

Act No. 279
Public Acts of 1995
Approved by the Governor
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STATE OF MICHIGAN
88TH LEGISLATURE
REGULAR SESSION OF 1995

Introduced by Reps. Randall, Alley, Bankes, Weeks, Profit, Freeman, Varga, Porreca, DeHart, Vaughn, Munsell, Bullard, Palamara, Law, Yokich, McNutt, Bodem, Griffin, Rhead, Dobb, Middleton, Gnodtke, Gustafson and Harder

ENROLLED HOUSE BILL No. 4526

AN ACT to license and regulate the conducting of horse race meetings in this state with pari-mutuel wagering on the results of horse races and persons involved in horse racing and pari-mutuel gaming activities at such race meetings; to create the office of racing commissioner; to prescribe the powers and duties of the racing commissioner; to prescribe certain powers and duties of the department of agriculture and the director of the department of agriculture; to provide for the promulgation of rules; to provide for the imposition of taxes and fees and the disposition of revenues; to impose certain taxes; to create funds; to legalize and permit the pari-mutuel method of wagering on the results of live and simulcast races at licensed race meetings in this state; to appropriate the funds derived from pari-mutuel wagering on the results of horse races at licensed race meetings in this state; to prescribe remedies and penalties; and to repeal acts and parts of acts.

The People of the State of Michigan enact:

Sec. 1. This act shall be known and may be cited as the "horse racing law of 1995".

Sec. 2. As used in this act:

- (a) "Breaks" means the cents over any multiple of 10 otherwise payable to a patron on a wager of \$1.00.
- (b) "Certified horsemen's organization" means an organization registered with the office of racing commissioner in a manner and form required by the racing commissioner, that can demonstrate all of the following:
 - (i) The organization's capacity to supply horses.
 - (ii) The organization's ability to assist a race meeting licensee in conducting the licensee's racing program.
 - (iii) The organization's ability to monitor and improve physical conditions and controls for individuals and horses participating at licensed race meetings.
 - (iv) The organization's ability to protect the financial interests of the individuals participating at licensed race meetings.
- (c) "City area" means a city having a population of 750,000 or more, and includes the counties wholly or partly within a distance of 30 miles of the city limits of the city.
- (d) "Controlled substance" means that term as defined in section 7104 of the public health code, Act No. 368 of the Public Acts of 1978, being section 333.7104 of the Michigan Compiled Laws.
- (e) "Day of operation" means a period of 24 hours beginning at 12 noon and ending at 11:59 a.m. the following day.
- (f) "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.

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

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

(g) "Fair" means any county, district, or community fair and any state fair.

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

(i) "Full card simulcast" means an entire simulcast racing program of 1 or more race meet licensees located in this state, or an entire simulcast racing program of 1 or more races simulcasted from 1 or more racetracks located outside of this state.

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

(k) "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 pursuant to this act.

(l) "Veterinarian" means a person licensed to practice veterinary medicine under article 15 of the public health code, Act No. 368 of the Public Acts of 1978, being sections 333.16101 to 333.18838 of the Michigan Compiled Laws, or under a state or federal law applicable to that person.

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

Sec. 4. (1) The racing commissioner shall be appointed for a term of 4 years by the governor by and with the advice and consent of the senate.

(2) The racing commissioner shall be a resident of this state and during his or her term of office shall not be a stockholder of, or be directly or indirectly connected with the conduct or management of, or have any other legal or beneficial interest in, any of the following:

(a) A racetrack, race meeting, or a racing interest, including, but not limited to, the ownership, breeding, training, or racing of horses or any vendor, supplier, or distributor of goods or services to a racetrack, race meeting, or racing participant licensed under this act.

(b) Any gaming activity conducted at any licensed race meeting in the state.

Sec. 5. Before beginning his or her duties of office, the racing commissioner shall take the constitutional oath of office with the condition that he or she will competently and faithfully execute and perform all the duties pertaining to the office according to the laws of this state.

Sec. 6. (1) The racing commissioner shall receive an annual salary as appropriated by the legislature. The racing commissioner shall appoint 2 deputy commissioners and 3 state stewards of racing as special deputies for each licensed race meeting in the state. For the purpose of carrying out this act, the racing commissioner may delegate the performance of his or her duties to the deputy commissioners or special deputies. A deputy commissioner and state steward shall take the constitutional oath of office and may exercise any power granted by the rules of the racing commissioner promulgated pursuant to this act. A decision of a deputy commissioner or state steward may be appealed to the racing commissioner pursuant to the contested case provisions of the administrative procedures act of 1969, Act No. 306 of the Public Acts of 1969, being sections 24.201 to 24.328 of the Michigan Compiled Laws. The racing commissioner shall employ other personnel as necessary for the administration of this act within the limits of the appropriations made by the legislature and subject to civil service rules. The racing commissioner is entitled to the reasonable and necessary expenses incurred in performing his or her duties prescribed in this act.

(2) The racing commissioner shall keep a record of all proceedings and preserve all books, maps, documents, and papers belonging to the racing commissioner or entrusted to the care of the office of racing commissioner.

(3) The racing commissioner shall make an annual report to the governor before April 15 for the immediately preceding calendar year, which report shall include a statement of the racing commissioner's receipts and disbursements and additional information and recommendations that the racing commissioner considers necessary or the governor requires.

Sec. 7. (1) The racing commissioner may promulgate rules pursuant to the administrative procedures act of 1969, Act No. 306 of the Public Acts of 1969, being sections 24.201 to 24.328 of the Michigan Compiled Laws, for conducting horse racing, pari-mutuel wagering on horse racing results, and simulcasting. The rules promulgated under this section shall be designed to accomplish all of the following:

(a) The governing, restricting, approving, or regulating of horse racing, pari-mutuel wagering on the results of horse races, and simulcasting conducted at licensed race meetings within this state.

(b) The promoting of the safety, security, growth, and integrity of all horse racing, pari-mutuel wagering on the results of horse races, and simulcasting conducted at licensed race meetings within this state.

(c) The licensing and regulating of each person participating in, or having to do with, pari-mutuel horse racing and wagering, and simulcasting at licensed race meetings within this state.

(2) Each race meeting licensee shall provide security at all times so as to reasonably ensure the safety of all persons and horses on the grounds, and to protect and preserve the integrity of horse racing, pari-mutuel wagering, and simulcasting at licensed race meetings. If the racing commissioner determines that additional security is necessary to ensure the safety and integrity of racing, the racing commissioner shall provide supplemental security at each race meeting in areas where occupational licenses are required for admittance.

(3) The racing commissioner may issue sanctions including, but not limited to, revocation or suspension of a license, exclusion from racetrack grounds, or a fine of not more than \$25,000.00 for each violation of this act or a rule promulgated under this act committed by a licensee or other person under this act. A sanction issued under this section may be appealed to the racing commissioner. The appeal shall be heard pursuant to the contested case provisions of Act No. 306 of the Public Acts of 1969.

(4) All proposed extensions, additions, modifications, or improvements to the racecourse, roadways, parking lots, buildings, stables, lighting and electrical service, plumbing, public utilities, drainage, totalisator system and equipment, hardware and software for all approved methods of conducting pari-mutuel wagering, and security on the grounds of a licensed racetrack owned or leased by a person licensed under this act are subject to the approval of the racing commissioner.

(5) The racing commissioner may compel the production of books, records, memoranda, electronically retrievable data, or documents that relate to horse racing, simulcasting, and pari-mutuel wagering conducted at a licensed race meeting.

(6) The racing commissioner at any time may require for cause the removal of any employee or official involved in or having to do with horse racing, simulcasting, or pari-mutuel wagering conducted at a licensed race meeting.

(7) The racing commissioner may visit, investigate, and place auditors and other persons as the racing commissioner considers necessary in the offices, racetracks, or places of business of a licensee under this act to ensure compliance with this act and the rules promulgated under this act.

(8) The racing commissioner may summon witnesses and administer oaths or affirmations to exercise and discharge his or her powers and duties under this act. A person failing to appear before the racing commissioner at the time and place specified in a summons from the racing commissioner or refusing to testify, without just cause, in answer to a summons from the racing commissioner is guilty of a misdemeanor punishable by a fine of not more than \$1,000.00, or imprisonment for not more than 6 months, or both, and may also be sanctioned by the racing commissioner. A person testifying falsely to the racing commissioner or his or her authorized representative while under oath is guilty of a felony punishable by a fine of not more than \$10,000.00 or imprisonment for not more than 4 years, or both, and may also be sanctioned by the racing commissioner.

Sec. 8. (1) The racing commissioner may issue the following general classes of licenses:

(a) Occupational licenses issued to individuals participating in, involved in, or otherwise having to do with horse racing, pari-mutuel wagering, or simulcasting at a licensed race meeting in this state.

(b) Race meeting licenses issued annually for the succeeding year to a person to conduct live horse racing, simulcasting, and pari-mutuel wagering on the results of live and simulcast horse races at a licensed race meeting in this state pursuant to and in accordance with the provisions of this act.

(c) Track licenses issued to a person to maintain or operate a racetrack at which 1 or more race meeting licensees may conduct licensed race meetings in this state.

(2) The racing commissioner shall not issue a race meeting license to a person if the person is licensed to conduct a licensed race meeting at another licensed racetrack within a city area and the person has a controlling interest in or co-ownership of the other licensed racetrack within the city area.

Sec. 9. (1) The racing commissioner shall issue, without further application, a track license to any person holding a valid track license under former Act No. 327 of the Public Acts of 1980, and maintaining or operating a licensed horse

racetrack as of the effective date of this act at which wagering by pari-mutuel methods on the results of horse racing has been conducted by a race meeting licensee.

(2) A track license, once issued, is valid only as long as the annual license fee is paid, or until the track license is voluntarily surrendered or is revoked as provided in this act or the rules promulgated under this act.

(3) An applicant for a track license shall submit an application that is in writing, that demonstrates to the racing commissioner that the applicant has satisfactory financial responsibility, that shows the location of the racetrack or of the proposed racetrack, and that is accompanied by substantially detailed plans and specifications for the racecourse, paddock, grandstand, stable barns, racetrack buildings, fences, electrical service and lighting, plumbing, parking, and other facilities and improvements. The application shall include the name and address of the applicant, and, if a corporation, the place of its incorporation, and any other information required by the rules promulgated under this act by the racing commissioner. Upon the applicant's filing of the application and the payment of the license fee, the racing commissioner shall investigate the applicant and the racetrack or proposed racetrack as the racing commissioner considers necessary. If the racing commissioner determines that the applicant and the racetrack satisfy the requirements of this act and the rules promulgated under this act, the racing commissioner shall grant a license for the racetrack, designating in the license the county or other municipality in which the licensed racetrack shall be or is located. If the racing commissioner determines that the applicant or the racetrack, or both, do not comply with this act and the rules promulgated under this act, the racing commissioner shall deny the license. The action of the racing commissioner in denying a track license may be reviewed by the circuit court pursuant to section 631 of the revised judicature act of 1961, Act No. 236 of the Public Acts of 1961, being section 600.631 of the Michigan Compiled Laws.

(4) A track license may be transferred to a new owner of a racetrack with the consent of the racing commissioner.

(5) After a track license is issued under this section, the racing commissioner may impose a fine or suspend or revoke the license if the holder of the license, after reasonable notice from the racing commissioner, does not make necessary improvements, additions, or corrections to the licensed premises, fixtures, or equipment as determined and required by the racing commissioner; if the holder of the license violates or is no longer in compliance with the requirements of this act or the rules promulgated under this act; or if the licensed premises are not utilized to conduct a licensed race meeting for 2 consecutive years. In addition to the suspension or revocation of the license, the racing commissioner may impose a fine or bring an action in circuit court seeking an order of the court requiring the licensee to make reasonable and necessary racetrack improvements or additions as determined by the commissioner if the licensee fails to make improvements or corrections that comply with the applicable construction code or local ordinances. The action of the racing commissioner in suspending or revoking a track license shall comply with the administrative procedures act of 1969, Act No. 306 of the Public Acts of 1969, being sections 24.201 to 24.328 of the Michigan Compiled Laws, and shall be subject to appeal.

(6) In a city area, not more than 3 racetracks shall be licensed, except that in a city with a population of 900,000 or more the racing commissioner may issue 1 additional license.

(7) A person shall not be issued more than 1 track license. Controlling ownership and interlocking directorates among the holders of track licenses are prohibited.

(8) A track license shall not be issued under this section if the new license would result in harmful competition among existing racetracks.

Sec. 10. (1) A person desiring to conduct a thoroughbred, standardbred, quarter horse, Appaloosa, or Arabian race meeting, or a combination of these race meetings, with pari-mutuel wagering on the results of live and simulcast horse races pursuant to this act shall apply each year to the racing commissioner for a race meeting license in the manner and form required by the racing commissioner. The application shall be filed with the racing commissioner before July 1 of the preceding year except that a race meeting license issued for 1996 under former Act No. 327 of the Public Acts of 1980 may be amended by the racing commissioner pursuant to a new application submitted under this act within 30 days of the effective date of this act. The application, after being filed, shall be made available for public inspection during regular business hours. The application shall be in writing and shall give the name and address of the applicant, and, if the applicant is a corporation or partnership, shall state the place of the applicant's incorporation or partnership and the names and addresses of all corporate directors, officers, shareholders, and partners. The application shall also do all of the following:

(a) Specify the licensed racetrack at which the proposed race meeting will be held.

(b) Specify whether the applicant requests or will request to conduct simulcasting at the proposed race meeting and, if so, demonstrate the applicant's ability to conduct simulcasting in accordance with this act.

(c) Specify the horse breed for which the applicant desires to conduct live racing at the proposed race meeting, and the days on which the applicant proposes to conduct live horse racing at the race meeting.

(d) Specify the time period during which the applicant requests to be licensed during the calendar year immediately following the date of application.

(e) Demonstrate to the racing commissioner that the applicant, and all persons associated with the applicant, who hold any beneficial or ownership interest in the business activities of the applicant, or who have power or ability to influence or control the business decisions or actions of the applicant, are persons of good character, honesty, and integrity; possess sufficient financial resources and business ability and experience to conduct the proposed race meeting; and do not pose a threat to the public interest of the state or to the security and integrity of horse racing or pari-mutuel wagering on the results of horse races in the state.

(f) Provide any other information required by the rules promulgated under this act or by the racing commissioner.

(2) Upon the filing of the application for a race meeting license, the racing commissioner shall conduct an investigation of the applicant and the application to determine whether the applicant, application, and proposed race meeting comply with the licensing requirements under this act and the rules promulgated under this act. Unless a different agreement is reached by all the race meeting licensees in a city area, a race meeting licensee shall not conduct a live or simulcast thoroughbred horse race after 6:45 p.m. on any day except Sunday. Unless a different agreement is reached by all the race meeting licensees in a city area, a race meeting licensee shall not conduct a live or simulcast standardbred horse race before 6:45 p.m. on any day except Sunday. Notwithstanding the 6:45 p.m. time restrictions, the commissioner, upon request by a race meeting licensee, may grant to the race meeting licensee a race meeting license authorizing either of the following:

(a) The licensee to conduct live horse racing programs that would otherwise be prevented by the 6:45 p.m. time restriction, if no other race meeting in a city area is licensed or authorized to conduct live horse racing at the same time the licensee proposes to conduct the requested live horse racing programs.

(b) Waiver of the 6:45 p.m. time restriction pursuant to the written agreement of all race meeting licensees in the city area.

Sec. 12. (1) Each applicant for a thoroughbred, quarter horse, Appaloosa, or Arabian license in a county located outside of a city area shall apply to conduct at least 45 days of live thoroughbred, quarter horse, Appaloosa, or Arabian horse racing during its race meeting. Except during the opening and closing week of a race meeting, the applicant shall apply to conduct live racing at least 3 days per week, including Saturdays and Sundays, with not less than 9 live horse races programmed, and shall conduct live racing programs on such days allocated by the racing commissioner.

(2) Each applicant for a thoroughbred, quarter horse, Appaloosa, or Arabian race meeting license in a city area shall apply to conduct at least 160 days of live thoroughbred, quarter horse, Appaloosa, or Arabian horse racing during its proposed race meeting. Except during the opening and closing week of a race meeting, the applicant shall apply to conduct live racing at least 5 days per week, including Saturdays and Sundays, with not less than 9 live horse races programmed, and shall conduct live racing programs on such days allocated by the racing commissioner.

(3) Each applicant for a standardbred race meeting license in a county having a population of less than 250,000 and that is not part of a city area shall apply to conduct at least 75 days of live standardbred harness horse racing during its proposed race meeting. Except during the opening and closing week of a race meeting, the applicant shall apply to conduct live horse racing at least 4 days per week, including Saturdays, with not less than 9 live horse races programmed, and shall conduct live racing programs on such days awarded.

(4) Each applicant for a standardbred race meeting license in a county having a population greater than 250,000 but less than 750,000 and that is not part of a city area shall apply to conduct at least 100 days of live standardbred harness horse racing during its proposed race meeting. Except during the opening and closing week of a race meeting, the applicant shall apply to conduct live racing at least 4 days per week, including Saturdays, with not less than 9 live horse races programmed, and shall conduct live racing programs on such days awarded.

(5) Each applicant for a standardbred race meeting license in a city area shall apply to conduct during its race meeting no less than the following number of live racing days:

(a) The race meeting applicant with the highest pari-mutuel handle in the previous calendar year shall apply for no less than 140 days of live racing and the applicant shall apply to conduct live racing at least 5 days per week, including Saturdays, with not less than 9 live horse races programmed and shall conduct live racing programs on the days awarded.

(b) All other applicants shall apply for not less than an aggregate total of at least 120 days of live racing and the applicants shall apply to conduct live racing at least 5 days per week, including Saturdays, with not less than 9 live horse races programmed and shall conduct live racing programs on the days awarded.

(6) If a race meeting licensee is unable to program and conduct 9 live horse races on any racing date that the commissioner allocates to the licensee because there are less than 5 entries in any race, the licensee shall not conduct any simulcasting on that day without the written consent of the certified horsemen's organization with which it has a contract.

(7) If a race meeting licensee is unable to conduct racing on any live racing dates allocated to the licensee by the racing commissioner or less than 9 live horse races on any allocated live racing dates because of a labor dispute, fire, adverse weather conditions, or other causes beyond the race meeting licensee's control, then the race meeting licensee

is considered to have conducted those races or race days for purposes of this act and is not precluded from conducting any simulcasts because of the licensee's inability to conduct those live races or race dates.

(8) 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 (7) shall be considered to be offered to the public for purposes of this act.

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

Sec. 13. (1) A race meeting licensee shall have a current written contract with a certified horsemen's organization before it may conduct live or simulcast horse races with pari-mutuel wagering on the results of the races pursuant to its license.

(2) The racing commissioner shall register and certify all certified horsemen's organizations that had contracts with race meeting licensees in this state in 1995 or 1994 for the conduct of pari-mutuel racing at race meetings in this state during 1994 or 1995, and their successors or assigns as certified horsemen's organizations for purposes of this act. The racing commissioner shall also accept any current contracts that these certified horsemen's organizations have with race meeting licensees as complying with the requirements of subsection (1) for the term of the contract.

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

(2) Subject to section 12(7), all simulcasting authorized by the racing commissioner shall be conditioned upon the holder of the license conducting at least 9 live horse races on each live racing date allocated in the holder's race meeting license, unless this requirement is waived in writing by both the racing commissioner and the certified horsemen's organization with which the licensee has contracted.

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

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

(5) Any action by the racing commissioner pursuant to subsection (4) shall become effective 10 days after the holder of the race meeting license has received written notice unless the commissioner finds that the public health, safety, or welfare requires emergency action and immediate effect of the commissioner's order.

(6) A denial of a race meeting license pursuant to subsection (3) may be appealed to the circuit court for judicial review pursuant to section 631 of the revised judicature act of 1961, Act No. 236 of the Public Acts of 1961, being section 600.631 of the Michigan Compiled Laws. A suspension or revocation of a race meeting license may be appealed pursuant to the administrative procedures act of 1969, Act No. 306 of the Public Acts of 1969, being sections 24.201 to 24.328 of the Michigan Compiled Laws.

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

Sec. 15. (1) Before March 31 of each year, each holder of a race meeting or track license shall file with the racing commissioner a certified statement of receipts from all sources during the previous calendar year and of all expenses and disbursements, itemized in a manner and on a standardized form as directed by the state treasurer, showing the

net revenue from all sources derived by the holder of the license. These certified financial statements shall be considered public records and made available for public inspection during regular business hours. The certified financial statements submitted shall be prepared by a certified public accountant in accordance with generally accepted accounting and auditing standards as promulgated by the American institute of certified public accountants. The working papers and other records pertaining to preparation of the financial statements may be reviewed by the state treasurer and the racing commissioner and shall be promptly provided to them by the holders of the race meeting license upon their request.

(2) On the first day other than Sunday after each day of operation, each holder of a race meeting license shall remit the money due to the state or other entities under this act at the close of the day of operation with a detailed statement of that money as required by this act and the rules promulgated under this act.

(3) A person shall not hold or conduct, or assist, aid, or abet in holding or conducting a race meeting within the state where live or simulcast horse races with pari-mutuel wagering on the results of horse racing for a stake, purse, prize, share, or reward is conducted, unless the person and the racetrack at which the gaming activity is conducted are licensed by the racing commissioner.

Sec. 16. (1) Each person participating in or having to do with pari-mutuel horse racing or pari-mutuel wagering on the results of horse races at a licensed race meeting, including, but not limited to, all racing officials, veterinarians, pari-mutuel clerks or tellers, totalisator company employees, security guards, timers, horse owners, jockeys, drivers, apprentices, exercise riders, authorized agents, trainers, grooms, valets, owners of stables operating under an assumed name, jockey agents, pony riders, hot walkers, blacksmiths, starting gate employees, owners and operators of off-track training centers, farms or stables where racehorses are kept, and vendors operating within the barn area of a licensed racetrack or off-track training center, farm, or stable where racehorses are kept may be licensed by the racing commissioner pursuant to rules promulgated by the racing commissioner under this act. The racing commissioner shall not issue an occupational license to a person who, within the 6 years immediately preceding the date of the person's application for the occupational license, was convicted of a felony involving theft, dishonesty, misrepresentation, fraud, corruption, drug possession, delivery, or use, or other criminal misconduct that is related to the person's ability and likelihood to perform the functions and duties of the racing related occupation for which the person seeks to be licensed and participate in pari-mutuel horse racing in that licensed occupation in a fair, honest, open, and lawful manner. The racing commissioner shall not issue a pari-mutuel occupational license to a person who, within 2 years immediately preceding the date of the person's application for the occupational license, was convicted of a misdemeanor involving theft, dishonesty, misrepresentation, fraud, corruption, drug possession, delivery, or use, or other criminal misconduct that is related to the person's ability and likelihood to perform the functions and duties of the racing related occupation for which the person seeks to be licensed and participate in pari-mutuel horse racing in that licensed occupation in a fair, honest, open, and lawful manner.

(2) A veterinarian is not required to be licensed under this act to provide necessary and appropriate emergency veterinary care or treatment to any horse that is intended to be entered, is entered, or participates in a race with wagering by pari-mutuel methods or a nonbetting race or workout conducted at a licensed race meeting in this state. For purposes of this section, "emergency veterinary care or treatment" means care or treatment necessary and appropriate to save the life of a horse or prevent permanent physical injury or damage to a horse in a situation requiring immediate veterinary action. Only veterinarians licensed under this act may provide nonemergency veterinary care or treatment to a horse in this state that is intended to be entered, is entered, or participates in races at licensed race meetings in this state. Only persons licensed under this act or otherwise authorized by the racing commissioner may enter the restricted grounds of a licensed race meeting where horses are kept that are eligible to race at the race meeting. For the purposes of this section and sections 30 and 31, a horse that is intended to be entered is a horse that has its name put into the draw for a specific race, and a horse that is entered in a race is a horse that has been drawn into a specific race.

(3) As conditions precedent to being issued and holding a valid pari-mutuel occupational license, a license applicant shall disclose, in writing, any ownership interest that the applicant has in a racehorse in addition to other information the racing commissioner considers necessary and proper, including fingerprints of occupational license applicants and proof of compliance with the worker's disability compensation act of 1969, Act No. 317 of the Public Acts of 1969, being sections 418.101 to 418.941 of the Michigan Compiled Laws, except that proof of compliance requirement does not apply to horse owners and trainers not covered under section 115 of Act No. 317 of the Public Acts of 1969, being section 418.115 of the Michigan Compiled Laws.

(4) In addition to the requirements of subsection (3), an applicant for a pari-mutuel occupational license shall consent, upon application and for the duration of the occupational license, if issued, to all of the following:

(a) Personal inspections, inspections of the applicant's personal property, and inspections of premises and property related to his or her participation in a race meeting by persons authorized by the racing commissioner.

(b) If the applicant is applying for a racing official, jockey, driver, trainer, or groom license, or for any other license for an occupation that involves contact with or access to the racehorses or the barn areas or stables where racehorses

are kept, then the applicant shall agree as a condition of licensure to submit for the duration of the license period to a breathalyzer test, urine test, or other noninvasive fluid test to detect the presence of alcohol or a controlled substance as defined in section 7104 of the public health code, Act No. 368 of the Public Acts of 1978, being section 333.7104 of the Michigan Compiled Laws, if directed to do so by the racing commissioner or his or her representative. If the results of a test show that an occupational licensee has more than .05% of alcohol in his or her blood, or has present in his or her body a controlled substance, the person shall not be permitted to continue in his or her duties or participate in horse racing until he or she can produce, at his or her own expense, a negative test result. The licensee may be penalized by the racing commissioner for his or her positive test results, which may include any disciplinary action authorized by this act or rules promulgated under this act. This subsection does not apply to a controlled substance obtained directly from, or pursuant to a valid prescription from, a licensed health care provider, except that the racing commissioner may consider the person's medical need for prescribed controlled substances in determining the person's fitness to be licensed to participate in pari-mutuel horse racing. The racing commissioner shall suspend for not less than 1 year the license of a person who for the third time in a period of not more than 6 consecutive years is relieved of his or her duties for the reasons prescribed in this subsection.

(5) A person who is issued a pari-mutuel occupational license as a trainer is responsible for and absolute insurer of the condition, fitness, eligibility, and qualification of the horses entered to race for the person by whom the trainer is employed, except as prescribed by the rules promulgated by the racing commissioner under this act. This subsection shall not be construed or interpreted to determine civil tort liability of any racehorse owner or trainer but shall be for purposes of enforcement of this act only. A trainer shall not start a horse that has in its body a drug or foreign substance unless permitted pursuant to section 30 and the rules promulgated under that section. A trainer is strictly liable and subject to disciplinary action if a horse under the trainer's actual or apparent care and control as trainer has a drug or foreign substance in its body, in violation of section 30 and the rules promulgated under that section.

(6) Upon the filing of a written complaint, under oath, in the office of the racing commissioner, or upon the written motion of the racing commissioner regarding the actions or omissions of a person issued a pari-mutuel occupational license, the racing commissioner may summarily suspend the occupational license of the person for a period of not more than 90 days pending a hearing and final determination by the racing commissioner regarding the acts or omissions complained of in the written complaint or motion, if the commissioner determines from the complaint or motion that the public health, safety, or welfare requires emergency action. The racing commissioner shall schedule the complaint or motion to be heard within 14 business days after the occupational license is summarily suspended and notify the holder of the occupational license of the date, time, and place of the hearing not less than 5 days before the date of the hearing. The hearing shall be conducted in accordance with the contested case provisions of the administrative procedures act of 1969, Act No. 306 of the Public Acts of 1969, being sections 24.201 to 24.328 of the Michigan Compiled Laws. The action of the racing commissioner in revoking or suspending a pari-mutuel occupational license may be appealed to the circuit court pursuant to Act No. 306 of the Public Acts of 1969. If the racing commissioner's order is predicated upon a series of acts, the review by the circuit court may be in the county in which any of the alleged acts or failures to act took place.

(7) A decision by the racing commissioner or his or her deputies or appointed state stewards of racing to deny an application for an occupational license may be appealed to the circuit court and reviewed pursuant to section 631 of the revised judicature act of 1961, Act No. 236 of the Public Acts of 1961, being section 600.631 of the Michigan Compiled Laws. A suspension or revocation of an occupational license may be appealed and reviewed pursuant to the administrative procedures act of 1969, Act No. 306 of the Public Acts of 1969, being sections 24.201 to 24.328 of the Michigan Compiled Laws.

(8) Each pari-mutuel occupational licensee shall pay a license fee of not less than \$10.00 or more than \$100.00 as determined by the racing commissioner.

Sec. 17. (1) The pari-mutuel system of wagering upon the results of horse races as permitted by this act shall not be held or construed to be unlawful. All forms of pari-mutuel wagering conducted at a licensed race meeting shall be preapproved by the racing commissioner pursuant to rule or written order of the commissioner.

(2) A holder of a race meeting license may provide a place in the race meeting grounds or enclosure at which he or she may conduct and supervise the pari-mutuel system of wagering on the results of horse races as permitted by this act. If the pari-mutuel system of wagering is used at a race meeting, a totalisator or other device which is equal in accuracy and clearness to a totalisator and approved by the racing commissioner shall be used. The odds display of the totalisator or other device shall be placed in full view of the patrons.

(3) Subject to section 18(3), each holder of a race meeting license shall retain as his or her commission on all forms of straight wagering 17% of all money wagered involving straight wagers on the results of live and simulcast horse races conducted at the licensee's race meetings. Except as provided in subsection (8) and subject to section 18(3), each holder of a race meeting license shall retain as his or her commission on all forms of multiple wagering, 20.5% of all money wagered involving any form of multiple wager on the results of live and simulcast horse races conducted at the licensee's race meeting. Except as otherwise provided by contract, 50% of all commissions from wagering on the results of live racing at the racetrack where the live racing was conducted shall be paid to the horsemen's purse pool at the racetrack where the live racing was conducted. As used in this subsection:

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

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

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

(5) Payoff prices of tickets of a higher denomination shall be calculated as even multiples of the payoff price for a \$1.00 wager. Each holder of a race meeting license shall distribute to the persons holding winning tickets, as a minimum, a sum not less than \$1.10 calculated on the basis of each \$1.00 deposited in a pool, except that each race meeting licensee may distribute a sum of not 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" means any win, place, or show pool in which the payout would exceed 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 shall only occur or be permitted to occur within the enclosure of a licensed race meeting. A person shall not participate or be a party to any act or transaction relative to placing a wager or carrying a wager for placement outside of a race meeting ground. A person shall not provide messenger service for the placing of a bet for another person who is not a patron. However, this subsection 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.

(8) As used in this subsection, "special sweepstakes pari-mutuel" means amounts wagered for a selection in each of 3 or more races designated by the race meeting licensee with the approval of the racing commissioner. The racing commissioner may promulgate rules or issue written orders to approve and regulate a special sweepstakes pari-mutuel pool which shall not be connected with or related to any other form of multiple wagering, or to any other win, place, or show pool. A special sweepstakes pari-mutuel pool may be given a distinctive name by the race meeting licensee, subject to the approval of the racing commissioner. Subject to section 18(3), each holder of a race meeting license shall retain as his or her commission on special sweepstakes pari-mutuel pools 25% of all money wagered on such races.

Sec. 18. (1) Simulcasting by race meeting licensees may be authorized by the racing commissioner subject to the limitations of this section. As used in this section, "simulcast" means the live transmission of video and audio signals conveying a horse race held either inside or outside this state to a licensed race meeting in this state. A simulcast from 1 racetrack in this state to another racetrack in this state shall be called an "intertrack simulcast". A simulcast from a racetrack outside this state to a racetrack inside this state shall be called an "interstate simulcast".

(2) The holder of a race meeting license may apply to the racing commissioner, in the manner and form required by the commissioner, for a permit to televise simulcasts of horse races to viewing areas within the enclosure of the licensed racetrack at which the applicant is licensed to conduct its race meeting. The commissioner may issue a permit for individual race and full card simulcasts televised during, between, before, or after programmed live horse races on any day that live racing is conducted by the applicant, and also on other days during the term of the applicant's license when the applicant does not conduct live horse racing, subject to the following conditions:

(a) The applicant shall have a current contract with a certified horsemen's organization.

(b) The applicant shall have applied for and been allocated the minimum number of live racing dates required by section 12(1) to (5), subject to the availability of adequate horse supply as determined by the racing commissioner.

(c) The applicant shall make a continuing good faith effort throughout the duration of its race meeting to program and conduct at least 9 live horse races on each live racing date allocated to the applicant.

(d) The certified horsemen's organization with which the applicant has contracted shall have consented to the requested simulcasts on any live racing day when the applicant is unable to program and conduct at least 9 live horse races, if required by section 12(6).

(e) If the requested simulcasts are interstate, the applicant shall waive in writing any right that the applicant may have under the interstate horse racing act of 1978, 15 U.S.C. 3001 to 3007, to restrict interstate simulcasts by other race meeting licensees in this state.

(f) If the applicant conducts its race meeting in a city area, the applicant shall make the video and audio signals of its live horse races available for intertrack simulcasting to all licensed race meetings in this state located more than 12 miles from the applicant's race meeting no later than 120 days after the effective date of this act. The applicant shall charge each race meeting licensee the same fee to receive its live signals for intertrack simulcasting. The fee shall not exceed 3% of the total amount wagered on the intertrack simulcast at each race meeting that receives the simulcast.

(g) Except as otherwise agreed by the race meeting licensees in a city area and the respective certified horsemen's organizations with which they contract, a licensee in a city area shall receive all available intertrack simulcasts from licensed race meetings in the city area located more than 12 miles from the licensee's race meeting.

(h) A licensed race meeting outside a city area shall not conduct interstate simulcasts before 6:45 p.m., unless it also receives all intertrack simulcasts from licensed race meetings in a city area that are available before 6:45 p.m.

(i) A licensed race meeting outside a city area shall not conduct interstate simulcasts after 6:45 p.m., unless it also receives all intertrack simulcasts from licensed race meetings in a city area that are available after 6:45 p.m.

(j) All applicants conducting licensed race meetings in a city area shall authorize all other race meeting licensees in the state to conduct simulcasts of the breed for which the applicant is licensed to conduct live horse racing. An applicant may not conduct interstate simulcasts unless such authorization is given by the applicant, in accordance with subdivision (k), permitting all other race meeting licensees to receive interstate simulcasts of a different breed than they are licensed to race live.

(k) A race meeting licensee shall not conduct an interstate simulcast of a different breed than it is licensed to race live at its race meeting, unless the licensee has the written permission of all race meeting licensees in a city area that are licensed to race that breed live at their race meetings. A city area race meeting licensee may charge another race meeting licensee a fee for such permission. The permit fee may be no more than 1.5% of the total amount wagered at city area race meetings, and no more than 0.5% of the total amount wagered at race meetings outside a city area, on the interstate simulcast for which such permission is given. Any permit fee charged pursuant to this section shall be calculated and paid separate from the amount paid by the receiving track to the out-of-state sending track to receive the different breed interstate simulcast signals. If simulcasting permission is required from more than 1 race meeting licensee in a city area under this section, the combined permit fee, if any, shall not exceed the maximum amount that may be charged by 1 licensee for such permission under this subsection and shall be paid jointly to and shared by the licensees in a city area on a pro rata basis according to the percentage of total wagering that each licensee produced in the previous calendar year on live and simulcast races of the breed for which simulcasting permission is requested.

(l) All authorized simulcasts shall be conducted in compliance with the written permit and related orders issued by the racing commissioner and all other requirements and conditions of this act and the rules of the racing commissioner promulgated under this act.

(m) All authorized interstate simulcasts shall also comply with the interstate horse racing act of 1978, 15 U.S.C. 3001 to 3007.

(3) All forms of wagering by pari-mutuel methods provided for under this act for live racing shall be allowed on simulcast horse races authorized under this section. All money wagered on simulcast horse races at a licensed race meeting shall be included in computing the total amount of all money wagered at the licensed race meeting for purposes of section 17. When the simulcast is an interstate simulcast, the money wagered on that simulcast shall form a separate pari-mutuel pool at the receiving track unless 2 or more licensees receive the same interstate simulcast signals or the racing commissioner permits the receiving track to combine its interstate simulcast pool with the pool created at the out-of-state sending track on the same race. If 2 or more licensees receive the same interstate simulcast signals, the money wagered on the simulcasts shall be combined in a common pool and the licensees shall jointly agree and designate at which race meeting the common pool will be located. However, if the law of the jurisdiction in which the sending racetrack is located permits interstate common pools at the sending racetrack, the racing commissioner may permit pari-mutuel pools on interstate simulcast races in this state to be combined with pari-mutuel pools on the same races created at the out-of-state sending racetrack. If the pari-mutuel pools on the interstate simulcast races in this state are combined in a common pool at the out-of-state sending track, then the commissions described in section 17 on the pool created in this state shall be adjusted to equal the commissions in effect at the sending track under the laws of its jurisdiction. If the simulcast is an intertrack simulcast, the money wagered on that simulcast at the receiving racetrack shall be added to the pari-mutuel pool at the sending racetrack.

(4) Each race meeting licensee that receives an interstate simulcast shall pay to the horsemen's simulcast purse pool established under section 19 a sum equal to 40% of the licensee's net commission from all money wagered on the interstate simulcast, as determined by section 17(3) and (8) after first deducting from the licensee's statutory commission the applicable state tax on wagering due and payable under section 22 and the actual verified fee paid by the licensee to the sending host track to receive the interstate simulcast signal. The licensee shall retain the remaining balance of its net commission and shall be responsible for paying all other capital and operational expenses related to receiving interstate simulcasts at its race meeting. Any subsequent rebate of a fee paid by a licensee to receive interstate simulcast signals shall be shared equally by the licensee and the horsemen's simulcast purse pool established under section 19.

(5) No later than 120 days after the effective date of this act, a race meeting licensee licensed to conduct pari-mutuel horse racing in a city area shall provide the necessary equipment to send intertrack simulcasts of the live horse races conducted at its race meeting to all other race meeting licensees in this state, and shall send its intertrack simulcast signals to such licensees upon request for an agreed fee, which shall not exceed 3% of the total amount wagered on the

race at the receiving track. Race meeting licensees that send or receive intertrack simulcasts shall make the following payments to the horsemen's purse pools:

(a) Each race meeting licensee that sends an intertrack simulcast shall pay 50% of the simulcast fee that it receives for sending the simulcast signal to the horsemen's purse pool at the sending track.

(b) Each race meeting licensee that receives an intertrack simulcast shall pay to the horsemen's simulcast purse pool established pursuant to section 19 a sum equal to 40% of the receiving track's net commission from wagering on the intertrack simulcast under section 17(3) and (8), after first deducting from the licensee's statutory commission the applicable state tax on wagering due and owing under section 22 and the actual verified fee paid by the receiving track to the sending host track to receive the intertrack simulcast signal.

(6) The racing commissioner may authorize a race meeting licensee to transmit simulcasts of live horse races conducted at its racetrack to locations outside of this state in accordance with the interstate horse racing act of 1978, 15 U.S.C. 3001 to 3007, or any other applicable laws, and may permit pari-mutuel pools on such simulcast races created under the laws of the jurisdiction in which the receiving track is located to be combined in a common pool with pari-mutuel pools on the same races created in this state. A race meeting licensee that transmits simulcasts of its races to locations outside this state shall pay 50% of the fee that it receives for sending the simulcast signal to the horsemen's purse pool at the sending track after first deducting the actual verified cost of sending the signal out of state.

(7) Simulcasting of events other than horse races for purposes of pari-mutuel wagering is prohibited.

Sec. 19. (1) All money designated by this act to be paid into the horsemen's simulcast purse pool, shall be deposited in a depository designated by all participating certified horsemen's organizations and distributed by their designated escrow agent as follows:

(a) 50% of the funds generated from thoroughbred simulcasts for horsemen's purses and 35% of the funds generated from standardbred simulcasts for horsemen's purses shall be divided between all thoroughbred purse pools. The division shall be on a pro rata basis between all thoroughbred race meeting licensees based upon the percentage of total thoroughbred handle, from all sources, for the previous calendar year.

(b) 50% of the funds generated from thoroughbred simulcasts for horsemen's purses and 65% of the funds generated from standardbred simulcasts for horsemen's purses shall be divided between all standardbred purse pools. The division shall be on a pro rata basis between all standardbred race meeting licensees based upon the percentage of total standardbred handle, from all sources, for the previous calendar year.

(2) The certified horsemen's organizations and race meeting licensees shall have audit rights of the funds set forth in this section.

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

(2) Money received by the racing commissioner and the state treasurer under this act shall be paid promptly into the state treasury and placed in the Michigan agriculture equine industry development fund created in subsection (3).

(3) The Michigan agriculture equine industry development fund is created in the department of treasury. The Michigan agriculture equine industry development fund shall be administered by the director of the department of agriculture with the assistance and advice of the racing commissioner.

(4) Money shall not be expended from the Michigan agriculture equine industry development fund except as appropriated by the legislature. Money appropriated by the legislature for the Michigan agriculture equine industry development fund shall be expended by the director of the department of agriculture with the advice and assistance of the racing commissioner to provide funding for agriculture and equine industry development programs as provided in subsections (5) to (11).

(5) The following amounts shall be paid to standardbred and fair programs:

(a) A sum not to exceed 75% of the purses for standardbred harness horse races offered by fairs and races at licensed pari-mutuel racetracks. Purse supplements for overnight races at fairs paid pursuant to this subsection may not exceed the lowest purse offered for overnight races of the same breed at any licensed race meeting in this state during the previous year.

(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 2-year-old and 3-year-old standardbred harness horses conceived after January 1, 1992, and sired by a standardbred stallion registered with the Michigan department of agriculture that was leased or owned by a resident or residents of this state and which did not serve a mare at a location outside of this state from February 1 through July 31 of the calendar year in which the conception occurred. Transportation of semen from a standardbred stallion registered with the Michigan department of agriculture to a location outside the state of Michigan does not create eligibility for Michigan tax supported races, and does not affect the eligibility of Michigan conceived foals for the purses provided for by this section. A foal conceived outside the state of Michigan by means of semen from a standardbred stallion registered with the Michigan department of agriculture is not eligible for Michigan tax-supported races.

(d) A sum to pay not more than 75% of an eligible cash premium paid by a fair or exposition. The commission of agriculture 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 10% of the gross purse to breeders of Michigan bred standardbred 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, "Michigan bred standardbred harness horse" means a horse from a mare owned by a resident or residents of this state at the time of conception, that was conceived after January 1, 1992, and sired by a standardbred stallion registered with the Michigan department of agriculture that was leased or owned 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 July 31 of the calendar year in which the conception occurred. To be eligible, each mare shall be registered with the Michigan department of agriculture. Transportation of semen from a standardbred stallion registered with the Michigan department of agriculture to a location outside the state of Michigan does not create eligibility for Michigan tax-supported races, and does not affect the eligibility of Michigan conceived foals for the purses provided for by this section. A foal conceived outside the state of Michigan by means of semen from a standardbred stallion registered with the Michigan department of agriculture is not eligible for Michigan tax-supported races.

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

(g) A sum to be allotted to pay the presiding judges and clerks of the course at fairs. Presiding judges and clerks of the course shall be hired by the fair's administrative body with the advice and approval of the racing commissioner. The director of the department of agriculture may allot funds for a photo finish system and a mobile starting gate. The director of the department of agriculture shall allot funds for the conducting of tests, the collection and laboratory analysis of urine, saliva, blood, and other samples from horses, and the taking of blood alcohol tests on drivers, jockeys, and starting gate employees, for those races described in this subdivision. The department may require a driver, jockey, or starting gate employee to submit to a breathalyzer test, urine test, or other noninvasive fluid test to detect the presence of alcohol or a controlled substance as defined in section 7104 of the public health code, Act No. 368 of the Public Acts of 1978, being section 333.7104 of the Michigan Compiled Laws. 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 shall not be 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.

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

(i) A sum not to exceed 0.25% of all money wagered on live and simulcast horse races in Michigan shall be placed in a special standardbred sire stakes fund each year, 100% of which shall be used to provide purses for races run exclusively for 2-year-old and 3-year-old Michigan sired standardbred horses at licensed harness race meetings in this state. As used in this subdivision, "Michigan sired standardbred horses" means standardbred horses conceived after January 1, 1992 and sired by a standardbred stallion registered with the Michigan department of agriculture that was leased or owned by a resident or residents of this state and which did not serve a mare at a location outside of this state from February 1 through July 31 of the calendar year in which the conception occurred. Transportation of semen from a standardbred stallion registered with the Michigan department of agriculture to a location outside the state of Michigan does not create eligibility for Michigan tax-supported races, and does not affect the eligibility of Michigan conceived foals for the purses provided for by this section. A foal conceived outside the state of Michigan by means of semen from a standardbred stallion registered with the Michigan department of agriculture is not eligible for Michigan tax-supported races.

(6) The following amounts shall be paid to thoroughbred programs:

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

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

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

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

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

(f) A sum to be allotted sufficient to pay for the collection and laboratory analysis of urine, saliva, blood, and other samples from horses and licensed persons and for the conducting of tests described in section 16(3)(b).

(7) The following amounts shall be paid for quarter horse programs:

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

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

(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 for each time a Michigan bred quarter horse wins at a county fair or licensed race meeting in this state.

(d) A sum to pay for the collection and laboratory analysis of urine, saliva, blood, and other samples from horses and licensed persons and the taking of blood alcohol tests on jockeys for those races described in this subsection and for the conducting of tests described in section 16(3)(b).

(e) As used in this subsection, "Michigan bred quarter horse" means a horse from a mare owned by a resident of this state at the time of breeding, sired by a registered stallion owned exclusively by a resident of this state, and which did not serve a mare at a location outside of this state during the calendar year in which the service occurred. Each mare and stallion shall be registered with the director of the department of agriculture.

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

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

(b) A sum to pay not more than 75% of the purses for registered 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.

(d) The department shall also allot sufficient funds from the revenue received from Appaloosa horse racing to pay for the collection and laboratory analysis of urine, saliva, blood, or other samples from horses and licensed persons and the taking of blood alcohol tests on jockeys for those races described in this subsection and for the conducting of tests described in section 16(3)(b).

(e) As used in this subsection, "Michigan bred Appaloosa" means a horse from a mare owned by a resident of this state at the time of breeding, sired by a registered stallion owned exclusively by a resident of this state, and which did not serve a mare at a location outside of this state during the calendar year in which the service occurred. Each mare and stallion shall be registered with the director of the department of agriculture.

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

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

(b) A sum to pay not more than 75% of the purses for registered Arabian 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 Arabian horses for each time Michigan bred horses win at a fair or licensed racetrack in this state.

(d) A sum allotted from the revenue received from Arabian horse racing to pay for the collection and laboratory analysis of urine, saliva, blood, and other samples from horses and licensed persons and the taking of blood alcohol tests on jockeys for those races described in this subsection and for the conducting of tests described in section 16(3)(b).

(e) As used in this subsection, "Michigan bred Arabian" means a horse from a mare owned by a resident of this state at the time of breeding, sired by a registered stallion owned exclusively by a resident of this state, and which did not serve a mare at a location outside of this state during the calendar year in which the service occurred. Each mare and stallion shall be registered with the director of the department of agriculture.

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

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

(b) Money appropriated and allotted to this fund shall not revert to the general fund and shall be carried forward from year to year until disbursed to fund grants for research projects beneficial to the industry.

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

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

(12) The director of the department of agriculture shall promulgate rules pursuant to the administrative procedures act of 1969, Act No. 306 of the Public Acts of 1969, being sections 24.201 to 24.328 of the Michigan Compiled Laws, to implement this section. The rules promulgated under this subsection shall do all of the following:

(a) Prescribe the conditions under which the Michigan agriculture equine industry development fund and related programs described in subsections (1) to (11) shall be funded.

(b) Establish conditions and penalties regarding the programs described in subsections (5) to (11).

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

(13) Funds under the control of the department of agriculture in this section shall be disbursed under the rules promulgated pursuant to subsection (12). All funds under the control of the department of agriculture approved for purse supplements and breeders' awards shall be paid by the state treasurer not later than 45 days from the date of the race.

Sec. 21. Local units of government participating in the distribution of funds under section 17(4) shall provide for adequate police, fire, and traffic protection of persons and property at and near each race meet, including areas where occupational licenses are required. Each local unit of government participating in the distribution of funds under this act shall show by a statement submitted annually on February 1 of each year to the racing commissioner the amounts of funds received and shall detail the expenditure of those amounts during the previous calendar year. The racing commissioner shall report annually to the governor and the legislature regarding these statements.

Sec. 22. (1) Each licensed racetrack located in a city area shall pay a license fee to the racing commissioner of \$1,000.00 annually, and any other licensed racetrack shall pay a license fee of \$200.00 annually.

(2) During calendar year 1996, each holder of a race meeting license shall pay to the state treasurer, from the holder's commission, a tax in the amount of 2.5% of all money wagered on interstate and intertrack simulcast races conducted at the holder's licensed race meetings in 1996 in a manner and time as the racing commissioner requires. For calendar year 1997 and each year thereafter, the tax rate shall increase to 3.5% of all money wagered on interstate and intertrack simulcast races conducted at the holder's licensed race meetings each calendar year. Not later than 4 years after the effective date of this act, the racing commissioner shall report to the chairpersons of the senate and house committees responsible for legislation concerning horse racing as to the effect on the horse racing industry of the reduction in the tax pursuant to subsection (2).

(3) By eliminating the pari-mutuel wagering tax on live racing programs, it is not the intent of the legislature to diminish the funding and appropriations for the Michigan agriculture equine industry fund and related programs described in section 20. The pari-mutuel tax reduction effected by this section is intended to generally allow for the improvement of the pari-mutuel horse racing and breeding industry in this state by increasing purses at licensed race meetings and making additional pari-mutuel revenues available for capital improvements at licensed racetracks in this state.

Sec. 23. (1) The auditing of pari-mutuel operations at each race meeting shall be performed by a private auditing firm appointed by the state treasurer and approved by the racing commissioner. The expense of pari-mutuel audits shall be paid by the state as a part of the state treasurer's budget. Daily audit reports on each day of pari-mutuel racing shall be forwarded to the racing commissioner and the holder of the race meeting license not later than 2 business days after the day for which the report is made. Within 60 days following each race meeting, at least 3 copies of the pari-mutuel audit report for the entire race meeting shall be forwarded to the racing commissioner and additional copies shall be supplied to the state treasurer and the holder of the race meeting license. The scope of the pari-mutuel audits shall be established in specifications prepared by the state treasurer and approved by the racing commissioner.

(2) The auditors representing the state shall have free and full access to the space or enclosure where the payoff prices are calculated, to the rooms and enclosures where the totalisator equipment is operated, and to the money rooms

and cashier terminals, and shall be responsible for verifying the accuracy of the calculations on which are based the payoff prices to the public and amount of racetrack commission, state tax and breakage, and for the amounts withheld by the holder of the race meeting license for payment of uncashed tickets. The auditors at all times shall have full and free access to all pari-mutuel records and all aspects, areas, and functions of the totalisator system, including but not limited to, all hardware, software, input and output data, documents, and files. The auditors may audit internally and externally any or all parts and elements of the totalisator system whether on or off the site of the race meeting grounds. If the records are maintained in a machine-readable form, such as computer tapes or disks, copies shall be made available to the auditors on request. The auditors, in addition to their regular reports, shall make prompt report to the racing commissioner, the state treasurer, and the holder of the race meeting license of any irregularities or discrepancies which they may encounter during their auditing.

(3) In addition to auditing the pari-mutuel operations, the auditors shall include in their final reports the daily attendance figures as supplied by the holder of the race meeting license.

Sec. 24. A person licensed under this act shall not knowingly permit the dissemination of racing information that might be of benefit to the operator of an illegal handbook or other illegal gambling enterprise, including the changes in odds which may take place during the period of wagering in advance of each race. This section does not prevent the accredited representatives of newspapers, turf publications, newspaper press services, radio and television networks and stations, and other news and sports reporting media from promptly reporting from the racetrack the results of races, payoff prices on winning tickets, entries, claims, and other information concerning the actual running of races and training activities.

Sec. 25. To the extent information is disclosed by any race meeting licensee under this act regarding the name, address, or any other personal information, including financial information, of any patron of the licensee, neither the office of the racing commissioner nor any other governmental authority to whom disclosure has been made shall disclose that information. All information provided to the office of racing commissioner or any other governmental authority by a race meeting licensee that in any manner discloses the name, address, or any other personal information, including financial information, of any patron of the licensee is considered confidential, and is not subject to disclosure under the freedom of information act, Act No. 442 of the Public Acts of 1976, being sections 15.231 to 15.246 of the Michigan Compiled Laws.

Sec. 26. (1) Except as provided for in section 20, this act applies to county or state fairs or to agricultural or livestock exhibitions only if the pari-mutuel system of wagering upon the result of horse racing is conducted.

(2) This act does not permit the pari-mutuel system of wagering upon a racetrack unless the racetrack is licensed as provided by this act. A person shall not permit, conduct, or supervise upon racetrack grounds, the pari-mutuel system of wagering, except in accordance with this act.

Sec. 27. A person shall not participate in racing involving wagering of any kind except as permitted under this act.

Sec. 28. Except as provided in section 21, a political subdivision of this state shall not assess or collect an excise or license tax or fee from a person licensed under this act based upon an activity performed under this act.

Sec. 29. A person who willfully aids, assists, or abets the violation of this act or the rules promulgated under this act is guilty of a misdemeanor punishable by a fine of not more than \$10,000.00 or by imprisonment for not more than 1 year, or both. For the purpose of this section, each day of racing in violation of this act constitutes a separate offense.

Sec. 30. (1) A drug or painkiller that is a stimulant to a horse or depressant to a horse shall not be administered to a horse or be present in a horse that is intended to be entered, is entered, or participates in a race with wagering by pari-mutuel methods or any nonbetting race or workout that is conducted at a licensed race meeting in this state. Any drug or foreign substance, other than a stimulant or depressant, may be administered to a horse or present in a horse that is intended to be entered, is entered, or participates in a race with wagering by pari-mutuel methods or any nonbetting race or workout that is conducted at a licensed race meeting in this state only if authorized by the racing commissioner by rule or written order for use in the care or treatment of the horse. A veterinarian is not prohibited by this section from administering to a horse any drug or foreign substance that is necessary and appropriate for the emergency veterinary care and treatment of the horse under accepted standards of veterinary practice in this state. The treating veterinarian and the horse's trainer shall report immediately to the racing commissioner, the state veterinarian, or the state steward any unauthorized or emergency administration of an unauthorized drug or foreign substance to a horse that is intended to be entered, is entered, or participates in a race or workout at a licensed race meeting in this state, before the running of the race or workout, in the manner and form prescribed by the racing commissioner and the stewards shall scratch the horse from the race. A veterinarian who administers a drug or foreign substance to any horse that is intended to be entered, is entered, or participates in a race or workout that is to be conducted at a licensed race meeting in this state shall keep and maintain a true and complete written record of the

veterinarian's examination, examination findings, diagnosis and treatment of the horse, and all drugs or foreign substances administered to the horse by the veterinarian, in the manner and form prescribed by the racing commissioner, and shall provide the record to the commissioner for review upon request.

(2) The racing commissioner or his or her designee shall conduct random testing to detect the presence of a drug or foreign substance in all winning horses and in any other horse in each pari-mutuel horse race and may conduct individual testing for the presence of a drug or foreign substance in any specific horse within the racetrack.

(3) The racing commissioner shall issue written orders or promulgate rules pursuant to the administrative procedures act of 1969, Act No. 306 of the Public Acts of 1969, being sections 24.201 to 24.328 of the Michigan Compiled Laws, that specify the condition of the horse that must exist in order to permit authorization of the use and possession of a foreign substance or a permissible drug for the intended care or treatment of a horse and that specify the procedures that must be followed in administering the authorized drugs. Any written order issued by the racing commissioner pursuant to this section shall be available for review in the office of racing commissioner at each licensed race meeting in this state.

(4) Except as authorized by the racing commissioner or as provided in this section, a person who administers or conspires to administer a drug or foreign substance, that could affect the racing condition or performance of a horse, internally, externally, by hypodermic method, or by any other method, to a horse that is intended to be entered, is entered, or participates in a race or workout at a licensed race meeting in this state, or who knowingly starts a horse in any race or workout at a licensed race meeting in this state knowing that the horse was administered a drug or foreign substance, by any method, after the horse was entered or intended to be entered in the race or workout is guilty of a felony punishable by a fine of not more than \$10,000.00 or by imprisonment for not more than 5 years, or both.

(5) A postmortem examination shall be performed on every horse that dies at a racetrack. A postmortem examination shall be a complete autopsy unless the racing commissioner on the advice of the veterinarian is satisfied as to the cause of death without the complete autopsy being performed. A complete autopsy shall be ordered and performed if the presence of a drug or foreign substance in the horse is suspected.

Sec. 31. (1) Except as provided in subsection (3), a person who does any of the following, or who aids or abets another in doing any of the following, is guilty of a misdemeanor punishable by a fine of not more than \$10,000.00 or by imprisonment for not more than 1 year, or both:

(a) Introduces an object or foreign substance into the nostrils or windpipe of a horse that is entered or intended to be entered in a race or workout at a licensed race meeting in this state for the purpose of affecting the racing condition or performance of the horse in a race or workout, without authorization of the racing commissioner.

(b) Has in his or her possession within the confines of a racetrack, stable, shed, building, or grounds of a licensed race meeting, or within the confines of an off-track stable, shed, building, or grounds where horses are kept which are eligible to race over the racetrack of the holder of a race meeting license, any drug not authorized by the racing commissioner for use at those locations, or battery or buzzer, electrical or mechanical, or syringe, hypodermic needle, or other appliance device, other than the ordinary whip, which may or can be used for the purpose of affecting a horse's racing condition or performance in a race or workout at a licensed race meeting in this state.

(c) Has in his or her possession within the confines of a racetrack, stable, shed, building, or grounds of a licensed race meeting or within the confines of an off-track stable, shed, building, or grounds where horses are kept that are eligible to race over the racetrack of the holder of a race meeting license a controlled substance as defined in section 7104 of the public health code, Act No. 368 of the Public Acts of 1978, being section 333.7104 of the Michigan Compiled Laws, or a hypodermic needle or other instrument that can be used to administer a controlled substance, unless the controlled substance was obtained directly from or pursuant to a prescription from, a licensed physician, and the person notifies the racing commissioner or racing commissioner's designee that the person possesses the controlled substance or instrument.

(2) In addition to the penalties prescribed in subsection (1), a person who is a licensee under this act and who does any of the acts described in subsection (1) shall have his or her license suspended by the racing commission for a period of not less than 5 years after being convicted.

(3) Subsections (1) and (2) do not prohibit the possession and use of drugs, foreign substances, controlled substances, hypodermic needles and syringes, nasogastric tubes, endotracheal tubes, endoscopes, or other instruments or equipment by a veterinarian within the confines of a racetrack, stable, shed, building, or grounds of a licensed race meeting or within the confines of an off-track stable, shed, building, or grounds where horses are kept that are eligible to race over the racetrack of the holder of a race meeting license, if the drugs and equipment are recognized and accepted in veterinary medicine for use in the care and treatment of horses and are possessed and used by the veterinarian in accordance with accepted standards of veterinary practice in this state and applicable state and federal laws and not in violation of other provisions of this act.

Sec. 32. A person influencing or attempting to influence the result of a race or workout at a licensed race meeting in this state, by offer of money, thing of value, future benefit, favor, preferment; by any form of pressure or threat; or

by seeking or having an agreement, understanding, or conniving with any owner, jockey, driver, trainer, groom, valet, agent, or other person associated with or interested in any stable of horses, horse, or race or workout in which the horse participates; or in any other manner, is guilty of a felony punishable by a fine of not more than \$10,000.00 or by imprisonment for not more than 5 years, or both.

Sec. 33. A person who has information regarding a violation or attempted violation of sections 30, 31, or 32 shall immediately report that information to the racing commissioner or an agent of the racing commissioner. A person who violates this section is guilty of a misdemeanor punishable by a fine of not more than \$10,000.00 or imprisonment for not more than 1 year, or both.

Sec. 34. In addition to the penalties provided in sections 29, 30, 31, 32, and 33, the holder of a license who violates section 29, 30, 31, 32, or 33 is subject to penalties prescribed by the racing commissioner that may include the suspension or revocation of the person's license.

Sec. 35. Act No. 327 of the Public Acts of 1980, being sections 431.61 to 431.88 of the Michigan Compiled Laws, is repealed.

Sec. 36. This act shall take effect January 1, 1996.

This act is ordered to take immediate effect.

Clerk of the House of Representatives.

Secretary of the Senate.

Approved -----

Governor.