

Regular Session, 2013

HOUSE BILL NO. 100

BY REPRESENTATIVE HARRISON

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

GAMBLING/REVENUES: Provides with respect to gaming proceeds payable to the horse racing industry

1 AN ACT

2 To amend and reenact R.S. 4:183(A)(introductory paragraph) and (4)(b) and

3 (B)(introductory paragraph), 217(B)(introductory paragraph) and (D)(1)(introductory

4 paragraph), (a), and (d), and 218(A)(introductory paragraph) and (1) and R.S.

5 27:361(B)(4)(b) and (c), 438(B)(4), and 439(A) and (B)(introductory paragraph) and

6 to enact R.S. 4:251.1(C) and 252(D) and Part VI of Chapter 4 of Title 4 of the

7 Louisiana Revised Statutes of 1950, to be comprised of R.S. 4:280, and R.S.

8 27:361(B)(4)(a)(iii), relative to gaming funds payable to certain horse racing entities;

9 to require such funds be sent to the state treasury for deposit in the newly created

10 Horse Industry Economic Sustainability Fund; to impose state travel and other

11 regulations on the expenditure of such funds; to provide for review by the legislative

12 auditor; and to provide for related matters.

13 Be it enacted by the Legislature of Louisiana:

14 Section 1. R.S. 4:183(A)(introductory paragraph) and (4)(b) and (B)(introductory

15 paragraph), 217(B)(introductory paragraph) and (D)(1)(introductory paragraph), (a), and (d),

16 and 218(A)(introductory paragraph) and (1) are hereby amended and reenacted and R.S.

17 4:251.1(C) and 252(D) and Part VI of Chapter 4 of Title 4 of the Louisiana Revised Statutes

18 of 1950, comprised of R.S. 4:280, are hereby enacted to read as follows:

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HORSE RACING

§183. Contracts between licensees and permittees licensed to race horses at race meetings conducted in the state

A. The monies to be distributed by a licensee as purses to permittees licensed to race horses in Louisiana and the monies to be ~~distributed~~ forwarded to the state treasurer by a licensee ~~to for~~ the Horsemen's Benevolent and Protective Association for the use and benefit of such permittees, their employees, and others, for hospital and medical benefits and for the administrative expenses in providing these benefits shall be and include:

* * *

(4) The total of Paragraphs (1), (2), and (3) shall be allocated by the licensee in not less than the following percentages thereof:

* * *

(b) Four percent thereof to the Horse Industry Economic Sustainability Fund ~~for the~~ Horsemen's Benevolent and Protective Association for the use and benefit of such permittees, their employees, and others as medical and hospital benefits with an amount not to exceed thirty percent aforesaid of the commissions and amounts received by the Horsemen's Benevolent and Protective Association to be used for administrative expenses and other costs necessary to provide the benefits.

* * *

B. Monies due as purses to persons licensed to race horses at race meetings conducted in the state as a result of conditions outlined in R.S. 4:183(A) ~~and the monies due to the Horsemen's Benevolent and Protective Association pursuant to the provisions of R.S. 4:183(A)(4)(b)~~ shall be allocated and distributed during the race meeting at which earned. Monies due to the Horsemen's Benevolent and Protective Association pursuant to the provision of Subparagraph (A)(4)(b) of this Section shall be forwarded by the licensee to the state treasurer for deposit into the Horse Industry Economic Sustainability Fund established by R.S. 4:280.

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OFFTRACK WAGERING

§217. Purse supplements; designation and distribution

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B. The balance of the total monies derived from commissions and designated for purse supplements pursuant to R.S. 4:216 shall be distributed or forwarded to the state treasurer as follows:

* * *

D.(1) Notwithstanding any other provision of law to the contrary, the monies designated for purses under the provisions of R.S. 4:216(C) from wagers placed at offtrack wagering facilities on special accredited Louisiana bred maiden races as defined in R.S. 4:184 shall be accounted for separately and shall be distributed or forwarded to the state treasurer as follows:

(a) Fifteen and ten hundredths percent shall be ~~distributed to~~ forwarded to the state treasurer for deposit into the Horse Industry Economic Sustainability Fund, established by R.S. 4:280, for the Louisiana Thoroughbred Breeders Association for breeder awards in accordance with a distribution formula established by the executive committee of that organization.

* * *

(d) Two percent shall be ~~distributed to~~ forwarded to the state treasurer for deposit into the Horse Industry Economic Sustainability Fund, established by R.S. 4:280, for the Horsemen's Benevolent and Protective Association for the use and benefit of such persons and other horsemen as medical and hospital benefits with an amount not to exceed thirty percent thereof to be used for administrative expenses and other costs necessary to provide the benefits.

* * *

§218. Fees authorization

A. The commission may collect a license fee not to exceed one and one-half percent of the total amount wagered at each offtrack wagering facility. This fee shall be distributed or forwarded to the state treasurer as follows:

1 (1) ~~Fourteen percent to~~ shall be forwarded to the state treasurer for deposit
 2 into the Horse Industry Economic Sustainability Fund, established by R.S. 4:280, for
 3 the Louisiana Thoroughbred Breeders Association or the Louisiana Quarterhorse
 4 Breeders Association for promotion of the appropriate breeding industry and for
 5 breeder awards. Distribution shall be in direct proportion to the monies wagered on
 6 each breed.

7 * * *

8 §251.1. Horsemen's Self-Help Pension Program; legislative findings; authority

9 * * *

10 C.(1) Any funds provided or otherwise distributed to the Horsemen's
 11 Benevolent and Protective Association based on any provision of this Section shall
 12 be forwarded to the state treasurer for deposit into the Horse Industry Economic
 13 Sustainability Fund as established by R.S. 4:280.

14 (2) No provision of this Subsection shall be interpreted or implied to create
 15 an additional means of funding or an additional percentage of funding to or for the
 16 Horsemen's Benevolent and Protective Association.

17 §252. Implementation of the insurance program; certificate of coverage

18 * * *

19 D.(1) Any funds provided or otherwise distributed to the Horsemen's
 20 Benevolent and Protective Association based on any provision of this Section shall
 21 be forwarded to the state treasurer for deposit into the Horse Industry Economic
 22 Sustainability Fund as established by R.S. 4:280.

23 (2) No provision of this Subsection shall be interpreted or implied to create
 24 an additional means of funding or an additional percentage of funding to or for the
 25 Horsemen's Benevolent and Protective Association.

26 PART VI. HORSE INDUSTRY ECONOMIC SUSTAINABILITY FUND

27 §280. Horse Industry Economic Sustainability Fund

28 A. There is hereby created, as a special fund in the state treasury, the Horse
 29 Industry Economic Sustainability Fund.

1 B. All funds sent to the state treasurer for deposit into the Horse Industry
2 Economic Sustainability Fund shall first be credited to the Bond Security and
3 Redemption Fund in accordance with Article VII, Section 9(B) of the Constitution
4 of Louisiana. Thereafter, the state treasurer shall, each fiscal year, credit to the
5 Horse Industry Economic Sustainability Fund an amount equal to the monies
6 received by the state treasury for such fund. Thereafter, the monies in this fund shall
7 be appropriated by the legislature as provided by the following provisions of law:

8 (1) R.S. 4:183(A)(4)(b).

9 (2) R.S. 4:217(D)(1)(a) and (d).

10 (3) R.S. 4:218(A)(1).

11 (4) R.S. 4:251.1(B)(1), if any funds are allocated pursuant thereto.

12 (5) R.S. 4:252(C)(5), if any funds are allocated pursuant thereto.

13 (6) R.S. 27:361(B)(4)(a)(i) and (ii), (b), and (c).

14 (7) R.S. 27:435(D)(4).

15 (8) R.S. 27:438(B)(4).

16 (9) R.S. 27:439(B)(1) and (2).

17 C. All unexpended and unencumbered monies in the fund at the end of any
18 fiscal year shall remain in the fund for use in subsequent fiscal years. Monies in the
19 fund shall be invested by the state treasurer in the manner as monies in the state
20 general fund and interest earned on the investment of such monies shall be credited
21 to the fund after compliance with the requirements of Article VII, Section 9(B) of the
22 Constitution of Louisiana.

23 D. The use of any and all funds appropriated to the Horsemen's Benevolent
24 and Protective Association, the Louisiana Thoroughbred Breeders Association, or
25 the Louisiana Quarter Horse Breeders Association are subject to all state laws, rules,
26 and regulations governing appropriate expenditures, including PPM49 Travel Policies
27 and Procedures established and maintained by the office of state purchasing and
28 travel, division of administration, and each entity shall be subject to audit by the
29 legislative auditor for determination that these monies have been used appropriately.

1 Section 2. R.S. 27:361(B)(4)(b) and (c), 438(B)(4), and 439 (A) and (B)(introductory
2 paragraph) are hereby amended and reenacted and R.S. 27:361(B)(4)(a)(iii) is hereby
3 enacted to read as follows:

4 SLOTS AT THE TRACK

5 §361. Conduct of slot machine gaming; temporary conduct

6 * * *

7 B. As a condition of licensing and to maintain continued authority for the
8 conduct of slot machine gaming at the licensed eligible facility, the owner of the
9 licensed eligible facility shall:

10 * * *

11 (4) Contribute to the support of pari-mutuel wagering facilities in the state
12 at large and the horse breeding industry by paying annually from the annual net slot
13 machine proceeds received from slot machine gaming operations at the licensed
14 eligible facility as provided in this Paragraph:

15 (a) The licensed eligible facility shall pay a fixed percentage of fifteen
16 percent of the annual net slot machine proceeds received from slot machine gaming
17 operations at the licensed eligible facility to supplement purses as follows:

18 * * *

19 (iii) The amounts dedicated to the Horsemen's Benevolent and Protective
20 Association pursuant to Items (i) and (ii) of this Subparagraph shall be forwarded by
21 the owner of the licensed eligible facility to the state treasurer for deposit into the
22 Horse Industry Economic Sustainability Fund as established by R.S. 4:280.

23 (b)(i) The licensed eligible facility shall pay annually a fixed percentage of
24 two percent of the annual net slot machine proceeds received from slot machine
25 gaming operations at the licensed eligible facility to the Executive Committee of the
26 Louisiana Thoroughbred Breeders' Association.

27 (ii) The amounts dedicated to the Louisiana Thoroughbred Breeders
28 Association pursuant to Item (i) of this Subparagraph shall be forwarded by the

1 owner of the licensed eligible facility to the state treasurer for deposit into the Horse
2 Industry Economic Sustainability Fund as established by R.S. 4:280.

3 (iii) The Executive Committee of the Louisiana Thoroughbred Breeders
4 Association shall distribute such amount according to a schedule or formula and
5 within a time period which shall be established by the committee for special breeder
6 awards to the breeders of accredited Louisiana-bred horses.

7 (c)(i) The licensed eligible facility shall pay annually a fixed percentage of
8 one percent of the annual net slot machine proceeds received from slot machine
9 gaming operations at the licensed eligible facility to the Executive Committee of the
10 Louisiana Quarter Horse Breeders' Association.

11 (ii) The amounts dedicated to the Louisiana Quarter Horse Breeders
12 Association pursuant to Item (i) of this Subparagraph shall be forwarded by the
13 owner of the licensed eligible facility to the state treasurer for deposit into the Horse
14 Industry Economic Sustainability Fund as established by R.S. 4:280.

15 (iii) The Executive Committee of the Louisiana Quarter Horse Breeders
16 Association shall distribute such amount according to a schedule or formula and
17 within a time period which shall be established by the committee for special
18 breeders' awards to the breeders of accredited Louisiana-bred quarter horses.

19 * * *

20 VIDEO DRAW POKER AT OTB

21 §438. Distribution of device revenues; particular licensed establishments; pari-
22 mutuel wagering facilities

23 * * *

24 B. Revenues earned for purse supplements under Subsection A shall be
25 disbursed, accounted for, and used as follows:

26 * * *

27 (4) Four percent of all monies earned or authorized in accordance with the
28 provisions of this Section for purse supplements shall be ~~paid the authorized~~
29 ~~representative of the horsemen~~ forwarded by the owner of the licensed establishment

1 to the state treasurer for deposit into the Horse Industry Economic Sustainability
2 Fund, established by R.S. 4:280, for the use and benefit of ~~such persons and other~~
3 ~~horsemen and such other persons~~ as medical and hospital benefits. However,
4 provisions of this Paragraph shall not apply if provisions of R.S. 4:183 as currently
5 in effect require such a deduction from monies earned for purse supplements under
6 this Section, and provisions of this Paragraph would result in duplication of
7 designated funds for hospitalization for horsemen.

8 * * *

9 §439. ~~Video Draw Poker Device Purse Supplement Fund~~ Portion of video draw
10 poker fees; distribution and expenditure

11 A. Funds specified pursuant to the provisions of ~~R.S. 27:311(D)(4)~~ R.S.
12 27:435(D)(4) shall be forwarded by the division to the state treasurer for ~~immediate~~
13 ~~deposit in the state treasury. The funds so deposited shall first be credited to the~~
14 ~~Bond Security and Redemption Fund in accordance with Article VII, Section 9(B)~~
15 ~~of the Constitution of Louisiana. Thereafter, the state treasurer shall, each fiscal~~
16 ~~year, credit to a special fund, which is hereby created in the state treasury and~~
17 ~~entitled the Video Draw Poker Device Purse Supplement Fund, an amount equal to~~
18 ~~all funds specified pursuant to R.S. 27:311(D)(4). Monies in the Video Draw Poker~~
19 ~~Purse Supplement Fund shall only be withdrawn pursuant to an appropriation by the~~
20 ~~legislature~~ Horse Industry Economic Sustainability Fund, established by R.S. 4:280,
21 and shall be used solely as provided in Subsection B of this Section.

22 B. Monies in the ~~Video Draw Poker Device Purse Supplement~~ Horse
23 Industry Economic Sustainability Fund shall be annually appropriated to the
24 Louisiana State Racing Commission within the office of the governor, and shall be
25 allocated by the commission as follows:

26 * * *

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

Harrison

HB No. 100

Abstract: Requires all gaming proceeds dedicated to the Horsemen's Benevolent and Protective Association, the La. Thoroughbred Breeders Association, and the La. Quarter Horse Breeders Association be sent to the state treasurer for deposit in the newly created Horse Industry Economic Sustainability Fund, but otherwise retains the dedications and uses of these proceeds.

Present law provides for the direct payment of the following gaming proceeds to the Horsemen's Benevolent and Protective Association, the La. Thoroughbred Breeders Association, and the La. Quarter Horse Breeders Association:

HORSE RACING

- (1) Four percent (4%) of 50% of a licensee's commission of the gross parimutuel handle retained by the licensee from each race at a licensed race meeting (minus all fees) plus the total amount earned by a licensee for purse supplements under R.S. 4:217 payable directly to the Horsemen's Benevolent and Protective Association for the use and benefit of such permittees, their employees, and others as medical and hospital benefits with an amount not to exceed 30% to be used for administrative expenses and other costs of the association necessary to provide such benefits. (R.S. 4:183(A)(4)(b)).

OFFTRACK WAGERING

- (2) Fifteen and ten hundredths percent (15.10%) of the monies designated for purses from wagers placed at offtrack wagering facilities on special accredited La. bred maiden races payable directly to the La. Thoroughbred Breeders Association for breeder awards in accordance with a formula established by the executive committee of that association. (R.S. 4:217(D)(1)(a)).
- (3) Two percent (2%) of the monies designated for purses from wagers placed at offtrack wagering facilities on special accredited La. bred maiden races payable directly to the Horsemen's Benevolent and Protective Association for the use and benefit of such persons and other horsemen as medical and hospital benefits with an amount not to exceed 30% to be used for administrative expenses and other costs of the association necessary to provide such benefits. (R.S. 4:217(D)(1)(d)).
- (4) Fourteen percent (14%) of the license fee not to exceed one and one-half percent (1.50%) of the total amount wagered at each offtrack wagering facility payable directly to the La. Thoroughbred Breeders Association or the La. Quarter Horse Breeders Association for promotion of the appropriate breeding industry and for breeders' awards with distribution being in direct proportion to the monies wagered on each breed. (R.S. 4:218(A)(1)).

SLOTS AT THE TRACK

- (5) Four percent (4%) of 70% of 15% and four percent (4%) of 60% of 30% of the annual net slot machine proceeds received from slot machine gaming operations at the licensed eligible facility payable directly to the Horsemen's Benevolent and Protective Association. (R.S. 27:361(B)(4)(a)(i) and (ii)).

- (6) Two percent (2%) of the annual net slot machine proceeds received from slot machine gaming operations at the licensed eligible facility payable directly to the Executive Committee of the La. Thoroughbred Breeders Association for distribution by the committee in accordance with a schedule or formula for special breeder awards to the breeders of accredited La.-bred horses. (R.S. 27:361(B)(4)(b)).
- (7) One percent (1%) of the annual net slot machine proceeds received from slot machine gaming operations at the licensed eligible facility payable directly to the Executive Committee of the La. Quarter Horse Breeders Association for distribution by the committee in accordance with a schedule or formula for special breeder awards to the breeders of accredited La.-bred quarter horses. (R.S. 27:361(B)(4)(c)).

VIDEO DRAW POKER AT OTB

- (8) Four percent (4%) of 20% of the net device revenue derived from the operation of video draw poker devices at parimutuel wagering facilities (OTBs) to the authorized representative of the horsemen (HBPA) for the use and benefit of such persons and horsemen as medical and hospital benefits. (R.S. 27:438(B)(4)).

AN ADDITIONAL TWO PERCENT (2%)

- (9) Of the purses and purse supplements authorized for use by the Horsemen's Benevolent and Protective Association for its workers compensation insurance program, the HBPA is authorized to use up to one-half percent (1%) of the two percent (2%) of the total amount of purses and purse supplements for the improvement and administration of the Horsemen's Self-Help Pension Program. R.S. 4:251.1(B)(1)). Additionally, the total amount of purses and purse supplements authorized for use by the HBPA for establishment, operation, and administration of the workers compensation insurance program shall not exceed two percent (2%) of the total amount of purses and purse supplements available for purses for any race meet. (R.S. 4:252(C)(5)). A regulatory agency has interpreted the provisions of R.S. 4:251.1(B)(1) and 252(C)(5) to mean that the HBPA receives an additional two percent (1% for workers comp and 1% for its pension program) as follows:
- (a) Increases the 4% (listed in #1, above, under Horse Racing) to 6%.
- (b) Increases the 4% (listed in #5, above, under Slots at the Track) to 6%.
- (c) Increases the 4% (listed in # 8, above, under Video Draw Poker at OTB) to 6%.

Proposed law retains present law but requires that all such proceeds be first deposited into the state treasury, credited to the Bond Security and Redemption Fund, annually credited to the newly created Horse Industry Economic Sustainability Fund, and appropriated by the legislature in the same amounts and for the same purposes provided in present law as set forth in (1)-(9), above. Proposed law also requires that the use of any funds appropriated to the HBPA, the La. Thoroughbred Breeders Association, or the La. Quarter Horse Breeders Association out of the Horse Industry Economic Sustainability Fund are subject to state laws and regulations governing appropriate expenditures, specifically including PPM 47 which establishes travel policies for all state travel. Additionally, such funds are subject to audit by the legislative auditor.

VIDEO DRAW POKER (NOT AT OTB)

Present law provides for the payment of the following after deposit with the state treasury into the Video Draw Poker Device Purse Supplement Fund:

- (11) Of one-half of one percent (0.50%) of certain video draw poker franchise fees as purse supplements, with two-thirds (2/3) appropriated to the licensed live horse racing associations in the state and one-third (1/3) appropriated to the La. Quarter Horse Breeders Association. (R.S. 27:435(D)(4) and 439(B)(1) and (2)).

Proposed law retains present law but substitutes the Horse Industry Economic Sustainability Fund for the Video Draw Poker Device Purse Supplement Fund.

(Amends R.S. 4:183(A)(intro. para.) and (4)(b) and (B)(intro. para.), 217(B)(intro. para.) and (D)(1)(intro. para.), (a), and (d), and 218(A)(intro. para.) and (1) and R.S. 27:361(B)(4)(b) and (c), 438(B)(4), and 439(A) and (B)(intro. para.); Adds R.S. 4:251.1(C), 252(D), and 280, and R.S. 27:361(B)(4)(a)(iii))