

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 536

BY STATE AFFAIRS COMMITTEE

AN ACT

1 RELATING TO PARI-MUTUEL BETTING; AMENDING SECTION 54-2512, IDAHO CODE, TO  
2 REVISE PENALTIES FOR CERTAIN ACTS, TO PROVIDE REQUIREMENTS TO RECEIVE  
3 AN ADVANCE DEPOSIT WAGERING LICENSE, TO PROVIDE REQUIREMENTS OF LI-  
4 CENSEES REGARDING INTERSTATE SIMULCAST SIGNALS, TO PROVIDE AUTHORITY  
5 TO THE COMMISSION TO SUSPEND OR REVOKE LICENSES FOR CERTAIN CONDUCT AND  
6 TO ALLOW FOR CIVIL PENALTIES.  
7

8 Be It Enacted by the Legislature of the State of Idaho:

9 SECTION 1. That Section 54-2512, Idaho Code, be, and the same is hereby  
10 amended to read as follows:

11 54-2512. PARI-MUTUEL BETTING -- OTHER BETTING ILLEGAL. (1) Any li-  
12 censee conducting a race meet under this chapter may provide a place or  
13 places in the race meet grounds or enclosure at which such licensee may con-  
14 duct and supervise the use of the pari-mutuel system by patrons on the result  
15 of the races conducted by such licensee at such race meet and, upon written  
16 application by a licensee and approval by the commission, on the result of  
17 simulcast and/or televised races. The commission shall issue no more than  
18 one (1) license to simulcast per live race meet licensee and there shall be no  
19 more simulcasting sites in the state than there are licensed live race meet  
20 sites.

21 (2) Licenses authorizing simulcast and/or televised races will be reg-  
22 ulated by the commission, in addition to its other responsibilities, for the  
23 purpose of enhancing, promoting, and protecting the live race industry in  
24 the state of Idaho. No license authorizing simulcasting and/or televised  
25 races shall be issued to or renewed for persons that are not also licensed to  
26 conduct live race meets in the state of Idaho. Persons applying for a simul-  
27 cast and/or televised race license shall have an agreement reached volun-  
28 tarily or pursuant to binding arbitration in conformance with chapter 9, ti-  
29 tle 7, Idaho Code, with a horsemen's group as the term "horsemen's group" is  
30 defined in section 54-2502, Idaho Code. The agreement shall address, but  
31 not be limited to, number of live race days and percentage of the live race  
32 and simulcast handle that is dedicated to the live horse race purse struc-  
33 ture. In addition, the agreement shall provide that all simulcast purse mon-  
34 eys that are accrued as required by the horsemen's agreement be held in the  
35 simulcast purse moneys fund created pursuant to the provisions of section  
36 54-2508, Idaho Code. Race days agreed upon shall be submitted to the Idaho  
37 racing commission for its approval.

38 (3) Upon written application by a live horse race licensee and approval  
39 by the Idaho state racing commission, a license may be issued to conduct  
40 and supervise the use of the pari-mutuel system by patrons on the result of  
41 simulcast and/or televised races in a facility not located on the grounds of

1 a live horse race meet facility, but within the county that the live horse  
2 race facility is located, subject to the following restrictions:

3 (a) In addition to the distribution and payment of the handle as de-  
4 scribed in section 54-2513, Idaho Code, a licensee operating under a li-  
5 cense described in this subsection shall pay to the Idaho state racing  
6 commission for deposit in the live horse race purse distribution fund,  
7 a minimum of one percent (1%) of the gross daily receipts from simul-  
8 cast and/or televised races. The Idaho state racing commission shall  
9 distribute the moneys from the live horse race purse distribution fund  
10 to those live horse race licensees that ran less than fifteen (15) live  
11 race days during the preceding calendar year. The distribution shall be  
12 made by dividing the total number of live race days of all of the qual-  
13 ified live horse racetracks combined into the moneys collected by the  
14 fund in any one (1) calendar year and by multiplying the result by the  
15 number of days run by each of the respective live horse racetracks indi-  
16 vidually; and

17 (b) Additionally, the licensee shall pay to the Idaho state racing  
18 commission a minimum of one percent (1%) of the gross daily receipts  
19 from simulcast and/or televised races conducted pursuant to the race  
20 purse distribution fund to the licensee whose license is being utilized  
21 to conduct simulcast and/or televised races pursuant to this section.  
22 These moneys shall be used by the licensee solely for live horse race  
23 meet purses; and

24 (c) Approval must be obtained from the board of county commissioners;  
25 and

26 (d) A license to conduct and supervise the use of the pari-mutuel system  
27 by patrons on the result of simulcast and/or televised races issued pur-  
28 suant to this section may be leased to another person or entity but only  
29 with the approval of the Idaho state racing commission. A lessee of such  
30 a license shall be held by the Idaho state racing commission to the same  
31 standards as the original licensee.

32 (4) Upon written application by a live horse race licensee and approval  
33 by the Idaho state racing commission, a license may be issued to conduct  
34 and supervise the use of the pari-mutuel system by patrons on the result of  
35 simulcast and/or televised races in a facility located in another county  
36 within the state other than the county where the licensee's live racetrack  
37 facility is located subject to the following restrictions:

38 (a) In addition to the distribution and payment of the handle as de-  
39 scribed in section 54-2513, Idaho Code, a licensee operating under a li-  
40 cense described in this subsection shall pay to the Idaho state racing  
41 commission for deposit in the live horse race purse distribution fund,  
42 a minimum of one percent (1%) of the gross daily receipts from simul-  
43 cast and/or televised races. The Idaho state racing commission shall  
44 distribute the moneys from the live horse race purse distribution fund  
45 to those live horse race licensees that ran less than fifteen (15) live  
46 race days during the preceding calendar year. The distribution shall be  
47 made by dividing the total number of live race days of all of the qual-  
48 ified live horse racetracks combined into the moneys collected by the  
49 fund in any one (1) calendar year and by multiplying the result by the

1 number of days run by each of the respective live horse racetracks indi-  
2 vidually; and

3 (b) Additionally, the licensee shall pay to the Idaho state racing com-  
4 mission a minimum of one percent (1%) of the gross daily receipts from  
5 simulcast and/or televised races conducted pursuant to the live horse  
6 race purse distribution fund to the licensee whose license is being uti-  
7 lized to conduct simulcast and/or televised races pursuant to this sec-  
8 tion. These moneys shall be used by the licensee solely for live horse  
9 race meet purses; and

10 (c) Approval must be obtained from the board of county commissioners of  
11 the county in which the simulcast and/or televised race facility is to  
12 be located; and

13 (d) A license to conduct and supervise the use of the pari-mutuel sys-  
14 tem by patrons on the result of simulcast and/or televised races issued  
15 under this section may be leased to another person or entity, but only  
16 with the approval of the Idaho state racing commission. A lessee of such  
17 a license shall be held by the Idaho state racing commission to the same  
18 standards as the original licensee.

19 (e) No simulcast and/or televised race license transferred from one  
20 (1) county to another shall be located in a facility within thirty (30)  
21 miles of a live horse racetrack without the approval of that live horse  
22 racetrack facility.

23 (f) No simulcast and/or televised race license can be transferred  
24 into a county that has had a live race license within the prior five (5)  
25 years.

26 (5) No more than one (1) simulcast and/or televised race facility per  
27 county shall be allowed. This includes the one (1) simulcast license autho-  
28 rized in section 54-2514A, Idaho Code.

29 (6) There is hereby created in the state treasury the live horse race  
30 purse distribution fund, to which shall be deposited moneys received by the  
31 Idaho state racing commission for the purposes described in this section.  
32 All moneys in the live horse race purse distribution fund are hereby perpet-  
33 ually appropriated to the Idaho state racing commission for payment as re-  
34 quired in this section. Payments by the Idaho state racing commission from  
35 the live horse race purse distribution fund to the recipient live horse race-  
36 tracks shall be made no later than thirty (30) days after Idaho state racing  
37 commission approval of a live race meet license application for the forth-  
38 coming calendar year.

39 (7) Once a total handle exceeding fourteen million dollars  
40 (\$14,000,000) is realized from simulcasting and/or televised races con-  
41 ducted pursuant to this section in any one (1) calendar year, the Idaho state  
42 racing commission shall submit to the Idaho horse board a sum of five percent  
43 (5%) of the balance over fourteen million dollars (\$14,000,000), but not to  
44 exceed twelve thousand five hundred dollars (\$12,500) to be used by the Idaho  
45 horse board for youth programs and to the "Idaho Robert R. Lee Promise Schol-  
46 arship Program" as detailed in chapter 43, title 33, Idaho Code, a sum of five  
47 percent (5%) of the balance over fourteen million dollars (\$14,000,000), but  
48 not to exceed twelve thousand five hundred dollars (\$12,500).

49 (8) Such pari-mutuel system conducted at such race meet shall not under  
50 any circumstances, if conducted under the provisions of this chapter and in

1 conformity thereto and to the rules of the commission, be held or construed  
2 to be unlawful, other statutes of this state to the contrary notwithstanding.  
3

4 (9) The participation by a licensee in an interstate combined wagering  
5 pool does not cause that licensee to be considered to be doing business in any  
6 jurisdiction other than the jurisdiction in which the licensee is physically  
7 located.

8 (10) Advance deposit wagering on live and/or simulcast horse racing  
9 conducted by licensees is hereby declared to be lawful and within the scope  
10 of the licensee's license. As used in this section, "advance deposit wager-  
11 ing" means a form of wagering in which an account holder may deposit money  
12 with a licensee and then use the balance to fund wagers. The bettor can  
13 then contact the licensee from a location without actually being physically  
14 present at the licensee's premises in order to communicate the desired use  
15 of those funds for wagering purposes. However, no wager can be accepted by  
16 the licensee that exceeds the amount in the account held by the licensee for  
17 the person placing the wager. Any advance deposit wagering conducted by a  
18 person with a provider outside of the state by telephone or other electronic  
19 means shall be ~~illegal~~ a felony unless that provider is licensed by the Idaho  
20 state racing commission and provides a source market fee of not less than ten  
21 percent (10%) of the handle forwarded monthly to the commission. In order  
22 to receive an advance deposit wagering license, the applicant must comply  
23 with the provisions of subsection (12) of this section and must also reach  
24 a nondiscriminatory agreement regarding signal costs with any licensed  
25 facility in Idaho if such provider or affiliate is sending interstate simul-  
26 cast signals to such licensed facility in Idaho. All moneys in the advance  
27 deposit wagering accounts held by the commission are hereby continuously  
28 appropriated to the commission for payment as required by this section.  
29 Payments to recipients shall be made annually. Distribution of the source  
30 market fee shall be forty percent (40%) to purses to be deposited directly  
31 into the horsemen's purse account at all tracks weighted by number of races  
32 ran through the year of distribution, thirty percent (30%) to the simulcast  
33 sites in the state weighted by the annual simulcast handle, five percent (5%)  
34 to the track distribution fund, five percent (5%) to the breed distribution  
35 fund, five percent (5%) to the Idaho state racing commission, five percent  
36 (5%) to the public school income fund, and ten percent (10%) for track oper-  
37 ating expenses at the live tracks with distribution weighted on the number  
38 of race days. All moneys in the track operating accounts are hereby con-  
39 tinuously appropriated to the commission for payment as required by this  
40 section. For purposes of this section, wagering instructions concerning  
41 funds held in an advance deposit account shall be deemed to be issued within  
42 the licensee's enclosure. As used in this section, "source market fee" means  
43 that part of a wager, made outside of the state by an Idaho resident, that is  
44 returned to the state of Idaho. The commission may promulgate rules pursuant  
45 to chapter 52, title 67, Idaho Code, to implement the provisions of this  
46 subsection.

47 (11) Pari-mutuel taxes or commissions may not be imposed on any amounts  
48 wagered in an interstate combined wagering pool other than amounts wagered  
49 within this jurisdiction.

1           (12) No licensee shall engage in any anticompetitive or deceptive prac-  
2 tices in the process of contracting for the right to send any interstate  
3 simulcast signal to a licensed facility in Idaho. For purposes of this sub-  
4 section, anticompetitive or deceptive practices shall include, but not be  
5 limited to:

6           (a) Any agreement to charge excessive or unreasonable fees for the  
7 right to receive an interstate signal. In determining whether a fee is  
8 excessive or unreasonable, the commission shall consider prevailing  
9 rates paid for comparable signals in the past, prevailing rates paid  
10 outside Idaho and whether any commonality of ownership or revenue shar-  
11 ing exists, partially or wholly, between the Idaho licensee and the  
12 entity receiving the simulcast fees; or

13           (b) Any agreement, combination, trust or joint enterprise with any  
14 other track or entity in which multiple interstate signals are bundled  
15 together for the purpose of securing an excessive or unreasonable fee  
16 for one (1) or more signals in the group in exchange for the right to  
17 receive any of the signals in the group; or

18           (c) Any other activity with the purpose or effect of artificially in-  
19 flating prices beyond reasonable market rates or passing on or attempt-  
20 ing to pass on any portion of the ten percent (10%) advance deposit wa-  
21 gering fee to licensed facilities in Idaho.

22 The commission may suspend or revoke licenses and may impose civil penalties  
23 of up to ten thousand dollars (\$10,000) per occurrence for violation of this  
24 subsection.

25           (13) It shall be unlawful to conduct pool selling, bookmaking, or to  
26 circulate handbooks, or to bet or wager on a race of any licensed race meet,  
27 other than by the pari-mutuel system; and it shall further be unlawful know-  
28 ingly to permit any minor to use the pari-mutuel system.