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DIGEST

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SB 173 Reengrossed

2023 Regular Session

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Present law provides relative to the conduct of slot machine gaming at race tracks.

Present law designates and recognizes the Horsemen's Benevolent and Protective Association (HBPA) as an authorized representative that shall represent member and other horsemen.

Present law states that the monies to be distributed by a licensee as purses to permittees licensed to race horses in Louisiana and the monies to be distributed by a licensee to the Horsemen's Benevolent and Protective Association for the use and benefit of such groups.

Proposed law removes that monies be distributed by a licensee.

Present law states that in the event the amount distributed as purses is more than the amount required, the overpayment shall be carried forward to the next race meeting conducted by the same association. It shall be carried on the association books as an asset.

Proposed law retains present law and adds that monies shall be carried on the association books as an asset unless and until the overpayment is remitted to the HBPA. If remit to the HBPA, the overpayment shall be carried on the HBPA books as an asset.

Present law requires that in the event the amount distributed as purses to persons licensed to race horses at quarter horse and thoroughbred race meetings conducted in the state is less than the amount required and more than a certain amount it shall be delivered to the HBPA for further distribution to certain persons. In the event the underpayment is less than a certain amount, it shall be retained by the association in an interest bearing account to be used for purses at the next quarter horse or thoroughbred race meeting conducted by that association. Interest earned on the account shall be added to the purse paid over and above the amount required to be paid.

Proposed law retains present law and adds in the event the underpayment is less than a certain amount, certain monies shall also be retained by the HBPA.

Present law requires monies designated for purses under present law be deposited by the race track association in a separate interest-bearing account when earned and shall remain in that account until the first day of the next race meeting of the appropriate breed, with monies earned as interest being designated for purses.

Proposed law requires monies designated for purses be remitted from the race tracks to the HBPA within 10 business days to be deposited in a separate interest-bearing account when earned and shall remain in that account until the first day of the next race meeting of the appropriate breed, with monies earned as interest being designated for purses.

Present law states that until all monies have been distributed, the Horsemen's Benevolent and Protective Association or all member shall be deemed to hold a perfected security interest in and to all funds that are deemed to have been earned and that have not yet been distributed.

Proposed law retains present law and adds all member and other horsemen in the state and all other persons or entities that receive purse or purse supplement funds shall be deemed to hold a perfected security interest.

Present law requires that all earned purse money not yet distributed as purses shall be deemed to be held in trust for the benefit of the Horsemen's Benevolent and Protective

Association by the licensee until such time as such monies are distributed in accordance with law. A licensee shall have a fiduciary duty to the Horsemen's Benevolent and Protective Association to preserve and account for such monies.

Proposed law retains present law and includes following the remittance to the HBPA by the licensee, all earned purse money not yet distributed shall be deemed to be held in trust for the benefit certain groups that receive purse funds by the HBPA until such time as the monies are distributed. It adds that once the licensee remits the monies designated to the HBPA pursuant to, it shall have no fiduciary duty to the HBPA, or certain groups that receives purse funds. The HBPA shall have a fiduciary duty to certain groups that receive purse funds to preserve and account for such monies.

Proposed law requires that the account containing the monies remit to the HBPA shall be subject to audit at all times by the legislative auditor and shall be included in the annual audit.

Present law provides that as a condition of licensing and to maintain continued authority for the conduct of the slot machine gaming at a race track, the owner of the track must comply with certain requirements, including the requirement that the owner contribute to the support of pari-mutuel wagering activities and the horse breeding industry by paying a fixed percentage of 15% of the annual net slot machine proceeds received to supplement horse race purses. Provides that 4% of that fixed amount shall go to the HBPA.

Proposed law requires the race tracks to transfer to the HBPA by the 20th day of each month a fixed percentage of 15% of the previous month's net slot machine proceeds received from slot machine gaming operators at the licensed eligible facility to supplement purses including any interest earned.

Present law states that the HBPA shall be deemed to hold a perfected security interest in and to the fifteen percent of the annual net slot machine proceeds received from slot machine gaming operations licensed eligible facility that is required to supplement purses until such purse supplements have been distributed as purses or distributed to the HBPA. All such supplements shall be held in trust for the benefit of HBPA by a licensee until monies are distributed. A licensee shall have a fiduciary duty to the HBPA to preserve and account for such purse supplements.

Proposed law retains present law and adds that all purse supplements shall be held in trust for the benefit of HBPA until distributed or transferred to HBPA. The supplements transferred but not distributed shall be held in trust until distributed. A licensee shall have fiduciary duty to the HBPA to account for only purse supplements in its control and once the licensee transfers the supplements to the HBPA, it shall have no fiduciary duty to HBPA or certain groups. Such an account containing purse supplements transferred to HBPA shall be subject to legislative audit.

Present law states that the owner of the licensed establishment shall pay 20% of the net video draw poker device revenue derived from the operation of video draw poker devices at that licensed establishment and at its eligible off-track wagering facilities to be used to supplement purses for horsemen. Such monies shall be made available for use as purses monthly, prior to the twentieth day of the month following the month in which they are earned

Proposed law retains present law and adds that the fixed percentage be paid to the Horsemen's Benevolent Protective Association and that such monies shall be remitted to the HBPA for use as purses monthly.

Proposed law adds that the HBPA shall have a fiduciary duty to certain groups that receive purse supplement and that the account containing such purse supplements shall be subject to legislative audits. The licensee shall have no fiduciary duty to the HBPA or certain groups that received purse supplements.

Effective August 1, 2023.

(Amends R.S.4:179.1,183(A) and (B)(2)-(4),183.2(A) and (B),R.S. 27:361(B)(4)(a)(intro. para), 361(B)(4)(a)(iii), and 438(A): Adds R.S. 4:183.2(B)(3) and (4), and R.S. 27:(B)(4)(a)(iv))

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Judiciary B to the original bill

1. Makes technical changes.
2. Designates and recognizes the Horsemen's Benevolent and Protective Association (HBPA) as the authorized representative that shall represent member and other horsemen.
3. Requires monies designated for purses be remitted from the race tracks to the HBPA within 10 business days for deposit in a separate interest-bearing account when earned and the monies shall remain in that account until the first day of the next race meeting of the appropriate breed.
4. Requires the race tracks to pay the HBPA by the 20th day of each month a fixed percentage of 15% of the previous month's net slot machine proceeds received from slot machine gaming operators at the licensed eligible facility to supplement purses including any interest earned.

Senate Floor Amendments to engrossed bill

1. Changes designation and recognition of the HBPA from the authorized representative that shall represent member and other horsemen to an authorized representative that shall represent member and other horsemen resulting in no change from present law.

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Commerce to the reengrossed bill:

1. Make technical changes.
2. Add and amend present law to remove that monies are to be distributed by licensee and add that certain overpayment, once remitted to the HBPA, shall be carried as an asset. Add that at thoroughbred and quarter horse race meetings, in the event of certain underpayment, certain monies shall also be retained by the HBPA in a certain account.
3. Clarify that in regards to undistributed monies at a race meeting, until all monies have been distributed, the HBPA or certain groups shall be deemed to hold a security interest in funds not yet distributed. Add that following remittance to the HBPA, money not distributed shall be held in trust. Add that a licensee shall have a fiduciary duty to HBPA until monies are remit to HBPA and then the licensee shall no longer have a fiduciary duty. Add that the account containing the monies remit to the HBPA are subject to legislative audit.
4. Clarify that the licensed eligible facility shall transfer to the HBPA a fixed percentage of certain proceeds.
5. Clarify that in regards to slot machine proceeds, all purse supplements shall be held in trust for the benefit of HBPA until distributed or transferred to HBPA. Add that supplements transferred but not distributed shall be held in trust until distributed. Add that a licensee shall have fiduciary duty to the HBPA to account for only purse supplements in its control and once the licensee transfers the supplements to the HBPA, it shall have no fiduciary duty to HBPA or certain

groups. Add that the such an account containing purse supplements transferred to HBPA shall be subject to legislative audit.

6. Add that in regards to video draw poker device revenue, the HBPA shall have a fiduciary duty to certain groups that receive purse supplement and that the account containing such purse supplements shall be subject to legislative audits. Add that the licensee shall have no fiduciary duty to the HBPA or certain groups that received purse supplements.