

# HOUSE BILL No. 6094

May 21, 2002, Introduced by Rep. Scranton and referred to the Committee on Gaming and Casino Oversight.

A bill to amend 1995 PA 279, entitled  
"Horse racing law of 1995,"  
(MCL 431.301 to 431.336) by adding part 5.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

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PART 5. KENO

SEC. 130. AS USED IN THIS PART:

(A) "GROSS PLAY" MEANS THE TOTAL AMOUNT WAGERED IN KENO OPERATIONS.

(B) "GROSS WIN" MEANS GROSS PLAY LESS PRIZES PAID.

(C) "KENO OPERATION" MEANS THE CONDUCT OF A KENO GAME FOR MONEY OR ANY REPRESENTATIVE OF VALUE AT A RACE MEETING GROUNDS.

(D) "KENO OPERATOR" MEANS A PERSON THAT HOLDS A VALID KENO LICENSE ISSUED BY THE RACING COMMISSIONER UNDER SECTION 131.

(E) "KENO PARLOR" MEANS A ROOM OR AREA AT A RACE MEETING GROUNDS WHERE THE RESULTS OF A KENO GAME ARE DETERMINED BY

1 MECHANICAL, ELECTROMECHANICAL, OR ELECTRONIC MEANS AND WHERE  
2 WAGERS ON KENO ARE ACCEPTED AND THE RESULTS DISPLAYED TO THE  
3 PUBLIC.

4 SEC. 131. (1) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, A  
5 PERSON MAY PARTICIPATE IN OR CONDUCT A KENO OPERATION IF THE  
6 OPERATION IS CONDUCTED IN ACCORDANCE WITH THIS PART.

7 (2) THE RACING COMMISSIONER MAY ISSUE A LICENSE TO ALLOW A  
8 RACE MEETING LICENSEE TO CONDUCT A KENO OPERATION IF THE APPLICA-  
9 TION OF THE RACE MEETING LICENSEE SATISFIES THE LICENSING CONDI-  
10 TIONS AND REQUIREMENTS OF THIS PART AND THE RULES PROMULGATED  
11 UNDER THIS PART.

12 SEC. 132. THE RACING COMMISSIONER SHALL ADMINISTER THIS  
13 PART AND REGULATE KENO OPERATIONS AUTHORIZED UNDER THIS PART.  
14 THE RACING COMMISSIONER SHALL PERFORM ALL OF THE FOLLOWING  
15 FUNCTIONS:

16 (A) ADOPT RULES PURSUANT TO THE ADMINISTRATIVE PROCEDURES  
17 ACT OF 1969, 1969 PA 306, MCL 24.201 TO 24.328, TO DO 1 OR MORE  
18 OF THE FOLLOWING:

19 (i) REGULATE APPLICATION FOR AND ISSUANCE OF KENO AND OCCU-  
20 PATIONAL LICENSES FOR KENO OPERATIONS, INCLUDING, BUT NOT LIMITED  
21 TO, THE QUALIFICATIONS AND REQUIREMENTS FOR LICENSURE AND THE  
22 RIGHTS AND DUTIES OF LICENSEES.

23 (ii) ESTABLISH APPLICATION OR LICENSE FEES, OR BOTH.

24 (iii) REGULATE THE CONDUCT OF A KENO OPERATION AND OF OCCU-  
25 PATIONAL LICENSEES WHO PARTICIPATE IN THE CONDUCT OF KENO OPERA-  
26 TIONS, INCLUDING, BUT NOT LIMITED TO, RULES OF PLAY, PAYOUTS, AND  
27 SELECTION AND MAINTENANCE OF EQUIPMENT.

1           (iv) ESTABLISH RECORD-KEEPING AND REPORTING REQUIREMENTS.

2           (v) REGULATE THE COLLECTION OF ALL FEES AND TAXES IMPOSED  
3 UNDER THIS PART OR THE RULES PROMULGATED UNDER THIS PART.

4           (vi) ESTABLISH INTERNAL CONTROL PROCEDURES ENSURING THE  
5 SAFEKEEPING OF STATE FUNDS, INCLUDING, BUT NOT LIMITED TO,  
6 REQUIRING THAT AN AUDITOR APPOINTED BY THE RACING COMMISSIONER  
7 MONITOR AND VERIFY THE CASH FLOW AND ACCOUNTING OF KENO REVENUE  
8 EVERY DAY THAT KENO IS IN OPERATION.

9           (vii) ESTABLISH PROCEDURES FOR HEARINGS AND DETERMINATIONS  
10 ON VIOLATIONS OF THIS PART OR THE RULES PROMULGATED UNDER THIS  
11 PART.

12           (viii) PROMOTE THE SAFETY, SECURITY, GROWTH, AND INTEGRITY  
13 OF KENO OPERATIONS CONDUCTED AT LICENSED RACE MEETINGS WITHIN  
14 THIS STATE.

15           (ix) ANYTHING ELSE NECESSARY TO THE ADMINISTRATION OF THIS  
16 PART.

17           (B) CONDUCT INVESTIGATIONS AND MONITOR KENO OPERATIONS.

18           (C) REVIEW THE BOOKS, ACCOUNTS, AND RECORDS OF ANY CURRENT  
19 OR FORMER KENO OPERATOR.

20           (D) TAKE DISCIPLINARY ACTION AGAINST A PERSON, AFTER A HEAR-  
21 ING, FOR A VIOLATION OF THE PROVISIONS OF THIS PART OR THE ADMIN-  
22 ISTRATIVE RULES ADOPTED UNDER THIS PART. DISCIPLINARY ACTION  
23 INCLUDES SUSPENDING OR REVOKING A LICENSE ISSUED UNDER THIS PART,  
24 AND FINING, EXCLUDING, REPRIMANDING, OR OTHERWISE PENALIZING A  
25 PERSON.

1 (E) TAKE TESTIMONY AND ISSUE A SUBPOENA FOR A WITNESS OR FOR  
2 THE PRODUCTION OF RECORDS, DOCUMENTS, AND THINGS IN CONNECTION  
3 WITH ANY MATTER WITHIN ITS JURISDICTION.

4 (F) MONITOR AND ENSURE THE PROPER COLLECTION OF TAXES AND  
5 FEES IMPOSED BY THIS PART OR RULES PROMULGATED UNDER THIS PART.

6 SEC. 133. (1) A RACE MEETING LICENSEE MAY APPLY TO THE  
7 RACING COMMISSIONER FOR A KENO LICENSE TO CONDUCT A KENO OPERA-  
8 TION ON THE LICENSEE'S RACE MEETING GROUNDS. THE APPLICATION  
9 SHALL BE IN THE MANNER AND ON FORMS PRESCRIBED BY THE RACING COM-  
10 MISSIONER, AND CONTAIN THE INFORMATION THAT THE RACING COMMIS-  
11 SIONER DETERMINES NECESSARY.

12 (2) A KENO LICENSE IS NOT TRANSFERABLE.

13 SEC. 134. IF THE RACING COMMISSIONER ISSUES AN INITIAL KENO  
14 LICENSE, THE KENO LICENSEE SHALL APPLY FOR RENEWAL OF THE KENO  
15 LICENSE IN CONJUNCTION WITH THE APPLICANT'S ANNUAL APPLICATION  
16 FOR ITS RACE MEETING LICENSE ON FORMS PRESCRIBED BY THE RACING  
17 COMMISSIONER.

18 SEC. 135. (1) A KENO LICENSEE SHALL ONLY CONDUCT A KENO  
19 OPERATION AT THE SAME FACILITY AT WHICH THE KENO LICENSEE IS  
20 AUTHORIZED UNDER ITS RACE MEETING LICENSE TO CONDUCT PARI-MUTUEL  
21 WAGERING ACTIVITIES.

22 (2) A KENO OPERATION SHALL ONLY BE CONDUCTED AT THE FACILITY  
23 ON DAYS THAT THE LICENSEE IS AUTHORIZED TO ACCEPT WAGERS ON HORSE  
24 RACING DURING ITS RACE MEETING. WAGERING ON A KENO OPERATION  
25 SHALL NOT BEGIN MORE THAN 2 HOURS BEFORE THE POST TIME OF THE  
26 FIRST RACE PROGRAMMED AT THE RACETRACK ON WHICH WAGERS ARE TO BE  
27 ACCEPTED AND SHALL CEASE NOT MORE THAN 2 HOURS AFTER THE

1 CONCLUSION OF THE LAST RACE CONDUCTED AT THE RACETRACK ON WHICH  
2 WAGERS ARE ACCEPTED.

3 SEC. 136. A PERSON UNDER 18 YEARS OF AGE SHALL NOT PARTICI-  
4 PATE IN A KENO OPERATION. A KENO LICENSEE SHALL NOT PERMIT A  
5 PERSON UNDER AGE 18 TO PARTICIPATE IN A KENO OPERATION.

6 SEC. 137. EACH KENO OPERATOR SHALL POST CONSPICUOUSLY IN A  
7 PUBLIC AREA IN ITS KENO PARLOR ALL OF THE FOLLOWING:

8 (A) A COPY OF THE OPERATOR'S KENO LICENSE.

9 (B) THE RULES REGARDING CONDUCT OF THE KENO GAME, INCLUDING  
10 A PAYOUT CHART, THE PAYOUT ODDS, AND THE COST TO PLAYERS TO  
11 PARTICIPATE.

12 (C) THE WAGERING LIMITS, IF ANY.

13 SEC. 138. (1) EACH KENO OPERATOR SHALL KEEP AND MAINTAIN  
14 PERMANENT DAILY RECORDS OF ITS KENO OPERATION AND SHALL MAINTAIN  
15 THOSE RECORDS FOR NOT LESS THAN 3 YEARS. THE RECORDS SHALL  
16 INCLUDE ALL FINANCIAL TRANSACTIONS AND CONTAIN SUFFICIENT DETAIL  
17 TO DETERMINE COMPLIANCE WITH THE REQUIREMENTS OF THIS PART. THE  
18 RECORDS SHALL BE AVAILABLE FOR AUDIT AND INSPECTION BY THE RACING  
19 COMMISSIONER OR OTHER LAW ENFORCEMENT AGENCIES DURING THE KENO  
20 OPERATOR'S REGULAR BUSINESS HOURS.

21 (2) EACH KENO OPERATOR SHALL FILE WITH THE RACING COMMIS-  
22 SIONER A REPORT CONTAINING THE RECORDS OF KENO OPERATIONS AS  
23 REQUIRED BY THE RACING COMMISSIONER.

24 SEC. 139. A KENO OPERATION IS SUBJECT TO INSPECTION BY THE  
25 RACING COMMISSIONER OR ANY LAW ENFORCEMENT AGENCY DURING THE  
26 LICENSEE'S REGULAR BUSINESS HOURS. THE INSPECTION SHALL

1 SPECIFICALLY ENCOMPASS THE INTERNAL CONTROL PROCEDURES PRESCRIBED  
2 BY THE RACING COMMISSIONER UNDER SECTION 132(A)(vi).

3 SEC. 140. (1) EACH KENO OPERATOR SHALL RETAIN 44% OF THE  
4 GROSS WIN AND BE SOLELY RESPONSIBLE FOR ALL EXPENSES OF THE KENO  
5 OPERATION, INCLUDING, BUT NOT LIMITED TO, THE COST OF LEASING OR  
6 BUYING EQUIPMENT OR OTHER REAL OR PERSONAL PROPERTY AND NECESSARY  
7 IMPROVEMENTS TO THE RACE MEETING LICENSEE'S PREMISES TO ACCOMMO-  
8 DATE THE KENO OPERATIONS.

9 (2) EACH KENO OPERATOR SHALL PROMPTLY PAY INTO THE STATE  
10 TREASURY AND CREDIT TO THE GENERAL FUND 25% OF THE GROSS WIN,  
11 EXCEPT AS PROVIDED BY THE FOLLOWING:

12 (A) THE KENO OPERATOR SHALL PAY TO THE OFFICE OF THE RACING  
13 COMMISSIONER A SUFFICIENT SUM FOR THE ADMINISTRATION AND REGULA-  
14 TION OF KENO OPERATIONS AS DETERMINED BY THE RACING  
15 COMMISSIONER.

16 (B) THE KENO OPERATOR SHALL PAY 3% OF THE GROSS WIN TO THE  
17 AGRICULTURE PRESERVATION FUND CREATED IN SECTION 102.

18 (3) EACH KENO OPERATOR SHALL PAY 31% OF THE GROSS WIN AS  
19 FOLLOWS:

20 (A) IF A RACE MEETING LICENSEE IS LICENSED TO CONDUCT THOR-  
21 OUGHBRED HORSE RACING IN A CITY AREA, 15% TO A DEPOSITORY DESIG-  
22 NATED BY THE CERTIFIED HORSEMEN'S ORGANIZATION HAVING CONTRACTS  
23 WITH THOROUGHBRED RACE MEETING LICENSEES IN THIS STATE.

24 (B) IF NO RACE MEETING LICENSEE IS LICENSED TO CONDUCT THOR-  
25 OUGHBRED HORSE RACING IN A CITY AREA, 10% TO A DEPOSITORY DESIG-  
26 NATED BY THE CERTIFIED HORSEMEN'S ORGANIZATION HAVING CONTRACTS  
27 WITH THOROUGHBRED RACE MEETING LICENSEES IN MICHIGAN.

1 (C) IF A RACE MEETING LICENSEE IS LICENSED TO CONDUCT  
2 THOROUGHBRED HORSE RACING IN A CITY AREA, 15% TO A DEPOSITORY  
3 DESIGNATED BY THE CERTIFIED HORSEMEN'S ORGANIZATION HAVING CON-  
4 TRACTS WITH STANDARD BRED RACE MEETING LICENSEES IN MICHIGAN.

5 (D) IF NO RACE MEETING LICENSEE IS LICENSED TO CONDUCT THOR-  
6 OUGHBRED HORSE RACING IN A CITY AREA, 20% TO A DEPOSITORY DESIG-  
7 NATED BY THE CERTIFIED HORSEMEN'S ORGANIZATION HAVING CONTRACTS  
8 WITH STANDARD BRED RACE MEETING LICENSEES IN MICHIGAN.

9 (E) ONE PERCENT TO A DEPOSITORY DESIGNATED BY THE CERTIFIED  
10 HORSEMEN'S ORGANIZATION HAVING CONTRACTS WITH MIXED-BRED  
11 LICENSEES.

12 (4) THE FUNDS DEPOSITED INTO THE DEPOSITORY DESIGNATED BY  
13 THE CERTIFIED HORSEMEN'S ORGANIZATION UNDER SUBSECTION (3) SHALL  
14 BE DISTRIBUTED TO THEIR RESPECTIVE RACE MEETING LICENSEES EXCLU-  
15 SIVELY FOR PARI-MUTUEL PURSES, EXCEPT FOR AN AMOUNT NOT TO EXCEED  
16 3% THAT MAY BE RETAINED FOR EXPENSES OF ADMINISTRATION. THE DIS-  
17 TRIBUTION TO THE RACE MEETING LICENSEES SHALL BE IN A MANNER THAT  
18 BEST SERVES PARI-MUTUEL RACING IN THIS STATE AS DETERMINED BY  
19 EACH BREED'S CERTIFIED HORSEMEN'S ORGANIZATION.

20 SEC. 141. ALL MONEY RECEIVED BY THE STATE TREASURER UNDER  
21 SECTION 140 SHALL BE DEPOSITED IN THE AGRICULTURE PRESERVATION  
22 FUND.

23 SEC. 142. THE RACING COMMISSIONER MAY DENY, REFUSE TO  
24 RENEW, SUSPEND, OR REVOKE A KENO LICENSE, IF THE APPLICANT DOES 1  
25 OR MORE OF THE FOLLOWING:

26 (A) VIOLATES OR FAILS TO COMPLY WITH THE PROVISIONS OF THIS  
27 PART OR ANY RULES ADOPTED UNDER THIS PART.

1 (B) KNOWINGLY CAUSES, AIDS, ABETS, OR CONSPIRES WITH ANOTHER  
2 TO CAUSE A PERSON TO VIOLATE THIS PART OR ANY RULES ADOPTED UNDER  
3 THIS PART.

4 (C) OBTAINS A LICENSE BY FRAUD, MISREPRESENTATION, OR  
5 CONCEALMENT.

6 (D) BECOMES INELIGIBLE FOR LICENSURE UNDER THIS PART.

7 SEC. 143. IF A RACE MEETING LICENSEE'S LICENSE IS SUSPENDED  
8 OR REVOKED BY THE RACING COMMISSIONER, THE RACING COMMISSIONER  
9 MAY, BUT IS NOT REQUIRED TO, SUSPEND OR REVOKE THE RACE MEETING  
10 LICENSEE'S KENO LICENSE. IF A KENO OPERATOR'S KENO LICENSE IS  
11 SUSPENDED OR REVOKED UNDER THIS PART, THE RACING COMMISSIONER  
12 MAY, BUT IS NOT REQUIRED TO, SUSPEND OR REVOKE THE KENO  
13 OPERATOR'S RACE MEETING LICENSE.

14 SEC. 144. NOTWITHSTANDING ANY OTHER PROVISION OF THIS PART,  
15 THE RACING COMMISSIONER MAY IMPOSE AN ADMINISTRATIVE FINE OF NOT  
16 MORE THAN \$1,000.00 FOR EACH VIOLATION AGAINST A PERSON WHO HAS  
17 VIOLATED OR FAILED TO COMPLY WITH THE PROVISIONS OF THIS PART OR  
18 ANY RULES PROMULGATED UNDER THIS PART.

19 SEC. 145. A PERSON, UNLESS AUTHORIZED BY THE RACING COMMIS-  
20 SIONER, WHO WITH INTENT TO MANIPULATE THE OUTCOME, PAYOFF, OR  
21 OPERATION OF A KENO GAME MANIPULATES THE OUTCOME, PAYOFF, OR  
22 OPERATION OF A KENO GAME IS GUILTY OF A FELONY PUNISHABLE BY  
23 IMPRISONMENT FOR NOT MORE THAN 10 YEARS OR A FINE OF NOT LESS  
24 THAN \$10,000.00, OR BOTH.

25 Enacting section 1. This amendatory act does not take  
26 effect unless all of the following bills of the 91st Legislature  
27 are enacted into law:



- 1 (a) House Bill No. 5284.
- 2 (b) House Bill No. 5285.
- 3 (c) House Bill No. 5286.
- 4 (d) House Bill No. 5287.
- 5 (e) House Bill No. 5288.
- 6 (f) House Bill No. 5289.