

ENROLLED HOUSE
BILL NO. 1261

BY: HAMILTON (James) and
STEIDLEY of the HOUSE

and

TAYLOR and HANEY of the
SENATE

AN ACT RELATING TO THE OKLAHOMA HORSE RACING COMMISSION; MAKING AN APPROPRIATION THERETO; SPECIFYING PURPOSES; PROVIDING CATEGORIES AND AMOUNTS; PROVIDING FOR DUTIES AND COMPENSATION OF EMPLOYEES; SPECIFYING THE SALARY OF THE DIRECTOR; PROVIDING BUDGETARY LIMITATIONS; AUTHORIZING NATIONAL BREEDERS' CUP PICK SEVEN; PROVIDING FOR APPORTIONMENT OF CERTAIN MONIES; AMENDING SECTION 24, CHAPTER 11, O.S.L. 1983, AS AMENDED BY SECTION 7, CHAPTER 210, O.S.L. 1988 (3A O.S. SUPP. 1990, SECTION 205.7), WHICH RELATES TO WAGERING ON OUT-OF-STATE FEATURES RACES; CLARIFYING LANGUAGE; AMENDING SECTION 2, CHAPTER 11, O.S.L. 1983, AS LAST AMENDED BY SECTION 5, CHAPTER 210, O.S.L. 1988, SECTION 9, CHAPTER 11, O.S.L. 1983, AS AMENDED BY SECTION 11, CHAPTER 223, O.S.L. 1986 AND SECTION 19, CHAPTER 11, O.S.L. 1983, AS LAST AMENDED BY SECTION 102, CHAPTER 369, O.S.L. 1989 (3A O.S. SUPP. 1990, SECTION 200.1, 203.4 AND 205.2), WHICH RELATE TO THE OKLAHOMA HORSE RACING ACT; MODIFYING TERM; PROVIDING FOR PAYMENT OF CERTAIN RACING PERSONNEL; REMOVING CERTAIN FEES; MAKING CERTAIN APPROPRIATIONS SUBJECT TO FISCAL YEAR LIMITATIONS; PROVIDING FOR LAPSE AND TRANSFER OF CERTAIN FUNDS; PROVIDING FOR CODIFICATION; PROVIDING AN EFFECTIVE DATE; AND DECLARING AN EMERGENCY.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. There is hereby appropriated to the Oklahoma Horse Racing Commission from any monies not otherwise appropriated from the General Revenue Fund of the State Treasury for the fiscal year ending June 30, 1992, the following amount or so much thereof as may be necessary to perform the duties imposed upon the Oklahoma Horse Racing Commission by law:

General Operations	\$ 672,805.00
Race Day Expenses	1,491,330.00
Law Enforcement	<u>451,236.00</u>
TOTAL	\$2,615,371.00

SECTION 2. Funds appropriated in Section 1 of this act shall be expended in the following categories and amounts:

Personal Services	\$1,948,451.00
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Other Operating Expenses	666,920.00
TOTAL	<u>\$2,615,371.00</u>

SECTION 3. The duties and compensation of employees, not otherwise prescribed by law, necessary to perform the duties imposed upon the Oklahoma Horse Racing Commission by law shall be set by the Director. The salary of the Director shall not exceed Fifty-nine Thousand Five Hundred Seventy Dollars (\$59,570.00) per annum, payable monthly for the fiscal year ending June 30, 1992. The Oklahoma Horse Racing Commission, for the fiscal year ending June 30, 1992, shall be subject to the following budgetary limitations on full-time-equivalent employees and expenditures excluding expenditures from the Oklahoma Breeding Development Revolving Fund, except as may be authorized pursuant to the provisions of Section 3603 of Title 74 of the Oklahoma Statutes:

<u>Budgetary Limitation</u>	<u>Amount</u>
Total Race Days	545.0
Full-time-equivalent Employees	64.0
Payroll, Salaries or Wages, Including Tax-sheltered Deferment Contracts and Longevity Payments Authorized by State Statutes	\$1,951,191.00
Professional and Personal Services Contracts	\$80,505.00
Purchase of Equipment	\$60,515.00
Lease-Purchase Agreements	\$0.00
Expenditure of Federal Funds	\$0.00
Total Expenditures for Operations	\$2,897,871.00

SECTION 4. AMENDATORY Section 24, Chapter 11, O.S.L. 1983, as amended by Section 7, Chapter 210, O.S.L. 1988 (3A O.S. Supp. 1990, Section 205.7), is amended to read as follows:

Section 205.7 A. The Commission may authorize an organization licensee during the period it is conducting a race meeting, to accept wagers on the results of out-of-state feature races having a gross purse of more than One Hundred Thousand Dollars (\$100,000.00) if the following conditions are met:

1. The authorization complies with federal laws including but not limited to Chapter 57 of Title 15 of the United States Code; and
2. Wagering is offered only within the racing enclosure and only within thirty-six (36) hours prior to the running of the out-of-state feature race.

B. Wagers on out-of-state feature races conducted pursuant to the provisions of this section shall be placed in a separate pari-mutuel pool or pools.

C. Each organization licensee accepting wagers on an out-of-state feature race shall deduct a percentage of the amount handled which is equal to the percentage deducted from the amount handled by the organization licensee in pari-mutuel pools at the race meeting held by the organization licensee.

D. Each organization licensee shall pay the state share of the organization licensee at the rate applicable to the races of the racing program of the organization licensee for the day on which the out-of-state feature race is offered.

E. Breakage and unclaimed ticket proceeds shall be distributed in the manner applicable to the races of the racing program of the organization licensee for the day on which the out-of-state feature race is offered.

F. ~~The~~ Except as otherwise provided by law, the amount remaining from the deduction pursuant to the provisions of subsection C of this section after payment of the state share and the contractual payment to the out-of-state host racing organization, shall be distributed as follows:

1. fifty percent (50%) to the organization licensee; and

2. fifty percent (50%) to the organization licensee to be distributed as purses.

G. Any race run at any racetrack licensed by the Oklahoma Horse Racing Commission may be televised to another racetrack licensed by the Oklahoma Horse Racing Commission or may be televised out of state. Pari-mutuel wagering may be permitted on such race at any other licensed track within this state, or at any racetrack or other entity in another state or country. A written application to televise a race shall contain the details of such race, its agreements and contracts, and shall be submitted to the Commission for its approval at least thirty (30) days prior to the racing event. Such agreement shall comply with all applicable laws of the United States and the laws of this state. The proceeds of the agreement shall be distributed in the same manner as money wagered pursuant to the provisions of Section 205.6 of this title.

SECTION 5. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 205.8 of Title 3A, unless there is created a duplication in numbering, reads as follows:

A. Pursuant to rules and regulations of the Oklahoma Horse Racing Commission, an organization licensee shall be permitted to conduct a National Breeders' Cup pick seven.

B. Any organization licensee authorized by the Commission to accept wagers on the results of the National Breeders' Cup races shall apportion all money wagered on pick seven wagers as follows:

1. Seven percent (7%) shall be remitted to the Oklahoma Tax Commission on the first business day following the close of the racing day on which it was assessed. The revenue shall be apportioned monthly to the General Revenue Fund of the state for the support of the state government, to be paid out only pursuant to appropriation by the Legislature;

2. Ten percent (10%) shall be retained by the organization licensee;

3. Eight percent (8%) shall be retained by the organization licensee to be distributed as purses; and

4. Seventy-five percent (75%) shall be placed in a separate pari-mutuel pool but shall be commingled with other states' pick seven wager pari-mutuel pools as governed by rules set forth by the Commission.

SECTION 6. AMENDATORY Section 2, Chapter 11, O.S.L. 1983, as last amended by Section 5, Chapter 210, O.S.L. 1988 (3A O.S. Supp. 1990, Section 200.1), is amended to read as follows:

Section 200.1 A. As used in the Oklahoma Horse Racing Act:

1. "Commission" means the Oklahoma Horse Racing Commission;

2. "Enclosure" means all areas of the property of an organization licensee to which admission can be obtained only by payment of an admission fee or upon presentation of proper credentials and all parking areas designed to serve the facility which are owned or leased by the organization licensee;

3. "Family" means husband, wife, and any dependent children;

4. "Financial interest" means an interest that could result in directly or indirectly receiving a pecuniary gain or sustaining a pecuniary loss as a result of ownership or interest in a business entity, or as a result of salary, gratuity, or other compensation or remuneration from any person;

5. "Horse racing" means any type of horse racing, including but not limited to Arabian, Appaloosa, Paint, Pinto, Quarter Horse, and Thoroughbred horse racing.

a. "Arabian horse racing" means the form of horse racing in which each participating horse is an Arabian horse registered with the Arabian Horse Club Registry of

America and approved by the Arabian Horse Racing Association of America or any successor organization, mounted by a jockey, and engaged in races on the flat over a distance of not less than one-quarter (1/4) mile or more than four (4) miles.

- b. "Appaloosa horse racing" means the form of horse racing in which each participating horse is an Appaloosa horse registered with the Appaloosa Horse Club or any successor organization and mounted by a jockey.
- c. "Quarter Horse racing" means the form of horse racing where each participating horse is a Quarter Horse registered with the American Quarter Horse Association or any successor organization, mounted by a jockey, and engaged in a race on the flat.
- d. "Paint horse racing" means the form of horse racing in which each participating horse is a Paint horse registered with the American Paint Horse Association or any successor organization and mounted by a jockey.
- e. "Pinto horse racing" means the form of horse racing in which each participating horse is a Pinto horse registered with the Pinto Horse Association of America, Inc. or any successor organization and mounted by a jockey.
- f. "Thoroughbred horse racing" means the form of horse racing in which each participating horse is a Thoroughbred horse registered with the Jockey Club or any successor organization, mounted by a jockey, and engaged in races on the flat;

6. "Minor" means any individual under eighteen (18) years of age;

7. "Minus pool" means a pari-mutuel pool in which, after deducting the take-out, not enough money remains in the pool to pay the legally prescribed minimum return to those placing winning wagers, and in which the organization licensee would be required to pay the remaining amount due;

8. "Occupation licensee" means any person who has obtained an occupation license;

9. "Organization licensee" means any person receiving an organization license;

10. "Pari-mutuel system of wagering" means a form of wagering on the outcome of horse races in which those who wager purchase tickets of various denominations on a horse or horses and all wagers for each race are pooled and held by the organization licensee for distribution. The pari-mutuel system of wagering uses an electric totalizator or similar equipment which automatically registers the wagers made on each horse and prints and issues a ticket representing each wager;

11. "Pari-mutuel pool" means the total money wagered by individuals on any horse or horses in a particular horse race to win, place, or show and held by the organization licensee pursuant to the pari-mutuel system of wagering. There is a separate pari-mutuel pool for win, for place, and for show, and for each of the other forms of betting provided for by the rules and regulations of the Commission, including only the daily double, the quinella, the exacta ~~and~~, the pick six and the National Breeders' Cup pick seven;

12. "Person" means any individual, partnership, corporation, or other association or entity; and

13. "Race meeting" means the entire period of time not to exceed twenty (20) calendar days separating any race days for which an organization license has been granted to a person by the Commission to hold horse races at which the pari-mutuel system of wagering is conducted, to hold non-pari-mutuel horse races or to conduct accredited work or training races.

B. The Commission may define by rule or regulation any term which is not defined in the Oklahoma Horse Racing Act.

SECTION 7. AMENDATORY Section 9, Chapter 11, O.S.L. 1983, as amended by Section 11, Chapter 223, O.S.L. 1986 (3A O.S. Supp. 1990, Section 203.4), is amended to read as follows:

Section 203.4 A. At each race meeting held pursuant to the provisions of the Oklahoma Horse Racing Act the Commission shall employ three individuals to be stewards. The Commission shall designate one of the individuals as chief steward and the other two individuals as assistant stewards. The compensation of the stewards, including but not limited to salaries, benefits and other reimbursable expenses as determined by the Commission, shall be paid by the Commission and ~~said cost~~ the Commission shall be reimbursed by the organization licensee. Said reimbursed funds shall be deposited by the Commission to the credit of the General Revenue Fund of the State Treasury. ~~All other racing officials at a race meeting shall be approved by the Commission and compensated by the organization licensee.~~

B. All other racing personnel shall be employed for race meetings as the Commission deems necessary. The compensation of racing personnel employed by the Commission, including but not limited to salaries, benefits and reimbursable expenses, shall be paid by the Commission and, except for license clerks, the Commission shall be reimbursed by the organization licensee. Said reimbursed funds shall be deposited by the Commission to the credit of the General Revenue Fund of the State Treasury.

C. The stewards and other racing officials shall enforce the rules and regulations of the Commission and the provisions of the Oklahoma Horse Racing Act and shall render written reports of the activities and conduct of the race meetings to the Commission.

SECTION 8. AMENDATORY Section 19, Chapter 11, O.S.L. 1983, as last amended by Section 102, Chapter 369, O.S.L. 1989 (3A O.S. Supp 1990, Section 205.2), is amended to read as follows:

Section 205.2 A. Applications for organization licenses must be filed with the Commission at a time and place prescribed by the rules and regulations of the Commission. Each applicant requesting an organization license to conduct horse racing with the pari-mutuel system of wagering shall include with each application a nonrefundable license fee equal to the sum of Five Thousand Dollars (\$5,000.00) for each race meeting and Two Hundred Dollars (\$200.00) for each racing day requested. Provided, the fee for Five Thousand Dollars (\$5,000.00) shall be waived for applicants applying pursuant to the provisions of Section 208.2 of this title. ~~Each applicant requesting an organization license to conduct horse racing without the pari-mutuel system of wagering or to conduct accredited work or training races shall include with each application a nonrefundable license fee of Five Hundred Dollars (\$500.00) for each race meeting.~~ Such fee shall be in the form of a certified check or bank draft payable to the order of the Commission. Within thirty (30) days after the date specified for filing, the Commission shall examine the applications for compliance with the provisions of the Oklahoma Horse Racing Act and such rules and regulations as may be promulgated by the Commission. If any application does not comply with the provisions of the Oklahoma Horse Racing Act or the rules

and regulations promulgated by the Commission, the application may be rejected or the Commission may direct the applicant to comply with the provisions of the Oklahoma Horse Racing Act or the rules and regulations of the Commission within a reasonable time as determined by the Commission. Upon proof by the applicant of compliance, the Commission may reconsider the application. If it is found to be in compliance with the provisions of the Oklahoma Horse Racing Act and the rules and regulations of the Commission, the Commission may then issue an organization license to the applicant.

B. The Commission may exercise discretion in the issuing of organization licenses to qualified applicants. The Commission may also determine and grant racing dates different from those requested by the applicants in their applications.

C. The Commission may determine and grant the number of racing days to be allotted to each applicant. When granting organization licenses and allocating dates for race meetings which will, in the judgment of the Commission, be conducive to the best interests of the public and the sport of horse racing, the Commission shall give consideration to:

1. the character, reputation, experience, and financial integrity of each applicant and of any other person that:
 - a. directly or indirectly controls such applicant, or
 - b. is directly or indirectly controlled by such applicant or by a person who directly or indirectly controls such applicant; and
2. the facilities and accommodations of the applicant for the conduct of race meetings; and
3. the location of the race meeting of the applicant in relation to the principal centers of population of this state; and
4. the highest prospective total revenue to be derived by the state from the conduct of the race meeting.

D. Prior to the issuance of an organization license, the applicant shall file with the Commission a bond payable to the State of Oklahoma in an amount determined by the Commission which is not less than Two Hundred Thousand Dollars (\$200,000.00) for a license to conduct pari-mutuel horse races, ~~and not less than Ten Thousand Dollars (\$10,000.00) for a license to conduct non-pari-mutuel horse races,~~ and not more than the total financial liability of the organization licensee throughout the race meeting for which the organization license is requested, executed by the applicant and a surety company or companies authorized to do business in this state, and conditioned upon the payment by the organization licensee of all taxes and other monies due and payable pursuant to the provisions of the Oklahoma Horse Racing Act and all purses due and payable, and upon the fact that, upon presentation of winning tickets, the organization licensee will distribute all sums due to the patrons of pari-mutuel pools. The financial liabilities incurred by the organization licensee in the form of real estate mortgages shall not be included in the determination of the bond amount.

E. The Commission shall notify each applicant of the racing dates allotted to such applicant. The notice shall be in writing and sent by registered mail to the applicant at the address stated in the application. The notice shall be mailed within two (2) business days of the date the allotment is made. After the mailing of such notice of allotment, each applicant shall file with the Commission within ten (10) days an acceptance of such allotment on a form prescribed and furnished by the Commission.

F. Each organization license shall specify the name of the person to whom it is issued, the dates upon which horse racing is

permitted, and the location, place, track, or enclosure where the race meeting is to be held.

G. All employees of an organization licensee shall be citizens of the United States, and not less than ninety percent (90%) of such employees shall be residents of this state for not less than eighteen (18) months immediately preceding such employment.

H. All horse racing conducted pursuant to the provisions of an organization license is subject to the provisions of the Oklahoma Horse Racing Act and of the rules, regulations and directives promulgated by the Commission, and every organization license issued by the Commission shall contain a statement to that effect.

I. Any organization licensee may provide, with prior approval by the Commission, that at least one horse race a day may be devoted to the racing of a type of horse which is different from the type of horse being raced in the other races conducted by the organization licensee on that day. When scheduled races are trial heats for futurities or stakes races electronically timed from the starting gates, no organization licensee shall move the starting gates or allow the starting gates to be moved until all trial heats are complete, except in an emergency as determined by the stewards.

J. Organization licenses may be revoked if the organization licensee or any person owning an interest in the organization licensee:

1. violates any provision of the Oklahoma Horse Racing Act; or
2. violates any provision of the rules and regulations promulgated pursuant to the provisions of the Oklahoma Horse Racing Act; or
3. has been convicted of a felony; or
4. has been convicted of violating any law regarding gambling or controlled dangerous substances of the United States, this state, or any other state; or
5. has failed to disclose or has stated falsely any information contained in the application; or
6. has concealed in whole or in part the true ownership of the organization licensee.

Any organization license revocation proceeding shall be conducted pursuant to the provisions of Sections 301 through 326 of Title 75 of the Oklahoma Statutes.

K. The fees received by the Commission pursuant to the provisions of this section shall be deposited to the credit of the General Revenue Fund of the State Treasury.

L. The provisions of the Oklahoma Horse Racing Act and rules promulgated by the Commission shall apply to an organization licensee during the entire calendar year in which the license was issued.

SECTION 9. The appropriation made by this act shall be subject to fiscal year limitations and may be encumbered through June 30, 1992. Any unexpended funds remaining after November 15, 1992, shall lapse and be transferred to the credit of the proper fund for the then current fiscal year.

SECTION 10. This act shall become effective July 1, 1991.

SECTION 11. It being immediately necessary for the preservation of the public peace, health and safety, an emergency is hereby declared to exist, by reason whereof this act shall take effect and be in full force from and after its passage and approval.

Passed the House of Representatives the 21st day of May, 1991.

Speaker of the House of
Representatives

Passed the Senate the 22nd day of May, 1991.

President of the Senate