

SENATE BILL NO. 183

INTRODUCED BY M. BLASDEL

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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; PROVIDING A DEFINITION OF HISTORICAL
8 HORSERACES; AMENDING SECTIONS 23-4-101, 23-4-104, 23-4-105, 23-4-201, 23-4-202, 23-4-203, 23-4-301,
9 AND 23-4-302, MCA; AND PROVIDING EFFECTIVE DATES."

10
11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

12
13 **NEW SECTION. Section 1. Historical horseracing -- rulemaking.** (1) Effective July 1, 2021, the board
14 is authorized to allow parimutuel betting through historical horseraces.

15 (2) Prior to July 1, 2021, the board may conduct public hearings and rulemaking to implement parimutuel
16 betting on historical horseracing.

17 (3) The board may:

18 (a) enter into a memorandum of understanding with the department of justice to coordinate and enforce
19 parimutuel betting on historical horseracing; or

20 (b) adopt rules establishing the necessary oversight and enforcement of parimutuel betting on historical
21 horseracing.

22
23 **Section 2.** Section 23-4-101, MCA, is amended to read:

24 **"23-4-101. Definitions.** Unless the context requires otherwise, in this chapter, the following definitions
25 apply:

26 (1) "Advance deposit wagering" means a form of parimutuel wagering in which a person deposits money
27 in an account with an advance deposit wagering hub operator licensed by the board to conduct advance deposit
28 wagering. The money is used to pay for parimutuel wagers made in person, by telephone, or through a
29 communication by other electronic means on horse or greyhound races held in or outside this state.

30 (2) "Advance deposit wagering hub operator" means a simulcast and interactive wagering hub business

1 licensed by the board that, through a subscriber-based service located in this or another state, conducts
 2 parimutuel wagering on the races that it simulcasts and on other races that it carries in its wagering menu and
 3 that uses a computer that registers bets and divides the total amount bet among those who won.

4 (3) "Board" means the board of horseracing provided for in 2-15-1809.

5 (4) "Board of stewards" means a board composed of three stewards who supervise race meets.

6 (5) "Department" means the department of commerce provided for in Title 2, chapter 15, part 18.

7 (6) "Fantasy sports league" has the meaning provided in 23-5-801.

8 (7) "Historical horserace" means a horserace that was:

9 (a) previously conducted by a licensed parimutuel facility;

10 (b) concluded with official results; and

11 (c) concluded without scratches, disqualifications, or dead-heat finishes.

12 ~~(7)~~(8) "Immediate family" means the spouse, parents, children, grandchildren, brothers, or sisters of an
 13 official or licensee regulated by this chapter who have a permanent or continuous residence in the household of
 14 the official or licensee and all other persons who have a permanent or continuous residence in the household of
 15 the official or licensee.

16 ~~(8)~~(9) "Match bronc ride" means a saddle bronc riding contest consisting of two sections known as a
 17 "long go" and a "short go" in which the win, place, and show winners are determined by judges of the rides for
 18 each go.

19 ~~(9)~~(10) "Minor" means a person under 18 years of age.

20 ~~(10)~~(11) "Montana wager" means a parimutuel wager that is placed at a race track in Montana or on a
 21 race being conducted in Montana or any parimutuel wager placed by a Montana resident on a race conducted
 22 outside of Montana.

23 ~~(11)~~(12) "Parimutuel facility" means a facility licensed by the board at which fantasy sports leagues or
 24 historical horseraces are conducted and wagering on the outcome under a parimutuel system is permitted.

25 ~~(12)~~(13) "Parimutuel network" means an association licensed by the board to compile and distribute
 26 fantasy sports league rosters and weekly point totals for licensed parimutuel facilities ~~and~~₁ to manage statewide
 27 parimutuel wagering pools on fantasy sports leagues, to conduct historical horseraces, and to manage parimutuel
 28 wagering pools on historical horseraces.

29 ~~(13)~~(14) "Persons" means individuals, firms, corporations, fair boards, and associations.

30 ~~(14)~~(15) (a) "Race meet" means racing of registered horses or mules, match bronc rides, and wild horse

1 rides at which the parimutuel system of wagering is used. The term includes horseraces, mule races, and
2 greyhound races that are simulcast.

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

4 ~~(15)~~(16) "Racing" means live racing of registered horses or mules, ~~and~~ simulcast racing of horses, mules,
5 and greyhounds, and historical horseracing.

6 ~~(16)~~(17) "Simulcast" means a live broadcast of an actual horserace, mule race, or greyhound race at the
7 time it is run. The term includes races of local or national prominence.

8 ~~(17)~~(18) "Simulcast facility" means a facility at which horseraces, mule races, or greyhound races are
9 simulcast and wagering on the outcome of simulcast or historical horseraces is permitted under the parimutuel
10 system.

11 ~~(18)~~(19) "Simulcast parimutuel network" means an association that has contracted with the board to
12 receive or originate intrastate and interstate simulcast race signals, relay the race signals to licensed simulcast
13 facilities, and manage statewide parimutuel wagering pools on simulcast races or has been licensed by the board
14 to operate a statewide parimutuel wagering pool for fantasy sports leagues. The board may act as a simulcast
15 parimutuel network provider with respect to simulcast races.

16 ~~(19)~~(20) "Source market fee" means the portion of a wager made with a licensed advance deposit
17 wagering hub operator by a Montana resident that is paid to the board.

18 ~~(20)~~(21) "Steward" means an official hired by the department and by persons sponsoring a race meet
19 to regulate and control the day-to-day conduct and operation of a sanctioned meet.

20 ~~(21)~~(22) "Wild horse ride" means a wild horse riding contest in which three-person teams attempt to
21 saddle a wild horse and ride it completely around a track with the first to do so declared the winner."

22

23 **Section 3.** Section 23-4-104, MCA, is amended to read:

24 **"23-4-104. Duties of board.** The board shall adopt rules to govern race meets and the parimutuel
25 system. These rules shall include the following:

26 (1) definitions;

27 (2) auditing;

28 (3) supervision of the parimutuel system;

29 (4) corrupt practices;

30 (5) supervision, duties, and responsibilities of the executive secretary, presiding steward, racing

- 1 secretary, and other racing officials;
- 2 (6) licensing of all personnel who have anything to do with the substantive operation of racing;
- 3 (7) the establishment of dates for race meets and meetings in the best interests of breeding and racing
- 4 in this state;
- 5 (8) the veterinary practices and standards that must be observed in connection with race meets;
- 6 (9) absolute responsibility of trainers for the condition of horses and mules, regardless of the acts of third
- 7 parties;
- 8 (10) licensing or renewal of a license of a person whose license has been suspended by the board or
- 9 another horseracing jurisdiction;
- 10 (11) setting license fees commensurate with the cost of issuing a license;
- 11 (12) the time, conduct, and supervision of simulcast races, historical horseraces, and fantasy sports
- 12 leagues and parimutuel betting on simulcast races, historical horseraces, and fantasy sports leagues;
- 13 (13) licensing, approval, and regulation of simulcast facilities; ~~and~~
- 14 (14) licensing, approval, and regulation of match bronc rides and wild horse rides; and
- 15 (15) licensing, approval, and regulation of facilities at which historical horseraces may be offered for the
- 16 purpose of implementing, administering, and enforcing wagering on parimutuel historical horseracing."

17

18 **Section 4.** Section 23-4-105, MCA, is amended to read:

19 **"23-4-105. Authority of board.** (1) The board shall license and regulate racing, match bronc rides,

20 historical horseracing, and wild horse rides and review race meets held in this state under this chapter. All

21 percentages withheld from amounts wagered, amounts set aside pursuant to 23-4-202(4)(d), percentages

22 collected pursuant to 23-4-204(3), percentages collected pursuant to 23-4-302(3) and (5)(b), and money collected

23 pursuant to 23-4-304(1)(a) and (1)(b) must be deposited in a state special revenue account and are statutorily

24 appropriated to the board as provided in 17-7-502. The board shall then distribute all funds collected under

25 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

26 purposes for the good of the existing horseracing industry. If the board decides to authorize new forms of racing,

27 including new forms of simulcast racing, not currently authorized in Montana, the board shall do so after holding

28 public hearings to determine the effects of these forms of racing on the existing saddle racing program in

29 Montana. The board shall consider both the economic and safety impacts on the existing racing and breeding

30 industry.

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

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

6 **"23-4-201. Licenses -- contracts.** (1) (a) A person may not hold a race meet, conduct historical
7 horserace wagering, or conduct fantasy sports league wagering through a parimutuel facility, parimutuel network,
8 or a simulcast parimutuel network conducting a fantasy sports league in this state without a valid license issued
9 by the department under this chapter. A person applying for a license to hold a race meet under this chapter shall
10 file with the department an application that must set forth the time, place, and number of days the license will
11 continue and other information the board requires.

12 (b) A person may not conduct simulcast racing through a simulcast parimutuel network without having
13 entered into a contract with the board.

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

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

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

23 (5) The board shall require that a fair board and an independent racing association conducting a race
24 meet comply with the requirements of the rules adopted by the board before granting a license.

25 (6) A racing association consisting of a local fair board or an association approved by a local fair board
26 may submit a contract proposal to the board to hold a simulcast race meet in a simulcast facility.

27 (7) An unexpired license held by a person who violates this chapter or who fails to pay to the department
28 the sums required under this chapter is subject to cancellation and revocation by the board.

29 (8) A license to operate a parimutuel facility conducting fantasy sports league wagering may not be
30 issued to an applicant unless the applicant is also licensed under Title 23, chapter 5."

1

2 **Section 6.** Section 23-4-202, MCA, is amended to read:

3 **"23-4-202. Penalty for violations of law -- authority of board -- judicial review.** (1) (a) A person
4 holding a race meet or an owner, trainer, or jockey participating in a race meet, except a participant in a match
5 bronc ride or a wild horse ride, without first being licensed under this chapter or a person violating this chapter
6 is guilty of a misdemeanor.

7 (b) A person operating a parimutuel facility, parimutuel network, or simulcast parimutuel network that
8 conducts fantasy sports league wagering without first being licensed under this chapter or a person violating this
9 chapter is guilty of a misdemeanor.

10 (c) A person conducting simulcast racing through a simulcast parimutuel network without having entered
11 into a contract with the board is guilty of a misdemeanor.

12 (2) The board or, upon the board's authorization, the board of stewards of a race meet at which the
13 stewards officiate may exclude from racecourses a person whom the board or board of stewards considers
14 detrimental to the best interest of racing as defined by rules of the board.

15 (3) As its own formal act or through an act of a board of stewards of a race meet, the board may suspend
16 or revoke any license issued by the department to a licensee and assess a fine, not to exceed \$1,000, against
17 a licensee who violates any of the provisions of this chapter or any rule or order of the board. In addition to the
18 suspension or revocation and fine, the board may prohibit application for relicensure for a 2-year period. Fines
19 collected under this subsection must be deposited in the general fund.

20 (4) The board shall promulgate rules implementing this chapter, including the right to a hearing for
21 individuals against whom action is taken or proposed under this chapter. The rules may include provisions for
22 the following:

23 (a) summary imposition of penalty by the stewards of a race meet, including a fine and license
24 suspension, subject to review under the contested case provisions of the Montana Administrative Procedure Act;

25 (b) stay of a summary imposition of penalty by either the board or board of stewards;

26 (c) retention of purses pending final disposition of complaints, protests, or appeals of stewards' rulings;

27 (d) setting aside of up to 3% of exotic wagering on live and simulcast races and up to 1% of wagering
28 on historical horseraces, including simulcast races, to be deposited in a state special revenue account. The board
29 shall then distribute all funds collected under this subsection (4)(d) to live race purses or for other purposes that
30 the board considers appropriate for the good of the existing horseracing industry.

- 1 (e) using 2% of exotic wagering on live racing to be immediately and equally distributed to all purses
 2 except stakes races;
- 3 (f) assessment of penalty and interest on the late payment of fines, which must be paid before licenses
 4 are reinstated;
- 5 (g) definition of exotic forms of wagering on races to be allowed;
- 6 (h) standards for simulcast facilities;
- 7 (i) conduct and supervision of simulcast races and parimutuel betting or wagering on simulcast races;
- 8 (j) conduct and supervision of parimutuel facilities, parimutuel networks, simulcast parimutuel networks,
 9 and parimutuel wagering on fantasy sports leagues conducted at parimutuel facilities;
- 10 (k) conduct and supervision of match bronc rides and wild horse rides; ~~and~~
- 11 (l) conduct and supervision of advance deposit wagering; and
- 12 (m) conduct and supervision of historical horseraces and parimutuel betting or wagering on historical
 13 horseraces as provided in [section 1].

14 (5) The district court of the first judicial district of the state has exclusive jurisdiction for judicial review
 15 of cases arising under this chapter."
 16

17 **Section 7.** Section 23-4-203, MCA, is amended to read:

18 **"23-4-203. Race meets -- when lawful.** It is lawful to conduct race meets with parimutuel wagering on
 19 live, or simulcast, or historical horseraces ~~race meets~~ at a racetrack or simulcast facility or otherwise at any time
 20 during the week."
 21

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

23 **"23-4-301. Parimutuel betting -- other betting illegal -- penalty.** (1) It is unlawful to make, report,
 24 record, or register a bet or wager on the result of a contest of speed, skill, or endurance of an animal, whether
 25 the contest is held within or outside this state, except under 23-5-502 or this chapter.

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

29 (3) A person licensed under this chapter to hold a race meet may simulcast live races at a place in the
 30 race meet grounds or simulcast facility where the licensee may conduct or supervise the use of the parimutuel

1 system by patrons on the results of simulcast races approved by the board.

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

5 (5) Each licensee conducting a parimutuel system for an intrastate simulcast race meet shall combine
6 the parimutuel pools created by wagering on simulcast races ~~at a simulcast facility~~ with those at the actual racing
7 facility for the purpose of determining the odds and computing payoffs. The amount of the handle at the simulcast
8 ~~race meet facility created by wagering on simulcast races~~ must be combined with the amount of the parimutuel
9 handle at the live racing facility for the purposes of distribution of money derived from parimutuel betting under
10 23-4-302 and 23-4-304.

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

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

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

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

21 (c) may not allow a person under 18 years of age to open an account with the advance deposit wagering
22 hub operator, make a wager from an account, or otherwise have access to an account;

23 (d) shall include a statement in any of its advertising for advance deposit wagering that a person under
24 18 years of age is not allowed to participate;

25 (e) shall verify the identification, residence, and age of each person seeking to open an advance deposit
26 wagering account;

27 (f) shall agree to pay to the board a source market fee in an amount equal to a percentage, as set forth
28 in its license agreement, of the total amount wagered by Montana residents from their accounts with the advance
29 deposit wagering hub operator; and

30 (g) shall agree to a payment schedule of source market fees as set forth in its license agreement.

1 (8) (a) It is unlawful for a person or organization to accept a Montana wager without being licensed by
2 the state of Montana as provided in this chapter.

3 (b) A violation of subsection ~~(8)(a)~~ (9)(a) is an illegal gambling enterprise, as defined in 23-5-112, and
4 is punishable as provided by law.

5 (9) It is unlawful to:

6 (a) conduct pool selling or bookmaking or to wager on a fantasy sports league other than by the
7 parimutuel system and by being physically present at the licensed parimutuel facility;

8 (b) permit a minor to use the parimutuel system; or

9 (c) conduct internet or telephone wagering on fantasy sports leagues."
10

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

12 **"23-4-302. Distribution of deposits -- breakage.** (1) Each licensee conducting the parimutuel system
13 for a simulcast race meet shall distribute all funds deposited in any pool to the winner of the parimutuel pool, less
14 an amount that in the case of exotic wagering on races may not exceed 26% and in all other races may not
15 exceed 20% of the total deposits plus the odd cents of all redistribution to be based on each dollar deposited
16 exceeding a sum equal to the next lowest multiple of 10, known as "breakage".

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

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

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

30 (b) The board shall pay 80% of the source market fees generated between May 1 and the following April

1 30 to live race meet licensees based on each live race meet licensee's percentage of the total annual on-track
 2 parimutuel handle on live races during the previous live race season. Prior to the beginning of each year's live
 3 race season, the correct percentage must be distributed by the board to each live race meet licensee to be used
 4 for race purses or other purposes that the board considers appropriate for the good of the horseracing industry.

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

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

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

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

22
 23 **NEW SECTION. Section 10. Codification instruction.** [Section 1] is intended to be codified as an
 24 integral part of Title 23, chapter 4, and the provisions of Title 23, chapter 4, apply to [section 1].

25
 26 **NEW SECTION. Section 11. Effective dates.** (1) Except as provided in subsection (2), [this act] is
 27 effective July 1, 2021.

28 (2) [Section 1] and this section are effective on passage and approval.

29 - END -