

AN ACT

ENTITLED, An Act to authorize account wagering and multi-jurisdictional simulcasting and interactive wagering totalizator hubs and to revise certain provisions regarding pari-mutuel racing.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

Section 1. That § 42-7-56 be amended to read as follows:

42-7-56. The commission shall:

- (1) Provide for racing under the certificate system;
- (2) Perform quasi-legislative, quasi-judicial, and advisory functions excluding special budgetary functions as defined in § 1-32-1;
- (3) Set racing dates;
- (4) Promulgate rules pursuant to chapter 1-26 for effectively preventing the use of any substance, compound items, or combination thereof of any medicine, narcotic, stimulant, depressant, or anesthetic which could alter the normal performance of a racing animal unless specifically authorized by the commission;
- (5) Supervise and check the making of pari-mutuel pools, pari-mutuel machines, and equipment used within the state;
- (6) Promulgate rules pursuant to chapter 1-26 governing, restricting, or regulating bids on licensees' concessions and leases on equipment;
- (7) Approve all proposed extensions, additions, or improvements to the buildings, stables, or tracts upon property owned or leased by a licensee;
- (8) Exclude from race courses or other pari-mutuel facilities any person who violates the racing laws or any rule or order of the commission or is not eligible for licensing in another racing jurisdiction;

- (9) Compel the production of all documents showing the receipts and disbursements of any licensee and determine the manner in which the financial records shall be kept;
- (10) Investigate the operations of any licensee and cause the various places where the certificate system is operated to be visited and inspected at reasonable intervals for the purpose of satisfying itself that the rules are strictly complied with;
- (11) Request appropriate state officials to perform inspections necessary for the health and safety of spectators, employees, participants, and animals that are lawfully on the race track;
- (12) License all participants in the racing industry and require and obtain such information as the commission deems necessary from licensed applicants;
- (13) Promulgate and enforce additional rules pursuant to chapter 1-26, and conditions under which all horse and dog races held shall be conducted and promulgate rules pursuant to chapter 1-26 to preserve the integrity and security of racing;
- (14) License all facilities at which money is collected or disbursed under the certificate system;
- (15) Promulgate rules pursuant to chapter 1-26 for the authorization, regulation, and auditing of account wagering on horse and dog racing authorized by this chapter;
- (16) Promulgate rules pursuant to chapter 1-26 regarding the licensing and regulation of multi-jurisdictional totalizator hubs and the employees of such facilities; and
- (17) Promulgate rules pursuant to chapter 1-26 to establish application fees and initial system audit fees that shall be used to conduct the background investigation of the applicant and the initial system audit of the multi-jurisdictional totalizator hub. If the commission or the executive secretary determines that the actual cost of the background investigation or initial system audit will exceed the amount of the fees paid, the commission may assess the actual cost of the background investigation or initial system audit, including the costs

for personnel and travel, against the applicant.

Section 2. That § 42-7-58.7 be amended to read as follows:

42-7-58.7. Notwithstanding any other provisions of this chapter, the commission may accept and consider applications at any time for operation of satellite facilities and multi-jurisdictional totalizator hubs to be operated under the certificate system and issue a license at any time for the operation of the facilities or hubs, if the facilities or hubs only allow wagering on horse and dog racing authorized by this chapter.

Section 3. That § 42-7-60 be amended to read as follows:

42-7-60. Every person applying for a license under §§ 42-7-58, 42-7-58.1, and 42-7-56(16) shall give bond payable to the State of South Dakota with good security to be approved by the commission. The bond shall be the amount which the commission determines is adequate to protect the amount normally due and owing to the commission in a sixty-day period or, in the case of new or altered conditions, based on the projected revenues and to guarantee proper payout of wagers.

The commission may waive the bond. In such event, the amount of taxes and fees due and owing the state shall be a lien on the license to operate. The lack of timely payment shall be cause for revocation or suspension of the license to operate.

Section 4. That § 42-7-65 be amended to read as follows:

42-7-65. All transfers of licenses to collect or disburse money under the certificate system or transfers of stock in a corporation holding a license shall be subject to prior review and approval by the commission, and the disclosure requirements as provided in § 42-7-59. The commission may approve minor transfers of stock without a hearing. The commission shall apply the standards provided in § 42-7-91 in determining whether it shall permit a transfer of stock.

Section 5. That § 42-7-71 be amended to read as follows:

42-7-71. One-fourth of all money received by the state treasurer under this chapter from licensees

operating horse racing tracks shall be placed in a special revenue fund to be known as the South Dakota-bred racing fund. The fund shall be used by the commission to encourage horse racing and the raising and breeding of horses in South Dakota and shall be used for the purpose of providing compensation to South Dakota-bred horses and providing funds to all horsetracks licensed in South Dakota.

Section 6. That § 42-7-82 be amended to read as follows:

42-7-82. Claims for any part of a redistribution from a pari-mutuel pool shall be made within one year from the date on which the race was held or be forever barred. Any sums so barred shall become the property of the licensee conducting the meet or providing the simulcast signal from the host track to the satellite facility or the multi-jurisdictional totalizator hub at which the contribution was made.

Section 7. That § 42-7-89 be amended to read as follows:

42-7-89. The payments required in §§ 42-7-63, 42-7-79, 42-7-85, 42-7-88, and 42-7-102 to be made by the licensee to the state treasurer are in lieu of all other or further excise or occupational taxes to the state or any county, municipality, or other political subdivision.

Section 8. That § 42-7-91 be amended to read as follows:

42-7-91. The commission may refuse, suspend, or withdraw licenses under the certificate system and privileges granted by it or terminate license privileges for just cause. Those things constituting just cause are:

- (1) Any action or attempted action by a person contrary to the provisions of this chapter and law;
- (2) Corrupt practices, which include but are not limited to:
 - (a) Prearranging or attempting to prearrange the order of finish of a race;
 - (b) Failing to properly pay the winnings to a bettor or to properly return change to a bettor upon purchasing a ticket;

- (c) Falsifying or manipulating the odds on any entrant in a race;
- (3) Any violation of the rules of racing adopted by the commission;
- (4) Falsification or misstatement of fact in an application for any license issued pursuant to this chapter;
- (5) Material false statement to a racing official or to the commission;
- (6) Willful disobedience of a commission order or of a lawful order of a racing official other than a commissioner;
- (7) Continued failure or inability to meet financial obligations connected with the licensee's business, occupation or profession performed or engaged on the track grounds;
- (8) Failure or inability to maintain properly a race track;
- (9) The refusal to license, or the suspension, or the revocation of a racing license by another racing jurisdiction.

Section 9. That § 42-7-102 be amended to read as follows:

42-7-102. Notwithstanding any other provision of this chapter, the commission may authorize any licensee to participate in an interstate combined wagering pool with one or more other racing jurisdictions. If a licensee participates in an interstate combined wagering pool, the licensee may adopt the take-out of the host jurisdiction or facility. The State of South Dakota shall receive one and one-half percent of the total contributed in this state, and the special racing revolving fund and the South Dakota-bred racing fund shall each receive one and one-half percent of the total contributed in this state. However, if the licensee participating in the interstate combined wagering pool is a multi-jurisdictional totalizator hub, the total portion to be received by the state shall be one-fourth of one percent of the total contributed through the hub, of which the special racing revolving fund shall receive one-fifth of one percent of the total contributed through the hub and the South Dakota-bred racing fund shall receive one-twentieth of one percent of the total contributed through the hub.

Any such interstate combined wagering pool may only apply to horse and dog racing authorized by this chapter.

Section 10. Nothing in this Act authorizes internet gambling otherwise prohibited by chapter 22-25A.

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I certify that the attached Act originated in the

SENATE as Bill No. 95

Secretary of the Senate

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President of the Senate

Attest:

Secretary of the Senate

Speaker of the House

Attest:

Chief Clerk

Senate Bill No. 95
File No. _____
Chapter No. _____

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Received at this Executive Office this _____ day of _____ ,

20____ at _____ M.

By _____
for the Governor

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The attached Act is hereby approved this _____ day of _____ , A.D., 20____

Governor

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STATE OF SOUTH DAKOTA,
ss.

Office of the Secretary of State

Filed _____ , 20____
at _____ o'clock __ M.

Secretary of State

By _____
Asst. Secretary of State