



# HOUSE BILL No. 5217

October 10, 1995, Introduced by Reps. Bullard, Law, Freeman, Griffin, Hanley, Curtis, Baade, Banks and Profit and referred to the Committee on Regulatory Affairs.

A bill to amend sections 13 and 15 of Act No. 327 of the Public Acts of 1980, entitled as amended "Racing law of 1980," section 13 as amended by Act No. 188 of the Public Acts of 1994 and section 15 as amended by Act No. 108 of the Public Acts of 1986, being sections 431.73 and 431.75 of the Michigan Compiled Laws.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1 Section 1. Sections 13 and 15 of Act No. 327 of the Public  
2 Acts of 1980, section 13 as amended by Act No. 188 of the Public  
3 Acts of 1994 and section 15 as amended by Act No. 108 of the  
4 Public Acts of 1986, being sections 431.73 and 431.75 of the  
5 Michigan Compiled Laws, are amended to read as follows:

6 Sec. 13. (1) Money received by the racing commissioner  
7 under this act shall be paid promptly into the state treasury and

1 except as provided in subsections ~~(2), (9), and (10)~~ (7) AND  
 2 (8) shall be credited to the general fund of the state. As used  
 3 in this section, "fair" means a county, district, community, or  
 4 4-H fair; the Upper Peninsula state fair; and any other state  
 5 fair.

6 ~~(2) Twenty seven and one half percent of the revenue~~  
 7 ~~received, but not to exceed \$800,000.00, from racing license fees~~  
 8 ~~from a racetrack shall be placed in a fund under the control of~~  
 9 ~~the department of agriculture and shall be returned to the city~~  
 10 ~~or township in which the racetrack is located.~~

11 ~~(3) If the city or township in which the racetrack is~~  
 12 ~~located has reached the monetary limitation imposed by subsection~~  
 13 ~~(2) then, in addition to that revenue, 20% of the revenue~~  
 14 ~~received but not to exceed \$100,000.00, from racing license fees~~  
 15 ~~from a meet held before April 16 and after November 15 in a year~~  
 16 ~~shall be placed in a fund under the control of the department of~~  
 17 ~~agriculture and shall be returned to the city or township in~~  
 18 ~~which the racetrack is located. If the track is located in more~~  
 19 ~~than 1 city or township, then the revenue provided for in this~~  
 20 ~~subsection shall be divided equally between the cities or~~  
 21 ~~townships. Funds shall not be returned to a city or township~~  
 22 ~~pursuant to this subsection or subsection (2), if a city or town-~~  
 23 ~~ship fails to provide a statement as required in section 14.~~

24 (2) ~~(4) A sufficient portion, not to exceed 68 3/4% of the~~  
 25 ~~revenue received from standardbred racing in this state, shall be~~  
 26 ~~placed in a special fund under the control of~~ FOR EACH FISCAL  
 27 YEAR BEGINNING AFTER SEPTEMBER 30, 1995, THE LEGISLATURE SHALL

1 APPROPRIATE A SUFFICIENT AMOUNT NOT TO EXCEED \$7,500,000.00 TO  
2 the department of agriculture to be allotted to fairs, licensed  
3 pari-mutuel racetracks, other standardbred horse programs, agri-  
4 cultural commodity programs, and to pay the cost of administering  
5 this section, as follows:

6 (a) A sum to pay not more than 75% of the purses for stan-  
7 dardbred harness horse races offered by fairs and special races  
8 at licensed pari-mutuel racetracks.

9 (b) A sum to be allotted on a matching basis, but not to  
10 exceed \$8,000.00 each year to a single fair, for the purpose of  
11 equipment rental during fairs; grounds improvement; constructing,  
12 maintaining, and repairing buildings; and making the racetrack  
13 more suitable and safe for racing at fairs.

14 (c) A sum to be allotted to be used for paying special  
15 purses at fairs on 2- and 3-year-old standardbred harness horses  
16 conceived after January 1, 1992, and sired by a standardbred  
17 stallion registered with the Michigan department of agriculture  
18 that was leased or owned by a resident or residents of this state  
19 and which did not serve a mare at a location outside of this  
20 state from February 1 through July 31 of the calendar year in  
21 which the conception occurred. Transportation of semen from a  
22 standardbred stallion registered with the Michigan department of  
23 agriculture to a location outside the state of Michigan shall not  
24 create eligibility for Michigan tax supported races, and shall  
25 not affect the eligibility of Michigan conceived foals for the  
26 purses provided for by this section. A foal conceived outside  
27 the state of Michigan by means of semen from a standardbred

1 stallion registered with the Michigan department of agriculture  
2 is not eligible for Michigan tax-supported races.

3 (d) A sum to pay 75% or more of an eligible cash premium  
4 paid by a fair or exposition. The commission of agriculture  
5 shall promulgate rules establishing which premiums are eligible  
6 for payment, and a dollar limit for all eligible payments.

7 (e) A sum to pay breeders' awards in the amount of 10% of  
8 the gross purse to breeders of Michigan bred standardbred harness  
9 horses for each time the horse wins at a licensed racetrack or  
10 fair in this state. As used in this subdivision, "Michigan bred  
11 standardbred harness horse" means a horse from a mare owned by a  
12 resident or residents of this state at the time of conception,  
13 that was conceived after January 1, 1992, and sired by a stan-  
14 dardbred stallion registered with the Michigan department of  
15 agriculture that was leased or owned by a resident or residents  
16 of this state and which did not serve a mare at a location out-  
17 side of this state from February 1 through July 31 of the calen-  
18 dar year in which the conception occurred. To be eligible, each  
19 mare shall be registered with the Michigan department of  
20 agriculture. Transportation of semen from a standardbred stal-  
21 lion registered with the Michigan department of agriculture to a  
22 location outside the state of Michigan shall not create eligibil-  
23 ity for Michigan tax supported races, and shall not affect the  
24 eligibility of Michigan conceived foals for the purses provided  
25 for by this section. A foal conceived outside the state of  
26 Michigan by means of semen from a standardbred stallion

1 registered with the Michigan department of agriculture is not  
2 eligible for Michigan tax-supported races.

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

6 (g) A sum to be allotted to fairs to pay the presiding  
7 judges and clerks of the course at fairs. Presiding judges and  
8 clerks of the course shall be hired by the department of  
9 agriculture. A person hired as a judge shall be approved by the  
10 racing commissioner. The director of the department of agricul-  
11 ture may allot funds for a photo finish system and a mobile  
12 starting gate. The director of the department of agriculture  
13 shall allot funds for the conducting of tests, the collection and  
14 laboratory analysis of urine, saliva, blood, and other samples  
15 from horses, and the taking of blood alcohol tests on drivers,  
16 jockeys, and starting gate employees, for those races described  
17 in this subsection. The department may require a driver, jockey,  
18 or starting gate employee to submit to a breathalyzer test, urine  
19 test, or other noninvasive fluid test to detect the presence of  
20 alcohol or a controlled substance as defined in section 7104 of  
21 the public health code, Act No. 368 of the Public Acts of 1978,  
22 being section 333.7104 of the Michigan Compiled Laws. If the  
23 results of a test show that a person has more than 0.05% of alco-  
24 hol in his or her blood, or has present in his or her body a con-  
25 trolled substance, the person shall not be permitted to continue  
26 in his or her duties on that race day and until he or she can  
27 produce, at his or her own expense, a negative test result.

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

3 (3) ~~(5) A sufficient portion not to exceed 27 1/2% of the~~  
4 ~~revenue received from thoroughbred racing shall be placed in a~~  
5 ~~special fund under the control of~~ FOR EACH FISCAL YEAR BEGINNING  
6 AFTER SEPTEMBER 30, 1995, THE LEGISLATURE SHALL APPROPRIATE A  
7 SUFFICIENT AMOUNT NOT TO EXCEED \$2,500,000.00 TO the department  
8 of agriculture ~~and shall~~ TO be allotted to thoroughbred racing  
9 associations to supplement the purses for races to be conducted  
10 exclusively for Michigan bred horses; to pay not more than 75% of  
11 the purses for registered light horse races offered by fairs; to  
12 pay the cost of administering this subsection; and to pay  
13 breeders' awards in the amount of 10% of the gross purse to the  
14 breeders of Michigan bred horses for each time Michigan bred  
15 horses win at a licensed racetrack in this state. In addition to  
16 the sums allotted for purse supplements and breeders' awards, the  
17 department of agriculture may allot sufficient funds from the  
18 revenue received from thoroughbred racing to create a fund not to  
19 exceed 1% of the revenue received from the thoroughbred racing in  
20 this state which may be allotted to provide training and stabling  
21 facilities for thoroughbred horses. The department shall also  
22 allot sufficient funds from the revenue received from thorough-  
23 bred racing to pay for the collection and laboratory analysis of  
24 urine, saliva, blood, and other samples from horses and for the  
25 conducting of tests described in section 11(3)(b).

26 (4) ~~(6) A sufficient portion of the revenue received from~~  
27 ~~quarter horse racing in this state shall be placed in a special~~

~~1 fund under the control of-~~ FOR EACH FISCAL YEAR BEGINNING AFTER  
2 SEPTEMBER 30, 1995, THE LEGISLATURE SHALL APPROPRIATE A SUFFI-  
3 CIENT AMOUNT NOT TO EXCEED \$20,000.00 TO the department of agri-  
4 culture ~~and shall~~ TO be allotted to quarter horse racing asso-  
5 ciations to supplement the purses for races to be conducted  
6 exclusively for Michigan bred horses; to pay not more than 75% of  
7 the purses for registered light horse races offered by fairs; to  
8 pay the cost of administering this subsection; and to pay  
9 breeders' awards in the amount of 10% of a gross purse to breed-  
10 ers of Michigan bred quarter horses for each time a Michigan bred  
11 quarter horse wins at a county fair or licensed racetrack in this  
12 state. The department shall also allot sufficient funds from the  
13 revenue received from quarter horse racing to pay for the collec-  
14 tion and laboratory analysis of urine, saliva, blood, and other  
15 samples from horses and the taking of blood alcohol tests on  
16 jockeys for those races described in this subsection and for the  
17 conducting of tests described in section 11(3)(b). As used in  
18 this subsection, "Michigan bred quarter horse" means a horse from  
19 a mare owned by a resident of this state, at the time of breeding  
20 and sired by a registered stallion owned exclusively by a resi-  
21 dent of this state and which did not serve a mare at a location  
22 outside of this state during the calendar year in which the serv-  
23 ice occurred. Each mare and stallion shall be registered with  
24 the director of the department of agriculture.

25 (5) ~~(7) A sufficient portion of the revenue received from~~  
26 ~~Appaloosa horses racing in this state shall be placed in a~~  
27 ~~special fund under the control of-~~ FOR EACH FISCAL YEAR BEGINNING

1 AFTER SEPTEMBER 30, 1995, THE LEGISLATURE SHALL APPROPRIATE A  
2 SUFFICIENT AMOUNT NOT TO EXCEED \$20,000.00 TO the department of  
3 agriculture ~~and shall~~ TO be allotted to Appaloosa horse racing  
4 associations to supplement the purses for races to be conducted  
5 exclusively for Michigan bred horses; to pay not more than 75% of  
6 the purses for registered light horse races offered by fairs; to  
7 pay the cost of administering this subsection; and to pay  
8 breeders' awards in the amount of 10% of the gross purse to the  
9 breeders of Michigan bred horses for each time Michigan bred  
10 horses win at a fair or licensed racetrack in this state. The  
11 department shall also allot sufficient funds from the revenue  
12 received from Appaloosa horse racing to pay for the collection  
13 and laboratory analysis of urine, saliva, blood, or other samples  
14 from horses and the taking of blood alcohol tests on jockeys for  
15 those races described in this subsection and for the conducting  
16 of tests described in section 11(3)(b). Each mare and stallion  
17 shall be registered with the director of the department of  
18 agriculture.

19 (6) ~~(8) A sufficient portion of the revenue received from~~  
20 ~~Arabian horses racing in this state shall be placed in a special~~  
21 ~~fund under the control of~~ FOR EACH FISCAL YEAR BEGINNING AFTER  
22 SEPTEMBER 30, 1995, THE LEGISLATURE SHALL APPROPRIATE A SUFFI-  
23 CIENT AMOUNT NOT TO EXCEED \$20,000.00 TO the department of agri-  
24 culture ~~and shall~~ TO be allotted to Arabian horse racing asso-  
25 ciations to supplement the purses for races to be conducted  
26 exclusively for Michigan bred horses; to pay not more than 75% of  
27 the purses for registered light horse races offered by fairs; to

1 pay the cost of administering this subsection; and to pay  
2 breeders' awards in the amount of 10% of the gross purse to the  
3 breeders of Michigan bred horses for each time Michigan bred  
4 horses win at a fair or licensed racetrack in this state. The  
5 department shall also allot sufficient funds from the revenue  
6 received from Arabian horse racing to pay for the collection and  
7 laboratory analysis of urine, saliva, blood, and other samples  
8 from horses and the taking of blood alcohol tests on jockeys for  
9 those races described in this subsection and for the conducting  
10 of tests described in section 11(3)(b). Each mare and stallion  
11 shall be registered with the director of the department of  
12 agriculture.

13 (7) ~~(9) Three tenths~~ A SUM EQUAL TO 3/10 of 1% OR LESS of  
14 all money wagered on standardbred races shall be placed in a spe-  
15 cial fund pursuant to subsections ~~(12) and (13)~~ (10) AND (11),  
16 100% of which shall be used to provide purses for races to be  
17 conducted exclusively for 2- and 3-year-old Michigan sired stan-  
18 dardbred horses at licensed harness racetracks in this state. As  
19 used in this section, "Michigan sired standardbred horses" means  
20 a horse conceived after January 1, 1992 and sired by a stallion  
21 registered with the Michigan department of agriculture that was  
22 leased or owned by a resident or residents of this state and  
23 which did not serve a mare at a location outside of this state  
24 from February 1 through July 31 of the calendar year in which the  
25 conception occurred. Transportation of semen from a standardbred  
26 stallion registered with the Michigan department of agriculture  
27 to a location outside the state of Michigan shall not create

1 eligibility for Michigan tax supported races, and shall not  
2 affect the eligibility of Michigan conceived foals for the purses  
3 provided for by this section. A foal conceived outside the state  
4 of Michigan by means of semen from a standardbred stallion regis-  
5 tered with the Michigan department of agriculture is not eligible  
6 for Michigan tax-supported races.

7       (8) ~~(10) Three tenths~~ A SUM EQUAL TO 3/10 of 1% OR LESS of  
8 all money wagered on thoroughbred races shall be placed in a spe-  
9 cial fund pursuant to subsections ~~(12) and (13)~~ (10) AND (11),  
10 100% of which shall be used to provide purses for races to be  
11 conducted exclusively for 2- and 3-year-old Michigan sired thor-  
12 oughbred horses at licensed thoroughbred racetracks in this  
13 state. As used in this section, "Michigan sired thoroughbred  
14 horses" means a horse sired by a registered stallion that was  
15 leased or owned exclusively by a resident or residents of this  
16 state and which did not serve a mare at a location outside of  
17 this state during the calendar year in which the service  
18 occurred.

19       (9) ~~(11)~~ A sum equal to 2% or less, but not more than  
20 \$2,500,000.00, of the principal amount of bonds issued for a sta-  
21 dium, and appurtenant parking, and other facilities by an author-  
22 ity organized pursuant to state law before December 1, 1971, from  
23 the revenue received from thoroughbred and harness racing, shall  
24 be returned to a county in which or adjoining which a licensed  
25 racetrack is located or to a city in that county, if that county  
26 or city has obligated itself to pay more than 1/2 of the annual  
27 rental for a stadium, appurtenant parking, and other facilities

1 for the conduct of sporting events, exhibitions, and other  
2 general recreational purposes. The sum returned shall only be  
3 used by that county or city, along with other available funds to  
4 the extent necessary, only to pay the annual rental to the  
5 authority organized pursuant to state law which acquired the sta-  
6 dium and facilities and leased the stadium and facilities to that  
7 county or city. A sum returned pursuant to this subsection shall  
8 not be specifically pledged for the payment of the rental or for  
9 the payment of bonds issued in anticipation of the rental.  
10 Pari-mutuel wagering shall not be conducted in the stadium,  
11 appurtenant parking area, or other facilities.

12 (10) ~~(+2)~~ The director of the department of agriculture  
13 shall promulgate rules pursuant to THE ADMINISTRATIVE PROCEDURES  
14 ACT OF 1969, Act No. 306 of the Public Acts of 1969, ~~as~~  
15 ~~amended,~~ being sections 24.201 to 24.328 of the Michigan  
16 Compiled Laws, to implement this section. The rules promulgated  
17 under this subsection shall do all of the following:

18 (a) Prescribe the conditions under which the revenue  
19 described in subsections (2) to ~~(+1)~~ (9) shall be disbursed.

20 (b) Establish conditions and penalties regarding the pro-  
21 grams described in subsections (4) to ~~(+1)~~ (9).

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

24 (11) ~~(+3)~~ Funds under the control of the department of  
25 agriculture in this section shall be disbursed under the rules  
26 promulgated pursuant to subsection ~~(+2)~~ (10). All funds under  
27 the control of the department of agriculture approved for purse

1 supplements and breeders' awards shall be paid by the state  
2 treasurer not later than 30 days from the date of the race.

3       (12) ~~(14)~~ The department shall report to the legislature  
4 by March 30, 1990 on the effect on the horse racing industry of  
5 the practice of restricting premiums, purses, breeders' awards or  
6 other payments to Michigan sired horses, including an analysis of  
7 which sectors of the horse racing industry benefit from the pay-  
8 ments and which are placed at a disadvantage. The report shall  
9 recommend extensions or elimination of such payments and regula-  
10 tory restrictions.

11       Sec. 15. (1) Each licensed racetrack located in a city area  
12 AS DEFINED IN SECTION 8(5) shall pay \$1,000.00 annually, and any  
13 other licensed racetrack shall pay \$200.00 annually.

14       (2) Each holder of a race meeting license shall pay ~~a tax~~  
15 ~~in accordance with the following schedule and in a manner and~~  
16 ~~time as the racing commissioner requires: (a) Each holder of a~~  
17 ~~race meeting license shall pay to the state treasurer, DIRECTLY~~  
18 ~~TO THE CITY OR TOWNSHIP IN WHICH THE LICENSED RACE MEETING IS~~  
19 ~~LOCATED A FEE from the holder's commission ~~, 4 1/2%~~ OF 0.5% of~~  
20 ~~all money wagered on LIVE pari-mutuel HORSE RACES AS PAYMENT FOR~~  
21 ~~SERVICES PROVIDED PURSUANT TO SECTION 14 OF THIS ACT. ~~wagering,~~~~  
22 ~~plus 1/2 the breaks, except that each holder of a race meeting~~  
23 ~~license in a county having a population of less than 300,000~~  
24 ~~shall pay to the state treasurer, from the holder's commission,~~  
25 ~~3 1/2% of all money wagered on pari mutuel wagering, plus 1/2 the~~  
26 ~~breaks. The reduction in a licensee's payment from 6% to 4 1/2%~~  
27 ~~effected by this 1986 amendatory act is intended to allow~~

~~1 generally for the improvement of the pari mutuel racing industry  
2 in this state and to encourage capital improvements at racetracks  
3 in this state. Not later than 4 years after the effective date  
4 of this 1986 amendatory act, the racing commissioner shall report  
5 to the chairpersons of the senate and house committees responsi-  
6 ble for legislation concerning horse racing as to the effect on  
7 the horse racing industry of the reduction from 6% to 4 1/2%.~~

~~8 (b) Each holder of a license for thoroughbred, harness,  
9 quarter horse, Appaloosa, or Arabian horse racing shall pay to  
10 the state treasurer from the commission of the holder on special  
11 sweepstakes pari mutuel pool wagering as defined in section  
12 12(6), 6% of the daily amount wagered on the special sweepstakes  
13 pari mutuel pool plus 1/2 the breaks.~~

14 Section 2. Section 15 of Act No. 327 of the Public Acts of  
15 1980, as amended by this amendatory act, being section 431.75 of  
16 the Michigan Compiled Laws, shall take effect January 1, 1996.