

HOUSE BILL No. 5287

October 18, 2001, Introduced by Reps. Scranton, Toy, Bisbee, Julian, Anderson, O'Neil, Pumford, Bovin, Frank, Switalski, Ehardt, Stewart, Kowall, Godchaux, Plakas, Neumann, Schauer and Sheltroun and referred to the Committee on Agriculture and Resource Management.

A bill to permit the creation of a racing corporation for the purpose of conducting certain forms of site-only simulcasting on certain horse races; to permit and regulate site-only simulcasting; to impose payment of certain portion of revenue received from site-only simulcasting; and to provide for certain powers and duties for certain state officers and departments.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. This act shall be known and may be cited as the
2 "telecommunications wagering act".

3 Sec. 3. As used in this act:

4 (a) "Breaks" means the cents over any multiple of 10 other-
5 wise payable to a patron on a wager of \$1.00.

6 (b) "Commissioner" means the racing commissioner appointed
7 under section 3 of the horse racing law of 1995, MCL 431.303.

1 (c) "Handle" means the gross receipts of a pari-mutuel
2 betting pool.

3 (d) "Horse racing law of 1995" means 1995 PA 279,
4 MCL 431.301 to 431.336.

5 (e) "Intrastate simulcasting" means simulcasting from a
6 racetrack located in this state to a site-only simulcasting
7 facility.

8 (f) "On-track betting" means the placing of pari-mutuel
9 wagers on live horse races licensed by the commissioner on the
10 race meeting grounds of a race meeting licensee where the races
11 are being conducted.

12 (g) "Race meeting licensee" means a person who is the holder
13 of a valid race meeting license issued by the commissioner under
14 the horse racing law of 1995.

15 (h) "Racing corporation" means the corporation formed under
16 section 15.

17 (i) "Racing theater" means an enclosed site-only simulcast-
18 ing facility where patrons may view telecasts of live horse races
19 taking place at licensed racetracks in this state or tracks in
20 other states as allowed under this act and where patrons may
21 engage in pari-mutuel betting on the results of the telecast
22 horse races. A racing theater may provide ancillary facilities,
23 including, but not limited to, parking and food and beverage
24 service provided at the viewing area.

25 (j) "Site-only simulcasting" means the placing of a
26 pari-mutuel wager at site-only simulcasting facilities or by
27 telephone betting.

1 (k) "Site-only simulcasting facility" means a facility used
2 for the conducting of site-only simulcasting on live horse races
3 licensed by the commissioner and held within this state or simul-
4 cast races held outside this state.

5 (l) "Site-only simulcasting license" means a license issued
6 under section 5.

7 (m) "Site-only simulcasting licensee" means a race meeting
8 licensee or racing corporation that holds a valid site-only
9 simulcasting license.

10 (n) "Takeout" means the sum of money subtracted from
11 pari-mutuel pools pursuant to section 22 of the horse racing law
12 of 1995, MCL 431.322, before calculating the odds and paying out
13 winning wagers.

14 (o) "Telephone betting" means that part of the system of
15 off-track betting operated by a site-only simulcasting facility
16 by which telephone betting account holders may place wagers over
17 the telephone, and by which deposits or withdrawals from tele-
18 phone betting accounts are made at site-only simulcasting facili-
19 ties, licensed racetracks, or by mail.

20 Sec. 5. The commissioner may annually issue a license to
21 conduct site-only simulcasting subject to the requirements of
22 this act.

23 Sec. 7. (1) The commissioner shall promulgate rules under
24 the administrative procedures act of 1969, 1969 PA 306,
25 MCL 24.201 to 24.328, as necessary to implement this act.

26 (2) The rules authorized under this section may include, but
27 are not limited to, all of the following:

1 (a) The method of application for and conditions of issuing
2 a site-only simulcasting license.

3 (b) The procedure for revoking a site-only simulcasting
4 license.

5 (c) The establishment of application fees, site-only simul-
6 casting license fees, or both.

7 (d) Standards and requirements for commissioner approval of
8 site-only simulcasting facilities.

9 (e) The conditions under which site-only simulcasting shall
10 be conducted in this state.

11 (3) The rules promulgated as described under subsection (1)
12 shall prohibit the acceptance or placing of a wager at a
13 site-only simulcasting facility by an individual less than
14 18 years of age. The rules may provide that an individual desir-
15 ing to place a wager at a site-only simulcasting facility be
16 required to present proof of age.

17 (4) The rules shall provide for the placing and receiving of
18 wagers by telephone.

19 (5) The rules shall prohibit placing wagers on credit.

20 (6) The specifications concerning the scope of audits per-
21 formed under section 29.

22 Sec. 9. Subject to approval of the site-only simulcasting
23 facilities by the commissioner, a site-only simulcasting licensee
24 may establish site-only simulcasting facilities inside the racing
25 enclosures at a racetrack operated by a race meeting licensee or
26 at any other location.

1 Sec. 11. (1) The commissioner shall annually issue not more
2 than 15 site-only simulcasting licenses.

3 (2) The commissioner shall give preference to a race meeting
4 licensee or racing corporation that is performing ongoing racing
5 operations in determining which applicants shall receive a
6 site-only simulcasting license.

7 Sec. 13. A site-only simulcasting facility or racing the-
8 ater shall not be located less than 15 miles from another
9 site-only simulcasting facility or racing theater.

10 Sec. 15. A racing corporation may be formed by 2 or more
11 race meeting licensees for the operation of site-only simulcast-
12 ing facilities and telephone betting operations.

13 Sec. 17. A site-only simulcasting licensee may conduct a
14 pari-mutuel system of site-only simulcasting by patrons on the
15 results of horse races held in this state under the horse racing
16 law of 1995 or on the results of special event horse races held
17 in other states. No other method of betting, pool making, wager-
18 ing, or gaming shall be used or permitted in site-only simulcast-
19 ing under this act.

20 Sec. 19. (1) A site-only simulcasting facility may use any
21 racing information as may be necessary to conduct site-only
22 simulcasting on licensed horse racing in this state if compensa-
23 tion is paid for the information. The site-only simulcasting
24 facility shall compensate each race meeting licensee for the use
25 of its racing program and racing information by paying a percen-
26 tage of the site-only simulcasting conducted by the site-only

1 simulcasting facility to each race meeting licensee conducting
2 the race on which site-only simulcasting was conducted.

3 (2) All expenses and operating costs of the site-only simul-
4 casting facility, including, but not limited to, the cost of
5 leasing or buying data processing equipment or other real or per-
6 sonal property, the cost of amortization of racing corporation
7 debt, the cost of telecommunications, and the cost of on-track
8 facilities that may be necessary to conduct site-only simulcast-
9 ing shall be paid by the site-only simulcasting facility from its
10 operating revenues, which shall include a surcharge, not to
11 exceed 5%, imposed on all winning wagers from site-only
12 simulcasting.

13 Sec. 21. (1) The system of site-only simulcasting shall
14 result in the combination of all wagers placed at a site-only
15 simulcasting facility and on-track wagers made within this state
16 so as to produce common pari-mutuel betting pools for the calcu-
17 lation of odds and the determination of payouts from the pools.
18 The payout shall be the same for all winning tickets, whether a
19 wager is placed at a site-only simulcasting facility or on-track
20 within this state, less the surcharge imposed under section 19.

21 (2) Off-track bets accepted by a site-only simulcasting
22 facility shall conform in denomination, character, terms, condi-
23 tions, and all other respects to on-track wagers accepted for the
24 same race. A site-only simulcasting facility may, with approval
25 of the commissioner, establish and accept other wager types on
26 out-of-state races.

1 (3) The takeout at a site-only simulcasting facility shall
2 be the same as the takeout of a race meeting licensee under the
3 horse racing law of 1995.

4 Sec. 23. Except as provided in section 25, each site-only
5 simulcasting facility shall pay to the state treasurer from the
6 site-only simulcasting facility's commission 3% of all money
7 wagered on pari-mutuel wagering in a manner, and at times, as the
8 commissioner requires.

9 Sec. 25. The commissioner shall discount the tax described
10 in section 23 for intrastate simulcast in an amount as determined
11 by the commissioner.

12 Sec. 27. Money received by the state treasurer under this
13 act shall be disposed of in the manner prescribed for the dispos-
14 ing of money in section 20 of the horse racing law of 1995,
15 MCL 431.320.

16 Sec. 29. (1) The commissioner shall provide for the audit-
17 ing of site-only simulcasting operations. The expense of the
18 audits shall be paid by the state as a part of the commissioner's
19 budget. Daily audit reports on each day's site-only simulcasting
20 wagering shall be forwarded by the commissioner to the site-only
21 simulcasting licensee of each site-only simulcasting facility on
22 the day for which the report is made. The scope of the audits
23 shall be established in specifications approved by the
24 commissioner.

25 (2) The auditors shall have free and full access to all of
26 the following:

1 (a) The facility, space, or enclosure where the site-only
2 simulcasting system of wagering is conducted.

3 (b) The calculating room where the pay-off prices are
4 calculated.

5 (c) The rooms and enclosures where totalisator equipment is
6 operated.

7 (d) The money rooms and cashier terminals.

8 (e) All site-only simulcasting wagering records.

9 (3) The auditors are responsible for all of the following:

10 (a) The accuracy of the calculations on which the pay-off
11 prices to the public are based.

12 (b) The amount of racetrack commission, state tax, and
13 breaks.

14 (c) The amount withheld for payment of uncashed tickets.

15 Sec. 33. This act does not take effect unless Senate Bill
16 No. _____ and House Bill No. _____ (request no. 03169'01 a)
17 of the 91st Legislature is enacted into law.