



House Office Building, 9 South
Lansing, Michigan 48909
Phone: 517/373-6466

PARI-MUTUEL CARD GAMES AND EVENTS

House Bill 5286

Sponsor: Rep. Judith Scranton

Committee: Agriculture and Resource
Management

Complete to 10-22-01

A SUMMARY OF HOUSE BILL 5286 AS INTRODUCED 10-18-01

House Bill 5286 would amend the Horse Racing Law of 1995 to allow for pari-mutuel games and events at horserace meeting grounds. The bill defines “pari-mutuel” to mean a method of wagering on races or games in which the winner or winners divide the total amount wagered by all participants, after deducting management expenses and taxes. Participants do not wager against the racetrack itself, but rather against the wagers of other participants.

In addition to any pari-mutuel wagering on live and simulcast horse races under the act, the racing commissioner would authorize pari-mutuel games and events on the grounds of the race meeting, at the request of a race meeting licensee. Allowable games for pari-mutuel wagering would be any game currently authorized by law, either commercially for profit or by a charity, including, but not limited to, bingo and card games. Banking games and games utilizing traditional casino themes such as roulette, dice, or baccarat card games would not be authorized by the racing commissioner for pari-mutuel wagering.

In administering and regulating pari-mutuel games and events, the racing commissioner would promulgate rules concerning the issuance of cardroom and employee licenses for cardroom operations; the operation of a cardroom; record-keeping and reporting requirements; the collections of all fees and taxes; internal control procedures ensuring the safekeeping of state funds; or any other function necessary for the administration of pari-mutuel wagering for games and events.

In addition, the racing commissioner would conduct investigations and monitor the operation of cardrooms; review the accounts and records of any current or former cardroom employee; take testimony and issue summons and subpoenas for any matter within its jurisdiction; and monitor and ensure the proper collection of taxes and fees imposed by the act.

The racing commissioner would only issue a cardroom license to a race meet licensee. The cardroom would only be operated at the same facility at which the cardroom licensee is authorized, under his or her race meeting license, to conduct pari-mutuel wagering activities. A cardroom could begin operation not more than two hours prior to the post time of the first race meeting and would end operations not more than two hours after the end of the last race meeting.

If an initial cardroom license were issued, the cardroom licensee would apply for a renewal of the cardroom license in conjunction with the applicant’s annual application for the race meeting license. The annual cardroom license fee would be \$500 for the first table and \$200 for each additional table.

House Bill 5286 (10-22-01)

The racing commissioner could deny the issuance of an initial cardroom license or a renewal license, or could suspend or revoke a cardroom license, if the applicant violates or fails to comply with any rules or provisions pertaining to pari-mutuel games and events; knowingly causes, aids, abets, or conspires to cause any person to violate any provisions or rules pertaining to pari-mutuel games and events; obtains the license by fraud; or becomes ineligible for licensure. If a race meeting licensee's is suspended or revoked, the racing commissioner could, but would not be required to, suspend or revoke the race meeting licensee's cardroom operator's license, and vice versa.

The operator would have to provide a nonplaying dealer for each table playing games that traditionally require a dealer. He or she would not have any participating interest in the game. The presence of a dealer would not constitute the operation of a banking game.

Each operator would be required to post a notice which contains a copy of the cardroom license; a list of authorized games offered by the cardroom; any wagering limits; and any additional rules pertaining to the operation of the cardroom, the playing of any game, and the costs to players participating. In addition, each table would have a notice posted informing participants of the minimum and maximum wagers allowable, and the fee for participating in the game.

Any wagering would not use money or other negotiable currency. Players' money would first be converted to chips or tokens. In addition, the cardroom operator could charge a fee (a rake) for the right to participate in any game. This fee could either be a flat fee or an hourly rate. The fee would not be based on a player's winnings and would be placed in a clearly visible area.

The cardroom operator would have to keep, for at least three years, a daily record of its cardroom operations. The records would contain all financial records and other relevant detail necessary to determine compliance with the requirements of operating pari-mutuel wagering on games and events. The records would be subject to audit and inspection by the racing commissioner or law enforcement agencies during the operation's normal business hours.

A cardroom operator could not conduct a banking game or other game not specifically authorized, nor could he or she permit a person under 18 to engage in any game in the cardroom. In addition, any electronic or mechanical device, except card shufflers, could not be used to conduct an authorized game. The racing commissioner could impose an administrative fine not exceeding \$1,000 for each violation against a person who has violated or failed to comply with the provisions or rules pertaining to operation of pari-mutuel wagering card games and events.

Ten percent of the cardroom operation's monthly gross receipts would be paid to the state. In addition, not less than 50 percent of the cardroom's monthly net proceeds would be used to supplement purses during the next racing meet. A cardroom would be considered an accessory use to a race meeting operation, and would not be subject to any tax levied by a municipality, county, or political subdivision of the state.

Conducting of authorized pari-mutuel card games and/or events or operating a cardroom at a horse racetrack would not be considered to be a casino or casino enterprise under the Michigan Gaming Control and Revenue Act.

MCL 431.317 et al.

Analyst: M. Wolf

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.