

SUBSTITUTE FOR
HOUSE BILL NO. 5400

A bill to amend 1995 PA 279, entitled
"Horse racing law of 1995,"
by amending sections 10, 17, and 18 (MCL 431.310, 431.317, and
431.318).

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 10. (1) A person desiring to conduct a thoroughbred,
2 standardbred, quarter horse, Appaloosa, or Arabian race meeting,
3 or a combination of these race meetings, with pari-mutuel wager-
4 ing on the results of live and simulcast horse races pursuant to
5 this act shall apply each year to the racing commissioner for a
6 race meeting license in the manner and form required by the
7 racing commissioner. The application shall be filed with the
8 racing commissioner before July 1 of the preceding year. ~~except~~
9 ~~that a race meeting license issued for 1996 under former Act~~
10 ~~No. 327 of the Public Acts of 1980 may be amended by the racing~~

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1 ~~commissioner pursuant to a new application submitted under this~~
2 ~~act within 30 days of the effective date of this act.~~ FOR THE
3 1999 RACING YEAR ONLY, THE RACING COMMISSIONER MAY EXTEND THE
4 FILING DATE TO A LATER DATE AS HE OR SHE CONSIDERS NECESSARY FOR
5 THE BEST INTERESTS OF RACING. The application, after being filed,
6 shall be made available for public inspection during regular
7 business hours. The application shall be in writing and shall
8 give the name and address of the applicant, and, if the applicant
9 is a corporation or partnership, shall state the place of the
10 applicant's incorporation or partnership and the names and
11 addresses of all corporate directors, officers, shareholders, and
12 partners. The application shall also do all of the following:
13 (a) Specify the licensed racetrack at which the proposed
14 race meeting will be held.
15 (b) Specify whether the applicant requests or will request
16 to conduct simulcasting at the proposed race meeting and, if so,
17 demonstrate the applicant's ability to conduct simulcasting in
18 accordance with this act.
19 (c) Specify the horse breed for which the applicant desires
20 to conduct live racing at the proposed race meeting, and the days
21 on which the applicant proposes to conduct live horse racing at
22 the race meeting.
23 (d) Specify the time period during which the applicant
24 requests to be licensed during the calendar year immediately fol-
25 lowing the date of application.
26 (e) Demonstrate to the racing commissioner that the
27 applicant and all persons associated with the applicant

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1 who hold any beneficial or ownership interest in the business
2 activities of the applicant ~~—~~ or who have power or ability to
3 influence or control the business decisions or actions of the
4 applicant ~~—are~~ SATISFY ALL OF THE FOLLOWING REQUIREMENTS:

5 (i) ARE persons of good character, honesty, and integrity.
6 ~~i possess~~

7 (ii) POSSESS sufficient financial resources and business
8 ability and experience to conduct the proposed race meeting. ~~→~~
9 ~~and do~~

10 (iii) DO not pose a threat to the public interest of the
11 state or to the security and integrity of horse racing or
12 pari-mutuel wagering on the results of horse races in the state.

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

15 (2) Upon the filing of the application for a race meeting
16 license, the racing commissioner shall conduct an investigation
17 of the applicant and the application to determine whether the
18 applicant, application, and proposed race meeting comply with the
19 licensing requirements under this act and the rules promulgated
20 under this act. Unless a different agreement is reached by all
21 the race meeting licensees in a city area, a race meeting
22 licensee shall not conduct a live ~~or simulcast~~ thoroughbred
23 horse race after 6:45 p.m. on any day except Sunday. Unless a
24 different agreement is reached by all the race meeting licensees
25 in a city area, a race meeting licensee shall not conduct a live
26 ~~or simulcast~~ standardbred horse race before 6:45 p.m. on any
27 day except Sunday. Notwithstanding the 6:45 p.m. time

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1 restrictions, the commissioner, upon request by a race meeting
2 licensee, may grant to the race meeting licensee a race meeting
3 license authorizing ~~either~~ 1 of the following:

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

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

12 (C) THE LICENSEE TO CONDUCT LIVE HORSE RACING PROGRAMS THAT
13 WOULD OTHERWISE BE PREVENTED BY THE 6:45 P.M. TIME RESTRICTION IF
14 THE LICENSEE IS NOT IN A CITY AREA AND IS NOT LESS THAN 75 MILES
15 FROM THE NEAREST RACE MEETING LICENSEE AUTHORIZED TO CONDUCT LIVE
16 HORSE RACING.

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

23 (2) A holder of a race meeting license may provide a place
24 in the race meeting grounds or enclosure at which he or she may
25 conduct and supervise the pari-mutuel system of wagering on the
26 results of horse races as permitted by this act. If the
27 pari-mutuel system of wagering is used at a race meeting, a

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1 totalisator or other device ~~which~~ THAT is equal in accuracy and
2 clearness to a totalisator and approved by the racing commis-
3 sioner shall be used. The odds display of the totalisator or
4 other device shall be placed in full view of the patrons.

5 (3) Subject to section 18(3), each holder of a race meeting
6 license shall retain as his or her commission on all forms of
7 straight wagering 17% of all money wagered involving straight
8 wagers on the results of live and simulcast horse races conducted
9 at the licensee's race meetings. ~~Except as provided in subsec-~~
10 ~~tion (8) and subject~~ SUBJECT to section 18(3), each holder of a
11 race meeting license shall retain as his or her commission on all
12 forms of multiple wagering, ~~20.5%~~ WITHOUT THE WRITTEN PERMIS-
13 SION OF THE RACING COMMISSIONER, NOT MORE THAN 28%, AND WITH THE
14 WRITTEN PERMISSION OF THE RACING COMMISSIONER, NOT MORE THAN 35%,
15 of all money wagered involving any form of multiple wager on the
16 results of live and simulcast horse races conducted at the
17 licensee's race meeting. Except as otherwise provided by con-
18 tract, 50% of all commissions from wagering on the results of
19 live racing at the racetrack where the live racing was conducted
20 shall be paid to the horsemen's purse pool at the racetrack where
21 the live racing was conducted. As used in this subsection:

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

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

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

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

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

18 (7) Any act or transaction relative to pari-mutuel wagering
19 on the results of live or simulcast horse races shall only occur
20 or be permitted to occur within the enclosure of a licensed race
21 meeting. A person shall not participate or be a party to any act
22 or transaction relative to placing a wager or carrying a wager
23 for placement outside of a race meeting ground. A person shall
24 not provide messenger service for the placing of a bet for
25 another person who is not a patron. However, this subsection
26 does not prevent simulcasting or intertrack or interstate common

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1 pool wagering inside or outside this state ~~—~~ as permitted by
2 this act or the rules promulgated under this act.

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

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

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

12 (a) The applicant shall have a current contract with a cer-
13 tified horsemen's organization.

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

18 (c) The applicant shall make a continuing good faith effort
19 throughout the duration of its race meeting to program and con-
20 duct ~~at least~~ NOT LESS THAN 9 live horse races on each live
21 racing date allocated to the applicant.

22 (d) The certified horsemen's organization with which the
23 applicant has contracted shall have consented to the requested
24 simulcasts on any live racing day when the applicant is unable to
25 program and conduct ~~at least~~ NOT LESS THAN 9 live horse races,
26 if required by section 12(6).

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1 (e) If the requested simulcasts are interstate, the
2 applicant shall waive in writing any right that the applicant may
3 have under the interstate horse racing act of 1978, PUBLIC LAW
4 95-515, 15 U.S.C. 3001 to 3007, to restrict interstate simulcasts
5 by other race meeting licensees in this state.

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

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

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

26 ~~(i) A licensed race meeting outside a city area shall not~~
27 ~~conduct interstate simulcasts after 6:45 p.m., unless it also~~

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1 ~~receives all intertrack simulcasts from licensed race meetings in~~
2 ~~a city area that are available after 6:45 p.m.~~

3 (I) ~~(j)~~ All applicants conducting licensed race meetings
4 in a city area shall authorize all other race meeting licensees
5 in the state to conduct simulcasts of the breed for which the
6 applicant is licensed to conduct live horse racing. An applicant
7 may not conduct interstate simulcasts unless ~~such~~ authorization
8 TO DO SO is given by the applicant, in accordance with subdivi-
9 sion ~~(k)~~ (J), permitting all other race meeting licensees to
10 receive interstate simulcasts of a different breed than they are
11 licensed to race live.

12 (J) ~~(k)~~ A race meeting licensee shall not conduct an
13 interstate simulcast of a different breed than it is licensed to
14 race live at its race meeting, unless the licensee has the writ-
15 ten permission of all race meeting licensees in a city area that
16 are licensed to race that breed live at their race meetings. ~~A~~
17 ~~city area race meeting licensee may charge another race meeting~~
18 ~~licensee a fee for such permission. The permit fee may be no~~
19 ~~more than 1.5% of the total amount wagered at city area race~~
20 ~~meetings, and no more than 0.5% of the total amount wagered at~~
21 ~~race meetings outside a city area, on the interstate simulcast~~
22 ~~for which such permission is given. Any permit fee charged pur-~~
23 ~~suant to this section shall be calculated and paid separate from~~
24 ~~the amount paid by the receiving track to the out-of-state send-~~
25 ~~ing track to receive the different breed interstate simulcast~~
26 ~~signals. If simulcasting permission is required from more than 1~~
27 ~~race meeting licensee in a city area under this section, the~~

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1 ~~combined permit fee, if any, shall not exceed the maximum amount~~
2 ~~that may be charged by 1 licensee for such permission under this~~
3 ~~subsection and shall be paid jointly to and shared by the licens-~~
4 ~~ees in a city area on a pro rata basis according to the percen-~~
5 ~~tage of total wagering that each licensee produced in the previ-~~
6 ~~ous calendar year on live and simulcast races of the breed for~~
7 ~~which simulcasting permission is requested.~~

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

13 (l) ~~(m)~~ All authorized interstate simulcasts shall also
14 comply with the interstate horse racing act of 1978, PUBLIC LAW
15 95-15, 15 U.S.C. 3001 to 3007.

16 (3) All forms of wagering by pari-mutuel methods provided
17 for under this act for live racing shall be allowed on simulcast
18 horse races authorized under this section. All money wagered on
19 simulcast horse races at a licensed race meeting shall be
20 included in computing the total amount of all money wagered at
21 the licensed race meeting for purposes of section 17. When the
22 simulcast is an interstate simulcast, the money wagered on that
23 simulcast shall form a separate pari-mutuel pool at the receiving
24 track unless 2 or more licensees receive the same interstate
25 simulcast signals or the racing commissioner permits the receiv-
26 ing track to combine its interstate simulcast pool with the pool
27 created at the out-of-state sending track on the same race. If 2

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1 or more licensees receive the same interstate simulcast signals,
2 the money wagered on the simulcasts shall be combined in a common
3 pool and the licensees shall jointly agree and designate at which
4 race meeting the common pool will be located. However, if the
5 law of the jurisdiction in which the sending racetrack is located
6 permits interstate common pools at the sending racetrack, the
7 racing commissioner may permit pari-mutuel pools on interstate
8 simulcast races in this state to be combined with pari-mutuel
9 pools on the same races created at the out-of-state sending
10 racetrack. If the pari-mutuel pools on the interstate simulcast
11 races in this state are combined in a common pool at the
12 out-of-state sending track, then the commissions described in
13 section 17 on the pool created in this state shall be adjusted to
14 equal the commissions in effect at the sending track under the
15 laws of its jurisdiction. If the simulcast is an intertrack
16 simulcast, the money wagered on that simulcast at the receiving
17 racetrack shall be added to the pari-mutuel pool at the sending
18 racetrack.

19 (4) Each race meeting licensee that receives an interstate
20 simulcast shall pay to the horsemen's simulcast purse pool estab-
21 lished under section 19 a sum equal to 40% of the licensee's net
22 commission from all money wagered on the interstate simulcast, as
23 determined by section 17(3) ~~and (8)~~ after first deducting from
24 the licensee's statutory commission the applicable state tax on
25 wagering due and payable under section 22 and the actual verified
26 fee paid by the licensee to the sending host track to receive the
27 interstate simulcast signal. The licensee shall retain the

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1 remaining balance of its net commission and shall be responsible
2 for paying all other capital and operational expenses related to
3 receiving interstate simulcasts at its race meeting. Any subse-
4 quent rebate of a fee paid by a licensee to receive interstate
5 simulcast signals shall be shared equally by the licensee and the
6 horsemen's simulcast purse pool established under section 19.

7 (5) ~~No later than 120 days after the effective date of this~~
8 ~~act, a~~ A race meeting licensee licensed to conduct pari-mutuel
9 horse racing in a city area shall provide the necessary equipment
10 to send intertrack simulcasts of the live horse races conducted
11 at its race meeting to all other race meeting licensees in this
12 state, and shall send its intertrack simulcast signals to ~~such~~
13 THOSE licensees upon request for an agreed fee, which shall not
14 exceed 3% of the total amount wagered on the race at the receiv-
15 ing track. Race meeting licensees that send or receive inter-
16 track simulcasts shall make the following payments to the
17 horsemen's purse pools:

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

22 (b) Each race meeting licensee that receives an intertrack
23 simulcast shall pay to the horsemen's simulcast purse pool estab-
24 lished pursuant to section 19 a sum equal to 40% of the receiving
25 track's net commission from wagering on the intertrack simulcast
26 under section 17(3) ~~and (8),~~ after first deducting from the
27 licensee's statutory commission the applicable state tax on

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1 wagering due and owing under section 22 and the actual verified
2 fee paid by the receiving track to the sending host track to
3 receive the intertrack simulcast signal.

4 (6) The racing commissioner may authorize a race meeting
5 licensee to transmit simulcasts of live horse races conducted at
6 its racetrack to locations outside of this state in accordance
7 with the interstate horse racing act of 1978, PUBLIC LAW 95-515,
8 15 U.S.C. 3001 to 3007, or any other applicable laws, and may
9 permit pari-mutuel pools on such simulcast races created under
10 the laws of the jurisdiction in which the receiving track is
11 located to be combined in a common pool with pari-mutuel pools on
12 the same races created in this state. A race meeting licensee
13 that transmits simulcasts of its races to locations outside this
14 state shall pay 50% of the fee that it receives for sending the
15 simulcast signal to the horsemen's purse pool at the sending
16 track after first deducting the actual verified cost of sending
17 the signal out of state.

18 (7) Simulcasting of events other than horse races for pur-
19 poses of pari-mutuel wagering is prohibited.