

HOUSE BILL NO. 4005

January 26, 2021, Introduced by Rep. Hall and referred to the Committee on Regulatory Reform.

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:

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

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

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

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

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

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

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

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

1 exercised by the racing commissioner before that position was
2 abolished.

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

5 (f) "Day of operation" means a period of 24 hours beginning at
6 12 noon and ending at 11:59 a.m. the following day.

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

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

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

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

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

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

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

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

1 provided in this act.

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

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

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

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

1 meeting licensee is a participant or otherwise holds a stake in the
2 outcome of the game, or in which the race meeting licensee
3 established a bank against which the participants play. However,
4 pari-mutuel and pari-mutuel wagering include a nonrefundable
5 contribution to the pool to serve as a seed or guarantee. Pari-
6 mutuel and pari-mutuel wagering do not include a video lottery that
7 must be authorized under the McCauley-Traxler-Law-Bowman-McNeely
8 lottery act, 1972 PA 239, MCL 432.1 to 432.47, or any other law of
9 this state.

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

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

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

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

26 Sec. 12. (1) An applicant for a license to conduct a
27 thoroughbred race meeting shall apply to conduct not fewer than 30
28 days of live thoroughbred racing during its proposed race meeting.
29 Except during the opening and closing week of a race meeting, the

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

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

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

23 (4) If a race meeting licensee is unable to conduct racing on
24 a live racing date awarded to the licensee or fewer than 8 live
25 horse races on an awarded live racing date because of a labor
26 dispute, fire, adverse weather conditions, or other causes beyond
27 the race meeting licensee's control, the race meeting licensee is
28 considered to have conducted those races or that race date for
29 purposes of this act and is not precluded from conducting any

1 simulcasts **or pari-mutuel wagering** because of the licensee's
2 inability to conduct those live races or that race date.

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

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

20 (7) Notwithstanding anything in this act to the contrary, if
21 the racing commissioner determines that 1 or more of the conditions
22 listed in subsection (8) apply and the contracted certified
23 horsemen's organization is in agreement, the racing commissioner
24 may amend an existing race meeting license and simulcast permit to
25 allow the licensee to continue simulcasting **or conducting pari-**
26 **mutuel wagering** during the remaining period of the race meeting
27 license. An amended license under this section may be issued by the
28 racing commissioner at any time, including at the time of the
29 initial issuance of the race meeting license for the upcoming year

1 during which it is valid.

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

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

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

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

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

1 commission from simulcasting.

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

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

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

25 (2) Subject to section 12(4), all simulcasting **or pari-mutuel**
26 **wagering** authorized by the racing commissioner must be conditioned
27 on the holder of the license conducting not fewer than 8 live horse
28 races on each live racing date allocated in the holder's race
29 meeting license, unless this requirement is waived in writing by

1 both the racing commissioner and the certified horsemen's
2 organization with which the licensee has contracted.

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

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

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

26 (6) A denial of a race meeting license under subsection (3)
27 may be appealed to the circuit court for judicial review under
28 section 631 of the revised judicature act of 1961, 1961 PA 236, MCL
29 600.631. A suspension or revocation of a race meeting license may

1 be appealed under the administrative procedures act of 1969, 1969
2 PA 306, MCL 24.201 to 24.328.

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

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

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

29 (3) Subject to section 18(3), each holder of a race meeting

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

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

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

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

24 (5) Payoff prices of tickets of a higher denomination must be
25 calculated as even multiples of the payoff price for a \$1.00 wager.
26 Each holder of a race meeting license shall distribute to the
27 persons holding winning tickets, as a minimum, a sum not less than
28 \$1.10 calculated on the basis of each \$1.00 deposited in a pool,
29 except that each race meeting licensee may distribute a sum of not

1 less than \$1.05 to persons holding winning tickets for each \$1.00
 2 deposited in a minus pool. As used in this subsection, "minus pool"
 3 means any win, place, or show pool in which the payout would exceed
 4 the total value of the pool.

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

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

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

29 (9) A person that does not hold a race meeting license or a

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

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

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

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

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

26 (b) Each year, all certified horsemen's organizations that
27 participate in a live race meeting may receive an amount approved
28 by order of the racing commissioner to use for general expenses.
29 Beginning on January 1 and ending on December 31 of each year, the

1 certified horsemen's organization is entitled to not less than 5%
 2 of the site-specific horsemen's purse account as ordered by the
 3 racing commissioner.

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

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

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

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

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

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

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

22 (5) The following amounts must be paid to standardbred and
23 fair programs:

24 (a) A sum not to exceed 75% of the purses for standardbred
25 harness horse races offered by fairs and races at licensed pari-
26 mutuel racetracks. Purse supplements paid under this subdivision
27 for overnight races at fairs for which Michigan sired, Michigan
28 bred, or Michigan owned harness horses are eligible must be
29 \$1,000.00. However, if the average purse offered for maiden

1 overnight races of the same breed at any licensed race meeting in
2 this state during the previous year as calculated by the department
3 of agriculture and rural development was less than \$1,000.00, purse
4 supplements for overnight races at fairs paid under this
5 subdivision must not exceed that average purse.

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

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

29 (d) A sum to pay not more than 75% of an eligible cash premium

1 paid by a fair or exposition. The commission of agriculture and
2 rural development shall promulgate rules establishing which
3 premiums are eligible for payment and a dollar limit for all
4 eligible payments.

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

29 (f) A sum not to exceed \$4,000.00 each year to be allotted to

1 fairs to provide training and stabling facilities for standardbred
2 harness horses.

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

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

26 (i) A sum not to exceed 0.25% of all money wagered on live and
27 simulcast horse races in this state must be placed in a special
28 standardbred sire stakes fund each year, 100% of which must be used
29 to provide purses for races run exclusively for 2-year-old and 3-

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

20 (6) The following amounts must be paid to thoroughbred
21 programs:

22 (a) A sum to be allotted thoroughbred race meeting licensees
23 to supplement the purses for races to be conducted exclusively for
24 Michigan bred horses.

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

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

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

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

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

19 (7) The following amounts must be paid for quarter horse
20 programs:

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

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

25 (c) A sum to pay breeders' awards in an amount not to exceed
26 10% of a gross purse to breeders of Michigan bred quarter horses
27 for each time a Michigan bred quarter horse wins at a county fair
28 or licensed race meeting in this state.

29 (d) As used in this subsection, "Michigan bred quarter horse"

1 means Michigan bred quarter horse as that term is defined in R
2 285.817.1 of the Michigan Administrative Code. Each mare and
3 stallion must be registered with the director of the department of
4 agriculture and rural development.

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

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

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

10 (c) A sum to pay breeders' awards in an amount not to exceed
11 10% of the gross purse to the breeders of Michigan bred Appaloosa
12 horses for each time Michigan bred horses win at a fair or licensed
13 race meeting in this state.

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

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

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

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

24 (c) A sum to pay breeders' awards in an amount not to exceed
25 10% of the gross purse to the breeders of Michigan bred Arabian
26 horses for each time Michigan bred horses win at a fair or licensed
27 racetrack in this state.

28 (d) As used in this subsection, "Michigan bred Arabian horse"
29 means a Michigan bred horse as that term is defined in R

1 285.822.1(i) of the Michigan Administrative Code. Each mare and
2 stallion shall be registered with the director of the department of
3 agriculture and rural development.

4 (10) The following sums must be paid for American paint horse
5 programs:

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

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

10 (c) A sum to pay breeders' awards in an amount not to exceed
11 10% of the gross purse to the breeders of Michigan bred American
12 paint horses for each time a Michigan bred American paint horse
13 wins at a county fair or licensed race meeting in this state.

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

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

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

24 (b) A sum to fund the development, implementation, and
25 administration of new programs that promote the proper growth and
26 development of the horse racing and breeding industry in this state
27 and other valuable equine-related commercial and recreational
28 activities in this state.

29 (12) As used in subsection (11), "equine industry research"

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

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

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

23 (15) A percentage of the Michigan agriculture equine industry
24 development fund that is equal to 1/15 of 1% of the gross wagers
25 made each year in each of the racetracks licensed under this act
26 must be deposited in the compulsive gaming prevention fund created
27 in section 3 of the compulsive gaming prevention act, 1997 PA 70,
28 MCL 432.253.

29 (16) The director of the department of agriculture and rural

1 development shall promulgate rules pursuant to the administrative
2 procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328, to
3 implement this section. The rules promulgated under this subsection
4 must do all of the following:

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

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

10 (c) Develop and maintain informational programs related to
11 this section.

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

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

25 (19) If the amount allocated to the Michigan agriculture
26 equine industry development fund under this act or any other source
27 exceeds \$8,000,000.00 in a fiscal year, the amount in excess of
28 \$8,000,000.00 must be allocated to the pari-mutuel horse racing
29 disbursement account under section 19.

1 Sec. 20a. The tax imposed under section ~~22~~**22 (2) (b)** on wagers
2 processed through licensed third-party facilitators operating under
3 this act **and the tax imposed under section 22(4) on pari-mutuel**
4 **wagering** must be allocated as follows:

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

7 (b) Ten percent to the horse racing advisory commission
8 created in section 6a to be expended as provided in section
9 6a(12)(d).

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

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

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

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

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

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

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