

HOUSE BILL NO. 4599

March 25, 2021, Introduced by Reps. Alexander, Bezotte, Rendon, Meerman, Hoitenga, LaFave, Cherry, Frederick, Kahle, Sneller, Hertel, Howell and Lightner and referred to the Committee on Agriculture.

A bill to amend 1995 PA 279, entitled "Horse racing law of 1995," by amending sections 8, 19, and 20 (MCL 431.308, 431.319, and 431.320), as amended by 2019 PA 153.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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

3 (a) Occupational licenses issued to individuals participating
4 in, involved in, or otherwise having to do with horse racing, pari-

1 mutuel wagering, or simulcasting at a licensed race meeting in this
2 state.

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

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

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

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

18 (ii) The third-party facilitator must comply with consumer
19 protections, as determined by the racing commissioner, to protect
20 the public.

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

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

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

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

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

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

8 (C) If the license is suspended or revoked by the racing
9 commissioner.

10 ~~(2) The racing commissioner shall not issue a race meeting~~
11 ~~license to a person if the person is licensed to conduct a licensed~~
12 ~~race meeting at another licensed racetrack in this state and the~~
13 ~~person has a controlling interest in or co-ownership of the other~~
14 ~~licensed racetrack.~~

15 (2) ~~(3) If, after the effective date of the amendatory act~~
16 ~~that added this subsection, December 20, 2019,~~ the racing
17 commissioner issues a race meeting license to a person that has,
18 after January 1, 2018, held a race meeting license but that will be
19 conducting all or part of its race meeting under the new license at
20 a different racetrack than under the previous licenses, the person
21 shall not conduct pari-mutuel wagering at a licensed racetrack that
22 is within 35 miles of another licensed racetrack at which 1 or more
23 race meeting licensees may conduct pari-mutuel wagering.

24 (3) ~~(4) If, after the effective date of the amendatory act~~
25 ~~that added this subsection, December 20, 2019,~~ the racing
26 commissioner issues a race meeting license to a person that has not
27 held a race meeting license before the effective date of the
28 amendatory act that added this subsection, the person shall not
29 conduct pari-mutuel wagering at a licensed racetrack that is within

1 50 miles of another licensed racetrack at which 1 or more race
2 meeting licensees may conduct pari-mutuel wagering.

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

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

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

20 (2) A race meeting licensee shall pay the net commission
21 generated from wagering on live and simulcast racing through the
22 race meeting licensee's third-party facilitator to the pari-mutuel
23 horse racing disbursement account. On the first day of each month
24 after ~~the effective date of the amendatory act that added this~~
25 ~~subsection,~~ **December 20, 2019**, money paid into the pari-mutuel
26 horse racing disbursement account must be distributed as follows:

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

29 (b) Fifty percent to be divided equally to each ~~track~~ **race**

1 **meeting** licensee.

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

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

23 (3) The Michigan agriculture equine industry development fund
24 is created in the department of treasury. The Michigan agriculture
25 equine industry development fund must be administered by the
26 director of the department of agriculture and rural development
27 with the assistance and advice of the racing commissioner.

28 (4) Money must not be expended from the Michigan agriculture
29 equine industry development fund except as appropriated by the

1 legislature. Money appropriated by the legislature from the
 2 Michigan agriculture equine industry development fund must be
 3 expended by the director of the department of agriculture and rural
 4 development with the advice and assistance of the racing
 5 commissioner to provide funding for agriculture and equine industry
 6 development programs as provided in subsections (5) to ~~(11)~~. **(7)**.

7 (5) The following amounts must be paid to standardbred and
 8 fair programs:

9 (a) A sum not to exceed ~~75%~~ **90%** of the purses for standardbred
 10 harness horse races offered by fairs and races at licensed pari-
 11 mutuel racetracks. ~~Purse supplements paid under this subdivision~~
 12 ~~for overnight races at fairs for which Michigan sired, Michigan~~
 13 ~~bred, or Michigan owned harness horses are eligible must be~~
 14 ~~\$1,000.00. However, if the average purse offered for maiden~~
 15 ~~overnight races of the same breed at any licensed race meeting in~~
 16 ~~this state during the previous year as calculated by the department~~
 17 ~~of agriculture and rural development was less than \$1,000.00, purse~~
 18 ~~supplements for overnight races at fairs paid under this~~
 19 ~~subdivision must not exceed that average purse.~~

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

25 ~~(c) A sum to be allotted~~

26 **(c) From the amount appropriated from the fund for purses and**
 27 **supplements - fairs/licensed tracks:**

28 **(i) 30% for overnight races at fairs for which Michigan sired,**
 29 **Michigan bred, or Michigan owned harness horses are eligible.**

1 (ii) 70% for paying special purses at fairs on 2-year-old and
2 3-year-old standardbred harness horses conceived after January 1,
3 1992, that is Michigan bred, or that is sired by a standardbred
4 stallion registered with the department of agriculture and rural
5 development, that was leased or owned by a resident or residents of
6 this state, and that did not serve a mare at a location outside of
7 this state from February 1 through July 31 of the calendar year in
8 which the conception occurred. A foal that is born on or after
9 January 1, 2002 of a mare owned by a nonresident of this state and
10 that is conceived outside of this state from transported semen of a
11 stallion registered with the department of agriculture and rural
12 development is eligible for Michigan tax-supported races only if,
13 in the year that the foal is conceived, the department of
14 agriculture and rural development's agent for receiving funds as
15 the holding agent for stakes and futurities is paid a transport fee
16 as determined by the department of agriculture and rural
17 development and administered by the Michigan Harness Horsemen's
18 Association.

19 (d) A sum to pay not more than ~~75%~~ 90% of an eligible cash
20 premium paid by a fair or exposition. The commission of agriculture
21 and rural development shall promulgate rules establishing which
22 premiums are eligible for payment and a dollar limit for all
23 eligible payments.

24 (e) A sum to pay breeders' awards in an amount not to exceed
25 ~~10%~~ 20% of the gross purse to breeders of Michigan bred
26 standardbred harness horses for each time the horse wins a race at
27 a licensed race meeting or fair in this state. As used in this
28 subdivision, "Michigan bred standardbred harness horse" means a
29 horse from a mare owned by a resident or residents of this state at

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

19 (f) A sum not to exceed ~~\$4,000.00~~ **\$12,000.00** each year to be
20 allotted to fairs to provide training and stabling facilities for
21 standardbred harness horses.

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

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

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

16 (i) A sum not to exceed ~~0.25%~~**0.5%** of all money wagered on
17 live and simulcast horse races in this state must be placed in a
18 special standardbred sire stakes fund each year, 100% of which must
19 be used to provide purses for races run exclusively for 2-year-old
20 and 3-year-old Michigan sired standardbred horses at licensed
21 harness race meetings in this state. As used in this subdivision,
22 "Michigan sired standardbred horses" means standardbred horses
23 conceived after January 1, 1992 and sired by a standardbred
24 stallion registered with the department of agriculture and rural
25 development that was leased or owned by a resident or residents of
26 this state and that did not serve a mare at a location outside of
27 this state from February 1 through July 31 of the calendar year in
28 which the conception occurred. A foal that is born on or after
29 January 1, 2002 of a mare owned by a nonresident of this state and

1 that is conceived outside of this state from transported semen of a
 2 stallion registered with the department of agriculture and rural
 3 development is eligible for Michigan tax-supported races only if,
 4 in the year that the foal is conceived, the department of
 5 agriculture and rural development's agent for receiving funds as
 6 the holding agent for stakes and futurities is paid a transport fee
 7 as determined by the department of agriculture and rural
 8 development and administered by the Michigan Harness Horsemen's
 9 Association.

10 (6) The following amounts must be paid to thoroughbred
 11 programs:

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

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

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

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

25 (e) A sum not to exceed ~~0.25%~~ **0.5%** of all money wagered on
 26 live and simulcast horse races in this state must be placed in a
 27 special thoroughbred sire stakes fund each year, 100% of which must
 28 be used to provide purses for races run exclusively for 2-year-old
 29 and 3-year-old and older Michigan sired thoroughbred horses at

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

9 ~~(7) The following amounts must be paid for quarter horse~~
10 ~~programs:~~

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

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

15 ~~(c) A sum to pay breeders' awards in an amount not to exceed~~
16 ~~10% of a gross purse to breeders of Michigan bred quarter horses~~
17 ~~for each time a Michigan bred quarter horse wins at a county fair~~
18 ~~or licensed race meeting in this state.~~

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

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

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

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

29 ~~(c) A sum to pay breeders' awards in an amount not to exceed~~

1 ~~10% of the gross purse to the breeders of Michigan bred Appaloosa~~
 2 ~~horses for each time Michigan bred horses win at a fair or licensed~~
 3 ~~race meeting in this state.~~

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

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

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

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

14 ~~(c) A sum to pay breeders' awards in an amount not to exceed~~
 15 ~~10% of the gross purse to the breeders of Michigan bred Arabian~~
 16 ~~horses for each time Michigan bred horses win at a fair or licensed~~
 17 ~~racetrack in this state.~~

18 ~~(d) As used in this subsection, "Michigan bred Arabian horse"~~
 19 ~~means a Michigan bred horse as that term is defined in R~~
 20 ~~285.822.1(i) of the Michigan Administrative Code. Each mare and~~
 21 ~~stallion shall be registered with the director of the department of~~
 22 ~~agriculture and rural development.~~

23 ~~(10) The following sums must be paid for American paint horse~~
 24 ~~programs:~~

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

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

29 ~~(c) A sum to pay breeders' awards in an amount not to exceed~~

1 ~~10% of the gross purse to the breeders of Michigan bred American~~
2 ~~paint horses for each time a Michigan bred American paint horse~~
3 ~~wins at a county fair or licensed race meeting in this state.~~

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

7 ~~(7) (11)~~The following amounts must be paid for the equine
8 industry research, planning, and development grant fund program:

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

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

19 ~~(8) (12)~~As used in subsection ~~(11)~~, ~~(7)~~, "equine industry
20 research" means the study, discovery and generation of accurate and
21 reliable information, findings, conclusions, and recommendations
22 that are useful or beneficial to the horse racing and breeding
23 industry in this state through improvement of the health of horses;
24 prevention of equine illness and disease, and performance-related
25 accidents and injuries; improvement of breeding technique and
26 racing performance; and compilation and study of valuable and
27 reliable statistical data regarding the size, organization, and
28 economics of the industry in this state; and strategic planning for
29 the effective promotion, growth, and development of the industry in

1 this state.

2 **(9)** ~~(13)~~—An amount must be allotted annually to the racing
3 commissioner that is sufficient to pay for the collection and
4 laboratory analysis of urine, saliva, blood, and other samples from
5 horses and licensed individuals involved in horse racing on which
6 pari-mutuel wagers are made and for the conducting of tests
7 described in section 16(4).

8 **(10)** ~~(14)~~—Money appropriated and allotted to the Michigan
9 agriculture equine industry development fund must not revert to the
10 general fund and must be carried forward from year to year until
11 disbursed to fund grants for research projects beneficial to the
12 industry.

13 **(11)** ~~(15)~~—A percentage of the Michigan agriculture equine
14 industry development fund that is equal to ~~1/15~~ **1/10** of 1% of the
15 gross wagers made each year in each of the racetracks licensed
16 under this act must be deposited in the compulsive gaming
17 prevention fund created in section 3 of the compulsive gaming
18 prevention act, 1997 PA 70, MCL 432.253.

19 **(12)** ~~(16)~~—The director of the department of agriculture and
20 rural development shall promulgate rules pursuant to the
21 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to
22 24.328, to implement this section. The rules promulgated under this
23 subsection must do all of the following:

24 (a) Prescribe the conditions under which the Michigan
25 agriculture equine industry development fund and related programs
26 described in subsections (1) to ~~(14)~~ **(10)** must be funded.

27 (b) Establish conditions and penalties regarding the programs
28 described in subsections (5) to ~~(12)~~ **(8)**.

29 (c) Develop and maintain informational programs related to

1 this section.

2 **(13)** ~~(17)~~—Funds under the control of the department of
3 agriculture and rural development in this section must be disbursed
4 under the rules promulgated under subsection ~~(16)~~.—**(12)**. All funds
5 under the control of the department of agriculture and rural
6 development approved for purse supplements and breeders' awards
7 must be paid by the state treasurer not later than 45 days from the
8 date of the race.

9 **(14)** ~~(18)~~—Purses paid under this section must be based on
10 actual purses awarded in a race. If the actual purses awarded are
11 less than the purse supplement amount requested by a fair or
12 licensed pari-mutuel racetrack at the time they applied to the
13 department of agriculture and rural development for the purse
14 supplement, the purse supplement paid must be the lesser amount.

15 ~~(19) If the amount allocated to the Michigan agriculture
16 equine industry development fund under this act or any other source
17 exceeds \$8,000,000.00 in a fiscal year, the amount in excess of
18 \$8,000,000.00 must be allocated to the pari-mutuel horse racing
19 disbursement account under section 19.~~

20 Enacting section 1. This amendatory act does not take effect
21 unless Senate Bill No. ____ or House Bill No. 4600 (request no.
22 01076'21 a) of the 101st Legislature is enacted into law.