

HOUSE BILL NO. 6499

November 29, 2022, Introduced by Rep. Alexander and referred to the Committee on Regulatory Reform.

A bill to amend 1995 PA 279, entitled
"Horse racing law of 1995,"
by amending sections 6a and 20 (MCL 431.306a and 431.320), as
amended by 2019 PA 153.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

- 1 Sec. 6a. (1) The horse racing advisory commission is created
- 2 within the department of agriculture and rural development.
- 3 (2) The advisory commission consists of the following members,
- 4 appointed by the governor:
- 5 (a) An individual who has knowledge about and expertise in

1 horse racing in this state, who shall serve as chairperson of the
2 advisory commission.

3 (b) The director of the department of agriculture and rural
4 development or ~~his or her~~ **the director's** designee.

5 (c) A veterinarian.

6 (d) Two individuals from 2 different statewide horse racing
7 associations.

8 ~~(e) Two individuals who are owners or operators, or designees~~
9 ~~of owners or operators, of 2 different horse racetracks in this~~
10 ~~state.~~ **An individual who is an owner or operator, or a designee of**
11 **an owner or operator, of a horse racetrack in this state.**

12 (3) The governor shall appoint the members first appointed to
13 the advisory commission by September 29, 2016.

14 (4) Members of the advisory commission under subsection
15 (2)(c), (d), and (e) shall serve for terms of 4 years or until a
16 successor is appointed, whichever is later.

17 (5) If a vacancy occurs on the advisory commission, the
18 governor shall make an appointment for the unexpired term in the
19 same manner as the original appointment.

20 (6) The governor may remove a member of the advisory
21 commission for incompetence, dereliction of duty, malfeasance,
22 misfeasance, or nonfeasance in office, or any other good cause.

23 (7) The chairperson of the advisory commission appointed under
24 subsection (2)(a) shall call the first meeting of the advisory
25 commission. At the first meeting, the advisory commission shall
26 elect from among its members other officers as it considers
27 necessary or appropriate. After the first meeting, the advisory
28 commission shall meet at the call of the chairperson or if
29 requested by 3 or more members.

1 (8) A majority of the members of the advisory commission
2 constitute a quorum for the transaction of business at a meeting of
3 the advisory commission. A majority of the members present and
4 serving are required for official action of the advisory
5 commission.

6 (9) The advisory commission shall conduct its business at
7 public meetings held in compliance with the open meetings act, 1976
8 PA 267, MCL 15.261 to 15.275.

9 (10) A writing prepared, owned, used, in the possession of, or
10 retained by the advisory commission in the performance of an
11 official function is subject to the freedom of information act,
12 1976 PA 442, MCL 15.231 to 15.246.

13 (11) Members of the advisory commission shall serve without
14 compensation. However, members of the advisory commission may be
15 reimbursed for their actual and necessary expenses incurred in the
16 performance of their official duties as members of the advisory
17 commission.

18 (12) The advisory commission shall do all of the following:

19 (a) Establish for the racing commissioner procedures governing
20 the operation and promotion of horse racing in this state.

21 (b) Make recommendations to the legislature on amendments to
22 this act that would improve the regulatory structure of horse
23 racing in this state with a goal of maintaining the long-term
24 viability of horse racing in this state.

25 (c) Annually submit a report to the legislature detailing its
26 recommendations under subdivisions (a) and (b).

27 (d) Expend money received under section 20a, as appropriated
28 by the legislature, for the following purposes:

29 (i) Promotion and marketing of horse racing.

1 (ii) Equine-related research.

2 (iii) Grants for equine-related support and aftercare and
3 programs related to horse racing.

4 (13) The racing commissioner shall take under consideration
5 the procedures established by the advisory commission under
6 subsection (12)(a) in performing ~~his or her~~ **the commissioner's**
7 duties under this act.

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

22 (2) Except for money generated from the tax on wagers
23 processed through licensed third-party facilitators operating under
24 this act under section 22, money received by the racing
25 commissioner and the state treasurer under this act must be paid
26 promptly into the state treasury and placed in the Michigan
27 agriculture equine industry development fund created in subsection
28 (3).

29 (3) The Michigan agriculture equine industry development fund

1 is created in the department of treasury. The Michigan agriculture
 2 equine industry development fund must be administered by the
 3 director of the department of agriculture and rural development
 4 with the assistance and advice of the racing commissioner.

5 (4) Money must not be expended from the Michigan agriculture
 6 equine industry development fund except as appropriated by the
 7 legislature. Money appropriated by the legislature from the
 8 Michigan agriculture equine industry development fund must be
 9 expended by the director of the department of agriculture and rural
 10 development with the advice and assistance of the racing
 11 commissioner ~~to provide funding for agriculture and equine industry~~
 12 ~~development programs in the following priority:~~

13 (a) **To make expenditures** as provided in subsections (5) ~~to~~
 14 ~~(11) through (7) and (9).~~

15 (b) **No more than \$125,000.00 annually to the horse racing**
 16 **advisory commission established under section 6a.**

17 (c) **An amount to the Michigan gaming control board deemed as**
 18 **reasonable and necessary to accomplish the regulation and**
 19 **administrative costs under this act.**

20 (5) The following amounts must be paid to standardbred and
 21 fair programs:

22 (a) A sum not to exceed ~~75%~~ **90%** of the purses for standardbred
 23 harness horse races offered by fairs and races at licensed pari-
 24 mutuel racetracks. ~~Purse supplements paid under this subdivision~~
 25 ~~for overnight races at fairs for which Michigan sired, Michigan~~
 26 ~~bred, or Michigan owned harness horses are eligible must be~~
 27 ~~\$1,000.00. However, if the average purse offered for maiden~~
 28 ~~overnight races of the same breed at any licensed race meeting in~~
 29 ~~this state during the previous year as calculated by the department~~

~~of agriculture and rural development was less than \$1,000.00, purse supplements for overnight races at fairs paid under this subdivision must not exceed that average purse.~~

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

~~(c) A sum to be allotted~~ **From the amount appropriated from the fund for purses and supplements - fairs/licensed tracks:**

(i) Thirty percent for overnight races at fairs for which Michigan sired, Michigan bred, or Michigan owned harness horses are eligible.

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

1 and rural development and administered by the Michigan Harness
2 Horsemen's Association.

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

8 (e) A sum to pay breeders' awards in an amount not to exceed
9 ~~10%~~**20%** of the gross purse to breeders of Michigan bred
10 standardbred harness horses for each time the horse wins a race at
11 a licensed race meeting or fair in this state. As used in this
12 subdivision, "Michigan bred standardbred harness horse" means a
13 horse from a mare owned by a resident or residents of this state at
14 the time of conception, that was conceived after January 1, 1992,
15 and sired by a standardbred stallion registered with the department
16 of agriculture and rural development that was leased or owned by a
17 resident or residents of this state and that did not serve a mare
18 at a location outside of this state from February 1 through July 31
19 of the calendar year in which the conception occurred. To be
20 eligible, each mare must be registered with the department of
21 agriculture and rural development. A foal that is born on or after
22 January 1, 2002 of a mare owned by a nonresident of this state and
23 that is conceived outside of this state from transported semen of a
24 stallion registered with the department of agriculture and rural
25 development is eligible for Michigan tax-supported races only if,
26 in the year that the foal is conceived, the department of
27 agriculture and rural development's agent for receiving funds as
28 the holding agent for stakes and futurities is paid a transport fee
29 as determined by the department of agriculture and rural

1 development and administered by the Michigan Harness Horsemen's
2 Association.

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

6 (g) A sum to be allotted to pay the presiding judges and
7 clerks of the course at fairs. Presiding judges and clerks of the
8 course must be hired by the fair's administrative body with the
9 advice and approval of the racing commissioner. The director of the
10 department of agriculture and rural development may allot funds for
11 a photo finish system and a mobile starting gate. The director of
12 the department of agriculture and rural development shall allot
13 funds for the conducting of tests, the collection and laboratory
14 analysis of urine, saliva, blood, and other samples from horses,
15 and the taking of blood alcohol tests on drivers, jockeys, and
16 starting gate employees, for those races described in this
17 subdivision. The department may require a driver, jockey, or
18 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. If the results of a test show
21 that a person has more than .05% of alcohol in ~~his or her~~ **the**
22 **person's** blood, or has present in ~~his or her~~ **the person's** body a
23 controlled substance, the person is not permitted to continue in
24 ~~his or her~~ **the person's** duties on that race day and until ~~he or she~~
25 **the person** can produce, at ~~his or her~~ **the person's** own expense, a
26 negative test result.

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

(i) A sum not to exceed ~~0.25%~~ **0.5%** of all money wagered on live and simulcast horse races in this state must be placed in a special standardbred sire stakes fund each year, 100% of which must be used to provide purses for races run exclusively for 2-year-old and 3-year-old Michigan sired standardbred horses at licensed harness race meetings in this state. As used in this subdivision, "Michigan sired standardbred horses" means standardbred horses conceived after January 1, 1992 and sired by a standardbred stallion registered with the department of agriculture and rural development that was leased or owned by a resident or residents of this state and that did not serve a mare at a location outside of this state from February 1 through July 31 of the calendar year in which the conception occurred. A foal that is born on or after January 1, 2002 of a mare owned by a nonresident of this state and that is conceived outside of this state from transported semen of a stallion registered with the department of agriculture and rural development is eligible for Michigan tax-supported races only if, in the year that the foal is conceived, the department of agriculture and rural development's agent for receiving funds as the holding agent for stakes and futurities is paid a transport fee as determined by the department of agriculture and rural development and administered by the Michigan Harness Horsemen's Association.

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

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

(b) A sum to pay awards to owners of Michigan bred horses that

1 finish first, second, or third in races open to non-Michigan bred
2 horses.

3 (c) A sum to pay breeders' awards in an amount not to exceed
4 ~~10%~~ 20% of the gross purse to the breeders of Michigan bred
5 thoroughbred horses for each time Michigan bred thoroughbred horses
6 win at a licensed race meeting in this state.

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

10 (e) A sum not to exceed ~~0.25%~~ 0.5% of all money wagered on
11 live and simulcast horse races in this state must be placed in a
12 special thoroughbred sire stakes fund each year, 100% of which must
13 be used to provide purses for races run exclusively for 2-year-old
14 and 3-year-old and older Michigan sired thoroughbred horses at
15 licensed thoroughbred race meetings in this state and awards for
16 owners of Michigan sired horses or stallions. As used in this
17 subdivision, "Michigan sired thoroughbred horses" means
18 thoroughbred horses sired by a stallion registered with the
19 department of agriculture and rural development that was leased or
20 owned exclusively by a resident or residents of this state and that
21 did not serve a mare at a location outside of this state during the
22 calendar year in which the service occurred.

23 ~~(7) The following amounts must be paid for quarter horse~~
24 ~~programs:~~

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

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

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

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

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

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

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

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

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

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

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

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

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

~~(c) A sum to pay breeders' awards in an amount not to exceed 10% of the gross purse to the breeders of Michigan bred Arabian~~

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

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

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

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

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

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

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

(7) ~~(11)~~ The following amounts must **If the Michigan agriculture equine industry development fund has a balance at the end of the fiscal year, remaining money may be paid out in amounts up to \$250,000.00 for the equine industry research, planning, and development, grant fund program including, but not limited to, either of the following:**

(a) A sum to fund grants for research projects conducted by persons affiliated with a university or governmental research agency or institution or other private research entity approved by

1 the racing commissioner, which are beneficial to the horse racing
2 and breeding industry in this state.

3 (b) A sum to fund the development, implementation, and
4 administration of new programs that promote the proper growth and
5 development of the horse racing and breeding industry in this state
6 and other valuable equine-related commercial and recreational
7 activities in this state.

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

20 (9) ~~(13)~~—An amount must be allotted annually to the racing
21 commissioner that is sufficient to pay for the collection and
22 laboratory analysis of urine, saliva, blood, and other samples from
23 horses and licensed individuals involved in horse racing on which
24 pari-mutuel wagers are made and for the conducting of tests
25 described in section 16(4).

26 (10) ~~(14)~~—Money appropriated and allotted to the Michigan
27 agriculture equine industry development fund must not revert to the
28 general fund and must be carried forward from year to year until
29 disbursed to fund grants for research projects beneficial to the

1 industry.

2 **(11)** ~~(15)~~—A percentage of the Michigan agriculture equine
3 industry development fund that is equal to ~~1/15~~ **1/10** of 1% of the
4 gross wagers made each year in each of the racetracks licensed
5 under this act must be deposited in the compulsive gaming
6 prevention fund created in section 3 of the compulsive gaming
7 prevention act, 1997 PA 70, MCL 432.253.

8 **(12)** ~~(16)~~—The director of the department of agriculture and
9 rural development shall promulgate rules pursuant to the
10 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to
11 24.328, to implement this section. The rules promulgated under this
12 subsection must do all of the following:

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

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

18 (c) Develop and maintain informational programs related to
19 this section.

20 **(13)** ~~(17)~~—Funds under the control of the department of
21 agriculture and rural development in this section must be disbursed
22 under the rules promulgated under subsection ~~(16)~~ **(12)**. All funds
23 under the control of the department of agriculture and rural
24 development approved for purse supplements and breeders' awards
25 must be paid by the state treasurer not later than 45 days from the
26 date of the race.

27 **(14)** ~~(18)~~—Purses paid under this section must be based on
28 actual purses awarded in a race. If the actual purses awarded are
29 less than the purse supplement amount requested by a fair or

1 licensed pari-mutuel racetrack at the time they applied to the
2 department of agriculture and rural development for the purse
3 supplement, the purse supplement paid must be the lesser amount.

4 ~~(19) If the amount allocated to the Michigan agriculture~~
5 ~~equine industry development fund under this act or any other source~~
6 ~~exceeds \$8,000,000.00 in a fiscal year, the amount in excess of~~
7 ~~\$8,000,000.00 must be allocated to the pari-mutuel horse racing~~
8 ~~disbursement account under section 19.~~