

1 SENATE BILL NO. 128

2 INTRODUCED BY D. SALOMON, E. BUTTREY

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING LAWS PERTAINING TO PARIMUTUEL NETWORK FUND
5 DISTRIBUTION; INCREASING THE PARIMUTUEL TAKEOUT AMOUNT TO NOT MORE THAN 30%;
6 ALLOWING THE BREAKAGE AND THE VALUE OF UNDERPAYMENTS RESULTING FROM UNCLAIMED
7 WINNING TICKETS TO BE DISTRIBUTED BY THE BOARD OF HORSERACING FOR LIVE RACES AND
8 OTHER APPROPRIATE PURPOSES; AMENDING SECTIONS 23-4-105, 23-4-302, AND 23-4-304, MCA; AND
9 PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

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13 **Section 1.** Section 23-4-105, MCA, is amended to read:
14 **"23-4-105. Authority of board.** (1) The board shall license and regulate racing, match bronc rides, and
15 wild horse rides and review race meets held in this state under this chapter. All percentages withheld from
16 amounts wagered, amounts set aside pursuant to 23-4-202(4)(d), percentages collected pursuant to 23-4-204(3),
17 percentages collected pursuant to 23-4-302(3) and (5)(b)(~~iii~~), and money collected pursuant to 23-4-304(1)(a)
18 and (1)(b) must be deposited in a state special revenue account and are statutorily appropriated to the board as
19 provided in 17-7-502. The board shall then distribute all funds collected under 23-4-202(4)(d), 23-4-204(3),
20 23-4-302(3) and (5)(b)(~~iii~~), and 23-4-304(1)(a) and (1)(b) to live race purses or for other purposes for the good
21 of the existing horseracing industry. If the board decides to authorize new forms of racing, including new forms
22 of simulcast racing, not currently authorized in Montana, the board shall do so after holding public hearings to
23 determine the effects of these forms of racing on the existing saddle racing program in Montana. The board shall
24 consider both the economic and safety impacts on the existing racing and breeding industry.

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

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29 **Section 2.** Section 23-4-302, MCA, is amended to read:
30 **"23-4-302. Distribution of deposits -- breakage.** (1) Each licensee conducting the parimutuel system

1 for a simulcast race meet shall distribute all funds deposited in any pool to the winner of the parimutuel pool, less
2 an amount that in the case of exotic wagering on races may not exceed 26% and in all other races may not
3 exceed 20% of the total deposits plus the odd cents of all redistribution to be based on each dollar deposited
4 exceeding a sum equal to the next lowest multiple of 10, known as "breakage".

5 (2) Each licensee conducting the parimutuel system for a simulcast race meet shall distribute all funds
6 deposited with the licensee in any pool for the simulcast race meet, less an amount that in the case of exotic
7 wagering on these races may not exceed 26%, unless the signal originator percentage is higher, in which case
8 the Montana simulcast licensee may adopt the same percentage withheld as the place where the signal
9 originated, and that in all other of these races may not exceed 20% of the total deposits plus the odd cents of all
10 redistribution to be based on each dollar deposited exceeding a sum equal to the next lowest multiple of 10,
11 known as "breakage".

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

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

18 (b) The board shall pay 80% of the source market fees generated between May 1 and the following April
19 30 to live race meet licensees based on each live race meet licensee's percentage of the total annual on-track
20 parimutuel handle during the previous live race season. Prior to the beginning of each year's live race season,
21 the correct percentage must be distributed by the board to each live race meet licensee to be used for race
22 purses or other purposes that the board considers appropriate for the good of the horseracing industry.

23 (c) Ten percent of the source market fees paid to the board in a calendar year may be retained by the
24 board for the payment of administrative expenses. One-half of the remaining 10% of the source market fees paid
25 to the board in a calendar year must, by January 31 of the following calendar year, be paid to the owner bonus
26 program and the other one-half to the breeder bonus program.

27 (5) (a) The parimutuel network licensee conducting fantasy sports league wagering shall distribute all
28 funds deposited in the pool to the winner of the parimutuel pool less the takeout amount of ~~26%~~ not more than
29 30% of the total deposits.

30 (b) The takeout amount must be distributed ~~as follows:~~

1 ~~_____ (i) 15.3846% to the parimutuel facility licensee;~~
 2 ~~_____ (ii) 23.0769% to the parimutuel network licensee as an administrative fee; and~~
 3 ~~_____ (iii) 61.5385% to the board's special revenue account according to the yearly license agreement between~~
 4 ~~the parimutuel facility licensee, the parimutuel network licensee, and the board.~~ No more than 10% of the amount
 5 collected under this subsection (5)(b)(~~iii~~) may be appropriated by the legislature for administration of this chapter.
 6 The remaining portion collected under this subsection (5)(b)(~~iii~~) must be deposited in a state special revenue
 7 account. The board shall then distribute this portion to live race purses and for other purposes that the board
 8 considers appropriate for the good of the existing horseracing industry.

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

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 14 **Section 3.** Section 23-4-304, MCA, is amended to read:

15 **"23-4-304. Gross receipts -- department's percentage -- collection and allocation.** (1) (a) Each live
 16 race meet licensee shall pay to the department within 5 days following receipt by the licensee 1% of the gross
 17 receipts of each day's parimutuel betting at each race meet. At the end of each race meet the licensee shall
 18 prepare a report to the department showing the amount of the overpayments and underpayments. If the report
 19 shows the underpayments to be in excess of the overpayments, the balance must be paid to the department.
 20 Money paid to the department may be used for the expenses incurred in carrying out this chapter. The licensee
 21 shall, at the same time, pay to the department all funds collected under 23-4-202(4)(d) on exotic wagering on
 22 races. These funds must be deposited in a state special revenue account. The board shall then distribute all funds
 23 collected under 23-4-202(4)(d) to live race purses or for other purposes that the board considers appropriate for
 24 the good of the existing horseracing industry.

25 (b) Each licensed simulcast facility shall pay to the department either 1% of the gross receipts of each
 26 day's parimutuel betting at each race meet or the actual cost to the board of regulating the simulcast race meet,
 27 whichever is higher. The money must be paid to the department within 5 days after receipt of the money by the
 28 licensee. At the end of each race meet the licensed simulcast facility shall prepare a report to the department
 29 showing the amount of the overpayments and underpayments. If the report shows the underpayments to be in
 30 excess of the overpayments, the balance must be paid to the department. Money paid to the department must

1 be deposited in an account in the state special revenue fund and must be used for the administration of this
2 chapter. The licensed simulcast facility shall, at the same time, pay to the department all funds collected under
3 23-4-202(4)(d) on exotic wagering on races. These funds must be deposited in a state special revenue account.
4 The board shall then distribute all funds collected under 23-4-202(4)(d) to live race purses or for other purposes
5 that the board considers appropriate for the good of the existing horseracing industry.

6 (c) The licensed parimutuel network conducting fantasy sports league wagering shall pay the funds
7 distributed pursuant to 23-4-302(5)(b)(~~iii~~) to the department within 10 days after receipt of the money by the
8 licensee.

9 (2) Prior to the beginning of the live racing season, funds collected under 23-4-202(4)(d) must be
10 distributed by the department, after first passing through a state special revenue account, to be used for race
11 purses that are distributed to each live race meet by the board or for other purposes that the board considers
12 appropriate for the good of the horseracing industry."

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14 NEW SECTION. **Section 4. Effective date.** [This act] is effective on passage and approval.

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