



Members

Rep. Terry Goodin, Co-Chairperson
Rep. Terri Austin
Rep. Gail Riecken
Rep. Robert Cherry
Rep. Sean Eberhart
Rep. Jack Lutz
Sen. Brent Steele, Co-Chairperson
Sen. Luke Kenley
Sen. Ron Alting
Sen. John Broden
Sen. Timothy Lanane
Sen. Lindel Hume

INTERIM STUDY COMMITTEE ON GAMING

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Authority: Legislative Council Resolution 10-01

MEETING MINUTES¹

Meeting Date: October 18, 2010
Meeting Time: 9:00 A.M.
Meeting Place: State House, 200 W. Washington St., Room 404
Meeting City: Indianapolis, Indiana
Meeting Number: 3

Members Present: Rep. Terry Goodin, Co-Chairperson; Rep. Terri Austin; Rep. Gail Riecken; Rep. Robert Cherry; Rep. Sean Eberhart; Rep. Jack Lutz; Sen. Brent Steele, Co-Chairperson; Sen. Luke Kenley; Sen. Ron Alting; Sen. Timothy Lanane; Sen. Lindel Hume.

Members Absent: Sen. John Broden.

Rep. Goodin called the meeting to order at 9:25 a.m.

Rep. Goodin presented Preliminary Draft 3443 which he and Sen. Steele had prepared for the Committee's consideration. The draft is described by the draft's digest as follows:

"Provides that a breed development award must be paid within the 30 days after the race in which the award is earned. Changes the membership requirements for the horse racing commission (commission). Voids certain emergency rules adopted by the commission. Provides that the thoroughbred breed development program must be equivalent to the

¹ These minutes, exhibits, and other materials referenced in the minutes can be viewed electronically at <http://www.in.gov/legislative> Hard copies can be obtained in the Legislative Information Center in Room 230 of the State House in Indianapolis, Indiana. Requests for hard copies may be mailed to the Legislative Information Center, Legislative Services Agency, West Washington Street, Indianapolis, IN 46204-2789. A fee of \$0.15 per page and mailing costs will be charged for hard copies.

program in effect on May 11, 2007, through at least the 2018 thoroughbred racing meets. Requires the commission to provide at least 24 months notice to an affected breed association of its intent to alter a breed development program. Renames the amounts paid to support horse racing from slot machine revenues as racing support fees. Requires the department of revenue to collect the racing support fee, the county slot machine wagering fee, and the supplemental fee. Establishes the Indiana horse racing support fund for the deposit of the racing support fee. Requires the fees to be remitted on a daily basis. Provides that the slot machine wagering tax imposed on racetrack casinos is calculated using taxable receipts that are calculated excluding some of the racing support fees, county slot machine wagering fees, and supplemental fees remitted by the racetrack casinos. Allows all of the remitted fees to be excluded in 2015. Repeals an obsolete definition."

Some members of the Committee expressed a preference for making findings of fact without recommending specific legislative changes in a Preliminary Draft. However, the Co-Chairmen expressed the view that the Committee should present specific legislation to the General Assembly to serve as the framework from which the General Assembly can begin addressing the issues presented to the Committee.

The Committee discussed the following proposals contained in the draft:

- (1) Phasing in tax and fee relief for the race track casinos over the next five years.
- (2) Changing the membership of the Indiana Horse Racing Commission (IHRC) to require three of the five members to be representatives of the three respective breed advisory committees. (All five members would be appointed by the Governor as current law requires.)
- (3) Requiring the IHRC to restore the thoroughbred breed development program in effect on May 11, 2007 (the date the race track casino legislation took effect) and requiring the restored program to remain in effect until 2019.
- (4) Requiring a breed development award to be paid within 30 days of the race in which the award was earned.

In response to the concerns raised in the discussion that the Governor's influence would be diluted by the restructuring of the IHRC and that the race tracks should have a place in its membership as well, Sen. Steele moved to expand the IHRC membership prescribed by the draft to seven. Sen. Steele's amendment proposed adding one member appointed "at large" by the Governor and one member appointed by the Governor to represent the interests of the race tracks. As amended, the draft would require the IHRC to consist of three members representing each of the racing breeds, three members prohibited from having racing interests, and one member representing the interests of the race tracks.

Sen. Steele also moved to make the 30 day deadline to pay breed development awards conditional upon having the drug test results for the award winning horse.

Sen. Steele's motions to amend were approved with the consent of the Committee.

The Committee voted on the amended draft as follows:

Five "Yes" votes (Rep. Cherry, Rep. Goodin, Sen. Steele, Sen. Hume, and Rep. Riecken)

Six "No" votes (Sen. Alting, Sen. Kenley, Sen. Lanane, Rep. Austin, Rep. Eberhart, and Rep. Lutz)

The draft failed for lack of the required majority (at least 7 "yes" votes per Section 11 of Legislative Council Resolution 10-02).

Rep. Goodin adjourned the meeting at 10:15 a.m.

Interim Study Committee on Gaming
Meeting # 3
October 18, 2010



PRELIMINARY DRAFT
No. 3443

PREPARED BY
LEGISLATIVE SERVICES AGENCY
2011 GENERAL ASSEMBLY

DIGEST

Citations Affected: IC 4-31; IC 4-33-2-17.5; IC 4-35; IC 6-3-4;
IC 6-8.1-1-1.

Synopsis: Horse racing matters. Provides that a breed development award must be paid within the 30 days after the race in which the award is earned. Changes the membership requirements for the horse racing commission (commission). Voids certain emergency rules adopted by the commission. Provides that the thoroughbred breed development program must be equivalent to the program in effect on May 11, 2007, through at least the 2018 thoroughbred racing meets. Requires the commission to provide at least 24 months notice to an affected breed association of its intent to alter a breed development program. Renames the amounts paid to support horse racing from slot machine revenues as racing support fees. Requires the department of revenue to collect the racing support fee, the county slot machine wagering fee, and the supplemental fee. Establishes the Indiana horse racing support fund for the deposit of the racing support fee. Requires the fees to be remitted on a daily basis. Provides that the slot machine wagering tax imposed on racetrack casinos is calculated using taxable receipts that are calculated excluding some of the racing support fees, county slot machine wagering fees, and supplemental fees remitted by the racetrack casinos. Allows all of the remitted fees to be excluded in 2015. Repeals an obsolete definition.

Effective: Upon passage; July 1, 2011.

20111500

PD 3443/DI 92+

2011



A BILL FOR AN ACT to amend the Indiana Code concerning gaming.

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, 2011]: **Sec. 1.5. "Award" refers to a monetary award or bonus
4 paid to encourage the development of the horse racing industry in
5 Indiana as provided by a breed development program established
6 under IC 4-31-11 and the rules of the commission.**

7 SECTION 2. IC 4-31-3-1 IS AMENDED TO READ AS FOLLOWS
8 [EFFECTIVE JULY 1, 2011]: Sec. 1. (a) The Indiana horse racing
9 commission is established. The commission consists of five (5)
10 members appointed by the governor **as follows:**

11 **(1) One (1) member appointed from the membership of the
12 quarter horse breed development advisory committee
13 appointed under IC 4-31-11-4.**

14 **(2) One (1) member appointed from the membership of the
15 standardbred breed development advisory committee
16 appointed under IC 4-31-11-4.**

17 **(3) One (1) member appointed from the membership of the
18 thoroughbred breed development advisory committee
19 appointed under IC 4-31-11-4.**

20 **(4) Two (2) members who may not have a direct or indirect
21 interest in a firm, association, or corporation that:**

22 **(A) is licensed by the commission; or**

23 **(B) participates in pari-mutuel meetings in any manner.**

24 **(b) The members of the commission:**

25 **(1) must be registered voters;**

26 **(2) must have resided in Indiana for at least five (5) years
27 preceding their appointment; and**

28 **(3) may not be state employees. and**

29 **(4) may not have a direct or indirect interest in a firm, association,
30 or corporation that:**

31 **(A) is licensed by the commission; or**



1 ~~(B)~~ participates in pari-mutuel meetings in any manner.
 2 ~~(b)~~ (c) No more than three (3) members of the commission may be
 3 affiliated with the same political party.

4 **(d) Notwithstanding section 2 of this chapter, the terms of the**
 5 **members of the commission serving on June 30, 2011, terminate on**
 6 **July 1, 2011. The terms of the members appointed by the governor**
 7 **to fill the vacancies created by this subsection begin on July 1,**
 8 **2011. This subsection expires August 1, 2011.**

9 SECTION 3. IC 4-31-11-11 IS AMENDED TO READ AS
 10 FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 11. Each development
 11 fund consists of:

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

18 SECTION 4. IC 4-31-11-15 IS AMENDED TO READ AS
 19 FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 15. **(a)** The commission
 20 shall use the development funds to provide purses, **awards**, and other
 21 funding for the activities described in section 9 of this chapter.

22 **(b) An award must be paid within thirty (30) days after the race**
 23 **in which the award is earned.**

24 SECTION 5. IC 4-31-11-16 IS ADDED TO THE INDIANA CODE
 25 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE
 26 UPON PASSAGE]: Sec. 16. **(a) The following SECTIONS of the**
 27 **emergency rule set forth in LSA document #10-480(E) are void:**

- 28 **(1) SECTION 1 amending 71 IAC 2-1-1.**
- 29 **(2) SECTION 4 amending 71 IAC 13.5-2-3.**
- 30 **(3) SECTION 5 amending 71 IAC 13.5-3-2.**
- 31 **(4) SECTION 6 amending 71 IAC 13.5-3-4.**
- 32 **(5) SECTION 7 adding 71 IAC 13.5-3-5.**
- 33 **(6) SECTION 8 amending 71 IAC 13.5-5-1.**
- 34 **(7) SECTION 9 amending 71 IAC 14.5-2-3.**
- 35 **(8) SECTION 10 repealing 71 IAC 13.5-3-1.**

36 **(b) Not later than June 15, 2011, the commission shall notify the**
 37 **publisher of the Indiana Administrative Code and Indiana Register**
 38 **of any rules that are void under subsection (a). The publisher shall:**

- 39 **(1) remove the rules that are void under subsection (a) from**
 40 **the Indiana Administrative Code; and**
 - 41 **(2) republish any rule that was:**
 - 42 **(A) in effect on July 1, 2010; and**
 - 43 **(B) amended or repealed by the emergency rule described**
 44 **in subsection (a);**
- 45 **as if the emergency rule had not been adopted.**

46 SECTION 6. IC 4-31-11-17 IS ADDED TO THE INDIANA CODE



1 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE
 2 UPON PASSAGE]: **Sec. 17. (a) This subsection applies only to horse**
 3 **racers for the thoroughbred breed that occur after June 1, 2011.**
 4 **Notwithstanding any other statute or administrative rule, the**
 5 **thoroughbred breed development program implemented under this**
 6 **chapter must be equivalent to the thoroughbred breed**
 7 **development program in effect on May 11, 2007. After restoring**
 8 **the thoroughbred breed development program in effect on May 11,**
 9 **2007, the commission may not alter the program for races**
 10 **conducted in a race meeting that ends before January 1, 2019.**

11 **(b) The commission may not alter:**

12 **(1) the thoroughbred breed development program with**
 13 **respect to a race meeting that is not subject to the**
 14 **moratorium on alterations set forth in subsection (a); or**

15 **(2) a breed development program established under the rules**
 16 **of the commission for quarter horses or standardbreds;**

17 **unless the commission provides written notice of the commission's**
 18 **intent to alter the program to each association representing the**
 19 **interests of the breed. The notice required by this subsection must**
 20 **be received by the affected associations at least twenty-four (24)**
 21 **months before the first day of the race meeting for which the**
 22 **alterations would become effective.**

23 SECTION 7. IC 4-35-2-10.5 IS ADDED TO THE INDIANA CODE
 24 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 25 1, 2011]: **Sec. 10.5. "Taxable receipts" means the amount of a**
 26 **licensee's receipts from slot machine wagering that are subject to**
 27 **the slot machine wagering tax as determined under IC 4-35-8-1.**

28 SECTION 8. IC 4-35-7-12, AS AMENDED BY P.L.142-2009,
 29 SECTION 25, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 30 JULY 1, 2011]: **Sec. 12. (a) The Indiana horse racing commission shall**
 31 **enforce the requirements of this section:**

32 **(b) (a) Except as provided in subsections (j) and (k), subsection (h),**
 33 **a licensee shall before the fifteenth day of each month devote to the**
 34 **gaming integrity fund, horse racing purses, and to horsemen's**
 35 **associations an amount equal to fifteen percent (15%) of the adjusted**
 36 **gross receipts of the slot machine wagering. from the previous month**
 37 **at the licensee's racetrack. The Indiana horse racing commission may**
 38 **not use any of this money for any administrative purpose or other**
 39 **purpose of the Indiana horse racing commission, and the entire amount**
 40 **of the money shall be distributed as provided in this section. A licensee**
 41 **With respect to slot machine wagering occurring after June 30,**
 42 **2011, the amount required by this subsection must be remitted to**
 43 **the department as a racing support fee. A licensee shall remit the**
 44 **amount of the fee to the department before the close of the business**
 45 **day following the day the wagers are made.**

46 **(b) The department shall pay the first two hundred fifty thousand**



1 dollars (\$250,000) ~~distributed~~ **received from each licensee** under this
 2 section in a state fiscal year to the Indiana horse racing commission for
 3 deposit in the gaming integrity fund established by IC 4-35-8.7-3.

4 (c) ~~After this money has been distributed the amounts required by~~
 5 **subsection (b) have been paid** to the Indiana horse racing
 6 commission, ~~a licensee shall distribute the department shall deposit~~
 7 ~~the remaining money devoted to horse racing purses and to horsemen's~~
 8 ~~associations under this subsection as follows: racing support fees~~
 9 **remitted by the licensees into the Indiana horse racing support**
 10 **fund established by section 12.2 of this chapter. Except as provided**
 11 **in subsection (h), money in the fund must be used as follows:**

12 (1) Five-tenths percent (0.5%) shall be transferred to horsemen's
 13 associations for equine promotion or welfare according to the
 14 ratios specified in subsection ~~(e)~~: **(f)**.

15 (2) Two and five-tenths percent (2.5%) shall be transferred to
 16 horsemen's associations for backside benevolence according to
 17 the ratios specified in subsection ~~(e)~~: **(f)**.

18 (3) Ninety-seven percent (97%) shall be distributed to promote
 19 horses and horse racing as provided in subsection ~~(d)~~: **(e)**.

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

28 ~~(d)~~ **A licensee shall distribute (e) The Indiana horse racing**
 29 **commission shall ensure that the** amounts described in subsection
 30 ~~(b)(3)~~ **(c)(3) are allocated** as follows:

31 (1) Forty-six percent (46%) for thoroughbred purposes as follows:

32 (A) Sixty percent (60%) for the following purposes:

33 (i) Ninety-seven percent (97%) for thoroughbred purses.

34 (ii) Two and four-tenths percent (2.4%) to the horsemen's
 35 association representing thoroughbred owners and trainers.

36 (iii) Six-tenths percent (0.6%) to the horsemen's association
 37 representing thoroughbred owners and breeders.

38 (B) Forty percent (40%) to the breed development fund
 39 established for thoroughbreds under IC 4-31-11-10.

40 (2) Forty-six percent (46%) for standardbred purposes as follows:

41 (A) Fifty percent (50%) for the following purposes:

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

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

46 (B) Fifty percent (50%) to the breed development fund



1 established for standardbreds under IC 4-31-11-10.

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

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

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

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

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

9 Expenditures under this subsection are subject to the regulatory
10 requirements of subsection ~~(f)~~: (g).

11 ~~(e)~~ (f) Money distributed under subsection ~~(b)(1)~~ (c)(1) and ~~(b)(2)~~
12 (c)(2) shall be allocated as follows:

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

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

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

19 ~~(f)~~ (g) Money distributed under this section may not be expended
20 unless the expenditure is for a purpose authorized in this section and is
21 either for a purpose promoting the equine industry or equine welfare or
22 is for a benevolent purpose that is in the best interests of horse racing
23 in Indiana or the necessary expenditures for the operations of the
24 horsemen's association required to implement and fulfill the purposes
25 of this section. The Indiana horse racing commission may review any
26 expenditure of money distributed under this section to ensure that the
27 requirements of this section are satisfied. The Indiana horse racing
28 commission shall adopt rules concerning the review and oversight of
29 money distributed under this section and shall adopt rules concerning
30 the enforcement of this section. The following apply to a horsemen's
31 association receiving a distribution of money under this section:

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

36 (2) The horsemen's association must register with the Indiana
37 horse racing commission.

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

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

46 ~~(1)~~ issue a warning to the licensee;



1 (2) impose a civil penalty that may not exceed one million dollars
2 (\$1,000,000); or

3 (3) suspend a meeting permit issued under IC 4-31-5 to conduct
4 a pari-mutuel wagering horse racing meeting in Indiana.

5 (i) A civil penalty collected under this section must be deposited in
6 the state general fund:

7 (j) For a state fiscal year beginning after June 30, 2008; and ending
8 before July 1, 2009; the amount of money dedicated to the purposes
9 described in subsection (b) for a particular state fiscal year is equal to
10 the lesser of:

11 (1) fifteen percent (15%) of the licensee's adjusted gross receipts
12 for the state fiscal year; or

13 (2) eighty-five million dollars (\$85,000,000):

14 If fifteen percent (15%) of a licensee's adjusted gross receipts for the
15 state fiscal year exceeds the amount specified in subdivision (2); the
16 licensee shall transfer the amount of the excess to the commission for
17 deposit in the state general fund. The licensee shall adjust the transfers
18 required under this section in the final month of the state fiscal year to
19 comply with the requirements of this subsection:

20 (k) (h) For a state fiscal year beginning after June 30, 2009; 2011,
21 the amount of money dedicated to the purposes described in subsection
22 (b) (a) for a particular state fiscal year is equal to the lesser of:

23 (1) fifteen percent (15%) of the licensee's adjusted gross receipts
24 for the state fiscal year; or

25 (2) the amount dedicated to the purposes described in subsection
26 (b) (a) in the previous state fiscal year increased by a percentage
27 that does not exceed the percent of increase in the United States
28 Department of Labor Consumer Price Index during the state
29 fiscal year preceding the state fiscal year in which an increase is
30 established.

31 If fifteen percent (15%) of a licensee's adjusted gross receipts for the
32 state fiscal year exceeds the amount specified in subdivision (2), the
33 licensee **Indiana horse racing commission** shall transfer the amount
34 of the excess to the **commission department** for deposit in the state
35 general fund. The licensee **Indiana horse racing commission** shall
36 adjust the transfers required under this section **amounts distributed**
37 **from the Indiana horse racing support fund** in the final month of the
38 state fiscal year to comply with the requirements of this subsection.
39 **The budget agency shall assist the Indiana horse racing**
40 **commission in making the calculations required by this subsection.**

41 SECTION 9. IC 4-35-7-12.1 IS ADDED TO THE INDIANA CODE
42 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
43 1, 2011]: **Sec. 12.1. (a) The department may require payment of the**
44 **racing support fee imposed by section 12 of this chapter to be made**
45 **by electronic funds transfer (as defined in IC 4-8.1-2-7(f)).**

46 (b) If the department requires racing support fees to be remitted



1 through electronic funds transfer, the department may allow the
2 licensee to file a monthly report to reconcile the amounts remitted
3 to the department.

4 (c) The payment of the racing support fee must be documented
5 on a form prescribed by the department.

6 SECTION 10. IC 4-35-7-12.2 IS ADDED TO THE INDIANA
7 CODE AS A NEW SECTION TO READ AS FOLLOWS
8 [EFFECTIVE UPON PASSAGE]: Sec. 12.2. (a) The Indiana horse
9 racing support fund is established. The fund shall be administered
10 by the Indiana horse racing commission. The fund does not revert
11 to the state general fund at the end of a state fiscal year.

12 (b) The fund consists of the money deposited in the fund under
13 section 12 of this chapter.

14 (c) Except as provided in section 12(h) of this chapter, the
15 Indiana horse racing commission shall distribute money in the
16 fund to the:

17 (1) horsemen's associations; and

18 (2) licensees;

19 in the manner and amounts required by section 12 of this chapter.

20 (d) The Indiana horse racing commission may not use any of the
21 money in the fund for any administrative purpose or other purpose
22 of the Indiana horse racing commission. The entire amount of the
23 money in the fund must be used for the purposes described in
24 section 12 of this chapter.

25 (e) Each permit holder holding a gambling game license under
26 this article shall submit for the approval of the Indiana horse
27 racing commission a plan for the distribution of money in the fund
28 to the permit holder for purses as required by section 12 of this
29 chapter. The plan must be submitted as follows:

30 (1) Before June 1, 2011, with respect to races conducted after
31 June 30, 2011, and before January 1, 2012.

32 (2) At the time the permit holder applies for a renewal of the
33 permit holder's recognized meeting permit, with respect to
34 each recognized meeting beginning after December 31, 2011.

35 SECTION 11. IC 4-35-7-12.3 IS ADDED TO THE INDIANA
36 CODE AS A NEW SECTION TO READ AS FOLLOWS
37 [EFFECTIVE JULY 1, 2011]: Sec. 12.3. (a) The Indiana horse racing
38 commission shall investigate any complaint that a licensee has
39 failed to comply with the horse racing purse requirements set forth
40 in section 12 of this chapter. If, after notice and a hearing, the
41 Indiana horse racing commission finds that a licensee has failed to
42 comply with the purse requirements set forth in this section, the
43 Indiana horse racing commission may:

44 (1) issue a warning to the licensee;

45 (2) impose a civil penalty that may not exceed one million
46 dollars (\$1,000,000); or



1 (3) suspend a meeting permit issued under IC 4-31-5 to
2 conduct a pari-mutuel wagering horse racing meeting in
3 Indiana.

4 **(b) A civil penalty collected under this section must be deposited**
5 **in the state general fund.**

6 SECTION 12. IC 4-35-8-1, AS ADDED BY P.L.233-2007,
7 SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
8 JULY 1, 2011]: Sec. 1. (a) A graduated slot machine wagering tax is
9 imposed as follows on the ~~adjusted gross taxable~~ receipts received
10 from wagering on gambling games authorized by this article:

11 (1) Twenty-five percent (25%) of the first one hundred million
12 dollars (\$100,000,000) of ~~adjusted gross taxable~~ receipts received
13 during the period beginning July 1 of each year and ending June
14 30 of the following year.

15 (2) Thirty percent (30%) of the ~~adjusted gross taxable~~ receipts in
16 excess of one hundred million dollars (\$100,000,000) but not
17 exceeding two hundred million dollars (\$200,000,000) received
18 during the period beginning July 1 of each year and ending June
19 30 of the following year.

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

24 (b) A licensee shall remit the tax imposed by this section to the
25 department before the close of the business day following the day the
26 wagers are made. **With respect to slot machine wagers made after**
27 **June 30, 2011, the amount of a licensee's taxable receipts for a**
28 **particular day is equal to the result determined under STEP TWO**
29 **of the following formula:**

30 **STEP ONE: Determine the amount of the adjusted gross**
31 **receipts received by the licensee during that day.**

32 **STEP TWO: Determine the result of:**

33 **(A) the STEP ONE amount; minus**

34 **(B) the licensee's qualified daily deduction amount**
35 **determined for that day under section 5(b) of this chapter.**

36 (c) The department may require payment under this section to be
37 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 chapter
39 through electronic funds transfer, the department may allow the
40 licensee to file a monthly report to reconcile the amounts remitted to
41 the department.

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

44 SECTION 13. IC 4-35-8-5 IS ADDED TO THE INDIANA CODE
45 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
46 1, 2011]: **Sec. 5. (a) This section applies to slot machine wagers**



1 made under this article after June 30, 2011.

2 (b) For July 1, 2011, and each day thereafter, a licensee's
3 qualified daily deduction amount for purposes of calculating the
4 licensee's taxable receipts for that day is equal to the result
5 determined under STEP TWO of the following formula:

6 STEP ONE: Determine the total amount that the licensee
7 remitted to the department for that day under IC 4-35-7-12,
8 IC 4-35-8.5, and IC 4-35-8.9.

9 STEP TWO: Determine the result of:

10 (A) the STEP ONE amount; multiplied by

11 (B) the appropriate percentage determined as follows:

12 (i) Ten percent (10%) for a day occurring in the state
13 fiscal year beginning on July 1, 2011.

14 (ii) Ten percent (10%) for a day occurring in the state
15 fiscal year beginning on July 1, 2012.

16 (iii) Twenty percent (20%) for a day occurring in the
17 state fiscal year beginning on July 1, 2013.

18 (iv) Twenty percent (20%) for a day occurring in the
19 state fiscal year beginning on July 1, 2014.

20 (v) One hundred percent (100%) for a day occurring in
21 a state fiscal year beginning after June 30, 2015.

22 SECTION 14. IC 4-35-8.5-1, AS ADDED BY P.L.233-2007,
23 SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
24 JULY 1, 2011]: Sec. 1. (a) ~~Before the fifteenth day of each month,~~ A
25 licensee that offers slot machine wagering under this article shall pay
26 to the ~~commission~~ department a county slot machine wagering fee
27 equal to three percent (3%) of the adjusted gross receipts received from
28 slot machine wagering ~~during the previous month~~ at the licensee's
29 racetrack. A licensee shall remit the amount of the fee to the
30 department before the close of the business day following the day
31 the wagers are made. However, a licensee is not required to pay more
32 than eight million dollars (\$8,000,000) of county slot machine
33 wagering fees under this section in any state fiscal year.

34 (b) The ~~commission~~ department shall deposit the county slot
35 machine wagering fee received by the ~~commission~~ department into a
36 separate account within the state general fund.

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

39 (d) If the department requires fees to be remitted under this
40 section through electronic funds transfer, the department may
41 allow the licensee to file a monthly report to reconcile the amounts
42 remitted to the department.

43 (e) The payment of the fees under this section must be
44 documented on a form prescribed by the department.

45 SECTION 15. IC 4-35-8.9-2, AS ADDED BY P.L.233-2007,
46 SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE



1 JULY 1, 2011]: Sec. 2. (a) ~~Before the fifteenth day of each month~~; A
 2 licensee that offers slot machine wagering under this article shall pay
 3 to the ~~commission~~ **department** a supplemental fee equal to one percent
 4 (1%) of the adjusted gross receipts received by the licensee from slot
 5 machine wagering. **A licensee shall remit the amount of the fee to**
 6 **the department before the close of the business day following the**
 7 **day the wagers are made.**

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

10 **(c) If the department requires fees to be remitted under this**
 11 **section through electronic funds transfer, the department may**
 12 **allow the licensee to file a monthly report to reconcile the amounts**
 13 **remitted to the department.**

14 **(d) The payment of the fees under this section must be**
 15 **documented on a form prescribed by the department.**

16 ~~(b)~~ **(e) The ~~commission~~ department shall deposit the supplemental**
 17 **fees into a separate account within the state general fund.**

18 SECTION 16. IC 6-3-4-0.5 IS ADDED TO THE INDIANA CODE
 19 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 20 1, 2011]: **Sec. 0.5. As used in section 8.2 of this chapter, "qualified**
 21 **prize" means any of the following:**

22 **(1) Winnings subject to withholding under the Internal**
 23 **Revenue Code and section 8.2(a) of this chapter.**

24 **(2) Gambling winnings subject to withholding under section**
 25 **8.2(b) of this chapter.**

26 **(3) Lottery prizes subject to withholding under section 8.2(c)**
 27 **of this chapter.**

28 **(4) Charity gaming prizes subject to withholding under**
 29 **section 8.2(d) of this chapter.**

30 **(5) Pari-mutuel horse racing purse money, purse supplements,**
 31 **and breed development awards subject to withholding under**
 32 **section 8.2(e) of this chapter.**

33 SECTION 17. IC 6-3-4-8.2, AS AMENDED BY P.L.182-2009(ss),
 34 SECTION 200, IS AMENDED TO READ AS FOLLOWS
 35 [EFFECTIVE JULY 1, 2011]: Sec. 8.2. (a) Each person in Indiana who
 36 is required under the Internal Revenue Code to withhold federal tax
 37 from winnings shall deduct and retain adjusted gross income tax at the
 38 time and in the amount described in withholding instructions issued by
 39 the department.

40 (b) In addition to amounts withheld under subsection (a), every
 41 person engaged in a gambling operation (as defined in IC 4-33-2-10)
 42 or a gambling game (as defined in IC 4-35-2-5) and making a payment
 43 in the course of the gambling operation (as defined in IC 4-33-2-10) or
 44 a gambling game (as defined in IC 4-35-2-5) of:

45 (1) winnings (not reduced by the wager) valued at one thousand
 46 two hundred dollars (\$1,200) or more from slot machine play; or



1 (2) winnings (reduced by the wager) valued at one thousand five
2 hundred dollars (\$1,500) or more from a keno game;
3 shall deduct and retain adjusted gross income tax at the time and in the
4 amount described in withholding instructions issued by the department.
5 The department's instructions must provide that amounts withheld shall
6 be paid to the department before the close of the business day following
7 the day the winnings are paid, actually or constructively. Slot machine
8 and keno winnings from a gambling operation (as defined in
9 IC 4-33-2-10) or a gambling game (as defined in IC 4-35-2-5) that are
10 reportable for federal income tax purposes shall be treated as subject
11 to withholding under this section, even if federal tax withholding is not
12 required.

13 (c) The adjusted gross income tax due on prize money or prizes:

14 (1) received from a winning lottery ticket purchased under
15 IC 4-30; and

16 (2) exceeding one thousand two hundred dollars (\$1,200) in
17 value;

18 shall be deducted and retained at the time and in the amount described
19 in withholding instructions issued by the department, even if federal
20 tax withholding is not required.

21 (d) In addition to the amounts withheld under subsection (a), a
22 qualified organization (as defined in IC 4-32.2-2-24(a)) that awards a
23 prize under IC 4-32.2 exceeding one thousand two hundred dollars
24 (\$1,200) in value shall deduct and retain adjusted gross income tax at
25 the time and in the amount described in withholding instructions issued
26 by the department. The department's instructions must provide that
27 amounts withheld shall be paid to the department before the close of
28 the business day following the day the winnings are paid, actually or
29 constructively.

30 (e) **This subsection applies to purse money, purse supplements,
31 or breed development awards paid after June 30, 2011. The
32 adjusted gross income tax and any local income taxes imposed
33 under IC 6-3.5 that are due on purse money, purse supplements, or
34 breed development awards that are paid to a nonresident taxpayer
35 under IC 4-31 shall be deducted and retained at the time and in the
36 amount described in withholding instructions issued by the
37 department, even if federal tax withholding is not required.**

38 (f) **Amounts deducted from a qualified prize paid to a person
39 during any calendar year under this section shall be considered to
40 be in part payment of the tax imposed on that person for the
41 person's taxable year that begins in that calendar year. A properly
42 filed withholding tax statement filed by the person distributing the
43 qualified prize shall be accepted by the department as evidence in
44 favor of the taxpayer of the amount so deducted from the qualified
45 prize. If the total amount deducted exceeds the amount of tax on
46 the taxpayer as computed under this article and IC 6-3.5, the**



1 department shall, after examining the statement or statements filed
 2 in accordance with this article and IC 6-3.5 by the person
 3 distributing the qualified prize, refund the amount of the excess
 4 deduction. However, under rules adopted by the department, the
 5 excess or any part of the excess may be applied to any taxes or
 6 other claim due from the taxpayer to the state of Indiana or any
 7 subdivision of the state. A refund may not be made to a recipient
 8 of a qualified prize who fails to file a return or returns as required
 9 under this article and IC 6-3.5 within two (2) years from the due
 10 date of the return or returns. If the excess tax deducted is less than
 11 one dollar (\$1), a refund may not be made.

12 (g) This section does not relieve any taxpayer from the
 13 taxpayer's obligation of filing a return or returns at the time
 14 required under this article and IC 6-3.5. If the amount withheld
 15 under this section is insufficient to pay the total tax of a taxpayer,
 16 the unpaid tax shall be paid at the time prescribed by section 5 of
 17 this chapter.

18 SECTION 18. IC 6-8.1-1-1, AS AMENDED BY P.L.182-2009(ss),
 19 SECTION 247, IS AMENDED TO READ AS FOLLOWS
 20 [EFFECTIVE JULY 1, 2011]: Sec. 1. "Listed taxes" or "taxes" includes
 21 only the pari-mutuel taxes (IC 4-31-9-3 through IC 4-31-9-5); the
 22 riverboat admissions tax (IC 4-33-12); the riverboat wagering tax
 23 (IC 4-33-13); **the racing support fee (IC 4-35-7-12)**; the slot machine
 24 wagering tax (IC 4-35-8); **the county slot machine wagering fee**
 25 **(IC 4-35-8.5)**; **supplemental gambling fees (IC 4-35-8.9)**; the type II
 26 gambling game excise tax (IC 4-36-9); the gross income tax (IC 6-2.1)
 27 (repealed); the utility receipts and utility services use taxes (IC 6-2.3);
 28 the state gross retail and use taxes (IC 6-2.5); the adjusted gross income
 29 tax (IC 6-3); the supplemental net income tax (IC 6-3-8) (repealed); the
 30 county adjusted gross income tax (IC 6-3.5-1.1); the county option
 31 income tax (IC 6-3.5-6); the county economic development income tax
 32 (IC 6-3.5-7); the auto rental excise tax (IC 6-6-9); the financial
 33 institutions tax (IC 6-5.5); the gasoline tax (IC 6-6-1.1); the alternative
 34 fuel permit fee (IC 6-6-2.1); the special fuel tax (IC 6-6-2.5); the motor
 35 carrier fuel tax (IC 6-6-4.1); a motor fuel tax collected under a
 36 reciprocal agreement under IC 6-8.1-3; the motor vehicle excise tax
 37 (IC 6-6-5); the commercial vehicle excise tax (IC 6-6-5.5); the excise
 38 tax imposed on recreational vehicles and truck campers (IC 6-6-5.1);
 39 the hazardous waste disposal tax (IC 6-6-6.6); the cigarette tax
 40 (IC 6-7-1); the beer excise tax (IC 7.1-4-2); the liquor excise tax
 41 (IC 7.1-4-3); the wine excise tax (IC 7.1-4-4); the hard cider excise tax
 42 (IC 7.1-4-4.5); the malt excise tax (IC 7.1-4-5); the petroleum
 43 severance tax (IC 6-8-1); the various innkeeper's taxes (IC 6-9); the
 44 various food and beverage taxes (IC 6-9); the county admissions tax
 45 (IC 6-9-13 and IC 6-9-28); the regional transportation improvement
 46 income tax (IC 8-24-17); the oil inspection fee (IC 16-44-2); the



1 emergency and hazardous chemical inventory form fee (IC 6-6-10); the
2 penalties assessed for oversize vehicles (IC 9-20-3 and IC 9-30); the
3 fees and penalties assessed for overweight vehicles (IC 9-20-4 and
4 IC 9-30); the underground storage tank fee (IC 13-23); the solid waste
5 management fee (IC 13-20-22); and any other tax or fee that the
6 department is required to collect or administer.

7 SECTION 19. IC 4-33-2-17.5 IS REPEALED [EFFECTIVE JULY
8 1, 2011].

9 SECTION 20. **An emergency is declared for this act.**

