

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 2012 Regular Session of the General Assembly.

SENATE ENROLLED ACT No. 609

AN ACT to amend the Indiana Code concerning gaming.

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

SECTION 1. IC 4-31-3-8, AS AMENDED BY P.L.2-2008, SECTION 18, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 8. The commission shall:

- (1) prescribe the rules and conditions under which horse racing at a recognized meeting may be conducted;
- (2) initiate safeguards as necessary to account for the amount of money wagered at each track or satellite facility in each wagering pool;
- (3) require all permit holders to provide a photographic or videotape recording, approved by the commission, of the entire running of all races conducted by the permit holder;
- (4) make annual reports concerning: ~~its~~
 - (A) **the competitive status of the Indiana horse racing industry as compared to the horse racing industries of other states and measured by purse, handle, and any other factors determined by the commission;**
 - (B) **the commission's operations;** and
 - (C) **the commission's recommendations;**to the governor and, in an electronic format under IC 5-14-6, to the general assembly; ~~and~~
- (5) carry out the provisions of IC 15-19-2, after considering



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recommendations received from the Indiana standardbred advisory board under IC 15-19-2;

(6) develop internal procedures for accepting, recording, investigating, and resolving complaints from licensees and the general public; and

(7) annually post the following information on the commission's Internet web site:

(A) A summary of the disciplinary actions taken by the commission in the preceding calendar year.

(B) A summary of the complaints received and resolved in the preceding calendar year.

SECTION 2. IC 4-31-3-13 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2014]: Sec. 13. (a) The commission shall employ a director of security who is qualified by training and experience in law enforcement or security to supervise, direct, coordinate, and administer the security activities of the commission.

(b) The director of security may do the following:

- (1) Investigate licensees of the commission, including applicants for licenses, necessary to ensure the security and integrity of pari-mutuel racing.
- (2) Investigate an alleged violation of this article or a rule adopted by the commission.
- (3) Enter a permit holder's premises for the performance of the director's lawful duties.
- (4) Conduct searches authorized by IC 4-31-13-4.
- (5) Perform other duties the commission prescribes.

(c) The executive director or the director of security may issue a summons to any licensee who is alleged to have violated this article, the rules of the commission, or an order of the commission. The summons must set forth substantially the nature of the alleged violation and command the licensee to appear before the commission at a stated time and place. However, the stated time for a hearing held under this subsection must be at least thirty (30) days after the issuance of the summons.

SECTION 3. IC 4-31-7-9, AS ADDED BY HEA 1176-2013, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 9. (a) **After December 31, 2013**, the following individuals may not wager on horse racing at a licensed facility:

- (1) A member of the commission.
- (2) An employee of the commission.
- (3) A racing official.



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(4) The spouse of any individual listed in subdivisions (1) through (3).

(b) A person who knowingly or intentionally violates this section commits a Class A misdemeanor.

SECTION 4. IC 4-31-9-1.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1.5. **(a) Except as provided in subsection (b)**, a person that holds a permit to conduct a horse racing meeting or a permit holder licensed to operate a satellite facility shall retain the following amounts from the money withheld under section 1 of this chapter:

(1) For pari-mutuel wagers made at a permit holder's racetrack on live races, an amount equal to:

(A) eight percent (8%) of the total amount of money wagered on win, place, and show pools on each racing day; plus

(B) eleven and one-half percent (11.5%) of the total amount of money wagered on exotic wagering pools on each racing day.

(2) For pari-mutuel wagers made at a permit holder's satellite facility on simulcasts of races originating from the permit holder's racetrack, an amount equal to:

(A) ten percent (10%) of the total amount of money wagered on win, place, and show pools on each day; plus

(B) thirteen and one-half percent (13.5%) of the total amount of money wagered on exotic wagering pools on each day.

(3) On the simulcast of races, for the Indiana sending or Indiana receiving track or its satellite facilities, the amount to be retained, after deducting:

(A) pari-mutuel tax payments owed to Indiana; and

(B) the contractual obligations owed to the racetrack from which the races originated;

shall be determined, subject to the approval of the commission, by one (1) or more contracts between the applicable Indiana permit holders and the applicable horsemen's association.

(b) If requested in writing by a horsemen's association, the commission may reduce the amount that a permit holder must retain under subsection (a)(1), (a)(2), or (a)(3), or any combination of those subdivisions. The commission must find that reducing the amount retained by the permit holder is in the best interests of horse racing in Indiana before granting the horsemen's association's request.

SECTION 5. IC 4-31-9-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 7. (a) This section does not apply to money wagered on simulcasts of horse races televised under

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IC 4-31-7-7.

(b) Each permit holder shall pay a fee after the completion of each racing meeting. This fee is in addition to the taxes imposed by ~~sections~~ **section 3 and 4** of this chapter. Except as provided in subsection (c), the amount of this fee is determined as follows:

(1) If the total amount of wagering at the racing meeting is less than five million dollars (\$5,000,000), the fee is one-tenth of one percent (0.1%) of the total amount wagered.

(2) If the total amount of wagering at the racing meeting is five million dollars (\$5,000,000) or more, the fee is fifteen-hundredths of one percent (0.15%) of the total amount wagered.

(c) The fees collected under this section from any one (1) permit holder may not exceed fifteen thousand dollars (\$15,000) from any one (1) horse racing meeting in a calendar year.

(d) Within ten (10) days after the close of each racing meeting, the permit holder shall forward the fee imposed by this section in equal shares to the fiscal officers of the:

- (1) city, if any;
- (2) town, if any; and
- (3) county;

in which the racing meeting took place. The city, town, or county may use this money as general fund operating revenues.

SECTION 6. IC 4-31-11-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 11. Each development fund consists of:

- (1) breakage and outs paid into the fund under IC 4-31-9-10;
- (2) appropriations by the general assembly;
- (3) gifts;
- (4) stakes payments;
- (5) entry fees; and
- (6) money paid into the fund under ~~IC 4-33-12-6~~ **IC 4-35-7-12**.

SECTION 7. IC 4-31-12-15 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2014]: Sec. 15. (a) The commission may adopt rules under IC 4-22-2 to delegate to the stewards and judges of racing meetings the authority to conduct disciplinary hearings on behalf of the commission. The stewards and judges shall give at least twelve (12) hours notice of any such hearing. The stewards and judges, on behalf of the commission, may impose one (1) or more of the following sanctions against a licensee who violates sections 2 through 13 of this chapter:

- (1) A civil penalty not to exceed ~~one~~ **five** thousand dollars (~~\$1,000~~). **(\$5,000)**.

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(2) A temporary order or other immediate action in the nature of a summary suspension where a licensee's actions constitute an immediate danger to the public health, safety, or welfare.

(3) Suspension of a license held by the licensee for up to ~~sixty (60) days~~: **one (1) year**. The suspension of a license under this subdivision is:

(A) valid even though the suspension extends beyond the period of the racing meeting for which the stewards and judges have been appointed; and

(B) effective at all other racing meetings under the jurisdiction of the commission.

(4) A rule that a person must stay off the premises of one (1) or more permit holders if necessary in the public interest to maintain proper control over recognized meetings.

(5) Referral of the matter to the commission for its consideration.

However, at least two (2) of the stewards or judges must concur in a sanction.

(b) **Unless a suspension of a license or the imposition of a civil penalty under this section is appealed by the person sanctioned not more than fifteen (15) days after being sanctioned**, the suspension of a license or the imposition of a civil penalty under this section must occur within ~~sixty (60)~~ **one hundred eighty (180)** days of the date of the violation.

(c) A sanction under this section may be appealed to the commission. **Judges and stewards imposing sanctions under this section must prove the person's violation by a preponderance of the evidence.** The commission shall adopt rules establishing procedures for appeals and stays of appeals. **The commission shall conduct a hearing on an appeal filed under this section as provided in IC 4-21.5.**

SECTION 8. IC 4-31-12-16 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2014]: Sec. 16. The commission ~~or the commission's designee, as determined under the rules of the commission, on its own motion or in addition to a penalty assessed by the stewards and judges,~~ may impose one (1) or more of the following sanctions against a licensee who violates sections 2 through 13 of this chapter:

(1) Revocation of a license held by the licensee.

(2) Suspension of a license held by the licensee.

(3) A civil penalty not to exceed five thousand dollars (\$5,000).

SECTION 9. IC 4-31-13-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2014]: Sec. 1. (a) The

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commission or the commission's designee, as determined under the rules of the commission, on its own motion or in addition to a penalty assessed by the stewards and judges, may issue orders under IC 4-21.5 to:

- (1) ~~issue~~, deny, suspend, diminish, or revoke permits and licenses as authorized by this article; **and**
- (2) impose civil penalties, in addition to any other penalty imposed by the commission on a person who violates this article or a rule or an order of the commission. ~~and~~
- (3)

(b) The commission or the commission's designee, as determined under the rules of the commission, on its own motion or in addition to a penalty assessed by the stewards and judges, may issue orders under IC 4-21.5 to rule a person off one (1) or more permit holders' premises, if necessary in the public interest to maintain proper control over recognized meetings.

~~(b) Except as provided in IC 4-31-12-16;~~ **(c)** A civil penalty imposed against a licensee under subsection (a)(2) may not exceed five thousand dollars (\$5,000). For purposes of subsection (a)(2), each day during which a violation of this article or a rule or an order of the commission continues to occur constitutes a separate offense.

~~(c)~~ **(d)** Civil penalties imposed under this article shall be deposited in the state general fund.

SECTION 10. IC 4-31-13-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2014]: Sec. 2. (a) The commission may adopt rules under IC 4-22-2 to delegate to the stewards and judges of racing meetings under the jurisdiction of the commission the power to conduct disciplinary hearings on behalf of the commission. The stewards and judges shall give at least twelve (12) hours notice of any such hearing. The stewards and judges, on behalf of the commission, may impose one (1) or more of the following sanctions against a licensee who violates this article or the rules or orders of the commission:

- (1) A civil penalty not to exceed ~~one five~~ thousand dollars ~~(\$1,000); (\$5,000).~~
- (2) A temporary order or other immediate action in the nature of a summary suspension if a licensee's actions constitute an immediate danger to the public health, safety, or welfare.
- (3) Suspension of a license held by the licensee for not more than ~~sixty (60) days; one (1) year.~~ The suspension of a license under this subdivision is:

(A) valid even though the suspension extends beyond the



period of the racing meeting for which the stewards and judges have been appointed; and

(B) effective at all other racing meetings under the jurisdiction of the commission.

(4) A rule that a person must stay off the premises of one (1) or more permit holders if necessary in the public interest to maintain proper control over recognized meetings.

(5) Referral of the matter to the commission for its consideration.

However, at least two (2) of the stewards or judges at a racing meeting must concur in a suspension or civil penalty.

(b) **Unless a suspension of a license or the imposition of a civil penalty under this section is appealed by the person sanctioned not more than fifteen (15) days after being sanctioned,** the suspension of a license or the imposition of a civil penalty under this section must occur within ~~sixty (60)~~ **one hundred eighty (180)** days after the date of the violation.

(c) A suspension or civil penalty under this section may be appealed to the commission. **Judges and stewards imposing sanctions under this section must prove the person's violation by a preponderance of the evidence.** The commission shall adopt rules establishing procedures for appeals and stays of appeals. **The commission shall conduct a hearing on an appeal filed under this section as provided in IC 4-21.5.**

SECTION 11. IC 4-31-13-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 7. (a) This section applies to the following persons:

- (1) Judges.
- (2) Racing secretaries.
- (3) Employees in the racing secretary's office.
- (4) Starters.
- (5) Assistant starters.
- (6) Assistants to the state veterinarian.
- (7) Any other racing official. ~~of a permit holder whose appointment must be reported to and approved by the commission under IC 4-31-5-5.~~

(b) When a person listed in subsection (a) is serving in an official capacity at a racetrack, a horse in which the person (or the person's spouse or child) has a direct or indirect interest may not be raced at that racetrack.

SECTION 12. IC 4-35-2-2, AS ADDED BY P.L.233-2007, SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 2. "Adjusted gross receipts" means:



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(1) the total of all cash and property (including checks received by a licensee, whether collected or not) received by a licensee from gambling games, **including amounts that are distributed by a licensee under IC 4-35-7-12**; minus

(2) the total of:

(A) all cash paid out to patrons as winnings for gambling games; and

(B) uncollectible gambling game receivables, not to exceed the lesser of:

(i) a reasonable provision for uncollectible patron checks received from gambling games; or

(ii) two percent (2%) of the total of all sums, including checks, whether collected or not, less the amount paid out to patrons as winnings for gambling games.

For purposes of this section, a counter or personal check that is invalid or unenforceable under this article is considered cash received by the licensee from gambling games.

SECTION 13. IC 4-35-7-12, AS AMENDED BY P.L.229-2011, SECTION 60, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 12. (a) The Indiana horse racing commission shall enforce the requirements of this section.

(b) ~~Except as provided in subsection (j)~~; A licensee shall before the fifteenth day of each month distribute **the following amounts for the support of the Indiana horse racing industry**:

(1) An amount equal to fifteen percent (15%) of the adjusted gross receipts of the slot machine wagering from the previous month at the licensee's racetrack ~~as provided in this subsection~~: **each casino operated by the licensee with respect to adjusted gross receipts received after June 30, 2013, and before January 1, 2014.**

(2) **The percentage of the adjusted gross receipts of the slot machine wagering from the previous month at each casino operated by the licensee that is determined under section 16 or 17 of this chapter with respect to adjusted gross receipts received after December 31, 2013.**

(c) The Indiana horse racing commission may not use any of ~~this the~~ money **distributed under this section** for any administrative purpose or other purpose of the Indiana horse racing commission. ~~and the entire amount of the money shall be distributed as provided in this section. A licensee shall pay the first one million five hundred thousand dollars (\$1,500,000) distributed under this section in a state fiscal year to the treasurer of state for deposit in the Indiana tobacco master settlement~~

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agreement fund for the purposes of the tobacco use prevention and cessation program. A licensee shall pay the next two hundred fifty thousand dollars (\$250,000) distributed under this section in a state fiscal year to the Indiana horse racing commission for deposit in the gaming integrity fund established by IC 4-35-8.7-3. After this money has been distributed to the treasurer of state and the Indiana horse racing commission;

(d) A licensee shall distribute the remaining money devoted to horse racing purses and to horsemen's associations under this subsection as follows:

- (1) Five-tenths percent (0.5%) shall be transferred to horsemen's associations for equine promotion or welfare according to the ratios specified in subsection ~~(e)~~: **(g)**.
- (2) Two and five-tenths percent (2.5%) shall be transferred to horsemen's associations for backside benevolence according to the ratios specified in subsection ~~(e)~~: **(g)**.
- (3) Ninety-seven percent (97%) shall be distributed to promote horses and horse racing as provided in subsection ~~(d)~~: **(f)**.

~~(e)~~ **(e)** A horsemen's association shall expend the amounts distributed to the horsemen's association under subsection ~~(b)~~~~(1)~~ **(d)(1)** through ~~(b)~~~~(2)~~ **(d)(2)** for a purpose promoting the equine industry or equine welfare or for a benevolent purpose that the horsemen's association determines is in the best interests of horse racing in Indiana for the breed represented by the horsemen's association. Expenditures under this subsection are subject to the regulatory requirements of subsection ~~(f)~~: **(h)**.

~~(d)~~ **(f)** A licensee shall distribute the amounts described in subsection ~~(b)~~~~(3)~~ **(d)(3)** as follows:

- (1) Forty-six percent (46%) for thoroughbred purposes as follows:
 - (A) Sixty percent (60%) for the following purposes:
 - (i) Ninety-seven percent (97%) for thoroughbred purses.
 - (ii) Two and four-tenths percent (2.4%) to the horsemen's association representing thoroughbred owners and trainers.
 - (iii) Six-tenths percent (0.6%) to the horsemen's association representing thoroughbred owners and breeders.
 - (B) Forty percent (40%) to the breed development fund established for thoroughbreds under IC 4-31-11-10.
- (2) Forty-six percent (46%) for standardbred purposes as follows:
 - (A) Three hundred seventy-five thousand dollars (\$375,000) to the state fair commission to be used by the state fair commission to support standardbred racing and facilities at the state fairgrounds.

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(B) One hundred twenty-five thousand dollars (\$125,000) to the state fair commission to be used by the state fair commission to make grants to county fairs to support standardbred racing and facilities at county fair tracks. The state fair commission shall establish a review committee to include the standardbred association board, the Indiana horse racing commission, and the Indiana county fair association to make recommendations to the state fair commission on grants under this clause.

(C) Fifty percent (50%) of the amount remaining after the distributions under clauses (A) and (B) for the following purposes:

(i) Ninety-six and five-tenths percent (96.5%) for standardbred purses.

(ii) Three and five-tenths percent (3.5%) to the horsemen's association representing standardbred owners and trainers.

(D) Fifty percent (50%) of the amount remaining after the distributions under clauses (A) and (B) to the breed development fund established for standardbreds under IC 4-31-11-10.

(3) Eight percent (8%) for quarter horse purposes as follows:

(A) Seventy percent (70%) for the following purposes:

(i) Ninety-five percent (95%) for quarter horse purses.

(ii) Five percent (5%) to the horsemen's association representing quarter horse owners and trainers.

(B) Thirty percent (30%) to the breed development fund established for quarter horses under IC 4-31-11-10.

Expenditures under this subsection are subject to the regulatory requirements of subsection ~~(f)~~: **(h)**.

~~(e)~~ **(g)** Money distributed under subsection ~~(b)(1)~~ **(d)(1)** and ~~(b)(2)~~ **(d)(2)** shall be allocated as follows:

(1) Forty-six percent (46%) to the horsemen's association representing thoroughbred owners and trainers.

(2) Forty-six percent (46%) to the horsemen's association representing standardbred owners and trainers.

(3) Eight percent (8%) to the horsemen's association representing quarter horse owners and trainers.

~~(f)~~ **(h)** Money distributed under subsection ~~(b)(1)~~; ~~(b)(2)~~; or ~~(b)(3)~~ **this section** may not be expended unless the expenditure is for a purpose authorized in this section and is either for a purpose promoting the equine industry or equine welfare or is for a benevolent purpose that is in the best interests of horse racing in Indiana or the necessary

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expenditures for the operations of the horsemen's association required to implement and fulfill the purposes of this section. The Indiana horse racing commission may review any expenditure of money distributed under ~~subsection (b)(1), (b)(2), or (b)(3)~~ **this section** to ensure that the requirements of this section are satisfied. The Indiana horse racing commission shall adopt rules concerning the review and oversight of money distributed under ~~subsection (b)(1), (b)(2), or (b)(3)~~ **this section** and shall adopt rules concerning the enforcement of this section. The following apply to a horsemen's association receiving a distribution of money under ~~subsection (b)(1), (b)(2), or (b)(3)~~ **this section**:

- (1) The horsemen's association must annually file a report with the Indiana horse racing commission concerning the use of the money by the horsemen's association. The report must include information as required by the commission.
- (2) The horsemen's association must register with the Indiana horse racing commission.

The state board of accounts shall annually audit the accounts, books, and records of the Indiana horse racing commission, each horsemen's association, a licensee, and any association for backside benevolence containing any information relating to the distribution of money under this section.

~~(g)~~ **(i)** The commission shall provide the Indiana horse racing commission with the information necessary to enforce this section.

~~(h)~~ **(j)** The Indiana horse racing commission shall investigate any complaint that a licensee has failed to comply with the horse racing purse requirements set forth in this section. If, after notice and a hearing, the Indiana horse racing commission finds that a licensee has failed to comply with the purse requirements set forth in this section, the Indiana horse racing commission may:

- (1) issue a warning to the licensee;
- (2) impose a civil penalty that may not exceed one million dollars (\$1,000,000); or
- (3) suspend a meeting permit issued under IC 4-31-5 to conduct a pari-mutuel wagering horse racing meeting in Indiana.

~~(i)~~ **(k)** A civil penalty collected under this section must be deposited in the state general fund.

~~(j)~~ **(l)** For a state fiscal year beginning after June 30, 2011, the sum of the amount of money dedicated to the distribution to the Indiana horse racing commission for deposit in the gaming integrity fund and the amount of money dedicated to the purposes described in subsection (b)(1), (b)(2), and (b)(3) for a particular state fiscal year is equal to the lesser of:



(1) the result of:

(A) fifteen percent (15%) of the licensee's adjusted gross receipts for the state fiscal year; minus

(B) one million five hundred thousand dollars (\$1,500,000); or

(2) the result of:

(A) in the state fiscal year beginning July 1, 2011, and ending June 30, 2012:

(i) the sum of the amount dedicated to the distribution to the Indiana horse racing commission for deposit in the gaming integrity fund and the amount dedicated to the purposes described in subsection (b)(1), (b)(2), and (b)(3) in the previous state fiscal year; minus

(ii) one million five hundred thousand dollars (\$1,500,000); and

(B) in a state fiscal year beginning after June 30, 2012, the sum of the amount dedicated to the distribution to the Indiana horse racing commission for deposit in the gaming integrity fund and the amount dedicated to the purposes described in subsection (b)(1), (b)(2), and (b)(3) in the previous state fiscal year;

increased by a percentage that does not exceed the percent of increase in the United States Department of Labor Consumer Price Index during the year preceding the year in which an increase is established.

If the amount specified in subdivision (1) for the state fiscal year exceeds the amount specified in subdivision (2), the licensee shall transfer the amount of the excess to the commission for deposit in the state general fund. The licensee shall adjust the transfers required under this section in the final month of the state fiscal year to comply with the requirements of this subsection.

SECTION 14. IC 4-35-7-15 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: **Sec. 15. (a) This section applies to slot machine wagering occurring after June 30, 2013.**

(b) For each casino operated under this article, a licensee shall on July 15 of each year pay two hundred fifty thousand dollars (\$250,000) to the Indiana horse racing commission for deposit in the gaming integrity fund established by IC 4-35-8.7-3.

SECTION 15. IC 4-35-7-16 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: **Sec. 16. (a) The amount of slot machine revenue that must be distributed under section 12(b)(2) of this chapter must be**

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determined in a distribution agreement entered into by negotiation committees representing all licensees and the horsemen's associations having contracts with licensees that have been approved by the Indiana horse racing commission.

(b) Each horsemen's association shall appoint a representative to a negotiation committee to negotiate the distribution agreement required by subsection (a). If there are an even number of horsemen's associations appointing representatives to the committee, the members appointed by each horsemen's association shall jointly appoint an at-large member of the negotiation committee to represent the interests of all of the horsemen's associations. The at-large member is entitled to the same rights and privileges of the members appointed by the horsemen's associations.

(c) Each licensee shall appoint a representative to a negotiation committee to negotiate the distribution agreement required by subsection (a). If there are an even number of licensees, the members appointed by each licensee shall jointly appoint an at-large member of the negotiation committee to represent the interests of all of the licensees. The at-large member is entitled to the same rights and privileges of the members appointed by the licensees.

(d) If a majority of the members of each negotiation committee are present, the negotiation committees may negotiate and enter into a distribution agreement binding all horsemen's associations and all licensees as required by subsection (a).

(e) The initial distribution agreement entered into by the negotiation committees:

- (1) must be in writing;
- (2) must be submitted to the Indiana horse racing commission before October 1, 2013;
- (3) must be approved by the Indiana horse racing commission before January 1, 2014; and
- (4) may contain any terms determined to be necessary and appropriate by the negotiation committees, subject to subsection (f) and section 12 of this chapter.

(f) A distribution agreement must provide that at least ten percent (10%) and not more than twelve percent (12%) of a licensee's adjusted gross receipts must be distributed under section 12(b)(2) of this chapter. A distribution agreement applies to adjusted gross receipts received by the licensee after December 31 of the calendar year in which the distribution agreement is

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approved by the Indiana horse racing commission.

(g) A distribution agreement may expire on December 31 of a particular calendar year if a subsequent distribution agreement will take effect on January 1 of the following calendar year. A subsequent distribution agreement:

- (1) is subject to the approval of the Indiana horse racing commission; and
- (2) must be submitted to the Indiana horse racing commission before October 1 of the calendar year preceding the calendar year in which the distribution agreement will take effect.

(h) The Indiana horse racing commission shall annually report to the budget committee on the effect of each distribution agreement on the Indiana horse racing industry before January 1 of the following calendar year.

SECTION 16. IC 4-35-7-17 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 17. (a) Subject to subsection (b), if:

- (1) a distribution agreement is not submitted to the Indiana horse racing commission before the deadlines imposed by section 16 of this chapter; or
- (2) the Indiana horse racing commission is unable to approve a distribution agreement;

the Indiana horse racing commission shall determine the percentage of a licensee's adjusted gross receipts that must be distributed under section 12(b)(2) of this chapter.

(b) The Indiana horse racing commission shall give the negotiation committees an opportunity to correct any deficiencies in a proposed distribution agreement before making a determination of the applicable percentage under subsection (a).

(c) The Indiana horse racing commission shall consider the factors used to evaluate a distribution agreement under section 18 of this chapter when making a determination under subsection (a).

SECTION 17. IC 4-35-7-18 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 18. The Indiana horse racing commission shall evaluate any proposed distribution agreement submitted under section 16 of this chapter using the following criteria:

- (1) The best interests of pari-mutuel horse racing in Indiana.
- (2) Maintenance of the highest standards and greatest level of integrity.
- (3) Fairness to all parties.
- (4) The financial stability of licensees.



(5) Any other factor considered relevant by the Indiana horse racing commission.

SECTION 18. IC 4-35-8-1, AS AMENDED BY P.L.172-2011, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 1. (a) A graduated slot machine wagering tax is imposed as follows ~~on one hundred percent (100%) of the adjusted gross receipts received before July 1, 2012, and on ninety-nine percent (99%) of the adjusted gross receipts received after June 30, 2012, and~~ **before July 1, 2013, and on ninety-one and five-tenths percent (91.5%) of the adjusted gross receipts received after June 30, 2013,** from wagering on gambling games authorized by this article:

(1) Twenty-five percent (25%) of the first one hundred million dollars (\$100,000,000) of adjusted gross receipts received during the period beginning July 1 of each year and ending June 30 of the following year.

(2) Thirty percent (30%) of the adjusted gross receipts in excess of one hundred million dollars (\$100,000,000) but not exceeding two hundred million dollars (\$200,000,000) received during the period beginning July 1 of each year and ending June 30 of the following year.

(3) Thirty-five percent (35%) of the adjusted gross receipts in excess of two hundred million dollars (\$200,000,000) received during the period beginning July 1 of each year and ending June 30 of the following year.

(b) A licensee shall remit the tax imposed by this section to the department before the close of the business day following the day the wagers are made.

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

(d) If the department requires taxes to be remitted under this chapter through electronic funds transfer, the department may allow the licensee to file a monthly report to reconcile the amounts remitted to the department.

(e) The payment of the tax under this section must be on a form prescribed by the department.

SECTION 19. [EFFECTIVE UPON PASSAGE] **(a) This SECTION applies to slot machine wagering conducted under IC 4-35.**

(b) The following apply to the adjusted gross receipts of slot machine wagering occurring before July 1, 2013:

(1) Subject to subdivision (2), a licensee shall make the transfers required by IC 4-35-7-12 (as in effect on January 1,

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2013) with respect to the adjusted gross receipts of slot machine wagering occurring in June 2013.

(2) A licensee shall adjust the transfers required by subdivision (1) in accordance with IC 4-35-7-12(j) (as in effect on January 1, 2013).

(3) A licensee shall make the transfers required by subdivision (1) before July 15, 2013.

(c) This SECTION expires January 1, 2014.

SECTION 20. An emergency is declared for this act.

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President of the Senate

President Pro Tempore

Speaker of the House of Representatives

Governor of the State of Indiana

Date: _____ Time: _____

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