

First Regular Session of the 119th General Assembly (2015)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2014 Regular Session and 2014 Second Regular Technical Session of the General Assembly.

HOUSE ENROLLED ACT No. 1270

AN ACT to amend the Indiana Code concerning gaming.

Be it enacted by the General Assembly of the State of Indiana:

SECTION 1. IC 4-31-3-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 5. **(a)** Each member of the commission is entitled to the minimum salary per diem ~~provided by IC 4-10-11-2.1(b)~~ **for each day the member is engaged in official business.**

(b) The minimum salary per diem that each member of the commission is entitled to receive equals the maximum daily amount allowed to employees of the executive branch of the federal government for subsistence expenses while away from home in travel status in Indianapolis.

(c) Each member is also entitled to reimbursement for traveling expenses and other expenses actually incurred in connection with the member's duties, as provided in the state travel policies and procedures established by the department of administration and approved by the budget agency.

SECTION 2. IC 4-31-7-1, AS AMENDED BY P.L.233-2007, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 1. **(a)** A person holding a permit to conduct a horse racing meeting or a license to operate a satellite facility may provide a place in the racing meeting grounds or enclosure or the

HEA 1270 — Concur



satellite facility at which the person may conduct and supervise the pari-mutuel system of wagering by patrons of legal age on the horse races conducted or simulcast by the person. The person may not permit or use:

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

However, a permit holder licensed to conduct gambling games under IC 4-35 may permit wagering on slot machines at a racetrack as permitted by IC 4-35.

(b) Except as provided in ~~section~~ **sections 7 and 10** of this chapter, ~~and IC 4-31-5.5, and IC 4-31-7.5~~, the pari-mutuel system of wagering may not be conducted on any races except the races at the racetrack, grounds, or enclosure for which the person holds a permit.

SECTION 3. IC 4-31-7-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 3. (a) The following equipment must be provided and maintained in good working order at each permit holder's racetrack or satellite facility, as applicable:

- (1) A totalizator for win, place, and show wagering. The totalizator must:
 - (A) be of a design approved by the commission;
 - (B) be capable of registering by automatic mechanical, electric, or electronic means on central aggregators all wagers made on each horse, entry, or the field in each of the win, place, and show pools;
 - (C) display the totals wagered in a manner that permits ready tabulation and recording of those totals by the commission's representative before they are cleared from the central aggregators; and
 - (D) display to the public on a board running totals of amounts wagered in each of the win, place, and show pools on each entry in each race.
- (2) A telephone system connecting the judges' stand with the office of the pari-mutuel plant and any other stations considered necessary by the commission.
- (3) A system of bells that shall be rung from the judges' stand to signal the close of wagering.
- (4) A button in the judges' stand that, when pressed, will lock ticket-issuing machines and close wagering for each race.

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



- (1) print and issue tickets evidencing individual wagers;
- (2) locally print a permanent record of the tickets issued by each machine or register on central aggregators by automatic mechanical, electric, or electronic means the total dollar value of those tickets; and
- (3) permit ready tabulation and recording of those figures by the commission's representative before they are cleared from the central aggregators.

(c) The commission may waive the requirements of subsection (b) if the commission determines by rule that other systems or technologies are available and sufficient to safeguard the public.

(d) This section does not apply to a licensed SPMO (as defined in IC 4-31-7.5-6).

SECTION 4. IC 4-31-7.5 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]:

Chapter 7.5. Advance Deposit Wagering

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

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

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

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

Sec. 5. As used in this chapter, "communication by other electronic means" means communication by any electronic communication device, including any of the following:

- (1) A personal computer or other device enabling communication through the Internet.**
- (2) A private network.**
- (3) An interactive television.**
- (4) A wireless communication technology.**



(5) An interactive computer service (as defined in IC 35-45-5-1).

(6) Any other technology approved by the commission.

Sec. 6. As used in this chapter, "licensed SPMO" means a secondary pari-mutuel organization licensed under this chapter.

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

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

- (1) through a licensed SPMO; and
- (2) by an individual whose principal residence is within Indiana at the time the wager is made;

that a permit holder is entitled to receive from the licensed SPMO under the terms of the contract required by section 10 of this chapter between the licensed SPMO and each permit holder.

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

Sec. 10. (a) A licensed SPMO may accept advance deposit wagers for races conducted within or outside Indiana. Advance deposit wagers made under this chapter are considered to have been made in Indiana.

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

- (1) specify the manner in which the amount of the source market fee is determined for each permit holder;
- (2) govern all other aspects of the business relationship between the licensed SPMO and each permit holder; and
- (3) contain a provision reserving all rights of horsemen's associations under the federal Interstate Horse Racing Act (15 U.S.C. 3001 et seq.).

Sec. 11. The commission shall adopt rules under IC 4-22-2, including emergency rules adopted in the manner provided in IC 4-22-2-37.1, to implement this chapter. Rules adopted under this section may include rules that prescribe:

- (1) procedures for verifying the age of an individual opening an advance deposit wagering account or placing a wager with a licensed SPMO;
- (2) requirements for opening and administering advance deposit wagering accounts;
- (3) a guarantee or acceptable surety that the full value of



balances in an advance deposit wagering account will be paid;
 (4) record keeping requirements;
 (5) licensure procedures, including investigation of applicants, forms for licensure, and procedures for renewal; and
 (6) civil penalties for violations of this chapter or the rules adopted by the commission.

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

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

- (1) Written evidence of the approval to conduct advance deposit wagering that the organization has received from the appropriate regulatory authority in each state where the secondary pari-mutuel organization is licensed.
- (2) A copy of a proposed contract executed by the applicant and each permit holder to satisfy the requirements of section 10 of this chapter.
- (3) A nonrefundable application fee of five thousand dollars (\$5,000).
- (4) A complete application on a form prescribed by the commission.
- (5) Any other information required by the commission.

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

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

- (1) finds that the applicant satisfies the requirements of this chapter and the rules adopted by the commission under section 11 of this chapter; and
- (2) approves the contract submitted under section 13 of this chapter.

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

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

Sec. 16. A secondary pari-mutuel organization that is not licensed under this chapter may not accept a wager from an individual whose physical location is within Indiana at the time the



wager is made.

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

Sec. 18. (a) As used in this section, "net source market fee" means the difference between:

- (1) the amount of the source market fee received by a permit holder from a licensed SPMO; minus
- (2) the amount of expenses incurred by the permit holder under this chapter.

(b) Each permit holder shall not later than the end of each month pay to the commission as an advance deposit wagering fee an amount equal to twenty percent (20%) of the net source market fee received from a licensed SPMO during the preceding month. The commission shall transfer the advance deposit wagering fees received under this section to the auditor of state for deposit in the meat and poultry fund established by IC 15-17-5-4.5.

(c) After the payment of all advance deposit wagering fees under subsection (b), a permit holder shall distribute fifty percent (50%) of the remaining part of the net source market fee it receives from a licensed SPMO to the horsemen's associations approved by the commission as follows:

- (1) Eight percent (8%) to the horsemen's association representing quarter horses.
- (2) Forty-six percent (46%) to the horsemen's association representing standardbred horses.
- (3) Forty-six percent (46%) to the horsemen's associations representing the thoroughbred breed to be allocated as follows:
 - (A) Eighty percent (80%) to the horsemen's association representing thoroughbred owners and trainers.
 - (B) Twenty percent (20%) to the horsemen's association representing thoroughbred owners and breeders.

Sec. 19. (a) A permit holder has a right of action against a secondary pari-mutuel organization that accepts a wager in violation of section 16 of this chapter.

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

- (1) An injunction to enjoin future violations of this chapter.
- (2) Compensatory damages equal to any actual damage proven by the permit holder. If the permit holder does not prove actual damage, the permit holder is entitled to



presumptive damages of five hundred dollars (\$500) for each wager placed in violation of this chapter.

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

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

SECTION 5. IC 4-31-11-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 4. **(a) Each development committee consists of three (3) members appointed by the governor: as follows:**

(1) One (1) member appointed by the governor, who shall chair the committee.

(2) One (1) member appointed by the permit holder of the track where the breed of horse races.

(3) One (1) member appointed by the horsemen's association that is approved for funding by the Indiana horse racing commission and representing owners.

(b) The members of each development committee must be residents of Indiana who are knowledgeable in horse breeding and racing and must include one (1) member who is an owner and one (1) member who is a breeder. No more than two (2) members of each development committee may be members of the same political party.

(c) If more than one (1) horsemen's association for a breed represents owners, the associations must agree on the associations' appointment described in subsection (a)(3) to the development committee.

SECTION 6. IC 4-31-11-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 5. **Except as provided in section 5.5 of this chapter, a member of a development committee serves a term of four (4) years. If a vacancy occurs on a development committee the governor shall appoint due to the death, resignation, or removal of a member, a new member shall be appointed to serve for the remainder of the unexpired term in the same manner as the original member was appointed under section 4 of this chapter.**

SECTION 7. IC 4-31-11-5.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 5.5. **(a) This section applies to a member of a breed development committee appointed before July 1, 2015.**

(b) When a vacancy occurs on a breed development committee under this chapter for any reason, a new member shall be



appointed in the following manner:

(1) The first appointment shall be made by the permit holder of the track where the breed of horse races.

(2) The second appointment shall be made by the horsemen's association described in section 4(a)(3) of this chapter.

(3) The third appointment shall be made by the governor.

(c) This section expires June 30, 2019.

SECTION 8. IC 4-35-7-12, AS AMENDED BY P.L.210-2013, SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 12. (a) The Indiana horse racing commission shall enforce the requirements of this section.

(b) A licensee shall before the fifteenth day of each month distribute the following amounts for the support of the Indiana horse racing industry:

(1) An amount equal to fifteen percent (15%) of the adjusted gross receipts of the slot machine wagering from the previous month at each casino operated by the licensee with respect to adjusted gross receipts received after June 30, 2013, and before January 1, 2014.

(2) The percentage of the adjusted gross receipts of the slot machine wagering from the previous month at each casino operated by the licensee that is determined under section 16 or 17 of this chapter with respect to adjusted gross receipts received after December 31, 2013.

(c) The Indiana horse racing commission may not use any of the money distributed under this section for any administrative purpose or other purpose of the Indiana horse racing commission.

(d) A licensee shall distribute the money devoted to horse racing purses and to horsemen's associations under this subsection as follows:

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

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

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

(e) A horsemen's association shall expend the amounts distributed to the horsemen's association under subsection (d)(1) through (d)(2) for a purpose promoting the equine industry or equine welfare or for a benevolent purpose that the horsemen's association determines is in the best interests of horse racing in Indiana for the breed represented by the

HEA 1270 — Concur



horsemen's association. Expenditures under this subsection are subject to the regulatory requirements of subsection (h).

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

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

(A) ~~Sixty~~ **Fifty-five** percent (~~60%~~) (**55%**) for the following purposes:

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

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

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

(B) ~~Forty~~ **Forty-five** percent (~~40%~~) (**45%**) to the breed development fund established for thoroughbreds under IC 4-31-11-10.

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

(A) Three hundred seventy-five thousand dollars (\$375,000) to the state fair commission to be used by the state fair commission to support standardbred racing and facilities at the state fairgrounds.

(B) One hundred twenty-five thousand dollars (\$125,000) to the state fair commission to be used by the state fair commission to make grants to county fairs to support standardbred racing and facilities at county fair tracks. The state fair commission shall establish a review committee to include the standardbred association board, the Indiana horse racing commission, and the Indiana county fair association to make recommendations to the state fair commission on grants under this clause.

(C) Fifty percent (50%) of the amount remaining after the distributions under clauses (A) and (B) for the following purposes:

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

(ii) Three and five-tenths percent (3.5%) to the horsemen's association representing standardbred owners and trainers.

(D) Fifty percent (50%) of the amount remaining after the distributions under clauses (A) and (B) to the breed development fund established for standardbreds under IC 4-31-11-10.

(3) Eight percent (8%) for quarter horse purposes as follows:

(A) Seventy percent (70%) for the following purposes:



(i) Ninety-five percent (95%) for quarter horse purses.

(ii) Five percent (5%) to the horsemen's association representing quarter horse owners and trainers.

(B) Thirty percent (30%) to the breed development fund established for quarter horses under IC 4-31-11-10.

Expenditures under this subsection are subject to the regulatory requirements of subsection (h).

(g) Money distributed under subsection (d)(1) and (d)(2) shall be allocated as follows:

(1) Forty-six percent (46%) to the horsemen's association representing thoroughbred owners and trainers.

(2) Forty-six percent (46%) to the horsemen's association representing standardbred owners and trainers.

(3) Eight percent (8%) to the horsemen's association representing quarter horse owners and trainers.

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

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

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

The state board of accounts shall annually audit the accounts, books, and records of the Indiana horse racing commission, each horsemen's association, a licensee, and any association for backside benevolence containing any information relating to the distribution of money under this section.

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

(j) The Indiana horse racing commission shall investigate any



complaint that a licensee has failed to comply with the horse racing purse requirements set forth in this section. If, after notice and a hearing, the Indiana horse racing commission finds that a licensee has failed to comply with the purse requirements set forth in this section, the Indiana horse racing commission may:

- (1) issue a warning to the licensee;
- (2) impose a civil penalty that may not exceed one million dollars (\$1,000,000); or
- (3) suspend a meeting permit issued under IC 4-31-5 to conduct a pari-mutuel wagering horse racing meeting in Indiana.

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

SECTION 9. IC 4-35-8.7-3, AS AMENDED BY P.L.229-2011, SECTION 61, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 3. (a) The gaming integrity fund is established.

(b) The fund shall be administered by the Indiana horse racing commission.

(c) The fund consists of gaming integrity fees deposited in the fund under this chapter and money distributed to the fund under IC 4-35-7-12. ~~Fifteen percent (15%) of the money deposited in the fund shall be transferred to the Indiana state board of animal health to be used by the state board to pay the costs associated with equine health and equine care programs under IC 15-17.~~

(d) The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public funds may be invested.

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

(f) Money in the fund may be used by the Indiana horse racing commission only for the following purposes:

- (1) To pay the cost of taking and analyzing equine specimens under IC 4-31-12-6(b) or another law or rule and the cost of any supplies related to the taking or analysis of specimens.
- (2) To pay dues to the Drug Testing Standards and Practices (DTSP) Committee of the Association of Racing Commissioners International.
- (3) To provide grants for research for the advancement of equine drug testing. Grants under this subdivision must be approved by the Drug Testing Standards and Practices (DTSP) Committee of the Association of Racing Commissioners International or by the Racing Mediation and Testing Consortium.
- (4) To pay the costs of post-mortem examinations under



IC 4-31-12-10.

(5) To pay other costs incurred by the commission to maintain the integrity of pari-mutuel racing.

SECTION 10. IC 15-17-5-4.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: **Sec. 4.5. (a) The meat and poultry fund is established.**

(b) The fund consists of:

(1) any amounts appropriated to the fund by the general assembly;

(2) advance deposit wagering fees transferred to the fund under IC 4-31-7.5-18; and

(3) any earnings on money in the fund.

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

(d) The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public money may be invested.

(e) Money in the fund may be used by the board only for the purpose of carrying out any power or duty of the board under this chapter.

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

SECTION 11. IC 35-45-5-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: **Sec. 5.** The provisions of this chapter do not apply to:

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

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



Speaker of the House of Representatives

President of the Senate

President Pro Tempore

Governor of the State of Indiana

Date: _____ Time: _____

HEA 1270 — Concur

