

2015 Regular Session

HOUSE BILL NO. 596

BY REPRESENTATIVE HARRISON

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

GAMING/REVENUE: Provides relative 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 (B),
3 217(B)(introductory paragraph) and (D)(1)(introductory paragraph), (a), and (d), and
4 218(A) and R.S. 27:361(B)(4)(b) and (c), 438(B)(4), and 439(A) and
5 (B)(introductory paragraph) and to enact R.S. 4:251.1(C) and 252(D) and Part VI of
6 Chapter 4 of Title 4 of the Louisiana Revised Statutes of 1950, to be comprised of
7 R.S. 4:280, and R.S. 27:361(B)(4)(a)(iv), relative to gaming funds payable to certain
8 horse racing entities; to require such funds be sent to the state treasury for deposit in
9 the newly created Horse Industry Economic Sustainability Fund; to impose state
10 travel and other regulations on the expenditure of such funds; to provide for review
11 by the legislative auditor; and to provide for related matters.

12 Be it enacted by the Legislature of Louisiana:

13 Section 1. R.S. 4:183(A)(introductory paragraph) and (4)(b) and (B),
14 217(B)(introductory paragraph) and (D)(1)(introductory paragraph), (a), and (d), and 218(A)
15 are hereby amended and reenacted and R.S. 4:251.1(C) and 252(D) and Part VI of Chapter
16 4 of Title 4 of the Louisiana Revised Statutes of 1950, comprised of R.S. 4:280, are hereby
17 enacted to read as follows:

18 HORSE RACING

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

21 A. The monies to be distributed by a licensee as purses to permittees licensed
22 to race horses in Louisiana and the monies to be ~~distributed~~ remitted to the state

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

4 * * *

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

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

15 * * *

16 (d) Two percent shall be ~~distributed to~~ remitted to the state treasurer for
17 deposit into the Horse Industry Economic Sustainability Fund, established by R.S.
18 4:280, for the Horsemen's Benevolent and Protective Association for the use and
19 benefit of such persons and other horsemen as medical and hospital benefits with an
20 amount not to exceed thirty percent thereof to be used for administrative expenses and
21 other costs necessary to provide the benefits.

22 * * *

23 §218. Fees authorization

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

27 (1) Fourteen percent ~~to~~ shall be remitted to the state treasurer for deposit into
28 the Horse Industry Economic Sustainability Fund, established by R.S. 4:280, for the
29 Louisiana Thoroughbred Breeders Association or the Louisiana Quarterhorse

1 Breeders Association for promotion of the appropriate breeding industry and for
2 breeder awards. Distribution shall be in direct proportion to the monies wagered on
3 each breed.

4 (2) Thirty-three percent shall be remitted to the state treasurer, the money
5 shall be available for appropriation to the Louisiana Board of Regents for distribution
6 to public and private institutions of higher education in the state.

7 (3) Fifty-three percent shall be remitted to the state treasurer, the money shall
8 be available for appropriation to the commission to cover administrative costs.

9 * * *

10 §251.1. Horsemen's Self-Help Pension Program; legislative findings; authority

11 * * *

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

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

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

20 * * *

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

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

1 PART VI. HORSE INDUSTRY ECONOMIC SUSTAINABILITY FUND

2 §280. Horse Industry Economic Sustainability Fund

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

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

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

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

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

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

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

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

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

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

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

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

27 D. The use of any and all funds appropriated to the Horsemen's Benevolent
28 and Protective Association, the Louisiana Thoroughbred Breeders Association, or the
29 Louisiana Quarter Horse Breeders Association are subject to all state laws, rules, and

1 regulations governing appropriate expenditures, including PPM49 Travel Polices and
2 Procedures established and maintained by the office of state purchasing and travel,
3 division of administration, and each entity shall be subject to audit by the legislative
4 auditor for determination that these monies have been used appropriately.

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

8 SLOTS AT THE TRACK

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

10 * * *

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

14 * * *

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

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

22 * * *

23 (iv) The amounts dedicated to the Horsemen's Benevolent and Protective
24 Association pursuant to Items (i), (ii), and (iii) of this Subparagraph shall be remitted
25 by the owner of the licensed eligible facility to the state treasurer for deposit into the
26 Horse Industry Economic Sustainability Fund as established by R.S. 4:280.

27 (b)(i) The licensed eligible facility shall pay annually a fixed percentage of
28 two percent of the annual net slot machine proceeds received from slot machine

1 gaming operations at the licensed eligible facility to the Executive Committee of the
2 Louisiana Thoroughbred Breeders' Association.

3 (ii) 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 (iii) The amounts dedicated to the Louisiana Thoroughbred Breeders'
8 Association pursuant to Item (i) of this Subparagraph shall be remitted by the owner
9 of the licensed eligible facility to the state treasurer for deposit into the Horse Industry
10 Economic Sustainability Fund as established by R.S. 4:280.

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

15 (ii) 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 breeders'
18 awards to the breeders of accredited Louisiana-bred quarter horses.

19 (iii) The amounts dedicated to the Louisiana Quarter Horse Breeders
20 Association pursuant to Item (i) of this Subparagraph shall be remitted by the owner
21 of the licensed eligible facility to the state treasurer for deposit into the Horse Industry
22 Economic Sustainability Fund as established by R.S. 4:280.

23 * * *

24 VIDEO DRAW POKER AT OTB

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

27 * * *

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

3 * * *

4 (4) Four percent of all monies earned or authorized in accordance with the
5 provisions of this Section for purse supplements shall be ~~paid to the authorized~~
6 ~~representative of the horsemen~~ remitted by the owner of the licensed establishment
7 to the state treasurer for deposit into the Horse Industry Economic Sustainability
8 Fund, established by R.S. 4:280, for the use and benefit of ~~such persons and other~~
9 ~~horsemen~~ and such other persons as medical and hospital benefits. However,
10 provisions of this Paragraph shall not apply if provisions of R.S. 4:183 as currently
11 in effect require such a deduction from monies earned for purse supplements under
12 this Section, and provisions of this Paragraph would result in duplication of
13 designated funds for hospitalization for horsemen.

14 * * *

15 §439. Video Draw Poker Device Purse Supplement Fund; distribution and
16 expenditure

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

28 B. Monies in the ~~Video Draw Poker Device Purse Supplement Fund~~ Horse
29 Industry Economic Sustainability Fund shall be annually appropriated to the

1 Louisiana State Racing Commission within the office of the governor, and shall be
2 allocated by the commission as follows:

3 * * *

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)]

HB 596 Original

2015 Regular Session

Harrison

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) and (4)(b) and (B), 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)(iv))