

By: Senator(s) Cuevas, Gollott

To: Finance

SENATE BILL NO. 2332

1 AN ACT TO LEGALIZE PARI-MUTUEL WAGERING ON HORSE RACES; TO
 2 PROVIDE THAT THE MISSISSIPPI GAMING COMMISSION SHALL EXERCISE
 3 CONTROL OVER THE PROVISIONS OF THIS ACT; TO PROVIDE THAT HORSE
 4 RACING MAY ONLY BE CONDUCTED IN COUNTIES WHERE GAMING IS LEGAL; TO
 5 SET FORTH THE DUTIES OF THE COMMISSION; TO PROVIDE FOR THE
 6 OPERATION OF A RACETRACK OR RACE MEETING SCHEDULE; TO AUTHORIZE
 7 THE COMMISSION TO PROMULGATE RULES ON PARI-MUTUEL WAGERING; TO
 8 PROVIDE THAT THE PROVISIONS OF THIS ACT SHALL NOT APPLY TO CERTAIN
 9 RACES; TO PROVIDE FOR THE METHOD OF PARI-MUTUEL WAGERING; TO
 10 PROVIDE FOR DISTRIBUTION OF FUNDS; TO PROVIDE THAT A PERSON SHALL
 11 BE GUILTY OF A MISDEMEANOR FOR CONDUCTING WAGERING NOT AUTHORIZED
 12 BY THIS ACT; TO PROVIDE THAT ANY PERSON WHO ENGAGES IN THE
 13 PRACTICE OF GAMBLING SHALL BE INELIGIBLE TO OPERATE A RACETRACK;
 14 TO PROVIDE THAT A PERSON SHALL BE GUILTY OF A FELONY FOR
 15 PREARRANGING RESULTS OF A RACE; TO PROVIDE THAT A PERSON SHALL BE
 16 GUILTY OF A FELONY FOR UNLAWFUL TRANSMISSION OF RACE RESULTS; TO
 17 PROVIDE THAT A PERSON SHALL BE GUILTY OF A MISDEMEANOR FOR
 18 UNLAWFULLY PURCHASING PARI-MUTUEL TICKETS; TO RESTRICT MINORS FROM
 19 RACES; TO AUTHORIZE THE COMMISSION TO APPROVE COMPUTATIONAL
 20 EQUIPMENT; TO ALLOW THE COMMISSION TO EMPLOY SECURITY FORCES; TO
 21 ALLOW THE COMMISSION TO ADOPT REGULATIONS PROHIBITING THE USE OF
 22 DRUGS ON THE ANIMALS; TO PROVIDE THAT CERTAIN INDIVIDUALS ARE NOT
 23 LIABLE FOR ENFORCEMENT OF THIS ACT; TO AUTHORIZE THE COMMISSION TO
 24 REVOKE OR SUSPEND AN ASSOCIATION'S CERTIFICATION FOR FAILURE TO
 25 COOPERATE WITH THE COMMISSION; TO AMEND SECTIONS 75-76-28 AND
 26 75-76-33, MISSISSIPPI CODE OF 1972, IN CONFORMITY TO THE
 27 PROVISIONS OF THIS ACT; AND FOR RELATED PURPOSES.

28 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

29 **SECTION 1.** This act legalizes wagering on horse races under
 30 the form of mutuel wagering by patrons known as "pari-mutuel
 31 wagering" to the extent that the wagering is conducted strictly in
 32 conformity with this act.

33 **SECTION 2.** The Mississippi Gaming Commission shall exercise
 34 control over the provisions of this act. As used in this act, the
 35 term "commission" means the Mississippi Gaming Commission.

36 **SECTION 3.** Pari-mutuel racing of horses shall only be
 37 allowed in counties that have legalized gaming.

38 SECTION 4. (1) The commission shall carry out the
39 provisions of this act, and it shall have the following specific
40 duties:

41 (a) To make rules governing the employment of all
42 persons connected with racetracks, including gatekeepers,
43 announcers, ushers, starters, officials, drivers, owners, agents,
44 trainers, jockeys, grooms, stable foremen, exercise boys,
45 veterinarians, valets, sellers of racing forms or bulletins, and
46 attendants in connection with the wagering machines;

47 (b) To make rules governing, permitting and regulating
48 the wagering on races under the form of mutuel wagering by patrons
49 known as "pari-mutuel wagering";

50 (c) To fix and set dates upon which race meetings may
51 be held or operated;

52 (d) To make an annual report to the Legislature,
53 showing its own actions and rulings, and receipts derived under
54 the provisions of this act, and such suggestions as it may deem
55 proper for the more effective accomplishment of the purposes of
56 this act;

57 (e) To require each applicant to set forth on the
58 application for authority to operate a race meeting the following
59 information:

60 (i) The full name of the person, association or
61 corporation, and if a corporation, the name of the state under
62 which it is incorporated, a certified copy of its charter and
63 bylaws, and the name of the corporation's agent for service of
64 process within the State of Mississippi;

65 (ii) If an association or corporation, the names
66 of the stockholders and directors of the corporation or the names
67 of the officers and directors of the association or of any person
68 having a financial interest in the corporation or association. It
69 is the intent of this requirement that the financial interests of

70 all natural persons be revealed and not be hidden behind a
71 corporate structure;

72 (iii) The exact location where the applicant
73 desires to conduct or hold a race meeting and a complete set of an
74 architect's renderings and detailed construction plans, showing
75 the site topography, the type of construction, the track design
76 and the concession plans;

77 (iv) Whether the racing track is owned or leased,
78 and if leased, the name and address of the owner, or if the owner
79 is a corporation, the names of the officers and directors thereof;

80 (v) The kind of racing to be conducted and the
81 dates upon which racing is requested to be conducted; and

82 (vi) Such other information as the commission may
83 require;

84 (f) To require an oath of every applicant, or of the
85 president or executive officer of the association or corporation,
86 stating that the information contained in the application is true;

87 (g) To make uniform rules and regulations governing the
88 operation of all racetracks, race meetings and races in the
89 county;

90 (h) To compel the production of any and all books,
91 memoranda or documents showing the receipts and disbursements of
92 any person, association or corporation authorized to conduct race
93 meetings under the provisions of this act;

94 (i) To require the removal of any employee or official
95 employed by any operator authorized hereunder whenever it has
96 reason to believe that such employee or official is guilty of any
97 improper practice in connection with racing or has failed to
98 comply with any rule adopted by the commission;

99 (j) To require that the books and financial or other
100 statements of any operator be kept in a manner and method
101 prescribed by the commission;

102 (k) To visit, investigate and place auditors and
103 inspectors in the offices, tracks or place of business of any
104 person, association or corporation operating under the
105 jurisdiction of the commission;

106 (1) To summon witnesses before its meetings, to
107 administer oaths to such witnesses and to require testimony on any
108 issue before it; and

109 (m) To employ such assistants and employees as may be
110 necessary and to prescribe their compensation and duties.

111 (2) Any person failing to appear before the commission, or
112 failing to produce books, records and documents ordered, or
113 refusing to testify thereon, shall be deemed guilty of a
114 misdemeanor, and upon conviction thereof, shall be punished by a
115 fine of not more than Five Hundred Dollars (\$500.00), or by
116 imprisonment not to exceed six (6) months, or by both.

117 (3) Nothing in this act prevents any person, association or
118 corporation from applying to the commission for a permit to
119 conduct races at a location where the racing track has not been
120 constructed.

121 (4) (a) Each person authorized to operate a race meeting
122 pursuant to this act and each owner or lessor of a racing track
123 under the jurisdiction of the commission must be a bona fide
124 resident of the State of Mississippi for a period of not less than
125 five (5) years immediately preceding the date of application for
126 such authority.

127 (b) Each director, officer, general partner, principal
128 or other individual having a substantial financial interest in a
129 corporation, partnership, limited partnership or other entity that
130 is authorized to operate a race meeting in accordance with this
131 act, or is the owner or lessor of a racing track under the
132 jurisdiction of the commission, must be a resident of the State of
133 Mississippi for a period of not less than five (5) years
134 immediately preceding the date of application for such authority.

135 (c) Each individual subject to the provisions of this
136 subsection must file with the commission a statement disclosing
137 economic interest and financial activities in such form and at
138 such times as may be required by the commission.

139 (5) The commission shall adopt a schedule of fees. In
140 addition to any fee or schedule of fees for employee permits,
141 premises license or other activity charged by the commission, the
142 commission shall require a fee from each applicant for a license
143 to operate a race meeting which will defray the initial expenses
144 of the commission. The fee shall be payable upon application and
145 periodically thereafter in an amount to be established by the
146 commission. Additional assessments may be made at any time on
147 order of the commission in order to fund the commission's
148 operations, including funds for the investigation of applicants.
149 In the event there is more than one (1) applicant or licensee, the
150 fees and assessments shall be apportioned in an equitable manner
151 among the licensees and applicants pursuant to rules adopted by
152 the commission.

153 All operations of the commission shall be funded by periodic
154 assessment of permit holders, license fees, permit fees and other
155 similar premises licenses. All funds derived from such fees shall
156 be deposited in a special account created in the State Treasury
157 entitled the "Mississippi Horse Racing Fees Fund."

158 **SECTION 5.** (1) The commission may not authorize the
159 operation of a racetrack or race meeting schedule for a period of
160 more than twelve (12) consecutive months by any one (1) entity.
161 The commission may not deny unreasonably the continued operation
162 of a horse racetrack or horse meeting without good cause.
163 Authority granted to any entity under this act is not transferable
164 to any other place, track or enclosure, except as may be specified
165 in the application.

166 (2) The commission may not authorize two (2) horse
167 racetracks or horse race meetings to operate on the same racing
168 days.

169 (3) The commission may suspend or revoke its authorization
170 to any person conducting a horse race meeting in violation of any
171 of the provisions of this act, of any statute or ordinance, or of
172 any rule or regulation promulgated by the commission, or it may
173 invoke a civil penalty not to exceed One Thousand Dollars
174 (\$1,000.00) per offense in lieu thereof.

175 **SECTION 6.** The commission shall make rules regulating the
176 wagering on horse races under the form of mutuel wagering by
177 patrons known as "pari-mutuel wagering," which method is legal to
178 the extent that it is conducted strictly in conformity with this
179 act. However, trifecta wagering shall be prohibited. Only the
180 persons, associations or corporations specifically granted the
181 requisite authority by the commission have the right or privilege
182 to conduct pari-mutuel wagering. Such authorization shall
183 restrict and confine this form of wagering to a space within the
184 horse race meeting grounds. All other forms of wagering on the
185 result of races are illegal, and any wagering outside of the
186 enclosure of such horse races is illegal.

187 **SECTION 7.** The provisions of this act do not apply to the
188 running of horse races wherein wagering is not conducted, or to
189 the running of horse races conducted by a state fair association
190 or county fair association that holds not more than one (1)
191 meeting annually and that restricts such annual meeting to
192 fourteen (14) days or less.

193 **SECTION 8.** (1) The authorized operator of a pari-mutuel
194 pool may take out seventeen percent (17%) of the total amount
195 contributed to the pari-mutuel pool for win, place and show
196 wagering and twenty-five percent (25%) on all other forms of
197 pari-mutuel wagering.

198 (2) From the funds taken out as authorized in subsection (1)
199 of this section, every entity conducting horse race meetings under
200 this act shall pay to the commission an amount equal to forty
201 percent (40%) of the total amount contributed to all wagering
202 pools conducted or made under this act. The remainder of the
203 funds taken out as authorized in subsection (1) of this section
204 shall be divided as follows: thirty percent (30%) for purses for
205 horses; and thirty percent (30%) to the authorized operator.

206 (3) After the deduction of the funds taken out as authorized
207 in subsection (1) of this section, the remainder of the total
208 contributions to each pool shall be divided among and
209 redistributed to the contributors to such pools betting on the
210 winning animals. The amount of each redistribution for each
211 winning bet placed shall be determined by dividing the total
212 amount remaining in the pool, after the deductions set forth in
213 subsections (1) and (2) of this section are made, by the number of
214 bets placed on the winning animal. Each redistribution shall be
215 made in a sum equal to the next lowest multiple of ten (10). The
216 operator may retain the odd cents on all redistributions to be
217 known as the "breaks to a dime." Under the pari-mutuel system of
218 wagering herein provided, the operator may provide separate pools
219 for bets to win, place and show, for daily double, and for
220 exactas. Each pool shall be redistributed separately as herein
221 provided. Should there be no ticket bet on the winning animal,
222 the entire pool shall be divided among the holders of tickets on
223 the animal running next in line until the pool has been
224 redistributed to the contributors. The operator must use a
225 totalizator machine or a machine or device having similar
226 functions and capabilities to record the wagering and compute the
227 odds. Rules and regulations governing the operation of each of
228 the pools shall be set out in book form by the commission.

229 **SECTION 9.** (1) All funds received by the commission under
230 the provisions of this act, except fees and assessments authorized

231 in Section 4(5) of this act, shall be paid into a special account
232 created in the State Treasury entitled the "Mississippi Horse
233 Racing Operations Fund."

234 (2) All monies remaining after payment of the expenses
235 incurred in the administration of this act, including the payment
236 of the salaries and expenses of the members and employees of the
237 commission, shall be distributed monthly to the general fund of
238 the county where such monies were generated for a racetrack
239 located in a county outside of any municipal corporate limits. If
240 the racetrack is located in a municipality, the distribution shall
241 be fifty percent (50%) to the county general fund and fifty
242 percent (50%) to the municipal general fund.

243 (3) The funds shall be distributed periodically by order of
244 the commission.

245 **SECTION 10.** Any corporation, association or person who
246 directly or indirectly holds any race where wagering is permitted
247 otherwise than as prescribed in this act shall be guilty of a
248 misdemeanor. Any person wagering upon the results of such a race,
249 except in the pari-mutuel method of wagering when the same is
250 conducted by an operator and upon the grounds or enclosure of the
251 operator under the jurisdiction of the commission, shall be guilty
252 of a misdemeanor. Any corporation, organization, association or
253 person who violates any provision of this act for which a penalty
254 is not expressly provided shall be guilty of a misdemeanor. Upon
255 conviction of any of the above misdemeanors, the penalty shall be
256 a fine of not less than One Hundred Dollars (\$100.00), nor more
257 than One Thousand Dollars (\$1,000.00), or by imprisonment of not
258 less than five (5) days nor more than six (6) months, or both.

259 **SECTION 11.** (1) Any person who engages in the practice of
260 gambling on races, or in the practice of making gambling or
261 wagering books on such races, or who knowingly takes any part in
262 such practices, is ineligible to operate a racetrack or a race

263 meeting under the provisions of this act, or to be connected
264 therewith in any capacity.

265 (2) Any association or corporation which has as an officer,
266 director, stockholder, executive, or which employs any person who
267 engages in the practices set forth in subsection (1) of this
268 section is ineligible to operate a race meeting under the
269 provisions of this act or to be connected therewith in any
270 capacity.

271 (3) The commission may inquire into such matters as set
272 forth in subsection (1) of this section in administering this act.

273 **SECTION 12.** Any person who influences or has any
274 understanding or connivance with any owner, groom or other person
275 associated with or interested in any stable or horse, or race in
276 which any horse participates, to prearrange or predetermine the
277 results of any such race, or any person who shall stimulate or
278 depresses a horse for the purpose of affecting the results of a
279 race, shall be guilty of a felony and upon conviction thereof,
280 shall be imprisoned in the State Penitentiary for not less than
281 one (1) year nor more than ten (10) years, or shall be fined not
282 less than One Thousand Dollars (\$1,000.00) nor more than Five
283 Thousand Dollars (\$5,000.00), or both.

284 **SECTION 13.** It is unlawful for any person to transmit or
285 communicate to another by any means whatsoever the results,
286 changing odds, track conditions or any other information relating
287 to any race from any racetrack in the county, between the period
288 of time beginning one (1) hour before the first race of any day
289 and ending thirty (30) minutes after the posting of the official
290 results of each race, as to that particular race, except that this
291 period may be reduced to permit the transmitting of the results of
292 the last race each day not sooner than fifteen (15) minutes after
293 the official posting of such results. The commission, by rule,
294 may permit the immediate transmission by radio, television or
295 press wire of any pertinent information concerning feature races.

296 It is unlawful for any person to transmit by any means
297 whatsoever racing information to any other person, or to relay the
298 same to any other person by word of mouth, by signal, or by use of
299 telephone, telegraph, radio or any other means, when the
300 information is knowingly used or intended to be used for illegal
301 gambling purposes, or in the furtherance of such gambling
302 purposes.

303 Any person violating the provisions of this section is guilty
304 of a felony and, upon conviction thereof, shall be imprisoned in
305 the State Penitentiary for not less than one (1) year nor more
306 than ten (10) years, or shall be fined not less than One Thousand
307 Dollars (\$1,000.00) nor more than Five Thousand Dollars
308 (\$5,000.00), or both.

309 **SECTION 14.** It is unlawful for any person to purchase
310 directly or indirectly pari-mutuel tickets or participate in the
311 purchase of any part of a pari-mutuel pool for another for hire or
312 for any gratuity. It is unlawful for any person to purchase any
313 part of a pari-mutuel pool through another, wherein he gives or
314 pays directly or indirectly to such other person anything of
315 value. Any person violating this section is guilty of a
316 misdemeanor and, upon conviction thereof, shall be punished by a
317 fine of not more than Five Hundred Dollars (\$500.00), or by
318 imprisonment not to exceed six (6) months, or both.

319 **SECTION 15.** Persons under twenty-one (21) years of age may
320 not be permitted to wager on races and persons under eighteen (18)
321 years of age may not enter the viewing section unless accompanied
322 by a parent or guardian.

323 **SECTION 16.** The calculation of wagering is limited to
324 commission approved state-of-the-art computational equipment. The
325 commission must approve the information printed on each
326 pari-mutuel ticket.

327 **SECTION 17.** An adequate security force shall be employed as
328 prescribed by the commission. Members of security forces have the

329 same powers as other law enforcement officers of the county while
330 performing their duties on the premises of the racetrack.

331 **SECTION 18.** (1) The commission may adopt rules prohibiting
332 the illegal influencing of the outcome of a race, including the
333 use of medication, stimulants or depressants to influence the
334 outcome of the race. The commission may require prerace and
335 postrace drug testing as needed to determine whether a drug has
336 been administered. Detection of prohibited drugs or chemicals
337 shall result in the immediate disqualification of the animal and
338 the suspension of all persons involved. Responsibility for the
339 protection of the animal from illegal drugging is placed on the
340 trainer of each animal. A drug test also may be required by the
341 owner or trainer of an animal or by the association at whose
342 racetrack the animal is entered in a race meeting. Knowing
343 violations of this section shall result in the barring of the
344 person or persons from receiving a license under this act or from
345 participating in any legalized pari-mutuel wagering or horse
346 racing authorized by this act, for a period set by the commission
347 or for life.

348 (2) A licensee may conduct any other lawful business on the
349 licensee's premises.

350 **SECTION 19.** A member of the commission, an employee of the
351 commission, a steward or judge, an association, or any other
352 person regulated under this act is not liable to any individual,
353 corporation, business association or other entity for a cause of
354 action that arises out of that person's performance or exercise of
355 discretion in the implementation or enforcement of this act or a
356 rule adopted under this act if the person has acted in good faith.

357 **SECTION 20.** If an operator or racing association refuses to
358 cooperate with the commission or other state agency regarding
359 access to its books and records, or if it becomes delinquent in
360 turning over the state's portion of the pools, the commission
361 immediately shall call a hearing to revoke or suspend the

362 association's certification or take other appropriate action as
363 deemed necessary by the commission.

364 **SECTION 21.** Section 75-76-28, Mississippi Code of 1972, is
365 amended as follows:

366 75-76-28. The commission has full power and authority to
367 exercise any of the powers, duties and responsibilities set forth
368 in Sections 97-33-51 through 97-33-81, 97-33-101 through
369 97-33-109, 97-33-201 and 97-33-203 and Sections 1 through 20 of
370 Senate Bill No. _____, 2005 Regular Session.

371 **SECTION 22.** Section 75-76-33, Mississippi Code of 1972, is
372 amended as follows:

373 75-76-33. (1) The commission shall, from time to time,
374 adopt, amend or repeal such regulations, consistent with the
375 policy, objects and purposes of this chapter, as it may deem
376 necessary or desirable in the public interest in carrying out the
377 policy and provisions of this chapter.

378 (2) These regulations shall, without limiting the general
379 powers herein conferred, include the following:

380 (a) Prescribing the method and form of application
381 which any applicant for a license or for a manufacturer's,
382 seller's or distributor's license must follow and complete before
383 consideration of his application by the executive director or the
384 commission.

385 (b) Prescribing the information to be furnished by any
386 applicant or licensee concerning his antecedents, habits,
387 character, associates, criminal record, business activities and
388 financial affairs, past or present.

389 (c) Prescribing the information to be furnished by a
390 licensee relating to his employees.

391 (d) Requiring fingerprinting of an applicant or
392 licensee, and gaming employees of a licensee, or other methods of
393 identification and the forwarding of all fingerprints taken
394 pursuant to regulation of the Federal Bureau of Investigation.

395 (e) Prescribing the manner and procedure of all
396 hearings conducted by the commission or any hearing examiner of
397 the commission, including special rules of evidence applicable
398 thereto and notices thereof.

399 (f) Requiring any applicant to pay all or any part of
400 the fees and costs of investigation of such applicant as may be
401 determined by the commission, except that no applicant for an
402 initial license shall be required to pay any part of the fees or
403 costs of the investigation of the applicant with regard to the
404 initial license.

405 (g) Prescribing the manner and method of collection and
406 payment of fees and issuance of licenses.

407 (h) Prescribing under what conditions a licensee may
408 be deemed subject to revocation or suspension of his license.

409 (i) Requiring any applicant or licensee to waive any
410 privilege with respect to any testimony at any hearing or meeting
411 of the commission, except any privilege afforded by the
412 Constitution of the United States or this state.

413 (j) Defining and limiting the area, games and devices
414 permitted, and the method of operation of such games and devices,
415 for the purposes of this chapter.

416 (k) Prescribing under what conditions the nonpayment of
417 a gambling debt by a licensee shall be deemed grounds for
418 revocation or suspension of his license.

419 (l) Governing the use and approval of gambling devices
420 and equipment.

421 (m) Prescribing the qualifications of, and the
422 conditions under which, attorneys, accountants and others are
423 permitted to practice before the commission.

424 (n) Restricting access to confidential information
425 obtained under this chapter and ensuring that the confidentiality
426 of such information is maintained and protected.

427 (o) Prescribing the manner and procedure by which the
428 executive director on behalf of the commission shall notify a
429 county or a municipality wherein an applicant for a license
430 desires to locate.

431 (p) Prescribing the manner and procedure for an
432 objection to be filed with the commission and the executive
433 director by a county or municipality wherein an applicant for a
434 license desires to locate.

435 (3) Notwithstanding any other provision of law, each
436 licensee shall be required to comply with the following
437 regulations:

438 (a) No wagering shall be allowed on the outcome of any
439 athletic event, nor on any matter to be determined during an
440 athletic event, nor on the outcome of any event which does not
441 take place on the premises.

442 (b) No wager may be placed by, or on behalf of, any
443 individual or entity or group, not present on a licensed vessel or
444 cruise vessel.

445 (4) The commission is authorized to promulgate rules and
446 regulations necessary to carry out the provisions of Sections 1
447 through 20 of Senate Bill No. _____, 2005 Regular Session.

448 **SECTION 23.** This act shall take effect and be in force from
449 and after July 1, 2005.