

SENATE MOTION

MADAM PRESIDENT:

I move that Engrossed House Bill 1365 be amended to read as follows:

- 1 Delete the title and insert the following:
2 A BILL FOR AN ACT to amend the Indiana Code concerning
3 taxation and to make an appropriation.
4 Page 1, delete lines 1 through 17.
5 Delete pages 2 through 13.
6 Page 14, delete lines 1 through 25, begin a new paragraph and insert:
7 "SECTION 1. IC 4-31-1-2 IS AMENDED TO READ AS FOLLOWS
8 [EFFECTIVE JULY 1, 2004]: Sec. 2. The ~~purpose~~ **purposes** of this
9 article ~~is~~ **are** to:
10 (1) permit pari-mutuel wagering on horse races in Indiana; ~~and to~~
11 (2) **permit the sale of pari-mutuel pull tabs at racetracks and**
12 **satellite facilities in Indiana;**
13 (3) ensure that **the sale of pari-mutuel pull tabs and** pari-mutuel
14 wagering on horse races in Indiana will be conducted with the
15 highest of standards and the greatest level of integrity; **and**
16 (4) **maximize and preserve state revenues generated from**
17 **the various forms of permitted gaming and wagering by**
18 **ensuring that the various forms of permitted gaming and**
19 **wagering occur in different geographic regions of Indiana.**
20 SECTION 2. IC 4-31-2-1.5 IS ADDED TO THE INDIANA CODE
21 AS A **NEW SECTION** TO READ AS FOLLOWS [EFFECTIVE JULY
22 1, 2004]: **Sec. 1.5. "Allowed city" means a city that has a**
23 **population of more than two hundred thousand (200,000).**
24 SECTION 3. IC 4-31-2-11.5 IS ADDED TO THE INDIANA CODE
25 AS A **NEW SECTION** TO READ AS FOLLOWS [EFFECTIVE JULY
26 1, 2004]: **Sec. 11.5. "Pari-mutuel pull tab" means a game offered**
27 **to the public at a facility authorized under IC 4-31-7.5 in which a**
28 **person who purchases a ticket or simulated ticket has the**
29 **opportunity to share in a prize pool, multiple prize pools, or a**

1 **shared prize pool.**

2 SECTION 4. IC 4-31-4-1.3 IS AMENDED TO READ AS
3 FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 1.3. (a) This section
4 does not apply to a person who satisfies all of the following:

- 5 (1) The person was issued a satellite facility license before January
- 6 2, 1996.
- 7 (2) The person operated a satellite facility before January 2, 1996.
- 8 (3) The person is currently operating the satellite facility under the
- 9 license.

10 (b) A person may not operate under a satellite facility license unless
11 both of the following apply:

- 12 (1) The county fiscal body of the county in which the satellite
- 13 facility will be operated:
- 14 **(A) has adopted an ordinance under section ~~2-5~~ 2.5(a) of this**
- 15 **chapter; or**
- 16 **(B) is prohibited by section 2.5(c) of this chapter from**
- 17 **adopting an ordinance under section 2.5(a) of this chapter.**
- 18 (2) The person secures a license under IC 4-31-5.5.

19 SECTION 5. IC 4-31-4-2 IS AMENDED TO READ AS FOLLOWS
20 [EFFECTIVE JULY 1, 2004]: Sec. 2. (a) A county fiscal body may
21 adopt an ordinance permitting the filing of applications under IC 4-31-5
22 to conduct pari-mutuel wagering on horse races at racetracks in the
23 county. However, before adopting the ordinance, the county fiscal body
24 must:

- 25 (1) conduct a public hearing on the proposed ordinance; and
- 26 (2) publish notice of the public hearing in the manner prescribed
- 27 by IC 5-3-1.
- 28 (b) The county fiscal body may:
- 29 (1) require in the ordinance adopted by the county fiscal body that
- 30 before applications under IC 4-31-5 to conduct pari-mutuel
- 31 wagering on horse races at racetracks in the county may be filed,
- 32 the voters of the county must approve the conducting of horse
- 33 racing meetings in the county under section 3 of this chapter; or
- 34 (2) amend an ordinance already adopted by the county fiscal body
- 35 to require that before applications under IC 4-31-5 to conduct
- 36 pari-mutuel wagering on horse races at racetracks in the county
- 37 may be filed, the voters of the county must approve the
- 38 conducting of horse racing meetings in the county under section
- 39 3 of this chapter.

40 An ordinance adopted under this section may not be amended to apply
41 to a person who has already been issued a permit under IC 4-31-5
42 before amendment of the ordinance.

43 **(c) An ordinance adopted under this section authorizing a**
44 **person to conduct pari-mutuel wagering on horse races at**
45 **racetracks in the county may not be adopted or amended with the**
46 **intent to restrict a permit holder's ability to sell pari-mutuel pull**

1 **tabs under IC 4-31-7.5. An ordinance adopted by the county fiscal**
 2 **body permitting the sale of pari-mutuel pull tabs is not a**
 3 **requirement for the lawful sale of pari-mutuel pull tabs under**
 4 **IC 4-31-7.5.**

5 SECTION 6. IC 4-31-4-2.5 IS AMENDED TO READ AS
 6 FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 2.5. (a) **Except as**
 7 **provided in subsection (c)**, a county fiscal body may adopt an
 8 ordinance permitting the filing of applications under IC 4-31-5.5 for
 9 operation of a satellite facility in the county. However, before adopting
 10 the ordinance, the county fiscal body must:

- 11 (1) conduct a public hearing on the proposed ordinance; and
- 12 (2) publish notice of the public hearing in the manner prescribed
 13 by IC 5-3-1.

14 (b) The county fiscal body may:

- 15 (1) require in the ordinance adopted by the county fiscal body
 16 **under subsection (a)** that before applications under IC 4-31-5.5
 17 to operate a satellite facility in the county may be filed, the voters
 18 of the county must approve the operation of a satellite facility in
 19 the county under section 3 of this chapter; or
- 20 (2) amend an ordinance already adopted in the county to require
 21 that before applications under IC 4-31-5.5 to operate a satellite
 22 facility in the county may be filed, the voters of the county must
 23 approve the operation of a satellite facility in the county under
 24 section 3 of this chapter.

25 An ordinance adopted under ~~this section~~ **subsection (a)** may not be
 26 amended to apply to a person who was issued a license under
 27 IC 4-31-5.5 before the ordinance was amended.

28 **(c) The fiscal body of a county containing an allowed city may**
 29 **not adopt an ordinance under subsection (a) with respect to a**
 30 **permit holder that:**

- 31 (1) **was issued a permit before July 1, 2003; and**
- 32 (2) **operates or files an application to operate a satellite**
 33 **facility in an allowed city.**

34 SECTION 7. IC 4-31-4-3 IS AMENDED TO READ AS FOLLOWS
 35 [EFFECTIVE JULY 1, 2004]: Sec. 3. (a) This section does not apply
 36 to ~~either~~ **any** of the following:

- 37 (1) A permit holder who satisfies all of the following:
 38 (A) The permit holder was issued a permit before January 2,
 39 1996.
 40 (B) The permit holder conducted live racing before January 2,
 41 1996.
 42 (C) The permit holder is currently operating under the permit.
- 43 (2) A person who satisfies all of the following:
 44 (A) The person was issued a satellite facility license before
 45 January 2, 1996.
 46 (B) The person operated a satellite facility before January 2,

- 1 1996.
- 2 (C) The person is currently operating the satellite facility under
- 3 the license.
- 4 **(3) A permit holder that:**
- 5 **(1) was issued a permit before July 1, 2003; and**
- 6 **(2) operates or files an application to operate a satellite**
- 7 **facility in an allowed city.**
- 8 (b) This section applies if either of the following apply:
- 9 (1) Both of the following are satisfied:
- 10 (A) An ordinance is adopted under section 2 or 2.5 of this
- 11 chapter.
- 12 (B) The ordinance requires the voters of the county to approve
- 13 either of the following:
- 14 (i) The conducting of horse racing meetings in the county.
- 15 (ii) The operation of a satellite facility in the county.
- 16 (2) A local public question is required to be held under section 2.7
- 17 of this chapter following the filing of a petition with the circuit
- 18 court clerk:
- 19 (A) signed by at least the number of registered voters of the
- 20 county required under IC 3-8-6-3 to place a candidate on the
- 21 ballot; and
- 22 (B) requesting that the local public question set forth in
- 23 subsection (d) be placed on the ballot.
- 24 (c) Notwithstanding any other provision of this article, the
- 25 commission may not issue a recognized meeting permit under IC 4-31-5
- 26 to allow the conducting of or the assisting of the conducting of a horse
- 27 racing meeting unless the voters of the county in which the property is
- 28 located have approved conducting recognized meetings in the county.
- 29 (d) For a local public question required to be held under subsection
- 30 (c), the county election board shall place the following question on the
- 31 ballot in the county during the next general election:
- 32 "Shall horse racing meetings at which pari-mutuel wagering
- 33 occurs be allowed in _____ County?".
- 34 (e) Notwithstanding any other provision of this article, the
- 35 commission may not issue a satellite facility license under IC 4-31-5.5
- 36 to operate a satellite facility unless the voters of the county in which the
- 37 satellite facility will be located approve the operation of the satellite
- 38 facility in the county.
- 39 (f) For a local public question required to be held under subsection
- 40 (e), the county election board shall place the following question on the
- 41 ballot in the county during the next general election:
- 42 "Shall satellite facilities at which pari-mutuel wagering occurs be
- 43 allowed in _____ County?".
- 44 (g) A public question under this section must be certified in
- 45 accordance with IC 3-10-9-3 and shall be placed on the ballot in
- 46 accordance with IC 3-10-9.

1 (h) The circuit court clerk of a county holding an election under this
 2 chapter shall certify the results determined under IC 3-12-4-9 to the
 3 commission and the department of state revenue.

4 (i) If a public question is placed on the ballot under subsection (d)
 5 or (f) in a county and the voters of the county do not vote in favor of
 6 the public question, a second public question under that subsection may
 7 not be held in the county for at least two (2) years. If the voters of the
 8 county vote to reject the public question a second time, a third or
 9 subsequent public question under that subsection may not be held in the
 10 county until the general election held during the tenth year following the
 11 year of the previous public question held under that subsection.

12 SECTION 8. IC 4-31-5-6 IS AMENDED TO READ AS FOLLOWS
 13 [EFFECTIVE JULY 1, 2004]: Sec. 6. (a) The commission may not
 14 issue a recognized meeting permit unless the applicant has filed with the
 15 commission:

16 (1) a financial statement prepared and certified by a certified
 17 public accountant in accordance with sound accounting practices,
 18 showing the net worth of the applicant;

19 (2) a statement from the department of state revenue and the
 20 treasurer of state that there are no pari-mutuel taxes or other
 21 obligations owed by the applicant to the state or any of its
 22 departments or agencies;

23 (3) a statement from the county treasurer of the county in which
 24 the applicant proposes to conduct horse racing meetings that there
 25 are no real or personal property taxes owed by any of the
 26 principals seeking the permit; and

27 (4) a statement of obligations that are owed or being contested,
 28 including salaries, purses, entry fees, laboratory fees, and debts
 29 owed to vendors and suppliers.

30 (b) In addition to the requirements of subsection (a), the commission
 31 may not issue a recognized meeting permit for a recognized meeting to
 32 occur in a county unless IC 4-31-4 has been satisfied.

33 **(c) In addition to the requirements of subsections (a) and (b),**
 34 **the commission may not issue a recognized meeting permit for a**
 35 **recognized meeting to occur at a location within thirty (30) linear**
 36 **miles of a location for which another permit holder has been**
 37 **issued a recognized meeting permit for a recognized meeting to**
 38 **occur.**

39 SECTION 9. IC 4-31-5-15 IS AMENDED TO READ AS
 40 FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 15. **Except as provided**
 41 **in IC 4-31-7.5 or IC 4-31-7.6,** any fees or penalties collected by the
 42 commission under IC 4-31-3-9(1)(E) through IC 4-31-3-9(1)(G) shall
 43 be paid into the state general fund.

44 SECTION 10. IC 4-31-5.5-3 IS AMENDED TO READ AS
 45 FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 3. (a) As used in this
 46 section, "live racing day" means a day on which at least eight (8) live

1 horse races are conducted.

2 (b) The commission's authority to issue satellite facility licenses is
3 subject to the following conditions:

4 (1) The commission may issue four (4) satellite facility licenses to
5 each permit holder that:

6 (A) conducts at least one hundred twenty (120) live racing
7 days per year at the racetrack designated in the permit holder's
8 permit; and

9 (B) meets the other requirements of this chapter and the rules
10 adopted under this chapter.

11 If a permit holder that operates satellite facilities does not meet the
12 required minimum number of live racing days, the permit holder
13 may not operate the permit holder's satellite facilities during the
14 following year. However, the requirement for one hundred twenty
15 (120) live racing days does not apply if the commission
16 determines that the permit holder is prevented from conducting
17 live horse racing as a result of a natural disaster or other event
18 over which the permit holder has no control. In addition, if the
19 initial racing meeting conducted by a permit holder commences at
20 such a time as to make it impractical to conduct one hundred
21 twenty (120) live racing days during the permit holder's first year
22 of operations, the commission may authorize the permit holder to
23 conduct simulcast wagering during the first year of operations
24 with fewer than one hundred twenty (120) live racing days.

25 (2) Each proposed satellite facility must be covered by a separate
26 application. The timing for filing an initial application for a satellite
27 facility license shall be established by the rules of the commission.

28 (3) A satellite facility must:

29 (A) have full dining service available;

30 (B) have multiple screens to enable each patron to view
31 simulcast races; and

32 (C) be designed to seat comfortably a minimum of four
33 hundred (400) persons.

34 (4) In determining whether a proposed satellite facility should be
35 approved, the commission shall consider the following:

36 (A) The purposes and provisions of this chapter.

37 (B) The public interest.

38 (C) The impact of the proposed satellite facility on live racing.

39 (D) The impact of the proposed satellite facility on the local
40 community.

41 (E) The potential for job creation.

42 (F) The quality of the physical facilities and the services to be
43 provided at the proposed satellite facility.

44 (G) Any other factors that the commission considers important
45 or relevant to its decision.

46 (5) The commission may not issue a license for a satellite facility
47 to be located in a county unless IC 4-31-4 has been satisfied.

1 **(6) Satellite facilities are limited to the following locations:**

2 **(A) An allowed city.**

3 **(B) A city, other than an allowed city, in which the permit**
4 **holder's satellite facility operations began before March 1,**
5 **2004.**

6 **(C) A city, other than a city described in clause (A) or (B),**
7 **if a permit holder applies for a license to operate a**
8 **satellite facility in the city before April 1, 2005.**

9 **(7) A permit holder may not solely hold a license issued for**
10 **the operation of a satellite facility in an allowed city.**

11 **(c) The number of licenses issued for the operation of a**
12 **satellite facility in an allowed city may not exceed two (2).**
13 **However, an allowed city may not contain more than one (1)**
14 **satellite facility. A license issued for the operation of a satellite**
15 **facility in an allowed city must be jointly held by the two (2)**
16 **permit holders, or their successors, that received their original**
17 **permits from the commission before January 1, 2003. A jointly**
18 **held license issued for the operation of a satellite facility in an**
19 **allowed city counts as one (1) license for each permit holder.**

20 **(d) Before:**

21 **(1) the commission may issue a jointly held license to the**
22 **permit holders described in subsection (c) for the operation**
23 **of a satellite facility in an allowed city; and**

24 **(2) the permit holders may sell pari-mutuel pull tabs under**
25 **IC 4-31-7.5;**

26 **the permit holders must demonstrate to the commission that the**
27 **permit holders have entered into a mutual agreement under**
28 **which the facility will be equally owned and operated.**

29 SECTION 11. IC 4-31-5.5-6 IS AMENDED TO READ AS
30 FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 6. A permit holder or
31 group of permit holders that is authorized to operate satellite facilities
32 may accept and transmit pari-mutuel wagers on horse racing at those
33 facilities and may engage in all activities necessary to establish and
34 operate appropriate satellite wagering facilities, including the following:

35 (1) Live simulcasts of horse racing conducted at the permit
36 holder's racetrack or at other racetracks. However, a satellite
37 facility operated by a permit holder may not simulcast races
38 conducted in other states on any day that is not a live racing day
39 (as defined in section 3 of this chapter) unless the satellite facility
40 also simulcasts all available races conducted in Indiana on that
41 day.

42 (2) Construction or leasing of satellite wagering facilities.

43 (3) Sale of food and beverages.

44 (4) Advertising and promotion.

45 **(5) Sale of pari-mutuel pull tabs authorized under**

1 **IC 4-31-7.5.**

2 **(6)** All other related activities.

3 SECTION 12. IC 4-31-5.5-7 IS ADDED TO THE INDIANA CODE
4 AS A **NEW SECTION TO READ AS FOLLOWS** [EFFECTIVE JULY
5 1, 2004]: **Sec. 7. A zoning ordinance that permits real property to**
6 **be used as a racetrack to conduct live pari-mutuel horse racing**
7 **must be construed as authorizing the permit holder to operate a**
8 **satellite facility and to permit the sale of pari-mutuel pull tabs on**
9 **the real property. An ordinance described in this section may not**
10 **be amended to prohibit the permit holder from operating a**
11 **satellite facility or conducting the sale of pari-mutuel pull tabs on**
12 **the real property.**

13 SECTION 13. IC 4-31-7-1 IS AMENDED TO READ AS
14 FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 1. (a) A person holding
15 a permit to conduct a horse racing meeting or a license to operate a
16 satellite facility may provide a place in the racing meeting grounds or
17 enclosure or the satellite facility at which the person may conduct and
18 supervise the pari-mutuel system of wagering by patrons of legal age on
19 the horse races conducted or simulcast by the person. The person may
20 not permit or use:

- 21 (1) another place other than that provided and designated by the
22 person; or
23 (2) another method or system of betting or wagering.

24 **However, a person holding a permit to conduct a horse racing**
25 **meeting may permit wagering on pari-mutuel pull tabs at the**
26 **person's racetrack or satellite facility as permitted by IC 4-31-7.5.**

27 (b) Except as provided in section 7 of this chapter and IC 4-31-5.5,
28 the pari-mutuel system of wagering may not be conducted on any races
29 except the races at the racetrack, grounds, or enclosure for which the
30 person holds a permit.

31 SECTION 14. IC 4-31-7-2 IS AMENDED TO READ AS
32 FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 2. (a) A person less than
33 eighteen (18) years of age may not wager at a horse racing meeting.

34 (b) A person less than ~~seventeen (17)~~ **eighteen (18)** years of age
35 may not enter the grandstand, clubhouse, or similar areas of a racetrack
36 at which wagering is permitted unless accompanied by a person who
37 is at least twenty-one (21) years of age.

38 (c) A person less than eighteen (18) years of age may not enter a
39 satellite facility.

40 **(d) A person less than twenty-one (21) years of age may not**
41 **enter the part of a satellite facility or racetrack in which**
42 **pari-mutuel pull tabs are sold and redeemed.**

43 SECTION 15. IC 4-31-7.5 IS ADDED TO THE INDIANA CODE
44 AS A **NEW CHAPTER TO READ AS FOLLOWS** [EFFECTIVE JULY
45 1, 2004]:

Chapter 7.5. Pari-Mutuel Pull Tabs

Sec. 1. (a) This chapter applies only to the sale of pari-mutuel pull tabs by a person that holds a permit to conduct a pari-mutuel horse racing meeting issued under IC 4-31-5.

(b) This chapter does not apply to the sale of pull tabs by a qualified organization (as defined in IC 4-32-6-20) under IC 4-32.

Sec. 2. The Indiana gaming commission shall regulate and administer the sale, purchase, and redemption of pari-mutuel pull tabs under this chapter.

Sec. 3. (a) The Indiana gaming commission shall adopt rules under IC 4-22-2, including emergency rules under IC 4-22-2-37.1, to implement this chapter, including rules that prescribe:

(1) an approval process for pari-mutuel pull tab games that requires periodic testing of the games and equipment by an independent entity under the oversight of the Indiana gaming commission to ensure the integrity of the games to the public;

(2) a system of internal audit controls;

(3) a method of payment for pari-mutuel pull tab prizes that allows a player to transfer credits from one (1) terminal or device to another;

(4) a method of payment for pari-mutuel pull tab prizes that allows a player to redeem a winning ticket for additional play tickets or credit to permit the purchase of additional play tickets;

(5) requirements for a license to sell pari-mutuel pull tabs that a permit holder must obtain from the Indiana gaming commission before selling pari-mutuel pull tabs;

(6) a voluntary exclusion program;

(7) procedures for the transfer of interests in jointly held licenses that have been approved by the Indiana gaming commission; and

(8) any other procedure or requirement necessary for the efficient and economical operation of the pari-mutuel pull tab games and the convenience of the public.

(b) The Indiana gaming commission may enter into a contract with the commission for the provision of services necessary to administer pari-mutuel pull tab games.

Sec. 4. (a) The Indiana gaming commission may issue a license to a permit holder or group of permit holders to sell pari-mutuel pull tabs under this chapter. A separate license is required to sell pari-mutuel pull tabs at each of the locations described in section 9 of this chapter. To obtain a license under this section, a permit holder must submit an application on a form prescribed by the

1 **Indiana gaming commission.**

2 (b) Before issuing a license to a permit holder under this
3 section, the Indiana gaming commission shall subject the permit
4 holder to a background investigation similar to a background
5 investigation required of an applicant for a riverboat owner's
6 license under IC 4-33-6.

7 (c) An initial pari-mutuel pull tab license expires five (5) years
8 after the effective date of the license. Unless the pari-mutuel pull
9 tab license is terminated or revoked, the pari-mutuel pull tab
10 license may be renewed annually thereafter upon:

11 (1) the payment of an annual renewal fee determined by the
12 Indiana gaming commission; and

13 (2) a determination by the Indiana gaming commission that
14 the permit holder satisfies the conditions of this chapter and
15 IC 4-31-7.6.

16 (d) A permit holder holding a pari-mutuel pull tab license shall
17 undergo a complete investigation every three (3) years to
18 determine that the permit holder remains in compliance with this
19 chapter and IC 4-31-7.6.

20 (e) Notwithstanding subsection (d), the Indiana gaming
21 commission may investigate a permit holder at any time the
22 commission determines it is necessary to ensure that the permit
23 holder remains in compliance with this chapter and IC 4-31-7.6.

24 (f) The permit holder shall bear the cost of an investigation or
25 a reinvestigation of the permit holder and any investigation
26 resulting from a potential transfer of ownership.

27 (g) The Indiana gaming commission may not issue a license
28 under this chapter to authorize the sale of pari-mutuel pull tabs
29 in an allowed city unless the permit holders have:

30 (1) executed an agreement with the mayor of the allowed city
31 concerning the conditions under which the city and the
32 permit holders agree that a satellite facility should be located
33 and operated in the city; and

34 (2) submitted a joint application for the license for the sale
35 of pari-mutuel pull tabs at a satellite facility located in the
36 city that provides for the mutually agreed sharing between
37 the permit holders of equal ownership, operations, and
38 management of the satellite facility.

39 The issuance of a license to authorize the sale of pari-mutuel pull
40 tabs in a particular allowed city is not contingent upon the permit
41 holders executing an agreement described in subdivision (1) with
42 the mayor of any other allowed city. In the case of a license to sell
43 pari-mutuel pull tabs in an allowed city that is also a consolidated
44 city, the application described in subdivision (2) must be submitted

1 to the Indiana gaming commission before April 1, 2005.

2 (h) An agreement between the permit holders and the mayor
3 of an allowed city under this section:

4 (1) must promote the public health, safety, and welfare of the
5 city;

6 (2) may include provisions for revenue sharing, grants,
7 housing development, employment opportunities,
8 investment, assistance with the satellite facility, use of
9 revenues, and any other terms and conditions mutually
10 agreed upon; and

11 (3) in the case of an agreement between the permit holders
12 and the mayor of an allowed city that is also a consolidated
13 city, must be executed before April 1, 2005.

14 An agreement executed under this section is binding upon the
15 issuance of a license to sell pari-mutuel pull tabs under this
16 chapter by the Indiana gaming commission, subject to the other
17 provisions of this chapter. The agreement may not supersede any
18 applicable zoning laws. The permit holder is under a continuing
19 duty to remain in compliance with the terms of the agreement
20 executed under this section to retain the permit holder's
21 pari-mutuel pull tab license. The Indiana gaming commission may
22 revoke a pari-mutuel pull tab license for noncompliance with the
23 terms of an agreement executed under this section.

24 (i) Money received by any unit of government under an
25 agreement executed under this section is considered
26 miscellaneous revenue. The money may not be used to reduce the
27 unit's maximum levy under IC 6-1.1-18.5 or IC 6-1.1-19. Subject
28 to subsections (j) and (k), the money may be used for any legal or
29 corporate purpose of the unit, including the pledge of money to
30 bonds, leases, or other obligations under IC 5-1-14-4.

31 (j) In the case of an allowed city that is also a consolidated city,
32 the agreement executed under subsection (g) must require the
33 permit holder to pay a lump sum amount to the city upon the
34 execution of the agreement. Money received in the lump sum
35 payment must be used for the following purposes:

36 (1) Thirty-nine and five-tenths percent (39.5%) for any
37 purpose as directed by the city executive.

38 (2) Twenty-five percent (25%) for deposit in the housing
39 trust fund established under IC 36-7-15.1-35.5(e).

40 (3) Twenty-five percent (25%) for distribution to the school
41 corporations located in the county in which the consolidated
42 city is located to be used for capital projects, according to the
43 needs of the school corporations as determined by the city
44 executive.

1 **(4) Ten percent (10%) to be used for public safety and the**
 2 **operations of the Indianapolis Public Transportation**
 3 **Corporation.**

4 **(5) Five-tenths of one percent (0.5%) to the county fiscal**
 5 **body for distribution to mental health and addiction service**
 6 **providers located in the county.**

7 **(k) In addition to the lump sum payment required under**
 8 **subsection (j), the agreement executed under subsection (g)**
 9 **between the allowed city described in subsection (j) and the permit**
 10 **holder must provide for ongoing payments to the city. Payments**
 11 **received under this subsection must be used for the following**
 12 **purposes:**

13 **(1) Seventy-four and five-tenths percent (74.5%) for any**
 14 **purpose as directed by the city executive.**

15 **(2) Twenty-five percent (25%) for the following purposes:**

16 **(A) Deposits in the housing trust fund established under**
 17 **IC 36-7-15.1-35.5(e)**

18 **(B) Distributions to the school corporations described in**
 19 **subsection (j)(3) according to the needs of the school**
 20 **corporations as determined by the city executive.**

21 **(C) Public safety and the operations of the Indianapolis**
 22 **Public Transportation Corporation.**

23 **At least five percent (5%) of the money available under this**
 24 **subdivision must be used for each purpose specified in**
 25 **clauses (A) through (C).**

26 **(3) Five-tenths of one percent (0.5%) to the county fiscal**
 27 **body for distribution to mental health and addiction service**
 28 **providers located in the county.**

29 **(l) In the case of an allowed city that is not a consolidated city,**
 30 **the agreement executed under subsection (g) must allocate money**
 31 **received under the agreement as follows:**

32 **(1) Forty-nine and five-tenths percent (49.5%) to be divided**
 33 **between the allowed city and the county in which the allowed**
 34 **city is located on a pro rata basis according to the ratio of the**
 35 **allowed city's population to the total population of the county.**

36 **(2) Fifty percent (50%) to the capital improvement board**
 37 **established:**

38 **(A) under IC 36-10-8; and**

39 **(B) by the county in which the allowed city is located.**

40 **(3) Five-tenths of one percent (0.5%) to the county fiscal**
 41 **body of the county in which the allowed city is located for**
 42 **distribution to mental health and addiction service providers**
 43 **located in the county.**

44 **Money allocated to the capital improvement board under**

1 subdivision (2) must be used to finance capital improvements
2 undertaken to implement a downtown improvement plan adopted
3 as a part of the municipal comprehensive plan enacted or
4 amended under IC 36-7-4.

5 (m) The Indiana gaming commission may not issue a license
6 under this chapter to authorize a permit holder to sell pari-mutuel
7 pull tabs at the permit holder's race track until:

8 (1) the permit holder has executed an agreement with the
9 mayor of an allowed city that is also a consolidated city under
10 this section; and

11 (2) the Indiana gaming commission has approved a joint
12 license application submitted by the permit holders for the
13 operation of a satellite facility in the allowed city that is also
14 a consolidated city.

15 (n) The Indiana gaming commission may not issue a
16 pari-mutuel pull tab license to a permit holder under this section
17 unless the permit holder conducts at least one hundred sixty (160)
18 live racing days per calendar year at the permit holder's
19 racetrack. Of the minimum number of racing days required under
20 this subsection, at least:

21 (1) one hundred (100) live racing days must be for
22 standardbreds; and

23 (2) sixty (60) live racing days must be for horses mounted by
24 jockeys run over a course without jumps or obstacles.

25 The requirements of this subsection are a continuing condition for
26 licensure under this section. However, the requirements do not
27 apply if the Indiana gaming commission determines that the
28 permit holder is prevented from conducting live horse racing as a
29 result of a natural disaster or other event over which the permit
30 holder has no control.

31 (o) The Indiana gaming commission may not issue a
32 pari-mutuel pull tab license to a permit holder to offer
33 pari-mutuel pull tabs at a satellite facility located in an allowed
34 city that is not also a consolidated city unless the voters of the city
35 have approved the sale of pari-mutuel pull tabs in the city in a
36 local public question held under section 21 of this chapter.

37 Sec. 5. The Indiana gaming commission may assess an
38 administrative fee to a permit holder offering pari-mutuel pull tab
39 games in an amount that allows the Indiana gaming commission
40 to recover all the Indiana gaming commission's costs of
41 administering the pari-mutuel pull tab games.

42 Sec. 6. A pari-mutuel pull tab game must be conducted in the
43 following manner:

44 (1) Each set of pari-mutuel pull tabs must have a

- 1 predetermined:
- 2 (A) total purchase price; and
- 3 (B) amount of prizes.
- 4 (2) Randomly ordered pari-mutuel pull tabs may be
- 5 distributed from an approved location or from a distribution
- 6 device to:
- 7 (A) the permit holder at the permit holder's racetrack or
- 8 satellite facility, or both; or
- 9 (B) a terminal or device of the permit holder at the permit
- 10 holder's racetrack or satellite facility, or both.
- 11 (3) A pari-mutuel pull tab must be presented to a player in
- 12 the form of a paper ticket or a display on a terminal or
- 13 device.
- 14 (4) Game results must be initially covered or otherwise
- 15 concealed from view on the pari-mutuel pull tabs, terminal,
- 16 or device so that the number, letter, symbol, or set of
- 17 numbers, letters, or symbols cannot be seen until the
- 18 concealing medium is removed.
- 19 (5) A winner is identified after the display of the game
- 20 results when a player removes the concealing medium of the
- 21 pari-mutuel pull tab or display on a terminal or device.
- 22 (6) A winner shall receive the prize or prizes posted or
- 23 displayed for the game from the permit holder.
- 24 Sec. 7. A person less than twenty-one (21) years of age may not
- 25 purchase a pari-mutuel pull tab.
- 26 Sec. 8. The sale price of a pari-mutuel pull tab may not exceed
- 27 ten dollars (\$10).
- 28 Sec. 9. The sale, purchase, and redemption of pari-mutuel pull
- 29 tabs are limited to the following locations:
- 30 (1) A live pari-mutuel horse racing facility licensed under
- 31 this article.
- 32 (2) A satellite facility licensed under this article that is
- 33 located in an allowed city.
- 34 Sec. 10. A permit holder may not install more than:
- 35 (1) one thousand (1,000) pull tab terminals or devices on the
- 36 premises of the permit holder's live pari-mutuel horse racing
- 37 facility; and
- 38 (2) one thousand five hundred (1,500) pull tab terminals or
- 39 devices on the premises of the permit holder's satellite
- 40 facility located in an allowed city.
- 41 Sec. 11. The number and amount of the prizes in a pari-mutuel
- 42 pull tab game must be finite. However, the Indiana gaming
- 43 commission may not limit the number or amount of the prizes in
- 44 a pari-mutuel pull tab game.

1 **Sec. 12. A list of prizes for winning pari-mutuel pull tabs must**
2 **be posted or displayed at a location where the tickets are sold.**

3 **Sec. 13. A permit holder may close a pari-mutuel pull tab game**
4 **at any time.**

5 **Sec. 14. A terminal or device selling pari-mutuel pull tabs may**
6 **be operated by a player without the assistance of the permit**
7 **holder.**

8 **Sec. 15. A terminal or device selling pari-mutuel pull tabs may**
9 **not dispense coins or currency as prizes for winning pull tabs.**
10 **Prizes awarded by a terminal or device must be in the form of**
11 **credits for additional play or certificates redeemable for cash or**
12 **prizes.**

13 **Sec. 16. All shipments of gambling devices, including**
14 **pari-mutuel pull tab machines, to permit holders in Indiana, the**
15 **registering, recording, and labeling of which have been completed**
16 **by the manufacturer or dealer in accordance with 15 U.S.C. 1171**
17 **through 15 U.S.C. 1178, are legal shipments of gambling devices**
18 **into Indiana.**

19 **Sec. 17. Under 15 U.S.C. 1172, approved January 2, 1951, the**
20 **state of Indiana, acting by and through elected and qualified**
21 **members of the general assembly, declares that the state is**
22 **exempt from 15 U.S.C. 1172.**

23 **Sec. 18. (a) This section applies if a permit holder's employees**
24 **are covered under the terms of a collective bargaining agreement**
25 **that is in effect at the time the permit holder is licensed to offer**
26 **pari-mutuel pull tab wagering under this chapter.**

27 **(b) If a permit holder has nonsupervisory employees whose**
28 **work is:**

29 **(1) directly related to:**

30 **(A) pari-mutuel terminal operations; or**

31 **(B) money room functions associated with pari-mutuel**
32 **wagering on horse racing; and**

33 **(2) covered under the terms of a collective bargaining**
34 **agreement;**

35 **the permit holder shall, subject to subsection (c), staff**
36 **nonsupervisory positions directly related to the operation of**
37 **pari-mutuel pull tab wagering under this chapter with employees**
38 **described in subdivision (2).**

39 **(c) The employees described in subsection (b) must be qualified**
40 **to meet the licensing requirements of this chapter and any**
41 **criteria required by the Indiana gaming commission in rules**
42 **adopted under IC 4-22-2.**

43 **Sec. 19. The job classifications, job duties, wage rates, and**
44 **benefits of nonsupervisory positions related to pari-mutuel pull**

1 tab wagering may be established by agreement of the parties to a
 2 collective bargaining agreement or, in the absence of an
 3 agreement, by the permit holder.

4 Sec. 20. (a) The Indiana gaming commission may eject or
 5 exclude or authorize the ejection or exclusion of a person from a
 6 pari-mutuel pull tab wagering facility if:

7 (1) the person's name is on the list of persons voluntarily
 8 excluding themselves from all pari-mutuel pull tab facilities
 9 in a program established under the rules of the Indiana
 10 gaming commission;

11 (2) the person violates this chapter; or

12 (3) the Indiana gaming commission determines that the
 13 person's conduct or reputation is such that the person's
 14 presence within the pari-mutuel pull tab wagering facility
 15 may:

16 (A) call into question the honesty and integrity of the
 17 pari-mutuel pull tab operations; or

18 (B) interfere with the orderly conduct of the pari-mutuel
 19 pull tab operations.

20 (b) A person may petition the Indiana gaming commission for
 21 a hearing on the person's ejection or exclusion under this section.

22 Sec. 21. (a) This section applies only to an allowed city that is
 23 not also a consolidated city.

24 (b) For a local public question required to be held under section
 25 4(o) of this chapter, the county election board shall place the
 26 following question on the ballot in the city during the 2004 general
 27 election:

28 "Shall the sale of pari-mutuel pull tabs be allowed in the City
 29 of _____ ?".

30 (c) A public question under this section must be certified in
 31 accordance with IC 3-10-9-3 and shall be placed on the ballot in
 32 accordance with IC 3-10-9.

33 (d) The circuit court clerk of a county holding an election under
 34 this chapter shall certify the results determined under IC 3-12-4-9
 35 to the Indiana gaming commission and the department of state
 36 revenue.

37 (e) If a public question is placed on the ballot under subsection
 38 (b) in a city and the voters of the city do not vote in favor of the
 39 public question, a second public question under that subsection
 40 may not be held in the city for at least two (2) years. If the voters
 41 of the city vote to reject the public question a second time, a third
 42 or subsequent public question under that subsection may not be
 43 held in the city until the general election held during the tenth
 44 year following the year of the previous public question held under

1 that subsection.

2 (f) This section applies only to the sale of pari-mutuel pull tabs
3 in the city. This section may not be construed to affect a permit
4 holder's ability to operate a satellite facility in the city under a
5 license issued under IC 4-31-5.5.

6 SECTION 16. IC 4-31-7.6 IS ADDED TO THE INDIANA CODE
7 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY
8 1, 2004]:

9 **Chapter 7.6. Taxation of Pari-Mutuel Pull Tabs and Fees**

10 **Sec. 1. (a) This chapter applies only to the lawful sale of**
11 **pari-mutuel pull tabs by a person that:**

12 (1) holds a permit to conduct a pari-mutuel horse racing
13 meeting issued under IC 4-31-5; and

14 (2) is authorized to sell pari-mutuel pull tabs under
15 IC 4-31-7.5.

16 (b) This chapter does not apply to the sale of pull tabs by a
17 qualified organization (as defined in IC 4-32-6-20) under IC 4-32.

18 **Sec. 2. As used in this chapter, "adjusted gross receipts"**
19 **means:**

20 (1) the total of all cash and property (including checks
21 received by a permit holder, whether collected or not)
22 received by a permit holder from pari-mutuel pull tab sales;
23 minus

24 (2) the total of:

25 (A) all cash paid out to patrons as winnings for
26 pari-mutuel pull tabs; and

27 (B) uncollectible pari-mutuel pull tab receivables, not to
28 exceed the lesser of:

29 (i) a reasonable provision for uncollectible patron
30 checks received from pari-mutuel pull tab sales; or

31 (ii) two percent (2%) of the total of all sums, including
32 checks, whether collected or not, less the amount paid
33 out to patrons as winnings for pari-mutuel pull tabs.

34 For purposes of this section, a counter or personal check that is
35 invalid or unenforceable under this article is considered cash
36 received by the permit holder from pari-mutuel pull tab sales.

37 **Sec. 3. As used in this chapter, "county resident student"**
38 **means a student who is enrolled in a school corporation and who**
39 **resides in a county having a population of more than one hundred**
40 **thirty thousand (130,000) but less than one hundred forty-five**
41 **thousand (145,000).**

42 **Sec. 4. As used in this chapter, "school corporation" has the**
43 **meaning set forth in IC 36-1-2-17.**

44 **Sec. 5. As used in this chapter, "department" refers to the**

1 department of state revenue.

2 **Sec. 6. (a) A tax is imposed on the adjusted gross receipts**
 3 **received from the sale of pari-mutuel pull tabs authorized under**
 4 **this article at the rate of thirty-three percent (33%).**

5 **(b) The permit holder shall remit the tax imposed by this**
 6 **section to the department before the close of the business day**
 7 **following the day the pari-mutuel pull tabs are sold.**

8 **(c) The department may require payment under this section to**
 9 **be made by electronic funds transfer (as defined in**
 10 **IC 4-8.1-2-7(f)).**

11 **(d) If the department requires taxes to be remitted under this**
 12 **chapter through electronic funds transfer, the department may**
 13 **allow the permit holder to file a monthly report to reconcile the**
 14 **amounts remitted to the department.**

15 **(e) The department may allow taxes remitted under this section**
 16 **to be reported on the same form used for taxes paid under**
 17 **IC 4-31-9.**

18 **Sec. 7. (a) The state pull tab wagering fund is established.**
 19 **Money in the fund does not revert to the state general fund at the**
 20 **end of a state fiscal year.**

21 **(b) The department shall deposit tax revenue collected under**
 22 **section 6 of this chapter in the state pull tab wagering fund.**

23 **(c) Before the fifteenth day of each month, the treasurer of**
 24 **state shall distribute the tax revenue deposited in the state pull**
 25 **tab wagering fund under this section in the preceding month as**
 26 **follows:**

27 **(1) Thirty percent (30%) of the tax revenue remitted by each**
 28 **permit holder's racetrack shall be paid as follows:**

29 **(A) In the case of a racetrack that is located in a county**
 30 **having a population of more than one hundred thirty**
 31 **thousand (130,000) but less than one hundred forty-five**
 32 **thousand (145,000), the first one hundred fifty thousand**
 33 **dollars (\$150,000) of tax revenue distributed under this**
 34 **clause in the first calendar year that pari-mutuel pull tabs**
 35 **are offered in the county must be paid to the county**
 36 **treasurer for a one-time distribution to a shelter for**
 37 **victims of domestic violence located in the county. The**
 38 **remainder of the tax revenues distributed under this**
 39 **clause in the first year and the total amount of the tax**
 40 **revenue distributed under this clause each year thereafter**
 41 **shall be paid as follows:**

42 **(i) Thirty-five percent (35%) to the county's economic**
 43 **development council for distribution under section 10 of**
 44 **this chapter.**

- 1 (ii) Fifteen percent (15%) to a city having a population
2 of more than fifty-nine thousand seven hundred
3 (59,700) but less than sixty-five thousand (65,000).
4 (iii) Twenty percent (20%) to the school corporations
5 located in the county. The tax revenue distributed under
6 this item must be divided among the school corporations
7 on a pro rata basis according to the ratio the number of
8 county resident students enrolled in each school
9 corporation bears to the total number of county resident
10 students enrolled in the school corporations located in
11 the county. Revenue received by a school corporation
12 under this item is considered miscellaneous revenue.
13 (iv) Fifteen percent (15%) to the incorporated cities and
14 towns located in the county other than a city described
15 in item (ii). The tax revenue distributed under this item
16 must be divided among the cities and towns on a pro
17 rata basis according to the ratio the population of each
18 city or town bears to the total population of the county
19 minus the population of a city described in item (ii).
20 (v) Fourteen and five-tenths percent (14.5%) to the
21 capital projects fund of the county for distribution by
22 the county legislative body.
23 (vi) Five-tenths of one percent (0.5%) to the county
24 fiscal body for distribution to mental health and
25 addiction service providers located in the county.
- 26 (B) In the case of a racetrack that is located in a county
27 having a population of more than forty-three thousand
28 (43,000) but less than forty-five thousand (45,000), the tax
29 revenues remitted by the racetrack shall be paid as
30 follows:
- 31 (i) Thirty-nine and five-tenths percent (39.5%) to the
32 county.
33 (ii) Forty percent (40%) to a city having a population of
34 more than seventeen thousand nine hundred (17,900)
35 but less than eighteen thousand one hundred (18,100).
36 (iii) Twenty percent (20%) to the school corporations
37 located in the county. The tax revenue distributed under
38 this item must be divided among the school corporations
39 on a pro rata basis according to the ratio the number of
40 county resident students enrolled in each school
41 corporation bears to the total number of county resident
42 students enrolled in the school corporations located in
43 the county. Revenue received by a school corporation
44 under this item is considered miscellaneous revenue.

- 1 (iv) Five-tenths of one percent (0.5%) to the county
2 fiscal body for distribution to mental health and
3 addiction service providers located in the county.
- 4 (2) After the distributions required by subdivision (1) are
5 made, four percent (4%) of the remainder of the tax
6 revenues deposited in the state pull tab wagering fund shall
7 be paid to the clean water Indiana fund established under
8 IC 14-32-8-6.
- 9 (3) After the distributions required under subdivisions (1)
10 and (2), five-tenths of one percent (0.5%) of the remainder
11 of the tax revenues deposited in the state pull tab wagering
12 fund shall be set aside for distribution to the counties that
13 are eligible for revenue sharing under subsection (d). The
14 treasurer of state shall distribute the money set aside under
15 this subdivision to the county treasurer of each eligible
16 county according to the ratio that the county's population
17 bears to the total population of the counties that are eligible
18 for revenue sharing under subsection (d). Money received
19 under this subdivision must be distributed by the county
20 fiscal body to mental health and addiction service providers
21 located in the county.
- 22 (4) After the distributions required by subdivisions (1)
23 through (3), the remainder of the tax revenues deposited in
24 the state pull tab wagering fund during a state fiscal year
25 shall be paid as follows:
- 26 (A) Fifty percent (50%) shall be paid to the state general
27 fund.
- 28 (B) Fifty percent (50%) shall be set aside to be paid as
29 follows:
- 30 (i) Twelve million five hundred thousand dollars
31 (\$12,500,000) shall be paid to the early learning fund
32 established under IC 21-1-31.
- 33 (ii) Subject to subsection (e), the remainder shall be set
34 aside for revenue sharing under subsection (d).
- 35 (d) Before August 15, 2005, and each year thereafter, the
36 treasurer of state shall distribute the money deposited in the state
37 pull tab wagering fund and set aside for revenue sharing under
38 subsection (c)(4)(B)(ii) in the previous state fiscal year to the
39 county treasurer of each county that does not have a riverboat or
40 a satellite facility authorized to sell pari-mutuel pull tabs
41 according to the ratio that the county's population bears to the
42 total population of the counties that do not have a riverboat or a
43 satellite facility authorized to sell pari-mutuel pull tabs. The
44 county auditor shall distribute the money received by the county

- 1 under this subsection as follows:
- 2 (1) To each city located in the county according to the ratio
- 3 the city's population bears to the total population of the
- 4 county.
- 5 (2) To each town located in the county according to the ratio
- 6 the town's population bears to the total population of the
- 7 county.
- 8 (3) After the distributions required in subdivisions (1) and (2)
- 9 are made, the remainder shall be retained by the county.
- 10 (e) The total amount distributed under subsection (d) in a state
- 11 fiscal year may not exceed fifty-three million dollars
- 12 (\$53,000,000). Tax revenues set aside under subsection
- 13 (c)(4)(B)(ii) exceeding fifty-three million dollars (\$53,000,000)
- 14 must be paid before August 15 as follows:
- 15 (1) For state fiscal years ending before July 1, 2006:
- 16 (A) Seventy-five percent (75%) to the local capital
- 17 projects fund established under section 15 of this chapter.
- 18 (B) Twenty-five percent (25%) to the counties, cities, and
- 19 towns eligible for revenue sharing under subsection (d) as
- 20 a supplemental revenue sharing payment.
- 21 (2) For state fiscal years beginning after June 30, 2006:
- 22 (A) Seventy-five percent (75%) to the early learning fund
- 23 established by IC 21-1-31.
- 24 (B) Twenty-five percent (25%) to the counties, cities, and
- 25 towns eligible for revenue sharing under subsection (d) as
- 26 a supplemental revenue sharing payment.
- 27 The treasurer of state shall determine the amount due to the
- 28 county treasurer of each county under this subsection in the same
- 29 manner as payments to the county treasurer of each county are
- 30 determined under subsection (d). The county auditor of each
- 31 county receiving money under this subsection shall distribute the
- 32 money in the same manner as the county auditor distributes
- 33 money received under subsection (d).
- 34 Sec. 7.1. Charter schools, as defined in IC 20-5.5-1-4, shall be
- 35 included in the distribution of funds under this chapter.
- 36 Sec. 8. (a) Before the fifteenth day of each month, a permit
- 37 holder shall pay to the commission for the promotion of horse
- 38 racing a fee of thirteen percent (13%) of the permit holder's
- 39 adjusted gross receipts from the sale of pari-mutuel pull tabs for
- 40 the previous month.
- 41 (b) The commission shall distribute the money that is paid
- 42 under subsection (a) as follows:
- 43 (1) Eighty-one percent (81%) for the following purposes:
- 44 (A) Forty-six percent (46%) for thoroughbred purposes as

- 1 follows:
- 2 (i) Ninety-eight and five-tenths percent (98.5%) for
- 3 thoroughbred purses.
- 4 (ii) One and two-tenths percent (1.2%) to the
- 5 horsemen's association representing thoroughbred
- 6 owners and trainers.
- 7 (iii) Three-tenths of one percent (0.3%) to the
- 8 horsemen's association representing thoroughbred
- 9 owners and breeders.
- 10 (B) Forty-six percent (46%) for standardbred purposes as
- 11 follows:
- 12 (i) Ninety-eight and five-tenths percent (98.5%) for
- 13 standardbred purses.
- 14 (ii) One and five-tenths percent (1.5%) to the
- 15 horsemen's association representing standardbred
- 16 owners and trainers.
- 17 (C) Eight percent (8%) for quarterhorse purposes as
- 18 follows:
- 19 (i) Ninety-five percent (95%) for quarterhorse purses.
- 20 (ii) Five percent (5%) to the horsemen's association
- 21 representing quarterhorse owners and trainers.
- 22 (2) Nineteen percent (19%) to the breed development funds
- 23 established under IC 4-31-11-10 as follows:
- 24 (A) Forty-six percent (46%) to the breed development
- 25 fund for thoroughbreds.
- 26 (B) Forty-six percent (46%) to the breed development
- 27 fund for standardbreds.
- 28 (C) Eight percent (8%) to the breed development fund for
- 29 quarterhorses.
- 30 Sec. 9. (a) The commission shall annually impose a
- 31 supplemental fee of two hundred fifty thousand dollars (\$250,000)
- 32 upon each permit holder operating a racetrack under this article.
- 33 (b) Fifty percent (50%) of the supplemental fee collected under
- 34 this section must be used for training facilities and capital
- 35 improvements, including stall improvements.
- 36 (c) Fifty percent (50%) of the supplemental fee collected under
- 37 this section must be used to promote live racing at county and 4-H
- 38 fairgrounds.
- 39 Sec. 10. (a) This section applies only to a county having a
- 40 population of more than one hundred thirty thousand (130,000)
- 41 but less than one hundred forty-five thousand (145,000).
- 42 (b) The county economic development council is established to
- 43 allocate pari-mutuel pull tab taxes received under section 7 of this
- 44 chapter to economic development projects within the county. At

1 least two-thirds (2/3) of the taxes received in the first twenty-four
 2 (24) months that the council receives taxes under section 7 of this
 3 chapter must be allocated for operations, capital improvements,
 4 and other necessary expenditures of the certified technology park
 5 located in the largest city in the county. For each twelve (12)
 6 month period thereafter, at least one-third (1/3) of the taxes
 7 received under section 7 of this chapter must be allocated for
 8 operations, capital improvements, and other necessary
 9 expenditures of the certified technology park located in the
 10 largest city in the county.

11 (c) The council consists of the following members:

12 (1) Two (2) elected officials, who must be members of
 13 different political parties, representing the county appointed
 14 by the county executive.

15 (2) Two (2) elected officials, who must be members of
 16 different political parties, representing the largest city in the
 17 county appointed by the mayor of the city.

18 (3) One (1) elected official from each city in the county other
 19 than the city described in subdivision (2) appointed by the
 20 mayor of the city.

21 (4) One (1) elected official from each town in the county
 22 appointed by the legislative body of the town.

23 (d) For purposes of this section, "economic development
 24 project" has the meaning set forth in IC 6-3.5-7-13.1.

25 Sec. 11. Money received by a city, town, or county under this
 26 chapter:

27 (1) may not be used to reduce the unit's maximum levy
 28 under IC 6-1.1-18.5;

29 (2) may be used for any legal or corporate purpose, including
 30 the pledge of money to bonds, leases, or other obligations
 31 under IC 5-1-14-4; and

32 (3) is considered miscellaneous revenue.

33 Sec. 12. (a) Revenue received by a school corporation under
 34 section 7(c) of this chapter is considered miscellaneous revenue.

35 (b) At least fifty percent (50%) of the revenue received under
 36 section 7(c) of this chapter must be used in support of:

37 (1) academic programs;

38 (2) extracurricular programs;

39 (3) school improvement efforts;

40 (4) professional development; or

41 (5) any other program or activity considered appropriate by
 42 the governing body of the school corporation.

43 Sec. 13. The budget agency shall develop a plan, which shall be
 44 reviewed by the budget committee, to do the following:

1 **(1) Identify the build Indiana fund local projects (as defined**
 2 **in IC 4-30-17-4.1(e)) for which:**

3 **(A) money was appropriated in a budget bill enacted**
 4 **before December 31, 2001;**

5 **(B) the appropriation was not canceled in a budget bill**
 6 **enacted before July 1, 2004; and**

7 **(C) the appropriation has not been:**

8 **(i) reviewed by the budget committee;**

9 **(ii) allotted; or**

10 **(iii) paid out.**

11 **(2) Determine:**

12 **(A) the total dollar amount of the projects identified under**
 13 **subdivision (1); and**

14 **(B) a schedule under which the total dollar amount shall**
 15 **be distributed to the budget agency beginning in the state**
 16 **fiscal year beginning July 1, 2004, from the local capital**
 17 **projects fund established under section 15 of this chapter.**

18 **The plan required by this section must include provisions for**
 19 **including every viable project described in subdivision (1) on the**
 20 **budget committee agenda for review.**

21 **Sec. 14. Money distributed to the budget agency under section**
 22 **13 of this chapter to fund local projects may be used only to fund**
 23 **projects for which appropriations were made before December 31,**
 24 **2001. The distributions are not additional appropriations for those**
 25 **projects. The budget agency shall develop procedures for**
 26 **administering section 13 of this chapter in compliance with the**
 27 **provisions of IC 4-30-17 requiring budget committee review of**
 28 **local projects.**

29 **Sec. 15. (a) The local capital projects fund is established to fund**
 30 **local capital projects under section 13 of this chapter.**

31 **(b) The treasurer of state shall administer the fund.**

32 **(c) The expenses of administering the fund shall be paid from**
 33 **money in the fund.**

34 **(d) The fund consists of the following:**

35 **(1) Interest earned on money in the fund.**

36 **(2) Amounts appropriated by the general assembly.**

37 **(3) Money paid into the fund under section 7(e)(1)(A) of this**
 38 **chapter.**

39 **(e) The treasurer of state shall invest the money in the fund**
 40 **not currently needed to meet the obligations of the fund in the**
 41 **same manner as other public funds may be invested. Interest that**
 42 **accrues from these investments shall be deposited in the fund.**

43 **(f) Money in the fund at the end of a state fiscal year does not**
 44 **revert to the state general fund.**

1 **(g) For state fiscal years beginning after June 30, 2005 and**
 2 **ending before July 1, 2007, there is annually appropriated to the**
 3 **local capital projects fund thirty million dollars (\$30,000,000) from**
 4 **the state general fund to be used for the purposes of section 13 of**
 5 **this chapter.**

6 **(h) Money in the fund is annually appropriated for the purposes**
 7 **of section 13 of this chapter.**

8 SECTION 17. IC 4-31-9-1 IS AMENDED TO READ AS
 9 FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 1. A person that holds
 10 a permit to conduct a horse racing meeting or a license to operate a
 11 satellite facility shall withhold:

- 12 (1) eighteen percent (18%) of the total of money wagered on each
 13 day at the racetrack or satellite facility (including money wagered
 14 on exotic wagering pools **but excluding money wagered on**
 15 **pari-mutuel pull tabs under IC 4-31-7.5); plus**
- 16 (2) an additional three and one-half percent (3.5%) of the total of
 17 all money wagered on exotic wagering pools on each day at the
 18 racetrack or satellite facility.

19 SECTION 18. IC 4-32-15-0.5 IS ADDED TO THE INDIANA
 20 CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE
 21 JULY 1, 2004]: **Sec. 0.5. This chapter does not apply to the sale of**
 22 **pari-mutuel pull tabs under IC 4-31-7.5.**

23 SECTION 19. IC 4-33-2-16.3 IS ADDED TO THE INDIANA
 24 CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE
 25 JULY 1, 2004]: **Sec. 16.3. "Pari-mutuel pull tab" has the meaning**
 26 **set forth in IC 4-31-2-11.5.**

27 SECTION 20. IC 4-33-4-2, AS AMENDED BY P.L.92-2003,
 28 SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 29 JULY 1, 2004]: Sec. 2. The commission shall adopt rules under
 30 IC 4-22-2 for the following purposes:

- 31 (1) Administering this article.
- 32 (2) Establishing the conditions under which riverboat gambling in
 33 Indiana may be conducted.
- 34 (3) Providing for the prevention of practices detrimental to the
 35 public interest and providing for the best interests of riverboat
 36 gambling.
- 37 (4) Establishing rules concerning inspection of riverboats and the
 38 review of the permits or licenses necessary to operate a riverboat.
- 39 (5) Imposing penalties for noncriminal violations of this article.
- 40 **(6) Establishing the conditions under which the sale,**
 41 **purchase, and redemption of pari-mutuel pull tabs may be**
 42 **conducted under IC 4-31-7.5.**

43 SECTION 21. IC 4-33-7.5 IS ADDED TO THE INDIANA CODE
 44 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY
 45 1, 2004]:

1 **Chapter 7.5. Pari-Mutuel Pull Tab Suppliers**

2 **Sec. 1. The commission may issue a supplier's license under**
 3 **this chapter to a person if:**

4 **(1) the person has:**

5 **(A) applied for the supplier's license;**

6 **(B) paid a nonrefundable application fee set by the**
 7 **commission;**

8 **(C) paid a five thousand dollar (\$5,000) annual license fee;**
 9 **and**

10 **(D) submitted on forms provided by the commission:**

11 **(i) if the applicant is an individual, two (2) sets of the**
 12 **individual's fingerprints; and**

13 **(ii) if the applicant is not an individual, two (2) sets of**
 14 **fingerprints for each officer and director of the**
 15 **applicant; and**

16 **(2) the commission has determined that the applicant is**
 17 **eligible for a supplier's license.**

18 **Sec. 2. (a) A person holding a supplier's license may sell, lease,**
 19 **and contract to sell or lease pari-mutuel pull tab terminals and**
 20 **devices to a permit holder authorized to sell and redeem**
 21 **pari-mutuel pull tab tickets under IC 4-31-7.5.**

22 **(b) Pari-mutuel pull tab terminals and devices may not be**
 23 **distributed unless the terminals and devices conform to standards**
 24 **adopted by the commission.**

25 **Sec. 3. A person may not receive a supplier's license if:**

26 **(1) the person has been convicted of a felony under Indiana**
 27 **law, the laws of any other state, or laws of the United States;**

28 **(2) the person has knowingly or intentionally submitted an**
 29 **application for a license under this chapter that contains**
 30 **false information;**

31 **(3) the person is a member of the commission;**

32 **(4) the person is an officer, a director, or a managerial**
 33 **employee of a person described in subdivision (1) or (2);**

34 **(5) the person employs an individual who:**

35 **(A) is described in subdivision (1), (2), or (3); and**

36 **(B) participates in the management or operation of**
 37 **gambling operations authorized under this article;**

38 **(6) the person owns more than a ten percent (10%)**
 39 **ownership interest in any other person holding a permit**
 40 **issued under IC 4-31; or**

41 **(7) a license issued to the person:**

42 **(A) under this article; or**

43 **(B) to supply gaming supplies in another jurisdiction;**
 44 **has been revoked.**

1 **Sec. 4. A person may not furnish pari-mutuel pull tab terminals**
 2 **or devices to a permit holder unless the person possesses a**
 3 **supplier's license.**

4 **Sec. 5. (a) A supplier shall furnish to the commission a list of**
 5 **all pari-mutuel pull tab terminals and devices offered for sale or**
 6 **lease in connection with the sale of pari-mutuel pull tab tickets**
 7 **authorized under IC 4-31-7.5.**

8 **(b) A supplier shall keep books and records for the furnishing**
 9 **of pari-mutuel pull tab terminals and devices to permit holders**
 10 **separate from books and records of any other business operated**
 11 **by the supplier.**

12 **(c) A supplier shall file a quarterly return with the commission**
 13 **listing all sales and leases.**

14 **(d) A supplier shall permanently affix the supplier's name to all**
 15 **the supplier's pari-mutuel pull tab terminals or devices provided**
 16 **to permit holders under this chapter.**

17 **Sec. 6. A supplier's pari-mutuel pull tab terminals or devices**
 18 **that are used by a person in an unauthorized gambling operation**
 19 **shall be forfeited to the state.**

20 **Sec. 7. Pari-mutuel pull tab terminals and devices that are**
 21 **provided by a supplier may be:**

22 **(1) repaired on the premises of a racetrack or satellite**
 23 **facility; or**

24 **(2) removed for repair from the premises of a permit holder**
 25 **to a facility owned by the permit holder.**

26 **Sec. 8. (a) Unless a supplier's license is suspended, expires, or**
 27 **is revoked, the supplier's license may be renewed annually upon:**

28 **(1) the payment of a five thousand dollar (\$5,000) annual**
 29 **renewal fee; and**

30 **(2) a determination by the commission that the licensee is in**
 31 **compliance with this article.**

32 **(b) The holder of a supplier's license shall undergo a complete**
 33 **investigation every three (3) years to determine that the licensee**
 34 **is in compliance with this article.**

35 **(c) Notwithstanding subsection (b), the commission may**
 36 **investigate the holder of a supplier's license at any time the**
 37 **commission determines it is necessary to ensure that the licensee**
 38 **is in compliance with this article.**

39 **(d) The holder of a supplier's license shall bear the cost of an**
 40 **investigation or reinvestigation of the licensee and any**
 41 **investigation resulting from a potential transfer of ownership.**

42 **SECTION 22. IC 4-33-10-1, AS AMENDED BY P.L. 192-2002(ss),**
 43 **SECTION 19, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE**
 44 **JULY 1, 2004]: Sec. 1. (a) A person who knowingly or intentionally:**

- 1 (1) makes a false statement on an application submitted under this
 2 article;
- 3 (2) operates a gambling operation or a cruise in which wagering
 4 is conducted or is to be conducted in a manner other than the
 5 manner required under this article;
- 6 (3) permits a person less than twenty-one (21) years of age to
 7 make a wager;
- 8 (4) aids, induces, or causes a person less than twenty-one (21)
 9 years of age who is not an employee of the riverboat gambling
 10 operation to enter or attempt to enter a riverboat;
- 11 (5) wagers or accepts a wager at a location other than a riverboat;
 12 ~~or~~
- 13 (6) makes a false statement on an application submitted to the
 14 commission under this article **or IC 4-31-7.5; or**
- 15 **(7) aids, induces, or causes a person less than twenty-one**
 16 **(21) years of age who is not an employee of a pari-mutuel**
 17 **pull tab operation licensed under IC 4-31-7.5 to enter or**
 18 **attempt to enter the pari-mutuel pull tab operation;**
- 19 commits a Class A misdemeanor.
- 20 (b) A person who:
- 21 (1) is not an employee of the riverboat gambling operation;
- 22 (2) is less than twenty-one (21) years of age; and
- 23 (3) knowingly or intentionally enters or attempts to enter a
 24 riverboat;
- 25 commits a Class A misdemeanor.
- 26 **(c) A person who:**
- 27 **(1) is not an employee of a pari-mutuel pull tab operation**
 28 **licensed under IC 4-31;**
- 29 **(2) is less than twenty-one (21) years of age; and**
- 30 **(3) knowingly or intentionally enters the pari-mutuel pull tab**
 31 **operation;**
- 32 **commits a Class A misdemeanor.**
- 33 SECTION 23. IC 4-33-12-6, AS AMENDED BY P.L.92-2003,
 34 SECTION 53, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 35 JULY 1, 2004]: Sec. 6. (a) The department shall place in the state
 36 general fund the tax revenue collected under this chapter.
- 37 (b) Except as provided by subsections (c) and (d) and
 38 IC 6-3.1-20-7, the treasurer of state shall quarterly pay the following
 39 amounts:
- 40 (1) Except as provided in subsection (k), one dollar (\$1) of the
 41 admissions tax collected by the licensed owner for each person
 42 embarking on a gambling excursion during the quarter or admitted
 43 to a riverboat that has implemented flexible scheduling under
 44 IC 4-33-6-21 during the quarter shall be paid to:
- 45 (A) the city in which the riverboat is docked, if the city:
- 46 (i) is located in a county having a population of more than

- 1 one hundred ten thousand (110,000) but less than one
 2 hundred fifteen thousand (115,000); or
 3 (ii) is contiguous to the Ohio River and is the largest city in
 4 the county; and
 5 (B) the county in which the riverboat is docked, if the riverboat
 6 is not docked in a city described in clause (A).
- 7 (2) Except as provided in subsection (k), one dollar (\$1) of the
 8 admissions tax collected by the licensed owner for each person:
 9 (A) embarking on a gambling excursion during the quarter; or
 10 (B) admitted to a riverboat during the quarter that has
 11 implemented flexible scheduling under IC 4-33-6-21;
 12 shall be paid to the county in which the riverboat is docked. In the
 13 case of a county described in subdivision (1)(B), this one dollar
 14 (\$1) is in addition to the one dollar (\$1) received under subdivision
 15 (1)(B).
- 16 (3) Except as provided in subsection (k), ten cents (\$0.10) of the
 17 admissions tax collected by the licensed owner for each person:
 18 (A) embarking on a gambling excursion during the quarter; or
 19 (B) admitted to a riverboat during the quarter that has
 20 implemented flexible scheduling under IC 4-33-6-21;
 21 shall be paid to the county convention and visitors bureau or
 22 promotion fund for the county in which the riverboat is docked.
- 23 (4) Except as provided in subsection (k), fifteen cents (\$0.15) of
 24 the admissions tax collected by the licensed owner for each
 25 person:
 26 (A) embarking on a gambling excursion during the quarter; or
 27 (B) admitted to a riverboat during a quarter that has
 28 implemented flexible scheduling under IC 4-33-6-21;
 29 shall be paid to the state fair commission, for use in any activity
 30 that the commission is authorized to carry out under IC 15-1.5-3.
- 31 (5) Except as provided in subsection (k), ten cents (\$0.10) of the
 32 admissions tax collected by the licensed owner for each person:
 33 (A) embarking on a gambling excursion during the quarter; or
 34 (B) admitted to a riverboat during the quarter that has
 35 implemented flexible scheduling under IC 4-33-6-21;
 36 shall be paid to the division of mental health and addiction. The
 37 division shall allocate at least twenty-five percent (25%) of the
 38 funds derived from the admissions tax to the prevention and
 39 treatment of compulsive gambling.
- 40 (6) Except as provided in ~~subsection~~ **subsections (k) and (l)**,
 41 sixty-five cents (\$0.65) of the admissions tax collected by the
 42 licensed owner for each person embarking on a gambling
 43 excursion during the quarter or admitted to a riverboat during the
 44 quarter that has implemented flexible scheduling under
 45 IC 4-33-6-21 shall be paid to the Indiana horse racing commission
 46 to be distributed as follows, in amounts determined by the Indiana

1 horse racing commission, for the promotion and operation of
2 horse racing in Indiana:

3 (A) To one (1) or more breed development funds established
4 by the Indiana horse racing commission under IC 4-31-11-10.

5 (B) To a racetrack that was approved by the Indiana horse
6 racing commission under IC 4-31. The commission may make
7 a grant under this clause only for purses, promotions, and
8 routine operations of the racetrack. No grants shall be made for
9 long term capital investment or construction and no grants
10 shall be made before the racetrack becomes operational and is
11 offering a racing schedule.

12 (c) With respect to tax revenue collected from a riverboat located in
13 a historic hotel district, the treasurer of state shall quarterly pay the
14 following amounts:

15 (1) Twenty-five percent (25%) of the admissions tax collected
16 during the quarter shall be paid to the county treasurer of the
17 county in which the riverboat is docked. The county treasurer
18 shall distribute the money received under this subdivision as
19 follows:

20 (A) Twenty percent (20%) shall be quarterly distributed to the
21 county treasurer of a county having a population of more than
22 thirty-nine thousand six hundred (39,600) but less than forty
23 thousand (40,000) for appropriation by the county fiscal body
24 after receiving a recommendation from the county executive.
25 The county fiscal body for the receiving county shall provide
26 for the distribution of the money received under this clause to
27 one (1) or more taxing units (as defined in IC 6-1.1-1-21) in
28 the county under a formula established by the county fiscal
29 body after receiving a recommendation from the county
30 executive.

31 (B) Twenty percent (20%) shall be quarterly distributed to the
32 county treasurer of a county having a population of more than
33 ten thousand seven hundred (10,700) but less than twelve
34 thousand (12,000) for appropriation by the county fiscal body.
35 The county fiscal body for the receiving county shall provide
36 for the distribution of the money received under this clause to
37 one (1) or more taxing units (as defined in IC 6-1.1-1-21) in
38 the county under a formula established by the county fiscal
39 body after receiving a recommendation from the county
40 executive.

41 (C) Sixty percent (60%) shall be retained by the county where
42 the riverboat is docked for appropriation by the county fiscal
43 body after receiving a recommendation from the county
44 executive. The county fiscal body shall provide for the
45 distribution of part or all of the money received under this
46 clause to the following under a formula established by the
47 county fiscal body:

1 (i) A town having a population of more than two thousand
 2 two hundred (2,200) but less than three thousand five
 3 hundred (3,500) located in a county having a population of
 4 more than nineteen thousand three hundred (19,300) but less
 5 than twenty thousand (20,000).

6 (ii) A town having a population of more than three thousand
 7 five hundred (3,500) located in a county having a population
 8 of more than nineteen thousand three hundred (19,300) but
 9 less than twenty thousand (20,000).

10 (2) Sixteen percent (16%) of the admissions tax collected during
 11 the quarter shall be paid in equal amounts to each town that:

- 12 (A) is located in the county in which the riverboat docks; and
 13 (B) contains a historic hotel.

14 The town council shall appropriate a part of the money received
 15 by the town under this subdivision to the budget of the town's
 16 tourism commission.

17 (3) Nine percent (9%) of the admissions tax collected during the
 18 quarter shall be paid to the historic hotel preservation commission
 19 established under IC 36-7-11.5.

20 (4) Twenty-five percent (25%) of the admissions tax collected
 21 during the quarter shall be paid to the West Baden Springs historic
 22 hotel preservation and maintenance fund established by
 23 IC 36-7-11.5-11(b).

24 (5) Twenty-five percent (25%) of the admissions tax collected
 25 during the quarter shall be paid to the department of commerce to
 26 be used by the department for the development and
 27 implementation of a regional economic development strategy to
 28 assist the residents of the county in which the riverboat is located
 29 and residents of contiguous counties in improving their quality of
 30 life and to help promote successful and sustainable communities.
 31 The regional economic development strategy must include goals
 32 concerning the following issues:

- 33 (A) Job creation and retention.
 34 (B) Infrastructure, including water, wastewater, and storm
 35 water infrastructure needs.
 36 (C) Housing.
 37 (D) Workforce training.
 38 (E) Health care.
 39 (F) Local planning.
 40 (G) Land use.
 41 (H) Assistance to regional economic development groups.
 42 (I) Other regional development issues as determined by the
 43 department.

44 (d) With respect to tax revenue collected from a riverboat that
 45 operates from a county having a population of more than four hundred
 46 thousand (400,000) but less than seven hundred thousand (700,000),
 47 the treasurer of state shall quarterly pay the following amounts:

- 1 (1) Except as provided in subsection (k), one dollar (\$1) of the
 2 admissions tax collected by the licensed owner for each person:
 3 (A) embarking on a gambling excursion during the quarter; or
 4 (B) admitted to a riverboat during the quarter that has
 5 implemented flexible scheduling under IC 4-33-6-21;
 6 shall be paid to the city in which the riverboat is docked.
- 7 (2) Except as provided in subsection (k), one dollar (\$1) of the
 8 admissions tax collected by the licensed owner for each person:
 9 (A) embarking on a gambling excursion during the quarter; or
 10 (B) admitted to a riverboat during the quarter that has
 11 implemented flexible scheduling under IC 4-33-6-21;
 12 shall be paid to the county in which the riverboat is docked.
- 13 (3) Except as provided in subsection (k), nine cents (\$0.09) of the
 14 admissions tax collected by the licensed owner for each person:
 15 (A) embarking on a gambling excursion during the quarter; or
 16 (B) admitted to a riverboat during the quarter that has
 17 implemented flexible scheduling under IC 4-33-6-21;
 18 shall be paid to the county convention and visitors bureau or
 19 promotion fund for the county in which the riverboat is docked.
- 20 (4) Except as provided in subsection (k), one cent (\$0.01) of the
 21 admissions tax collected by the licensed owner for each person:
 22 (A) embarking on a gambling excursion during the quarter; or
 23 (B) admitted to a riverboat during the quarter that has
 24 implemented flexible scheduling under IC 4-33-6-21;
 25 shall be paid to the northwest Indiana law enforcement training
 26 center.
- 27 (5) Except as provided in subsection (k), fifteen cents (\$0.15) of
 28 the admissions tax collected by the licensed owner for each
 29 person:
 30 (A) embarking on a gambling excursion during the quarter; or
 31 (B) admitted to a riverboat during a quarter that has
 32 implemented flexible scheduling under IC 4-33-6-21;
 33 shall be paid to the state fair commission for use in any activity
 34 that the commission is authorized to carry out under IC 15-1.5-3.
- 35 (6) Except as provided in subsection (k), ten cents (\$0.10) of the
 36 admissions tax collected by the licensed owner for each person:
 37 (A) embarking on a gambling excursion during the quarter; or
 38 (B) admitted to a riverboat during the quarter that has
 39 implemented flexible scheduling under IC 4-33-6-21;
 40 shall be paid to the division of mental health and addiction. The
 41 division shall allocate at least twenty-five percent (25%) of the
 42 funds derived from the admissions tax to the prevention and
 43 treatment of compulsive gambling.
- 44 (7) Except as provided in ~~subsection~~ **subsections (k) and (l)**,
 45 sixty-five cents (\$0.65) of the admissions tax collected by the
 46 licensed owner for each person embarking on a gambling

1 excursion during the quarter or admitted to a riverboat during the
 2 quarter that has implemented flexible scheduling under
 3 IC 4-33-6-21 shall be paid to the Indiana horse racing commission
 4 to be distributed as follows, in amounts determined by the Indiana
 5 horse racing commission, for the promotion and operation of
 6 horse racing in Indiana:

7 (A) To one (1) or more breed development funds established
 8 by the Indiana horse racing commission under IC 4-31-11-10.

9 (B) To a racetrack that was approved by the Indiana horse
 10 racing commission under IC 4-31. The commission may make
 11 a grant under this clause only for purses, promotions, and
 12 routine operations of the racetrack. No grants shall be made for
 13 long term capital investment or construction, and no grants
 14 shall be made before the racetrack becomes operational and is
 15 offering a racing schedule.

16 (e) Money paid to a unit of local government under subsection (b)(1)
 17 through (b)(2), (c)(1) through (c)(2), or (d)(1) through (d)(2):

18 (1) must be paid to the fiscal officer of the unit and may be
 19 deposited in the unit's general fund or riverboat fund established
 20 under IC 36-1-8-9, or both;

21 (2) may not be used to reduce the unit's maximum levy under
 22 IC 6-1.1-18.5 but may be used at the discretion of the unit to
 23 reduce the property tax levy of the unit for a particular year;

24 (3) may be used for any legal or corporate purpose of the unit,
 25 including the pledge of money to bonds, leases, or other
 26 obligations under IC 5-1-14-4; and

27 (4) is considered miscellaneous revenue.

28 (f) Money paid by the treasurer of state under subsection (b)(3) or
 29 (d)(3) shall be:

30 (1) deposited in:

31 (A) the county convention and visitor promotion fund; or

32 (B) the county's general fund if the county does not have a
 33 convention and visitor promotion fund; and

34 (2) used only for the tourism promotion, advertising, and
 35 economic development activities of the county and community.

36 (g) Money received by the division of mental health and addiction
 37 under subsections (b)(5) and (d)(6):

38 (1) is annually appropriated to the division of mental health and
 39 addiction;

40 (2) shall be distributed to the division of mental health and
 41 addiction at times during each state fiscal year determined by the
 42 budget agency; and

43 (3) shall be used by the division of mental health and addiction for
 44 programs and facilities for the prevention and treatment of
 45 addictions to drugs, alcohol, and compulsive gambling, including
 46 the creation and maintenance of a toll free telephone line to provide
 47 the public with information about these addictions. The division

1 shall allocate at least twenty-five percent (25%) of the money
2 received to the prevention and treatment of compulsive gambling.

3 (h) This subsection applies to the following:

4 (1) Each entity receiving money under subsection (b).

5 (2) Each entity receiving money under subsection (d)(1) through
6 (d)(2).

7 (3) Each entity receiving money under subsection (d)(5) through
8 (d)(7).

9 The treasurer of state shall determine the total amount of money paid by
10 the treasurer of state to an entity subject to this subsection during the
11 state fiscal year 2002. The amount determined under this subsection is
12 the base year revenue for each entity subject to this subsection. The
13 treasurer of state shall certify the base year revenue determined under
14 this subsection to each entity subject to this subsection.

15 (i) This subsection applies to an entity receiving money under
16 subsection (d)(3) or (d)(4). The treasurer of state shall determine the
17 total amount of money paid by the treasurer of state to the entity
18 described in subsection (d)(3) during state fiscal year 2002. The
19 amount determined under this subsection multiplied by nine-tenths (0.9)
20 is the base year revenue for the entity described in subsection (d)(3).
21 The amount determined under this subsection multiplied by one-tenth
22 (0.1) is the base year revenue for the entity described in subsection
23 (d)(4). The treasurer of state shall certify the base year revenue
24 determined under this subsection to each entity subject to this
25 subsection.

26 (j) This subsection does not apply to an entity receiving money
27 under subsection (c). For state fiscal years beginning after June 30,
28 2002, the total amount of money distributed to an entity under this
29 section during a state fiscal year may not exceed the entity's base year
30 revenue as determined under subsection (h) or (i). If the treasurer of
31 state determines that the total amount of money distributed to an entity
32 under this section during a state fiscal year is less than the entity's base
33 year revenue, the treasurer of state shall make a supplemental
34 distribution to the entity under IC 4-33-13-5(g).

35 (k) This subsection does not apply to an entity receiving money
36 under subsection (c). For state fiscal years beginning after June 30,
37 2002, the treasurer of state shall pay that part of the riverboat
38 admissions taxes that:

39 (1) exceed a particular entity's base year revenue; and

40 (2) would otherwise be due to the entity under this section;

41 to the property tax replacement fund instead of to the entity.

42 **(l) The maximum amount paid to the Indiana horse racing**
43 **commission under this section in a state fiscal year may not**
44 **exceed the remainder of:**

45 **(1) the Indiana horse racing commission's base year revenue**
46 **as determined under subsection (h); minus**

1 **(2) the amount of fees, if any, paid to the Indiana horse**
 2 **racetrack commission under IC 4-31-7.6-8.**

3 **The treasurer of state shall pay the amount of the admissions**
 4 **taxes equal to the amount of fees subtracted from the Indiana**
 5 **horse racing commission's base year revenue under this**
 6 **subsection to the state general fund instead of to the Indiana**
 7 **horse racing commission.**

8 SECTION 24. IC 4-33-14-1 IS AMENDED TO READ AS
 9 FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 1. The general assembly
 10 declares that the opportunity for full minority and women's business
 11 enterprise participation in the riverboat ~~industry~~ **and pari-mutuel pull**
 12 **tab industries** is essential if social and economic parity is to be
 13 obtained by minority and women business persons and if the economies
 14 of the riverboat ~~cities~~ **and pari-mutuel pull tab communities** are to
 15 be stimulated as contemplated by this article **and IC 4-31-7.5. In**
 16 **complying with this chapter, a licensed owner or permit holder**
 17 **should give priority to minority and women's business enterprises**
 18 **in the following order:**

- 19 **(1) Local enterprises.**
 20 **(2) Enterprises located in Indiana and the region surrounding**
 21 **the licensee's riverboat or pull tab facility.**
 22 **(3) Indiana enterprises.**
 23 **(4) National enterprises.**

24 SECTION 25. IC 4-33-14-1.5 IS ADDED TO THE INDIANA
 25 CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE
 26 JULY 1, 2004]: **Sec. 1.5. This chapter applies to the following:**

- 27 **(1) A licensed owner of a riverboat licensed under this**
 28 **article.**
 29 **(2) An operating agent operating a riverboat in a historic**
 30 **hotel district.**
 31 **(3) A permit holder licensed to sell pari-mutuel pull tabs**
 32 **under IC 4-31-7.5.**

33 SECTION 26. IC 4-33-14-5, AS AMENDED BY P.L.92-2003,
 34 SECTION 56, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 35 JULY 1, 2004]: Sec. 5. (a) As used in this section, "goods and services"
 36 does not include the following:

- 37 (1) Utilities and taxes.
 38 (2) Financing costs, mortgages, loans, or other debt.
 39 (3) Medical insurance.
 40 (4) Fees and payments to a parent or an affiliated company of an
 41 operating agent or the person holding an owner's license **or a**
 42 **pari-mutuel pull tab license**, other than fees and payments for
 43 goods and services supplied by nonaffiliated persons through an
 44 affiliated company for the use or benefit of the operating agent or
 45 the person holding the owner's license **or a pari-mutuel pull tab**

1 **license.**

2 (5) Rents paid for real property or payments constituting the price
3 of an interest in real property as a result of a real estate
4 transaction.

5 (b) Notwithstanding any law or rule to the contrary, the commission
6 shall establish annual goals for an operating agent or a person issued an
7 owner's license **or a pari-mutuel pull tab license:**

8 (1) for the use of minority and women's business enterprises; and

9 (2) derived from a statistical analysis of utilization study of
10 licensee and operating agent contracts for goods and services that
11 are required to be updated every five (5) years.

12 An operating agent or a person holding an owner's license **or a**
13 **pari-mutuel pull tab license** shall submit annually to the commission
14 a report that includes the total dollar value of contracts awarded for
15 goods or services and the percentage awarded to minority and women's
16 business enterprises.

17 (c) An operating agent or a person holding an owner's license **or a**
18 **pari-mutuel pull tab license** shall make a good faith effort to meet the
19 requirements of this section and shall annually demonstrate to the
20 commission that an effort was made to meet the requirements.

21 (d) An operating agent or a person holding an owner's license **or a**
22 **pari-mutuel pull tab license** may fulfill not more than seventy percent
23 (70%) of an obligation under this chapter by requiring a vendor to set
24 aside a part of a contract for minority or women's business enterprises.
25 Upon request, the licensee or operating agent shall provide the
26 commission with proof of the amount of the set aside.

27 SECTION 27. IC 4-33-14-6, AS AMENDED BY P.L.92-2003,
28 SECTION 57, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
29 JULY 1, 2004]: Sec. 6. If the commission determines that the
30 provisions of this chapter relating to expenditures and assignments to
31 minority and women's business enterprises have not been met, the
32 commission may suspend, limit, or revoke the owner's license, **a**
33 **pari-mutuel pull tab license**, or **an** operating agent's gaming
34 operations, ~~or may fine~~ or impose **a civil penalty or** appropriate
35 conditions on the licensee or operating agent to ensure that the goals for
36 expenditures and assignments to minority and women's business
37 enterprises are met. However, if a determination is made that a person
38 holding an owner's license **or a pari-mutuel pull tab license** or an
39 operating agent has failed to demonstrate compliance with this chapter,
40 the person has ninety (90) days from the date of the determination of
41 noncompliance to comply.

42 SECTION 28. IC 4-33-14-7 IS AMENDED TO READ AS
43 FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 7. The commission shall
44 establish and administer a unified certification procedure for minority
45 and women's business enterprises that do business with riverboat
46 operations **and pari-mutuel pull tab operations** on contracts for

1 goods and services or contracts for business.

2 SECTION 29. IC 4-33-14-8, AS AMENDED BY P.L.92-2003,
3 SECTION 58, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
4 JULY 1, 2004]: Sec. 8. The commission shall supply persons holding
5 owner's licenses, **a pari-mutuel pull tab license**, and the operating
6 agent with a list of the minority and women's business enterprises the
7 commission has certified under section 7 of this chapter. The
8 commission shall review the list annually to determine the minority and
9 women's business enterprises that should continue to be certified. The
10 commission shall establish a procedure for challenging the designation
11 of a certified minority and women's business enterprise. The procedure
12 must include proper notice and a hearing for all parties concerned.

13 SECTION 30. IC 4-33-14-9 IS AMENDED TO READ AS
14 FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 9. (a) This section
15 applies to **the following:**

16 (1) A person holding an owner's ~~licenses~~ **license** for riverboats
17 operated from a city described under IC 4-33-6-1(a)(1) through
18 IC 4-33-6-1(a)(3).

19 (2) **A person holding a license to sell pari-mutuel pull tabs**
20 **under IC 4-31-7.5.**

21 (b) The commission shall require persons holding owner's licenses
22 to adopt policies concerning the preferential hiring of residents of the
23 city in which the riverboat docks for riverboat jobs.

24 (c) **The commission shall require a person holding a**
25 **pari-mutuel pull tab license to adopt policies concerning the**
26 **preferential hiring of residents of the city or county in which the**
27 **person has a pari-mutuel pull tab operation.**

28 SECTION 31. IC 4-33-14-11 IS ADDED TO THE INDIANA CODE
29 AS A **NEW SECTION** TO READ AS FOLLOWS [EFFECTIVE JULY
30 1, 2004]: **Sec. 11. The commission shall deposit civil penalties**
31 **imposed under section 6 of this chapter in the minority and**
32 **women business participation fund established by section 12 of**
33 **this chapter.**

34 SECTION 32. IC 4-33-14-12 IS ADDED TO THE INDIANA CODE
35 AS A **NEW SECTION** TO READ AS FOLLOWS [EFFECTIVE JULY
36 1, 2004]: **Sec. 12. (a) The minority and women business**
37 **participation fund is established to assist minority and women**
38 **business enterprises. The commission shall administer the fund.**
39 **The fund consists of fees collected under section 13 of this chapter**
40 **and civil penalties imposed under section 6 of this chapter.**

41 (b) **The Indiana department of administration may use fees**
42 **collected under section 13 of this chapter to hire employees to**
43 **administer this chapter. The commission may use other money in**
44 **the fund for purposes of this chapter.**

45 (c) **The expenses of administering the fund shall be paid from**

1 **money in the fund.**

2 **(d) The treasurer of state shall invest money in the fund not**
 3 **currently needed to meet the obligations of the fund in the same**
 4 **manner as other public money may be invested. Interest that**
 5 **accrues from those investments shall be deposited in the fund.**

6 **(e) Money in the fund at the end of a state fiscal year does not**
 7 **revert to the state general fund.**

8 **(f) Money in the fund is annually appropriated for the purposes**
 9 **of the fund.**

10 SECTION 33. IC 4-33-14-13 IS ADDED TO THE INDIANA CODE
 11 AS A **NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY**
 12 **1, 2004]: Sec. 13. The commission shall charge an annual fee of**
 13 **thirty thousand dollars (\$30,000) upon the following:**

14 **(1) Each racetrack offering pari-mutuel pull tabs under**
 15 **IC 4-31-7.5.**

16 **(2) Each satellite facility offering pari-mutuel pull tabs under**
 17 **IC 4-31-7.5.**

18 **The fees collected under this section must be deposited in the**
 19 **minority and women business participation fund."**

20 Page 34, between lines 10 and 11, begin a new paragraph and insert:

21 "SECTION 14. IC 6-3-4-8.2, AS AMENDED BY P.L. 192-2002(ss),
 22 SECTION 82, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 23 JULY 1, 2004]: Sec. 8.2. (a) Each person in Indiana who is required
 24 under the Internal Revenue Code to withhold federal tax from winnings
 25 shall deduct and retain adjusted gross income tax at the time and in the
 26 amount described in withholding instructions issued by the department.

27 (b) In addition to amounts withheld under subsection (a), every
 28 person engaged in a gambling operation (as defined in IC 4-33-2-10)
 29 and making a payment in the course of the gambling operation (as
 30 defined in IC 4-33-2-10) of:

31 (1) winnings (not reduced by the wager) valued at one thousand
 32 two hundred dollars (\$1,200) or more from slot machine play; or

33 (2) winnings (reduced by the wager) valued at one thousand five
 34 hundred dollars (\$1,500) or more from a keno game;

35 shall deduct and retain adjusted gross income tax at the time and in the
 36 amount described in withholding instructions issued by the department.

37 The department's instructions must provide that amounts withheld shall
 38 be paid to the department before the close of the business day following
 39 the day the winnings are paid, actually or constructively. Slot machine
 40 and keno winnings from a gambling operation (as defined in
 41 IC 4-33-2-10) that are reportable for federal income tax purposes shall
 42 be treated as subject to withholding under this section, even if federal
 43 tax withholding is not required.

44 (c) The adjusted gross income tax due on prize money or prizes:

45 (1) received from a winning lottery ticket purchased under

1 IC 4-30; and

2 (2) exceeding one thousand two hundred dollars (\$1,200) in value;
3 shall be deducted and retained at the time and in the amount described
4 in withholding instructions issued by the department, even if federal
5 withholding is not required.

6 **(d) In addition to the amounts withheld under subsection (a),**
7 **each person engaged in a pari-mutuel pull tab operation under**
8 **IC 4-31-7.5 making a payment in the course of the pull tab**
9 **operation of pull tab winnings valued at one thousand two hundred**
10 **dollars (\$1,200) or more shall deduct and retain adjusted gross**
11 **income tax at the time and in the amount described in withholding**
12 **instructions issued by the department. The department's**
13 **instructions must provide that amounts withheld shall be paid to**
14 **the department before the close of the business day following the**
15 **day the winnings are paid, actually or constructively. Pari-mutuel**
16 **pull tab winnings are subject to withholding under this section**
17 **even if the winnings are not reportable or subject to withholding**
18 **for federal income tax purposes."**

19 Page 34, between lines 27 and 28, begin a new paragraph and insert:

20 "SECTION 15. IC 6-8.1-1-1, AS AMENDED BY P.L.192-2002(ss),
21 SECTION 140, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
22 JULY 1, 2004]: Sec. 1. "Listed taxes" or "taxes" includes only the
23 **pari-mutuel pull tab wagering tax (IC 4-31-7.6);** pari-mutuel taxes
24 (IC 4-31-9-3 through IC 4-31-9-5); the riverboat admissions tax
25 (IC 4-33-12); the riverboat wagering tax (IC 4-33-13); the gross
26 income tax (IC 6-2.1) (repealed); the utility receipts tax (IC 6-2.3); the
27 state gross retail and use taxes (IC 6-2.5); the adjusted gross income
28 tax (IC 6-3); the supplemental net income tax (IC 6-3-8) (repealed); the
29 county adjusted gross income tax (IC 6-3.5-1.1); the county option
30 income tax (IC 6-3.5-6); the county economic development income tax
31 (IC 6-3.5-7); the municipal option income tax (IC 6-3.5-8); the auto
32 rental excise tax (IC 6-6-9); the financial institutions tax (IC 6-5.5); the
33 gasoline tax (IC 6-6-1.1); the alternative fuel permit fee (IC 6-6-2.1);
34 the special fuel tax (IC 6-6-2.5); the motor carrier fuel tax (IC 6-6-4.1);
35 a motor fuel tax collected under a reciprocal agreement under
36 IC 6-8.1-3; the motor vehicle excise tax (IC 6-6-5); the commercial
37 vehicle excise tax (IC 6-6-5.5); the hazardous waste disposal tax
38 (IC 6-6-6.6); the cigarette tax (IC 6-7-1); the beer excise tax
39 (IC 7.1-4-2); the liquor excise tax (IC 7.1-4-3); the wine excise tax
40 (IC 7.1-4-4); the hard cider excise tax (IC 7.1-4-4.5); the malt excise
41 tax (IC 7.1-4-5); the petroleum severance tax (IC 6-8-1); the various
42 innkeeper's taxes (IC 6-9); the various county food and beverage taxes
43 (IC 6-9); the county admissions tax (IC 6-9-13 and IC 6-9-28); the oil
44 inspection fee (IC 16-44-2); the emergency and hazardous chemical
45 inventory form fee (IC 6-6-10); the penalties assessed for oversize
46 vehicles (IC 9-20-3 and IC 9-30); the fees and penalties assessed for

1 overweight vehicles (IC 9-20-4 and IC 9-30); the underground storage
 2 tank fee (IC 13-23); the solid waste management fee (IC 13-20-22);
 3 and any other tax or fee that the department is required to collect or
 4 administer."

5 Page 37, between lines 10 and 11, begin a new paragraph and insert:
 6 "SECTION 17. IC 21-1-31 IS ADDED TO THE INDIANA CODE
 7 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY
 8 1, 2004]:

9 **Chapter 31. Early Learning Program**

10 **Sec. 1. As used in this chapter, "department" refers to the**
 11 **department of education.**

12 **Sec. 2. As used in this chapter, "eligible school" refers to an**
 13 **eligible school determined under section 9 of this chapter.**

14 **Sec. 3. As used in this chapter, "eligible student" refers to an**
 15 **eligible student determined under section 8 of this chapter.**

16 **Sec. 4. As used in this chapter, "school" means any school**
 17 **maintained by a school corporation.**

18 **Sec. 5. As used in this chapter, "school corporation" has the**
 19 **meaning set forth in IC 21-3-1.6-1.1.**

20 **Sec. 6. The department shall establish a program to make**
 21 **grants from the early learning fund beginning July 1, 2006, to**
 22 **school corporations to establish, continue, or expand voluntary**
 23 **kindergarten programs in one (1) or more eligible schools in the**
 24 **school corporation.**

25 **Sec. 7. Subject to section 10 of this chapter, the amount of a**
 26 **grant that a school corporation is eligible to receive is equal to one**
 27 **thousand five hundred dollars (\$1,500) for each eligible student,**
 28 **as determined under section 8 of this chapter, in an eligible**
 29 **school, as determined under section 9 of this chapter.**

30 **Sec. 8. The number of eligible students in a school corporation**
 31 **is equal to the number of students in the school corporation who**
 32 **are:**

- 33 (1) **enrolled in full day kindergarten in the current school**
 34 **year, as determined in one (1) or more counts of students**
 35 **made under the rules adopted the department; and**
 36 (2) **attending an eligible school.**

37 **Sec. 9. A school is an eligible school if:**

- 38 (1) **the school has not received a grant under any**
 39 **combination of P.L.224-2003 and this chapter in more than**
 40 **two (2) consecutive school years immediately preceding the**
 41 **current school year; and**
 42 (2) **the students enrolled in full day kindergarten in the**
 43 **school are not counted as one (1) pupil under**
 44 **IC 21-3-1.6-1.1(d)(2).**

1 **Sec. 10. (a) If in any school year, insufficient money is**
 2 **available under this chapter to make grants for all eligible**
 3 **students enrolled in all applicant school corporations, money shall**
 4 **be awarded in the following order until the amount available for**
 5 **advances under section 10 of this chapter is exhausted:**

- 6 **(1) The amounts determined under subsection (b).**
 7 **(2) The amounts determined under subsection (c).**
 8 **(3) The amounts determined under subsection (d).**

9 **(b) The department shall first award grants for full day**
 10 **kindergarten in the amount determined under STEP FIVE of the**
 11 **following formula:**

12 **STEP ONE: For each school that received state funding for**
 13 **full day kindergarten in the immediately previous school**
 14 **year, determine the number of eligible students enrolled in**
 15 **the current school year in the school.**

16 **STEP TWO: For each school described in STEP ONE, multiply**
 17 **the number determined under STEP ONE by the amount of**
 18 **the advance determined under section 7 of this chapter.**

19 **STEP THREE: Rank each school described in STEP ONE by**
 20 **the percentage of eligible students eligible for a free or**
 21 **reduced school lunch program, with the school with the**
 22 **highest percentage ranked first and the school with the**
 23 **lowest percentage ranked last.**

24 **STEP FOUR: Beginning with the school ranked first under**
 25 **STEP THREE and proceeding through the school ranked last**
 26 **under STEP THREE, allocate the lesser of the following to**
 27 **each school:**

28 **(A) The amount determined for the school under STEP**
 29 **TWO.**

30 **(B) The amount remaining from the amounts available for**
 31 **full day kindergarten grants after allocating money to**
 32 **each school with a higher ranking under STEP THREE.**

33 **STEP FIVE: Distribute to each school corporation the sum of**
 34 **the amounts allocated under STEP FOUR for each school in**
 35 **the school corporation.**

36 **(c) If the amount available for full day kindergarten advances**
 37 **has a balance after making all of the distributions required under**
 38 **subsection (b), grants shall be made in the amount determined**
 39 **under STEP FIVE of the following formula:**

40 **STEP ONE: For each Title I school that did not receive state**
 41 **funding for full day kindergarten in the immediately**
 42 **previous school year, determine the number of eligible**
 43 **students enrolled in the current school year.**

44 **STEP TWO: For each school described in STEP ONE, multiply**

- 1 the number determined under STEP ONE by the amount of
2 the grant determined under section 7 of this chapter.
- 3 **STEP THREE:** Rank each school described in STEP ONE by
4 the percentage of eligible students eligible for a free or
5 reduced school lunch program, with the school with the
6 highest percentage ranked first and the school with the
7 lowest percentage ranked last.
- 8 **STEP FOUR:** Beginning with the school ranked first under
9 STEP THREE and proceeding through the school ranked last
10 under STEP THREE, allocate the lesser of the following to
11 each school:
- 12 (A) The amount determined for the school under STEP
13 TWO.
- 14 (B) The amount remaining from amounts available for full
15 day kindergarten grants after allocating money to each
16 school with a higher ranking under STEP THREE.
- 17 **STEP FIVE:** Distribute to each school corporation the sum of
18 the amounts allocated under STEP FOUR for each school in
19 the school corporation.
- 20 (d) If the amount available for full day kindergarten grants has
21 a balance after making all of the distributions required under
22 subsections (b) and (c), grants shall be distributed in the amount
23 determined under STEP FIVE of the following formula:
- 24 **STEP ONE:** For each school that is not described in
25 subsection (b) or (c), determine the number of eligible
26 students enrolled in the current school year in the school.
- 27 **STEP TWO:** For each school described in STEP ONE, multiply
28 the number determined under STEP ONE by the amount of
29 the grant determined under section 7 of this chapter.
- 30 **STEP THREE:** Rank each school described in STEP ONE by
31 the percentage of eligible students eligible for a free or
32 reduced school lunch program, with the school with the
33 highest percentage ranked first and the school with the
34 lowest percentage ranked last.
- 35 **STEP FOUR:** Beginning with the school ranked first under
36 STEP THREE and proceeding through the school ranked last
37 under STEP THREE, allocate the lesser of the following to
38 each school:
- 39 (A) The amount determined for the school under STEP
40 TWO.
- 41 (B) The amount remaining from amounts available for full
42 day kindergarten grants after allocating money to each
43 school with a higher ranking under STEP THREE.
- 44 **STEP FIVE:** Distribute to each school corporation the sum of

1 the amounts allocated under STEP FOUR for each school in
2 the school corporation.

3 **Sec. 11. The program must provide for an application**
4 **procedure. An application for a grant must:**

5 (1) be on a form prescribed by the department;
6 (2) be signed by the superintendent of the school corporation
7 applying for the grant; and

8 (3) include the following information:

9 (A) A detailed description of the proposed program or
10 programs.

11 (B) Evidence supporting the applicant's need for the
12 program or programs.

13 (C) Other pertinent information required by the
14 department, including evidence guaranteeing the applicant
15 has developed a plan to evaluate the effect and results of
16 the applicant's program or programs.

17 **Sec. 12. The department may approve an application only if the**
18 **department determines that the application complies with:**

19 (1) the requirements set forth in this chapter; and
20 (2) the standards established in the rules adopted by the
21 department.

22 **Sec. 13. The program must provide that the recipient of the**
23 **grant is required to enter into a written agreement with the**
24 **department to:**

25 (1) use the grant only for the purposes specified in the
26 agreement or an amendment to the agreement; and
27 (2) comply with the other terms established by the
28 department as a condition of receiving the grant.

29 **Sec. 14. The department shall provide the budget agency with:**

30 (1) a list of all approved applicants that includes the amount
31 approved for distribution; and
32 (2) a copy of each approved application.

33 **Sec. 15. An agreement for a grant for a full day kindergarten**
34 **program must prohibit the imposition of a fee for students who**
35 **participate in the program and qualify for a free or reduced lunch**
36 **program.**

37 **Sec. 16. The department shall:**

38 (1) provide for the distribution of the approved amount of a
39 grant; and

40 (2) administer and enforce the agreement made with the
41 recipient.

42 **Sec. 17. Distributions of grants under this chapter shall be**
43 **made at the time and in the manner prescribed by the**
44 **department.**

1 **Sec. 18. (a) The early learning fund is established. The early**
 2 **learning fund shall be administered by the department.**

3 **(b) The treasurer of state shall invest money in the early**
 4 **learning fund not currently needed to meet the obligations of the**
 5 **early learning fund in the same manner as other public money**
 6 **may be invested. Interest that accrues from these investments**
 7 **shall be deposited in the early learning fund.**

8 **(c) Money in the early learning fund is annually appropriated**
 9 **for the purposes of the early learning fund.**

10 **(d) Money in the early learning fund at the end of a state fiscal**
 11 **year does not revert to the state general fund.**

12 **(e) For state fiscal years beginning after June 30, 2007, there**
 13 **is annually appropriated to the early learning fund thirty million**
 14 **dollars (\$30,000,000) from the state general fund to be used for**
 15 **the purposes of the early learning fund.**

16 SECTION 18. IC 21-3-1.6-1.1, AS AMENDED BY P.L.276-2003,
 17 SECTION 23, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 18 JANUARY 1, 2006]: Sec. 1.1. As used in this chapter:

19 (a) "School corporation" means any local public school corporation
 20 established under Indiana law. Except as otherwise indicated, the term
 21 includes a charter school.

22 (b) "School year" means a year beginning July 1 and ending the next
 23 succeeding June 30.

24 (c) "State distribution" due a school corporation means the amount
 25 of state funds to be distributed to a school corporation in any calendar
 26 year under this chapter.

27 (d) "Average daily membership" or "ADM" of a school corporation
 28 means the number of eligible pupils enrolled in the school corporation
 29 or in a transferee corporation on a day to be fixed annually by the
 30 Indiana state board of education and, beginning in the school year that
 31 ends in the 2005 calendar year, as subsequently adjusted not later than
 32 January 30 under the rules adopted by the state board of education. The
 33 initial day of the count shall fall within the first thirty (30) days of the
 34 school term. If, however, extreme patterns of student in-migration,
 35 illness, natural disaster, or other unusual conditions in a particular
 36 school corporation's enrollment on either the day fixed by the Indiana
 37 state board of education or on the subsequent adjustment date, cause
 38 the enrollment to be unrepresentative of the school corporation's
 39 enrollment throughout a school year, the Indiana state board of
 40 education may designate another day for determining the school
 41 corporation's enrollment. The Indiana state board of education shall
 42 monitor changes that occur after the fall count, in the number of
 43 students enrolled in programs for children with disabilities and shall,
 44 before December 2 of that same year and, beginning in the 2004
 45 calendar year, before April 2 of the following calendar year, make an
 46 adjusted count of students enrolled in programs for children with

1 disabilities. The superintendent of public instruction shall certify the
 2 December adjusted count to the budget committee before February 5
 3 of the following year and the April adjusted count not later than May 31
 4 immediately after the date of the April adjusted count. In determining
 5 the ADM, each kindergarten pupil **who:**

6 **(1) is not:**

7 **(A) enrolled in a full day kindergarten program class at a**
 8 **school in a school corporation that received a state grant**
 9 **under any combination of P.L.224-2003 and IC 21-1-31 for**
 10 **full day kindergarten for part or all of at least two (2)**
 11 **consecutive school years ending immediately before the**
 12 **date that the ADM count is made for the current school**
 13 **year; or**

14 **(B) enrolled in a full day kindergarten program class in**
 15 **which pupils were counted as one (1) pupil under**
 16 **subdivision (2) in the immediately preceding school year;**
 17 shall be counted as one-half (1/2) pupil; and

18 **(2) is:**

19 **(A) enrolled in a full day kindergarten program class at a**
 20 **school in a school corporation that received a state grant**
 21 **under any combination of P.L.224-2003 and IC 21-1-31 for**
 22 **full day kindergarten for part or all of at least two (2)**
 23 **consecutive school years ending immediately before the**
 24 **date that the ADM count is made for the current school**
 25 **year; or**

26 **(B) enrolled in a full day kindergarten program class in**
 27 **which pupils were counted as one (1) pupil under this**
 28 **subdivision in the immediately preceding school year;**

29 **shall be counted as one (1) pupil.**

30 Where a school corporation commences kindergarten in a school year,
 31 the ADM of the current and prior calendar years shall be adjusted to
 32 reflect the enrollment of the kindergarten pupils. In determining the
 33 ADM, each pupil enrolled in a public school and a nonpublic school is
 34 to be counted on a full-time equivalency basis as provided in section 1.2
 35 of this chapter.

36 (e) "Additional count" of a school corporation, or comparable
 37 language, means the aggregate of the additional counts of the school
 38 corporation for certain pupils as set out in section 3 of this chapter
 39 (repealed) and as determined at the times for calculating ADM. "Current
 40 additional count" means the initial computed additional count of the
 41 school corporation for the school year ending in the calendar year.
 42 "Prior year additional count" of a school corporation used in computing
 43 its state distribution in a calendar year means the initial computed
 44 additional count of the school corporation for the school year ending in
 45 the preceding calendar year.

1 (f) For purposes of this subsection, "school corporation" does not
 2 include a charter school. "Adjusted assessed valuation" of any school
 3 corporation used in computing state distribution for a calendar year
 4 means the assessed valuation in the school corporation, adjusted as
 5 provided in IC 6-1.1-34. The amount of the valuation shall also be
 6 adjusted downward by the department of local government finance to
 7 the extent it consists of real or personal property owned by a railroad
 8 or other corporation under the jurisdiction of a federal court under the
 9 federal bankruptcy laws (11 U.S.C. 101 et seq.) if as a result of the
 10 corporation being involved in a bankruptcy proceeding the corporation
 11 is delinquent in payment of its Indiana real and personal property taxes
 12 for the year to which the valuation applies. If the railroad or other
 13 corporation in some subsequent calendar year makes payment of the
 14 delinquent taxes, then the state superintendent of public instruction shall
 15 prescribe adjustments in the distributions of state funds pursuant to this
 16 chapter as are thereafter to become due to a school corporation affected
 17 by the delinquency as will ensure that the school corporation will not
 18 have been unjustly enriched under the provisions of P.L.382-1987(ss).
 19 The amount of the valuation shall also be adjusted downward by the
 20 department of local government finance to the extent it consists of real
 21 or personal property described in IC 6-1.1-17-0.5(b).

22 (g) "General fund" means a fund established under IC 21-2-11-2.

23 (h) "Teacher" means every person who is required as a condition of
 24 employment by a school corporation to hold a teacher's license issued
 25 or recognized by the state, except substitutes and any person paid
 26 entirely from federal funds.

27 (i) For purposes of this subsection, "school corporation" does not
 28 include a charter school. "Teacher ratio" of a school corporation used
 29 in computing state distribution in any calendar year means the ratio
 30 assigned to the school corporation pursuant to section 2 of this chapter.

31 (j) "Eligible pupil" means a pupil enrolled in a school corporation if:

32 (1) the school corporation has the responsibility to educate the
 33 pupil in its public schools without the payment of tuition;

34 (2) subject to subdivision (5), the school corporation has the
 35 responsibility to pay transfer tuition under IC 20-8.1-6.1, because
 36 the pupil is transferred for education to another school corporation
 37 (the "transferee corporation");

38 (3) the pupil is enrolled in a school corporation as a transfer
 39 student under IC 20-8.1-6.1-3 or entitled to be counted for ADM
 40 or additional count purposes as a resident of the school
 41 corporation when attending its schools under any other applicable
 42 law or regulation;

43 (4) the state is responsible for the payment of transfer tuition to
 44 the school corporation for the pupil under IC 20-8.1-6.1; or

45 (5) all of the following apply:

46 (A) The school corporation is a transferee corporation.

47 (B) The pupil does not qualify as a qualified pupil in the

- 1 transferee corporation under subdivision (3) or (4).
 2 (C) The transferee corporation's attendance area includes a
 3 state licensed private or public health care facility, child care
 4 facility, or foster family home where the pupil was placed:
 5 (i) by or with the consent of the division of family and
 6 children;
 7 (ii) by a court order;
 8 (iii) by a child placing agency licensed by the division of
 9 family and children; or
 10 (iv) by a parent or guardian under IC 20-8.1-6.1-5.

11 For purposes of IC 21-3-12, the term includes a student enrolled in a
 12 charter school.

13 (k) "General fund budget" of a school corporation means the amount
 14 of the budget approved for a given year by the department of local
 15 government finance and used by the department of local government
 16 finance in certifying a school corporation's general fund tax levy and tax
 17 rate for the school corporation's general fund as provided for in
 18 IC 21-2-11. The term does not apply to a charter school.

19 (l) "At risk index" means the following:

20 (1) For a school corporation that is not a charter school, the
 21 sum of:

22 (A) the product of sixteen-hundredths (0.16) multiplied by the
 23 percentage of families in the school corporation with children
 24 who are less than eighteen (18) years of age and who have a
 25 family income below the federal income poverty level (as
 26 defined in IC 12-15-2-1);

27 (B) the product of four-tenths (0.4) multiplied by the
 28 percentage of families in the school corporation with a single
 29 parent; and

30 (C) the product of forty-four hundredths (0.44) multiplied by
 31 the percentage of the population in the school corporation who
 32 are at least twenty (20) years of age with less than a twelfth
 33 grade education.

34 The data to be used in making the calculations under this
 35 subdivision must be the data from the 2000 federal decennial
 36 census.

37 (2) For a charter school, the index determined under subdivision
 38 (1) for the school corporation in which the charter school is
 39 located.

40 (m) "ADM of the previous year" or "ADM of the prior year" used in
 41 computing a state distribution in a calendar year means the initial
 42 computed ADM for the school year ending in the preceding calendar
 43 year.

44 (n) "Current ADM" used in computing a state distribution in a
 45 calendar year means the initial computed ADM for the school year
 46 ending in the calendar year.

47 SECTION 19. IC 21-3-1.7-3.1, AS AMENDED BY P.L.276-2003,

1 SECTION 26, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
2 JANUARY 1, 2006]: Sec. 3.1. (a) As used in this chapter, "previous
3 year revenue" for calculations with respect to a school corporation
4 equals:

5 (1) the school corporation's tuition support for regular programs,
6 including basic tuition support, and excluding:

7 (A) special education grants;

8 (B) vocational education grants;

9 (C) at-risk programs;

10 (D) the enrollment adjustment grant;

11 (E) the academic honors diploma award;

12 (F) the primetime distribution; and

13 (G) for 2005 and thereafter, the supplemental remediation
14 grant;

15 for the year that precedes the current year; plus

16 (2) the school corporation's tuition support levy for the year that
17 precedes the current year before the reductions required under
18 section 5(1) and 5(2) of this chapter; plus

19 (3) distributions received by the school corporation under
20 IC 6-1.1-21.6 for the year that precedes the current year; plus

21 (4) the school corporation's excise tax revenue for the year that
22 precedes the current year by two (2) years; minus

23 (5) an amount equal to the reduction in the school corporation's
24 tuition support under subsection (b) or IC 20-10.1-2-1, or both;
25 plus

26 (6) in calendar year 2003, the amount determined for calendar
27 year 2002 under section 8.2 of this chapter, STEP TWO (C); plus

28 (7) in calendar year 2004, the amount determined for calendar
29 year 2002 under section 8.2 of this chapter, STEP TWO (D); plus

30 (8) notwithstanding subdivision (1), in calendar year 2004, the
31 school corporation's distribution under section 9.7 of this chapter
32 for calendar year 2003; **plus**

33 **(9) for the year immediately preceding the first year in which**
34 **a pupil in full day kindergarten is counted as one (1) pupil**
35 **under IC 21-3-1.6-1.1(d)(2), the product of:**

36 **(A) the number of pupils counted as one (1) pupil under**
37 **IC 21-3-1.6-1.1(d)(2); multiplied by**

38 **(B) one thousand five hundred dollars (\$1,500).**

39 (b) A school corporation's previous year revenue shall be reduced if:

40 (1) the school corporation's state tuition support for special or
41 vocational education was reduced as a result of a complaint being
42 filed with the department of education after December 31, 1988,
43 because the school program overstated the number of children
44 enrolled in special or vocational education programs; and

45 (2) the school corporation's previous year revenue has not been
46 reduced under this subsection more than one (1) time because of

1 a given overstatement.

2 The amount of the reduction equals the amount the school corporation
3 would have received in tuition support for special and vocational
4 education because of the overstatement.

5 (c) A school corporation's previous year revenue shall be reduced if
6 an existing elementary or secondary school located in the school
7 corporation converts to a charter school under IC 20-5.5-11. The
8 amount of the reduction equals the product of:

- 9 (1) the sum of the amounts distributed to the conversion charter
10 school under IC 20-5.5-7-3.5(c) and IC 20-5.5-7-3.5(d);
11 multiplied by
12 (2) two (2).".

13 Page 37, between lines 15 and 16, begin a new paragraph and insert:
14 "SECTION 18. IC 35-45-5-7 IS AMENDED TO READ AS
15 FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 7. This chapter does not
16 apply to the publication or broadcast of an advertisement, a list of
17 prizes, or other information concerning:

- 18 (1) pari-mutuel wagering on horse races or a lottery authorized by
19 the law of any state; ~~or~~
20 (2) a game of chance operated in accordance with IC 4-32; ~~or~~
21 **(3) a pari-mutuel pull tab game operated in accordance with**
22 **IC 4-31-7.5.**

23 SECTION 19. IC 35-45-5-11 IS ADDED TO THE INDIANA CODE
24 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
25 1, 2004]: **Sec. 11. This chapter does not apply to the sale of**
26 **pari-mutuel pull tab tickets authorized by IC 4-31-7.5."**

27 Page 38, between lines 30 and 31, begin a new paragraph and insert:

28 "SECTION 21. [EFFECTIVE JULY 1, 2004] **(a) The Indiana**
29 **gaming commission shall adopt the emergency rules required**
30 **under IC 4-31-7.5-3, as added by this act, before January 1, 2005.**

31 **(b) This SECTION expires January 31, 2005.**

32 SECTION 22. [EFFECTIVE JULY 1, 2004] **(a) If the Indiana**
33 **gaming commission determines that a permit holder has met the**
34 **requirements of this act, the Indiana gaming commission shall**
35 **adopt a resolution authorizing a permit holder to sell pari-mutuel**
36 **pull tabs under IC 4-31-7.5, as added by this act. The commission**
37 **may exercise any power necessary to implement this act under a**
38 **resolution authorized under this SECTION.**

39 **(b) This SECTION expires December 31, 2005.**

40 SECTION 23. [EFFECTIVE JULY 1, 2004] **(a) If any provision of**
41 **this act, as enacted or later amended, or its application to any**
42 **person or circumstance is held invalid, the invalidity does not**
43 **affect other provisions that can be given effect without the invalid**
44 **provision or application.**

45 **(b) Each part and application of every statute set forth in this**

1 act is severable. If any provision or application of any part of the
 2 act is held invalid, the invalidity does not affect the remainder of
 3 the act unless:

4 (1) the remainder is so essentially and inseparably connected
 5 with and so dependent upon the invalid provision or
 6 application that it cannot be presumed that the remainder
 7 would have been enacted without the invalid provision or
 8 application; or

9 (2) the remainder is incomplete and incapable of being
 10 executed in accordance with the legislative intent without the
 11 invalid provision or application.

12 SECTION 24. [EFFECTIVE JULY 1, 2004] The allowed cities (as
 13 defined in IC 4-31-2-1.5, as added by this act) are presented with
 14 unique challenges with regard to:

15 (1) the delivery, affordability, availability, and need for:

16 (A) housing;

17 (B) infrastructure;

18 (C) transportation;

19 (D) educational opportunities; and

20 (E) economic development for;

21 the residents of the allowed cities;

22 (2) the inability of the allowed cities to derive significant
 23 economic benefits, including employment and investment
 24 opportunities, from the presence of riverboat gaming
 25 operations because of the distance between the cities and
 26 Indiana's riverboat gaming operations; and

27 (3) the large number of exempt properties, the urban
 28 character of the community, the demands placed on the
 29 cities' assets by commuters, tourists, and business visitors,
 30 and the age of many of the cities' systems and facilities.

31 SECTION 25. [EFFECTIVE JULY 1, 2004] IC 21-3-1.6-1.1, as
 32 amended by this act, applies only to ADM counts made after June
 33 30, 2005."

34 Renumber all SECTIONS consecutively.

(Reference is to EHB 1365 as printed February 20, 2004.)

Senator LANANE

