

**SENATE SUBSTITUTE FOR
HOUSE BILL NO. 4310**

A bill to amend 1995 PA 279, entitled
"Horse racing law of 1995,"
by amending sections 6a, 8, 9, 17, 19, 19a, 20, and 22 (MCL
431.306a, 431.308, 431.309, 431.317, 431.319, 431.319a, 431.320,
and 431.322), section 6a as added and sections 8, 9, 17, 19, 19a,
20, and 22 as amended by 2016 PA 271, and by adding sections 8a,
19c, and 20a.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

- 1 Sec. 6a. (1) The horse racing advisory commission is created
2 within the department of agriculture and rural development.
3 (2) The advisory commission consists of the following members,
4 appointed by the governor:
5 (a) An individual who has knowledge about and expertise in



1 horse racing in this state, who shall serve as chairperson of the
2 advisory commission.

3 (b) The director of the department of agriculture and rural
4 development or his or her designee.

5 (c) A veterinarian.

6 (d) Two individuals from 2 different statewide horse racing
7 associations.

8 (e) Two individuals who are owners or operators, or designees
9 of owners or operators, of 2 different horse racetracks in this
10 state.

11 (3) The governor shall appoint the members first appointed to
12 the advisory commission ~~within 90 days after the effective date of~~
13 ~~this section.~~ **by September 29, 2016.**

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

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

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

23 (7) The chairperson of the advisory commission appointed under
24 subsection (2) (a) shall call the first meeting of the advisory
25 commission. At the first meeting, the advisory commission shall
26 elect from among its members other officers as it considers
27 necessary or appropriate. After the first meeting, the advisory
28 commission shall meet at the call of the chairperson or if
29 requested by 3 or more members.



1 (8) A majority of the members of the advisory commission
2 constitute a quorum for the transaction of business at a meeting of
3 the advisory commission. A majority of the members present and
4 serving are required for official action of the advisory
5 commission.

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

9 (10) A writing prepared, owned, used, in the possession of, or
10 retained by the advisory commission in the performance of an
11 official function is subject to the freedom of information act,
12 1976 PA 442, MCL 15.231 to 15.246.

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

18 (12) The advisory commission shall do all of the following:

19 (a) Establish for the **racing** commissioner procedures governing
20 the operation and promotion of horse racing in this state.

21 (b) Make recommendations to the legislature on amendments to
22 this act that would improve the regulatory structure of horse
23 racing in this state with a goal of maintaining the long-term
24 viability of horse racing in this state.

25 (c) Annually submit a report to the legislature detailing its
26 recommendations under subdivisions (a) and (b).

27 **(d) Expend money received under section 20a, as appropriated**
28 **by the legislature, for the following purposes:**

29 **(i) Promotion and marketing of horse racing.**



1 (ii) **Equine-related research.**

2 (iii) **Grants for equine-related support and aftercare and**
3 **programs related to horse racing.**

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

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

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

13 (b) Race meeting licenses issued annually for the succeeding
14 year to persons to conduct live horse racing, simulcasting, and
15 pari-mutuel wagering on the results of live and simulcast horse
16 races at a licensed race meeting in this state under this act.

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

20 (d) **Third-party facilitator licenses issued to persons that**
21 **have contracts with race meeting licensees to facilitate wagering**
22 **on live and simulcast racing. The racing commissioner shall**
23 **establish the terms and conditions and the appropriate fee for a**
24 **third-party facilitator license subject to all of the following:**

25 (i) **The third-party facilitator must have a joint contract with**
26 **all race meeting licensees and certified horsemen's organizations**
27 **in this state.**

28 (ii) **The third-party facilitator must comply with consumer**
29 **protections, as determined by the racing commissioner, to protect**



1 the public.

2 (iii) The third-party facilitator must cooperate in any audit
3 necessary to comply with section 23.

4 (iv) The racing commissioner must have received from each race
5 meeting licensee both a letter of intent and a certification that
6 the race meeting licensee assumes and acknowledges responsibility
7 for all conduct of its third-party facilitator.

8 (v) The third-party facilitator must comply with the
9 conditions and suitability standards under section 10(1)(e) and (f)
10 and rules promulgated under this act.

11 (vi) The license must terminate or expire when any of the
12 following occur:

13 (A) On the date and at the time set by the racing commissioner
14 in the license.

15 (B) When the third-party facilitator's joint contract expires
16 or is terminated as to any race meeting licensee or certified
17 horsemen's organization.

18 (C) If the license is suspended or revoked by the racing
19 commissioner.

20 (2) The racing commissioner shall not issue a race meeting
21 license to a person if the person is licensed to conduct a licensed
22 race meeting at another licensed racetrack in this state and the
23 person has a controlling interest in or co-ownership of the other
24 licensed racetrack.

25 (3) If, after the effective date of the amendatory act that
26 added this subsection, the racing commissioner issues a race
27 meeting license to a person that has, after January 1, 2018, held a
28 race meeting license but that will be conducting all or part of its
29 race meeting under the new license at a different racetrack than



1 under the previous licenses, the person shall not conduct pari-
2 mutuel wagering at a licensed racetrack that is within 35 miles of
3 another licensed racetrack at which 1 or more race meeting
4 licensees may conduct pari-mutuel wagering.

5 (4) If, after the effective date of the amendatory act that
6 added this subsection, the racing commissioner issues a race
7 meeting license to a person that has not held a race meeting
8 license before the effective date of the amendatory act that added
9 this subsection, the person shall not conduct pari-mutuel wagering
10 at a licensed racetrack that is within 50 miles of another licensed
11 racetrack at which 1 or more race meeting licensees may conduct
12 pari-mutuel wagering.

13 Sec. 8a. (1) If the racing commissioner determines that all of
14 the requirements of this act for issuing a race meeting license are
15 met, the racing commissioner shall issue a race meeting license to
16 the holder of a casino license issued under section 6 of the
17 Michigan Gaming Control and Revenue Act, 1996 IL 1, MCL 432.206.

18 (2) The holder of a race meeting license issued under this
19 section shall not conduct pari-mutuel wagering at a licensed
20 racetrack that is within 50 miles of another licensed racetrack at
21 which 1 or more race meeting licensees may conduct pari-mutuel
22 wagering.

23 Sec. 9. (1) The racing commissioner shall issue, without
24 further application, a track license to any person holding a valid
25 track license under former 1980 PA 327, and maintaining or
26 operating a licensed horse racetrack as of January 9, 1996 at which
27 wagering by pari-mutuel methods on the results of horse racing has
28 been conducted by a race meeting licensee. **After the effective date**
29 **of the amendatory act that added this sentence, the racing**



1 commissioner may issue, without further application, a track
2 license to a local unit of government that holds or has previously
3 held a track license issued under this act.

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

8 (3) An applicant for a track license shall submit an
9 application that is in writing, that demonstrates to the racing
10 commissioner that the applicant has satisfactory financial
11 responsibility, that shows the location of the racetrack or of the
12 proposed racetrack, and that is accompanied by substantially
13 detailed plans and specifications for the racecourse, paddock,
14 grandstand, stable barns, racetrack buildings, fences, electrical
15 service and lighting, plumbing, parking, and other facilities and
16 improvements. The application must include the name and address of
17 the applicant, if the applicant is a corporation, the place of its
18 incorporation, and any other information required by the rules
19 promulgated under this act. On the applicant's filing of the
20 application and payment of the license fee, the racing commissioner
21 shall investigate the applicant and the racetrack or proposed
22 racetrack as the racing commissioner considers necessary. If the
23 racing commissioner determines that the applicant and the racetrack
24 satisfy the requirements of this act and the rules promulgated
25 under this act, the racing commissioner shall grant a license for
26 the racetrack, designating in the license the county or other
27 municipality in which the licensed racetrack will be or is located.
28 If the racing commissioner determines that the applicant or the
29 racetrack, or both, do not comply with this act and the rules



1 promulgated under this act, the racing commissioner shall deny the
2 license. The action of the racing commissioner in denying a track
3 license may be reviewed by the circuit court under section 631 of
4 the revised judicature act of 1961, 1961 PA 236, MCL 600.631.

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

7 (5) After a track license is issued under this section, the
8 racing commissioner may impose a fine or suspend or revoke the
9 license if the holder of the license, after reasonable notice from
10 the racing commissioner, does not make necessary improvements,
11 additions, or corrections to the licensed premises, fixtures, or
12 equipment as determined and required by the racing commissioner; if
13 the holder of the license violates or is no longer in compliance
14 with the requirements of this act or the rules promulgated under
15 this act; or if the licensed premises are not used to conduct a
16 licensed race meeting for 2 consecutive years. In addition to the
17 suspension or revocation of the license, the racing commissioner
18 may impose a fine or bring an action in circuit court seeking an
19 order of the court requiring the licensee to make reasonable and
20 necessary racetrack improvements or additions as determined by the
21 commissioner if the licensee fails to make improvements or
22 corrections that comply with the applicable construction code or
23 local ordinances. In suspending or revoking a track license, the
24 racing commissioner shall comply with the administrative procedures
25 act of 1969, 1969 PA 306, MCL 24.201 to 24.328. The action of the
26 racing commissioner is subject to appeal.

27 (6) The racing commissioner shall not issue a track license
28 under this section if the new license would result in harmful
29 competition among existing racetracks.



1 Sec. 17. (1) The pari-mutuel system of wagering ~~upon~~ **on** the
2 results of horse races as permitted by this act ~~shall~~ **is** not be
3 held or construed to be unlawful. All forms of pari-mutuel wagering
4 **must be** conducted at ~~a licensed~~ **under a** race meeting shall be
5 **license** preapproved by the racing commissioner ~~under~~ **by** rule or
6 written order of the commissioner.

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

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



1 where the live racing was conducted. As used in this subsection:

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

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

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

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

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

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



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

4 (8) Any form of pari-mutuel wagering on the results of live or
 5 simulcast horse races must only ~~occur or be permitted to occur at a~~
 6 ~~licensed race meeting. A person shall not participate or be a party~~
 7 ~~to any act or transaction relative to placing a wager or carrying a~~
 8 ~~wager for placement outside of a race meeting ground. A person~~
 9 ~~shall not provide messenger service for the placing of a bet for~~
 10 ~~another person who is not a patron. However, this subsection does~~
 11 ~~not prevent simulcasting or intrastate or interstate common pool~~
 12 ~~wagering inside or outside this state as permitted by this act or~~
 13 ~~the rules promulgated under this act.~~ **be conducted or operated by a**
 14 **race meeting licensee, which may use its contracted licensed third-**
 15 **party facilitators, as determined and approved by the racing**
 16 **commissioner. The race meeting licensee is responsible for all**
 17 **conduct of its third-party facilitators. All wagers must be placed**
 18 **by persons within this state and may be placed only in person at a**
 19 **licensed race meeting or electronically through a licensed third-**
 20 **party facilitator. A race meeting licensee or licensed third-party**
 21 **facilitator shall not solicit, offer, accept, or process wagers on**
 22 **or in connection with other gaming or gambling products, including,**
 23 **but not limited to, slot machines and casino table games.**

24 (9) A person that does not hold a race meeting license **or a**
 25 **third-party facilitator license** that solicits or accepts wagers on
 26 the results of live or simulcast horse races from individuals in
 27 this state is guilty of a felony punishable by imprisonment for not
 28 more than 5 years or a fine of not more than \$10,000.00, or both.
 29 Each act of solicitation or wager that is accepted in violation of



1 this section is a separate offense.

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

6 **(11)** ~~(10)~~—As used in this section, "act or transaction
 7 relative to pari-mutuel wagering on the results of live or
 8 simulcast horse races" means those steps taken by a race meeting
 9 licensee to accept a wager and process it within the ordinary
 10 course of its business and in accordance with this act.

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

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

21 (b) Each year, all certified horsemen's organizations that
 22 participate in a live race meeting may receive an amount approved
 23 by order of the racing commissioner to use for general expenses.
 24 Beginning on January 1 and ending on December 31 of each year, the
 25 certified horsemen's organization is entitled to not less than 5%
 26 of the site-specific horsemen's ~~simulcast~~ purse account as ordered
 27 by the racing commissioner.

28 **(2) A race meeting licensee shall pay the net commission**
 29 **generated from wagering on live and simulcast racing through the**



1 race meeting licensee's third-party facilitator to the pari-mutuel
 2 horse racing disbursement account. On the first day of each month
 3 after the effective date of the amendatory act that added this
 4 subsection, money paid into the pari-mutuel horse racing
 5 disbursement account must be distributed as follows:

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

8 (b) Fifty percent to be divided equally to each track
 9 licensee.

10 Sec. 19a. If a track license is surrendered, revoked, or
 11 escrowed, or a licensed track is closed, the racing commissioner
 12 shall order the horsemen's purse pool money from the track be
 13 transferred to a depository designated by a race meeting licensee
 14 on written direction of the affected certified horsemen's
 15 organization regardless of whether there was racing at the race
 16 meeting licensee's location during the previous year. The money
 17 ~~shall~~**must** be transferred to the horsemen's simulcast purse account
 18 at any licensed racetrack in this state where the affected
 19 certified horsemen's organization subsequently obtains a written
 20 contract for live horse racing with pari-mutuel wagering. If the
 21 affected certified horsemen's organization does not enter into a
 22 written contract for live horse racing with pari-mutuel wagering at
 23 a track in this state within ~~12~~**36** months after the date when the
 24 horsemen's simulcast purse account money can be transferred under
 25 this section, the money must be equally divided between the
 26 horsemen's simulcast purse accounts at the licensed tracks in this
 27 state conducting pari-mutuel wagering on the results of horse
 28 races. The racing commissioner may rescind or modify any existing
 29 escrow orders to carry out this section.



1 **Sec. 19c. The Michigan Harness Horsemen's Association shall**
2 **not expend the money it is holding in its horsemen's simulcast**
3 **purse account that was transferred under an order of the racing**
4 **commissioner dated April 8, 2019 until June 1, 2020, on which date**
5 **the Michigan Harness Horsemen's Association shall transfer**
6 **\$900,000.00 of the money to the Michigan Horsemen's Benevolent and**
7 **Protective Association to be used by the Michigan Horsemen's**
8 **Benevolent and Protective Association only to pay purses.**

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

23 (2) ~~Money~~ **Except for money generated from the tax on wagers**
24 **processed through licensed third-party facilitators operating under**
25 **this act under section 22, money** received by the racing
26 commissioner and the state treasurer under this act ~~shall~~ **must** be
27 paid promptly into the state treasury and placed in the Michigan
28 agriculture equine industry development fund created in subsection
29 (3).



1 (3) The Michigan agriculture equine industry development fund
2 is created in the department of treasury. The Michigan agriculture
3 equine industry development fund ~~shall~~**must** be administered by the
4 director of the department of agriculture and rural development
5 with the assistance and advice of the racing commissioner.

6 (4) Money ~~shall~~**must** not be expended from the Michigan
7 agriculture equine industry development fund except as appropriated
8 by the legislature. Money appropriated by the legislature ~~for~~**from**
9 the Michigan agriculture equine industry development fund ~~shall~~
10 **must** be expended by the director of the department of agriculture
11 and rural development with the advice and assistance of the racing
12 commissioner to provide funding for agriculture and equine industry
13 development programs as provided in subsections (5) to (11).

14 (5) The following amounts ~~shall~~**must** be paid to standardbred
15 and fair programs:

16 (a) A sum not to exceed 75% of the purses for standardbred
17 harness horse races offered by fairs and races at licensed pari-
18 mutuel racetracks. Purse supplements paid under this subdivision
19 for overnight races at fairs for which Michigan sired, Michigan
20 bred, or Michigan owned harness horses are eligible must be
21 \$1,000.00. However, if the average purse offered for maiden
22 overnight races of the same breed at any licensed race meeting in
23 this state during the previous year as calculated by the department
24 of agriculture and rural development was less than \$1,000.00, purse
25 supplements for overnight races at fairs paid under this
26 subdivision ~~shall~~**must** not exceed that average purse.

27 (b) A sum to be allotted on a matching basis, but not to
28 exceed \$15,000.00 each year to a single fair, for the purpose of
29 equipment rental during fairs; ground improvement; constructing,



1 maintaining, and repairing buildings; and making the racetrack more
2 suitable and safe for racing at fairs.

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

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

26 (e) A sum to pay breeders' awards in an amount not to exceed
27 10% of the gross purse to breeders of Michigan bred standardbred
28 harness horses for each time the horse wins a race at a licensed
29 race meeting or fair in this state. As used in this subdivision,



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

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

24 (g) A sum to be allotted to pay the presiding judges and
 25 clerks of the course at fairs. Presiding judges and clerks of the
 26 course ~~shall~~ **must** be hired by the fair's administrative body with
 27 the advice and approval of the racing commissioner. The director of
 28 the department of agriculture and rural development may allot funds
 29 for a photo finish system and a mobile starting gate. The director



1 of the department of agriculture and rural development shall allot
2 funds for the conducting of tests, the collection and laboratory
3 analysis of urine, saliva, blood, and other samples from horses,
4 and the taking of blood alcohol tests on drivers, jockeys, and
5 starting gate employees, for those races described in this
6 subdivision. The department may require a driver, jockey, or
7 starting gate employee to submit to a breathalyzer test, urine
8 test, or other noninvasive fluid test to detect the presence of
9 alcohol or a controlled substance. If the results of a test show
10 that a person has more than .05% of alcohol in his or her blood, or
11 has present in his or her body a controlled substance, the person
12 ~~shall-is~~ not ~~be~~ permitted to continue in his or her duties on that
13 race day and until he or she can produce, at his or her own
14 expense, a negative test result.

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

18 (i) A sum not to exceed 0.25% of all money wagered on live and
19 simulcast horse races in this state ~~shall-must~~ be placed in a
20 special standardbred sire stakes fund each year, 100% of which
21 ~~shall-must~~ be used to provide purses for races run exclusively for
22 2-year-old and 3-year-old Michigan sired standardbred horses at
23 licensed harness race meetings in this state. As used in this
24 subdivision, "Michigan sired standardbred horses" means
25 standardbred horses conceived after January 1, 1992 and sired by a
26 standardbred stallion registered with the department of agriculture
27 and rural development that was leased or owned by a resident or
28 residents of this state and that did not serve a mare at a location
29 outside of this state from February 1 through July 31 of the



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

12 (6) The following amounts ~~shall~~**must** be paid to thoroughbred
 13 programs:

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

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

20 (c) A sum to pay breeders' awards in an amount not to exceed
 21 10% of the gross purse to the breeders of Michigan bred
 22 thoroughbred horses for each time Michigan bred thoroughbred horses
 23 win at a licensed race meeting in this state.

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

27 (e) A sum not to exceed 0.25% of all money wagered on live and
 28 simulcast horse races in Michigan ~~shall~~**this state must** be placed
 29 in a special thoroughbred sire stakes fund each year, 100% of which



1 ~~shall~~**must** be used to provide purses for races run exclusively for
 2 2-year-old and 3-year-old and older Michigan sired thoroughbred
 3 horses at licensed thoroughbred race meetings in this state and
 4 awards for owners of Michigan sired horses or stallions. As used in
 5 this subdivision, "Michigan sired thoroughbred horses" means
 6 thoroughbred horses sired by a stallion registered with the
 7 department of agriculture and rural development that was leased or
 8 owned exclusively by a resident or residents of this state and that
 9 did not serve a mare at a location outside of this state during the
 10 calendar year in which the service occurred.

11 (7) The following amounts ~~shall~~**must** be paid for quarter horse
 12 programs:

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

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

17 (c) A sum to pay breeders' awards in an amount not to exceed
 18 10% of a gross purse to breeders of Michigan bred quarter horses
 19 for each time a Michigan bred quarter horse wins at a county fair
 20 or licensed race meeting in this state.

21 (d) As used in this subsection, "Michigan bred quarter horse"
 22 means **Michigan bred quarter horse as** that term ~~as~~**is** defined in R
 23 285.817.1 of the Michigan Administrative Code. Each mare and
 24 stallion ~~shall~~**must** be registered with the director of the
 25 department of agriculture and rural development.

26 (8) The following amounts ~~shall~~**must** be paid for Appaloosa
 27 programs:

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



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

3 (c) A sum to pay breeders' awards in an amount not to exceed
4 10% of the gross purse to the breeders of Michigan bred Appaloosa
5 horses for each time Michigan bred horses win at a fair or licensed
6 race meeting in this state.

7 (d) As used in this subsection, "Michigan bred Appaloosa
8 horse" means **a Michigan bred Appaloosa horse as** that term ~~as is~~
9 defined in R 285.819.1 of the Michigan Administrative Code. Each
10 mare and stallion ~~shall~~**must** be registered with the director of the
11 department of agriculture and rural development.

12 (9) The following amounts ~~shall~~**must** be paid for Arabian
13 programs:

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

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

18 (c) A sum to pay breeders' awards in an amount not to exceed
19 10% of the gross purse to the breeders of Michigan bred Arabian
20 horses for each time Michigan bred horses win at a fair or licensed
21 racetrack in this state.

22 (d) As used in this subsection, "Michigan bred Arabian horse"
23 means a ~~Michigan bred~~**Michigan bred** horse as that term is defined
24 in R 285.822.1(i) of the Michigan Administrative Code. Each mare
25 and stallion shall be registered with the director of the
26 department of agriculture and rural development.

27 (10) The following sums ~~shall~~**must** be paid for American paint
28 horse programs:

29 (a) A sum to supplement the purses for races to be conducted



1 exclusively for Michigan bred American paint horses.

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

4 (c) A sum to pay breeders' awards in an amount not to exceed
5 10% of the gross purse to the breeders of Michigan bred American
6 paint horses for each time a Michigan bred American paint horse
7 wins at a county fair or licensed race meeting in this state.

8 (d) As used in this subsection, "Michigan bred American paint
9 horse" means a ~~Michigan-bred~~ **Michigan bred** paint horse as that term
10 is defined in R 285.823.1 of the Michigan Administrative Code.

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

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

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

23 (12) As used in subsection (11), "equine industry research"
24 means the study, discovery and generation of accurate and reliable
25 information, findings, conclusions, and recommendations that are
26 useful or beneficial to the horse racing and breeding industry in
27 this state through improvement of the health of horses; prevention
28 of equine illness and disease, and performance-related accidents
29 and injuries; improvement of breeding technique and racing



1 performance; and compilation and study of valuable and reliable
 2 statistical data regarding the size, organization, and economics of
 3 the industry in this state; and strategic planning for the
 4 effective promotion, growth, and development of the industry in
 5 this state.

6 (13) An amount ~~shall~~**must** be allotted annually to the racing
 7 commissioner that is sufficient to pay for the collection and
 8 laboratory analysis of urine, saliva, blood, and other samples from
 9 horses and licensed individuals involved in horse racing on which
 10 pari-mutuel wagers are made and for the conducting of tests
 11 described in section 16(4).

12 (14) Money appropriated and allotted to the Michigan
 13 agriculture equine industry development fund ~~shall~~**must** not revert
 14 to the general fund and ~~shall~~**must** be carried forward from year to
 15 year until disbursed to fund grants for research projects
 16 beneficial to the industry.

17 (15) A percentage of the Michigan agriculture equine industry
 18 development fund that is equal to ~~1/100~~**1/15** of 1% of the gross
 19 wagers made each year in each of the racetracks licensed under this
 20 act ~~shall~~**must** be deposited in the compulsive gaming prevention
 21 fund created in section 3 of the compulsive gaming prevention act,
 22 1997 PA 70, MCL 432.253.

23 (16) The director of the department of agriculture and rural
 24 development shall promulgate rules pursuant to the administrative
 25 procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328, to
 26 implement this section. The rules promulgated under this subsection
 27 ~~shall~~**must** do all of the following:

28 (a) Prescribe the conditions under which the Michigan
 29 agriculture equine industry development fund and related programs



1 described in subsections (1) to (14) ~~shall~~**must** be funded.

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

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

6 (17) Funds under the control of the department of agriculture
7 and rural development in this section ~~shall~~**must** be disbursed under
8 the rules promulgated ~~pursuant to~~**under** subsection (16). All funds
9 under the control of the department of agriculture and rural
10 development approved for purse supplements and breeders' awards
11 ~~shall~~**must** be paid by the state treasurer not later than 45 days
12 from the date of the race.

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

19 (19) **If the amount allocated to the Michigan agriculture**
20 **equine industry development fund under this act or any other source**
21 **exceeds \$8,000,000.00 in a fiscal year, the amount in excess of**
22 **\$8,000,000.00 must be allocated to the pari-mutuel horse racing**
23 **disbursement account under section 19.**

24 **Sec. 20a. The tax imposed under section 22 on wagers processed**
25 **through licensed third-party facilitators operating under this act**
26 **must be allocated as follows:**

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

29 (b) **Ten percent to the horse racing advisory commission**



1 **created in section 6a to be expended as provided in section**
2 **6a(12) (d) .**

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

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

7 **(a) a**—A tax in the amount of 3.5% of money wagered on
8 interstate and intertrack simulcast races conducted at the holder's
9 licensed race meetings.

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

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

