HOUSE SUBSTITUTE FOR SENATE BILL NO. 661

A bill to amend 1995 PA 279, entitled "Horse racing law of 1995,"

by amending the title and sections 2, 3, 6a, 12, 14, 17, 19, 20, 20a, and 22 (MCL 431.302, 431.303, 431.306a, 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 6a, 17, 19, 20, and 22 as amended and section 20a as added by 2019 PA 153, and by adding section 18a; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

TITLE

2 An act to license and regulate the conducting of horse race
3 meetings in this state with pari-mutuel wagering on the results of
4 horse races and persons involved in horse racing and pari-mutuel



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gaming activities at such race meetings; to create the office of 1 racing commissioner; to prescribe the powers and duties of the 2 racing commissioner; to prescribe certain powers and duties of the 3 department of agriculture treasury and the director of the 4 5 department of agriculture; state treasurer; to provide for the 6 promulgation of rules; to provide for the imposition of taxes and 7 fees and the disposition of revenues; to impose certain taxes; to 8 create funds; to legalize and permit the pari-mutuel method of 9 wagering on the results of live and simulcast races at licensed 10 race meetings in this state; to appropriate the funds derived from 11 pari-mutuel wagering on the results of horse races at licensed race meetings in this state; to prescribe remedies and penalties; and to 12 repeal acts and parts of acts. 13

14

Sec. 2. As used in this act:

15 (a) "Affiliate" means a person who, directly or indirectly, 16 controls, is controlled by, or is under common control with; is in a partnership or joint venture relationship with; or is a co-17 18 shareholder of a corporation, co-member of a limited liability company, or co-partner in a limited liability partnership with a 19 20 person who that holds or applies for a race meeting or track license under this act. For purposes of this subdivision, a 21 controlling interest is a pecuniary interest of more than 15%. 22

23 (b) "Breaks" means the cents over any multiple of 10 otherwise24 payable to a patron on a wager of \$1.00.

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

29

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



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

3 (*iii*) The organization's ability to monitor and improve physical
4 conditions and controls for individuals and horses participating at
5 licensed race meetings.

6 (*iv*) The organization's ability to protect the financial
7 interests of the individuals participating at licensed race
8 meetings.

(d) "Commissioner" or "racing commissioner" means the 9 10 executive director of the Michigan gaming control board appointed 11 under section 4 of the Michigan gaming control Gaming Control and revenue act, Revenue Act, 1996 IL 1, MCL 432.204, who is ordered 12 under Executive Reorganization Order No. 2009-31, MCL 324.99919, to 13 14 perform all the functions and exercise the powers performed and 15 exercised by the racing commissioner before that position was 16 abolished.

17 (e) "Controlled substance" means that term as defined in18 section 7104 of the public health code, 1978 PA 368, MCL 333.7104.

19 (f) "Day of operation" means a period of 24 hours beginning at20 12 noon and ending at 11:59 a.m. the following day.

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

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

25 (ii) A substance, other than food, intended to affect the
26 structure or condition or any function of the body of humans or
27 other animals.

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



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1 (h) "Fair" means a county, district, or community fair or a
2 state fair.

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

7 (j) "Full card simulcast" means an entire simulcast racing
8 program of 1 or more race meeting licensees located in this state,
9 or an entire simulcast racing program of 1 or more races
10 simulcasted from 1 or more racetracks located outside of this
11 state.

12 (k) "Horsemen's simulcast purse account" means an account 13 maintained with a financial institution and managed by a designated 14 agent as described in section 19 to receive and distribute money as 15 provided in this act.

16 (l) "Member of the immediate family" means the spouse, child,17 parent, or sibling.

(m) "Net commission" means the amount determined under section 19 17(3), after first deducting from the licensee's statutory 20 commission the applicable state tax on wagering due and payable 21 under section 22 and the actual verified fee paid by the licensee 22 to the sending host track to receive the simulcast signal.

(n) "Office of the racing commissioner" means the horse racing section of the horse racing, audit, and gaming technology division of the Michigan gaming control board created by section 4 of the Michigan gaming control Gaming Control and revenue act, Revenue Act, 1996 IL 1, MCL 432.204, which operates under the direction of the executive director of the Michigan gaming control board, to which Executive Reorganization Order No. 2009-31, MCL 324.99919,



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transferred all of the authority, powers, duties, functions,
 records, personnel, property, unexpended balances of
 appropriations, allocations, or other funds of the office of racing
 commissioner that previously existed under this act and that was
 abolished by that executive reorganization order.

6 (o) "Pari-mutuel" and "pari-mutuel wagering" mean the form or 7 system of gambling in which the winner or winners divide the total 8 amount of money bet, after deducting the net commission.a system by 9 which the wagers on the outcome of a live horse race, run in the 10 past or to be run in the future, are placed with, or in, a wagering 11 pool conducted by an operator licensed or otherwise permitted to do so under the laws of this state and in which the participants do 12 13 not wager against the operator. Pari-mutuel and pari-mutuel 14 wagering do not include wagering on a banked game in which the race 15 meeting licensee is a participant or otherwise holds a stake in the outcome of the game, or in which the race meeting licensee 16 17 established a bank against which the participants play. However, 18 pari-mutuel and pari-mutuel wagering include a nonrefundable 19 contribution to the pool to serve as a seed or guarantee. Pari-20 mutuel and pari-mutuel wagering do not include a video lottery that 21 must be authorized under the McCauley-Traxler-Law-Bowman-McNeely 22 lottery act, 1972 PA 239, MCL 432.1 to 432.47, or any other law of 23 this state.

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

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



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

4 (s) "Thoroughbred" means a thoroughbred, quarter, paint,
5 Arabian, or other breed horse. Thoroughbred does not include a
6 standardbred.

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

11 Sec. 3. The office of racing commissioner is created within the department of agriculture. treasury. The racing commissioner 12 has the powers and duties prescribed in this act and shall 13 14 administer the provisions of this act relating to licensing, 15 enforcement, and regulation. The racing commissioner also has those additional powers necessary and proper to implement and enforce 16 this act and to regulate and maintain jurisdiction over the conduct 17 of each licensed race meeting within this state where horse races 18 19 or pari-mutuel wagering on the results of horse races is permitted 20 for a stake, purse, prize, share, or reward.

Sec. 6a. (1) The horse racing advisory commission is created
within the department of agriculture and rural

23 development.treasury.

24 (2) The advisory commission consists of the following members,25 appointed by the governor:

26 (a) An individual who has knowledge about and expertise in
27 horse racing in this state, who shall serve as chairperson of the
28 advisory commission. An individual representing a person that holds
29 a casino license under the Michigan Gaming Control and Revenue Act,



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1 1996 IL 1, MCL 432.201 to 432.226.

2 (b) The director of the department of agriculture and rural
3 development or his or her designee. An individual representing an
4 Indian tribe described in section 18a(1)(b).

5

(c) A veterinarian.

6 (d) Two individuals from 2 different statewide horse racing
7 associations.An individual representing the horse racing industry
8 nominated by the senate majority leader.

9 (e) Two individuals who are owners or operators, or designees
10 of owners or operators, of 2 different horse racetracks in this
11 state.An individual representing the owner of a racetrack nominated
12 by the speaker of the house.

(f) A member of the Michigan gaming control board created
under section 4 of the Michigan Gaming Control and Revenue Act,
1996 IL 1, MCL 432.204.

16 (3) The governor shall appoint the members first appointed to
17 the advisory commission by September 29, 2016.within 120 days after
18 the effective date of the amendatory act that added section 18a.

19 (4) Members of the advisory commission under subsection
 20 (2)(c), (d), and (e) (2) shall serve for terms of 4 years or until
 21 a successor is appointed, whichever is later.

(5) If a vacancy occurs on the advisory commission, the
governor shall make an appointment for the unexpired term in the
same manner as the original appointment.

25 (6) The governor may remove a member of the advisory
26 commission for incompetence, dereliction of duty, malfeasance,
27 misfeasance, or nonfeasance in office, or any other good cause.

28 (7) The chairperson of the advisory commission member
29 appointed under subsection (2) (a) (2) (f) shall call the first



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meeting of the advisory commission. At the first meeting, the 1 advisory commission other than the member appointed under 2 subsection (2) (f) shall elect from among its members a chairperson 3 and other officers as it considers necessary or appropriate. The 4 5 member appointed under subsection (2) (f) shall not serve as 6 chairperson. After the first meeting, the advisory commission shall 7 meet at the call of the chairperson or if requested by 3 or more 8 members.

9 (8) A majority of the members of the advisory commission
10 constitute a quorum for the transaction of business at a meeting of
11 the advisory commission. A majority of the members present and
12 serving are required for official action of the advisory
13 commission.

14 (9) The advisory commission shall conduct its business at
15 public meetings held in compliance with the open meetings act, 1976
16 PA 267, MCL 15.261 to 15.275.

17 (10) A writing prepared, owned, used, in the possession of, or
18 retained by the advisory commission in the performance of an
19 official function is subject to the freedom of information act,
20 1976 PA 442, MCL 15.231 to 15.246.

(11) Members of the advisory commission shall serve without compensation. However, members of the advisory commission may be reimbursed for their actual and necessary expenses incurred in the performance of their official duties as members of the advisory commission.

26 (12) The advisory commission shall do all of the following:
27 (a) Establish for the racing commissioner procedures governing
28 the operation and promotion of horse racing in this state.
29 (b) Make recommendations to the legislature on amendments to



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this act that would improve the regulatory structure of horse
 racing in this state with a goal of maintaining the long-term
 viability of horse racing in this state.

4 (c) Annually submit a report to the legislature detailing its5 recommendations under subdivisions (a) and (b).

6 (d) Expend money received under section 20a, as appropriated7 by the legislature, for the following purposes:

8

(i) Promotion and marketing of horse racing.

9 (*ii*) Equine-related research.

10 (iii) Grants for equine-related support and aftercare and 11 programs related to horse racing.

12 (13) The racing commissioner shall take under consideration
13 the procedures established by the advisory commission under
14 subsection (12)(a) in performing his or her duties under this act.

(14) The horse racing advisory commission created within the
department of agriculture and rural development under 2016 PA 271
is abolished.

18 Sec. 12. (1) An applicant for a license to conduct a 19 thoroughbred race meeting shall apply to conduct not fewer than 30 days of live thoroughbred racing during its proposed race meeting. 20 Except during the opening and closing week of a race meeting, the 21 22 applicant shall apply to conduct live racing not fewer than 2 days per week, with not fewer than 8 live horse races programmed, and 23 24 shall conduct live racing programs on the days allocated by the 25 racing commissioner. The commissioner shall allocate not fewer than 10 days of live horse racing to a race meeting licensee with not 26 27 fewer than 6 programmed live races per allocated day.

28 (2) An applicant for a license to conduct a standardbred race29 meeting shall apply to conduct not fewer than 30 days of live



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

9 (3) If a race meeting licensee is unable to program and 10 conduct 8 live horse races on a racing date awarded to the licensee 11 because there are fewer than 5 entries in a race, the licensee 12 shall not conduct any simulcasting or, subject to section 17(11), 13 pari-mutuel wagering on that day without the written consent of the 14 certified horsemen's organization with which it has a contract.

15 (4) If a race meeting licensee is unable to conduct racing on 16 a live racing date awarded to the licensee or fewer than 8 live horse races on an awarded live racing date because of a labor 17 18 dispute, fire, adverse weather conditions, or other causes beyond the race meeting licensee's control, the race meeting licensee is 19 20 considered to have conducted those races or that race date for 21 purposes of this act and is not precluded from conducting any 22 simulcasts or, except as otherwise provided in section 17(11), 23 pari-mutuel wagering because of the licensee's inability to conduct 24 those live races or that race date.

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

29

(6) If an entire race meeting or the balance of a race meeting



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and racing dates awarded to a licensee cannot be raced because of 1 an act of God or significant physical damage to the licensed 2 3 racetrack at which the race meeting was licensed to be conducted caused by fire or some other catastrophe, the racing commissioner 4 may transfer those dates to another race meeting licensee upon 5 6 application of the substitute licensee if the substitute licensee 7 satisfies the requirements for licensure under this act and 8 demonstrates that it has or will have a legal or contractual right 9 to the use of a different licensed racetrack facility on the racing 10 dates in question, and all race meeting licensees that will be 11 conducting live racing on those dates within 50 miles of the 12 substitute racetrack consent to the transfer.

(7) Notwithstanding anything in this act to the contrary, if 13 14 the racing commissioner determines that 1 or more of the conditions 15 listed in subsection (8) apply and the contracted certified 16 horsemen's organization is in agreement, the racing commissioner may amend an existing race meeting license and simulcast permit to 17 18 allow the licensee to continue simulcasting or, except as otherwise provided in section 17(11), conducting pari-mutuel wagering during 19 20 the remaining period of the race meeting license. An amended 21 license under this section may be issued by the racing commissioner at any time, including at the time of the initial issuance of the 22 23 race meeting license for the upcoming year during which it is 24 valid.

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



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

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

7 (c) There is no certified horsemen's organization operating in8 this state.

9 (9) In order to obtain an amended license issued under 10 subsection (7) and satisfy the live racing requirements of this 11 act, the licensee must have a written contract with a certified 12 horsemen's organization to pay a percentage of its net commission from simulcasting or from conducting pari-mutuel wagering to the 13 14 live racing purse pool at another racetrack licensed under this act 15 during the period when the amended license issued under subsection 16 (7) is in effect. Unless otherwise provided in the written contract 17 between the licensee and the certified horsemen's organization, the payment must be not less than 25% of net commission from 18 19 simulcasting or from conducting pari-mutuel wagering if only 1 20 certified horsemen's organization has a contract for live race days in this state for the calendar year. If both certified horsemen's 21 organizations have a contract for live race dates in this state for 22 23 the calendar year, the payment must be not more than 40% of the net 24 commission from simulcasting.

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



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

7 Sec. 14. (1) Before November 1 of the year preceding the year 8 for which applications are made, the racing commissioner shall 9 grant or deny each application for a race meeting license, allocate 10 or deny the dates, for which application has been made, on which 11 pari-mutuel wagering on live races may be conducted at each 12 licensed race meeting in this state, and shall also determine whether the applicant may simulcast under section 18 during the 13 14 calendar year for which the license is issued. The racing 15 commissioner may grant a race meeting license for any time period 16 up to 1 year during which the licensee may conduct live and 17 simulcast horse races with pari-mutuel wagering on the results of the races. 18

19 (2) Subject to section 12(4), all simulcasting or pari-mutual 20 wagering authorized by the racing commissioner must be conditioned 21 on the holder of the license conducting not fewer than 8 live horse 22 races on each live racing date allocated in the holder's race 23 meeting license, unless this requirement is waived in writing by 24 both the racing commissioner and the certified horsemen's 25 organization with which the licensee has contracted.

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



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(4) Except as provided in section 12(4), (5), and (6), if 1 2 after the issuance of a race meeting license the racing commissioner determines on further investigation that the holder of 3 a race meeting license has not met, or will be unable to meet, the 4 5 requirements of the license, the racing commissioner may impose a 6 fine or suspend or revoke the race meeting license, or both, for 7 all or part of the remainder of the time period for which the 8 license was granted. Before making the required determination to 9 impose a fine or suspend or revoke a race meeting license under 10 this subsection, the racing commissioner shall consider whether the 11 race meeting licensee's inability or failure to meet the 12 requirements of its license is due to a cause beyond the control of 13 the race meeting licensee.

14 (5) Any action taken by the racing commissioner under 15 subsection (4) becomes effective 10 days after the holder of the 16 race meeting license receives written notice unless the 17 commissioner finds that the public health, safety, or welfare 18 requires emergency action and immediate effect of the 19 commissioner's order.

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

26 (7) Each applicant issued a race meeting license shall
27 maintain an interest bearing account used exclusively to deposit
28 all money due to horsemen's purse pools under this act. All money
29 due to this account must be deposited within a reasonable time



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after receipt by the race meeting licensee. The name of the
 depository and the identification number of the account must be
 designated in each race meeting license application and all
 interest earned by the account must be credited to the purse pool
 and deposited in the account.

6 Sec. 17. (1) The pari-mutuel system of wagering on the results
7 of horse races as permitted by this act is not unlawful. All forms
8 of pari-mutuel wagering must be conducted under a race meeting
9 license preapproved by the racing commissioner by rule or written
10 order of the commissioner.

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

16 (3) Subject to section 18(3), each holder of a race meeting license shall retain as his or her commission on all forms of 17 18 straight wagering 17% of all money wagered involving straight wagering on the results of live and simulcast horse races conducted 19 20 at the licensee's race meetings. Subject to section 18(3), each holder of a race meeting license shall retain as his or her 21 commission on all forms of multiple wagering without the written 22 23 permission of the racing commissioner not more than 28% and with the written permission of the racing commissioner not more than 35% 24 25 of all money wagered involving any form of multiple wagering on the results of live and simulcast horse races conducted at the 26 licensee's race meeting. Except as otherwise provided by contract, 27 28 50% of all commissions from wagering on the results of live racing 29 at the racetrack where the live racing was conducted must be paid



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1 to the horsemen's purse pool at the racetrack where the live racing 2 was conducted. As used in this subsection:

3 (a) "Straight wagering" means a wager made on the finishing4 position of a single specified horse in a single specified race.

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

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

11 (5) Payoff prices of tickets of a higher denomination must be calculated as even multiples of the payoff price for a \$1.00 wager. 12 Each holder of a race meeting license shall distribute to the 13 14 persons holding winning tickets, as a minimum, a sum not less than 15 \$1.10 calculated on the basis of each \$1.00 deposited in a pool, 16 except that each race meeting licensee may distribute a sum of not 17 less than \$1.05 to persons holding winning tickets for each \$1.00 deposited in a minus pool. As used in this subsection, "minus pool" 18 19 means any win, place, or show pool in which the payout would exceed 20 the total value of the pool.

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

(7) Any act or transaction relative to pari-mutuel wagering on
the results of live or simulcast horse races may be conducted by a
race meeting licensee under this act for the race meeting licensee
to must comply with the auditing requirements of section 23. A
person shall not provide messenger service for the placing of a bet
for another person who is not a patron. However, this subsection



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does not prevent simulcasting or intertrack or interstate common
 pool wagering inside or outside this state as permitted by this act
 or the rules promulgated under this act.

4 (8) Any Except as otherwise provided in section 18a, any form 5 of pari-mutuel wagering on the results of live or simulcast horse 6 races must only be conducted or operated by a race meeting 7 licensee, which, except as otherwise provided in subsection (11), 8 may use its contracted licensed third-party facilitators, as 9 determined and approved by the racing commissioner. The race 10 meeting licensee is responsible for all conduct of its third-party 11 facilitators. All wagers must be placed by persons within this state and may be placed only in person at a licensed race meeting 12 or, except as otherwise provided in subsection (11), electronically 13 14 through a licensed third-party facilitator. A race meeting licensee 15 or licensed third-party facilitator shall not solicit, offer, accept, or process wagers on or in connection with other gaming or 16 gambling products, including, but not limited to, slot machines and 17 18 casino table games.

(9) A-Except as otherwise provided in section 18a, a person 19 20 that does not hold a race meeting license or a third-party 21 facilitator license that solicits or accepts wagers on the results of live or simulcast horse races from individuals in this state is 22 23 guilty of a felony punishable by imprisonment for not more than 5 years or a fine of not more than \$10,000.00, or both. Each act of 24 25 solicitation or wager that is accepted in violation of this section 26 is a separate offense.

27 (10) Only Except as otherwise provided in section 18a, only a
28 race meeting licensee or its contracted licensed third-party
29 facilitator may process, accept, offer, or solicit wagers on the



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results of live or simulcast horse races as determined and approved
 by the racing commissioner.

3 (11) All of the following apply to pari-mutuel wagering on the4 outcome of a live horse race run in the past:

5 (a) The racing commissioner shall not allow a holder of a race 6 meeting license to conduct pari-mutuel wagering on the outcome of a 7 live horse race run in the past at a licensed racetrack unless the 8 legislative body for the local unit of government in which the 9 licensed racetrack is located has adopted an ordinance authorizing 10 the activities surrounding the conduct of pari-mutuel wagering on 11 the outcome of a live horse race run in the past at the licensed 12 racetrack.

(b) A holder of a race meeting license may conduct pari-mutuel wagering on the outcome of a live horse race run in the past at a licensed racetrack only on a day in which live racing is conducted at the licensed race track.

17 (c) Wagers must be placed by persons within this state and18 must be placed only in person at the licensed race track.

(d) At the licensed racetrack, no more than 500 totalisatorsor other devices under subsection (2) may be used to place wagers.

(e) A holder of a race meeting license shall not use a third-party facilitator to conduct wagering.

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

28 Sec. 18a. (1) Notwithstanding anything in this act to the 29 contrary, and subject to applicable federal law, this act does not



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prohibit either of the following persons from conducting full card
 simulcasts at the person's casino:

3 (a) A person that holds a casino license under the Michigan
4 Gaming Control and Revenue Act, 1996 IL 1, MCL 432.201 to 432.226.

5 (b) An Indian tribe that lawfully conducts class III gaming in 6 a casino located in this state under a facility license issued in 7 accordance with a tribal gaming ordinance approved by the chair of 8 the National Indian Gaming Commission.

9

(2) As used in this section:

(a) "Casino" means a building or buildings in which gaming is
lawfully conducted under the Michigan Gaming Control and Revenue
Act, 1996 IL 1, MCL 432.201 to 432.226, or in which class III
gaming is lawfully conducted by an Indian tribe in this state under
a facility license issued in accordance with a tribal gaming
ordinance approved by the chair of the National Indian Gaming
Commission.

17 (b) "Class III gaming" means that term as defined in 25 USC18 2703.

(c) "Indian tribe" means that term as defined in 25 USC 2703
and any instrumentality, political subdivision, or other legal
entity through which an Indian tribe operates its casino in this
state.

23 (d) "Person" means both of the following:

24 (*i*) That term as defined in section 2.

25 (*ii*) A federally recognized Indian tribe.

Sec. 19. (1) Subject to subsection (2), a race meeting
licensee shall pay an amount equal to not less than 25% and not
more than 40% of the net commission generated at the licensee's
race meeting to a site-specific horsemen's purse account. Money



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1 paid into a horsemen's purse account under this act must be

2 deposited in a depository designated by the participating certified 3 horsemen's organizations and distributed by their designated agent 4 as follows:

5 (a) For purses for live horse races at a licensed race meeting6 in this state.

7 (b) Each year, all certified horsemen's organizations that
8 participate in a live race meeting may receive an amount approved
9 by order of the racing commissioner to use for general expenses.
10 Beginning on January 1 and ending on December 31 of each year, the
11 certified horsemen's organization is entitled to not less than 5%
12 of the site-specific horsemen's purse account as ordered by the
13 racing commissioner.

14 (2) A race meeting licensee shall pay the net commission 15 generated from wagering on live and simulcast racing through the 16 race meeting licensee's third-party facilitator to the pari-mutuel horse racing disbursement account. On the first day of each month 17 18 after the effective date of the amendatory act that added this subsection, Beginning January 1, 2020, and on the first day of each 19 20 month after that date, money paid into the pari-mutuel horse racing 21 disbursement account must be distributed as follows:

22 (a) Fifty percent to be divided equally to each certified23 horsemen's organization.

24 (b) Fifty percent to be divided equally to each track race
25 meeting licensee.

Sec. 20. (1) It is the policy of this state to encourage the breeding of horses of all breeds in this state and the ownership of such horses by residents of this state to provide for sufficient numbers of high quality race horses of all breeds to participate in



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licensed race meetings in this state; to promote the positive 1 growth and development of high quality horse racing and other 2 equine competitions in this state as a business and entertainment 3 activity for residents of this state; and to establish and preserve 4 5 the substantial agricultural and commercial benefits of the horse 6 racing and breeding industry to this state. It is the intent of the 7 legislature to further this policy by the provisions of this act 8 and annual appropriations to administer this act and adequately 9 fund the agriculture and equine industry programs established by 10 this section.

11 (2) Except for money generated from the tax on wagers processed through licensed third-party facilitators operating under 12 this act under section 22, 22(2) (b) and the tax on pari-mutuel 13 14 wagering under section 22(4), money received by the racing 15 commissioner and the state treasurer under this act must be paid 16 promptly into the state treasury and placed in the Michigan 17 agriculture equine industry development fund created in subsection (3). 18

19 (3) The Michigan agriculture equine industry development fund
20 is created in the department of treasury. The Michigan agriculture
21 equine industry development fund must be administered by the
22 director of the department of agriculture and rural development
23 state treasurer with the assistance and advice of the racing
24 commissioner.

(4) Money must not be expended from the Michigan agriculture equine industry development fund except as appropriated by the legislature. Money appropriated by the legislature from the Michigan agriculture equine industry development fund must be expended by the director of the department of agriculture and rural



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1 development state treasurer with the advice and assistance of the 2 racing commissioner to provide funding for agriculture and equine 3 industry development programs as provided in subsections (5) to 4 (11).

5 (5) The following amounts must be paid to standardbred and6 fair programs:

7 (a) A sum not to exceed 75% of the purses for standardbred 8 harness horse races offered by fairs and races at licensed pari-9 mutuel racetracks. Purse supplements paid under this subdivision 10 for overnight races at fairs for which Michigan sired, Michigan 11 bred, or Michigan owned harness horses are eligible must be \$1,000.00. However, if the average purse offered for maiden 12 overnight races of the same breed at any licensed race meeting in 13 14 this state during the previous year as calculated by the department 15 of agriculture and rural development treasury was less than 16 \$1,000.00, purse supplements for overnight races at fairs paid under this subdivision must not exceed that average purse. 17

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

(c) A sum to be allotted for paying special purses at fairs on 24 2-year-old and 3-year-old standardbred harness horses conceived 25 after January 1, 1992, that is Michigan bred, or that is sired by a 26 standardbred stallion registered with the department of agriculture 27 and rural development, treasury, that was leased or owned by a 28 resident or residents of this state, and that did not serve a mare 29 at a location outside of this state from February 1 through July 31



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of the calendar year in which the conception occurred. A foal that 1 is born on or after January 1, 2002 of a mare owned by a 2 nonresident of this state and that is conceived outside of this 3 state from transported semen of a stallion registered with the 4 5 department of agriculture and rural development treasury is 6 eligible for Michigan tax-supported races only if, in the year that 7 the foal is conceived, the department of agriculture and rural 8 development's treasury's agent for receiving funds as the holding 9 agent for stakes and futurities is paid a transport fee as 10 determined by the department of agriculture and rural development 11 treasury and administered by the Michigan Harness Horsemen's 12 Association.

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

(e) A sum to pay breeders' awards in an amount not to exceed 18 19 10% of the gross purse to breeders of Michigan bred standardbred 20 harness horses for each time the horse wins a race at a licensed race meeting or fair in this state. As used in this subdivision, 21 "Michigan bred standardbred harness horse" means a horse from a 22 23 mare owned by a resident or residents of this state at the time of 24 conception, that was conceived after January 1, 1992, and sired by 25 a standardbred stallion registered with the department of agriculture and rural development treasury that was leased or owned 26 27 by a resident or residents of this state and that did not serve a mare at a location outside of this state from February 1 through 28 29 July 31 of the calendar year in which the conception occurred. To



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be eligible, each mare must be registered with the department of 1 agriculture and rural development. treasury. A foal that is born on 2 or after January 1, 2002 of a mare owned by a nonresident of this 3 state and that is conceived outside of this state from transported 4 5 semen of a stallion registered with the department of agriculture 6 and rural development-treasury is eligible for Michigan taxsupported races only if, in the year that the foal is conceived, 7 8 the department of agriculture and rural development's treasury's 9 agent for receiving funds as the holding agent for stakes and 10 futurities is paid a transport fee as determined by the department 11 of agriculture and rural development treasury and administered by 12 the Michigan Harness Horsemen's Association.

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

16 (q) A sum to be allotted to pay the presiding judges and clerks of the course at fairs. Presiding judges and clerks of the 17 course must be hired by the fair's administrative body with the 18 19 advice and approval of the racing commissioner. The director of the 20 department of agriculture and rural development state treasurer may 21 allot funds for a photo finish system and a mobile starting gate. 22 The director of the department of agriculture and rural development state treasurer shall allot funds for the conducting of tests, the 23 collection and laboratory analysis of urine, saliva, blood, and 24 25 other samples from horses, and the taking of blood alcohol tests on drivers, jockeys, and starting gate employees, for those races 26 27 described in this subdivision. The department may require a driver, 28 jockey, or starting gate employee to submit to a breathalyzer test, 29 urine test, or other noninvasive fluid test to detect the presence



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of alcohol or a controlled substance. If the results of a test show that a person has more than .05% of alcohol in his or her blood, or has present in his or her body a controlled substance, the person is not permitted to continue in his or her duties on that race day and until he or she can produce, at his or her own expense, a negative test result.

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

10 (i) A sum not to exceed 0.25% of all money wagered on live and 11 simulcast horse races in this state must be placed in a special 12 standardbred sire stakes fund each year, 100% of which must be used to provide purses for races run exclusively for 2-year-old and 3-13 14 year-old Michigan sired standardbred horses at licensed harness 15 race meetings in this state. As used in this subdivision, "Michigan 16 sired standardbred horses" means standardbred horses conceived 17 after January 1, 1992 and sired by a standardbred stallion 18 registered with the department of agriculture and rural development 19 treasury that was leased or owned by a resident or residents of 20 this state and that did not serve a mare at a location outside of this state from February 1 through July 31 of the calendar year in 21 which the conception occurred. A foal that is born on or after 22 23 January 1, 2002 of a mare owned by a nonresident of this state and that is conceived outside of this state from transported semen of a 24 25 stallion registered with the department of agriculture and rural development-treasury is eligible for Michigan tax-supported races 26 27 only if, in the year that the foal is conceived, the department of agriculture and rural development's treasury's agent for receiving 28 29 funds as the holding agent for stakes and futurities is paid a



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1 transport fee as determined by the department of agriculture and 2 rural development treasury and administered by the Michigan Harness 3 Horsemen's Association.

4 (6) The following amounts must be paid to thoroughbred5 programs:

6 (a) A sum to be allotted thoroughbred race meeting licensees
7 to supplement the purses for races to be conducted exclusively for
8 Michigan bred horses.

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

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

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

19 (e) A sum not to exceed 0.25% of all money wagered on live and 20 simulcast horse races in this state must be placed in a special thoroughbred sire stakes fund each year, 100% of which must be used 21 to provide purses for races run exclusively for 2-year-old and 3-22 23 year-old and older Michigan sired thoroughbred horses at licensed 24 thoroughbred race meetings in this state and awards for owners of 25 Michigan sired horses or stallions. As used in this subdivision, 26 "Michigan sired thoroughbred horses" means thoroughbred horses 27 sired by a stallion registered with the department of agriculture 28 and rural development treasury that was leased or owned exclusively 29 by a resident or residents of this state and that did not serve a



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mare at a location outside of this state during the calendar year
 in which the service occurred.

3 (7) The following amounts must be paid for quarter horse
4 programs:

5 (a) A sum to supplement the purses for races to be conducted6 exclusively for Michigan bred quarter horses.

7 (b) A sum to pay not more than 75% of the purses for8 registered quarter horse races offered by fairs.

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

13 (d) As used in this subsection, "Michigan bred quarter horse"
14 means Michigan bred quarter horse as that term is defined in R
15 285.817.1 of the Michigan Administrative Code. Each mare and
16 stallion must be registered with the director of the department of
17 agriculture and rural development.state treasurer.

18 (8) The following amounts must be paid for Appaloosa programs:
19 (a) A sum to supplement the purses for races to be conducted
20 exclusively for Michigan bred Appaloosa horses.

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

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

27 (d) As used in this subsection, "Michigan bred Appaloosa
28 horse" means a Michigan bred Appaloosa horse as that term is
29 defined in R 285.819.1 of the Michigan Administrative Code. Each



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mare and stallion must be registered with the director of the 1 2 department of agriculture and rural development.state treasurer.

3

(9) The following amounts must be paid for Arabian programs: 4 (a) A sum to supplement the purses for races to be conducted 5 exclusively for Michigan bred Arabian horses.

6 (b) A sum to pay not more than 75% of the purses for 7 registered Arabian horse races offered by fairs.

8 (c) A sum to pay breeders' awards in an amount not to exceed 9 10% of the gross purse to the breeders of Michigan bred Arabian 10 horses for each time Michigan bred horses win at a fair or licensed 11 racetrack in this state.

12 (d) As used in this subsection, "Michigan bred Arabian horse" 13 means a Michigan bred horse as that term is defined in R 14 285.822.1(i) of the Michigan Administrative Code. Each mare and 15 stallion shall be registered with the director of the department of 16 agriculture and rural development.state treasurer.

17 (10) The following sums must be paid for American paint horse 18 programs:

19 (a) A sum to supplement the purses for races to be conducted 20 exclusively for Michigan bred American paint horses.

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

23 (c) A sum to pay breeders' awards in an amount not to exceed 24 10% of the gross purse to the breeders of Michigan bred American 25 paint horses for each time a Michigan bred American paint horse wins at a county fair or licensed race meeting in this state. 26

(d) As used in this subsection, "Michigan bred American paint 27 horse" means a Michigan bred paint horse as that term is defined in 28 29 R 285.823.1 of the Michigan Administrative Code.



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

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

8 (b) A sum to fund the development, implementation, and
9 administration of new programs that promote the proper growth and
10 development of the horse racing and breeding industry in this state
11 and other valuable equine-related commercial and recreational
12 activities in this state.

(12) As used in subsection (11), "equine industry research" 13 14 means the study, discovery and generation of accurate and reliable 15 information, findings, conclusions, and recommendations that are 16 useful or beneficial to the horse racing and breeding industry in this state through improvement of the health of horses; prevention 17 18 of equine illness and disease, and performance-related accidents 19 and injuries; improvement of breeding technique and racing 20 performance; and compilation and study of valuable and reliable 21 statistical data regarding the size, organization, and economics of 22 the industry in this state; and strategic planning for the 23 effective promotion, growth, and development of the industry in 24 this state.

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



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1 described in section 16(4).

2 (14) Money appropriated and allotted to the Michigan
3 agriculture equine industry development fund must not revert to the
4 general fund and must be carried forward from year to year until
5 disbursed to fund grants for research projects beneficial to the
6 industry.

7 (15) A percentage of the Michigan agriculture equine industry
8 development fund that is equal to 1/15 of 1% of the gross wagers
9 made each year in each of the racetracks licensed under this act
10 must be deposited in the compulsive gaming prevention fund created
11 in section 3 of the compulsive gaming prevention act, 1997 PA 70,
12 MCL 432.253.

13 (16) The director of the department of agriculture and rural 14 development state treasurer shall promulgate rules pursuant to the 15 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 16 24.328, to implement this section. The rules promulgated under this 17 subsection must do all of the following:

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

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

(c) Develop and maintain informational programs related tothis section.

(17) Funds under the control of the department of agriculture and rural development treasury in this section must be disbursed under the rules promulgated under subsection (16). All funds under the control of the department of agriculture and rural development treasury approved for purse supplements and breeders' awards must



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be paid by the state treasurer not later than 45 days from the date 1 2 of the race.

(18) Purses paid under this section must be based on actual 3 purses awarded in a race. If the actual purses awarded are less 4 5 than the purse supplement amount requested by a fair or licensed 6 pari-mutuel racetrack at the time they applied to the department of 7 agriculture and rural development treasury for the purse 8 supplement, the purse supplement paid must be the lesser amount.

9 (19) If the amount allocated to the Michigan agriculture 10 equine industry development fund under this act or any other source 11 exceeds \$8,000,000.00 in a fiscal year, the amount in excess of 12 \$8,000,000.00 must be allocated to the pari-mutuel horse racing 13 disbursement account under section 19.

14 Sec. 20a. (1) The tax imposed under section 22-22(2) (b) on 15 wagers processed through licensed third-party facilitators 16 operating under this act must be allocated as follows:

17 (a) Ninety percent to be deposited in the Michigan agriculture 18 and equine industry development fund created under section 20.

19 (b) Ten percent to the horse racing advisory commission 20 created in section 6a to be expended as provided in section 21 6a(12)(d).

22 (2) The tax imposed under section 22(4) on pari-mutuel 23 wagering must be allocated as follows:

24 (a) Seventy-five percent to this state to be deposited in the 25 state school aid fund established under section 11 of article IX of 26 the state constitution of 1963.

27 (b) Ten percent to be deposited in the Michigan agriculture 28 and equine industry development fund created under section 20. 29

(c) Ten percent to the Michigan economic development



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corporation as that term is defined in section 4 of the Michigan
 strategic fund act, 1984 PA 270, MCL 125.2004.

3 (d) Five percent to the horse racing advisory commission
4 created in section 6a to be expended as provided in section
5 6a(12)(d).

6 Sec. 22. (1) A licensed racetrack shall pay a license fee to
7 the racing commissioner of \$1,000.00 \$5,000.00 annually.

8 (2) Each holder of a race meeting license shall pay to the9 state treasurer, from the holder's commission, as follows:

10 (a) A tax in the amount of 3.5% of money wagered on interstate 11 and intertrack simulcast races conducted at the holder's licensed 12 race meetings.

13 (b) A tax in the amount of 1% of wagers processed through14 licensed third-party facilitators operating under this act.

15 (3) By eliminating the pari-mutuel wagering tax on live racing 16 programs and altering the calculation of the tax on simulcast horse 17 racing, it is not the intent of the legislature to diminish the 18 funding and appropriations for the Michigan agriculture equine 19 industry development fund and related programs described in section 20 20. The pari-mutuel tax alteration effected by this section is 21 intended to generally allow for the improvement of the pari-mutuel horse racing and breeding industry in this state by increasing 22 23 purses at licensed race meetings and making additional pari-mutuel 24 revenues available for capital improvements at licensed racetracks 25 in this state.

(4) A race meeting licensee that conducts pari-mutuel wagering
on the results of live horse races that are run in the past shall
pay to the state treasurer a tax in the amount of 19% of the
adjusted gross receipts in a manner and time as required by the



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1 racing commissioner. As used in this subsection:

2 (a) "Adjusted gross receipts" means the gross receipts less3 winnings paid to wagers.

(b) "Gross receipts" means the total of all sums including 4 5 valid or invalid checks, currency, tokens, coupons, vouchers, or 6 instruments of monetary value whether collected or uncollected, 7 received by a race meeting licensee from pari-mutuel wagering on 8 the results of live horse races that are run in the past, including 9 all entry fees assessed for tournaments or other contests, less a 10 deduction for uncollectible receivables not to exceed the 11 uncollectible amounts owed as a result of wagers placed on pari-12 mutuel wagering on the result of live horse races that are run in 13 the past.

14 (5) A race meeting licensee that conducts pari-mutuel wagering 15 on the results of live horse races that are run in the past shall 16 pay a license fee to the racing commissioner of \$50,000.00 17 annually. The racing commissioner shall deposit license fees under 18 this subsection in the compulsive gaming prevention fund created in 19 section 3 of the compulsive gaming prevention act, 1997 PA 70, MCL 20 432.253.

21 Enacting section 1. Section 19b of the horse racing law of22 1995, 1995 PA 279, MCL 431.319b, is repealed.

23 Enacting section 2. This amendatory act does not take effect
24 unless all of the following bills of the 100th Legislature are
25 enacted into law:

26 (a) Senate Bill No.____ or House Bill No.____ (request no. 27 07887'20).

28 (b) Senate Bill No.____ or House Bill No.____ (request no. 29 07888'20).



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1 (c) Senate Bill No.____ or House Bill No.____ (request no. 2 07889'20).



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