken by a race meeting
16 licensee to accept a wager and process it within the ordinary
17 course of its business and in accordance with this act.