

**SUBSTITUTE FOR
SENATE BILL NO. 396**

A bill to amend 1995 PA 279, entitled "Horse racing law of 1995," by amending sections 2, 8, 9, 10, 12, 14, 17, 19, 20, 20a, and 22 (MCL 431.302, 431.308, 431.309, 431.310, 431.312, 431.314, 431.317, 431.319, 431.320, 431.320a, and 431.322), sections 2, 10, 12, and 14 as amended by 2016 PA 271 and sections 8, 9, 17, 19, 20, and 22 as amended and section 20a as added by 2019 PA 153, and by adding sections 15a and 16a; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 2. As used in this act:

2 (a) "Affiliate" means, **except as provided in section 16a**, a
3 person who, directly or indirectly, controls, is controlled by, or
4 is under common control with; is in a partnership or joint venture

1 relationship with; or is a co-shareholder of a corporation, co-
2 member of a limited liability company, or co-partner in a limited
3 liability partnership with a person who holds or applies for a race
4 meeting or track license under this act. For purposes of this
5 subdivision, a controlling interest is a pecuniary interest of more
6 than 15%.

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

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

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

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

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

19 (iv) The organization's ability to protect the financial
20 interests of the individuals participating at licensed race
21 meetings.

22 (d) "Commissioner" or "racing commissioner" means the
23 executive director of the Michigan gaming control board appointed
24 under section 4 of the Michigan ~~gaming control~~ **Gaming Control** and
25 ~~revenue act~~, **Revenue Act**, 1996 IL 1, MCL 432.204, who is ordered
26 under Executive Reorganization Order No. 2009-31, MCL 324.99919, to
27 perform all the functions and exercise the powers performed and
28 exercised by the racing commissioner before that position was
29 abolished.

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

3 (f) "Day of operation" means a period of 24 hours beginning at
4 12 noon and ending at 11:59 a.m. the following day.

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

6 (i) A substance intended for use in the diagnosis, cure,
7 mitigation, treatment, or prevention of disease in humans or other
8 animals.

9 (ii) A substance, other than food, intended to affect the
10 structure or condition or any function of the body of humans or
11 other animals.

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

14 (h) "Fair" means a county, district, or community fair or a
15 state fair.

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

20 (j) "Full card simulcast" means an entire simulcast racing
21 program of 1 or more race meeting licensees located in this state,
22 or an entire simulcast racing program of 1 or more races
23 simulcasted from 1 or more racetracks located outside of this
24 state.

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

29 (l) "Member of the immediate family" means the spouse, child,

1 parent, or sibling.

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

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

19 (o) "Pari-mutuel" and "pari-mutuel wagering" mean ~~the form or~~
20 ~~system of gambling in which the winner or winners divide the total~~
21 ~~amount of money bet, after deducting the net commission.~~ **a method of**
22 **wagering in which 1 or more patrons wager on 1 or more live horse**
23 **racess, whether run in the past or to be run in the future. A wager**
24 **must be placed in 1 or more wagering pools, and wagers on different**
25 **racess or sets of racess may be pooled together. Patrons may**
26 **establish odds or payouts, and winning patrons share in the amounts**
27 **wagered, including any carryover amounts plus any amounts provided**
28 **by a race meeting licensee less any deductions required. Pools may**
29 **be paid out incrementally over time. Pari-mutuel and pari-mutuel**

1 wagering do not include wagering with a video lottery terminal that
2 must be authorized under the McCauley-Traxler-Law-Bowman-McNeely
3 lottery act, 1972 PA 239, MCL 432.1 to 432.47, or another law of
4 this state.

5 (p) "Pari-mutuel racing supplier" means a person that the
6 racing commissioner has identified under the rules promulgated by
7 the racing commissioner as requiring a license to provide
8 equipment, goods, or services that directly affect wagering, play,
9 and results of pari-mutuel wagering on horse races run in the past.

10 (q) ~~(p)~~ "Person" means an individual, firm, partnership,
11 corporation, association, or other legal entity.

12 (r) ~~(q)~~ "Purse pool" means an amount of money allocated or
13 apportioned to pay prizes for horse races and from which payments
14 may be made to certified horsemen's organizations as provided in
15 this act.

16 (s) ~~(r)~~ "Standardbred" means a horse registered with the
17 United States Trotting Association that races on designated gaits
18 of pace or trot.

19 (t) ~~(s)~~ "Thoroughbred" means a thoroughbred, quarter, paint,
20 Arabian, or other breed horse. Thoroughbred does not include a
21 standardbred.

22 (u) ~~(t)~~ "Veterinarian" means an individual licensed to
23 practice veterinary medicine under part 188 of the public health
24 code, 1978 PA 368, MCL 333.18801 to 333.18838, or under a state or
25 federal law applicable to the individual.

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

28 (a) Occupational licenses issued to individuals participating
29 in, involved in, or otherwise having to do with horse racing, pari-

1 mutuel wagering, or simulcasting at a licensed race meeting in this
2 state.

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

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

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

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

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

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

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

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

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

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

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

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

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

15 (e) **Pari-mutuel racing supplier licenses to persons to provide**
16 **equipment, goods, or services that directly affect wagering, play,**
17 **and results of pari-mutuel wagering on horse races run in the past.**

18 (2) **Subject to subsection (1)(d), the racing commissioner may**
19 **issue a third-party facilitator license to an internet sports**
20 **betting platform provider that holds a sports betting supplier**
21 **license issued under section 8 of the lawful sports betting act,**
22 **2019 PA 149, MCL 432.408. As used in this subsection, "internet**
23 **sports betting platform provider" means that term as defined in**
24 **section 3 of the lawful sports betting act, 2019 PA 149, MCL**
25 **432.403.**

26 (3) ~~If, after the effective date of the amendatory act that~~
27 ~~added this subsection, **December 20, 2019,** the racing commissioner~~
28 ~~issues a race meeting license to a person that has, after January~~
29 ~~1, 2018, held a race meeting license but that will be conducting~~

1 all or part of its race meeting under the new license at a
2 different racetrack than under the previous licenses, the person
3 shall not conduct pari-mutuel wagering at a licensed racetrack that
4 is within ~~35~~**30** miles of another licensed racetrack at which 1 or
5 more race meeting licensees may conduct pari-mutuel wagering.

6 (4) If, after ~~the effective date of the amendatory act that~~
7 ~~added this subsection,~~**December 20, 2019**, the racing commissioner
8 issues a race meeting license to a person that has not held a race
9 meeting license before ~~the effective date of the amendatory act~~
10 ~~that added this subsection,~~**December 20, 2019**, the person shall not
11 conduct pari-mutuel wagering at a licensed racetrack that is within
12 ~~50~~**40** miles of another licensed racetrack at which 1 or more race
13 meeting licensees ~~may conduct~~**conducted** pari-mutuel wagering **in**
14 **2021**.

15 Sec. 9. (1) The racing commissioner shall issue, without
16 further application, a track license to any person holding a valid
17 track license under former 1980 PA 327, and maintaining or
18 operating a licensed horse racetrack as of January 9, 1996 at which
19 wagering by pari-mutuel methods on the results of horse racing has
20 been conducted by a race meeting licensee. ~~After the effective date~~
21 ~~of the amendatory act that added this sentence, the racing~~
22 ~~commissioner may issue, without further application, a track~~
23 ~~license to a local unit of government that holds or has previously~~
24 ~~held a track license issued under this act.~~

25 (2) A track license, once issued, is valid only as long as the
26 annual license fee is paid, or until the track license is
27 voluntarily surrendered or is revoked as provided in this act or
28 the rules promulgated under this act.

29 (3) An applicant for a track license shall submit an

1 application that is in writing, that demonstrates to the racing
2 commissioner that the applicant has satisfactory financial
3 responsibility, that shows the location of the racetrack or of the
4 proposed racetrack, and that is accompanied by substantially
5 detailed plans and specifications for the racecourse, paddock,
6 grandstand, stable barns, racetrack buildings, fences, electrical
7 service and lighting, plumbing, parking, and other facilities and
8 improvements. The application must include the name and address of
9 the applicant, if the applicant is a corporation, the place of its
10 incorporation, and any other information required by the rules
11 promulgated under this act. On the applicant's filing of the
12 application and payment of the license fee, the racing commissioner
13 shall investigate the applicant and the racetrack or proposed
14 racetrack as the racing commissioner considers necessary. If the
15 racing commissioner determines that the applicant and the racetrack
16 satisfy the requirements of this act and the rules promulgated
17 under this act, the racing commissioner shall grant a license for
18 the racetrack, designating in the license the county or other
19 municipality in which the licensed racetrack will be or is located.
20 If the racing commissioner determines that the applicant or the
21 racetrack, or both, do not comply with this act and the rules
22 promulgated under this act, the racing commissioner shall deny the
23 license. **However, the racing commissioner may grant a license to an**
24 **applicant, including, but not limited to, an applicant that has**
25 **previously applied and been denied, after the annual deadline for**
26 **2022, 2023, and 2024 if the racing commissioner determines that the**
27 **applicant and the racetrack satisfy all of the other requirements**
28 **of this act and the rules promulgated under this act.** The action of
29 the racing commissioner in denying a track license may be reviewed

1 by the circuit court under section 631 of the revised judicature
2 act of 1961, 1961 PA 236, MCL 600.631.

3 (4) A track license may be transferred to a new owner of a
4 racetrack with the consent of the racing commissioner.

5 (5) After a track license is issued under this section, the
6 racing commissioner may impose a fine or suspend or revoke the
7 license if the holder of the license, after reasonable notice from
8 the racing commissioner, does not make necessary improvements,
9 additions, or corrections to the licensed premises, fixtures, or
10 equipment as determined and required by the racing commissioner; if
11 the holder of the license violates or is no longer in compliance
12 with the requirements of this act or the rules promulgated under
13 this act; or if the licensed premises are not used to conduct a
14 licensed race meeting for 2 consecutive years. In addition to the
15 suspension or revocation of the license, the racing commissioner
16 may impose a fine or bring an action in circuit court seeking an
17 order of the court requiring the licensee to make reasonable and
18 necessary racetrack improvements or additions as determined by the
19 commissioner if the licensee fails to make improvements or
20 corrections that comply with the applicable construction code or
21 local ordinances. In suspending or revoking a track license, the
22 racing commissioner shall comply with the administrative procedures
23 act of 1969, 1969 PA 306, MCL 24.201 to 24.328. The action of the
24 racing commissioner is subject to appeal.

25 (6) The racing commissioner shall not issue a track license
26 under this section if the new license would result in harmful
27 competition among existing racetracks.

28 **(7) The racing commissioner shall keep all information,**
29 **records, interviews, reports, statements, memoranda, or other data**

1 supplied to or used by the racing commissioner in the course of the
2 review or investigation of an application for a track license or
3 renewal of a track license confidential. The materials described in
4 this subsection are exempt from disclosure under section 13 of the
5 freedom of information act, 1976 PA 442, MCL 15.243.

6 Sec. 10. (1) A person that desires to conduct a thoroughbred
7 or standardbred race meeting, or a combination of these race
8 meetings, with pari-mutuel wagering on the results of live and
9 simulcast horse races under this act shall apply each year to the
10 racing commissioner for a race meeting license in the manner and
11 form required by the racing commissioner. The application must be
12 filed with the racing commissioner before September 1 of the
13 preceding year. The racing commissioner shall make an application,
14 after it is filed, available for public inspection during regular
15 business hours. The application must be in writing and give the
16 name and address of the applicant, and, if the applicant is a
17 corporation or partnership, state the place of the applicant's
18 incorporation or partnership and the names and addresses of all
19 corporate directors, officers, shareholders, and partners. The
20 application must also do all of the following:

21 (a) Specify the licensed racetrack at which the proposed race
22 meeting will be held.

23 (b) Specify whether the applicant requests or will request to
24 conduct simulcasting at the proposed race meeting and, if so,
25 demonstrate the applicant's ability to conduct simulcasting in
26 accordance with this act.

27 (c) Specify the horse breed for which the applicant desires to
28 conduct live racing at the proposed race meeting, and the days on
29 which the applicant proposes to conduct live horse racing at the

1 race meeting.

2 (d) Specify the time period during which the applicant
3 requests to be licensed during the calendar year immediately
4 following the date of application.

5 (e) Demonstrate to the racing commissioner that the applicant
6 and all persons associated with the applicant who hold any
7 beneficial or ownership interest in the business activities of the
8 applicant or who have power or ability to influence or control the
9 business decisions or actions of the applicant satisfy all of the
10 following requirements:

11 (i) Are persons of good character, honesty, and integrity.

12 (ii) Possess sufficient financial resources and business
13 ability and experience to conduct the proposed race meeting.

14 (iii) Do not pose a threat to the public interest of this state
15 or to the security and integrity of horse racing or pari-mutuel
16 wagering on the results of horse races in this state.

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

19 (2) Upon the filing of the application for a race meeting
20 license, the racing commissioner shall conduct an investigation of
21 the applicant and the application to determine whether the
22 applicant, application, and proposed race meeting comply with the
23 licensing requirements for a race meeting license under this act
24 and the rules promulgated under this act.

25 **(3) The racing commissioner may issue a race meeting license**
26 **for 2022, 2023, or 2024 to a person who does not meet the annual**
27 **deadline for submitting the application, including, but not limited**
28 **to, an applicant that has previously applied and been denied, if**
29 **the racing commissioner determines that the applicant, application,**

1 and proposed race meeting comply with all of the other licensing
2 requirements for a race meeting under this act and the rules
3 promulgated under this act.

4 (4) Each year the racing commissioner shall not issue more
5 than 3 race meeting licenses. Subject to subsection (2), each year
6 the racing commissioner shall issue a race meeting license to an
7 applicant under subsection (1) that held a race meeting license in
8 the preceding year.

9 (5) The racing commissioner shall keep all information,
10 records, interviews, reports, statements, memoranda, or other data
11 supplied to or used by the racing commissioner in the course of the
12 review or investigation of an application for a race meeting
13 license or renewal of a race meeting license confidential. The
14 materials described in this subsection are exempt from disclosure
15 under section 13 of the freedom of information act, 1976 PA 442,
16 MCL 15.243.

17 Sec. 12. (1) An applicant for a license to conduct a
18 thoroughbred race meeting shall apply to conduct not fewer than 30
19 days of live thoroughbred racing during its proposed race meeting.
20 Except during the opening and closing week of a race meeting, the
21 applicant shall apply to conduct live racing not fewer than 2 days
22 per week, with not fewer than 8 live horse races programmed, and
23 shall conduct live racing programs on the days allocated by the
24 racing commissioner. The commissioner shall allocate not fewer than
25 10 days of live horse racing to a race meeting licensee with not
26 fewer than 6 programmed live races per allocated day.

27 (2) An applicant for a license to conduct a standardbred race
28 meeting shall apply to conduct not fewer than 30 days of live
29 standardbred harness horse racing during its proposed race meeting.

1 Except during the opening and closing week of a race meeting, the
2 applicant shall apply to conduct live horse racing not fewer than 2
3 days per week, with not fewer than 8 live horse races programmed,
4 and shall conduct live racing programs on the days awarded. The
5 commissioner shall allocate not fewer than 10 days of live horse
6 racing to a race meeting licensee with not fewer than 6 programmed
7 live races per allocated day.

8 (3) If a race meeting licensee is unable to program and
9 conduct 8 live horse races on a racing date awarded to the licensee
10 because there are fewer than 5 entries in a race, the licensee
11 shall not conduct any simulcasting **or pari-mutuel wagering** on that
12 day without the written consent of the certified horsemen's
13 organization with which it has a contract.

14 (4) If a race meeting licensee is unable to conduct racing on
15 a live racing date awarded to the licensee or fewer than 8 live
16 horse races on an awarded live racing date because of a labor
17 dispute, fire, adverse weather conditions, or other causes beyond
18 the race meeting licensee's control, the race meeting licensee is
19 considered to have conducted those races or that race date for
20 purposes of this act and is not precluded from conducting any
21 simulcasts **or pari-mutuel wagering** because of the licensee's
22 inability to conduct those live races or that race date.

23 (5) Intertrack simulcast races that a race meeting licensee
24 contracts to receive from other racetracks that are canceled for
25 any of the reasons described in subsection (4) are offered to the
26 public for purposes of this act.

27 (6) If an entire race meeting or the balance of a race meeting
28 and racing dates awarded to a licensee cannot be raced because of
29 an act of God or significant physical damage to the licensed

1 racetrack at which the race meeting was licensed to be conducted
2 caused by fire or some other catastrophe, the racing commissioner
3 may transfer those dates to another race meeting licensee upon
4 application of the substitute licensee if the substitute licensee
5 satisfies the requirements for licensure under this act and
6 demonstrates that it has or will have a legal or contractual right
7 to the use of a different licensed racetrack facility on the racing
8 dates in question, and all race meeting licensees that will be
9 conducting live racing on those dates within 50 miles of the
10 substitute racetrack consent to the transfer.

11 (7) Notwithstanding anything in this act to the contrary, if
12 the racing commissioner determines that 1 or more of the conditions
13 listed in subsection (8) apply and the contracted certified
14 horsemen's organization is in agreement, the racing commissioner
15 may amend an existing race meeting license and simulcast permit to
16 allow the licensee to continue simulcasting **or conducting pari-**
17 **mutuel wagering** during the remaining period of the race meeting
18 license. An amended license under this section may be issued by the
19 racing commissioner at any time, including at the time of the
20 initial issuance of the race meeting license for the upcoming year
21 during which it is valid.

22 (8) The racing commissioner may issue an order amending a race
23 meeting license under subsection (7) if he or she determines that
24 the licensee is capable of conducting simulcast horse racing **or**
25 **pari-mutuel wagering** in accordance with this act and that 1 or more
26 of the following conditions exist:

27 (a) There is inadequate horse supply for the licensee to
28 conduct a live race meeting of at least 10 days with 6 races per
29 day.

1 (b) There is inadequate funding of live racing purses to
2 support the licensee's conducting of a live race meeting of at
3 least 10 days with 6 races per day.

4 (c) There is no certified horsemen's organization operating in
5 this state.

6 (9) In order to obtain an amended license issued under
7 subsection (7) and satisfy the live racing requirements of this
8 act, the licensee must have a written contract with a certified
9 horsemen's organization to pay a percentage of its net commission
10 from simulcasting **or from conducting pari-mutuel wagering** to the
11 live racing purse pool at another racetrack licensed under this act
12 during the period when the amended license issued under subsection
13 (7) is in effect. Unless otherwise provided in the written contract
14 between the licensee and the certified horsemen's organization, the
15 payment must be not less than 25% of net commission from
16 simulcasting **or from conducting pari-mutuel wagering** if only 1
17 certified horsemen's organization has a contract for live race days
18 in this state for the calendar year. If both certified horsemen's
19 organizations have a contract for live race dates in this state for
20 the calendar year, the payment must be not more than 40% of the net
21 commission from simulcasting **or from conducting pari-mutuel**
22 **wagering.**

23 (10) Subsections (7) to (9) apply only to amendments to a race
24 meeting license for the purpose of allowing simulcast-only
25 operations **or pari-mutuel wagering-only** and are not limitations on
26 or requirements for other race meeting license amendments the
27 racing commissioner may approve or deny.

28 (11) Notwithstanding anything in this act to the contrary, if
29 a race meeting licensee and the certified horsemen's organization

1 with which the licensee has a contract jointly request that the
2 licensee be allowed to conduct a live race meeting with fewer than
3 8 races per day, the racing commissioner shall approve the request
4 and issue an order amending the license accordingly.

5 Sec. 14. (1) Before November 1 of the year preceding the year
6 for which applications are made, the racing commissioner shall
7 grant or deny each application for a race meeting license, allocate
8 or deny the dates, for which application has been made, on which
9 pari-mutuel wagering on live races may be conducted at each
10 licensed race meeting in this state, and shall also determine
11 whether the applicant may simulcast under section 18 during the
12 calendar year for which the license is issued. The racing
13 commissioner may grant a race meeting license for any time period
14 up to 1 year during which the licensee may conduct live and
15 simulcast horse races with pari-mutuel wagering on the results of
16 the races.

17 (2) Subject to section 12(4), all simulcasting **or pari-mutuel**
18 **wagering** authorized by the racing commissioner must be conditioned
19 on the holder of the license conducting not fewer than 8 live horse
20 races on each live racing date allocated in the holder's race
21 meeting license, unless this requirement is waived in writing by
22 both the racing commissioner and the certified horsemen's
23 organization with which the licensee has contracted.

24 (3) The racing commissioner shall not issue a race meeting
25 license to an organization organized for a charitable purpose or
26 organized for the purpose of distributing its profits or income to
27 charitable organizations.

28 (4) Except as provided in section 12(4), (5), and (6), if
29 after the issuance of a race meeting license the racing

1 commissioner determines on further investigation that the holder of
2 a race meeting license has not met, or will be unable to meet, the
3 requirements of the license, the racing commissioner may impose a
4 fine or suspend or revoke the race meeting license, or both, for
5 all or part of the remainder of the time period for which the
6 license was granted. Before making the required determination to
7 impose a fine or suspend or revoke a race meeting license under
8 this subsection, the racing commissioner shall consider whether the
9 race meeting licensee's inability or failure to meet the
10 requirements of its license is due to a cause beyond the control of
11 the race meeting licensee.

12 (5) Any action taken by the racing commissioner under
13 subsection (4) becomes effective 10 days after the holder of the
14 race meeting license receives written notice unless the
15 commissioner finds that the public health, safety, or welfare
16 requires emergency action and immediate effect of the
17 commissioner's order.

18 (6) A denial of a race meeting license under subsection (3)
19 may be appealed to the circuit court for judicial review under
20 section 631 of the revised judicature act of 1961, 1961 PA 236, MCL
21 600.631. A suspension or revocation of a race meeting license may
22 be appealed under the administrative procedures act of 1969, 1969
23 PA 306, MCL 24.201 to 24.328.

24 (7) Each applicant issued a race meeting license shall
25 maintain an interest bearing account used exclusively to deposit
26 all money due to horsemen's purse pools under this act. All money
27 due to this account must be deposited within a reasonable time
28 after receipt by the race meeting licensee. The name of the
29 depository and the identification number of the account must be

1 designated in each race meeting license application and all
2 interest earned by the account must be credited to the purse pool
3 and deposited in the account.

4 **Sec. 15a. (1) A race meeting licensee shall provide to the**
5 **racing commissioner a monthly report regarding its operation of**
6 **pari-mutuel wagering on horse races run in the past under this act**
7 **to include all of the following:**

8 (a) Total amount of wagers received.

9 (b) Payouts.

10 (c) Free play redeemed.

11 (d) Deductions.

12 (e) Adjusted gross receipts, as defined in section 22.

13 **(2) The racing commissioner shall provide the report under**
14 **subsection (1) to the department of treasury, the state budget**
15 **office on request, and the house and senate fiscal agencies on**
16 **request. In addition, the department of treasury and the state**
17 **budget office may request additional information from the race**
18 **meeting licensee that is directly related to, and for the purposes**
19 **of verification of, the financial data provided under subsection**
20 **(1) (a) and (b), which must be provided not later than 60 days after**
21 **the request. Any information provided under this section is**
22 **confidential and proprietary and is exempt from disclosure under**
23 **the freedom of information act, 1976 PA 442, MCL 15.231 to 15.246.**

24 **Sec. 16a. (1) The racing commissioner may issue a pari-mutuel**
25 **racing supplier license to a pari-mutuel racing supplier. A person**
26 **that is not licensed under this section shall not provide**
27 **equipment, goods, software, or services as a pari-mutuel racing**
28 **supplier to a race meeting licensee.**

29 **(2) On application by an interested person, the racing**

1 commissioner may issue a provisional pari-mutuel racing supplier
2 license to an applicant for a pari-mutuel racing supplier license.
3 A provisional license issued under this subsection allows the
4 applicant for the pari-mutuel racing supplier license to conduct
5 business with a race meeting licensee before the pari-mutuel racing
6 supplier license is issued to the applicant. A provisional license
7 issued under this subsection expires on the date provided by the
8 racing commissioner.

9 (3) A pari-mutuel racing supplier license issued under
10 subsection (1) is valid for the 2-year period after the date of
11 issuance. A pari-mutuel racing supplier license is renewable after
12 the initial 2-year period for additional 1-year periods if the
13 racing commissioner determines that the pari-mutuel racing supplier
14 continues to meet eligibility and suitability standards.

15 (4) A person may apply to the racing commissioner for a pari-
16 mutuel racing supplier license as provided in this act and the
17 rules promulgated under this act.

18 (5) Except as otherwise provided in this section, an
19 application under this section must be made on forms provided by
20 the racing commissioner and include the information required by the
21 racing commissioner.

22 (6) An application under this section must be accompanied by a
23 nonrefundable application fee in an amount to be determined by the
24 racing commissioner, not to exceed \$5,000.00. The racing
25 commissioner may assess additional fees for the cost related to the
26 licensure investigation.

27 (7) The racing commissioner shall keep all information,
28 records, interviews, reports, statements, memoranda, or other data
29 supplied to or used by the racing commissioner in the course of the

1 review or investigation of an application for a pari-mutuel racing
2 supplier license or renewal of a pari-mutuel racing supplier
3 license confidential. The materials described in this subsection
4 are exempt from disclosure under section 13 of the freedom of
5 information act, 1976 PA 442, MCL 15.243.

6 (8) A pari-mutuel racing supplier shall pay a license fee of
7 \$5,000.00 to the racing commissioner at the time an initial pari-
8 mutuel racing supplier license is issued to the pari-mutuel racing
9 supplier and \$2,500.00 each year after the initial license is
10 issued.

11 (9) After deducting the actual costs of administering this
12 section, the racing commissioner shall deposit any remaining amount
13 from application and license fees paid under this section into the
14 Michigan agriculture equine industry development fund created under
15 section 20.

16 (10) An institutional investor that holds for investment
17 purposes only less than 25% of the equity of an applicant under
18 this section is exempt from the licensure requirements of this act.

19 (11) The racing commissioner shall promulgate rules under the
20 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to
21 24.328, to provide for equipment to conduct wagering on the results
22 of live horse races run in the past. A pari-mutuel racing supplier
23 shall not sell, lease, or otherwise provide equipment to a race
24 meeting licensee that does not comply with the requirements of
25 rules promulgated under this subsection.

26 (12) As used in this section:

27 (a) "Affiliate" includes a partnership, a joint venture, a co-
28 shareholder of a corporation, a co-member of a limited liability
29 company, or a co-partner in a limited liability partnership that

1 has more than a 5% ownership interest in the applicant and is not
2 involved in the pari-mutuel racing supplier operation.

3 (b) "Applicant" includes an affiliate, director, or managerial
4 employee of the applicant that performs the function of principal
5 executive officer, principal operations officer, or principal
6 accounting officer, or a person who holds more than 5% ownership
7 interest in the applicant.

8 (c) "Institutional investor" means a person that is any of the
9 following:

10 (i) A retirement fund administered by a public agency for the
11 exclusive benefit of federal, state, or local public employees.

12 (ii) An employee benefit plan or pension fund that is subject
13 to the employee retirement income security act of 1974, Public Law
14 93-406.

15 (iii) An investment company registered under the investment
16 company act of 1940, 15 USC 80a-1 to 80a-64.

17 (iv) A collective investment trust organized by a bank under 12
18 CFR part 9.

19 (v) A closed end investment trust.

20 (vi) A chartered or licensed life insurance company or property
21 and casualty insurance company.

22 (vii) A chartered or licensed financial institution.

23 (viii) An investment advisor registered under the investment
24 advisers act of 1940, 15 USC 80b-1 to 80b-21.

25 (ix) Any other person that the racing commissioner determines
26 through rulemaking should be considered to be an institutional
27 investor for reasons consistent with this act.

28 Sec. 17. (1) The pari-mutuel system of wagering on the results
29 of horse races as permitted by this act is not unlawful. All forms

1 of pari-mutuel wagering, **including, but not limited to, pari-mutuel**
2 **wagering on horse races run in the past**, must be conducted under a
3 race meeting license preapproved by the racing commissioner by rule
4 or written order of the commissioner.

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

10 (3) Subject to section 18(3), each holder of a race meeting
11 license shall retain as his or her commission on all forms of
12 straight wagering 17% of all money wagered involving straight
13 wagering on the results of live and simulcast horse races conducted
14 at the licensee's race meetings. Subject to section 18(3), each
15 holder of a race meeting license shall retain as his or her
16 commission on all forms of multiple wagering without the written
17 permission of the racing commissioner not more than 28% and with
18 the written permission of the racing commissioner not more than 35%
19 of all money wagered involving any form of multiple wagering on the
20 results of live and simulcast horse races conducted at the
21 licensee's race meeting. Except as otherwise provided by contract,
22 50% of all commissions from wagering on the results of live racing
23 at the racetrack where the live racing was conducted must be paid
24 to the horsemen's purse pool at the racetrack where the live racing
25 was conducted. As used in this subsection:

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

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

1 positions of 1 or more horses in more than 1 specified race.

2 (4) All breaks must be retained by the race meeting licensee
3 and paid directly to the city or township in which the racetrack is
4 located as a fee for services provided under section 21. **This**
5 **subsection does not apply to breaks on wagers on the outcomes of**
6 **live horse races run in the past.**

7 (5) Payoff prices of tickets of a higher denomination must be
8 calculated as even multiples of the payoff price for a \$1.00 wager.
9 Each holder of a race meeting license shall distribute to the
10 persons holding winning tickets, as a minimum, a sum not less than
11 \$1.10 calculated on the basis of each \$1.00 deposited in a pool,
12 except that each race meeting licensee may distribute a sum of not
13 less than \$1.05 to persons holding winning tickets for each \$1.00
14 deposited in a minus pool. As used in this subsection, "minus pool"
15 means any win, place, or show pool in which the payout would exceed
16 the total value of the pool.

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

20 (7) Any act or transaction relative to pari-mutuel wagering on
21 the results of live or simulcast horse races ~~may be~~ conducted by a
22 race meeting licensee under this act ~~for the race meeting licensee~~
23 ~~to~~ **must** comply with the auditing requirements of section 23. A
24 person shall not provide messenger service for the placing of a bet
25 for another person who is not a patron. However, this subsection
26 does not prevent simulcasting or intertrack or interstate common
27 pool wagering inside or outside this state as permitted by this act
28 or the rules promulgated under this act.

29 (8) Any form of pari-mutuel wagering on the results of live or

1 simulcast horse races must only be conducted or operated by a race
 2 meeting licensee, which may use its contracted licensed third-party
 3 facilitators, as determined and approved by the racing
 4 commissioner. The race meeting licensee is responsible for all
 5 conduct of its third-party facilitators. All wagers must be placed
 6 by persons within this state and may be placed only in person at a
 7 licensed race meeting or electronically through a licensed third-
 8 party facilitator. ~~A race meeting licensee or licensed third party~~
 9 ~~facilitator~~ **A licensed third-party facilitator that is not an**
 10 **internet sports betting platform provider that holds a sports**
 11 **betting supplier license issued under section 8 of the lawful**
 12 **sports betting act, 2019 PA 149, MCL 432.308, or a race meeting**
 13 **licensee** shall not solicit, offer, accept, or process wagers on or
 14 in connection with other gaming or gambling products, including,
 15 but not limited to, slot machines and casino table games. **As used**
 16 **in this subsection, "internet sports betting platform provider"**
 17 **means that term as defined in section 3 of the lawful sports**
 18 **betting act, 2019 PA 149, MCL 432.403.**

19 (9) A person that does not hold a race meeting license or a
 20 third-party facilitator license that solicits or accepts wagers on
 21 the results of live or simulcast horse races from individuals in
 22 this state is guilty of a felony punishable by imprisonment for not
 23 more than 5 years or a fine of not more than \$10,000.00, or both.
 24 Each act of solicitation or wager that is accepted in violation of
 25 this section is a separate offense.

26 (10) Only a race meeting licensee or its contracted licensed
 27 third-party facilitator may process, accept, offer, or solicit
 28 wagers on the results of live or simulcast horse races as
 29 determined and approved by the racing commissioner.

1 (11) All of the following apply to pari-mutuel wagering on the
2 outcome of a live horse race run in the past:

3 (a) The racing commissioner shall not allow a holder of a race
4 meeting license to conduct pari-mutuel wagering on the outcome of
5 live horse races run in the past at a licensed racetrack unless the
6 legislative body for the local unit of government in which the
7 licensed racetrack is located has adopted an ordinance authorizing
8 the activities surrounding the conduct of pari-mutuel wagering on
9 the outcome of live horse races run in the past at the licensed
10 racetrack.

11 (b) The racing commissioner shall not allow a holder of a race
12 meeting license to conduct pari-mutuel wagering on the outcome of
13 live horse races run in the past at a licensed racetrack located in
14 a county that is specifically designated by name as part of a
15 competitive market area in a tribal compact as of January 1, 2022
16 or, if the tribal compact does not provide for a competitive market
17 area, located within 40 miles of a building in which the tribe
18 conducts class III gaming under a tribal compact as of January 1,
19 2022, unless the tribe and holder of the race meeting license have
20 entered into a contract that provides for the use of these wagers.

21 (c) The holder of the race meeting license shall not allow
22 more than 1,500 terminals to be used to place pari-mutuel wagers on
23 the outcome of live horse races run in the past. The terminals must
24 be located at the licensed racetrack where the license holder
25 conducts its race meeting.

26 (d) A winning payout placed on the outcome of a live horse
27 race or races run in the past must not be less than the amount
28 wagered.

29 (e) The race meeting licensee may give free play allowance

1 credits. The annual value of free play allowance credits must not
2 exceed 15% of the total amount wagered after the payout of prizes.
3 As used in this subdivision, "free play allowance credits" means a
4 specific dollar amount that may be used by a player to place a
5 pari-mutuel wager on the result of a horse race run in the past
6 without paying any other consideration.

7 (f) The racing commissioner shall allow the race meeting
8 licensee to conduct wagering on the outcome of a live horse race
9 run in the past during any hours that the race meeting licensee is
10 allowed to conduct wagering on simulcast horse races.

11 (g) The race meeting licensee shall conduct wagering on the
12 outcome of a live horse race run in the past only using equipment
13 purchased or leased from a licensed pari-mutuel racing supplier.

14 (h) The race meeting licensee shall allow the racing
15 commissioner, the employees and agents of the racing commissioner,
16 and employees and agents of the department of state police and the
17 department of attorney general to investigate and inspect the
18 equipment by which the race meeting licensee conducts wagering on
19 the outcome of live horse races run in the past.

20 (i) The racing commissioner may seize equipment by which the
21 race meeting licensee conducts wagering on the outcome of live
22 horse races run in the past at any time if the racing commissioner
23 determines the equipment violates requirements of this act or rules
24 promulgated under this act.

25 (12) ~~(11)~~ As used in this section: ~~"act~~

26 (a) "Act or transaction relative to pari-mutuel wagering on
27 the results of live or simulcast horse races" means those steps
28 taken by a race meeting licensee to accept a wager and process it
29 within the ordinary course of its business and in accordance with

1 this act.

2 (b) "Terminal" means a self-service totalisator machine or
3 other mechanical equipment used by a patron to place a wager on a
4 live horse race, whether run in the past or to be run in the
5 future.

6 Sec. 19. (1) Subject to subsection (2), a race meeting
7 licensee shall pay an amount equal to not less than 25% and not
8 more than 40% of the net commission generated at the licensee's
9 race meeting to a site-specific horsemen's purse account. Money
10 paid into a horsemen's purse account under this act must be
11 deposited in a depository designated by the participating certified
12 horsemen's organizations and distributed by their designated agent
13 as follows:

14 (a) For purses for live horse races at a licensed race meeting
15 in this state.

16 (b) Each year, all certified horsemen's organizations that
17 participate in a live race meeting may receive an amount approved
18 by order of the racing commissioner to use for general expenses.
19 Beginning on January 1 and ending on December 31 of each year, the
20 certified horsemen's organization is entitled to not less than 5%
21 of the site-specific horsemen's purse account as ordered by the
22 racing commissioner.

23 (2) A race meeting licensee shall pay the net commission
24 generated from wagering on live and simulcast racing through the
25 race meeting licensee's third-party facilitator to the pari-mutuel
26 horse racing disbursement account. ~~On the first day of each month
27 after the effective date of the amendatory act that added this
28 subsection,~~ **Beginning January 1, 2020, and on the first day of each**
29 **month after that date,** money paid into the pari-mutuel horse racing

1 disbursement account must be distributed as follows:

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

4 (b) Fifty percent to be divided equally to each ~~track-race~~
5 **meeting** licensee.

6 Sec. 20. (1) It is the policy of this state to encourage the
7 breeding of horses of all breeds in this state and the ownership of
8 such horses by residents of this state to provide for sufficient
9 numbers of high quality race horses of all breeds to participate in
10 licensed race meetings in this state; to promote the positive
11 growth and development of high quality horse racing and other
12 equine competitions in this state as a business and entertainment
13 activity for residents of this state; and to establish and preserve
14 the substantial agricultural and commercial benefits of the horse
15 racing and breeding industry to this state. It is the intent of the
16 legislature to further this policy by the provisions of this act
17 and annual appropriations to administer this act and adequately
18 fund the agriculture and equine industry programs established by
19 this section.

20 (2) Except for money generated from the tax on wagers
21 processed through licensed third-party facilitators operating under
22 ~~this act under section 22, and the tax on pari-mutuel wagering~~
23 **under section 22(3)**, money received by the racing commissioner and
24 the state treasurer under this act must be paid promptly into the
25 state treasury and placed in the Michigan agriculture equine
26 industry development fund created in subsection (3).

27 (3) The Michigan agriculture equine industry development fund
28 is created in the department of treasury. The Michigan agriculture
29 equine industry development fund must be administered by the

1 director of the department of agriculture and rural development
2 with the assistance and advice of the racing commissioner.

3 (4) Money must not be expended from the Michigan agriculture
4 equine industry development fund except as appropriated by the
5 legislature. Money appropriated by the legislature from the
6 Michigan agriculture equine industry development fund must be
7 expended by the director of the department of agriculture and rural
8 development with the advice and assistance of the racing
9 commissioner to provide funding for agriculture and equine industry
10 development programs as provided in subsections (5) to (11).

11 (5) The following amounts must be paid to standardbred and
12 fair programs:

13 (a) A sum not to exceed ~~75%~~ **85%** of the purses for standardbred
14 harness horse races offered by fairs and races at licensed pari-
15 mutuel racetracks. ~~Purse supplements paid under this subdivision~~
16 ~~for overnight races at fairs for which Michigan sired, Michigan~~
17 ~~bred, or Michigan owned harness horses are eligible must be~~
18 ~~\$1,000.00. However, if the average purse offered for maiden~~
19 ~~overnight races of the same breed at any licensed race meeting in~~
20 ~~this state during the previous year as calculated by the department~~
21 ~~of agriculture and rural development was less than \$1,000.00, purse~~
22 ~~supplements for overnight races at fairs paid under this~~
23 ~~subdivision must not exceed that average purse.~~

24 (b) A sum to be allotted on a matching basis, but not to
25 exceed \$15,000.00 each year to a single fair, for the purpose of
26 equipment rental during fairs; ground improvement; constructing,
27 maintaining, and repairing buildings; and making the racetrack more
28 suitable and safe for racing at fairs.

29 (c) ~~A sum to be allotted~~ **From the amount appropriated from the**

1 **fund for purses and supplements - fairs/licensed tracks:**

2 **(i) 30% for paying purses and other associated costs for**
 3 **overnight races at fairs for which Michigan sired, Michigan bred,**
 4 **or Michigan owned harness horses are eligible.**

5 **(ii) 70% for paying special purses and other associated costs**
 6 at fairs on 2-year-old and 3-year-old standardbred harness horses
 7 conceived after January 1, 1992, that is Michigan bred, or that is
 8 sired by a standardbred stallion registered with the department of
 9 agriculture and rural development, that was leased or owned by a
 10 resident or residents of this state, and that did not serve a mare
 11 at a location outside of this state from February 1 through July 31
 12 of the calendar year in which the conception occurred. A foal that
 13 is born on or after January 1, 2002 of a mare owned by a
 14 nonresident of this state and that is conceived outside of this
 15 state from transported semen of a stallion registered with the
 16 department of agriculture and rural development is eligible for
 17 Michigan tax-supported races only if, in the year that the foal is
 18 conceived, the department of agriculture and rural development's
 19 agent for receiving funds as the holding agent for stakes and
 20 futurities is paid a transport fee as determined by the department
 21 of agriculture and rural development and administered by the
 22 Michigan Harness Horsemen's Association.

23 (d) A sum to pay not more than ~~75%~~**85%** of an eligible cash
 24 premium paid by a fair or exposition. The commission of agriculture
 25 and rural development shall promulgate rules establishing which
 26 premiums are eligible for payment and a dollar limit for all
 27 eligible payments.

28 (e) A sum to pay breeders' awards in an amount not to exceed
 29 ~~10%~~**20%** of the gross purse to breeders of Michigan bred

1 standardbred harness horses for each time the horse wins a race at
2 a licensed race meeting or fair in this state. As used in this
3 subdivision, "Michigan bred standardbred harness horse" means a
4 horse from a mare owned by a resident or residents of this state at
5 the time of conception, that was conceived after January 1, 1992,
6 and sired by a standardbred stallion registered with the department
7 of agriculture and rural development that was leased or owned by a
8 resident or residents of this state and that did not serve a mare
9 at a location outside of this state from February 1 through July 31
10 of the calendar year in which the conception occurred. To be
11 eligible, each mare must be registered with the department of
12 agriculture and rural development. A foal that is born on or after
13 January 1, 2002 of a mare owned by a nonresident of this state and
14 that is conceived outside of this state from transported semen of a
15 stallion registered with the department of agriculture and rural
16 development is eligible for Michigan tax-supported races only if,
17 in the year that the foal is conceived, the department of
18 agriculture and rural development's agent for receiving funds as
19 the holding agent for stakes and futurities is paid a transport fee
20 as determined by the department of agriculture and rural
21 development and administered by the Michigan Harness Horsemen's
22 Association.

23 (f) A sum not to exceed ~~\$4,000.00~~ **\$12,000.00** each year to be
24 allotted to fairs to provide training and stabling facilities for
25 standardbred harness horses.

26 (g) A sum to be allotted to pay the presiding judges and
27 clerks of the course at fairs. Presiding judges and clerks of the
28 course must be hired by the fair's administrative body with the
29 advice and approval of the racing commissioner. The director of the

1 department of agriculture and rural development may allot funds for
2 a photo finish system and a mobile starting gate. The director of
3 the department of agriculture and rural development shall allot
4 funds for the conducting of tests, the collection and laboratory
5 analysis of urine, saliva, blood, and other samples from horses,
6 and the taking of blood alcohol tests on drivers, jockeys, and
7 starting gate employees, for those races described in this
8 subdivision. The department may require a driver, jockey, or
9 starting gate employee to submit to a breathalyzer test, urine
10 test, or other noninvasive fluid test to detect the presence of
11 alcohol or a controlled substance. If the results of a test show
12 that a person has more than .05% of alcohol in his or her blood, or
13 has present in his or her body a controlled substance, the person
14 is not permitted to continue in his or her duties on that race day
15 and until he or she can produce, at his or her own expense, a
16 negative test result.

17 (h) A sum to pay purse supplements to licensed pari-mutuel
18 harness race meetings for special 4-year-old filly and colt horse
19 races.

20 (i) A sum not to exceed ~~0.25%~~**0.5%** of all money wagered on
21 live and simulcast horse races in this state must be placed in a
22 special standardbred sire stakes fund each year, 100% of which must
23 be used to provide purses for races run exclusively for 2-year-old
24 and 3-year-old Michigan sired standardbred horses at licensed
25 harness race meetings in this state. As used in this subdivision,
26 "Michigan sired standardbred horses" means standardbred horses
27 conceived after January 1, 1992 and sired by a standardbred
28 stallion registered with the department of agriculture and rural
29 development that was leased or owned by a resident or residents of

1 this state and that did not serve a mare at a location outside of
2 this state from February 1 through July 31 of the calendar year in
3 which the conception occurred. A foal that is born on or after
4 January 1, 2002 of a mare owned by a nonresident of this state and
5 that is conceived outside of this state from transported semen of a
6 stallion registered with the department of agriculture and rural
7 development is eligible for Michigan tax-supported races only if,
8 in the year that the foal is conceived, the department of
9 agriculture and rural development's agent for receiving funds as
10 the holding agent for stakes and futurities is paid a transport fee
11 as determined by the department of agriculture and rural
12 development and administered by the Michigan Harness Horsemen's
13 Association.

14 (6) The following amounts must be paid to thoroughbred
15 programs:

16 (a) A sum to be allotted thoroughbred race meeting licensees
17 to supplement the purses for races to be conducted exclusively for
18 Michigan bred horses.

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

22 (c) A sum to pay breeders' awards in an amount not to exceed
23 ~~10%~~ 20% of the gross purse to the breeders of Michigan bred
24 thoroughbred horses for each time Michigan bred thoroughbred horses
25 win at a licensed race meeting in this state.

26 (d) A sum to pay purse supplements to licensed thoroughbred
27 race meetings for special 4-year-old and older filly and colt horse
28 races.

29 (e) A sum not to exceed ~~0.25%~~ 0.5% of all money wagered on

1 live and simulcast horse races in this state must be placed in a
2 special thoroughbred sire stakes fund each year. **Money placed in**
3 **the special thoroughbred sire stakes fund and remaining in the fund**
4 **at the close of the fiscal year does not lapse to the Michigan**
5 **agriculture equine industry development fund or to the general fund**
6 **of this state, but remains in the special thoroughbred sire stakes**
7 **fund. However, money that has been in the special thoroughbred sire**
8 **stakes fund for 5 or more state fiscal years after the state fiscal**
9 **year in which the amendatory act that added subparagraph (i) was**
10 **enacted lapses to the Michigan agriculture equine industry**
11 **development fund at the end of the fifth state fiscal year if a**
12 **thoroughbred race meeting has not been licensed and conducted in**
13 **this state before the end of the fifth state fiscal year. Money in**
14 **the special thoroughbred sire stakes fund must be used as follows:**

15 (i) Unless subparagraph (ii) applies, the money must be used as
16 follows:

17 (A) Fifty percent to provide purses for races run exclusively
18 for 2-year-old and 3-year-old and older Michigan sired thoroughbred
19 horses at licensed thoroughbred race meetings in this state.

20 (B) Fifty percent to provide awards to Michigan sired
21 thoroughbred horses that run races at thoroughbred race meetings
22 regardless of where the race meeting is held.

23 (ii) If a thoroughbred race meeting has not been licensed and
24 conducted in this state before the end of the fifth state fiscal
25 year after the fiscal year in which the amendatory act that added
26 subparagraph (i) was enacted into law, ~~100% of which must be used to~~
27 ~~provide purses for races run exclusively for 2-year-old and 3-year-~~
28 ~~old and older Michigan sired thoroughbred horses at licensed~~
29 ~~thoroughbred race meetings in this state. and awards for owners of~~

1 ~~Michigan sired horses or stallions.~~ As used in this subdivision,
2 "Michigan sired thoroughbred horses" means thoroughbred horses
3 sired by a stallion registered with the department of agriculture
4 and rural development that was leased or owned exclusively by a
5 resident or residents of this state and that did not serve a mare
6 at a location outside of this state during the calendar year in
7 which the service occurred.

8 ~~(7) The following amounts must be paid for quarter horse~~
9 ~~programs:~~

10 ~~(a) A sum to supplement the purses for races to be conducted~~
11 ~~exclusively for Michigan bred quarter horses.~~

12 ~~(b) A sum to pay not more than 75% of the purses for~~
13 ~~registered quarter horse races offered by fairs.~~

14 ~~(c) A sum to pay breeders' awards in an amount not to exceed~~
15 ~~10% of a gross purse to breeders of Michigan bred quarter horses~~
16 ~~for each time a Michigan bred quarter horse wins at a county fair~~
17 ~~or licensed race meeting in this state.~~

18 ~~(d) As used in this subsection, "Michigan bred quarter horse"~~
19 ~~means Michigan bred quarter horse as that term is defined in R~~
20 ~~285.817.1 of the Michigan Administrative Code. Each mare and~~
21 ~~stallion must be registered with the director of the department of~~
22 ~~agriculture and rural development.~~

23 ~~(8) The following amounts must be paid for Appaloosa programs:~~

24 ~~(a) A sum to supplement the purses for races to be conducted~~
25 ~~exclusively for Michigan bred Appaloosa horses.~~

26 ~~(b) A sum to pay not more than 75% of the purses for~~
27 ~~registered Appaloosa horse races offered by fairs.~~

28 ~~(c) A sum to pay breeders' awards in an amount not to exceed~~
29 ~~10% of the gross purse to the breeders of Michigan bred Appaloosa~~

~~1 horses for each time Michigan bred horses win at a fair or licensed
2 race meeting in this state.~~

~~3 (d) As used in this subsection, "Michigan bred Appaloosa
4 horse" means a Michigan bred Appaloosa horse as that term is
5 defined in R 285.819.1 of the Michigan Administrative Code. Each
6 mare and stallion must be registered with the director of the
7 department of agriculture and rural development.~~

~~8 (9) The following amounts must be paid for Arabian programs:~~

~~9 (a) A sum to supplement the purses for races to be conducted
10 exclusively for Michigan bred Arabian horses.~~

~~11 (b) A sum to pay not more than 75% of the purses for
12 registered Arabian horse races offered by fairs.~~

~~13 (c) A sum to pay breeders' awards in an amount not to exceed
14 10% of the gross purse to the breeders of Michigan bred Arabian
15 horses for each time Michigan bred horses win at a fair or licensed
16 racetrack in this state.~~

~~17 (d) As used in this subsection, "Michigan bred Arabian horse"
18 means a Michigan bred horse as that term is defined in R
19 285.822.1(i) of the Michigan Administrative Code. Each mare and
20 stallion shall be registered with the director of the department of
21 agriculture and rural development.~~

~~22 (10) The following sums must be paid for American paint horse
23 programs:~~

~~24 (a) A sum to supplement the purses for races to be conducted
25 exclusively for Michigan bred American paint horses.~~

~~26 (b) A sum to pay not more than 75% of the purses for
27 registered American paint horse races offered by fairs.~~

~~28 (c) A sum to pay breeders' awards in an amount not to exceed
29 10% of the gross purse to the breeders of Michigan bred American~~

1 ~~paint horses for each time a Michigan bred American paint horse~~
2 ~~wins at a county fair or licensed race meeting in this state.~~

3 ~~(d) As used in this subsection, "Michigan bred American paint~~
4 ~~horse" means a Michigan bred paint horse as that term is defined in~~
5 ~~R 285.823.1 of the Michigan Administrative Code.~~

6 ~~(7) (11)~~The following amounts must be paid for the equine
7 industry research, planning, and development grant fund program:

8 (a) A sum to fund grants for research projects conducted by
9 persons affiliated with a university or governmental research
10 agency or institution or other private research entity approved by
11 the racing commissioner, which are beneficial to the horse racing
12 and breeding industry in this state.

13 (b) A sum to fund the development, implementation, and
14 administration of new programs that promote the proper growth and
15 development of the horse racing and breeding industry in this state
16 and other valuable equine-related commercial and recreational
17 activities in this state.

18 ~~(8) (12)~~As used in subsection ~~(11)~~, ~~(7)~~, "equine industry
19 research" means the study, discovery and generation of accurate and
20 reliable information, findings, conclusions, and recommendations
21 that are useful or beneficial to the horse racing and breeding
22 industry in this state through improvement of the health of horses;
23 prevention of equine illness and disease, and performance-related
24 accidents and injuries; improvement of breeding technique and
25 racing performance; and compilation and study of valuable and
26 reliable statistical data regarding the size, organization, and
27 economics of the industry in this state; and strategic planning for
28 the effective promotion, growth, and development of the industry in
29 this state.

1 **(9)** ~~(13)~~—An amount must be allotted annually to the racing
2 commissioner that is sufficient to pay for the collection and
3 laboratory analysis of urine, saliva, blood, and other samples from
4 horses and licensed individuals involved in horse racing on which
5 pari-mutuel wagers are made and for the conducting of tests
6 described in section 16(4).

7 **(10)** ~~(14)~~—Money appropriated and allotted to the Michigan
8 agriculture equine industry development fund must not revert to the
9 general fund and must be carried forward from year to year until
10 disbursed to fund grants for research projects beneficial to the
11 industry.

12 **(11)** ~~(15)~~—A percentage of the Michigan agriculture equine
13 industry development fund that is equal to 1/15 of 1% of the gross
14 wagers made each year in each of the racetracks licensed under this
15 act must be deposited in the compulsive gaming prevention fund
16 created in section 3 of the compulsive gaming prevention act, 1997
17 PA 70, MCL 432.253.

18 **(12)** ~~(16)~~—The director of the department of agriculture and
19 rural development shall promulgate rules pursuant to the
20 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to
21 24.328, to implement this section. The rules promulgated under this
22 subsection must do all of the following:

23 (a) Prescribe the conditions under which the Michigan
24 agriculture equine industry development fund and related programs
25 described in subsections (1) to ~~(14)~~ **(10)** must be funded.

26 (b) Establish conditions and penalties regarding the programs
27 described in subsections (5) to ~~(12)~~ **(8)**.

28 (c) Develop and maintain informational programs related to
29 this section.

1 **(13)** ~~(17)~~—Funds under the control of the department of
 2 agriculture and rural development in this section must be disbursed
 3 under the rules promulgated under subsection ~~(16)~~. **(12)**. All funds
 4 under the control of the department of agriculture and rural
 5 development approved for purse supplements and breeders' awards
 6 must be paid by the state treasurer not later than 45 days from the
 7 date of the race.

8 **(14)** ~~(18)~~—Purses paid under this section must be based on
 9 actual purses awarded in a race. If the actual purses awarded are
 10 less than the purse supplement amount requested by a fair or
 11 licensed pari-mutuel racetrack at the time they applied to the
 12 department of agriculture and rural development for the purse
 13 supplement, the purse supplement paid must be the lesser amount.

14 **(15)** ~~(19)~~—If the amount allocated to the Michigan agriculture
 15 equine industry development fund under this act or any other source
 16 exceeds ~~\$8,000,000.00~~ **the maximum allocation amount** in a fiscal
 17 year, the amount in excess of ~~\$8,000,000.00~~ **the maximum allocation**
 18 **amount** must be allocated to the pari-mutuel horse racing
 19 disbursement account under section 19. **As used in this subsection,**
 20 **"maximum allocation amount" means the sum of the following in 1**
 21 **fiscal year:**

22 **(a) \$10,000,000.00. The state treasurer shall adjust the**
 23 **figure described in this subdivision by an amount determined by the**
 24 **state treasurer at the end of each calendar year to reflect the**
 25 **cumulative annual percentage change in the Consumer Price Index.**
 26 **However, the figure described in this subdivision must not exceed**
 27 **\$13,000,000.00. As used in this subdivision, "Consumer Price Index"**
 28 **means the most comprehensive index of consumer prices available for**
 29 **this state from the Bureau of Labor Statistics of the United States**

1 Department of Labor.

2 (b) \$2,000,000.00 for each race meeting license issued under
3 that act after the effective date of the amendatory act this added
4 this subdivision.

5 Sec. 20a. (1) The tax imposed under section 22 on wagers
6 processed through licensed third-party facilitators operating under
7 this act must be allocated as follows:

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

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

13 (2) The tax imposed on pari-mutuel wagering under section
14 22(3) must be allocated as follows:

15 (a) Forty-five percent to the state school aid fund created
16 under section 11 of article IX of the state constitution of 1963.

17 (b) Thirteen percent to the city or township in which the
18 racetrack at which the race meeting is held is located.

19 (c) Twenty-five percent to the Michigan agriculture equine
20 industry development fund created under section 20.

21 (d) Thirteen percent to a city in this state with a population
22 of more than 450,000.

23 (e) Four percent to the horse racing advisory commission
24 created under section 6a to be expended as provided in section
25 6a(12) (d).

26 Sec. 22. (1) A licensed racetrack shall pay a license fee to
27 the racing commissioner of ~~\$1,000.00~~ \$50,000.00 annually.

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

1 (a) A tax in the amount of 3.5% of money wagered on **live**
2 **racing and** interstate and intertrack simulcast races conducted at
3 the holder's licensed race meetings.

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

6 ~~(3) By eliminating the pari-mutuel wagering tax on live racing~~
7 ~~programs and altering the calculation of the tax on simulcast horse~~
8 ~~racing, it is not the intent of the legislature to diminish the~~
9 ~~funding and appropriations for the Michigan agriculture equine~~
10 ~~industry development fund and related programs described in section~~
11 ~~20. The pari-mutuel tax alteration effected by this section is~~
12 ~~intended to generally allow for the improvement of the pari-mutuel~~
13 ~~horse racing and breeding industry in this state by increasing~~
14 ~~purses at licensed race meetings and making additional pari-mutuel~~
15 ~~revenues available for capital improvements at licensed racetracks~~
16 ~~in this state.~~

17 (3) A race meeting licensee that conducts pari-mutuel wagering
18 on the results of live horse races that are run in the past shall
19 pay to the state treasurer a tax in the amount of 19% of the
20 adjusted gross receipts in a manner and time as required by the
21 racing commissioner. As used in this subsection:

22 (a) "Adjusted gross receipts" means the gross receipts less
23 winnings paid on pari-mutuel wagers on the results of live horse
24 races that are run in the past.

25 (b) "Gross receipts" means the total of all sums including
26 valid or invalid checks, currency, tokens, coupons, vouchers, or
27 instruments of monetary value, and free play allowance credits
28 given under section 17, whether collected or uncollected, received
29 by a race meeting licensee from pari-mutuel wagering on the results

1 of live horse races that are run in the past, including all entry
2 fees assessed for tournaments or other contests, less a deduction
3 for uncollectible receivables not to exceed the uncollectible
4 amounts owed as a result of wagers placed on pari-mutuel wagering
5 on the result of live horse races that are run in the past or 4% of
6 the total gross receipts, whichever is less.

7 Enacting section 1. Section 19b of the horse racing law of
8 1995, 1995 PA 279, MCL 431.319b, is repealed.