



DISTRIBUTION OF BREAKS

House Bill 5288

Sponsor: Rep. Judith Scranton

**Committee: Agriculture and Resource
Management**

Complete to 1-15-02

A SUMMARY OF HOUSE BILL 5288 AS INTRODUCED 10-18-01

House Bill 5288 would amend the Horse Racing Law of 1995 by amending the distribution of revenue from “breaks”, creating the Breaks Escrow Fund, and adding several provisions pertaining to the duties of the racing commissioner.

Breaks are the cents over a multiple of ten otherwise payable to a patron on a wager of \$1. Under current law, all breaks are retained by the race meeting licensee and paid directly to the city or township in which the racetrack is located as a fee for police, fire, and traffic protection services for persons and property at and near each race meet, including areas where occupational licenses are required. The bill would amend the act to require that all breaks be retained by the racing meeting licensee and be paid directly to the Office of the Racing Commissioner.

The bill would create the Breaks Escrow Fund, to be administered by the racing commissioner, within the Department of Treasury. Any breaks received by the racing commissioner would be paid directly to the state treasury and placed into the Breaks Escrow Fund. The racing commissioner would expend money from the fund to pay expenses for police, security, safety, fire, and emergency services provided to a licensed horse racetrack. At the request of a municipality or county in which a horse racetrack is located, the racing commissioner could pay an administrative fee of not more than 10 percent of the costs of the services rendered.

In addition, the racing commissioner could expend money from the fund for capital improvements to a racetrack; and for improvements to a local community where a racetrack is located for public utilities enhancements, road improvements, picnic and park areas, lighting and walkways, and other improvements within the vicinity of the racetrack, and related administrative costs. To be funded, proposed improvements would have to directly service the racetrack and have prior approval from the racing commissioner. Money from the fund could also be expended for the promotion of horse racing events, exhibitions, and advertisements.

A person could apply to the racing commissioner for money from the Breaks Escrow Fund. A recipient would have to submit a written accounting statement concerning those funds to the racing commissioner in January, March, June, and September of each year. The accounting statement would have to detail the person’s expenditures and provide receipts for those expenditures.

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Funds that remaining in the breaks escrow account on September 30 of each year would be deposited into the purse pool. (A purse pool is defined in the act to mean an amount of money allocated or apportioned to pay prizes for horse races and from which payments may be made to certified horsemen's organizations pursuant to the act.) The racing commissioner would annually report to the governor and the legislature on the distribution and expenditure of money from the Breaks Escrow Fund.

Duties of the Racing Commissioner. The bill would also add several other provisions relating to the duties of the racing commissioner. Under the bill, the racing commissioner would be charged with the responsibility for controlling access to all horse track grounds. A person would be given access to restricted areas only upon the approval and authorization of the racing commissioner. Should the racing commissioner deny access to a restricted area, the denial would not have to be in writing, nor would it constitute a ruling-off, exclusion, ejection, or expulsion from the grounds. The bill would define "restricted area" to mean a paddock, racetrack, mutuel management office, jockey or driver quarters, mutuel teller enclosure, stable, barn, licensed training facility, steward office, licensing office, or any other designated area located on the horse track grounds.

In addition, in order to promote the horse racing industry, the racing commissioner could conduct events and exhibitions related to the industry. Furthermore, the bill states that the investigative records of the racing commissioner and his or her staff compiled for regulatory purposes would be exempt from disclosure under the Freedom of Information Act.

Racing "officials" prohibited from wagering while on duty. The bill would also prohibit any "official" from wagering on the outcome of a live or simulcast race during his or her work shift or while in the performance of his or her duties.

An "official" would be defined as any person engaged in or associated with the conducting of horse racing, simulcasting, or accepting pari-mutuel wagers at a licensed race meeting. "Official" would include, though would not limited to, any of the following: an assistant starter; a jockeys' or drivers' room custodian or other employee; an outrider; a parade marshal; track security personnel; a workout clocker; a pari-mutuel teller; the racing commissioner and his or her employees; a law enforcement officer while performing assigned duties at the racetrack; an auditing firm employee present on behalf of the state; a public official who is performing an official duty at the racetrack, including, though not limited to, a building inspector, fire marshal, or health inspector; a mutuel department manager or calculating room employee; or a totalisator computer programmer or technician..

MCL 431.302 et al.

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■This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.