

SENATE BILL NO. 411

June 27, 2023, Introduced by Senators LAUWERS, HERTEL, CHERRY, DALEY and HOITENGA and referred to the Committee on Natural Resources and Agriculture.

A bill to amend 1995 PA 279, entitled "Horse racing law of 1995," by amending sections 2, 8, 9, 10, 12, 14, 17, 18, 19, 20, 20a, and 22 (MCL 431.302, 431.308, 431.309, 431.310, 431.312, 431.314, 431.317, 431.318, 431.319, 431.320, 431.320a, and 431.322), sections 2, 10, 12, 14, and 18 as amended by 2016 PA 271 and sections 8, 9, 17, 19, 20, and 22 as amended and section 20a as added by 2019 PA 153; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 2. As used in this act:

1 (a) "Affiliate" means a person who, directly or indirectly,
2 controls, is controlled by, or is under common control with; is in
3 a partnership or joint venture relationship with; or is a co-
4 shareholder of a corporation, co-member of a limited liability
5 company, or co-partner in a limited liability partnership with a
6 person who holds or applies for a race meeting or track license
7 under this act. For purposes of this subdivision, a controlling
8 interest is a pecuniary interest of more than 15%.

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

11 (c) "Certified horsemen's organization" means an organization
12 that is ~~registered with~~ **certified annually by breed by** the office
13 of racing commissioner in a manner and form required by the racing
14 commissioner and that can demonstrate all of the following:

15 **(i) The organization has a contract with a race meeting**
16 **licensee in this state.**

17 **(ii)** ~~(i)~~—The organization's capacity to supply horses.

18 **(iii)** ~~(ii)~~—The organization's ability to assist a race meeting
19 licensee in conducting the licensee's racing program.

20 **(iv)** ~~(iii)~~—The organization's ability to monitor and improve
21 physical conditions and controls for individuals and horses
22 participating at licensed race meetings.

23 **(v)** ~~(iv)~~—The organization's ability to protect the financial
24 interests of the individuals participating at licensed race
25 meetings.

26 **(vi) That the members of the organization include as full,**
27 **active members a majority of the holders of occupational licenses**
28 **for the breed.**

29 (d) "Commissioner" or "racing commissioner" means the

1 executive director of the Michigan gaming control board appointed
2 under section 4 of the Michigan ~~gaming control~~ **Gaming Control** and
3 ~~revenue act, Revenue Act~~, 1996 IL 1, MCL 432.204, who is ordered
4 under Executive Reorganization Order No. 2009-31, MCL 324.99919, to
5 perform all the functions and exercise the powers performed and
6 exercised by the racing commissioner before that position was
7 abolished.

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

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

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

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

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

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

21 (h) "Fair" means a county, district, or community fair or a
22 state fair.

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

27 (j) "Full card simulcast" means an entire simulcast racing
28 program of 1 or more race meeting licensees located in this state,
29 or an entire simulcast racing program of 1 or more races

1 simulcasted from 1 or more racetracks located outside of this
2 state.

3 (k) "Horsemen's simulcast purse account" means an account
4 maintained with a financial institution and managed by a designated
5 agent ~~as described in section 19~~ to receive and distribute money as
6 provided in this act.

7 (l) "Interstate simulcast" means a simulcast to or from a
8 racetrack outside of this state.

9 (m) "Intertrack simulcast" means a simulcast to or from a
10 racetrack in this state.

11 (n) "Live horse race" means a horse race that is held at the
12 licensed track where the race meeting licensee that conducts
13 wagering on the race conducts its race meeting, and that is held
14 immediately after wagering on the race closes.

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

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

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

1 324.99919, transferred all of the authority, powers, duties,
2 functions, records, personnel, property, unexpended balances of
3 appropriations, allocations, or other funds of the office of racing
4 commissioner that previously existed under this act and that was
5 abolished by that executive reorganization order.

6 **(r)** ~~(e)~~—"Pari-mutuel" and "pari-mutuel wagering" mean the form
7 or system of gambling in which the winner or winners divide the
8 total amount of money bet, after deducting the net commission.

9 **(s)** ~~(p)~~—"Person" means an individual, firm, partnership,
10 corporation, association, or other legal entity.

11 **(t)** ~~(q)~~—"Purse pool" means an amount of money allocated or
12 apportioned to pay prizes for horse races and from which payments
13 may be made to certified horsemen's organizations as provided in
14 this act.

15 **(u)** "Registered horsemen's organization" means an organization
16 that is certified annually by breed by the office of the racing
17 commissioner in a manner and form required by the racing
18 commissioner and that can demonstrate all of the following:

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

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

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

25 **(iv)** The organization's ability to protect the financial
26 interests of the individuals participating at licensed race
27 meetings.

28 **(v)** That the members of the organization include as full,
29 active members a majority of the holders of occupational licenses

1 for the breed.

2 (v) "Simulcast" means the live transmission of video and audio
3 signals conveying a horse race to or from a licensed race meeting
4 or third-party facilitator in this state. When used as a noun,
5 simulcast means the program of horse races transmitted.

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

9 (x) ~~(s)~~—"Thoroughbred" means a thoroughbred, quarter, paint,
10 Arabian, or other breed horse. Thoroughbred does not include a
11 standardbred.

12 (y) ~~(t)~~—"Veterinarian" means an individual licensed to
13 practice veterinary medicine under part 188 of the public health
14 code, 1978 PA 368, MCL 333.18801 to 333.18838, or under a state or
15 federal law applicable to the individual.

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

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

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

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

29 (d) Third-party facilitator licenses issued to persons that

1 have contracts with race meeting licensees to facilitate wagering
2 on live and simulcast racing. The racing commissioner shall
3 establish the terms and conditions and the appropriate fee for a
4 third-party facilitator license subject to all of the following:

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

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

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

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

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

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

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

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

27 (C) If the license is suspended or revoked by the racing
28 commissioner.

29 ~~(2) The racing commissioner shall not issue a race meeting~~

1 ~~license to a person if the person is licensed to conduct a licensed~~
 2 ~~race meeting at another licensed racetrack in this state and the~~
 3 ~~person has a controlling interest in or co-ownership of the other~~
 4 ~~licensed racetrack.~~

5 (2) ~~(3) If, after the effective date of the amendatory act~~
 6 ~~that added this subsection, December 20, 2019,~~ the racing
 7 commissioner issues a race meeting license to a person that has,
 8 after January 1, 2018, held a race meeting license but that will be
 9 conducting all or part of its race meeting under the new license at
 10 a different racetrack than under the previous licenses, the person
 11 shall not conduct pari-mutuel wagering at a licensed racetrack that
 12 is within 35 miles of another licensed racetrack at which 1 or more
 13 race meeting licensees may conduct pari-mutuel wagering.

14 (3) ~~(4) If, after the effective date of the amendatory act~~
 15 ~~that added this subsection, December 20, 2019,~~ the racing
 16 commissioner issues a race meeting license to a person that has not
 17 held a race meeting license before ~~the effective date of the~~
 18 ~~amendatory act that added this subsection, December 20, 2019,~~ the
 19 person 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~~ **conducted** pari-
 22 mutuel wagering **in 2021 unless the other race meeting licensee or**
 23 **licensees give their written permission.**

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

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

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

9 (3) An applicant for a track license shall submit an
10 application that is in writing, that demonstrates to the racing
11 commissioner that the applicant has satisfactory financial
12 responsibility, that shows the location of the racetrack or of the
13 proposed racetrack, and that is accompanied by substantially
14 detailed plans and specifications for the racecourse, paddock,
15 grandstand, stable barns, racetrack buildings, fences, electrical
16 service and lighting, plumbing, parking, and other facilities and
17 improvements. The application must include the name and address of
18 the applicant, if the applicant is a corporation, the place of its
19 incorporation, and any other information required by the rules
20 promulgated under this act. On the applicant's filing of the
21 application and payment of the license fee, the racing commissioner
22 shall investigate the applicant and the racetrack or proposed
23 racetrack as the racing commissioner considers necessary. If the
24 racing commissioner determines that the applicant and the racetrack
25 satisfy the requirements of this act and the rules promulgated
26 under this act, the racing commissioner shall grant a license for
27 the racetrack, designating in the license the county or other
28 municipality in which the licensed racetrack will be or is located.
29 If the racing commissioner determines that the applicant or the

1 racetrack, or both, do not comply with this act and the rules
2 promulgated under this act, the racing commissioner shall deny the
3 license. The action of the racing commissioner in denying a track
4 license may be reviewed by the circuit court under section 631 of
5 the revised judicature act of 1961, 1961 PA 236, MCL 600.631.

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

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

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

1 competition among existing racetracks.

2 **(7) The racing commissioner shall keep all information,**
3 **records, interviews, reports, statements, memoranda, or other data**
4 **supplied to or used by the racing commissioner in the course of the**
5 **review or investigation of an application for a track license or**
6 **renewal of a track license confidential. The materials described in**
7 **this subsection are exempt from disclosure under section 13 of the**
8 **freedom of information act, 1976 PA 442, MCL 15.243.**

9 Sec. 10. (1) A person that desires to conduct a thoroughbred
10 or standardbred race meeting, or a combination of these race
11 meetings, with pari-mutuel wagering on the results of live and
12 simulcast horse races under this act shall apply each year to the
13 racing commissioner for a race meeting license in the manner and
14 form required by the racing commissioner. The application must be
15 filed with the racing commissioner before September 1 of the
16 preceding year. The racing commissioner shall make an application,
17 after it is filed, available for public inspection during regular
18 business hours. The application must be in writing and give the
19 name and address of the applicant, and, if the applicant is a
20 corporation or partnership, state the place of the applicant's
21 incorporation or partnership and the names and addresses of all
22 corporate directors, officers, shareholders, and partners. The
23 application must also do all of the following:

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

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

1 (c) Specify the horse breed **or breeds** for which the applicant
 2 desires to conduct live racing at the proposed race meeting, and
 3 the days on which the applicant proposes to conduct live horse
 4 racing at the race meeting.

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

8 (e) Demonstrate to the racing commissioner that the applicant
 9 and all persons associated with the applicant who hold any
 10 beneficial or ownership interest in the business activities of the
 11 applicant or who have power or ability to influence or control the
 12 business decisions or actions of the applicant satisfy all of the
 13 following requirements:

14 (i) Are persons of good character, honesty, and integrity.

15 (ii) Possess sufficient financial resources and business
 16 ability and experience to conduct the proposed race meeting.

17 (iii) Do not pose a threat to the public interest of this state
 18 or to the security and integrity of horse racing or pari-mutuel
 19 wagering on the results of horse races in this state.

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

22 **(2) The racing commissioner shall not accept an application**
 23 **under subsection (1) unless the applicant applies for not fewer**
 24 **than 30 days of live horse racing, as required under section 12.**

25 **(3) ~~(2) Upon~~ On** the filing of the application for a race
 26 meeting license, the racing commissioner shall conduct an
 27 investigation of the applicant and the application to determine
 28 whether the applicant, application, and proposed race meeting
 29 comply with the licensing requirements for a race meeting license

1 under this act and the rules promulgated under this act.

2 (4) The racing commissioner shall keep all information,
3 records, interviews, reports, statements, memoranda, or other data
4 supplied to or used by the racing commissioner in the course of the
5 review or investigation of an application for a race meeting
6 license or renewal of a race meeting license confidential. The
7 materials described in this subsection are exempt from disclosure
8 under section 13 of the freedom of information act, 1976 PA 442,
9 MCL 15.243.

10 Sec. 12. (1) An applicant for a license to conduct a
11 thoroughbred race meeting shall apply to conduct not fewer than 30
12 days of live thoroughbred racing during its proposed race meeting.
13 Except during the opening and closing week of a race meeting, the
14 applicant shall apply to conduct live racing not fewer than 2 days
15 per week, with not fewer than ~~8~~6 live horse races programmed, and
16 shall conduct live racing programs on the days allocated by the
17 racing commissioner. The commissioner shall allocate not fewer than
18 10 days of live horse racing to a race meeting licensee with not
19 fewer than 6 programmed live races per allocated day.

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

1 (3) If a race meeting licensee is unable to program and
2 conduct ~~8-6~~ live horse races on a racing date awarded to the
3 licensee because there are fewer than 5 entries in a race, the
4 licensee shall not conduct any simulcasting on that day without the
5 written consent of the certified horsemen's organization with which
6 ~~it~~ **the licensee** has a contract.

7 (4) If a race meeting licensee is unable to conduct racing on
8 a live racing date awarded to the licensee or **conducts** fewer than ~~8~~
9 **6** live horse races on an awarded live racing date because of a
10 labor dispute, fire, adverse weather conditions, or other causes
11 beyond the race meeting licensee's control, the race meeting
12 licensee is considered to have conducted those races or that race
13 date for purposes of this act and is not precluded from conducting
14 any simulcasts because of the licensee's inability to conduct those
15 live races or that race date.

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

20 (6) If an entire race meeting or the balance of a race meeting
21 and racing dates awarded to a licensee cannot be raced because of
22 an act of God or significant physical damage to the licensed
23 racetrack at which the race meeting was licensed to be conducted
24 caused by fire or some other catastrophe, the racing commissioner
25 may transfer those dates to another race meeting licensee ~~upon~~ **on**
26 application of the substitute licensee if the substitute licensee
27 satisfies the requirements for licensure under this act and
28 demonstrates that it has or will have a legal or contractual right
29 to the use of a different licensed racetrack facility on the racing

1 dates in question, and **if** all race meeting licensees that will be
2 conducting live racing on those dates within 50 miles of the
3 substitute racetrack consent to the transfer.

4 (7) Notwithstanding anything in this act to the contrary, if
5 the racing commissioner determines that 1 or more of the conditions
6 listed in subsection (8) apply and the contracted certified
7 horsemen's organization is in agreement, the racing commissioner
8 may amend an existing race meeting license and simulcast permit to
9 allow the licensee to continue simulcasting during the remaining
10 period of the race meeting license. An amended license under this
11 section may be issued by the racing commissioner at any time,
12 including at the time of the initial issuance of the race meeting
13 license for the upcoming year during which it is valid.

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

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

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

25 (c) There is no certified horsemen's organization operating in
26 this state.

27 (9) **The racing commissioner shall issue an amended license to**
28 **conduct simulcast wagering at a temporary facility to a race**
29 **meeting licensee that cannot satisfy the live racing requirements**

1 under this act if the race meeting licensee meets the following
2 requirements:

3 (a) The race meeting licensee currently holds a race meeting
4 license or held a race meeting license the previous year.

5 (b) The race meeting licensee is building a new facility that
6 is not ready to host live races.

7 (c) The temporary facility is located in the same municipality
8 as the new facility.

9 (10) ~~(9)~~—In order to obtain an amended license issued under
10 subsection (7) **or (8)** and satisfy the live racing requirements of
11 this act, the licensee must have a written contract with a
12 certified horsemen's organization to pay a percentage of its net
13 commission from simulcasting to the ~~live racing purse pool at~~
14 ~~another racetrack licensed under this act~~ **site-specific horsemen's**
15 **purse account maintained under section 19 for another race meeting**
16 **licensee** during the period when the amended license issued under
17 subsection (7) **or (9)** is in effect. Unless otherwise provided in
18 the written contract between the licensee and the certified
19 horsemen's organization, the payment must be not less than 25% of
20 net commission from simulcasting if only 1 certified horsemen's
21 organization has a contract for live race days in this state for
22 the calendar year. If both certified horsemen's organizations have
23 a contract for live race dates in this state for the calendar year,
24 the payment must be not more than 40% of the net commission from
25 simulcasting.

26 (11) ~~(10)~~—Subsections (7) to ~~(9)~~ **(10)** apply only to amendments
27 to a race meeting license for the purpose of allowing simulcast-
28 only operations and are not limitations on or requirements for
29 other race meeting license amendments the racing commissioner may

1 approve or deny.

2 (12) ~~(11)~~ Notwithstanding anything in this act to the
 3 contrary, if a race meeting licensee and the certified horsemen's
 4 organization with which the licensee has a contract jointly request
 5 that the licensee be allowed to conduct a live race meeting with
 6 fewer than ~~8-6~~ races per day, the racing commissioner shall approve
 7 the request and issue an order amending the license accordingly.

8 Sec. 14. (1) Before November 1 of the year preceding the year
 9 for which ~~applications are~~ **an application under section 10 is** made,
 10 the racing commissioner shall ~~grant~~ **do all of the following:**

11 (a) **Grant** or deny ~~each the~~ application. ~~for a race meeting~~
 12 ~~license, allocate~~

13 (b) **Allocate** or deny the dates ~~,~~ for which application ~~has~~
 14 ~~been was~~ made ~~,~~ **and** on which pari-mutuel wagering on live races may
 15 be conducted. ~~at each licensed race meeting in this state, and~~
 16 ~~shall also determine~~

17 (c) **Determine** whether the applicant may simulcast under
 18 section 18 during the calendar year for which the license is
 19 issued.

20 (2) The racing commissioner may grant a race meeting license
 21 for any ~~time~~ period up to 1 year during which the licensee may
 22 conduct live and simulcast horse races with pari-mutuel wagering on
 23 the results of the races.

24 (3) ~~(2)~~ Subject to section 12(4), all simulcasting authorized
 25 by the racing commissioner must be conditioned on the holder of the
 26 license conducting not fewer than ~~8-6~~ live horse races on each live
 27 racing date allocated in the holder's race meeting license, unless
 28 this requirement is waived in writing by both the racing
 29 commissioner and the certified horsemen's organization with which

1 the licensee has contracted.

2 **(4)** ~~(3)~~—The racing commissioner shall not issue a race meeting
3 license to an organization organized for a charitable purpose or
4 organized for the purpose of distributing its profits or income to
5 charitable organizations.

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

19 **(6)** ~~(5)~~—Any action taken by the racing commissioner under
20 subsection ~~(4)~~—**(5)** becomes effective 10 days after the holder of
21 the race meeting license receives written notice unless the
22 commissioner finds that the public health, safety, or welfare
23 requires emergency action and immediate effect of the
24 commissioner's order.

25 **(7)** ~~(6)~~—A denial of a race meeting license under subsection
26 ~~(3)~~—**(4)** may be appealed to the circuit court for judicial review
27 under section 631 of the revised judicature act of 1961, 1961 PA
28 236, MCL 600.631. A suspension or revocation of a race meeting
29 license may be appealed under the administrative procedures act of

1 1969, 1969 PA 306, MCL 24.201 to 24.328.

2 **(8)** ~~(7) Each~~ **An** applicant **that is** issued a race meeting
 3 license shall ~~maintain an interest bearing account used exclusively~~
 4 ~~to deposit all money due to horsemen's purse pools under this act.~~
 5 ~~All money due to this~~ **an** account ~~must be deposited~~ **as required**
 6 **under section 19** within a reasonable time after receipt by the race
 7 meeting licensee. The name of the depository and the identification
 8 number of ~~the~~ **each** account must be designated in each race meeting
 9 license application. ~~and all interest earned by the account must be~~
 10 ~~credited to the purse pool and deposited in the account.~~

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

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

21 (3) Subject to section 18(3), each holder of a race meeting
 22 license shall retain as ~~his or her~~ **the holder's** commission on all
 23 forms of straight wagering 17% of all money wagered involving
 24 straight wagering on the results of live and simulcast horse races
 25 conducted at the licensee's race meetings. Subject to section
 26 18(3), each holder of a race meeting license shall retain as ~~his or~~
 27 ~~her~~ **the holder's** commission on all forms of multiple wagering
 28 without the written permission of the racing commissioner not more
 29 than 28% and with the written permission of the racing commissioner

1 not more than 35% of all money wagered involving any form of
 2 multiple wagering on the results of live and simulcast horse races
 3 conducted at the licensee's race meeting. Except as otherwise
 4 provided by contract, 50% of all commissions from wagering on the
 5 results of live racing at the racetrack where the live racing was
 6 conducted must be paid to the ~~horsemen's purse pool at the~~
 7 ~~racetrack where~~ **applicable account maintained under section 19 for**
 8 **the race meeting licensee that conducted** the live racing. ~~was~~
 9 ~~conducted.~~ As used in this subsection:

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

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

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

18 (5) Payoff prices of tickets of a higher denomination must be
 19 calculated as even multiples of the payoff price for a \$1.00 wager.
 20 Each holder of a race meeting license shall distribute to the
 21 persons holding winning tickets, as a minimum, a sum not less than
 22 \$1.10 calculated on the basis of each \$1.00 deposited in a pool,
 23 except that each race meeting licensee may distribute a sum of not
 24 less than \$1.05 to persons holding winning tickets for each \$1.00
 25 deposited in a minus pool. As used in this subsection, "minus pool"
 26 means any win, place, or show pool in which the payout would exceed
 27 the total value of the pool.

28 (6) A holder of a race meeting license shall not knowingly
 29 permit a person less than 18 years of age to be a patron of the

1 pari-mutuel wagering conducted or supervised by the holder.

2 (7) Any act or transaction relative to pari-mutuel wagering on
 3 the results of live or simulcast horse races ~~may be~~ conducted by a
 4 race meeting licensee under this act ~~for the race meeting licensee~~
 5 ~~to~~ **must** comply with the auditing requirements of section 23. A
 6 person shall not provide messenger service for the placing of a bet
 7 for another person who is not a patron. However, this subsection
 8 does not prevent simulcasting or intertrack or interstate common
 9 pool wagering inside or outside this state as permitted by this act
 10 or the rules promulgated under this act.

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

25 (9) A person that does not hold a race meeting license **that**
 26 **solicits or accepts wagers on the results of live or simulcast**
 27 **horse races,** or **that does not hold** a third-party facilitator
 28 license that solicits or accepts wagers on the results of live or
 29 simulcast horse races, from individuals in this state is guilty of

1 a felony punishable by imprisonment for not more than 5 years or a
 2 fine of not more than \$10,000.00, or both. Each act of solicitation
 3 or wager that is accepted in violation of this section is a
 4 separate offense.

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

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

14 Sec. 18. (1) Simulcasting by **a** race meeting ~~licensees~~ **licensee**
 15 may be authorized by the racing commissioner subject to the
 16 limitations of this section. Except as specifically provided in
 17 section 12, a race meeting licensee shall not conduct simulcast
 18 wagering unless the race meeting licensee conducts 30 or more live
 19 racing days in that calendar year.

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

1 racing, subject to the following conditions:

2 (a) The applicant must have a current contract with a
3 certified horsemen's organization.

4 (b) The applicant must have applied for the minimum number of
5 live racing dates required by section 12(1) or (2), subject to the
6 availability of adequate horse supply as determined by the racing
7 commissioner.

8 (c) The applicant must make a continuing good faith effort
9 throughout the duration of its race meeting to program and conduct
10 not fewer than ~~8~~-6 live horse races on each live racing date
11 allocated to the applicant.

12 (d) The certified horsemen's organization with which the
13 applicant has contracted must have consented to the requested
14 simulcasts on any live racing day when the applicant is unable to
15 program and conduct not fewer than ~~8~~-6 live horse races, if
16 required by section 12(3).

17 (e) If the requested simulcasts are interstate, the applicant
18 must waive in writing any right that the applicant may have under
19 the interstate horse racing act of 1978, 15 USC 3001 to 3007, to
20 restrict interstate simulcasts by other race meeting licensees in
21 this state.

22 (f) The applicant must make the video and audio signals of its
23 live horse races available for intertrack simulcasting to all
24 licensed race meetings in this state located more than 12 miles
25 from the applicant's race meeting. The applicant must charge each
26 race meeting licensee the same fee to receive its live signals for
27 intertrack simulcasting.

28 (g) Except as otherwise agreed by the other race meeting
29 licensees and the respective certified horsemen's organizations

1 with which they contract, the applicant must receive all available
2 intertrack simulcasts from licensed race meetings located more than
3 12 miles from the applicant's race meeting.

4 (h) The applicant must not conduct interstate simulcasts
5 unless it also receives all intertrack simulcasts from other
6 licensed race meetings that are available.

7 (i) All authorized simulcasts must be conducted in compliance
8 with the written permit and related orders issued by the racing
9 commissioner and all other requirements and conditions of this act
10 and the rules of the racing commissioner promulgated under this
11 act.

12 (j) All authorized interstate simulcasts must also comply with
13 the interstate horse racing act of 1978, 15 USC 3001 to 3007.

14 (3) All forms of wagering by pari-mutuel methods provided for
15 under this act for live racing ~~shall~~**must** be allowed on simulcast
16 horse races authorized under this section. All money wagered on
17 simulcast horse races at a licensed race meeting must be included
18 in computing the total amount of all money wagered at the licensed
19 race meeting for purposes of section 17. If the simulcast is an
20 interstate simulcast, the money wagered on the simulcast must form
21 a separate pari-mutuel pool at the receiving track unless 2 or more
22 licensees receive the same interstate simulcast signals or the
23 racing commissioner permits the receiving track to combine its
24 interstate simulcast pool with the pool created at the out-of-state
25 sending track on the same race. If 2 or more licensees receive the
26 same interstate simulcast signals, the money wagered on the
27 simulcasts must be combined in a common pool and the licensees
28 shall jointly agree and designate at which race meeting the common
29 pool will be located. However, if the law of the jurisdiction in

1 which the sending racetrack is located permits interstate common
2 pools at the sending racetrack, the racing commissioner may permit
3 pari-mutuel pools on interstate simulcast races in this state to be
4 combined with pari-mutuel pools on the same races created at the
5 out-of-state sending racetrack. If the pari-mutuel pools on the
6 interstate simulcast races in this state are combined in a common
7 pool at the out-of-state sending track, then the commissions
8 described in section 17 on the pool created in this state must be
9 adjusted to equal the commissions in effect at the sending track
10 under the laws of its jurisdiction. If the simulcast is an
11 intertrack simulcast, the money wagered on the simulcast at the
12 receiving racetrack must be added to the pari-mutuel pool at the
13 sending racetrack.

14 (4) A race meeting licensee licensed to conduct pari-mutuel
15 horse racing shall provide the necessary equipment to send
16 intertrack simulcasts of the live horse races conducted at its race
17 meeting to all other race meeting licensees in this state, and
18 shall send its intertrack simulcast signals to those licensees ~~upon~~
19 **on** request for an agreed fee, which ~~shall~~**must** not exceed 3% of the
20 total amount wagered on the race at the receiving track.

21 (5) The racing commissioner may authorize a race meeting
22 licensee to transmit simulcasts of live horse races conducted at
23 its racetrack to locations outside of this state in accordance with
24 the interstate horse racing act of 1978, 15 USC 3001 to 3007, or
25 any other applicable laws, and may permit pari-mutuel pools on such
26 simulcast races created under the laws of the jurisdiction in which
27 the receiving track is located to be combined in a common pool with
28 pari-mutuel pools on the same races created in this state. A race
29 meeting licensee that transmits simulcasts of its races to

1 locations outside this state shall pay 50% of the fee that it
 2 receives for sending the simulcast signal to the ~~horsemen's purse~~
 3 ~~pool at the sending track~~ **applicable account maintained under**
 4 **section 19 by the certified horsemen's organization with which the**
 5 **licensee has a contract under section 13**, after first deducting the
 6 actual verified cost of sending the signal out of state.

7 (6) Unless otherwise approved by the racing commissioner, a
 8 race meeting licensee shall not receive and offer wagers on an
 9 interstate simulcast unless the interstate simulcast is available
 10 to all race meeting licensees in this state at the same rate.

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

13 ~~(8) As used in this section:~~

14 ~~(a) "Interstate simulcast" means a live simulcast from a~~
 15 ~~racetrack outside of this state to a racetrack inside this state.~~

16 ~~(b) "Intertrack simulcast" means a live simulcast from 1~~
 17 ~~racetrack in this state to another racetrack in this state.~~

18 ~~(c) "Simulcast" means the live transmission of video and audio~~
 19 ~~signals conveying a horse race held either inside or outside of~~
 20 ~~this state to a licensed race meeting in this state.~~

21 Sec. 19. (1) Subject to subsection (2), a race meeting
 22 licensee shall pay an amount equal to not less than 25% and not
 23 more than 40% of the net commission generated at the licensee's
 24 race meeting to a site-specific horsemen's purse account **maintained**
 25 **by the certified horsemen's organization with which the race**
 26 **meeting licensee has a contract as required under section 13**. Money
 27 paid into a ~~the site-specific~~ horsemen's purse account ~~under this~~
 28 ~~act under this subsection~~ must be deposited in a depository
 29 designated by the participating certified horsemen's organizations

1 ~~and distributed by their~~**the** designated agent **of the certified**
 2 **horsemen's organization** as follows:

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

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

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

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

22 (b) Fifty percent to be divided equally to each ~~track-race~~
 23 **meeting** licensee.

24 Sec. 20. (1) It is the policy of this state to encourage the
 25 breeding of horses of all breeds in this state and the ownership of
 26 such horses by residents of this state to provide for sufficient
 27 numbers of high quality race horses of all breeds to participate in
 28 licensed race meetings in this state; to promote the positive
 29 growth and development of high quality horse racing and other

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

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

16 (3) The Michigan agriculture equine industry development fund
17 is created in the department of treasury. The Michigan agriculture
18 equine industry development fund must be administered by the
19 director of the department of agriculture and rural development
20 with the assistance and advice of the racing commissioner.

21 (4) Money must not be expended from the Michigan agriculture
22 equine industry development fund except as appropriated by the
23 legislature. Money appropriated by the legislature from the
24 Michigan agriculture equine industry development fund must be
25 expended by the director of the department of agriculture and rural
26 development with the advice and assistance of the racing
27 commissioner to **exclusively** provide funding for agriculture and
28 equine industry development programs ~~as provided in~~ **under**
29 subsections (5) to ~~(11)~~ **(7)**.

1 (5) The following amounts must be paid to standardbred and
2 fair programs:

3 (a) A sum not to exceed ~~75%~~ **90%** of the purses for standardbred
4 harness horse races offered by fairs and races at licensed pari-
5 mutuel racetracks. ~~Purse supplements paid under this subdivision~~
6 ~~for overnight races at fairs for which Michigan sired, Michigan~~
7 ~~bred, or Michigan owned harness horses are eligible must be~~
8 ~~\$1,000.00. However, if the average purse offered for maiden~~
9 ~~overnight races of the same breed at any licensed race meeting in~~
10 ~~this state during the previous year as calculated by the department~~
11 ~~of agriculture and rural development was less than \$1,000.00, purse~~
12 ~~supplements for overnight races at fairs paid under this~~
13 ~~subdivision must not exceed that average purse.~~

14 (b) A sum to be allotted, ~~on a matching basis,~~ but not to
15 exceed ~~\$15,000.00~~ **\$20,000.00** each year to a single fair, for the
16 purpose of equipment rental during fairs; ground improvement;
17 constructing, maintaining, and repairing buildings; and **expenses**
18 **associated with** making the racetrack more suitable and safe for
19 racing at fairs.

20 (c) A sum to be allotted for paying special purses **and other**
21 **associated costs as described in subdivision (g)** at fairs ~~on~~ **for** 2-
22 year-old and 3-year-old standardbred harness horses conceived after
23 January 1, 1992, that ~~is~~ **are** Michigan bred, or that ~~is~~ **were** sired
24 by a standardbred stallion registered with the department of
25 agriculture and rural development, that was leased or owned by a
26 resident or residents of this state, and that did not serve a mare
27 at a location outside of this state from February 1 through July 31
28 of the calendar year in which the conception occurred. A foal that
29 is born on or after January 1, 2002 of a mare owned by a

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

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

15 (e) A sum to pay breeders' awards in an amount not to exceed
 16 ~~10%~~**20%** of the gross purse to breeders of ~~Michigan-bred~~**Michigan-**
 17 **bred** standardbred harness horses for each time the horse wins a
 18 race at a licensed race meeting or fair in this state **or a state**
 19 **other than this state, 10% of the gross purse to breeders of**
 20 **Michigan-bred standardbred harness horses for each time the horse**
 21 **finishes second in a race at a licensed race meeting in this state**
 22 **or a state other than this state, and 5% of the gross purse to**
 23 **breeders of Michigan-bred standardbred harness horses for each time**
 24 **the horse finishes third in a race at a licensed race meeting in**
 25 **this state or a state other than this state. Breeders' awards paid**
 26 **to Michigan-bred standardbred harness horses that finish first,**
 27 **second, or third at licensed race meetings in a state other than**
 28 **this state under this subdivision may be paid only if the race is**
 29 **run at a pari-mutuel live race and occurs during a month when there**

1 **is no pari-mutuel live race at a licensed standardbred race meeting**
2 **in this state.** As used in this subdivision, "~~Michigan-bred~~
3 **"Michigan-bred** standardbred harness horse" means a horse from a
4 mare owned by a resident or residents of this state at the time of
5 conception, that was conceived after January 1, 1992, and sired by
6 a standardbred stallion registered with the department of
7 agriculture and rural development that was leased or owned by a
8 resident or residents of this state and that did not serve a mare
9 at a location outside of this state from February 1 through July 31
10 of the calendar year in which the conception occurred. To be
11 eligible, each mare must be registered with the department of
12 agriculture and rural development. A foal that is born on or after
13 January 1, 2002 of a mare owned by a nonresident of this state and
14 that is conceived outside of this state from transported semen of a
15 stallion registered with the department of agriculture and rural
16 development is eligible for Michigan tax-supported races only if,
17 in the year that the foal is conceived, the department of
18 agriculture and rural development's agent for receiving funds as
19 the holding agent for stakes and futurities is paid a transport fee
20 as determined by the department of agriculture and rural
21 development and administered by the Michigan Harness Horsemen's
22 Association.

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

26 (g) A sum to be allotted to pay the presiding judges and
27 clerks of the course at fairs. Presiding judges and clerks of the
28 course must be hired by the fair's administrative body with the
29 advice and approval of the racing commissioner. The director of the

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

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

22 (i) A sum **of at least 0.5% and** not to exceed ~~0.25% 1%~~ of all
 23 money wagered on live and simulcast horse races in this state must
 24 be placed in a special standardbred sire stakes fund each year,
 25 100% of which must be used to provide purses for races run
 26 exclusively for 2-year-old and 3-year-old ~~Michigan-sired~~ **Michigan-**
 27 **sired** standardbred horses at licensed harness race meetings in this
 28 state, **or, if there is no licensed harness race meeting in this**
 29 **state, at a county fair designated by the director of the**

1 department of agriculture and rural development. If there is a
2 licensed harness race meeting in this state, but the licensed
3 harness race meeting cannot hold the race run exclusively for 2-
4 year-old and 3-year-old Michigan-sired standardbred horses under
5 this subdivision before September 30 of any given year, the
6 director of the department of agriculture and rural development
7 shall designate a county fair at which the race is run. As used in
8 this subdivision, "~~Michigan-sired~~"Michigan-sired standardbred
9 horses" means standardbred horses conceived after January 1, 1992
10 and sired by a standardbred stallion registered with the department
11 of agriculture and rural development that was leased or owned by a
12 resident or residents of this state and that did not serve a mare
13 at a location outside of this state from February 1 through July 31
14 of the calendar year in which the conception occurred. A foal that
15 is born on or after January 1, 2002 of a mare owned by a
16 nonresident of this state and that is conceived outside of this
17 state from transported semen of a stallion registered with the
18 department of agriculture and rural development is eligible for
19 Michigan tax-supported races only if, in the year that the foal is
20 conceived, the department of agriculture and rural development's
21 agent for receiving funds as the holding agent for stakes and
22 futurities is paid a transport fee as determined by the department
23 of agriculture and rural development and administered by the
24 Michigan Harness Horsemen's Association.

25 (j) After the effective date of the amendatory act that added
26 this subdivision, an amount of not less than \$500,000.00 for a
27 grant, administered by the department of agriculture and rural
28 development, to race meeting licensees that hold standardbred race
29 meetings in this state. The minimum amount for a grant under this

1 subdivision must be adjusted every 2 years to reflect the
 2 cumulative percentage change in the Detroit Consumer Price Index
 3 for the 2 immediately preceding calendar years. Grants received
 4 under this section may be used for any of the following:

5 (i) Compliance with state and federal horse racing regulations.

6 (ii) Capital improvements or debts associated with capital
 7 improvements of a racetrack where a race meeting licensee conducts
 8 live race meetings.

9 (iii) Operational expenses of a racetrack where a race meeting
 10 licensee conducts live race meetings.

11 (k) To be spent annually, a sum of not less than \$250,000.00
 12 to be allotted to the horse racing advisory commission created
 13 under section 6a to be expended under section 6a(12)(d) for the
 14 standardbred horse racing industry in this state.

15 (6) The following amounts must be paid to thoroughbred
 16 programs:

17 (a) A sum to be allotted thoroughbred race meeting licensees
 18 to supplement the purses for races to be conducted exclusively for
 19 ~~Michigan-bred~~ **Michigan-bred** horses.

20 (b) A sum to pay awards **in an amount not to exceed 20% of the**
 21 **gross purse** to owners of ~~Michigan-bred~~ **Michigan-bred or Michigan-**
 22 **sired thoroughbred** horses ~~that finish first, second, or third in~~
 23 ~~races open to non-Michigan-bred horses.~~ **for each time Michigan-bred**
 24 **or Michigan-sired horses win at a licensed race meeting in this**
 25 **state or in a state other than this state, 10% of the gross purse**
 26 **to owners of Michigan-bred or Michigan-sired thoroughbred horses**
 27 **for each time the horse finishes second in a race at a licensed**
 28 **race meeting in this state or a state other than this state, and 5%**
 29 **of the gross purse to owners of Michigan-bred or Michigan-sired**

1 thoroughbred horses for each time the horse finishes third in a
 2 race at a licensed race meeting in this state or a state other than
 3 this state. Owners' awards paid to Michigan-bred or Michigan-sired
 4 thoroughbred horses that finish first, second, or third at licensed
 5 race meetings in this state under this subdivision may be paid only
 6 if the race is open to non-Michigan-bred or non-Michigan-sired
 7 horses. Owners' awards paid to Michigan-bred or Michigan-sired
 8 thoroughbred horses that finish first, second, or third at licensed
 9 race meetings in a state other than this state under this
 10 subdivision may be paid only if the race is run at a pari-mutuel
 11 live race, is open to non-Michigan-bred or non-Michigan-sired
 12 horses, and occurs during a month when there is no pari-mutuel live
 13 race at a thoroughbred licensed race meeting in this state. A month
 14 with no pari-mutuel live race at a licensed thoroughbred race
 15 meeting in this state includes, but is not limited to, any month
 16 there is no licensed thoroughbred race meeting in this state.

17 (c) A sum to pay breeders' awards in an amount not to exceed
 18 ~~10%–20%~~ of the gross purse to the breeders of ~~Michigan-bred~~
 19 **Michigan-bred or Michigan-sired** thoroughbred horses for each time
 20 ~~Michigan-bred~~ **Michigan-bred or Michigan-sired** thoroughbred horses
 21 win at a licensed race meeting in this state **or a state other than**
 22 **this state, 10% of the gross purse to breeders of Michigan-bred or**
 23 **Michigan-sired thoroughbred horses for each time the horse finishes**
 24 **second in a race at a licensed race meeting in this state or a**
 25 **state other than this state, and 5% of the gross purse to breeders**
 26 **of Michigan-bred or Michigan-sired thoroughbred horses for each**
 27 **time the horse finishes third in a race at a licensed race meeting**
 28 **in this state or a state other than this state. Breeders' awards**
 29 **paid to Michigan-bred or Michigan-sired thoroughbred horses that**

1 finish first, second, or third at licensed race meetings in a state
2 other than this state under this subdivision may be paid only if
3 the race is run at a pari-mutuel live race and during a month when
4 there is no pari-mutuel live race at a thoroughbred licensed race
5 meeting in this state. A month with no pari-mutuel live race at a
6 licensed thoroughbred race meeting in this state includes, but is
7 not limited to, any month there is no licensed thoroughbred race
8 meeting in this state.

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

12 (e) A sum **of at least 0.5% and** not to exceed ~~0.25%~~ **1%** of all
13 money wagered on live and simulcast horse races in this state must
14 be placed in a special thoroughbred sire stakes fund each year. ~~7~~
15 **If a thoroughbred race meeting has been licensed in this state**
16 **after the effective date of the amendatory act that amended this**
17 **subdivision, the percentage allotted under this subdivision must be**
18 **equal to the percentage allotted under subsection (5) (i). Money in**
19 **the special thoroughbred sire stakes fund must be used as follows:**

20 (i) Unless subparagraph (iii) or (iv) applies, for 2 years after
21 the date of the amendatory act that added this subparagraph, the
22 money must be used as follows:

23 (A) Fifty percent to fund a purse for races run exclusively
24 for 2-year-old and 3-year-old and older Michigan-sired thoroughbred
25 horses at licensed thoroughbred race meetings in this state. Money
26 in the purse funded under this sub-subparagraph must not revert to
27 the special thoroughbred sire stakes fund or the Michigan
28 agriculture equine industry development fund and must be carried
29 forward from year to year until the money is expended under this

1 sub-subparagraph.

2 (B) Fifty percent to provide awards to Michigan-sired
3 thoroughbred horses that run races at thoroughbred race meetings
4 regardless of where the race meeting is held. The racing
5 commissioner shall award awards under this sub-subparagraph to the
6 top 5 highest earning Michigan-sired thoroughbred horses that
7 submit the horses' earnings for the year to the racing
8 commissioner.

9 (ii) Unless subparagraph (iii) or (iv) applies, beginning 2 years
10 after the amendatory act that added this subparagraph, 100% to
11 provide awards to Michigan-sired thoroughbred horses that run races
12 at thoroughbred race meetings regardless of where the race meeting
13 is held. The racing commissioner shall award awards under this
14 subparagraph to the top 5 highest earning Michigan-sired
15 thoroughbred horses that submit the horses' earnings for the year
16 to the racing commissioner.

17 (iii) For 3 years after a thoroughbred race meeting has been
18 licensed and conducted in this state after the date of the
19 amendatory act that added this subparagraph, the money must be used
20 as follows:

21 (A) Fifty percent to fund a purse for races run exclusively
22 for 2-year-old and 3-year-old and older Michigan-sired thoroughbred
23 horses at licensed thoroughbred race meetings in this state.

24 (B) Fifty percent to provide awards to Michigan-sired
25 thoroughbred horses that run races at thoroughbred race meetings
26 regardless of where the race meeting is held. The racing
27 commissioner shall award awards under this sub-subparagraph to the
28 top 5 highest earning Michigan-sired thoroughbred horses that
29 submit the horses' earnings for the year to the racing

1 commissioner.

2 (iv) Three years after a thoroughbred race meeting has been
 3 licensed and conducted in this state after the date of the
 4 amendatory act that added this subparagraph, 100% ~~of which must be~~
 5 ~~used to provide purses for races run exclusively for 2-year-old and~~
 6 ~~3-year-old and older Michigan sired~~ **Michigan-sired** thoroughbred
 7 horses at licensed thoroughbred race meetings in this state. ~~and~~
 8 ~~awards for owners of Michigan sired horses or stallions.~~ As used in
 9 this subdivision, "~~Michigan sired~~" **Michigan-sired** thoroughbred
 10 horses" means thoroughbred horses sired by a stallion registered
 11 with the department of agriculture and rural development that was
 12 leased or owned exclusively by a resident or residents of this
 13 state and that did not serve a mare at a location outside of this
 14 state during the calendar year in which the service occurred.

15 ~~(7) The following amounts must be paid for quarter horse~~
 16 ~~programs:~~

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

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

21 ~~(c) A sum to pay breeders' awards in an amount not to exceed~~
 22 ~~10% of a gross purse to breeders of Michigan bred quarter horses~~
 23 ~~for each time a Michigan bred quarter horse wins at a county fair~~
 24 ~~or licensed race meeting in this state.~~

25 ~~(d) As used in this subsection, "Michigan bred quarter horse"~~
 26 ~~means Michigan bred quarter horse as that term is defined in R~~
 27 ~~285.817.1 of the Michigan Administrative Code. Each mare and~~
 28 ~~stallion must be registered with the director of the department of~~
 29 ~~agriculture and rural development.~~

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

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

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

6 ~~(c) A sum to pay breeders' awards in an amount not to exceed~~
7 ~~10% of the gross purse to the breeders of Michigan bred Appaloosa~~
8 ~~horses for each time Michigan bred horses win at a fair or licensed~~
9 ~~race meeting in this state.~~

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

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

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

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

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 Arabian~~
22 ~~horses for each time Michigan bred horses win at a fair or licensed~~
23 ~~racetrack in this state.~~

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

29 ~~(10) The following sums must be paid for American paint horse~~

1 ~~programs:~~

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

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

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

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

13 **(f) No later than 1 fiscal year after a race meeting licensee**
 14 **first holds a thoroughbred race meeting in this state after the**
 15 **effective date of the amendatory act that added this subdivision,**
 16 **an amount of not less than \$500,000.00 for a grant, administered by**
 17 **the department of agriculture and rural development, to race**
 18 **meeting licensees that hold thoroughbred race meetings in this**
 19 **state. Grants received under this section may be used for any of**
 20 **the following:**

21 **(i) Compliance with state and federal horse racing regulations.**

22 **(ii) Capital improvements or debts associated with capital**
 23 **improvements of a racetrack where a race meeting licensee conducts**
 24 **live race meetings.**

25 **(iii) Operational expenses of a racetrack where a race meeting**
 26 **licensee conducts live race meetings.**

27 **(g) To be spent annually, a sum of not less than \$250,000.00**
 28 **to be allotted to the horse racing advisory commission created**
 29 **under section 6a to be expended under section 6a(12) (d) for the**

1 **thoroughbred horse racing industry in this state.**

2 (7) ~~(11)~~—The following amounts must be paid for the equine
3 industry research, planning, and development grant fund program:

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

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

15 (8) ~~(12)~~—As used in subsection ~~(11)~~, ~~(7)~~, "equine industry
16 research" means the study, discovery and generation of accurate and
17 reliable information, findings, conclusions, and recommendations
18 that are useful or beneficial to the horse racing and breeding
19 industry in this state through improvement of the health of horses;
20 prevention of equine illness and disease, and performance-related
21 accidents and injuries; improvement of breeding technique and
22 racing performance; and compilation and study of valuable and
23 reliable statistical data regarding the size, organization, and
24 economics of the industry in this state; and strategic planning for
25 the effective promotion, growth, and development of the industry in
26 this state.

27 (9) ~~(13)~~—An amount must be allotted annually to the racing
28 commissioner that is sufficient to pay for the collection and
29 laboratory analysis of urine, saliva, blood, and other samples from

1 horses and licensed individuals involved in horse racing on which
 2 pari-mutuel wagers are made and for the conducting of tests
 3 described in section 16(4).

4 **(10)** ~~(14)~~—Money appropriated and allotted to the Michigan
 5 agriculture equine industry development fund must not revert to the
 6 general fund and must be carried forward from year to year until
 7 disbursed to fund grants for research projects beneficial to the
 8 industry.

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

15 **(12)** ~~(16)~~—The director of the department of agriculture and
 16 rural development shall promulgate rules ~~pursuant to~~ **under** the
 17 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to
 18 24.328, to implement this section. The rules promulgated under this
 19 subsection must do all of the following:

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

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

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

27 **(13)** ~~(17)~~—Funds under the control of the department of
 28 agriculture and rural development in this section must be disbursed
 29 under the rules promulgated under subsection ~~(16)~~ **(12)**. All funds

1 under the control of the department of agriculture and rural
 2 development approved for purse supplements and breeders' awards
 3 must be paid by the state treasurer not later than 45 days from the
 4 date of the race.

5 (14) As used in this section, "state other than this state"
 6 means a state of the United States other than this state, the
 7 District of Columbia, the Commonwealth of Puerto Rico, or a
 8 territory or insular possession subject to the jurisdiction of the
 9 United States.

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

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

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

24 (a) ~~Ninety~~ **Eighty-five** percent to be deposited in the Michigan
 25 agriculture ~~and~~ equine industry development fund created under
 26 section 20.

27 (b) ~~Ten~~ **Fifteen** percent to the horse racing advisory
 28 commission created in section 6a to be expended as provided in
 29 section 6a(12) (d).

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

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

5 (a) A tax in the amount of ~~3.5%~~**1%** of money wagered on **live**
6 **horse races and** interstate and intertrack simulcast races conducted
7 at the holder's licensed race meetings.

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

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

21 Enacting section 1. Section 19b of the horse racing law of
22 1995, 1995 PA 279, MCL 431.319b, is repealed.

23 Enacting section 2. This amendatory act does not take effect
24 unless all of the following bills of the 102nd Legislature are
25 enacted into law:

26 (a) Senate Bill No. 414.

27

28 (b) Senate Bill No. 413.

29

1 (c) Senate Bill No. 412.