

Legislative Analysis



MICHIGAN AGRICULTURE EQUINE INDUSTRY DEVELOPMENT FUND ALLOCATIONS AND OUTSTANDING WINNING TICKETS

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House Bill 4599 as introduced
Sponsor: Rep. Julie Alexander

House Bill 4600 as introduced
Sponsor: Rep. John D. Cherry

Committee: Agriculture
Complete to 4-21-21

SUMMARY:

House Bill 4599 would amend the Horse Racing Law to increase breeders' awards and modify the distribution of funds to certain programs under the act, and House Bill 4600 would amend 1951 PA 90 to reflect the changes proposed by HB 4599 and eliminate certain requirements for money held by a licensee for the payment of outstanding winning tickets.

House Bill 4599

Currently under the Horse Racing Law, the racing commissioner can issue several general classes of licenses, but cannot issue a race meeting license to a person that is licensed to conduct a licensed race meeting at another licensed racetrack in Michigan that the person co-owns or has a controlling interest in. The bill would eliminate this prohibition.

The act requires certain amounts to be paid from the Michigan Agriculture Equine Industry Development Fund to standardbred and fair programs. The bill would amend these amounts as follows:

- Increase, from 75% to 90%, the cap on the percentage to be paid of the purses for standardbred harness horse races offered by fairs and races at license pari-mutuel racetracks. The bill would remove provisions regarding minimum purse supplements paid under this provision for overnight races at fairs for which Michigan sired, Michigan bred, or Michigan owned harness horses are eligible.
- Add a provision requiring the following allotment of the amount appropriated from the fund for purses and supplements – fairs/licenses tracks:
 - 30% for overnight races at fairs for which Michigan sired, Michigan bred, or Michigan owned harness horses are eligible.
 - 70% for paying special purses at fairs on two-year-old and three-year-old standardbred harness horses that meet certain conditions. (The law currently requires a sum to be allotted for this purpose.)
- Increase, from 75% to 90%, the cap on the percentage to be paid of an eligible cash premium paid by a fair or exposition.

- Increase, from 10% to 20%, the cap on the percentage of the gross purse to breeders of Michigan bred standardbred harness horses to pay breeders' awards for each time the horse wins a race at a licensed race meeting or fair in Michigan.
- Increase, from \$4,000 to \$12,000, the cap on the amount allotted each year to fairs to provide training and stabling facilities for standardbred harness horses.
- Increase, from 0.25% to 0.5%, the cap on the percentage of all money wagered on live and simulcast horse races in Michigan that must be placed in a special standardbred sire stakes fund each year, all of which must be used to provide purses for races run exclusively for two-year-old and three-year-old Michigan sired standardbred horses at licensed harness race meetings in Michigan.

Additionally, the act prescribes amounts that must be paid from the fund to thoroughbred programs. The bill would amend these amounts as follows:

- Increase, from 10% to 20%, the cap on the percentage of the gross purse to breeders of Michigan bred thoroughbred horses to pay breeders' awards for each time the horse wins at a licensed race meeting in Michigan.
- Increase, from 0.25% to 0.5%, the cap on the percentage of all money wagered on live and simulcast horse races in Michigan that must be placed in a special thoroughbred sire stakes fund each year, all of which must be used to provide purses for races run exclusively for two-year-old and three-year-old and older Michigan sired thoroughbred horses at licensed thoroughbred race meetings in Michigan and awards for owners of Michigan sired horses or stallions.

The act also currently requires certain amounts to be paid for quarter horse programs, Appaloosa programs, Arabian programs, and American paint horse programs. The bill would eliminate those requirements.

The bill would also increase the percentage of the Michigan Agriculture Equine Industry Development Fund that must be deposited in the Compulsive Gaming Prevention Fund created under the Compulsive Gaming Prevention Act, from 1/15 of 1% of the gross wagers made each year in each of the racetracks licensed under the act, to 1/10 of 1% of those wagers.

Finally, the act currently mandates that, if the amount allocated to the Michigan Agriculture Equine Industry Development Fund, either under the act or from any other source, exceeds \$8.0 million in a fiscal year, the amount in excess of \$8.0 million must be allocated to the Pari-Mutuel Horse Racing Disbursement Account. The bill would eliminate this provision.

MCL 431.308 et seq.

House Bill 4600 would amend 1951 PA 90, which pertains to the possession, control, and disposition of funds held by certain race meeting licensees for outstanding winning tickets. Currently under the act, money held by a licensee for the payment of outstanding winning tickets for a race meeting conducted under the Horse Racing Law that has not been claimed by its owner within 60 days after the close of the race meeting must be retained by the licensee and distributed as provided under the act.

The bill would eliminate distribution requirements pertaining to light horse race meeting licensees. (It would retain those that apply to standardbred and thoroughbred race meeting licensees.) The bill would also remove provisions that applied only to calendar year 1998 and update citations to the Horse Racing Law to reflect the changes proposed by HB 4599.

MCL 431.252

The bills are tie-barred to one another, which means that neither could take effect unless both were enacted.

FISCAL IMPACT:

A fiscal analysis is in progress.

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