

# HOUSE BILL No. 1004

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 4-31; IC 4-33-12-6.

**Synopsis:** Slot machine gaming at racetracks. Requires the Indiana horse racing commission to authorize slot machine gaming at racetracks under certain circumstances. Allows a person who holds a permit to conduct pari-mutuel horse racing meetings and who conducted a live racing meeting at a racetrack before January 1, 1998, to apply to the commission to receive a slot machine gaming license. Provides that a slot machine gaming license may be issued to a racetrack permit holder only if the voters of the municipality containing the racetrack have approved slot machine gaming. Imposes a tax on the adjusted gross receipts received from slot machine gaming at the rate of 28% of the amount of slot machine gaming adjusted  
(Continued next page)

**Effective:** July 1, 1998.

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## Webber

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January 6, 1998, read first time and referred to Committee on Public Policy, Ethics and Veterans Affairs.

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## Digest Continued

gross receipts. Establishes the slot machine gaming account within the state general fund. Provides that 28.6% of the tax revenue is paid to the Indiana horse racing commission for purses and breed development and that 71.4% of the tax revenue is deposited in the slot machine gaming account. Appropriates amounts from the account to the Indiana horse racing commission sufficient to pay for the commission's oversight of slot machine gaming at racetracks. Specifies that from the amount remaining in the account after the appropriation to the commission for administration: (1) 25% of the tax revenue is paid to the municipality in which a racetrack that conducts slot machine gaming is located; and (2) 75% of the tax revenue is paid to the Marion County capital improvement board, the housing trust fund, and the build Indiana fund lottery and gaming surplus account. Provides that if slot machines are installed at a racetrack, the part of the \$0.65 of the admissions tax collected from each person embarking on a riverboat and paid to the Indiana horse racing commission for distribution to racetracks is paid instead to the build Indiana fund lottery and gaming surplus account.



Introduced

Second Regular Session 110th General Assembly (1998)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 1997 General Assembly.

## HOUSE BILL No. 1004

A BILL FOR AN ACT to amend the Indiana Code concerning state offices and administration and to make an appropriation.

*Be it enacted by the General Assembly of the State of Indiana:*

1 SECTION 1. IC 4-31-2-1.5 IS ADDED TO THE INDIANA CODE  
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
3 1, 1998]: **Sec. 1.5. "Adjusted gross receipts" means:**  
4 (1) **gross receipts; minus**  
5 (2) **the sum of:**  
6 (A) **all cash paid out as winnings to patrons; and**  
7 (B) **uncollectible slot machine gaming receivables of not**  
8 **more than the lesser of:**  
9 (i) **a reasonable provision for uncollectible patron**  
10 **checks received from slot machine gaming; or**  
11 (ii) **two percent (2%) of the total, including checks,**  
12 **collected or uncollected, less the amount paid out as**  
13 **winnings to patrons.**  
14 SECTION 2. IC 4-31-2-5.7 IS ADDED TO THE INDIANA CODE  
15 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY

1998

IN 1004—LS 6177/DI 79+



1 1, 1998]: **Sec. 5.7. "Department" refers to the department of state**  
 2 **revenue.**

3 SECTION 3. IC 4-31-2-7.5 IS ADDED TO THE INDIANA CODE  
 4 AS A **NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY**  
 5 **1, 1998]: Sec. 7.5. (a) "Gross receipts" means the total of all cash,**  
 6 **checks, and property, collected or uncollected, that is received by**  
 7 **a permit holder for slot machine gaming.**

8 **(b) For purposes of this section, a countercheck or personal**  
 9 **check that is invalid or unenforceable under this article is**  
 10 **considered cash received by the permit holder from slot machine**  
 11 **gaming.**

12 SECTION 4. IC 4-31-2-20.8 IS ADDED TO THE INDIANA  
 13 CODE AS A **NEW SECTION TO READ AS FOLLOWS**  
 14 **[EFFECTIVE JULY 1, 1998]: Sec. 20.8. "Slot machine" means a**  
 15 **gambling device that, upon the insertion of a coin or other**  
 16 **consideration, operates:**

17 **(1) completely automatically or with the aid of a physical act**  
 18 **by a player; and**

19 **(2) in a manner that, depending upon elements of chance,**  
 20 **may eject something of value.**

21 SECTION 5. IC 4-31-3-9 IS AMENDED TO READ AS  
 22 FOLLOWS [EFFECTIVE JULY 1, 1998]: **Sec. 9. The commission**  
 23 **may:**

24 **(1) adopt rules under IC 4-22-2, including emergency rules**  
 25 **under IC 4-22-2-37.1, to implement this article, including rules**  
 26 **that prescribe:**

27 **(A) the forms of wagering that are permitted;**

28 **(B) the number of races;**

29 **(C) the procedures for wagering;**

30 **(D) the wagering information to be provided to the public;**

31 **(E) fees for the issuance and renewal of:**

32 **(i) permits under IC 4-31-5;**

33 **(ii) satellite facility licenses under IC 4-31-5.5; and**

34 **(iii) licenses for slot machine gaming under**  
 35 **IC 4-31-5.7; and**

36 ~~(iii)~~ **(iv) licenses for racetrack personnel and racing**  
 37 **participants under IC 4-31-6;**

38 **(F) investigative fees;**

39 **(G) fines and penalties; and**

40 **(H) slot machines that are approved by the commission**  
 41 **for slot machine gaming; and**

42 ~~(H)~~ **(I) any other regulation that the commission determines**



1 is in the public interest in the conduct of:

2 (i) **slot machine gaming; and**

3 (ii) recognized meetings and wagering on horse racing;  
4 in Indiana;

5 (2) appoint employees in the manner provided by IC 4-15-2 and  
6 fix their compensation, subject to the approval of the budget  
7 agency under IC 4-12-1-13;

8 (3) enter into contracts necessary to implement this article; and

9 (4) receive and consider recommendations from ~~an advisory a~~  
10 development **advisory** committee established under IC 4-31-11.

11 **SECTION 6. IC 4-31-5.7 IS ADDED TO THE INDIANA CODE**  
12 **AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE**  
13 **JULY 1, 1998]:**

14 **Chapter 5.7. Slot Machine Gaming Licenses**

15 **Sec. 1. The commission shall:**

16 (1) **authorize slot machine gaming at racetracks; and**

17 (2) **issue slot machine gaming licenses;**

18 **under this chapter.**

19 **Sec. 2. A permit holder who conducted a live racing meeting**  
20 **at a racetrack before January 1, 1998, may apply to the**  
21 **commission to receive a slot machine gaming license.**

22 **Sec. 3. The commission shall issue a slot machine gaming**  
23 **license to a permit holder described in section 2 of this chapter if:**

24 (1) **the permit holder satisfies the requirements of this**  
25 **chapter and the rules adopted by the commission to operate**  
26 **slot machines; and**

27 (2) **the voters of a municipality where the permit holder will**  
28 **operate slot machines have approved slot machine gaming in**  
29 **the municipality under section 6 of this chapter.**

30 **Sec. 4. A slot machine gaming license issued under this chapter**  
31 **may authorize a permit holder to operate not more than:**

32 (1) **one thousand (1,000) slot machines in the permit holder's**  
33 **racetrack facility if the racetrack conducts live racing**  
34 **meetings that involve thoroughbred horses but not**  
35 **standardbred horses on at least fifty (50) racing days each**  
36 **year;**

37 (2) **one thousand (1,000) slot machines in the permit holder's**  
38 **racetrack facility if the racetrack conducts live racing**  
39 **meetings that involve standardbred horses but not**  
40 **thoroughbred horses on at least one hundred (100) racing**  
41 **days each year; and**

42 (3) **two thousand (2,000) slot machines in the permit holder's**



1 racetrack facility if the racetrack conducts live racing  
2 meetings that involve both:

3 (A) thoroughbred horses on at least fifty (50) racing  
4 days each year; and

5 (B) standardbred horses on at least one hundred (100)  
6 racing days each year.

7 **Sec. 5.** Slot machine gaming may take place only at the  
8 racetrack facility of a permit holder who is issued a slot machine  
9 gaming license under this chapter.

10 **Sec. 6. (a)** Before the commission may issue a slot machine  
11 gaming license under this chapter to allow slot machine gaming at  
12 a racetrack, the voters of the municipality where the racetrack is  
13 located must approve slot machine gaming in the municipality.

14 (b) If at least the number of registered voters of the  
15 municipality equal to two percent (2%) of the total votes cast in the  
16 municipality at the last election for secretary of state sign a petition  
17 submitted to the circuit court clerk of the county in which the  
18 municipality is located, requesting that a local public question  
19 concerning slot machine gaming at a racetrack be placed on the  
20 ballot, the county election board of the county in which the  
21 municipality is located shall place the following question on the  
22 ballot for the next general election:

23 "Shall licenses be issued to allow slot machine gaming at a  
24 pari-mutuel racetrack in \_\_\_\_\_ (insert name of  
25 municipality)?"

26 (c) A public question under this section must be placed on the  
27 ballot in accordance with IC 3-10-9.

28 (d) The circuit court clerk of the county that has a  
29 municipality holding an election under this chapter shall certify the  
30 results determined under IC 3-12-4-9 to the commission and the  
31 department.

32 (e) A special election may be held under this section if an  
33 applicant for a slot machine gaming license pays in advance of the  
34 election the cost of the expenses of holding the special election, as  
35 determined by the election board.

36 **Sec. 7. (a)** A slot machine gaming license issued under this  
37 chapter:

38 (1) is valid for one (1) year; and

39 (2) begins on January 1 of the year in which the license is  
40 issued.

41 (b) An application for renewal of a slot machine gaming  
42 license must be made annually.



1 SECTION 7. IC 4-31-7.5 IS ADDED TO THE INDIANA CODE  
 2 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
 3 JULY 1, 1998]:

4 **Chapter 7.5. Slot Machine Gaming**

5 **Sec. 1. A person less than twenty-one (21) years of age may not**  
 6 **engage in slot machine gaming.**

7 **Sec. 2. A slot machine used for slot machine gaming must be**  
 8 **approved by the commission.**

9 **Sec. 3. A person that holds a slot machine gaming license**  
 10 **under IC 4-31-5.7 shall maintain complete records for each slot**  
 11 **machine concerning the amounts wagered and the amounts paid**  
 12 **out as winnings.**

13 **Sec. 4. The commission may require a permit holder that is a**  
 14 **slot machine gaming licensee under IC 4-31-5.7 to install**  
 15 **safeguards to ensure the integrity of slot machine gaming.**

16 SECTION 8. IC 4-31-9-0.5 IS ADDED TO THE INDIANA CODE  
 17 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
 18 1, 1998]: **Sec. 0.5. This chapter does not apply to money wagered in**  
 19 **slot machine gaming that is taxed and distributed under**  
 20 **IC 4-31-9.5.**

21 SECTION 9. IC 4-31-9.5 IS ADDED TO THE INDIANA CODE  
 22 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
 23 JULY 1, 1998]:

24 **Chapter 9.5. Taxation and Distribution of Revenues from Slot**  
 25 **Machine Gaming**

26 **Sec. 1. This chapter does not apply to money wagered in**  
 27 **pari-mutuel wagering that is taxed and distributed under**  
 28 **IC 4-31-9.**

29 **Sec. 2. (a) A tax is imposed on the adjusted gross receipts**  
 30 **received from slot machine gaming authorized under this article at**  
 31 **the rate of twenty-eight percent (28%) of the amount of the**  
 32 **adjusted gross receipts.**

33 **(b) A permit holder shall remit the tax imposed by this chapter**  
 34 **to the department before the close of the business day following the**  
 35 **day the wagers are made.**

36 **(c) The department may require payment under this section to**  
 37 **be made by electronic funds transfer (as defined in IC 4-8.1-2-7(f)).**

38 **(d) If the department requires taxes to be remitted under this**  
 39 **chapter through electronic funds transfer, the department may**  
 40 **allow the permit holder to file a monthly report to reconcile the**  
 41 **amounts remitted to the department.**

42 **(e) The tax imposed under this section shall be distributed as**



1 follows:

2 (1) Seventy-one and four-tenths percent (71.4%) of the tax  
3 collected under this section shall be deposited in the slot  
4 machine gaming account established by section 3 of this  
5 chapter.

6 (2) Twenty-eight and six-tenths percent (28.6%) of the tax  
7 collected under this section shall be paid to the Indiana horse  
8 racing commission for the purposes described in section 4 of  
9 this chapter.

10 **Sec. 3. (a)** The slot machine gaming account is established in  
11 the state general fund. The account shall be administered by the  
12 commission.

13 (b) The department shall deposit tax revenue collected under  
14 this chapter in the slot machine gaming account as provided in  
15 section 2(e)(1) of this chapter.

16 (c) Expenses of administering the account shall be paid from  
17 money in the account. The account consists of money deposited in  
18 the account under this chapter.

19 (d) The treasurer of state shall invest the money in the account  
20 not currently needed to meet the obligations of the account in the  
21 same manner as other public money may be invested.

22 (e) Money in the account at the end of a state fiscal year does  
23 not revert to any other account within the state general fund.

24 (f) Sufficient funds are annually appropriated to the  
25 commission from the slot machine gaming account to administer  
26 the oversight of slot machine gaming under this article.

27 **Sec. 4. (a)** The department shall pay the funds to the Indiana  
28 horse racing commission as provided in section 2(e)(2) of this  
29 chapter.

30 (b) Funds paid to the Indiana horse racing commission under  
31 subsection (a) are annually appropriated to the Indiana horse  
32 racing commission to make grants to a racetrack for purses and  
33 breed development at the racetrack.

34 (c) A grant under subsection (b):

- 35 (1) may not be used for long term capital investment; and  
36 (2) may not be made to a racetrack before the racetrack  
37 becomes operational and is offering a racing schedule.

38 **Sec. 5.** After funds from the slot machine gaming account are  
39 appropriated under section 3 of this chapter, each month the  
40 treasurer of state shall distribute the tax revenue deposited in the  
41 slot machine gaming account under this chapter as follows:

42 (1) Twenty-five percent (25%) of the tax revenue remitted by



1 each permit holder shall be paid to the municipality in which  
 2 the permit holder's racetrack is located.

3 (2) Seventy-five percent (75%) of the tax revenue remitted  
 4 by each licensed owner shall be paid as follows:

5 (A) The first twenty-seven million dollars (\$27,000,000)  
 6 shall be paid to a capital improvement board established  
 7 in IC 36-10-9.

8 (B) If any funds remain after the payment under clause  
 9 (A), the next thirteen million dollars (\$13,000,000) shall  
 10 be paid to the housing trust fund established in  
 11 IC 5-20-4.

12 (C) If any funds remain after the payment under clauses  
 13 (A) and (B), the remainder of the funds shall be paid to  
 14 the build Indiana fund lottery and gaming surplus  
 15 account.

16 SECTION 10. IC 4-33-12-6, AS AMENDED BY P.L.90-1997,  
 17 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 18 JULY 1, 1998]: Sec. 6. (a) The department shall place in the state  
 19 general fund the tax revenue collected under this chapter.

20 (b) Except as provided by subsection (c), the treasurer of state  
 21 shall quarterly pay the following amounts:

22 (1) One dollar (\$1) of the admissions tax collected by the  
 23 licensed owner for each person embarking on a riverboat during  
 24 the quarter shall be paid to:

25 (A) the city in which the riverboat is docked, if the city:

26 (i) is described in IC 4-33-6-1(a)(1) through  
 27 IC 4-33-6-1(a)(4) or in IC 4-33-6-1(b); or

28 (ii) is contiguous to the Ohio River and is the largest  
 29 city in the county; and

30 (B) the county in which the riverboat is docked, if the  
 31 riverboat is not docked in a city described in clause (A).

32 (2) One dollar (\$1) of the admissions tax collected by the  
 33 licensed owner for each person embarking on a riverboat during  
 34 the quarter shall be paid to the county in which the riverboat is  
 35 docked. In the case of a county described in subdivision (1)(B),  
 36 this one dollar (\$1) is in addition to the one dollar (\$1) received  
 37 under subdivision (1)(B).

38 (3) Ten cents (\$0.10) of the admissions tax collected by the  
 39 licensed owner for each person embarking on a riverboat during  
 40 the quarter shall be paid to the county convention and visitors  
 41 bureau or promotion fund for the county in which the riverboat  
 42 is docked.



1 (4) Fifteen cents (\$0.15) of the admissions tax collected by the  
 2 licensed owner for each person embarking on a riverboat during  
 3 a quarter shall be paid to the state fair commission, for use in any  
 4 activity that the commission is authorized to carry out under  
 5 IC 15-1.5-3.

6 (5) Ten cents (\$0.10) of the admissions tax collected by the  
 7 licensed owner for each person embarking on a riverboat during  
 8 the quarter shall be paid to the division of mental health. The  
 9 division shall allocate at least twenty-five percent (25%) of the  
 10 funds derived from the admissions tax to the prevention and  
 11 treatment of compulsive gambling.

12 (6) Sixty-five cents (\$0.65) of the admissions tax collected by the  
 13 licensed owner for each person embarking on a riverboat during  
 14 the quarter shall be paid to the Indiana horse racing commission  
 15 to be distributed as follows, in amounts determined by the  
 16 Indiana horse racing commission, for the promotion and  
 17 operation of horse racing in Indiana:

18 (A) To one (1) or more breed development funds  
 19 established by the Indiana horse racing commission under  
 20 IC 4-31-11-10.

21 (B) To a racetrack that was approved by the Indiana horse  
 22 racing commission under IC 4-31. The commission may  
 23 make a grant under this clause only for purses, promotions,  
 24 and routine operations of the racetrack. No grants shall be  
 25 made for long term capital investment or construction and  
 26 no grants shall be made before the racetrack becomes  
 27 operational and is offering a racing schedule.

28 **However, if slot machines have been installed at a racetrack**  
 29 **under IC 4-31-5.7, the sixty-five cents (\$0.65) of the**  
 30 **admissions tax collected by the licensed owner for each**  
 31 **person embarking on a riverboat during the quarter shall be**  
 32 **paid to the build Indiana fund lottery and gaming surplus**  
 33 **account.**

34 (c) With respect to tax revenue collected from a riverboat that  
 35 operates on Patoka Lake, the treasurer of state shall quarterly pay the  
 36 following amounts:

37 (1) The counties described in IC 4-33-1-1(3) shall receive one  
 38 dollar (\$1) of the admissions tax collected for each person  
 39 embarking on the riverboat during the quarter. This amount shall  
 40 be divided equally among the counties described in  
 41 IC 4-33-1-1(3).

42 (2) The Patoka Lake development account established under



- 1 IC 4-33-15 shall receive one dollar (\$1) of the admissions tax  
 2 collected for each person embarking on the riverboat during the  
 3 quarter.
- 4 (3) The resource conservation and development program that:  
 5 (A) is established under 16 U.S.C. 3451 et seq.; and  
 6 (B) serves the Patoka Lake area;  
 7 shall receive forty cents (\$0.40) of the admissions tax collected  
 8 for each person embarking on the riverboat during the quarter.
- 9 (4) The state general fund shall receive fifty cents (\$0.50) of the  
 10 admissions tax collected for each person embarking on the  
 11 riverboat during the quarter.
- 12 (5) The division of mental health shall receive ten cents (\$0.10)  
 13 of the admissions tax collected for each person embarking on the  
 14 riverboat during the quarter. The division shall allocate at least  
 15 twenty-five percent (25%) of the funds derived from the  
 16 admissions tax to the prevention and treatment of compulsive  
 17 gambling.
- 18 (d) Money paid to a unit of local government under subsection  
 19 (b)(1) through (b)(2) or subsection (c)(1):  
 20 (1) must be paid to the fiscal officer of the unit and may be  
 21 deposited in the unit's general fund or riverboat fund established  
 22 under IC 36-1-8-9, or both;  
 23 (2) may not be used to reduce the unit's maximum or actual levy  
 24 under IC 6-1.1-18.5; and  
 25 (3) may be used for any legal or corporate purpose of the unit,  
 26 including the pledge of money to bonds, leases, or other  
 27 obligations under IC 5-1-14-4.
- 28 (e) Money paid by the treasurer of state under subsection (b)(3)  
 29 shall be:  
 30 (1) deposited in:  
 31 (A) the county convention and visitor promotion fund; or  
 32 (B) the county's general fund if the county does not have a  
 33 convention and visitor promotion fund; and  
 34 (2) used only for the tourism promotion, advertising, and  
 35 economic development activities of the county and community.
- 36 (f) Money received by the division of mental health under  
 37 subsections (b)(5) and (c)(5):  
 38 (1) is annually appropriated to the division of mental health;  
 39 (2) shall be distributed to the division of mental health at times  
 40 during each state fiscal year determined by the budget agency;  
 41 and  
 42 (3) shall be used by the division of mental health for programs



1 and facilities for the prevention and treatment of addictions to  
2 drugs, alcohol, and compulsive gambling, including the creation  
3 and maintenance of a toll free telephone line to provide the  
4 public with information about these addictions. The division  
5 shall allocate at least twenty-five percent (25%) of the money  
6 received to the prevention and treatment of compulsive  
7 gambling.

