

THE HOUSE OF REPRESENTATIVES
Thursday, April 19, 2007

Committee Substitute for
ENGROSSED
Senate Bill No. 984

COMMITTEE SUBSTITUTE FOR ENGROSSED SENATE BILL NO. 984 - By: SPARKS
of the Senate and ARMES of the House.

An Act relating to amusements and sports; enacting the Interstate Compact on Licensure of Participants in Live Horse Racing with Pari-mutuel Wagering; stating purpose; defining terms; specifying process for compact to become effective; specifying eligibility requirements; providing procedure for withdrawal from the compact; creating a compact committee; specifying duties of the committee; providing for organization and voting requirements of the committee; clarifying scope of liability of members of the committee; specifying the rights and responsibilities of each party state to the compact; providing for construction of the compact; providing for severability; amending Section 3, Chapter 316, O.S.L. 2004, as amended by Section 1, Chapter 222, O.S.L. 2005 (3A O.S. Supp. 2006, Section 262), which relates to tribal gaming; removing certain smoking restrictions; providing for codification; and providing an effective date.

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

1 SECTION 1. NEW LAW A new section of law to be codified in the Oklahoma
2 Statutes as Section 240 of Title 3A, unless there is created a duplication in numbering,
3 reads as follows:

4 The Interstate Compact on Licensure of Participants in Live Horse Racing with
5 Pari-mutuel Wagering is hereby entered into on behalf of the State of Oklahoma. The
6 Compact provides as follows:

1 INTERSTATE COMPACT ON LICENSURE OF PARTICIPANTS IN LIVE HORSE
2 RACING WITH PARI-MUTUEL WAGERING

3 ARTICLE I. PURPOSES

4 The purposes of this compact are to:

5 1. Establish uniform requirements among the party states for the licensing of
6 participants in live horse racing with pari-mutuel wagering, and ensure that all such
7 participants who are licensed pursuant to this compact meet a uniform minimum
8 standard of honesty and integrity;

9 2. Facilitate the growth of the horse racing industry in each party state and
10 nationwide by simplifying the process for licensing participants in live racing, and reduce
11 the duplicative and costly process of separate licensing by the regulatory agency in each
12 state that conducts live horse racing and pari-mutuel wagering;

13 3. Authorize the Oklahoma Horse Racing Commission to participate in this
14 compact;

15 4. Provide for participation in this compact by officials of the party states, and
16 permit those officials, through the compact committee established by this compact, to
17 enter into contracts with governmental agencies and nongovernmental persons to carry
18 out the purposes of this compact; and

19 5. Establish the compact committee created by this compact as an interstate
20 governmental entity duly authorized to request and receive criminal history record
21 information from the Federal Bureau of Investigation and other state and local law
22 enforcement agencies.

1 ARTICLE II. DEFINITIONS

2 As used in this compact:

3 1. "Compact committee" means the organization of officials from the party states
4 that is authorized and empowered by this compact to carry out the purposes of this
5 compact;

6 2. "Official" means the appointed, elected, designated, or otherwise duly selected
7 member of a racing commission or the equivalent thereof in a party state who represents
8 that party state as a member of the compact committee;

9 3. "Participants in live racing" means participants in live horse racing with pari-
10 mutuel wagering in the party states;

11 4. "Party state" means each state that has entered this compact; and

12 5. "State" means each of the several states of the United States, the District of
13 Columbia, the Commonwealth of Puerto Rico, and each territory or possession of the
14 United States.

15 ARTICLE III. ENTRY INTO FORCE, ELIGIBLE PARTIES, AND WITHDRAWAL

16 A. This compact shall come into force when enacted by any four states. Thereafter,
17 this compact shall become effective as to any other state upon the enactment of this
18 compact by the state and the affirmative vote of a majority of the officials on the compact
19 committee.

20 B. Any state that has adopted or authorized horse racing with pari-mutuel
21 wagering shall be eligible to become party to this compact.

1 C. Any party state may withdraw from this compact by enacting a statute repealing
2 this compact, but no such withdrawal shall become effective until the head of the
3 executive branch of the withdrawing state has given notice in writing of such withdrawal
4 to the head of the executive branch of all other party states. If as a result of withdrawals
5 participation in this compact decreases to less than three party states, this compact no
6 longer shall be in force and effect unless and until there are at least three or more party
7 states again participating in this compact.

8 ARTICLE IV. COMPACT COMMITTEE

9 A. There is hereby created an interstate governmental entity to be known as the
10 "compact committee", which shall be comprised of one official from the racing commission
11 or its equivalent in each party state who shall be appointed, serve, and be subject to
12 removal in accordance with the laws of the party state the official represents. Pursuant
13 to the laws of the party state, each official shall have the assistance of the racing
14 commission of the state or the equivalent thereof in considering issues related to
15 licensing of participants in live racing and in fulfilling the responsibilities as the
16 representative from the state of the official to the compact committee. If an official is
17 unable to perform any duty in connection with the powers and duties of the compact
18 committee, the racing commission or equivalent thereof from the state shall designate
19 another of its members as an alternate who shall serve and represent the party state as
20 its official on the compact committee until that racing commission or equivalent thereof
21 determines that the original representative official is able once again to perform the
22 duties as that party state's representative official on the compact committee. The

1 designation of an alternate shall be communicated by the affected state's racing
2 commission or equivalent thereof to the compact committee as the committee's bylaws
3 may provide.

4 B. In order to carry out the purposes of this compact, the compact committee is
5 hereby granted the power and duty to:

6 1. Determine which categories of participants in live racing, including but not
7 limited to owners, trainers, jockeys, grooms, mutuel clerks, racing officials, veterinarians,
8 and farriers, should be licensed by the committee, and establish the requirements for the
9 initial licensure of applicants in each such category, the term of the license for each
10 category, and the requirements for renewal of licenses in each category. However, with
11 regard to requests for criminal history record information on each applicant for a license,
12 and with regard to the effect of a criminal record on the issuance or renewal of a license,
13 the compact committee shall determine for each category of participants in live racing
14 which licensure requirements for that category are, in its judgment, the most restrictive
15 licensure requirements of any party state for that category and shall adopt licensure
16 requirements for that category that are, in its judgment, comparable to those most
17 restrictive requirements;

18 2. Investigate applicants for a license from the compact committee and, as
19 permitted by federal and state law, gather information on such applicants, including
20 criminal history record information from the Federal Bureau of Investigation and
21 relevant state and local law enforcement agencies, and, where appropriate, from the
22 Royal Canadian Mounted Police and law enforcement agencies of other countries,

1 necessary to determine whether a license should be issued under the licensure
2 requirements established by the committee as provided in paragraph 1 of this subsection.
3 Only officials on, and employees of, the compact committee may receive and review such
4 criminal history record information, and those officials and employees may use that
5 information only for the purposes of this compact. No such official or employee may
6 disclose or disseminate such information to any person or entity other than another
7 official on or employee of the compact committee. The fingerprints of each applicant for a
8 license from the compact committee shall be taken by the compact committee, its
9 employees, or its designee and, pursuant to Public Law 92-544 or Public Law 100-413,
10 shall be forwarded to a state identification bureau, or to the Association of Racing
11 Commissioners, International, an association of state officials regulating pari-mutuel
12 wagering designated by the Attorney General of the United States, for submission to the
13 Federal Bureau of Investigation for a criminal history record check. Such fingerprints
14 may be submitted on a fingerprint card or by electronic or other means authorized by the
15 Federal Bureau of Investigation or other receiving law enforcement agency;

16 3. Issue licenses to, and renew the licenses of, participants in live racing listed in
17 paragraph 1 of this subsection who are found by the committee to have met the licensure
18 and renewal requirements established by the committee. The compact committee shall
19 not have the power or authority to deny a license. If it determines that an applicant will
20 not be eligible for the issuance or renewal of a compact committee license, the compact
21 committee shall notify the applicant that it will not be able to process the application
22 further. Such notification does not constitute and shall not be considered to be the denial

1 of a license. Any such applicant shall have the right to present additional evidence to,
2 and to be heard by, the compact committee, but the final decision on issuance or renewal
3 of the license shall be made by the compact committee using the requirements
4 established pursuant to paragraph 1 of this subsection;

5 4. Enter into contracts or agreements with governmental agencies and with
6 nongovernmental persons to provide personal services for its activities and such other
7 services as may be necessary to effectuate the purposes of this compact;

8 5. Create, appoint, and abolish those offices, employments, and positions, including
9 an executive director, as it deems necessary for the purposes of this compact, prescribe
10 their powers, duties, and qualifications, hire persons to fill those offices, employments,
11 and positions, and provide for the removal, term, tenure, compensation, fringe benefits,
12 retirement benefits, and other conditions of employment of its officers, employees, and
13 other positions;

14 6. Borrow, accept, or contract for the services of personnel from any state, the
15 United States, or any other governmental agency, or from any person, firm, association,
16 corporation, or other entity;

17 7. Acquire, hold, and dispose of real and personal property by gift, purchase, lease,
18 license, or in other similar manner, in furtherance of the purposes of this compact;

19 8. Charge a fee to each applicant for an initial license or renewal of a license; and

20 9. Receive other funds through gifts, grants, and appropriations.

21 C. Each official shall be entitled to one vote on the compact committee.

1 D. All action taken by the compact committee with regard to the addition of party
2 states, the licensure of participants in live racing, and the receipt and disbursement of
3 funds shall require a majority vote of the total number of officials or their alternates on
4 the committee. All other action by the compact committee shall require a majority vote
5 of those officials or their alternates present and voting.

6 E. No action of the compact committee may be taken unless a quorum is present. A
7 majority of the officials or their alternates on the compact committee shall constitute a
8 quorum.

9 F. The compact committee shall elect annually from among its members a chair, a
10 vice-chair, and a secretary/treasurer.

11 G. The compact committee shall adopt bylaws for the conduct of its business by a
12 two-thirds vote of the total number of officials or their alternates on the committee at
13 that time and shall have the power by the same vote to amend and rescind these bylaws.
14 The committee shall publish its bylaws in convenient form and shall file a copy thereof
15 and a copy of any amendments thereto with the Secretary of State or equivalent agency
16 of each of the party states.

17 H. The compact committee may delegate the day-to-day management and
18 administration of its duties and responsibilities to an executive director and support
19 staff.

20 I. Employees of the compact committee shall be considered governmental
21 employees.

1 J. No official of a party state or employee of the compact committee shall be held
2 personally liable for any good-faith act or omission that occurs during the performance
3 and within the scope of responsibilities and duties under this compact.

4 ARTICLE V. RIGHTS AND RESPONSIBILITIES
5 OF EACH PARTY STATE

6 A. By enacting this compact, each party state:

7 1. Agrees to accept the decisions of the compact committee regarding the issuance
8 of compact committee licenses to participants in live racing pursuant to the committee's
9 licensure requirements, and agrees to reimburse or otherwise pay the expenses of its
10 official representative on the compact committee or an alternate;

11 2. Agrees not to treat a notification to an applicant by the compact committee that
12 the compact committee will not be able to process the application further as the denial of
13 a license, or to penalize such an applicant in any other way based solely on such a
14 decision by the compact committee; and

15 3. Reserves the right to charge a fee for the use of a compact committee license in
16 that state, to apply its own standards in determining whether, on the facts of a particular
17 case, a compact committee license should be suspended or revoked, to apply its own
18 standards in determining licensure eligibility, under the laws of that party state, for
19 categories of participants in live racing that the compact committee determines not to
20 license and for individual participants in live racing who do not meet the licensure
21 requirements of the compact committee, and to establish its own licensure standards for
22 the licensure of nonracing employees at horse racetracks and employees at separate

1 satellite wagering facilities. Any party state that suspends or revokes a compact
2 committee license shall, through its racing commission or the equivalent thereof or
3 otherwise, promptly notify the compact committee of that suspension or revocation.

4 B. No party state shall be held liable for the debts or other financial obligations
5 incurred by the compact committee.

6 ARTICLE VI. CONSTRUCTION AND SEVERABILITY

7 This compact shall be liberally construed so as to effectuate its purposes. The
8 provisions of this compact shall be severable, and, if any phrase, clause, sentence, or
9 provision of this compact is declared to be contrary to the Constitution of the United
10 States or of any party state, or the applicability of this compact to any government,
11 agency, person, or circumstance is held invalid, the validity of the remainder of this
12 compact and the applicability thereof to any government, agency, person, or
13 circumstance shall not be affected thereby. If all or some portion of this compact is held
14 to be contrary to the constitution of any party state, the compact shall remain in full
15 force and effect as to the remaining party states and in full force and effect as to the state
16 affected as to all severable matters.

17 SECTION 2. AMENDATORY Section 3, Chapter 316, O.S.L. 2004, as amended
18 by Section 1, Chapter 222, O.S.L. 2005 (3A O.S. Supp. 2006, Section 262), is amended to
19 read as follows:

20 Section 262. A. If at least four (~~4~~) Indian tribes enter into the model tribal-state
21 compact set forth in Section 281 of this title, and such compacts are approved by the
22 Secretary of the Interior and notice of such approval is published in the Federal Register,

1 the Oklahoma Horse Racing Commission (“Commission”) shall license organization
2 licensees which are licensed pursuant to Section 205.2 of this title to conduct authorized
3 gaming as that term is defined by this act pursuant to this act utilizing gaming machines
4 or devices authorized by this act subject to the limitations of subsection C of this section.
5 No fair association or organization licensed pursuant to Section 208.2 of this title or a
6 city, town or municipality incorporated or otherwise, or an instrumentality thereof, may
7 conduct authorized gaming as that term is defined by this act.

8 Notwithstanding the provisions of Sections 941 through 988 of Title 21 of the
9 Oklahoma Statutes, the conducting of and participation in gaming in accordance with the
10 provisions of this act or the model compact set forth in Section 281 of this title is lawful
11 and shall not be subject to any criminal penalties. Provided further, a licensed
12 manufacturer or distributor licensed pursuant to this act may manufacture, exhibit or
13 store as a lawful activity any machines or devices which are capable of being used to
14 conduct the following types of gaming:

- 15 1. Gaming authorized by the State-Tribal Gaming Act; or
- 16 2. Other gaming which may be lawfully conducted by an Indian tribe in this state.

17 B. Authorized gaming may only be conducted by an organization licensee on days
18 when the licensee is either conducting live racing or is accepting wagers on simulcast
19 races at the licensee’s racing facilities. In any week, authorized gaming may be
20 conducted for not more than one hundred six (106) total hours, with not more than
21 eighteen (18) hours in any twenty-four-hour period. Authorized gaming may only be
22 conducted by organization licensees at enclosure locations where live racing is conducted.

1 Under no circumstances shall authorized gaming be conducted by an organization
2 licensee at any facility outside the organization licensee's racing enclosure. No person
3 who would not be eligible to be a patron of a pari-mutuel system of wagering pursuant to
4 the provisions of subsection B of Section 208.4 of this title shall be admitted into any area
5 of a facility when authorized games are played nor be permitted to operate, or obtain a
6 prize from, or in connection with, the operation of any authorized game, directly or
7 indirectly.

8 C. In order to encourage the growth, sustenance and development of live horse
9 racing in this state and of the state's agriculture and horse industries, the Commission is
10 hereby authorized to issue licenses to conduct authorized gaming to no more than three
11 (3) organization licensees operating racetrack locations at which horse race meetings
12 with pari-mutuel wagering, as authorized by the Commission pursuant to the provisions
13 of this title, occurred in calendar year 2001, as follows:

14 1. An organization licensee operating a racetrack location at which an organization
15 licensee is licensed to conduct a race meeting pursuant to the provisions of Section 205.2
16 of this title located in a county with a population exceeding six hundred thousand
17 (600,000) persons, according to the most recent federal decennial census, shall be
18 licensed to operate not more than six hundred fifty (650) player terminals in any year.
19 ~~Provided, beginning~~ Beginning with the third year after an organization licensee is
20 licensed pursuant to this paragraph to operate such player terminals, such licensee may
21 be licensed to operate an additional fifty (50) player terminals ~~in a nonsmoking area.~~
22 ~~Provided further, beginning~~ Beginning with the fifth year after an organization licensee

1 is licensed pursuant to this paragraph to operate such player terminals, such licensee
2 may be licensed to operate a further additional fifty (50) player terminals ~~in a~~
3 ~~nonsmoking area~~; and

4 2. Two organization licensees operating racetrack locations at which the
5 organization licensees are licensed to conduct race meetings pursuant to the provisions of
6 Section 205.2 of this title located in counties with populations not exceeding four hundred
7 thousand (400,000) persons, according to the most recent federal decennial census, may
8 each be licensed to operate not more than two hundred fifty (250) player terminals in any
9 year.

10 Subject to the limitations on the number of player terminals permitted to each
11 organization licensee, an organization licensee may utilize electronic amusement games
12 as defined in this act, electronic bonanza-style bingo games as defined in this act and
13 electronic instant bingo games as defined in this act, and any type of gaming machine or
14 device that is specifically allowed by law and that an Indian tribe in this state is
15 authorized to utilize pursuant to a compact entered into between the state and the tribe
16 in accordance with the provisions of the Indian Gaming Regulatory Act and any other
17 machine or device that an Indian tribe in this state is lawfully permitted to operate
18 pursuant to the Indian Gaming Regulatory Act, referred to collectively as “authorized
19 games”. An organization licensee’s utilization of such machines or devices shall be
20 subject to the regulatory control and supervision of the Commission; provided, the
21 Commission shall have no role in oversight and regulation of gaming conducted by a
22 tribe subject to a compact. The Commission shall promulgate rules to regulate the

1 operation and use of authorized gaming by organization licensees. In promulgating such
2 rules, the Commission shall consider the provisions of any compact which authorizes
3 electronic gaming which is specifically authorized by law by an Indian tribe. For the
4 purpose of paragraphs 1 and 2 of this subsection, the number of player terminals in an
5 authorized game that permits multiple players shall be determined by the maximum
6 number of players that can participate in that game at any given time; provided,
7 however, that nothing in this act prohibits the linking of player terminals for progressive
8 jackpots, so long as the limitations on the number of permitted player terminals at each
9 organization licensee are not exceeded. Each organization licensee shall keep a record of,
10 and shall report at least quarterly to the Oklahoma Horse Racing Commission, the
11 number of games authorized by this section utilized in the organization licensee's facility,
12 by the name or type of each and its identifying number.

13 D. No zoning or other local ordinance may be adopted or amended by a political
14 subdivision where an organization licensee conducts live horse racing with the intent to
15 restrict or prohibit an organization licensee's right to conduct authorized gaming at such
16 location.

17 E. For purposes of this act, "adjusted gross revenues" means the total receipts
18 received by an organization licensee from the play of all authorized gaming minus all
19 monetary payouts.

20 F. The Oklahoma Horse Racing Commission shall promulgate rules to regulate,
21 implement and enforce the provisions of this act with regard to the conduct of authorized
22 gaming by organization licensees; provided, regulation and oversight of games covered by

1 a compact and operated by an Indian tribe shall be conducted solely pursuant to the
2 requirements of the compact.

3 G. If an organization licensee operates or attempts to operate more player
4 terminals which offer authorized games than it is authorized to offer to the public by this
5 act or the terms of its license, upon written notice from the Commission, such activity
6 shall cease forthwith. Such activity shall constitute a basis upon which the Commission
7 may suspend or revoke the licensee's license. The Commission shall promulgate any
8 rules and regulations necessary to enforce the provisions of this subsection.

9 H. This act is game-specific and shall not be construed to allow the operation of any
10 other form of gaming unless specifically allowed by this act. This act shall not permit the
11 operation of slot machines, dice games, roulette wheels, house-banked card games or
12 games where winners are determined by the outcome of a sports contest.

13 SECTION 3. This act shall become effective November 1, 2007.

14 COMMITTEE REPORT BY: COMMITTEE ON ECONOMIC DEVELOPMENT AND
15 FINANCIAL SERVICES, dated 04-18-07 - DO PASS, As Amended.