

COMMITTEE REPORT

MADAM PRESIDENT:

The Senate Committee on Appropriations, to which was referred Senate Bill No. 405, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

- 1 Page 3, between lines 23 and 24, begin a new paragraph and insert:
2 "SECTION 3. IC 4-31-7-1, AS AMENDED BY P.L.233-2007,
3 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
4 JULY 1, 2010]: Sec. 1. (a) A person holding a permit to conduct a
5 horse racing meeting or a license to operate a satellite facility may
6 provide a place in the racing meeting grounds or enclosure or the
7 satellite facility at which the person may conduct and supervise the
8 pari-mutuel system of wagering by patrons of legal age on the horse
9 races conducted or simulcast by the person. The person may not permit
10 or use:
11 (1) another place other than that provided and designated by the
12 person; or
13 (2) another method or system of betting or wagering.
14 However, a permit holder licensed to conduct gambling games under
15 IC 4-35 may permit wagering on slot machines at a racetrack as
16 permitted by IC 4-35.
17 (b) Except as provided in section 7 of this chapter, ~~and~~ IC 4-31-5.5,
18 **and IC 4-31-7.5**, the pari-mutuel system of wagering may not be
19 conducted on any races except the races at the racetrack, grounds, or
20 enclosure for which the person holds a permit.

1 SECTION 4. IC 4-31-7-3 IS AMENDED TO READ AS FOLLOWS
 2 [EFFECTIVE JULY 1, 2010]: Sec. 3. (a) The following equipment
 3 must be provided and maintained in good working order at each permit
 4 holder's racetrack or satellite facility, as applicable:

5 (1) A totalizator for win, place, and show wagering. The
 6 totalizator must:

7 (A) be of a design approved by the commission;

8 (B) be capable of registering by automatic mechanical,
 9 electric, or electronic means on central aggregators all wagers
 10 made on each horse, entry, or the field in each of the win,
 11 place, and show pools;

12 (C) display the totals wagered in a manner that permits ready
 13 tabulation and recording of those totals by the commission's
 14 representative before they are cleared from the central
 15 aggregators; and

16 (D) display to the public on a board running totals of amounts
 17 wagered in each of the win, place, and show pools on each
 18 entry in each race.

19 (2) A telephone system connecting the judges' stand with the
 20 office of the pari-mutuel plant and any other stations considered
 21 necessary by the commission.

22 (3) A system of bells that shall be rung from the judges' stand to
 23 signal the close of wagering.

24 (4) A button in the judges' stand that, when pressed, will lock
 25 ticket-issuing machines and close wagering for each race.

26 (b) In addition to the requirements of subsection (a), a permit holder
 27 may conduct exotic wagering only by the use of automatic mechanical,
 28 electric, or electronic devices that:

29 (1) print and issue tickets evidencing individual wagers;

30 (2) locally print a permanent record of the tickets issued by each
 31 machine or register on central aggregators by automatic
 32 mechanical, electric, or electronic means the total dollar value of
 33 those tickets; and

34 (3) permit ready tabulation and recording of those figures by the
 35 commission's representative before they are cleared from the
 36 central aggregators.

37 **(c) The commission may waive the requirements of subsection**
 38 **(b) if the commission determines by rule that other systems or**

1 technologies are available and sufficient to safeguard the public.

2 (d) This section does not apply to a licensed SPMO (as defined
3 in IC 4-31-7.5-5).

4 SECTION 5. IC 4-31-7.5 IS ADDED TO THE INDIANA CODE
5 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
6 JULY 1, 2010]:

7 **Chapter 7.5. Advance Deposit Wagering**

8 **Sec. 1. In enacting this chapter, it is the intent of the general**
9 **assembly to recognize changes in technology for pari-mutuel**
10 **wagering and to retain for the Indiana horse racing industry a part**
11 **of revenues generated by Indiana residents on wagers placed with**
12 **secondary pari-mutuel organizations.**

13 **Sec. 2. As used in this chapter, "account holder" means an**
14 **Indiana resident who has established an advance deposit wagering**
15 **account.**

16 **Sec. 3. As used in this chapter, "advance deposit wagering"**
17 **means a system of pari-mutuel wagering in which wagers, made by**
18 **an account holder in person, by telephone, or through**
19 **communication by other electronic means, are debited and payouts**
20 **are credited to an account.**

21 **Sec. 4. As used in this chapter, "advance deposit wagering**
22 **account" means an account for advance deposit wagering held by**
23 **a licensed SPMO.**

24 **Sec. 5. As used in this chapter, "licensed SPMO" means a**
25 **secondary pari-mutuel organization licensed under this chapter.**

26 **Sec. 6. As used in this chapter, "other electronic means" means**
27 **communication by any electronic communication device, including**
28 **personal computers, the Internet, private networks, interactive**
29 **televisions and wireless communication technologies, an interactive**
30 **computer service (as defined in IC 35-45-5-1), or other technologies**
31 **approved by the commission.**

32 **Sec. 7. As used in this chapter, "secondary pari-mutuel**
33 **organization" means an entity that offers advance deposit**
34 **wagering.**

35 **Sec. 8. As used in this chapter, "source market fee" refers to the**
36 **amount of an advance deposit wager made on any race:**

37 (1) through a licensed SPMO; and

38 (2) by an individual whose principal residence is within

1 **Indiana at the time the wager is made;**
 2 **that a permit holder is entitled to receive from the licensed SPMO**
 3 **under the terms of the contract required by section 10 of this**
 4 **chapter between the licensed SPMO and each permit holder.**

5 **Sec. 9. Advance deposit wagering is permitted in Indiana,**
 6 **subject to this chapter and to rules adopted by the commission.**

7 **Sec. 10. (a) A licensed SPMO may accept wagers for races**
 8 **conducted within or outside Indiana. Wagers made under this**
 9 **chapter are considered to have been made in Indiana.**

10 **(b) A licensed SPMO must have a single written contract signed**
 11 **by each permit holder. The contract must be approved by the**
 12 **commission. The contract must:**

13 **(1) specify the manner in which the amount of the source**
 14 **market fee is determined for each permit holder; and**

15 **(2) govern all other aspects of the business relationship**
 16 **between the licensed SPMO and each permit holder.**

17 **(c) A permit holder may not enter into an exclusive agreement**
 18 **with a licensed SPMO.**

19 **Sec. 11. The commission shall adopt rules under IC 4-22-2,**
 20 **including emergency rules adopted in the manner provided in**
 21 **IC 4-22-2-37.1, to implement this chapter, including but not limited**
 22 **to rules that prescribe:**

23 **(1) procedures for verifying the age of a person opening a**
 24 **advance deposit wagering account or placing a wager with a**
 25 **licensed SPMO;**

26 **(2) requirements for opening and administering advance**
 27 **deposit wagering accounts;**

28 **(3) a guarantee or acceptable surety that the full value of**
 29 **balances in an advance deposit wagering account will be paid;**

30 **(4) record keeping requirements;**

31 **(5) licensure procedures, including investigation of applicants,**
 32 **forms for licensure, and procedures for renewal; and**

33 **(6) civil penalties for violations of this chapter or a rule**
 34 **adopted by the commission.**

35 **Sec. 12. A licensed SPMO shall comply with all applicable**
 36 **federal laws.**

37 **Sec. 13. A secondary pari-mutuel organization applying for a**
 38 **license under this chapter must provide the following to the**

1 **commission:**

2 (1) Written evidence of approval, by the appropriate
3 regulatory authority in each state where the secondary
4 pari-mutuel organization is licensed, to conduct advance
5 deposit wagering.

6 (2) A copy of a proposed contract executed by the applicant
7 and each permit holder to satisfy the requirements of section
8 10 of this chapter.

9 (3) A nonrefundable application fee of five thousand dollars
10 (\$5,000).

11 (4) A complete application on a form prescribed by the
12 commission.

13 (5) Any other information required by the commission.

14 **Sec. 14.** The commission may require an applicant to pay any
15 costs incurred by the commission for background checks,
16 investigation, and review of the license application that exceed five
17 thousand dollars (\$5,000).

18 **Sec. 15. (a)** The commission may issue to a secondary
19 pari-mutuel organization a license to offer advance deposit
20 wagering to Indiana residents if the commission:

21 (1) finds that the applicant satisfies the requirements of this
22 chapter and the rules adopted by the commission under
23 section 11 of this chapter; and

24 (2) approves the contract submitted under section 13 of this
25 chapter.

26 (b) The term of a license issued under this chapter is one (1)
27 year.

28 (c) The annual license renewal fee is one thousand dollars
29 (\$1,000).

30 **Sec. 16.** A secondary pari-mutuel organization that is not
31 licensed under this chapter may not accept a wager from a person
32 whose physical location is within Indiana at the time the wager is
33 made.

34 **Sec. 17.** A person less than twenty-one (21) years of age may not
35 open, own, or have access to an advance deposit wagering account.

36 **Sec. 18. (a)** A permit holder has a right of action against a
37 secondary pari-mutuel organization that accepts a wager in
38 violation of section 16 of this chapter.

1 **(b) If the permit holder prevails in an action filed under this**
2 **section, the permit holder is entitled to the following:**

3 **(1) An injunction to enjoin future violations of this chapter.**

4 **(2) Compensatory damages equal to any actual damage**
5 **proven by the permit holder. If the permit holder does not**
6 **prove actual damage, the permit holder is entitled to**
7 **presumptive damages of five hundred dollars (\$500) for each**
8 **wager placed in violation of this chapter.**

9 **(3) The permit holder's reasonable attorney's fees and other**
10 **litigation costs reasonably incurred in connection with the**
11 **action.**

12 **(c) A secondary pari-mutuel organization that accepts a wager**
13 **in violation of section 16 of this chapter submits to the jurisdiction**
14 **of Indiana courts for purposes of this chapter."**

15 Page 4, delete lines 6 through 7.

16 Page 5, delete lines 11 through 30.

17 Page 8, line 39, delete "Not more than two" and insert "Two".

18 Page 8, line 40, delete "not more than".

19 Page 9, delete lines 34 through 42, begin a new paragraph and
20 insert:

21 "SECTION 11. IC 4-33-6-4 IS AMENDED TO READ AS
22 FOLLOWS [EFFECTIVE JULY 1, 2010]: Sec. 4. (a) In determining
23 whether to grant an owner's license to an applicant, the commission
24 shall consider the following:

25 (1) The character, reputation, experience, and financial integrity
26 of the following:

27 (A) The applicant.

28 (B) A person that:

29 (i) directly or indirectly controls the applicant; or

30 (ii) is directly or indirectly controlled by the applicant or by
31 a person that directly or indirectly controls the applicant.

32 (2) The facilities or proposed facilities for the conduct of
33 riverboat gambling.

34 (3) The highest prospective total revenue to be collected by the
35 state from the conduct of riverboat gambling.

36 (4) The good faith affirmative action plan of each applicant to
37 recruit, train, and upgrade minorities in all employment
38 classifications.

1 (5) The financial ability of the applicant to purchase and maintain
2 adequate liability and casualty insurance.

3 (6) If the applicant has adequate capitalization to provide and
4 maintain a riverboat for the duration of the license.

5 (7) The extent to which the applicant exceeds or meets other
6 standards adopted by the commission.

7 (b) **This subsection does not apply to a person applying for an**
8 **owner's license to assume control of a riverboat on which gambling**
9 **games have been conducted under an owner's license issued to**
10 **another person.** In an application for an owner's license, the applicant
11 must submit to the commission a proposed design of the riverboat and
12 the dock. The commission may not grant a license to an applicant if the
13 commission determines that it will be difficult or unlikely for the
14 riverboat to depart from the dock."

15 Page 10, delete lines 1 through 26.

16 Page 10, line 36, delete "subsections (c) and" and insert "**subsection**
17 **(c),**".

18 Page 10, line 37, delete "(d),".

19 Page 11, delete lines 13 through 33.

20 Page 12, delete lines 17 through 42.

21 Page 13, delete lines 1 through 2.

22 Page 13, line 6, after "for" insert ":

23 **"(1) constructing a permanently moored vessel to replace the**
24 **licensed owner's self-propelled excursion boat; or**
25 **(2)".**

26 Page 13, line 9, delete "remove" and insert "**disable**".

27 Page 13, line 14, delete "operated" and insert "; **and**".

28 Page 13, delete line 15.

29 Page 13, between lines 17 and 18 begin a new line blocked left and
30 insert:

31 **"However, nothing in this subsection requires a licensed owner**
32 **converting a self-propelled excursion boat into a permanently**
33 **moored vessel under this section to substantially alter the marine**
34 **structural and life safety systems of the excursion boat that were**
35 **required to comply with section 6(a) of this chapter if the excursion**
36 **boat was in service before January 1, 2010."**

37 Page 13, delete lines 22 through 42.

38 Delete page 14.

- 1 Page 15, delete lines 1 through 6.
- 2 Page 16, delete lines 27 through 35.
- 3 Page 17, line 36, delete "located or".
- 4 Page 18, line 1, delete "located or".
- 5 Page 18, line 2, delete "located or".
- 6 Page 18, line 9, delete "located or".
- 7 Page 18, line 19, delete "located or".
- 8 Page 22, line 31, delete "located or".
- 9 Page 22, line 38, delete "located or".
- 10 Page 23, line 4, delete "located or".
- 11 Page 25, between lines 38 and 39, begin a new paragraph and insert:
- 12 "SECTION 28. IC 4-33-13-5, AS AMENDED BY P.L.146-2008,
- 13 SECTION 18, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 14 JULY 1, 2010]: Sec. 5. (a) This subsection does not apply to tax
- 15 revenue remitted by an operating agent operating a riverboat in a
- 16 historic hotel district. After funds are appropriated under section 4 of
- 17 this chapter, each month the treasurer of state shall distribute the tax
- 18 revenue deposited in the state gaming fund under this chapter to the
- 19 following:
- 20 (1) The first thirty-three million dollars (\$33,000,000) of tax
- 21 revenues collected under this chapter shall be set aside for
- 22 revenue sharing under subsection (e).
- 23 (2) Subject to subsection (c), twenty-five percent (25%) of the
- 24 remaining tax revenue remitted by each licensed owner shall be
- 25 paid:
- 26 (A) to the city that is designated as the home ~~dock~~ of the
- 27 riverboat from which the tax revenue was collected, in the case
- 28 of:
- 29 (i) a city described in IC 4-33-12-6(b)(1)(A); or
- 30 (ii) a city located in a county having a population of more
- 31 than four hundred thousand (400,000) but less than seven
- 32 hundred thousand (700,000); or
- 33 (B) to the county that is designated as the home ~~dock~~ of the
- 34 riverboat from which the tax revenue was collected, in the case
- 35 of a riverboat whose home ~~dock~~ is not in a city described in
- 36 clause (A).
- 37 (3) Subject to subsection (d), the remainder of the tax revenue
- 38 remitted by each licensed owner shall be paid to the state general

1 fund. In each state fiscal year, the treasurer of state shall make the
 2 transfer required by this subdivision not later than the last
 3 business day of the month in which the tax revenue is remitted to
 4 the state for deposit in the state gaming fund. However, if tax
 5 revenue is received by the state on the last business day in a
 6 month, the treasurer of state may transfer the tax revenue to the
 7 state general fund in the immediately following month.

8 (b) This subsection applies only to tax revenue remitted by an
 9 operating agent operating a riverboat in a historic hotel district. After
 10 funds are appropriated under section 4 of this chapter, each month the
 11 treasurer of state shall distribute the tax revenue remitted by the
 12 operating agent under this chapter as follows:

13 (1) Thirty-seven and one-half percent (37.5%) shall be paid to the
 14 state general fund.

15 (2) Nineteen percent (19%) shall be paid to the West Baden
 16 Springs historic hotel preservation and maintenance fund
 17 established by IC 36-7-11.5-11(b).

18 However, at any time the balance in that fund exceeds twenty
 19 million dollars (\$20,000,000), the amount described in this
 20 subdivision shall be paid to the state general fund.

21 (3) Eight percent (8%) shall be paid to the Orange County
 22 development commission established under IC 36-7-11.5.

23 (4) Sixteen percent (16%) shall be paid in equal amounts to each
 24 town that is located in the county in which the riverboat ~~docks is~~
 25 **located** and contains a historic hotel. The following apply to taxes
 26 received by a town under this subdivision:

27 (A) At least twenty-five percent (25%) of the taxes must be
 28 transferred to the school corporation in which the town is
 29 located.

30 (B) At least twelve and five-tenths percent (12.5%) of the
 31 taxes must be transferred to the Orange County ~~convention~~
 32 ~~and visitors bureau.~~ **development commission established by**
 33 **IC 36-7-11.5-3.5.**

34 (5) Nine percent (9%) shall be paid to the county treasurer of the
 35 county in which the riverboat is ~~docked.~~ **located.** The county
 36 treasurer shall distribute the money received under this
 37 subdivision as follows:

38 (A) Twenty-two and twenty-five hundredths percent (22.25%)

1 shall be quarterly distributed to the county treasurer of a
 2 county having a population of more than thirty-nine thousand
 3 six hundred (39,600) but less than forty thousand (40,000) for
 4 appropriation by the county fiscal body after receiving a
 5 recommendation from the county executive. The county fiscal
 6 body for the receiving county shall provide for the distribution
 7 of the money received under this clause to one (1) or more
 8 taxing units (as defined in IC 6-1.1-1-21) in the county under
 9 a formula established by the county fiscal body after receiving
 10 a recommendation from the county executive.

11 (B) Twenty-two and twenty-five hundredths percent (22.25%)
 12 shall be quarterly distributed to the county treasurer of a
 13 county having a population of more than ten thousand seven
 14 hundred (10,700) but less than twelve thousand (12,000) for
 15 appropriation by the county fiscal body after receiving a
 16 recommendation from the county executive. The county fiscal
 17 body for the receiving county shall provide for the distribution
 18 of the money received under this clause to one (1) or more
 19 taxing units (as defined in IC 6-1.1-1-21) in the county under
 20 a formula established by the county fiscal body after receiving
 21 a recommendation from the county executive.

22 (C) Fifty-five and five-tenths percent (55.5%) shall be retained
 23 by the county ~~where in which~~ the riverboat is ~~docked~~ located
 24 for appropriation by the county fiscal body after receiving a
 25 recommendation from the county executive.

26 (6) Five percent (5%) shall be paid to a town having a population
 27 of more than two thousand two hundred (2,200) but less than
 28 three thousand five hundred (3,500) located in a county having a
 29 population of more than nineteen thousand three hundred
 30 (19,300) but less than twenty thousand (20,000). At least forty
 31 percent (40%) of the taxes received by a town under this
 32 subdivision must be transferred to the school corporation in which
 33 the town is located.

34 (7) Five percent (5%) shall be paid to a town having a population
 35 of more than three thousand five hundred (3,500) located in a
 36 county having a population of more than nineteen thousand three
 37 hundred (19,300) but less than twenty thousand (20,000). At least
 38 forty percent (40%) of the taxes received by a town under this

1 subdivision must be transferred to the school corporation in which
2 the town is located.

3 (8) Five-tenths percent (0.5%) shall be paid to the ~~Orange County~~
4 ~~convention and visitors bureau.~~ **Indiana economic development**
5 **corporation established by IC 5-28-3-1.**

6 (c) For each city and county receiving money under subsection
7 (a)(2), the treasurer of state shall determine the total amount of money
8 paid by the treasurer of state to the city or county during the state fiscal
9 year 2002. The amount determined is the base year revenue for the city
10 or county. The treasurer of state shall certify the base year revenue
11 determined under this subsection to the city or county. The total
12 amount of money distributed to a city or county under this section
13 during a state fiscal year may not exceed the entity's base year revenue.
14 For each state fiscal year, the treasurer of state shall pay that part of the
15 riverboat wagering taxes that:

16 (1) exceeds a particular city's or county's base year revenue; and
17 (2) would otherwise be due to the city or county under this
18 section;

19 to the state general fund instead of to the city or county.

20 (d) Each state fiscal year the treasurer of state shall transfer from the
21 tax revenue remitted to the state general fund under subsection (a)(3)
22 to the build Indiana fund an amount that when added to the following
23 may not exceed two hundred fifty million dollars (\$250,000,000):

24 (1) Surplus lottery revenues under IC 4-30-17-3.
25 (2) Surplus revenue from the charity gaming enforcement fund
26 under IC 4-32.2-7-7.
27 (3) Tax revenue from pari-mutuel wagering under IC 4-31-9-3.

28 The treasurer of state shall make transfers on a monthly basis as needed
29 to meet the obligations of the build Indiana fund. If in any state fiscal
30 year insufficient money is transferred to the state general fund under
31 subsection (a)(3) to comply with this subsection, the treasurer of state
32 shall reduce the amount transferred to the build Indiana fund to the
33 amount available in the state general fund from the transfers under
34 subsection (a)(3) for the state fiscal year.

35 (e) Before August 15 of each year, the treasurer of state shall
36 distribute the wagering taxes set aside for revenue sharing under
37 subsection (a)(1) to the county treasurer of each county that does not
38 have a riverboat according to the ratio that the county's population

1 bears to the total population of the counties that do not have a
2 riverboat. Except as provided in subsection (h), the county auditor shall
3 distribute the money received by the county under this subsection as
4 follows:

5 (1) To each city located in the county according to the ratio the
6 city's population bears to the total population of the county.

7 (2) To each town located in the county according to the ratio the
8 town's population bears to the total population of the county.

9 (3) After the distributions required in subdivisions (1) and (2) are
10 made, the remainder shall be retained by the county.

11 (f) Money received by a city, town, or county under subsection (e)
12 or (h) may be used for any of the following purposes:

13 (1) To reduce the property tax levy of the city, town, or county for
14 a particular year (a property tax reduction under this subdivision
15 does not reduce the maximum levy of the city, town, or county
16 under IC 6-1.1-18.5).

17 (2) For deposit in a special fund or allocation fund created under
18 IC 8-22-3.5, IC 36-7-14, IC 36-7-14.5, IC 36-7-15.1, and
19 IC 36-7-30 to provide funding for debt repayment.

20 (3) To fund sewer and water projects, including storm water
21 management projects.

22 (4) For police and fire pensions.

23 (5) To carry out any governmental purpose for which the money
24 is appropriated by the fiscal body of the city, town, or county.
25 Money used under this subdivision does not reduce the property
26 tax levy of the city, town, or county for a particular year or reduce
27 the maximum levy of the city, town, or county under
28 IC 6-1.1-18.5.

29 (g) This subsection does not apply to an entity receiving money
30 under IC 4-33-12-6(c). Before September 15 of each year, the treasurer
31 of state shall determine the total amount of money distributed to an
32 entity under IC 4-33-12-6 during the preceding state fiscal year. If the
33 treasurer of state determines that the total amount of money distributed
34 to an entity under IC 4-33-12-6 during the preceding state fiscal year
35 was less than the entity's base year revenue (as determined under
36 IC 4-33-12-6), the treasurer of state shall make a supplemental
37 distribution to the entity from taxes collected under this chapter and
38 deposited into the state general fund. Except as provided in subsection

- 1 (i), the amount of an entity's supplemental distribution is equal to:
- 2 (1) the entity's base year revenue (as determined under
- 3 IC 4-33-12-6); minus
- 4 (2) the sum of:
- 5 (A) the total amount of money distributed to the entity during
- 6 the preceding state fiscal year under IC 4-33-12-6; plus
- 7 (B) any amounts deducted under IC 6-3.1-20-7.
- 8 (h) This subsection applies only to a county containing a
- 9 consolidated city. The county auditor shall distribute the money
- 10 received by the county under subsection (e) as follows:
- 11 (1) To each city, other than a consolidated city, located in the
- 12 county according to the ratio that the city's population bears to the
- 13 total population of the county.
- 14 (2) To each town located in the county according to the ratio that
- 15 the town's population bears to the total population of the county.
- 16 (3) After the distributions required in subdivisions (1) and (2) are
- 17 made, the remainder shall be paid in equal amounts to the
- 18 consolidated city and the county.
- 19 (i) This subsection applies only to the Indiana horse racing
- 20 commission. For each state fiscal year the amount of the Indiana horse
- 21 racing commission's supplemental distribution under subsection (g)
- 22 must be reduced by the amount required to comply with
- 23 IC 4-33-12-7(a)."
- 24 Page 26, line 20, strike "city".
- 25 Page 26, line 20, before "and" insert "**municipality**".
- 26 Page 26, delete lines 33 through 42, begin a new paragraph and
- 27 insert:
- 28 "SECTION 31. IC 4-35-7-12, AS AMENDED BY P.L.142-2009,
- 29 SECTION 25, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 30 UPON PASSAGE]: Sec. 12. (a) The Indiana horse racing commission
- 31 shall enforce the requirements of this section.
- 32 (b) Except as provided in subsections (j) and (k), a licensee shall
- 33 before the fifteenth day of each month devote to the gaming integrity
- 34 fund, horse racing purses, and to horsemen's associations an amount
- 35 equal to fifteen percent (15%) of the adjusted gross receipts of the slot
- 36 machine wagering from the previous month at the licensee's racetrack.
- 37 The Indiana horse racing commission may not use any of this money
- 38 for any administrative purpose or other purpose of the Indiana horse

1 racing commission, and the entire amount of the money shall be
 2 distributed as provided in this section. A licensee shall pay the first two
 3 hundred fifty thousand dollars (\$250,000) distributed under this section
 4 in a state fiscal year to the Indiana horse racing commission for deposit
 5 in the gaming integrity fund established by IC 4-35-8.7-3. After this
 6 money has been distributed to the Indiana horse racing commission, a
 7 licensee shall distribute the remaining money devoted to horse racing
 8 purses and to horsemen's associations under this subsection as follows:

9 (1) Five-tenths percent (0.5%) shall be transferred to horsemen's
 10 associations for equine promotion or welfare according to the
 11 ratios specified in subsection (e).

12 (2) Two and five-tenths percent (2.5%) shall be transferred to
 13 horsemen's associations for backside benevolence according to
 14 the ratios specified in subsection (e).

15 (3) Ninety-seven percent (97%) shall be distributed to promote
 16 horses and horse racing as provided in subsection (d).

17 (c) A horsemen's association shall expend the amounts distributed
 18 to the horsemen's association under subsection (b)(1) through (b)(2) for
 19 a purpose promoting the equine industry or equine welfare or for a
 20 benevolent purpose that the horsemen's association determines is in the
 21 best interests of horse racing in Indiana for the breed represented by the
 22 horsemen's association. Expenditures under this subsection are subject
 23 to the regulatory requirements of subsection (f).

24 (d) A licensee shall distribute the amounts described in subsection
 25 (b)(3) as follows:

26 (1) Forty-six percent (46%) for thoroughbred purposes as follows:

27 (A) Sixty percent (60%) for the following purposes:

28 (i) Ninety-seven percent (97%) for thoroughbred purses.

29 (ii) Two and four-tenths percent (2.4%) to the horsemen's
 30 association representing thoroughbred owners and trainers.

31 (iii) Six-tenths percent (0.6%) to the horsemen's association
 32 representing thoroughbred owners and breeders.

33 (B) Forty percent (40%) to the breed development fund
 34 established for thoroughbreds under IC 4-31-11-10.

35 (2) Forty-six percent (46%) for standardbred purposes as follows:

36 (A) Fifty percent (50%) for the following purposes:

37 (i) Ninety-six and five-tenths percent (96.5%) for
 38 standardbred purses.

- 1 (ii) Three and five-tenths percent (3.5%) to the horsemen's
 2 association representing standardbred owners and trainers.
 3 (B) Fifty percent (50%) to the breed development fund
 4 established for standardbreds under IC 4-31-11-10.
 5 (3) Eight percent (8%) for quarter horse purposes as follows:
 6 (A) Seventy percent (70%) for the following purposes:
 7 (i) Ninety-five percent (95%) for quarter horse purses.
 8 (ii) Five percent (5%) to the horsemen's association
 9 representing quarter horse owners and trainers.
 10 (B) Thirty percent (30%) to the breed development fund
 11 established for quarter horses under IC 4-31-11-10.

12 Expenditures under this subsection are subject to the regulatory
 13 requirements of subsection (f).

14 (e) Money distributed under subsection (b)(1) and (b)(2) shall be
 15 allocated as follows:

- 16 (1) Forty-six percent (46%) to the horsemen's association
 17 representing thoroughbred owners and trainers.
 18 (2) Forty-six percent (46%) to the horsemen's association
 19 representing standardbred owners and trainers.
 20 (3) Eight percent (8%) to the horsemen's association representing
 21 quarter horse owners and trainers.

22 (f) Money distributed under this section may not be expended unless
 23 the expenditure is for a purpose authorized in this section and is either
 24 for a purpose promoting the equine industry or equine welfare or is for
 25 a benevolent purpose that is in the best interests of horse racing in
 26 Indiana or the necessary expenditures for the operations of the
 27 horsemen's association required to implement and fulfill the purposes
 28 of this section. The Indiana horse racing commission may review any
 29 expenditure of money distributed under this section to ensure that the
 30 requirements of this section are satisfied. The Indiana horse racing
 31 commission shall adopt rules concerning the review and oversight of
 32 money distributed under this section and shall adopt rules concerning
 33 the enforcement of this section. The following apply to a horsemen's
 34 association receiving a distribution of money under this section:

- 35 (1) The horsemen's association must annually file a report with
 36 the Indiana horse racing commission concerning the use of the
 37 money by the horsemen's association. The report must include
 38 information as required by the commission.

1 (2) The horsemen's association must register with the Indiana
2 horse racing commission.

3 (g) The commission shall provide the Indiana horse racing
4 commission with the information necessary to enforce this section.

5 (h) The Indiana horse racing commission shall investigate any
6 complaint that a licensee has failed to comply with the horse racing
7 purse requirements set forth in this section. If, after notice and a
8 hearing, the Indiana horse racing commission finds that a licensee has
9 failed to comply with the purse requirements set forth in this section,
10 the Indiana horse racing commission may:

11 (1) issue a warning to the licensee;

12 (2) impose a civil penalty that may not exceed one million dollars
13 (\$1,000,000); or

14 (3) suspend a meeting permit issued under IC 4-31-5 to conduct
15 a pari-mutuel wagering horse racing meeting in Indiana.

16 (i) A civil penalty collected under this section must be deposited in
17 the state general fund.

18 (j) For a state fiscal year beginning after June 30, 2008, and ending
19 before July 1, 2009, the amount of money dedicated to the purposes
20 described in subsection (b) for a particular state fiscal year is equal to
21 the lesser of:

22 (1) fifteen percent (15%) of the licensee's adjusted gross receipts
23 for the state fiscal year; or

24 (2) eighty-five million dollars (\$85,000,000).

25 If fifteen percent (15%) of a licensee's adjusted gross receipts for the
26 state fiscal year exceeds the amount specified in subdivision (2), the
27 licensee shall transfer the amount of the excess to the commission for
28 deposit in the state general fund. The licensee shall adjust the transfers
29 required under this section in the final month of the state fiscal year to
30 comply with the requirements of this subsection.

31 (k) For a state fiscal year beginning after June 30, 2009, the amount
32 of money dedicated to the purposes described in subsection (b) for a
33 particular state fiscal year is equal to the lesser of:

34 (1) fifteen percent (15%) of the licensee's adjusted gross receipts
35 for the state fiscal year; or

36 (2) **the product of:**

37 (A) the amount dedicated to the purposes described in
38 subsection (b) in the previous state fiscal year; ~~increased by a~~

1 percentage that does not exceed the percent of increase in the
 2 United States Department of Labor Consumer Price Index
 3 during the year preceding the year in which an increase is
 4 established: ~~multiplied by~~
 5 **(B) one and three-hundredths (1.03).**

6 If fifteen percent (15%) of a licensee's adjusted gross receipts for the
 7 state fiscal year exceeds the amount ~~specified in~~ **determined under**
 8 subdivision (2), the licensee shall transfer the amount of the excess to
 9 the commission for deposit in the state general fund. The licensee shall
 10 adjust the transfers required under this section in the final month of the
 11 state fiscal year to comply with the requirements of this subsection."

12 Delete pages 27 through 28.

13 Page 29, delete lines 1 through 40.

14 Page 32, between lines 33 and 34, begin a new paragraph and insert:

15 "SECTION 40. IC 35-45-5-5 IS AMENDED TO READ AS
 16 FOLLOWS [EFFECTIVE JULY 1, 2010]: Sec. 5. The provisions of
 17 this chapter do not apply to:

18 (1) pari-mutuel wagering conducted at racetrack locations or
 19 satellite facilities licensed for pari-mutuel wagering under
 20 IC 4-31; or

21 (2) **wagering on horse races conducted through advance**
 22 **deposit wagering accounts authorized by IC 4-31-7.5."**

23 Renumber all SECTIONS consecutively.

(Reference is to SB 405 as introduced.)

and when so amended that said bill do pass.

Committee Vote: Yeas 10, Nays 2.

Dillon

Ranking Member