

HOUSE BILL No. 4368

March 7, 1989, Introduced by Reps. Alley, DeMars, Jacobetti, Harrison, Law, Honigman, Bankes, Hart, Niederstadt and Knight and referred to the Committee on State Affairs.

A bill to permit the creation of a racing corporation for the purpose of conducting certain forms of off-track wagering on certain horse races; to permit and regulate off-course wagering; to impose a tax on off-course wagering; and to provide for rules.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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

3 Sec. 3. As used in this act:

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

6 (b) "City area" means a city having a population of 750,000
7 or more, and includes the counties wholly or partly within 30
8 miles of the city limits of that city.

1 (c) "Commissioner" means the racing commissioner appointed
2 pursuant to section 3 of the racing law of 1980.

3 (d) "Handle" means the gross receipts of a pari-mutuel bet-
4 ting pool.

5 (e) "Off-track betting" means the placing of a pari-mutuel
6 wagers at off-track facilities.

7 (f) "Off-track facility" means a facility used for the con-
8 ducting of off-track betting on live horse races held within this
9 state or simulcast races held outside this state.

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

14 (h) "Race meeting licensee" means any person who is the
15 holder of a valid race meeting license issued by the commissioner
16 under the racing law of 1980.

17 (i) "Racing law of 1980" means Act No. 327 of the Public
18 Acts of 1980, being sections 431.61 to 431.88 of the Michigan
19 Compiled Laws.

20 (j) "Racing corporation" means the corporation that may be
21 formed under section 5.

22 (k) "Racing theater" means an enclosed off-track facility at
23 which patrons can view telecasts of live horse races taking place
24 at licensed racetracks in this state or tracks in other states as
25 allowed under this act, and at which patrons may engage in
26 pari-mutuel betting on the results of the telecast horse races.
27 A racing theater may provide ancillary facilities, such as

1 parking and food and beverage service provided at the viewing
2 area.

3 (4) "Takeout" means the sum of money subtracted from
4 pari-mutuel pools pursuant to section 15 of the racing law of
5 1980, being section 431.75 of the Michigan Compiled Laws, prior
6 to calculating the odds and paying out winning wagers.

7 (m) "Telephone betting" means that part of the system of
8 off-track betting operated by an off-track facility by which
9 telephone betting account holders may place wagers over the tele-
10 phone, and by which deposits or withdrawals from telephone bet-
11 ting accounts are made at off-track facilities, licensed race-
12 tracks, or by mail.

13 Sec. 5. A racing corporation may be formed, for the opera-
14 tion of off-track facilities and telephone betting operations, by
15 some or all of the race meeting licensees who have held races on
16 which pari-mutuel wagering is conducted at a racetrack at which
17 race meetings are held for at least 60 days in a calendar year in
18 a city area.

19 Sec. 7. (1) Race meeting licensees authorized to operate
20 off-track facilities pursuant to this section, or a racing corpo-
21 ration that may be formed under section 5, may conduct a
22 pari-mutuel system of off-track betting by patrons on the results
23 of horse races held in this state under the racing law of 1980 or
24 on the results of special event horse races held in other
25 states. No other method of betting, pool making, wagering, or
26 gaming shall be used or permitted in off-track betting under this
27 act.

1 (2) Each race meeting licensee that has conducted 60 days or
2 more of racing in a calendar year at a racetrack within a city
3 area may establish off-track facilities outside the premises of
4 the racing enclosures, and may establish off-track facilities
5 which may be located within the racing enclosures at a licensed
6 racetrack.

7 (3) If any off-track facilities established pursuant to sub-
8 section (2) are within a city area, the off-track facilities may
9 only be established with the permission of all race meeting
10 licensees that are within 30 miles of the proposed off-track
11 facility and are within the city area.

12 (4) An off-track facility established outside of a city area
13 may only be established with the permission of all race meeting
14 licensees that are within 50 miles of the proposed off-track
15 facility.

16 Sec. 9. (1) The off-track facility may use any racing
17 information as may be necessary to conduct off-track betting on
18 licensed horse racing in this state, if compensation is paid for
19 the information. The off-track facility shall compensate each
20 race meeting licensee for the use of its racing program and
21 racing information by paying a percentage of the off-track bet-
22 ting conducted by the off-track facility to each race meeting
23 licensee conducting the race on which off-track betting was
24 conducted.

25 (2) All expenses and operating costs of the off-track facil-
26 ity, including, but not limited to, the cost of leasing or buying
27 data processing equipment or other real or personal property, the

1 cost of amortization of racing corporation debt, the cost of
2 telecommunications, and the costs of on-track facilities that may
3 be necessary to conduct off-track betting, shall be paid by the
4 off-track facility from its operating revenues, which shall
5 include a surcharge, not to exceed 5%, imposed on all winning
6 wagers from off-track betting.

7 Sec. 11. (1) The commissioner shall promulgate rules speci-
8 fying the conditions under which off-track betting shall be con-
9 ducted in this state. The rules shall be promulgated pursuant to
10 the administrative procedures act of 1969, Act No. 306 of the
11 Public Acts of 1969, being sections 24.201 to 24.328 of the
12 Michigan Compiled Laws.

13 (2) The rules shall prohibit the acceptance or placing of an
14 off-track bet by an individual less than 18 years of age. The
15 rules may provide that an individual desiring to place off-track
16 wagers be required to present proof of age.

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

19 (4) The rules shall prohibit the placement of wagers on
20 credit.

21 Sec. 13. (1) The system of off-track betting operated by
22 the racing corporation that may be formed under section 5 or by
23 race meeting licensees under section 7 shall result in the combi-
24 nation of all off-track wagers and on-track wagers made within
25 this state so as to produce common pari-mutuel betting pools for
26 the calculation of odds and the determination of payouts from the
27 pools. The payout shall be the same for all winning tickets,

1 whether a bet is placed off-track or on-track within this state,
2 less the surcharge, not to exceed 5%, imposed pursuant to
3 section 9(2).

4 (2) Off-track bets accepted by the off-track facility shall
5 conform in denomination, character, terms, conditions, and all
6 other respects to on-track wagers accepted for the same race.
7 The off-track facility may, with approval of the commissioner,
8 establish and accept other wager types on out-of-state races.

9 (3) The takeout at an off-track facility shall be the same
10 as the takeout of a race meeting licensee under the racing law of
11 1980.

12 (4) The off-track facility shall retain the breaks on wagers
13 at off-track facilities.

14 Sec. 15. Each off-track facility shall pay to the state
15 treasurer from the off-track facility's commission 2% of all
16 money wagered on pari-mutuel wagering in a manner, and at times,
17 as the commissioner requires.

18 Sec. 17. Money received by the state treasurer under this
19 act shall be disposed of in the same manner prescribed in
20 section 13 of the racing law of 1980, being section 431.73 of the
21 Michigan Compiled Laws.

22 Sec. 19. A race meeting licensee that has conducted at
23 least 60 days of racing in a calendar year, during any period of
24 30 consecutive days or longer in which no live races will be held
25 at the race meeting licensee's racetrack, may operate as a racing
26 theater, except that if the race meeting licensee's racetrack is
27 located in a city area, the permission of any race meeting

1 licensee whose racetrack is within 30 miles of the proposed
2 racing theater or is within the city area shall be required
3 before the racetrack may be so utilized on that day. If the
4 racetrack that is to be operated as a racing theater is outside a
5 city area, the permission of any race meeting licensee within 50
6 miles of the proposed racing theater shall be required before the
7 racetrack may be so utilized on that day.

8 Sec. 21. (1) The auditing of off-track betting operations
9 shall be provided for by the commissioner. The expense of the
10 audits shall be paid by the state as a part of the commissioner's
11 budget. Daily audit reports on each day's off-track betting
12 shall be forwarded by the commissioner to the off-track facility
13 and the holder of the race meeting license on the day for which
14 the report is made. The scope of the audits shall be established
15 in specifications approved by the commissioner.

16 (2) The auditors shall have free and full access to the
17 facility, space, or enclosure where the off-track betting system
18 of wagering is conducted, to the calculating room where the
19 pay-off prices are calculated, to the rooms and enclosures where
20 totalisator equipment is operated, and to the money rooms and
21 cashier terminals, and shall be responsible for the accuracy of
22 the calculations on which are based the pay-off prices to the
23 public and amount of racetrack commission, state tax and break-
24 age, and for the amounts withheld for payment of uncashed
25 tickets. The auditors at all times shall have full and free
26 access to all off-track betting records.