1	SENATE BILL NO. 183
2	INTRODUCED BY M. BLASDEL
3	
4	A BILL FOR AN ACT ENTITLED: "AN ACT RECOGNIZING THE MONTANA BOARD OF HORSERACING'S
5	AUTHORITY TO AUTHORIZE NEW FORMS OF RACING; GRANTING TO THE MONTANA BOARD OF
6	HORSERACING AND CLARIFYING THE AUTHORITY TO IMPLEMENT, ADMINISTER, AND ENFORCE
7	WAGERING ON PARIMUTUEL HISTORICAL HORSERACING; ALLOWING THE BOARD OF HORSERACING
8	TO PRESENT A COMPLETE PROPOSAL OF HISTORICAL HORSERACING TO THE 2021 LEGISLATURE;
9	PROVIDING A DEFINITION OF HISTORICAL HORSERACES; AMENDING SECTIONS SECTION 23-4-101,
10	<del>23-4-104, 23-4-105, 23-4-201, 23-4-202, 23-4-203, 23-4-301, AND 23-4-302,</del> MCA; AND PROVIDING
11	EFFECTIVE DATES AN IMMEDIATE EFFECTIVE DATE AND A TERMINATION DATE."
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13	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
14	
15	<u>NEW SECTION.</u> Section 1. Historical horseracing rulemaking. (1) Effective July 1, 2021, the <u>THE</u>
16	board is authorized to allow parimutuel betting through historical horseraces.
17	(2) Prior to July 1, 2021, the board may conduct public hearings and rulemaking to implement parimutuel
18	betting on historical horseracing. The IMPLEMENTATION OF HISTORICAL HORSERACING UNDER THIS SECTION MUST BE
19	CONDUCTED WITH OVERSIGHT AND INPUT PROVIDED BY THE ECONOMIC AFFAIRS INTERIM COMMITTEE. THIS INCLUDES
20	OVERSIGHT AND INPUT ON ISSUES RELATING TO THE IMPLEMENTATION OF HISTORICAL HORSERACING THROUGH PROPOSED
21	RULES AND LEGISLATION PRESENT A COMPLETE PROPOSAL OF HISTORICAL HORSERACING TO THE 2021 LEGISLATURE.
22	( <del>3)</del> (2) The board may:
23	(a) enter into a memorandum of understanding with the department of justice to coordinate and enforce
24	parimutuel betting on historical horseracing; or
25	(b) adopt <u>PREPARE</u> rules establishing the necessary oversight and enforcement of parimutuel betting on
26	historical horseracing TO PRESENT TO THE 2021 LEGISLATURE.
27	(3) NOTHING IN THIS SECTION MAY BE CONSTRUED TO ALLOW THE BOARD OF HORSERACING TO OFFER
28	HISTORICAL HORSERACING. THIS SECTION AUTHORIZES THE BOARD OF HORSERACING TO DEVELOP PROPOSED RULES AND DEVELOP RULES AND DEVELOP PROPOSED RULES AND DEVELOP RULES AND RULES AND DEVELOP RUL
29	LEGISLATION RELATING TO THE IMPLEMENTATION OF HISTORICAL HORSERACING TO PRESENT TO THE ECONOMIC AFFAIRS
30	INTERIM COMMITTEE AND TO THE 2021 LEGISLATURE FOR POSSIBLE APPROVAL OF HISTORICAL HORSERACING.



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2	Section 2. Section 23-4-101, MCA, is amended to read:
3	"23-4-101. Definitions. Unless the context requires otherwise, in this chapter, the following definitions
4	apply:
5	(1) "Advance deposit wagering" means a form of parimutuel wagering in which a person deposits money
6	in an account with an advance deposit wagering hub operator licensed by the board to conduct advance deposit
7	wagering. The money is used to pay for parimutuel wagers made in person, by telephone, or through a
8	communication by other electronic means on horse or greyhound races held in or outside this state.
9	(2) "Advance deposit wagering hub operator" means a simulcast and interactive wagering hub business
10	licensed by the board that, through a subscriber-based service located in this or another state, conducts
11	parimutuel wagering on the races that it simulcasts and on other races that it carries in its wagering menu and
12	that uses a computer that registers bets and divides the total amount bet among those who won.
13	(3) "Board" means the board of horseracing provided for in 2-15-1809.
14	(4) "Board of stewards" means a board composed of three stewards who supervise race meets.
15	(5) "Department" means the department of commerce provided for in Title 2, chapter 15, part 18.
16	(6) "Fantasy sports league" has the meaning provided in 23-5-801.
17	(7) "Historical horserace" means a horserace that was:
18	(a) previously conducted by a licensed parimutuel facility;
19	(b) concluded with official results; and
20	(c) concluded without scratches, disqualifications, or dead-heat finishes.
21	( <del>7)</del> (8) "Immediate family" means the spouse, parents, children, grandchildren, brothers, or sisters of an
22	official or licensee regulated by this chapter who have a permanent or continuous residence in the household of
23	the official or licensee and all other persons who have a permanent or continuous residence in the household of
24	the official or licensee.
25	( <del>8)</del> (9) "Match bronc ride" means a saddle bronc riding contest consisting of two sections known as a
26	"long go" and a "short go" in which the win, place, and show winners are determined by judges of the rides for
27	each go.
28	<del>(9)<u>(</u>10)</del> "Minor" means a person under 18 years of age.
29	(10)(11) "Montana wager" means a parimutuel wager that is placed at a race track in Montana or on a
30	race being conducted in Montana or any parimutuel wager placed by a Montana resident on a race conducted

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1 outside of Montana.

2 (11)(12) "Parimutuel facility" means a facility licensed by the board at which fantasy sports leagues or
 3 <u>historical horseraces</u> are conducted and wagering on the outcome under a parimutuel system is permitted.

4 (12)(13) "Parimutuel network" means an association licensed by the board to compile and distribute
 5 fantasy sports league rosters and weekly point totals for licensed parimutuel facilities and, AND to manage
 6 statewide parimutuel wagering pools on fantasy sports leagues, to conduct historical horseraces, and to manage

- 7 parimutuel wagering pools on historical horseraces.
- 8 (13)(14) "Persons" means individuals, firms, corporations, fair boards, and associations.

9 (14)(15) (a) "Race meet" means racing of registered horses or mules, match bronc rides, and wild horse
 rides at which the parimutuel system of wagering is used. The term includes horseraces, mule races, and
 greyhound races that are simulcast.

12 (b) The term does not include live greyhound racing.

(15)(16) "Racing" means live racing of registered horses or mules, <u>AND</u> and simulcast racing of horses,
 mules, and greyhounds, <u>and historical horseracing</u>.

(16)(17) "Simulcast" means a live broadcast of an actual horserace, mule race, or greyhound race at the
 time it is run. The term includes races of local or national prominence.

(17)(18) "Simulcast facility" means a facility at which horseraces, mule races, or greyhound races are
 simulcast and wagering on the outcome <u>of simulcast or historical horseraces</u> is permitted under the parimutuel
 system.

20 (18)(19) "Simulcast parimutuel network" means an association that has contracted with the board to 21 receive or originate intrastate and interstate simulcast race signals, relay the race signals to licensed simulcast 22 facilities, and manage statewide parimutuel wagering pools on simulcast races or has been licensed by the board 23 to operate a statewide parimutuel wagering pool for fantasy sports leagues. The board may act as a simulcast 24 parimutuel network provider with respect to simulcast races.

25 (19)(20) "Source market fee" means the portion of a wager made with a licensed advance deposit
 26 wagering hub operator by a Montana resident that is paid to the board.

27 (20)(21) "Steward" means an official hired by the department and by persons sponsoring a race meet
 28 to regulate and control the day-to-day conduct and operation of a sanctioned meet.

29 (21)(22) "Wild horse ride" means a wild horse riding contest in which three-person teams attempt to
 30 saddle a wild horse and ride it completely around a track with the first to do so declared the winner."

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2	Section 3. Section 23-4-104, MCA, is amended to read:
3	
4	system. These rules shall include the following:
5	(1) definitions;
6	
7	(3) supervision of the parimutuel system;
8	(4) corrupt practices;
9	(5) supervision, duties, and responsibilities of the executive secretary, presiding steward, racing
10	secretary, and other racing officials;
11	(6) licensing of all personnel who have anything to do with the substantive operation of racing;
12	(7) the establishment of dates for race meets and meetings in the best interests of breeding and racing
13	in this state;
14	(8) the veterinary practices and standards that must be observed in connection with race meets;
15	(9) absolute responsibility of trainers for the condition of horses and mules, regardless of the acts of third
16	<del>parties;</del>
17	(10) licensing or renewal of a license of a person whose license has been suspended by the board or
18	another horseracing jurisdiction;
19	(11) setting license fees commensurate with the cost of issuing a license;
20	(12) the time, conduct, and supervision of simulcast races, historical horseraces, and fantasy sports
21	leagues and parimutuel betting on simulcast races <u>, historical horseraces,</u> and fantasy sports leagues;
22	(13) licensing, approval, and regulation of simulcast facilities; and
23	(14) licensing, approval, and regulation of match bronc rides and wild horse rides; and
24	(15) licensing, approval, and regulation of facilities at which historical horseraces may be offered for the
25	purpose of implementing, administering, and enforcing wagering on parimutuel historical horseracing."
26	
27	Section 4. Section 23-4-105, MCA, is amended to read:
28	<b></b>
29	historical horseracing, and wild horse rides and review race meets held in this state under this chapter. All
30	percentages withheld from amounts wagered, amounts set aside pursuant to 23-4-202(4)(d), percentages
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collected pursuant to 23-4-204(3), percentages collected pursuant to 23-4-302(3) and (5)(b), and money collected 1 2 pursuant to 23-4-304(1)(a) and (1)(b) must be deposited in a state special revenue account and are statutorily 3 appropriated to the board as provided in 17-7-502. The board shall then distribute all funds collected under 4 23-4-202(4)(d), 23-4-204(3), 23-4-302(3) and (5)(b), and 23-4-304(1)(a) and (1)(b) to live race purses or for other 5 purposes for the good of the existing horseracing industry. If the board decides to authorize new forms of racing, 6 including new forms of simulcast racing, not currently authorized in Montana, the board shall do so after holding 7 public hearings to determine the effects of these forms of racing on the existing saddle racing program in 8 Montana. The board shall consider both the economic and safety impacts on the existing racing and breeding 9 industry.

(2) Funds retained by the board in a state special revenue fund pursuant to 23-4-302(1) and (4) are
 statutorily appropriated to the board as provided in 17-7-502 for the operation of a simulcast parimutuel network
 and for other purposes that the board considers appropriate for the good of the existing horseracing industry."

13

14 Section 5. Section 23-4-201, MCA, is amended to read:

"23-4-201. Licenses -- contracts. (1) (a) A person may not hold a race meet, conduct historical
 horserace wagering, or conduct fantasy sports league wagering through a parimutuel facility, parimutuel network,
 or a simulcast parimutuel network conducting a fantasy sports league in this state without a valid license issued
 by the department under this chapter. A person applying for a license to hold a race meet under this chapter shall
 file with the department an application that must set forth the time, place, and number of days the license will
 continue and other information the board requires.
 (b) A person may not conduct simulcast racing through a simulcast parimutuel network without having

22 entered into a contract with the board.

(2) A person who participates in a race meet, except for a match bronc ride or a wild horse ride, must
 be licensed and charged an annual fee set by the board. The annual fee must be paid to the department and
 used for expenses of administering this chapter. Each person holding a license under this chapter shall comply
 with this chapter and with the rules adopted and orders issued by the board.

27 (3) A license may not be issued to a person who has failed to pay the fees, taxes, or money required
 28 under this chapter.

(4) An application to hold a race meet must be submitted to the department, and the board shall act on
 the application within 30 days. The board is the sole judge of whether the race meet may be licensed and the

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1 number of days the meet may continue. 2 (5) The board shall require that a fair board and an independent racing association conducting a race 3 meet comply with the requirements of the rules adopted by the board before granting a license. 4 (6) A racing association consisting of a local fair board or an association approved by a local fair board 5 may submit a contract proposal to the board to hold a simulcast race meet in a simulcast facility. 6 (7) An unexpired license held by a person who violates this chapter or who fails to pay to the department 7 the sums required under this chapter is subject to cancellation and revocation by the board. 8 (8) A license to operate a parimutuel facility conducting fantasy sports league wagering may not be 9 issued to an applicant unless the applicant is also licensed under Title 23, chapter 5." 10 11 Section 6. Section 23-4-202, MCA, is amended to read: 12 "23-4-202. Penalty for violations of law -- authority of board -- judicial review. (1) (a) A person 13 holding a race meet or an owner, trainer, or jockey participating in a race meet, except a participant in a match 14 bronc ride or a wild horse ride, without first being licensed under this chapter or a person violating this chapter 15 is guilty of a misdemeanor. (b) A person operating a parimutuel facility, parimutuel network, or simulcast parimutuel network that 16 17 conducts fantasy sports league wagering without first being licensed under this chapter or a person violating this 18 chapter is guilty of a misdemeanor. 19 (c) A person conducting simulcast racing through a simulcast parimutuel network without having entered 20 into a contract with the board is guilty of a misdemeanor. 21 (2) The board or, upon the board's authorization, the board of stewards of a race meet at which the 22 stewards officiate may exclude from racecourses a person whom the board or board of stewards considers 23 detrimental to the best interest of racing as defined by rules of the board. 24 (3) As its own formal act or through an act of a board of stewards of a race meet, the board may suspend 25 or revoke any license issued by the department to a licensee and assess a fine, not to exceed \$1,000, against 26 a licensee who violates any of the provisions of this chapter or any rule or order of the board. In addition to the 27 suspension or revocation and fine, the board may prohibit application for relicensure for a 2-year period. Fines 28 collected under this subsection must be deposited in the general fund. 29 (4) The board shall promulgate rules implementing this chapter, including the right to a hearing for 30 individuals against whom action is taken or proposed under this chapter. The rules may include provisions for

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1	the following:
2	(a) summary imposition of penalty by the stewards of a race meet, including a fine and license
3	suspension, subject to review under the contested case provisions of the Montana Administrative Procedure Act;
4	(b) stay of a summary imposition of penalty by either the board or board of stewards;
5	(c) retention of purses pending final disposition of complaints, protests, or appeals of stewards' rulings;
6	(d) setting aside of up to 3% of exotic wagering on live and simulcast races and up to 1% of wagering
7	on historical horseraces, including simulcast races, to be deposited in a state special revenue account. The board
8	shall then distribute all funds collected under this subsection (4)(d) to live race purses or for other purposes that
9	the board considers appropriate for the good of the existing horseracing industry.
10	(e) using 2% of exotic wagering on live racing to be immediately and equally distributed to all purses
11	except stakes races;
12	(f) assessment of penalty and interest on the late payment of fines, which must be paid before licenses
13	are reinstated;
14	(g) definition of exotic forms of wagering on races to be allowed;
15	(h) standards for simulcast facilities;
16	(i) conduct and supervision of simulcast races and parimutuel betting or wagering on simulcast races;
17	(j) conduct and supervision of parimutuel facilities, parimutuel networks, simulcast parimutuel networks,
18	and parimutuel wagering on fantasy sports leagues conducted at parimutuel facilities;
19	(k) conduct and supervision of match bronc rides and wild horse rides; and
20	(I) conduct and supervision of advance deposit wagering <u>; and</u>
21	(m) conduct and supervision of historical horseraces and parimutuel betting or wagering on historical
22	horseraces as provided in [section 1].
23	(5) The district court of the first judicial district of the state has exclusive jurisdiction for judicial review
24	of cases arising under this chapter."
25	
26	Section 7. Section 23-4-203, MCA, is amended to read:
27	"23-4-203. Race meets when lawful. It is lawful to conduct race meets with parimutuel wagering on
28	live, or simulcast, or historical horseraces race meets at a racetrack or simulcast facility or otherwise at any time
29	during the week."

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SB0183.03

1 Section 8. Section 23-4-301, MCA, is amended to read:

2 "23-4-301. Parimutuel betting -- other betting illegal -- penalty. (1) It is unlawful to make, report,

record, or register a bet or wager on the result of a contest of speed, skill, or endurance of an animal, whether
 the contest is held within or outside this state, except under 23-5-502 or this chapter.

(2) A licensee conducting a race meet under this chapter may provide a place in the race meet grounds
 or enclosure where the licensee may conduct or supervise the use of the parimutuel system by patrons on the
 result of the races conducted authorized under this chapter and the rules of the board.

(3) A person licensed under this chapter to hold a race meet may simulcast live races at a place in the
 race meet grounds or simulcast facility where the licensee may conduct or supervise the use of the parimutuel
 system by patrons on the results of simulcast races approved by the board.

(4) It is unlawful to conduct pool selling or bookmaking or to circulate handbooks or to bet or wager on
 a race of a licensed race meet, other than by the parimutuel system and in the race meet grounds, or enclosure
 where the race is held, or simulcast facility, or to permit a minor to use the parimutuel system.

(5) Each licensee conducting a parimutuel system for an intrastate simulcast race meet shall combine
 the parimutuel pools created by wagering on simulcast races at a simulcast facility with those at the actual racing
 facility for the purpose of determining the odds and computing payoffs. The amount of the handle at the simulcast
 race meet facility created by wagering on simulcast races must be combined with the amount of the parimutuel
 handle at the live racing facility for the purposes of distribution of money derived from parimutuel betting under
 23-4-302 and 23-4-304.

(6) Negotiated purse money from intrastate and interstate simulcast parimutuel handles at racing
 associations that do not conduct live racing will be pooled and distributed to all tracks conducting live racing. All
 money must be distributed on a percentage, based on each track's percent, of the total annual on-track
 parimutuel handle.

(7) The board may license an advance deposit wagering hub operator to conduct advance deposit
 wagering. Advance deposit wagering is prohibited and illegal unless it is conducted through an advance deposit
 wagering hub operator licensed by the board. A licensed advance deposit wagering hub operator:

27 (a) may accept advance deposit wagering money for races conducted by a licensed race meet;

(b) may not accept a wager in an amount in excess of the money on deposit in the account of a person
 who wishes to make the wager;

30 (c) may not allow a person under 18 years of age to open an account with the advance deposit wagering

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1 hub operator, make a wager from an account, or otherwise have access to an account;

2 (d) shall include a statement in any of its advertising for advance deposit wagering that a person under

3 18 years of age is not allowed to participate;

- 4 (e) shall verify the identification, residence, and age of each person seeking to open an advance deposit
- 5 wagering account;
- 6 (f) shall agree to pay to the board a source market fee in an amount equal to a percentage, as set forth
- 7 in its license agreement, of the total amount wagered by Montana residents from their accounts with the advance
- 8 deposit wagering hub operator; and
- 9 (g) shall agree to a payment schedule of source market fees as set forth in its license agreement.
- 10 (8) (a) It is unlawful for a person or organization to accept a Montana wager without being licensed by
- 11 the state of Montana as provided in this chapter.
- 12 (b) A violation of subsection (8)(a) (9)(a) is an illegal gambling enterprise, as defined in 23-5-112, and
- 13 is punishable as provided by law.
- 14 (9) It is unlawful to:
- 15 (a) conduct pool selling or bookmaking or to wager on a fantasy sports league other than by the
- 16 parimutuel system and by being physically present at the licensed parimutuel facility;
- 17 (b) permit a minor to use the parimutuel system; or
- 18 (c) conduct internet or telephone wagering on fantasy sports leagues."
- 19

20 Section 9. Section 23-4-302, MCA, is amended to read:

21 "23-4-302. Distribution of deposits -- breakage. (1) Each licensee conducting the parimutuel system
 22 for a simulcast race meet shall distribute all funds deposited in any pool to the winner of the parimutuel pool, less
 23 an amount that in the case of exotic wagering on races may not exceed 26% and in all other races may not
 24 exceed 20% of the total deposits plus the odd cents of all redistribution to be based on each dollar deposited
 25 exceeding a sum equal to the next lowest multiple of 10, known as "breakage".

(2) Each licensee conducting the parimutuel system for a simulcast race meet shall distribute all funds
 deposited with the licensee in any pool for the simulcast race meet, less an amount that in the case of exotic
 wagering on these races may not exceed 26%, unless the signal originator percentage is higher, in which case
 the Montana simulcast licensee may adopt the same percentage withheld as the place where the signal
 originated, and that in all other of these races may not exceed 20% of the total deposits plus the odd cents of all

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redistribution to be based on each dollar deposited exceeding a sum equal to the next lowest multiple of 10,
 known as "breakage".

(3) Each licensee conducting a parimutuel system for a simulcast race meet shall deduct 1% of the total
 amount wagered on the race meet and deposit it in a state special revenue account. The board shall then
 distribute all funds collected under this subsection to live race purses or for other purposes that the board
 considers appropriate for the good of the existing horseracing industry.

7 (4) (a) Source market fees from licensed advance deposit wagering hub operators must be deposited
 8 by the board in the board's state special revenue account.

9 (b) The board shall pay 80% of the source market fees generated between May 1 and the following April 10 30 to live race meet licensees based on each live race meet licensee's percentage of the total annual on-track 11 parimutuel handle on live races during the previous live race season. Prior to the beginning of each year's live 12 race season, the correct percentage must be distributed by the board to each live race meet licensee to be used 13 for race purses or other purposes that the board considers appropriate for the good of the horseracing industry. 14 (c) Ten percent of the source market fees paid to the board in a calendar year may be retained by the 15 board for the payment of administrative expenses. One-half of the remaining 10% of the source market fees paid 16 to the board in a calendar year must, by January 31 of the following calendar year, be paid to the owner bonus 17 program and the other one-half to the breeder bonus program. 18 (5) (a) The parimutuel network licensee conducting fantasy sports league wagering shall distribute all

19 funds deposited in the pool to the winner of the parimutuel pool less the takeout amount of not more than 30%
20 of the total deposits.

(b) The takeout amount must be distributed according to the yearly license agreement between the
 parimutuel facility licensee, the parimutuel network licensee, and the board. No more than 10% of the amount
 collected under this subsection (5)(b) may be appropriated by the legislature for administration of this chapter.
 The remaining portion collected under this subsection (5)(b) must be deposited in a state special revenue
 account. The board shall then distribute this portion to live race purses and for other purposes that the board
 considers appropriate for the good of the existing horseracing industry.

(c) The odd cents of all redistribution based on each dollar deposited that exceeds a sum equal to the
 next lowest multiple of 10, known as "breakage", as well as unclaimed winning tickets from each parimutuel pool,
 must be distributed by the board to live race purses or for other purposes that the board considers appropriate
 for the good of the existing horseracing industry."

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2	NEW SECTION. Section 3. Codification instruction. [Section 1] is intended to be codified as an
3	integral part of Title 23, chapter 4, and the provisions of Title 23, chapter 4, apply to [section 1].
4	
5	<u>NEW SECTION.</u> Section 11. Effective dates. (1) Except as provided in subsection (2), [this act] is
6	effective July 1, 2021.
7	(2) [Section 1] and this section are effective on passage and approval.
8	
9	NEW SECTION. SECTION 4. EFFECTIVE DATE. [THIS ACT] IS EFFECTIVE ON PASSAGE AND APPROVAL.
10	
11	NEW SECTION. Section 5. Termination. [This act] terminates June 30, 2021.
12	- END -

