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BILL ANALYSIS

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House Bill 4260 (as passed by the House)
Sponsor: Representative Joe Hune
House Committee: Agriculture
Senate Committee: Agriculture, Forestry and Tourism

Date Completed: 12-7-05

CONTENT

The bill would amend Public Act 90 of 1951 (which regulates racing meets) to require that 50% of unclaimed winnings from licensed horse races in the State be distributed to a certified horsemen's organization for specified purposes, instead of deposited in the Agriculture Equine Industry Development Fund.

The Act provides that all funds held by any licensee for the payment of outstanding winning tickets for any race meeting conducted under the Horse Racing Law that have not been claimed by the owner within 60 days after the close of the race meeting must be retained by the licensee and distributed in a specified manner. The bill would include money held for vouchers, as well as winning tickets.

Under the Act, 50% of the funds are retained by the race meeting licensee, and 50% must be deposited into the Michigan Agriculture Equine Industry Development Fund created in the Horse Racing Law. The deposited funds are designated for standard bred programs if the licensee is a standard bred race meeting licensee, thoroughbred programs if the licensee is a thoroughbred race meeting licensee, and light horse race programs if the licensee is a light horse race meeting licensee.

The bill instead would require that 50% of the money be retained by the licensee, and 50% be distributed to the certified horsemen's organization with which the licensee had a contract. The organization could spend the money only for purse supplements and breeders' awards for live horse racing conducted at fairs in the State or licensed horse racetracks where pari-mutuel wagering was conducted in the State.

Additionally, if the organization contracted with licensees that conducted quarter horse races, the organization could spend the money for any purpose related to the management, protection, and promotion of live horse racing in the State, including promotion, benevolence, office and administrative expense, professional fees, backside welfare, employee welfare, and insurance programs.

A certified horsemen's organization that received money under the bill would have to obtain an annual independent audit of the expenditure of the money and provide a copy of the audit to the Racing Commissioner. The first audit would have to be given to the Commissioner within one year after the bill's effective date, and each subsequent audit would have to be provided on the same date of each following year.

The bill would define "certified horseman's organization" as it is defined in the Horse Racing Law, i.e., an organization registered with the Office of the Racing Commissioner that can demonstrate a capacity to supply horses, an ability to assist in conducting a licensee's racing program, an ability to monitor and improve physical conditions and controls for individuals and horses participating at licensed race meetings, and an ability to protect the financial interests of the individuals participating at licensed race meetings. "Licensee" would mean a person who holds a race meeting license as described in the Horse Racing Law. Under the Law, a race meeting license may be issued annually for the succeeding year to a person to conduct live horse racing, simulcasting, and pari-mutuel wagering at a licensed race meeting in the State.

MCL 431.252

Legislative Analyst: Curtis Walker

FISCAL IMPACT

The bill would reduce revenue to the State by approximately \$665,000 annually. Currently, 50% of the unclaimed winnings from licensed horse races is retained by the licensee while 50% is deposited in the Michigan Agriculture Equine Industry Development Fund (AEIDF). The AEIDF is a State restricted fund used to support various horse racing programs, including breeders' awards and purse supplements.

Under the bill, the portion of the unclaimed winnings currently designated for the AEIDF would be deposited with the certified horsemen's organization with which the licensee has a contract. The table below shows the amount of unclaimed winnings for 2004 and the disposition of the money.

Licensee	Horse Breed	Licensee	AEIDF	Total
Hazel Park	Standardbred	\$303,255	\$303,255	\$606,480
Jackson	Standardbred	28,006	28,006	56,012
Northville Racing Corp.	Standardbred	69,270	69,270	138,540
Northville Downs	Standardbred	118,588	118,588	237,176
Mount Pleasant	Mixed	10,745	10,745	21,490
Great Lakes Downs	Thoroughbred	40,583	40,583	81,166
Saginaw	Standardbred	22,431	22,431	44,862
Sports Creek	Standardbred	71,142	71,142	142,284
Total		\$664,020	\$664,020	\$1,328,040

Fiscal Analyst: Craig Thiel

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.