

SENATE BILL NO. 396

April 28, 2021, Introduced by Senators LAUWERS, DALEY, HERTEL and ANANICH and referred to the Committee on Agriculture.

A bill to amend 1995 PA 279, entitled "Horse racing law of 1995," by amending sections 2, 12, 14, 17, 19, 20, 20a, and 22 (MCL 431.302, 431.312, 431.314, 431.317, 431.319, 431.320, 431.320a, and 431.322), sections 2, 12, and 14 as amended by 2016 PA 271 and sections 17, 19, 20, and 22 as amended and section 20a as added by 2019 PA 153; 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 a person who, directly or indirectly,

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

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

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

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

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

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

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

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

1 abolished.

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

4 (f) "Day of operation" means a period of 24 hours beginning at
5 12 noon and ending at 11:59 a.m. the following day.

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

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

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

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

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

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

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

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

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

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

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

20 (o) "Pari-mutuel" and "pari-mutuel wagering" mean ~~the form or~~
21 ~~system of gambling in which the winner or winners divide the total~~
22 ~~amount of money bet, after deducting the net commission.~~ **a system by**
23 **which wagers are accepted on the outcome of 1 or more live horse**
24 **racers, run in the past or to be run in the future, are placed with,**
25 **or in, a wagering pool, which may include carryover pool money, and**
26 **are conducted by an operator licensed or otherwise permitted to do**
27 **so under the laws of this state and in which the patrons do not**
28 **wager against the operator. Pari-mutuel and pari-mutuel wagering do**
29 **not include wagering on a banked game in which the race meeting**

1 licensee is a participant or otherwise holds a stake in the outcome
2 of the game, or in which the race meeting licensee established a
3 bank against which the participants play. However, pari-mutuel and
4 pari-mutuel wagering include a nonrefundable contribution to the
5 pool to serve as a seed or guarantee. Pari-mutuel and pari-mutuel
6 wagering do not include a video lottery that must be authorized
7 under the McCauley-Traxler-Law-Bowman-McNeely lottery act, 1972 PA
8 239, MCL 432.1 to 432.47, or any other law of this state. As used
9 in this subdivision, "carryover pool" means a pool in which
10 nondistributed money is retained and added to a corresponding pool
11 for the same underlying wager, but that may feature different
12 racing events.

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

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

19 (r) "Standardbred" means a horse registered with the United
20 States Trotting Association that races on designated gaits of pace
21 or trot.

22 (s) "Thoroughbred" means a thoroughbred, quarter, paint,
23 Arabian, or other breed horse. Thoroughbred does not include a
24 standardbred.

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

29 Sec. 12. (1) An applicant for a license to conduct a

1 thoroughbred race meeting shall apply to conduct not fewer than 30
2 days of live thoroughbred racing during its proposed race meeting.
3 Except during the opening and closing week of a race meeting, the
4 applicant shall apply to conduct live racing not fewer than 2 days
5 per week, with not fewer than 8 live horse races programmed, and
6 shall conduct live racing programs on the days allocated by the
7 racing commissioner. The commissioner shall allocate not fewer than
8 10 days of live horse racing to a race meeting licensee with not
9 fewer than 6 programmed live races per allocated day.

10 (2) An applicant for a license to conduct a standardbred race
11 meeting shall apply to conduct not fewer than 30 days of live
12 standardbred harness horse racing during its proposed race meeting.
13 Except during the opening and closing week of a race meeting, the
14 applicant shall apply to conduct live horse racing not fewer than 2
15 days per week, with not fewer than 8 live horse races programmed,
16 and shall conduct live racing programs on the days awarded. The
17 commissioner shall allocate not fewer than 10 days of live horse
18 racing to a race meeting licensee with not fewer than 6 programmed
19 live races per allocated day.

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

26 (4) If a race meeting licensee is unable to conduct racing on
27 a live racing date awarded to the licensee or fewer than 8 live
28 horse races on an awarded live racing date because of a labor
29 dispute, fire, adverse weather conditions, or other causes beyond

1 the race meeting licensee's control, the race meeting licensee is
2 considered to have conducted those races or that race date for
3 purposes of this act and is not precluded from conducting any
4 simulcasts **or pari-mutuel wagering** because of the licensee's
5 inability to conduct those live races or that race date.

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

10 (6) If an entire race meeting or the balance of a race meeting
11 and racing dates awarded to a licensee cannot be raced because of
12 an act of God or significant physical damage to the licensed
13 racetrack at which the race meeting was licensed to be conducted
14 caused by fire or some other catastrophe, the racing commissioner
15 may transfer those dates to another race meeting licensee upon
16 application of the substitute licensee if the substitute licensee
17 satisfies the requirements for licensure under this act and
18 demonstrates that it has or will have a legal or contractual right
19 to the use of a different licensed racetrack facility on the racing
20 dates in question, and all race meeting licensees that will be
21 conducting live racing on those dates within 50 miles of the
22 substitute racetrack consent to the transfer.

23 (7) Notwithstanding anything in this act to the contrary, if
24 the racing commissioner determines that 1 or more of the conditions
25 listed in subsection (8) apply and the contracted certified
26 horsemen's organization is in agreement, the racing commissioner
27 may amend an existing race meeting license and simulcast permit to
28 allow the licensee to continue simulcasting **or conducting pari-**
29 **mutuel wagering** during the remaining period of the race meeting

1 license. An amended license under this section may be issued by the
2 racing commissioner at any time, including at the time of the
3 initial issuance of the race meeting license for the upcoming year
4 during which it is valid.

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

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

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

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

18 (9) In order to obtain an amended license issued under
19 subsection (7) and satisfy the live racing requirements of this
20 act, the licensee must have a written contract with a certified
21 horsemen's organization to pay a percentage of its net commission
22 from simulcasting **or from conducting pari-mutuel wagering** to the
23 live racing purse pool at another racetrack licensed under this act
24 during the period when the amended license issued under subsection
25 (7) is in effect. Unless otherwise provided in the written contract
26 between the licensee and the certified horsemen's organization, the
27 payment must be not less than 25% of net commission from
28 simulcasting **or from conducting pari-mutuel wagering** if only 1
29 certified horsemen's organization has a contract for live race days

1 in this state for the calendar year. If both certified horsemen's
2 organizations have a contract for live race dates in this state for
3 the calendar year, the payment must be not more than 40% of the net
4 commission from simulcasting.

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

10 (11) Notwithstanding anything in this act to the contrary, if
11 a race meeting licensee and the certified horsemen's organization
12 with which the licensee has a contract jointly request that the
13 licensee be allowed to conduct a live race meeting with fewer than
14 8 races per day, the racing commissioner shall approve the request
15 and issue an order amending the license accordingly.

16 Sec. 14. (1) Before November 1 of the year preceding the year
17 for which applications are made, the racing commissioner shall
18 grant or deny each application for a race meeting license, allocate
19 or deny the dates, for which application has been made, on which
20 pari-mutuel wagering on live races may be conducted at each
21 licensed race meeting in this state, and shall also determine
22 whether the applicant may simulcast under section 18 during the
23 calendar year for which the license is issued. The racing
24 commissioner may grant a race meeting license for any time period
25 up to 1 year during which the licensee may conduct live and
26 simulcast horse races with pari-mutuel wagering on the results of
27 the races.

28 (2) Subject to section 12(4), all simulcasting **or pari-mutuel**
29 **wagering** authorized by the racing commissioner must be conditioned

1 on the holder of the license conducting not fewer than 8 live horse
2 races on each live racing date allocated in the holder's race
3 meeting license, unless this requirement is waived in writing by
4 both the racing commissioner and the certified horsemen's
5 organization with which the licensee has contracted.

6 (3) The racing commissioner shall not issue a race meeting
7 license to an organization organized for a charitable purpose or
8 organized for the purpose of distributing its profits or income to
9 charitable organizations.

10 (4) Except as provided in section 12(4), (5), and (6), if
11 after the issuance of a race meeting license the racing
12 commissioner determines on further investigation that the holder of
13 a race meeting license has not met, or will be unable to meet, the
14 requirements of the license, the racing commissioner may impose a
15 fine or suspend or revoke the race meeting license, or both, for
16 all or part of the remainder of the time period for which the
17 license was granted. Before making the required determination to
18 impose a fine or suspend or revoke a race meeting license under
19 this subsection, the racing commissioner shall consider whether the
20 race meeting licensee's inability or failure to meet the
21 requirements of its license is due to a cause beyond the control of
22 the race meeting licensee.

23 (5) Any action taken by the racing commissioner under
24 subsection (4) becomes effective 10 days after the holder of the
25 race meeting license receives written notice unless the
26 commissioner finds that the public health, safety, or welfare
27 requires emergency action and immediate effect of the
28 commissioner's order.

29 (6) A denial of a race meeting license under subsection (3)

1 may be appealed to the circuit court for judicial review under
2 section 631 of the revised judicature act of 1961, 1961 PA 236, MCL
3 600.631. A suspension or revocation of a race meeting license may
4 be appealed under the administrative procedures act of 1969, 1969
5 PA 306, MCL 24.201 to 24.328.

6 (7) Each applicant issued a race meeting license shall
7 maintain an interest bearing account used exclusively to deposit
8 all money due to horsemen's purse pools under this act. All money
9 due to this account must be deposited within a reasonable time
10 after receipt by the race meeting licensee. The name of the
11 depository and the identification number of the account must be
12 designated in each race meeting license application and all
13 interest earned by the account must be credited to the purse pool
14 and deposited in the account.

15 Sec. 17. (1) The pari-mutuel system of wagering on the results
16 of horse races as permitted by this act is not unlawful. All forms
17 of pari-mutuel wagering must be conducted under a race meeting
18 license preapproved by the racing commissioner by rule or written
19 order of the commissioner. **The racing commissioner shall not allow**
20 **a holder of a race meeting license to conduct pari-mutuel wagering**
21 **on the outcome of a live horse race run in the past at a licensed**
22 **racetrack unless the legislative body for the local unit of**
23 **government in which the licensed racetrack is located has adopted**
24 **an ordinance authorizing the activities surrounding the conduct of**
25 **pari-mutuel wagering on the outcome of a live horse race run in the**
26 **past at the licensed racetrack.**

27 (2) If pari-mutuel wagering is used at a race meeting, a
28 totalisator or other device that is equal in accuracy and clearness
29 to a totalisator and approved by the racing commissioner must be

1 used. The odds display of the totalisator or other device must be
2 placed in full view of the patrons.

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

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

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

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

27 (5) Payoff prices of tickets of a higher denomination must be
28 calculated as even multiples of the payoff price for a \$1.00 wager.
29 Each holder of a race meeting license shall distribute to the

1 persons holding winning tickets, as a minimum, a sum not less than
2 \$1.10 calculated on the basis of each \$1.00 deposited in a pool,
3 except that each race meeting licensee may distribute a sum of not
4 less than \$1.05 to persons holding winning tickets for each \$1.00
5 deposited in a minus pool. As used in this subsection, "minus pool"
6 means any win, place, or show pool in which the payout would exceed
7 the total value of the pool.

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

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

20 (8) Any form of pari-mutuel wagering on the results of live or
21 simulcast horse races must only be conducted or operated by a race
22 meeting licensee, which may use its contracted licensed third-party
23 facilitators, as determined and approved by the racing
24 commissioner. The race meeting licensee is responsible for all
25 conduct of its third-party facilitators. All wagers must be placed
26 by persons within this state and may be placed only in person at a
27 licensed race meeting or electronically through a licensed third-
28 party facilitator. A race meeting licensee or licensed third-party
29 facilitator shall not solicit, offer, accept, or process wagers on

1 or in connection with other gaming or gambling products, including,
2 but not limited to, slot machines and casino table games.

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

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

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

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

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

29 (b) Each year, all certified horsemen's organizations that

1 participate in a live race meeting may receive an amount approved
2 by order of the racing commissioner to use for general expenses.
3 Beginning on January 1 and ending on December 31 of each year, the
4 certified horsemen's organization is entitled to not less than 5%
5 of the site-specific horsemen's purse account as ordered by the
6 racing commissioner.

7 (2) A race meeting licensee shall pay the net commission
8 generated from wagering on live and simulcast racing through the
9 race meeting licensee's third-party facilitator to the pari-mutuel
10 horse racing disbursement account. ~~On the first day of each month~~
11 ~~after the effective date of the amendatory act that added this~~
12 ~~subsection,~~ **Beginning January 1, 2020, and on the first day of each**
13 **month after that date,** money paid into the pari-mutuel horse racing
14 disbursement account must be distributed as follows:

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

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

19 Sec. 20. (1) It is the policy of this state to encourage the
20 breeding of horses of all breeds in this state and the ownership of
21 such horses by residents of this state to provide for sufficient
22 numbers of high quality race horses of all breeds to participate in
23 licensed race meetings in this state; to promote the positive
24 growth and development of high quality horse racing and other
25 equine competitions in this state as a business and entertainment
26 activity for residents of this state; and to establish and preserve
27 the substantial agricultural and commercial benefits of the horse
28 racing and breeding industry to this state. It is the intent of the
29 legislature to further this policy by the provisions of this act

1 and annual appropriations to administer this act and adequately
2 fund the agriculture and equine industry programs established by
3 this section.

4 (2) Except for money generated from the tax on wagers
5 processed through licensed third-party facilitators operating under
6 ~~this act under section 22,~~ **22 (2) (b) and the tax on pari-mutuel**
7 **wagering under section 22 (4)**, money received by the racing
8 commissioner and the state treasurer under this act must be paid
9 promptly into the state treasury and placed in the Michigan
10 agriculture equine industry development fund created in subsection
11 (3).

12 (3) The Michigan agriculture equine industry development fund
13 is created in the department of treasury. The Michigan agriculture
14 equine industry development fund must be administered by the
15 director of the department of agriculture and rural development
16 with the assistance and advice of the racing commissioner.

17 (4) Money must not be expended from the Michigan agriculture
18 equine industry development fund except as appropriated by the
19 legislature. Money appropriated by the legislature from the
20 Michigan agriculture equine industry development fund must be
21 expended by the director of the department of agriculture and rural
22 development with the advice and assistance of the racing
23 commissioner to provide funding for agriculture and equine industry
24 development programs as provided in subsections (5) to (11).

25 (5) The following amounts must be paid to standardbred and
26 fair programs:

27 (a) A sum not to exceed 75% of the purses for standardbred
28 harness horse races offered by fairs and races at licensed pari-
29 mutuel racetracks. Purse supplements paid under this subdivision

1 for overnight races at fairs for which Michigan sired, Michigan
2 bred, or Michigan owned harness horses are eligible must be
3 \$1,000.00. However, if the average purse offered for maiden
4 overnight races of the same breed at any licensed race meeting in
5 this state during the previous year as calculated by the department
6 of agriculture and rural development was less than \$1,000.00, purse
7 supplements for overnight races at fairs paid under this
8 subdivision must not exceed that average purse.

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

14 (c) A sum to be allotted for paying special purses at fairs on
15 2-year-old and 3-year-old standardbred harness horses conceived
16 after January 1, 1992, that is Michigan bred, or that is sired by a
17 standardbred stallion registered with the department of agriculture
18 and rural development, that was leased or owned by a resident or
19 residents of this state, and that did not serve a mare at a
20 location outside of this state from February 1 through July 31 of
21 the calendar year in which the conception occurred. A foal that is
22 born on or after January 1, 2002 of a mare owned by a nonresident
23 of this state and that is conceived outside of this state from
24 transported semen of a stallion registered with the department of
25 agriculture and rural development is eligible for Michigan tax-
26 supported races only if, in the year that the foal is conceived,
27 the department of agriculture and rural development's agent for
28 receiving funds as the holding agent for stakes and futurities is
29 paid a transport fee as determined by the department of agriculture

1 and rural development and administered by the Michigan Harness
2 Horsemen's Association.

3 (d) A sum to pay not more than 75% of an eligible cash premium
4 paid by a fair or exposition. The commission of agriculture and
5 rural development shall promulgate rules establishing which
6 premiums are eligible for payment and a dollar limit for all
7 eligible payments.

8 (e) A sum to pay breeders' awards in an amount not to exceed
9 10% of the gross purse to breeders of Michigan bred standardbred
10 harness horses for each time the horse wins a race at a licensed
11 race meeting or fair in this state. As used in this subdivision,
12 "Michigan bred standardbred harness horse" means a horse from a
13 mare owned by a resident or residents of this state at the time of
14 conception, that was conceived after January 1, 1992, and sired by
15 a standardbred stallion registered with the department of
16 agriculture and rural development that was leased or owned by a
17 resident or residents of this state and that did not serve a mare
18 at a location outside of this state from February 1 through July 31
19 of the calendar year in which the conception occurred. To be
20 eligible, each mare must be registered with the department of
21 agriculture and rural development. A foal that is born on or after
22 January 1, 2002 of a mare owned by a nonresident of this state and
23 that is conceived outside of this state from transported semen of a
24 stallion registered with the department of agriculture and rural
25 development is eligible for Michigan tax-supported races only if,
26 in the year that the foal is conceived, the department of
27 agriculture and rural development's agent for receiving funds as
28 the holding agent for stakes and futurities is paid a transport fee
29 as determined by the department of agriculture and rural

1 development and administered by the Michigan Harness Horsemen's
2 Association.

3 (f) A sum not to exceed \$4,000.00 each year to be allotted to
4 fairs to provide training and stabling facilities for standardbred
5 harness horses.

6 (g) A sum to be allotted to pay the presiding judges and
7 clerks of the course at fairs. Presiding judges and clerks of the
8 course must be hired by the fair's administrative body with the
9 advice and approval of the racing commissioner. The director of the
10 department of agriculture and rural development may allot funds for
11 a photo finish system and a mobile starting gate. The director of
12 the department of agriculture and rural development shall allot
13 funds for the conducting of tests, the collection and laboratory
14 analysis of urine, saliva, blood, and other samples from horses,
15 and the taking of blood alcohol tests on drivers, jockeys, and
16 starting gate employees, for those races described in this
17 subdivision. The department may require a driver, jockey, or
18 starting gate employee to submit to a breathalyzer test, urine
19 test, or other noninvasive fluid test to detect the presence of
20 alcohol or a controlled substance. If the results of a test show
21 that a person has more than .05% of alcohol in his or her blood, or
22 has present in his or her body a controlled substance, the person
23 is not permitted to continue in his or her duties on that race day
24 and until he or she can produce, at his or her own expense, a
25 negative test result.

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

29 (i) A sum not to exceed 0.25% of all money wagered on live and

1 simulcast horse races in this state must be placed in a special
2 standardbred sire stakes fund each year, 100% of which must be used
3 to provide purses for races run exclusively for 2-year-old and 3-
4 year-old Michigan sired standardbred horses at licensed harness
5 race meetings in this state. As used in this subdivision, "Michigan
6 sired standardbred horses" means standardbred horses conceived
7 after January 1, 1992 and sired by a standardbred stallion
8 registered with the department of agriculture and rural development
9 that was leased or owned by a resident or residents of this state
10 and that did not serve a mare at a location outside of this state
11 from February 1 through July 31 of the calendar year in which the
12 conception occurred. A foal that is born on or after January 1,
13 2002 of a mare owned by a nonresident of this state and that is
14 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 (6) The following amounts must be paid to thoroughbred
24 programs:

25 (a) A sum to be allotted thoroughbred race meeting licensees
26 to supplement the purses for races to be conducted exclusively for
27 Michigan bred horses.

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

1 horses.

2 (c) A sum to pay breeders' awards in an amount not to exceed
3 10% of the gross purse to the breeders of Michigan bred
4 thoroughbred horses for each time Michigan bred thoroughbred horses
5 win at a licensed race meeting in this state.

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

9 (e) A sum not to exceed 0.25% of all money wagered on live and
10 simulcast horse races in this state must be placed in a special
11 thoroughbred sire stakes fund each year, 100% of which must be used
12 to provide purses for races run exclusively for 2-year-old and 3-
13 year-old and older Michigan sired thoroughbred horses at licensed
14 thoroughbred race meetings in this state and awards for owners of
15 Michigan sired horses or stallions. As used in this subdivision,
16 "Michigan sired thoroughbred horses" means thoroughbred horses
17 sired by a stallion registered with the department of agriculture
18 and rural development that was leased or owned exclusively by a
19 resident or residents of this state and that did not serve a mare
20 at a location outside of this state during the calendar year in
21 which the service occurred.

22 (7) The following amounts must be paid for quarter horse
23 programs:

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

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

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

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

3 (d) As used in this subsection, "Michigan bred quarter horse"
4 means Michigan bred quarter horse as that term is defined in R
5 285.817.1 of the Michigan Administrative Code. Each mare and
6 stallion must be registered with the director of the department of
7 agriculture and rural development.

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

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

11 (b) A sum to pay not more than 75% of the purses for
12 registered Appaloosa 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 Appaloosa
15 horses for each time Michigan bred horses win at a fair or licensed
16 race meeting in this state.

17 (d) As used in this subsection, "Michigan bred Appaloosa
18 horse" means a Michigan bred Appaloosa horse as that term is
19 defined in R 285.819.1 of the Michigan Administrative Code. Each
20 mare and stallion must be registered with the director of the
21 department of agriculture and rural development.

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

23 (a) A sum to supplement the purses for races to be conducted
24 exclusively for Michigan bred Arabian horses.

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

27 (c) A sum to pay breeders' awards in an amount not to exceed
28 10% of the gross purse to the breeders of Michigan bred Arabian
29 horses for each time Michigan bred horses win at a fair or licensed

1 racetrack in this state.

2 (d) As used in this subsection, "Michigan bred Arabian horse"
3 means a Michigan bred horse as that term is defined in R
4 285.822.1(i) of the Michigan Administrative Code. Each mare and
5 stallion shall be registered with the director of the department of
6 agriculture and rural development.

7 (10) The following sums must be paid for American paint horse
8 programs:

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

11 (b) A sum to pay not more than 75% of the purses for
12 registered American paint 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 American
15 paint horses for each time a Michigan bred American paint horse
16 wins at a county fair or licensed race meeting in this state.

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

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

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

27 (b) A sum to fund the development, implementation, and
28 administration of new programs that promote the proper growth and
29 development of the horse racing and breeding industry in this state

1 and other valuable equine-related commercial and recreational
2 activities in this state.

3 (12) As used in subsection (11), "equine industry research"
4 means the study, discovery and generation of accurate and reliable
5 information, findings, conclusions, and recommendations that are
6 useful or beneficial to the horse racing and breeding industry in
7 this state through improvement of the health of horses; prevention
8 of equine illness and disease, and performance-related accidents
9 and injuries; improvement of breeding technique and racing
10 performance; and compilation and study of valuable and reliable
11 statistical data regarding the size, organization, and economics of
12 the industry in this state; and strategic planning for the
13 effective promotion, growth, and development of the industry in
14 this state.

15 (13) An amount must be allotted annually to the racing
16 commissioner that is sufficient to pay for the collection and
17 laboratory analysis of urine, saliva, blood, and other samples from
18 horses and licensed individuals involved in horse racing on which
19 pari-mutuel wagers are made and for the conducting of tests
20 described in section 16(4).

21 (14) Money appropriated and allotted to the Michigan
22 agriculture equine industry development fund must not revert to the
23 general fund and must be carried forward from year to year until
24 disbursed to fund grants for research projects beneficial to the
25 industry.

26 (15) A percentage of the Michigan agriculture equine industry
27 development fund that is equal to 1/15 of 1% of the gross wagers
28 made each year in each of the racetracks licensed under this act
29 must be deposited in the compulsive gaming prevention fund created

1 in section 3 of the compulsive gaming prevention act, 1997 PA 70,
2 MCL 432.253.

3 (16) The director of the department of agriculture and rural
4 development shall promulgate rules pursuant to the administrative
5 procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328, to
6 implement this section. The rules promulgated under this subsection
7 must do all of the following:

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

11 (b) Establish conditions and penalties regarding the programs
12 described in subsections (5) to (12).

13 (c) Develop and maintain informational programs related to
14 this section.

15 (17) Funds under the control of the department of agriculture
16 and rural development in this section must be disbursed under the
17 rules promulgated under subsection (16). All funds under the
18 control of the department of agriculture and rural development
19 approved for purse supplements and breeders' awards must be paid by
20 the state treasurer not later than 45 days from the date of the
21 race.

22 (18) Purses paid under this section must be based on actual
23 purses awarded in a race. If the actual purses awarded are less
24 than the purse supplement amount requested by a fair or licensed
25 pari-mutuel racetrack at the time they applied to the department of
26 agriculture and rural development for the purse supplement, the
27 purse supplement paid must be the lesser amount.

28 (19) If the amount allocated to the Michigan agriculture
29 equine industry development fund under this act or any other source

1 exceeds \$8,000,000.00 in a fiscal year, the amount in excess of
2 \$8,000,000.00 must be allocated to the pari-mutuel horse racing
3 disbursement account under section 19.

4 Sec. 20a. The tax imposed under section ~~22~~**22(2)(b)** on wagers
5 processed through licensed third-party facilitators operating under
6 this act **and the tax imposed under section 22(4) on pari-mutuel**
7 **wagering** 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 Sec. 22. (1) A licensed racetrack shall pay a license fee to
14 the racing commissioner of \$1,000.00 annually.

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

17 (a) A tax in the amount of 3.5% of money wagered on interstate
18 and intertrack simulcast races conducted at the holder's licensed
19 race meetings.

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

22 (3) By eliminating the pari-mutuel wagering tax on live racing
23 programs and altering the calculation of the tax on simulcast horse
24 racing, it is not the intent of the legislature to diminish the
25 funding and appropriations for the Michigan agriculture equine
26 industry development fund and related programs described in section
27 20. The pari-mutuel tax alteration effected by this section is
28 intended to generally allow for the improvement of the pari-mutuel
29 horse racing and breeding industry in this state by increasing

1 purses at licensed race meetings and making additional pari-mutuel
2 revenues available for capital improvements at licensed racetracks
3 in this state.

4 **(4) A race meeting licensee that conducts pari-mutuel wagering**
5 **on the results of live horse races that are run in the past shall**
6 **pay to the state treasurer a tax in the amount of 1% of all money**
7 **wagered on the pari-mutuel wagering in a manner and time as**
8 **required by the racing commissioner.**

9 Enacting section 1. Section 19b of the horse racing law of
10 1995, 1995 PA 279, MCL 431.319b, is repealed.