

An Act

ENROLLED HOUSE
BILL NO. 1858

By: Osborn (Leslie) and Bennett
(John) of the House

and

David and Fields of the
Senate

An Act relating to amusements and sports; creating the Oklahoma Horse Racing Commission Operational Expenses Revolving Fund; providing for deposit of monies to fund; imposing requirements with respect to the Oklahoma Horse Racing Commission Operational Expenses Revolving Fund; imposing initial budget amount; providing for modifications to budget amount; prescribing procedures for approval of budget modifications by certain entities; defining term; imposing duties upon Oklahoma Horse Racing Commission with respect to Operational Expenses Revolving Fund Retention Percentage; prescribing range of authorized percentages; providing for adjustment; requiring estimate of operating expenses; imposing standard with respect to expenses; amending 3A O.S. 2011, Section 204.2, which relates to certain occupation licenses; providing for apportionment of occupation license fees to the Oklahoma Horse Racing Commission Operational Expenses Revolving Fund; amending 3A O.S. 2011, Section 205.2, which relates to organization licenses; providing for apportionment of fees to the Oklahoma Horse Racing Commission Operational Expenses Revolving Fund; amending 3A O.S. 2011, Section 205.6, which relates to certain pari-mutuel system of wagering; providing for apportionment of certain revenues to the Oklahoma Horse Racing Commission Operational Expenses Revolving Fund; modifying apportionments to the General Revenue Fund; amending 3A O.S. 2011, Section 263, which relates to distributions and payments by licensees; providing for apportionment of certain amounts to the Oklahoma Horse Racing Commission Operational Expenses

Revolving Fund; prescribing time limit for apportionment of revenues; providing for determinations by the Oklahoma Horse Racing Commission regarding revenue percentages; providing for adjustments to gaming revenues to be retained by organization licensees based upon Commission determinations; modifying revenue apportionments; imposing duty on organization licensees with respect to books and records; authorizing Oklahoma Tax Commission to have access to records; requiring verified reports with respect to gaming revenues; authorizing Oklahoma Horse Racing Commission to provide repayment of certain amounts from designated funds; amending 3A O.S. 2011, Section 282, as amended by Section 25, Chapter 304, O.S.L. 2012 (3A O.S. Supp. 2016, Section 282), which relates to certain fees and the Oklahoma Horse Racing Commission Gaming Regulation Revolving Fund; modifying reference to fund; providing for deposit of fees into Oklahoma House Racing Commission Operational Expenses Revolving Fund; providing for transfer of funds; repealing 3A O.S. 2011, Section 204.1A, which relates to the Oklahoma Horse Racing Commission Revolving Fund; providing for codification; providing an effective date; and declaring an emergency.

SUBJECT: Horse racing

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

SECTION 1. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 204.1C of Title 3A, unless there is created a duplication in numbering, reads as follows:

There is hereby created in the State Treasury a revolving fund for the Oklahoma Horse Racing Commission to be designated as the "Oklahoma Horse Racing Commission Operational Expenses Revolving Fund". The fund shall be a continuing fund, not subject to fiscal year limitations or reconciliation, and shall consist of all monies received by the Oklahoma Horse Racing Commission from revenues apportioned to the fund by Sections 205.6 and 263 of Title 3A of the

Oklahoma Statutes, together with all monies from fines, fees, reimbursements, assessments and sale of materials which are collected or received by the Commission and all monies retained by the Commission under the provisions of Title 3A of the Oklahoma Statutes. All monies accrued to the credit of the fund are hereby appropriated and may be budgeted and expended by the Commission to pay the costs, both direct and indirect, of the Commission. Expenditures from said fund shall be made upon warrants issued by the State Treasurer against claims filed as prescribed by law with the Director of the Office of Management and Enterprise Services for approval and payment.

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 204.1D of Title 3A, unless there is created a duplication in numbering, reads as follows:

A. The Oklahoma Horse Racing Commission Operational Expenses Revolving Fund shall be used to fund the operations of the Oklahoma Horse Racing Commission within the limits of the budget (Budget).

B. The Budget for the initial fiscal year of this act shall be established by vote at a Commission meeting and shall not exceed Three Million Three Hundred Thousand Dollars (\$3,300,000.00). The Budget for subsequent years shall be established by vote at a Commission meeting and may be increased as follows: any amount equal to the initial fiscal year budget under this act multiplied by the percentage by which the CPI Index on January 1 of the budget year exceeds the CPI Index of the previous year; or by an amount agreed to by the organization licensees described in paragraphs 1 and 2 of subsection C of Section 262 of Title 3A of the Oklahoma Statutes and the official horsemen's representative organizations described in Section 267 of Title 3A of the Oklahoma Statutes by vote at a Commission meeting. "CPI" means the most recent all-items consumer price index for all-urban consumers for the United States City Average published by the United States Department of Labor. Consent to the increase in the budget amount for the Oklahoma Horse Racing Commission by the organization licensees and the official horsemen's representative organizations authorized by this subsection may be communicated to the Oklahoma Horse Racing Commission either through a resolution of the governing board of each such licensee and each such representative organization or through a communication authorized to be made by the governing board of each such licensee and each such representative organization by a chief executive officer or authorized employee or authorized agent of the organization licensee or representative organization in such form

and at such time as may be mutually agreeable to the Oklahoma Horse Racing Commission and the respective licensee or representative organization.

C. The Oklahoma Horse Racing Commission shall establish the percentage of adjusted gross gaming revenues necessary for providing adequate operational expenses (Operational Expenses Revolving Fund Retention Percentage) by vote at a Commission meeting. The Operational Expenses Revolving Fund Retention Percentage shall be no less than one-half of one percent (0.5%) and no more than three percent (3%) of adjusted gross gaming revenues, as outlined in subsections A through G of Section 263 of Title 3A of the Oklahoma Statutes. For any subsequent quarter of a year, the Commission may adjust the Operational Expenses Revolving Fund Retention Percentage by a vote at a Commission meeting in accordance with the budget limitations established herein. In establishing the Operational Expenses Revolving Fund Retention Percentage, the Commission must attempt to set the rate to meet the estimated operating needs for the budget year, such that funds are available for operations but funds in excess of operating needs are minimized.

SECTION 3. AMENDATORY 3A O.S. 2011, Section 204.2, is amended to read as follows:

Section 204.2 A. The Oklahoma Horse Racing Commission shall issue occupation licenses to horse owners, trainers, jockeys, agents, apprentices, grooms, exercise persons, veterinarians, valets, blacksmiths, concessionaires, stewards, starters, timers, judges, supervisors of mutuels, guards, and such other personnel designated by the Commission whose work, in whole or in part, is conducted upon racetrack grounds which are owned by an organization licensee. The licenses shall be obtained prior to the time such persons engage in their vocations upon such racetrack grounds at any time during the calendar year for which the organization license has been issued. No person required to be licensed pursuant to the provisions of this section may participate in any capacity in any race meeting without a valid license authorizing such participation.

B. Each application for an occupation license shall be on a form prescribed and furnished by the Commission and shall include a search waiver. The license shall be renewed either annually or triennially beginning January 1. The application shall be accompanied by a fee in an amount of not more than One Hundred Dollars (\$100.00) if renewed annually or not more than Three Hundred

Dollars (\$300.00) if renewed triennially. Each application shall contain the following information concerning the applicant:

1. Full name and address;
 2. Age;
 3. Whether the applicant was issued any prior occupation license from this state;
 4. Whether the applicant was issued any occupation license from another state;
 5. Whether an occupation license from another state is or has been denied, suspended, or revoked;
 6. Whether the applicant has been convicted of a felony in this state or any other state as established by a national criminal history record check as defined by Section 150.9 of Title 74 of the Oklahoma Statutes; and
 7. Such other information as required by the Commission.
- C. The Commission may refuse an occupation license to any person:
1. Who has been convicted of a felony; or
 2. Who has been convicted of violating any law regarding gambling or controlled dangerous substances of the United States, this state, or any other state; or
 3. Who is unqualified to perform the duties required of the applicant; or
 4. Who fails to disclose or states falsely any information required in the application; or
 5. Who has been found guilty of a violation of any provision of the Oklahoma Horse Racing Act or of the rules and regulations of the Commission; or
 6. Whose license has been suspended, revoked, or denied for just cause in any other state.

D. The Commission may suspend or revoke any occupation license or fine an occupation licensee for:

1. Violation of any of the provisions of the Oklahoma Horse Racing Act; or

2. Violation of any provision of the rules or regulations of the Commission; or

3. Any cause which, if known to the Commission, would have justified the refusal of the Commission to issue the occupation license; or

4. Any other just cause as determined by the Commission.

E. ~~Except as provided for in this subsection, the license 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.~~ Of the original application fee for an occupation license, the amount of the fingerprinting fee shall be deposited in the OSBI Revolving Fund. The remainder shall be apportioned to the Oklahoma Horse Racing Commission Operational Expenses Revolving Fund.

F. Notwithstanding any other provision of the Oklahoma Horse Racing Act, Section 200 et seq. of this title, licenses for personnel specified in subsection A of this section whose work is limited to racetrack grounds which are owned by an organization licensee which only conducts non-pari-mutuel race meetings or training races shall be issued pursuant to rules adopted by the Commission in accordance with the American Quarter Horse Association rules.

G. The Commission may promulgate rules to facilitate and promote uniform, reciprocal occupation licensing with other jurisdictions.

H. Nothing in the Oklahoma Horse Racing Act or rules promulgated pursuant thereto shall prohibit or be construed as prohibiting issuance of any ~~occupational~~ occupation license solely because the applicant is an organizational licensee or racetrack owner or holds an interest in a ~~race-track~~ racetrack.

SECTION 4. AMENDATORY 3A O.S. 2011, 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. Beginning with organization license applications for the 1994 calendar year, the Commission shall develop and use separate application forms for applicants requesting an organization license to conduct horse racing with the pari-mutuel system of wagering and applicants requesting an organization license to conduct horse racing without the pari-mutuel system of wagering. For use for the 1993 calendar year organization licenses, an applicant requesting to conduct horse racing without the pari-mutuel system of wagering shall make application with the Commission on American Quarter Horse Association application forms. Applications for an organization license to conduct horse racing without the pari-mutuel system of wagering for the 1993 calendar year shall be filed with the Commission on or before the 1st day of August, 1992. 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~~ 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~~ The facilities and accommodations of the applicant for the conduct of race meetings; and

3. ~~the~~ The location of the race meeting of the applicant in relation to the principal centers of population of this state; and

4. ~~the~~ 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 to conduct pari-mutuel race meetings, 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) 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~~ Violates any provision of the Oklahoma Horse Racing Act; or

2. ~~violates~~ Violates any provision of the rules and regulations promulgated pursuant to the provisions of the Oklahoma Horse Racing Act; or

3. ~~has~~ Has been convicted of a felony; or

4. ~~has~~ 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~~ Has failed to disclose or has stated falsely any information contained in the application; or

6. ~~has~~ 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~~ 302 through ~~326~~ 323 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~~ apportioned to the Oklahoma Horse Racing Commission Operational Expenses Revolving Fund.

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 5. AMENDATORY 3A O.S. 2011, Section 205.6, is amended to read as follows:

Section 205.6 A. Any organization licensee conducting a race meeting may provide places on the race meeting grounds at which it may conduct and supervise the pari-mutuel system of wagering on the horse races conducted by the organization licensee at the race meeting. No other place or method of betting, pool making, wagering, or gambling shall be used or permitted by the organization licensee. The pari-mutuel system of wagering shall be permitted only on horse races conducted at a racetrack where such pari-mutuel system of wagering is authorized pursuant to the provisions of the Oklahoma Horse Racing Act.

B. Each organization licensee that holds a race meeting at which the pari-mutuel system of wagering is conducted shall retain an amount equal to eighteen percent (18%) of all money wagered, to be distributed as follows:

1. The first One Hundred Million Dollars (\$100,000,000.00) wagered per calendar year for each type of racing shall be distributed as follows provided, that all racing dates exclusively for Thoroughbred racing in a calendar year shall be combined for the purpose of computing taxation rates and all racing dates for mixed racing and all other individual breeds in a calendar year shall be combined but considered separate from Thoroughbred racing for the purpose of computing taxation rates:

- a. ~~One-ninth~~ one-ninth (1/9) of the eighteen percent (18%) 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. One hundred percent (100%) of the revenue derived pursuant to the provisions of this paragraph 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;~~ Oklahoma Horse Racing Commission Operational Expenses Revolving Fund, and
- b. ~~Five-ninths~~ five-ninths (5/9) of the eighteen percent (18%) shall be retained by the organization licensee⁷, and
- c. ~~One-third~~ one-third (1/3) of the eighteen percent (18%) shall be retained by the organization licensee to be distributed as purses for participating horses.

2. All money wagered per calendar year for each type of racing in excess of One Hundred Million Dollars (\$100,000,000.00) but not to exceed One Hundred Fifty Million Dollars (\$150,000,000.00) shall be distributed as follows provided, that all racing dates exclusively for Thoroughbred racing in a calendar year shall be combined for the purpose of computing taxation rates and all racing dates for mixed racing and all other individual breeds in a calendar year shall be combined but considered separate from Thoroughbred racing for the purpose of computing taxation rates:

- a. ~~One-ninth~~ one-ninth (1/9) of the eighteen percent (18%) 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. One hundred percent (100%) of the revenue derived pursuant to the provisions of this paragraph 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;~~ Oklahoma Horse Racing Commission Operational Expenses Revolving Fund, and
- b. ~~Four-ninths~~ four-ninths (4/9) of the eighteen percent (18%) shall be retained by the organization licensee~~+~~, and
- c. ~~One-third~~ one-third (1/3) of the eighteen percent (18%) shall be retained by the organization licensee to be distributed as purses for participating horses~~+~~, and
- d. ~~One-ninth~~ one-ninth (1/9) of the eighteen percent (18%) shall be retained by the organization licensee to be distributed as follows:
 - (1) seventy-five percent (75%) as purses for participating horses, and
 - (2) twenty-five percent (25%) shall be remitted to the Commission, at such intervals as required by the Commission, for deposit in the Oklahoma Breeding Development Fund Special Account.

3. All money wagered per calendar year for each type of racing in excess of One Hundred Fifty Million Dollars (\$150,000,000.00) shall be distributed as follows provided, that all racing dates exclusively for Thoroughbred racing in a calendar year shall be combined for the purpose of computing taxation rates and all racing dates for mixed racing and all other individual breeds in a calendar year shall be combined but considered separate from Thoroughbred racing for the purpose of computing taxation rates:

- a. ~~One-ninth~~ one-ninth (1/9) of the eighteen percent (18%) shall be remitted to the Oklahoma Tax Commission on the first business day following the close of the

racetrack day on which it was assessed. One hundred percent (100%) of the revenue derived pursuant to the provisions of this paragraph 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;~~ Oklahoma Horse Racing Commission Operational Expenses Revolving Fund, and

- b. ~~One-third~~ one-third (1/3) of the eighteen percent (18%) shall be retained by the organization licensee~~+~~,
and
- c. ~~One-third~~ one-third (1/3) of the eighteen percent (18%) shall be retained by the organization licensee
to be distributed as purses for participating horses~~+~~,
and
- d. ~~Two-ninths~~ two-ninths (2/9) of the eighteen percent (18%) shall be retained by the organization licensee
to be distributed as follows:
 - (1) seventy-five percent (75%) as purses for participating horses, and
 - (2) twenty-five percent (25%) shall be remitted to the Commission, at such intervals as required by the Commission, for deposit in the Oklahoma Breeding Development Fund Special Account.

C. Notwithstanding any other provisions of this act, the state shall collect six percent (6%) of the total amount wagered under the provisions of this act at such time the organization licensee has no further debt service.

D. In addition to the amount required to be retained by the provisions of subsection B of this section, each organization licensee holding a race meeting at which the pari-mutuel system of wagering is conducted shall retain an additional amount equal to three percent (3%) of all money wagered on multiple race wagers involving not to exceed two races and on multiple horse wagers not to exceed two horses in the same race.

Such amount shall be retained by the organization licensee to be distributed as follows:

1. Two-thirds (2/3) of three percent (3%) shall be distributed:

- a. ~~Seventy-five~~ seventy-five percent (75%) as purses for participating horses~~+~~L and
- b. ~~Twenty-five~~ twenty-five percent (25%) shall be remitted to the Commission, at such intervals ~~or~~ as required by the Commission, for deposit in the Oklahoma Breeding Development Fund Special Account~~+~~;
and

2. One-third (1/3) of the three percent (3%) shall be distributed:

- a. ~~Fifty~~ fifty percent (50%) as purses for participating horses~~+~~L and
- b. ~~Fifty~~ fifty percent (50%) to the organization licensee.

E. Each organization licensee shall retain an amount not less than twenty-one percent (21%) nor greater than twenty-five percent (25%) of all money wagered on multiple race wagers involving more than two races, and on multiple horse wagers involving more than two horses such amount shall be distributed as follows:

1. Eighteen percent (18%) pursuant to subsection B of this section;

2. Three percent (3%) pursuant to subsection D of this section;
and

3. Of the remainder, fifty percent (50%) to be distributed as purses for participating horses and fifty percent (50%) to the organization licensee.

F. Organization licensees shall keep accurate books and records of all ~~moneys~~ monies wagered on each day of a race meeting and of the taxes paid pursuant to the provisions of this section. The Oklahoma Tax Commission or an authorized representative shall have access at all reasonable times to such records for the purpose of examining and checking the records and ascertaining whether the proper amount of taxes is being paid. The Oklahoma Tax Commission shall require verified reports and a statement of the total of all

~~monies~~ monies wagered daily at a race meeting and may prescribe forms upon which such reports and statement shall be made. The organization licensee shall provide the Oklahoma Tax Commission with such space and accommodations as may be necessary for the Oklahoma Tax Commission to implement its duties pursuant to the provisions of the Oklahoma Horse Racing Act.

G. No revenue bonds issued by a public trust, as authorized by the provisions of Title 62 of the Oklahoma Statutes, shall be used to finance any racetrack or racing facility.

H. All monies retained or to be distributed for purses shall be held in trust by the Horsemen's Bookkeeper pursuant to Section ~~5~~ 208.13 of this ~~act~~ title for the duly designated horsemen's organization for purses.

SECTION 6. AMENDATORY 3A O.S. 2011, Section 263, is amended to read as follows:

Section 263. A. Each organization licensee described in paragraph 2 of subsection C of Section 262 of this title shall distribute from the first Ten Million Dollars (\$10,000,000.00) of adjusted gross revenues generated by any gaming conducted pursuant to this act as follows:

1. Ten percent (10%) shall be remitted to the Oklahoma Tax Commission on the fifteenth day following the end of the month in which it was retained. Prior to July 1, 2008, twelve percent (12%) of the revenue derived pursuant to this paragraph shall be apportioned monthly to the Oklahoma Higher Learning Access Trust Fund and eighty-eight percent (88%) of such revenue shall be apportioned to the Education Reform Revolving Fund. On or after July 1, 2008, twelve percent (12%) of the revenue derived pursuant to this paragraph shall be apportioned monthly to the General Revenue Fund and eighty-eight percent (88%) of such revenue shall be apportioned to the Education Reform Revolving Fund;

2. No less than one-half of one percent (0.5%) and no more than three percent (3%) shall be apportioned, according to the requirements of Section 2 of this act, to the Oklahoma Horse Racing Commission Operational Expenses Revolving Fund on the fifteenth day following the end of the month in which the revenue was collected;

3. Twenty-five percent (25%) less the adjusted gross revenue derived from one-half (1/2) of the Operational Expenses Revolving

Fund Retention Percentage shall be retained by the organization licensee to be distributed according to subsection H of this section; and

~~3.~~ 4. Sixty-five percent (65%) less the adjusted gross revenue derived from one-half (1/2) of the Operational Expenses Revolving Fund Retention Percentage shall be retained by the organization licensee.

B. The organization licensee described in paragraph 1 of subsection C of Section ~~3~~ 262 of this ~~act~~ title shall distribute from the first Ten Million Dollars (\$10,000,000.00) of adjusted gross revenues generated by any gaming conducted pursuant to this act as follows:

1. Ten percent (10%) shall be remitted to the Tax Commission on the fifteenth day following the end of the month in which it was retained. Prior to July 1, 2008, twelve percent (12%) of the revenue derived pursuant to this paragraph shall be apportioned monthly to the Oklahoma Higher Learning Access Trust Fund and eighty-eight percent (88%) of such revenue shall be apportioned to the Education Reform Revolving Fund. On or after July 1, 2008, twelve percent (12%) of the revenue derived pursuant to this paragraph shall be apportioned monthly to the General Revenue Fund and eighty-eight percent (88%) of such revenue shall be apportioned to the Education Reform Revolving Fund;

2. No less than one-half of one percent (0.5%) and no more than three percent (3%) shall be apportioned, according to the requirements of Section 2 of this act, to the Oklahoma Horse Racing Commission Operational Expenses Revolving Fund on the fifteenth day following the end of the month in which the revenue was collected;

3. Thirty percent (30%) less the adjusted gross revenue derived from one-half (1/2) of the Operational Expenses Revolving Fund Retention Percentage shall be retained by the organization licensee to be distributed according to subsection H of this section; and

~~3.~~ 4. Sixty percent (60%) less the adjusted gross revenue derived from one-half (1/2) of the Operational Expenses Revolving Fund Retention Percentage shall be retained by the organization licensee.

C. Each organization licensee shall distribute from retained adjusted gross revenues in excess of Ten Million Dollars

(\$10,000,000.00) per calendar year but not to exceed Thirty Million Dollars (\$30,000,000.00) per calendar year generated from any gaming conducted pursuant to this act as follows:

1. Ten percent (10%) shall be remitted to the Tax Commission on the fifteenth day following the end of the month in which it was retained. Prior to July 1, 2008, twelve percent (12%) of the revenue derived pursuant to this paragraph shall be apportioned monthly to the Oklahoma Higher Learning Access Trust Fund and eighty-eight percent (88%) of such revenue shall be apportioned to the Education Reform Revolving Fund. On or after July 1, 2008, twelve percent (12%) of the revenue derived pursuant to this paragraph shall be apportioned monthly to the General Revenue Fund and eighty-eight percent (88%) of such revenue shall be apportioned to the Education Reform Revolving Fund;

2. No less than one-half of one percent (0.5%) and no more than three percent (3%) shall be apportioned, according to the requirements of Section 2 of this act, to the Oklahoma Horse Racing Commission Operational Expenses Revolving Fund on the fifteenth day following the end of the month in which the revenue was collected;

3. Thirty percent (30%) less the adjusted gross revenue derived from one-half (1/2) of the Operational Expenses Revolving Fund Retention Percentage shall be retained by the organization licensee to be distributed according to subsection H of this section; and

~~3.~~ 4. Sixty percent (60%) less the adjusted gross revenue derived from one-half (1/2) of the Operational Expenses Revolving Fund Retention Percentage shall be retained by the organization licensee.

D. Each organization licensee shall distribute from retained adjusted gross revenues in excess of Thirty Million Dollars (\$30,000,000.00) per calendar year but not to exceed Forty Million Dollars (\$40,000,000.00) per calendar year generated by any gaming conducted pursuant to this act as follows:

1. Fifteen percent (15%) shall be remitted to the Tax Commission on the fifteenth day following the end of the month in which it was retained. Prior to July 1, 2008, twelve percent (12%) of the revenue derived pursuant to this paragraph shall be apportioned monthly to the Oklahoma Higher Learning Access Trust Fund and eighty-eight percent (88%) of such revenue shall be apportioned to the Education Reform Revolving Fund. On or after

July 1, 2008, twelve percent (12%) of the revenue derived pursuant to this paragraph shall be apportioned monthly to the General Revenue Fund and eighty-eight percent (88%) of such revenue shall be apportioned to the Education Reform Revolving Fund;

2. No less than one-half of one percent (0.5%) and no more than three percent (3%) shall be apportioned, according to the requirements of Section 2 of this act, to the Oklahoma Horse Racing Commission Operational Expenses Revolving Fund on the fifteenth day following the end of the month in which the revenue was collected;

3. Thirty percent (30%) less the adjusted gross revenue derived from one-half (1/2) of the Operational Expenses Revolving Fund Retention Percentage shall be retained by the organization licensee to be distributed according to subsection H of this section; and

~~3.~~ 4. Fifty-five percent (55%) less the adjusted gross revenue derived from one-half (1/2) of the Operational Expenses Revolving Fund Retention Percentage shall be retained by the organization licensee.

E. Each organization licensee shall distribute from retained adjusted gross revenues in excess of Forty Million Dollars (\$40,000,000.00) per calendar year but not to exceed Fifty Million Dollars (\$50,000,000.00) per calendar year generated from any gaming conducted pursuant to this act as follows:

1. Twenty percent (20%) shall be remitted to the Tax Commission on the fifteenth day following the end of the month in which it was retained. Prior to July 1, 2008, twelve percent (12%) of the revenue derived pursuant to this paragraph shall be apportioned monthly to the Oklahoma Higher Learning Access Trust Fund and eighty-eight percent (88%) of such revenue shall be apportioned to the Education Reform Revolving Fund. On or after July 1, 2008, twelve percent (12%) of the revenue derived pursuant to this paragraph shall be apportioned monthly to the General Revenue Fund and eighty-eight percent (88%) of such revenue shall be apportioned to the Education Reform Revolving Fund;

2. No less than one-half of one percent (0.5%) and no more than three percent (3%) shall be apportioned, according to the requirements of Section 2 of this act, to the Oklahoma Horse Racing Commission Operational Expenses Revolving Fund on the fifteenth day following the end of the month in which the revenue was collected;

3. Twenty-five percent (25%) less the adjusted gross revenue derived from one-half (1/2) of the Operational Expenses Revolving Fund Retention Percentage shall be retained by the organization licensee to be distributed according to subsection H of this section; and

~~3.~~ 4. Fifty-five percent (55%) less the adjusted gross revenue derived from one-half (1/2) of the Operational Expenses Revolving Fund Retention Percentage shall be retained by the organization licensee.

F. Each organization licensee shall distribute from retained adjusted gross revenues in excess of Fifty Million Dollars (\$50,000,000.00) per calendar year but not to exceed Seventy Million Dollars (\$70,000,000.00) per calendar year generated from any gaming conducted pursuant to this act as follows:

1. Twenty-five percent (25%) shall be remitted to the Tax Commission on the fifteenth day following the end of the month in which it was retained. Prior to July 1, 2008, twelve percent (12%) of the revenue derived pursuant to this paragraph shall be apportioned monthly to the Oklahoma Higher Learning Access Trust Fund and eighty-eight percent (88%) of such revenue shall be apportioned to the Education Reform Revolving Fund. On or after July 1, 2008, twelve percent (12%) of the revenue derived pursuant to this paragraph shall be apportioned monthly to the General Revenue Fund and eighty-eight percent (88%) of such revenue shall be apportioned to the Education Reform Revolving Fund;

2. No less than one-half of one percent (0.5%) and no more than three percent (3%) shall be apportioned, according to the requirements of Section 2 of this act, to the Oklahoma Horse Racing Commission Operational Expenses Revolving Fund on the fifteenth day following the end of the month in which the revenue was collected;

3. Twenty-two and one-half percent (22 1/2%) less the adjusted gross revenue derived from one-half (1/2) of the Operational Expenses Revolving Fund Retention Percentage shall be retained by the organization licensee to be distributed according to subsection H of this section; and

~~3.~~ 4. Fifty-two and one-half percent (52 1/2%) less the adjusted gross revenue derived from one-half (1/2) of the Operational Expenses Revolving Fund Retention Percentage shall be retained by the organization licensee.

G. Each organization licensee shall distribute from retained adjusted gross revenues in excess of Seventy Million Dollars (\$70,000,000.00) per calendar year generated from any gaming conducted pursuant to this act as follows:

1. Thirty percent (30%) shall be remitted to the Tax Commission on the fifteenth day following the end of the month in which it was retained. Prior to July 1, 2008, twelve percent (12%) of the revenue derived pursuant to this paragraph shall be apportioned monthly to the Oklahoma Higher Learning Access Trust Fund and eighty-eight percent (88%) of such revenue shall be apportioned to the Education Reform Revolving Fund. On or after July 1, 2008, twelve percent (12%) of the revenue derived pursuant to this paragraph shall be apportioned monthly to the General Revenue Fund and eighty-eight percent (88%) of such revenue shall be apportioned to the Education Reform Revolving Fund;

2. No less than one-half of one percent (0.5%) and no more than three percent (3%) shall be apportioned, according to the requirements of Section 2 of this act, to the Oklahoma Horse Racing Commission Operational Expenses Revolving Fund on the fifteenth day following the end of the month in which the revenue was collected;

3. Twenty percent (20%) less the adjusted gross revenue derived from one-half (1/2) of the Operational Expenses Revolving Fund Retention Percentage shall be retained by the organization licensee to be distributed according to subsection H of this section; and

~~3-~~ 4. Fifty percent (50%) less the adjusted gross revenue derived from one-half (1/2) of the Operational Expenses Revolving Fund Retention Percentage shall be retained by the organization licensee.

H. Each organization licensee shall remit, on the fifteenth day following the end of the month in which they were retained, an amount equal to nine percent (9%) of the funds generated pursuant to paragraph ~~2~~ 3 of subsections A through G of this section to the Oklahoma Horse Racing Commission for deposit in the Oklahoma Breeding Development Fund Special Account pursuant to Section 208.3 of this title, to be distributed to the participating breeds as provided in paragraphs 1 and 2 of this subsection.

Each organization licensee shall remit to the official horsemen's organization representing participating horsemen during

the live race meets, on the fifteenth day following the end of the month in which they were retained, an amount equal to one and five-tenths percent (1.5%) of the funds generated pursuant to paragraph 2 3 of subsections A through G of this section on a pro rata basis based on the distribution of purse funds available to the breeds of horses participating in the live race meetings with one percent (1%) to be used for administrative expenses and five-tenths of one percent (0.5%) to provide funding for a benevolence program at each racetrack to benefit participating horsemen and their employees. Such benevolence program shall provide medical benefits or services to persons associated with the horse racing industry who are in financial need.

Each organization licensee shall remit to the breed organizations designated by the official horsemen's representative, on the fifteenth day following the end of the month in which they were retained, an amount equal to one percent (1%) of the funds generated pursuant to paragraph 2 3 of subsections A through G of this section on a pro rata basis based on the distribution of purse funds available to the breeds of horses participating in the live race meetings for funding to support the breed organizations dedicated to the promotion of breeding and racing horses in Oklahoma.

Subject to the provisions of subsection I of this section, the remainder of the funds generated pursuant to paragraph 2 3 of subsections A through G of this section shall be distributed by the organization licensee as purses for participating horses as follows:

1. For organization licensees that conduct one or more race meetings dedicated to Thoroughbred racing and one or more race meetings dedicated to Quarter Horse, Paint and Appaloosa horse racing, fifty percent (50%) to purses for Thoroughbred races, forty-five percent (45%) to purses for Quarter Horse races, and five percent (5%) to purses for Paint and Appaloosa races; and

2. For all other organization licensees, forty-five percent (45%) to purses for Thoroughbred races, forty-five percent (45%) to purses for Quarter Horse races and ten percent (10%) to purses for Paint and Appaloosa horse races.

- I. The percentage of purse money generated by an organization licensee that is designated for deposit to the Oklahoma Breeding Development Fund Special Account pursuant to subsection H of this section may be increased by an additional percentage that shall not

exceed thirty-three percent (33%) of the total funds for participating horsemen upon the written application of the official horsemen's representative for each of the breeds of horses participating in a race meeting at the track.

All Oklahoma Breeding Development Fund Special Account monies generated pursuant to this section shall not be subject to a reduction pursuant to paragraph 7 of subsection B of Section 208.3 of this title.

J. An organization licensee's annual application for race dates shall include any existing agreement between the organization licensee and the official horsemen's representative for each breed participating in the live racing meeting at that track which sets forth the thresholds whereby the minimum number of races will increase or decrease during that calendar year.

K. For purposes of this act a "recipient licensee" means an organization licensee operating a racetrack location at which an organization licensee is licensed to conduct a race meeting pursuant to the provisions of Section 208.2 of this title located in a county with a population exceeding five hundred thousand (500,000) persons, according to the most recent Federal Decennial Census, and a "participating tribe" means a tribe which operates a gaming facility within a radius of twenty (20) miles from the enclosure of a recipient licensee pursuant to a compact set forth in Section 281 of this title. Such compact shall require that a participating tribe contribute a percentage of its "monthly average take" from electronic amusement games, electronic bonanza-style bingo games and electronic instant bingo games (hereinafter referred to collectively as "electronic covered games") as defined in that tribe's Gaming Compact as long as the prohibition against fair associations or organizations licensed pursuant to Section 208.2 of this title conducting authorized gaming under this act as set forth in subsection A of Section 262 of this title remains in effect. Participating tribes shall make contributions in accordance with the following requirements:

1. Each participating tribe shall calculate its monthly average take for electronic covered games for each calendar month of operation of electronic covered games. For purposes of this paragraph, the "monthly average take" shall mean all adjusted gross revenue from electronic covered games at the tribal gaming facilities that are located within a radius of twenty (20) miles from the enclosure of a recipient licensee during the applicable

calendar month, divided by the number of electronic covered games operated by the tribe at the gaming facility during the applicable calendar month;

2. Each participating tribe shall calculate its pro rata share of the payments required by this subsection, based on the number of electronic covered games in the tribal gaming facilities within the twenty-mile radius described in paragraph 1 of this subsection, during the applicable calendar month ("tribal share"). As an example only, if three (3) tribes participate in this subsection during a calendar month, and have the respective number of games in the amount of 500, 1,000, and 1,000, then the payments called for in paragraph 3 of this subsection would be multiplied by twenty percent (20%), forty percent (40%) and forty percent (40%) to determine each tribe's pro rata share; and

3. Each participating tribe shall make the following payments no later than the fifteenth day following the end of the applicable calendar month, with the first payment to be due no later than the fifteenth day following the end of the first month in which a participating tribe commences gaming operations pursuant to the compact set out in Section 281 of this title:

- a. the tribe shall pay its pro rata share of the product of 450 multiplied by .05 multiplied by the greater of Seven Thousand Four Hundred Eight Dollars (\$7,408.00) or the tribe's monthly average take for the applicable month to the recipient licensee, and
- b. the tribe shall pay its pro rata share of the product of 450 multiplied by .25 multiplied by the tribe's monthly average take for the applicable month to the Oklahoma Horse Racing Commission to be used as directed by purse committees for the following purposes:
 - (1) distributed to organization licensees for purses for participating horses,
 - (2) paid to the Oklahoma Breeding Development Fund Special Account. The amount designated for deposit into the Oklahoma Breeding Development Fund Special Account shall never be less than nine percent (9%) of the funds generated nor more than thirty-three percent (33%) of the total

designated funds for horsemen participating in any race meeting, and

- (3) paid to the official horsemen's representatives and to the breeding organizations designated by the official horsemen's representatives and to the breeding organizations designated by the official horsemen's representatives to be used to pay their administrative expenses and to fund their benevolence programs. In no event shall the amount designated for such administrative expenses exceed one percent (1%) of the funds generated nor shall the monies designated for benevolence programs exceed five-tenths of one percent (0.5%) of the funds generated.

L. The "purse committees" shall be comprised of the official elected horsemen representatives for each breed as designated in Section 267 of this title. The total contribution of the participating tribes made pursuant to subparagraph b of paragraph 3 of subsection K of this section shall be distributed as directed by the purse committees based on the following formula, to wit: fifty percent (50%) by the purse committee representing Thoroughbred horses; forty percent (40%) by the purse committee representing Quarter Horses; and ten percent (10%) by the purse committee representing Paint and Appaloosa horses.

The purse committees shall meet at least sixty (60) days prior to the beginning of a calendar year to provide directions for placement of the purse funds described in subparagraph b of paragraph 3 of subsection K of this section with one or more organization licensees for the succeeding calendar year. In providing such directions the purse committees shall consider and attempt to achieve the following preferences in the order set forth below:

FIRST. Through the use of no more than fifty percent (50%) of the purse funds available for distribution under this section, maintaining the purse structures of any organization licensee operating a racetrack location located in a county with a population exceeding six hundred thousand (600,000) persons, according to the most recent federal decennial census, at a level that is competitive with the purse structures of similarly situated ~~race tracks~~ racetracks, including those in surrounding states, and that will

encourage the participation by horsemen in that organization licensee's race meet or meets; and

SECOND. Maintaining the purse structures of the organization licensee closest in geographic proximity to the location where the purse funds described in subparagraph b of paragraph 3 of subsection K of this section were generated at a level that is competitive with the purse structures of similarly situated ~~race tracks~~ racetracks, including those in surrounding states, and that will encourage the participation by horsemen in that organization licensee's race meet or meets; and

THIRD. Maintaining the purse structures of the remaining organization licensees in the state at a level that will encourage the participation by horsemen in those organization licensees' race meet or meets.

M. Organization licensees shall keep accurate books and records of all revenue generated by any gaming conducted pursuant to the State-Tribal Gaming Act and of the taxes paid pursuant to the provisions of this section. The Oklahoma Tax Commission or an authorized representative shall have access at all reasonable times to such records for the purpose of examining and checking the records and ascertaining whether the proper amount of taxes is being paid. The Oklahoma Tax Commission shall require verified reports and a statement of the total of all revenue generated by any gaming conducted by an organization licensee pursuant to the provisions of the State-Tribal Gaming Act.

N. The Oklahoma Horse Racing Commission is hereby authorized to provide repayment of amounts collected pursuant to paragraph 2 of subsections A through G of this section on a pro rata basis to be paid from the Oklahoma Horse Racing Commission Operational Expenses Revolving Fund.

SECTION 7. AMENDATORY 3A O.S. 2011, Section 282, as amended by Section 25, Chapter 304, O.S.L. 2012 (3A O.S. Supp. 2016, Section 282), is amended to read as follows:

Section 282. A. The Oklahoma Horse Racing Commission is authorized to charge an application fee of Fifty Thousand Dollars (\$50,000.00) to each organization licensee which desires to conduct gaming pursuant to the State-Tribal Gaming Act or which receives any funds as a "recipient licensee" as that term is defined by the State-Tribal Gaming Act and desires to conduct pari-mutuel wagering

in this state. Such fee must be paid prior to any organization licensee being authorized by the Oklahoma Horse Racing Commission to conduct gaming pursuant to the State-Tribal Gaming Act.

B. In addition to the application fee authorized in subsection A of this section and the fees authorized in subsection ~~G~~ F of this section, the Oklahoma Horse Racing Commission is hereby authorized to assess a fee upon each organization licensee authorized by the State-Tribal Gaming Act to conduct gaming authorized by the State-Tribal Gaming Act to provide adequate funding to the Oklahoma Horse Racing Commission for the regulation of such gaming in this state.

C. The assessment authorized by subsection B shall be proportional to the number of player terminals an organization licensee is licensed to operate pursuant to the State-Tribal Gaming Act.

D. The Commission may provide that each licensee shall pay any assessment levied pursuant to subsection B of this section on a quarterly, semi-annual or annual basis. Notice of the assessment shall be sent by certified mail, return receipt requested, to each licensee. Each licensee shall pay the amount assessed to the Commission for deposit to the Oklahoma Horse Racing Commission ~~Gaming Regulation Operational Expenses Revolving Fund created in subsection E of this section~~. The Commission shall establish the dates by which such assessment shall be due.

E. The application fee authorized in subsection A of this section and any assessment authorized in subsection B of this section and any fee authorized in subsection ~~G~~ F of this section collected by the Commission shall be deposited in the "Oklahoma Horse Racing Commission ~~Gaming Regulation Operational Expenses Revolving Fund~~" hereby created. ~~The fund shall be a continuing fund not subject to fiscal year limitations and shall consist of the monies received by the Commission from any assessment and fee levied pursuant to the provisions of this section and any other monies designated for deposit thereto. All monies accruing to the credit of the fund are hereby appropriated and may be budgeted and expended by the Commission to pay the costs, both direct and indirect, of the Commission incurred to regulate gaming conducted by an organization licensee pursuant to the State-Tribal Gaming Act. Expenditures from said fund shall be made upon warrants issued by the State Treasurer against claims filed as prescribed by law with the Director of the Office of Management and Enterprise Services for approval and payment.~~ On the effective date of this act, the Oklahoma Horse

Racing Commission Gaming Regulation Revolving Fund shall be closed and any unencumbered balance shall be transferred to the Oklahoma Horse Racing Commission Operational Expenses Revolving Fund created by Section 1 of this act.

~~F. The Legislature shall establish budgetary limits for the regulation of such gaming by the Commission. For the fiscal year ending June 30, 2005, the total of all assessments levied pursuant to subsection B of this section shall not exceed Two Hundred Fifty Thousand Dollars (\$250,000.00). For subsequent fiscal years, the total of all assessments levied pursuant to this section shall not exceed the amount of the total budgetary limits minus the amount of any monies appropriated by the Legislature for such purpose.~~

~~G.~~ The Oklahoma Horse Racing Commission shall issue occupation gaming licenses and charge to the applicants therefore the related license application fees, investigative fees and fingerprint fees authorized in this subsection. An occupation gaming license is any of the following gaming licenses issued by the Commission.

Manufacturer License	\$10,000.00
Distributor License	\$5,000.00
Manufacturer/Distributor License	\$10,000.00
Independent Testing Laboratory License	\$5,000.00
Vendor License	\$500.00
Key Executive License	\$250.00
Gaming Employee License	\$50.00
Manufacturer, Distributor, or Manufacturer/Distributor Employee License	\$50.00
Vendor Employee License	\$50.00

Background Investigative fee for the following occupation gaming license categories:

Manufacturer, Distributor,
Manufacturer/Distributor, Independent

Testing Laboratory, Racetrack Gaming
Operator, Key Executive

\$50.00 per hour
plus expenses

Background Investigative fee for the following occupation gaming
license categories:

Gaming Employee, Vendor Employee

\$50.00

Fingerprint fees shall be charged as required by the Oklahoma State
Bureau of Investigation and the Federal Bureau of Investigation.

SECTION 8. REPEALER 3A O.S. 2011, Section 204.1A, is
hereby repealed.

SECTION 9. This act shall become effective July 1, 2017.

SECTION 10. It being immediately necessary for the preservation
of the public peace, health or 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 13th day of March, 2017.

Presiding Officer of the House
of Representatives

Passed the Senate the 19th day of April, 2017.

Presiding Officer of the Senate

OFFICE OF THE GOVERNOR

Received by the Office of the Governor this _____

day of _____, 20_____, at _____ o'clock _____ M.

By: _____

Approved by the Governor of the State of Oklahoma this _____

day of _____, 20_____, at _____ o'clock _____ M.

Governor of the State of Oklahoma

OFFICE OF THE SECRETARY OF STATE

Received by the Office of the Secretary of State this _____

day of _____, 20_____, at _____ o'clock _____ M.

By: _____