

1 SENATE BILL NO. 65

2 INTRODUCED BY DEVLIN

3 BY REQUEST OF THE DEPARTMENT OF COMMERCE

4

5 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING HORSERACING LAWS; CHANGING THE DEFINITION
6 OF "IMMEDIATE FAMILY"; REALLOCATING THE DISTRIBUTION OF FUNDS DERIVED FROM AMOUNTS
7 WAGERED ON RACES TO PURSES OR FOR OTHER PURPOSES; AMENDING SECTIONS 23-4-101,
8 23-4-102, 23-4-105, 23-4-106, 23-4-202, 23-4-204, 23-4-302, AND 23-4-304, MCA; AND PROVIDING
9 AN IMMEDIATE EFFECTIVE DATE."

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11 STATEMENT OF INTENT

12 A statement of intent is required for this bill because it allows the board of horseracing to adopt
13 rules implementing this bill, which allows percentages of the money withheld from amounts wagered for
14 distribution among the licensed race meets to be added to the purses for live races in addition to the
15 previous year's purse structure.

16 [Section 8] grants authority to the board of horseracing to administer the money withheld from
17 amounts wagered and by distributing it to the race purses or to other purposes that the board determines
18 will benefit the horseracing industry.

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20 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

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22 **Section 1.** Section 23-4-101, MCA, is amended to read:

23 "**23-4-101. Definitions.** Unless the context requires otherwise, in this chapter, the following
24 definitions apply:

25 (1) "Board" means the board of horseracing provided for in 2-15-1881.

26 (2) "Board of stewards" means a board composed of three stewards who supervise race meets.

27 (3) "Department" means the department of commerce provided for in Title 2, chapter 15, part 18.

28 (4) "Immediate family" means the spouse, parents, children, grandchildren, brothers, or sisters of
29 an official or licensee regulated by this chapter who have a permanent or continuous residence in the
30 household of the official or licensee and all other persons who have a permanent or continuous residence

1 in the household of the official or licensee.

2 (5) "Minor" means a person under 18 years of age.

3 (6) "Persons" means individuals, firms, corporations, fair boards, and associations.

4 (7) (a) "Race meet" means racing of registered horses or mules at which the parimutuel system
5 of wagering is used. The term includes horseraces, mule races, and greyhound races that are simulcast.

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10 time it is run. The term includes races of local or national prominence.

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19 a quorum for the transaction of business by the board.

20 (2) The board may incur costs, charges, and expenses reasonably necessary to carry out this
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23 engaged in the performance of board duties and ~~shall~~ must be reimbursed for travel expenses, as provided
24 for in 2-18-501 through 2-18-503, ~~as amended~~, incurred in ~~his~~ the member's official service."

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27 "**23-4-105. Authority of board.** The board shall, subject to 37-1-101 and 37-1-121, license and
28 regulate racing and review race meets held in this state under this chapter. All percentages withheld from
29 amounts wagered must be deposited in the board's agency fund account. The board shall then distribute
30 all funds collected under 23-4-202(4)(d), 23-4-204(3), and 23-4-302(3) to live race purses or for other

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13 (b) hire all state racing officials for the department;

14 (c) inspect race facilities;

15 (d) prescribe the duties and salary of state stewards; and

16 (e) perform other duties as directed by the board.

17 (3) The executive secretary may, subject to the approval of the board, hire staff to assist him in
 18 ~~performing his duties~~ the performance of the executive secretary's duties.

19 (4) The executive secretary, a staff member ~~of his staff~~, and any member of the executive
 20 secretary's or a staff member's immediate family are prohibited from owning, training, or having any
 21 interest in a racehorse or mule running on a Montana track or having any financial interest in any Montana
 22 racing association. ~~No~~ A racing official hired by the department or approved by the board may not wager
 23 at a race meet at which ~~he~~ the racing official presides."

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25 **Section 5.** Section 23-4-202, MCA, is amended to read:

26 **"23-4-202. Penalty for violations of law -- authority of board -- judicial review. (1)** A person
 27 holding a race meet or an owner, trainer, or jockey participating in a race meet, without first being licensed
 28 under this chapter, or a person violating this chapter is guilty of a misdemeanor.

29 (2) The board or, upon the board's authorization, the board of stewards of a race meet at which
 30 they officiate may exclude from racecourses in this state a person whom the board considers detrimental

1 to the best interest of racing as defined by rules of the board.

2 (3) As its own formal act or through an act of a board of stewards of a race meet, the board may
3 suspend or revoke any license issued by the department to a licensee and assess a fine, not to exceed
4 \$1,000, against a licensee who violates any of the provisions of this chapter or any rule or order of the
5 board. In addition to the suspension or revocation and fine, the board may forbid application for relicensure
6 for a 2-year period. Fines collected under this subsection must be deposited in the general fund.

7 (4) The board shall promulgate rules implementing this chapter, including the right to a hearing for
8 individuals against whom action is taken or proposed under this chapter. The rules may include provisions
9 for the following:

10 (a) summary imposition of penalty by the stewards of a race meet, including a fine and license
11 suspension, subject to review under the contested case provisions of the Montana Administrative Procedure
12 Act;

13 (b) stay of a summary imposition of penalty by either the board or board of stewards;

14 (c) retention of purses pending final disposition of complaints, protests, or appeals of stewards'
15 rulings;

16 (d) setting aside of up to ~~2%~~ 3% of exotic wagering on races, including simulcast races, to be used
17 ~~as a bonus for owners pursuant to 23-4-304(2). Up to 30% of the amount set aside may be used to defray~~
18 ~~administrative costs in addition to the 20% already withheld under 23-4-302.~~ deposited in the board's
19 agency fund account. The board shall then distribute all funds collected under this subsection to live race
20 purses or for other purposes that the board considers appropriate for the good of the existing horseracing
21 industry.

22 (e) using 2% of exotic wagering on live racing to be immediately and equally distributed to all
23 purses except stakes races;

24 (f) assessment of penalty and interest on the late payment of fines, which must be paid before
25 licenses are reinstated;

26 (g) definition of exotic forms of wagering on races to be allowed;

27 (h) standards for simulcast facilities; and

28 (i) conduct and supervision of simulcast races and parimutuel betting or wagering on simulcast
29 races.

30 (5) The district court of the first judicial district of the state has exclusive jurisdiction for judicial

1 review of cases arising under this chapter."
 2

3 **Section 6.** Section 23-4-204, MCA, is amended to read:

4 "**23-4-204. Race exclusively for Montana-bred horses -- bonus for winner.** (1) For the purpose of
 5 encouraging the breeding in this state of valuable registered horses, at least one race each day at each race
 6 meet ~~shall~~ must be limited to horses bred in this state unless, in the board's judgment, there is an
 7 insufficient number of Montana-bred horses for ~~such a~~ the race. If in the opinion of the board sufficient
 8 competition cannot be had among this class of horses, the race may be eliminated for the day and a
 9 substitute race provided instead. Races with exclusively Montana-bred horses must be run for 20% higher
 10 purses than races in comparable conditions that are not run with exclusively Montana-bred horses.

11 (2) The licensee conducting the race meet shall pay a ~~A~~ sum equal to 10% of the first money of
 12 every purse won by a horse bred in this state ~~shall be paid by the licensee conducting the race meet~~ to the
 13 breeder of the horse within 30 days of the end of the race meet. Only the money contributed by the
 14 licensee conducting the race meet may be considered in computing the bonus.

15 (3) ~~Two~~ Three percent of exotic wagering on a simulcast race ~~shall must be placed in a fund to be~~
 16 ~~distributed by the board, in addition to existing Montana breeders' awards, on a percentage basis of actual~~
 17 ~~breeders' awards earned.~~ deposited in the board's agency fund account. The board shall then distribute
 18 all funds collected under this subsection to live race purses or for other purposes that the board considers
 19 appropriate for the good of the existing horseracing industry.

20 (4) ~~Up to 10% of the amount set aside for Montana breeders' awards may be used to defray~~
 21 ~~administrative costs in addition to the 20% withheld under 23-4-302."~~

22

23 **Section 7.** Section 23-4-302, MCA, is amended to read:

24 "**23-4-302. Distribution of deposits -- breakage.** (1) Each licensee conducting the parimutuel
 25 system shall distribute all ~~some~~ funds deposited in any pool to the winner ~~thereof~~ of the parimutuel pool,
 26 less an amount ~~which~~ that in the case of exotic wagering on races ~~shall~~ may not exceed ~~25%~~ 26% and
 27 in all other races ~~shall~~ may not exceed 20% of the total deposits plus the odd cents of all redistribution to
 28 be based on each dollar deposited exceeding a sum equal to the next lowest multiple of 10, known as
 29 "breakage".

30 (2) Each licensee conducting the parimutuel system for a simulcast race meet shall distribute all

1 ~~sums funds~~ deposited with the licensee in any pool for ~~such the~~ simulcast race meet, less an amount ~~which~~
 2 ~~that~~ in the case of exotic wagering on ~~such these~~ races ~~shall may~~ not exceed ~~25% 26%~~, ~~unless the signal~~
 3 ~~originator percentage is higher, in which case the Montana simulcast licensee may adopt the same~~
 4 ~~percentage withheld as the place where the signal originated, and that in all other such of these races shall~~
 5 ~~may~~ not exceed 20% of the total deposits plus the odd cents of all redistribution to be based on each dollar
 6 deposited exceeding a sum equal to the next lowest multiple of 10, known as "breakage".

7 (3) Each licensee conducting a parimutuel system for a simulcast race meet shall deduct 1% of ~~its~~
 8 ~~total parimutuel handle the total amount wagered on the race meet and of the simulcast facility and give~~
 9 ~~it to the local fair board. The money must be used to operate or enhance the county fairgrounds facility.~~
 10 ~~deposit it in the board's agency fund account. The board shall then distribute all funds collected under this~~
 11 ~~subsection to live race purses or for other purposes that the board considers appropriate for the good of~~
 12 ~~the existing horseracing industry."~~

13

14 **Section 8.** Section 23-4-304, MCA, is amended to read:

15 "**23-4-304. Gross receipts -- department's percentage -- collection and allocation.** (1) (a) The
 16 licensee shall pay to the department within 5 days following receipt by the licensee 1% of the gross
 17 receipts of each day's parimutuel betting at each race meet, ~~which sums shall be paid to the department~~
 18 ~~within 5 days after receipt by the licensee.~~ At the end of each race meet the licensee shall prepare a report
 19 to the department showing the amount of the overpayments and underpayments. If the report shows the
 20 underpayments to be in excess of the overpayments, the balance ~~shall~~ must be paid to the department.
 21 Money paid to the department may be used for the expenses incurred in carrying out this chapter. The
 22 licensee shall, at the same time, pay to the department all ~~sums funds~~ collected under 23-4-202(4)(d) on
 23 exotic wagering on races. These funds must be deposited in the board's agency fund account. The board
 24 shall then distribute all funds collected under 23-4-202(4)(d) to live race purses or for other purposes that
 25 the board considers appropriate for the good of the existing horseracing industry.

26 (b) Each licensed simulcast facility shall pay to the department either 1% of the gross receipts of
 27 each day's parimutuel betting at each race meet or the actual cost to the board of regulating the simulcast
 28 race meet, whichever is higher. The money must be paid to the department within 5 days after receipt of
 29 the money by the licensee. At the end of each race meet the licensed simulcast facility shall prepare a
 30 report to the department showing the amount of the overpayments and underpayments. If the report shows

1 the underpayments to be in excess of the overpayments, the balance must be paid to the department.
 2 Money paid to the department must be deposited in an account in the state special revenue fund and must
 3 be used for the administration of this chapter. The licensed simulcast facility shall, at the same time, pay
 4 to the department all ~~sums~~ funds collected under 23-4-202(4)(d) on exotic wagering on races. These funds
 5 must be deposited in the board's agency fund account. The board shall then distribute all funds collected
 6 under 23-4-202(4)(d) to live race purses or for other purposes that the board considers appropriate for the
 7 good of the existing horseracing industry.

8 (2) ~~At the end of the~~ Prior to the beginning of the live racing season, sums funds collected under
 9 23-4-202(4)(d) must be distributed by the department, after first passing through the board's agency fund
 10 account, to ~~the licensed owners of those Montana bred horses or mules finishing in the money at the meet~~
 11 ~~from which the sums derived. The owner's award must be calculated as follows:~~

12 ~~(a) divide the total amount collected under 23-4-202(4)(d) by the total amount won by~~
 13 ~~Montana bred horses or mules;~~

14 ~~(b) multiply the quotient derived under subsection (2)(a) by the total amount of money won by each~~
 15 ~~owner's Montana bred horses or mules.~~

16 ~~(3) For purposes of the owner's award under subsection (2), "owner" means the individual,~~
 17 ~~partnership, corporation, person, or other entity that owns the horse or mule at the time of entry.~~

18 ~~(4) Licensees may not consider the sums available under 23-4-202(4)(d) when establishing purses~~
 19 be used for race purses that are distributed to each live race meet by the board or for other purposes that
 20 the board considers appropriate for the good of the horseracing industry."

21

22 NEW SECTION. Section 9. Severability. If a part of [this act] is invalid, all valid parts that are
 23 severable from the invalid part remain in effect. If a part of [this act] is invalid in one or more of its
 24 applications, the part remains in effect in all valid applications that are severable from the invalid
 25 applications.

26

27 NEW SECTION. Section 10. Effective date. [This act] is effective on passage and approval.

28

-END-

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for SB0065, as introduced

DESCRIPTION OF PROPOSED LEGISLATION:

An act revising horse racing laws; changing the definition of "immediate family"; reallocating the distribution of funds derived from amounts wagered on races to purses or for other purposes; amending Sections 23-4-101, 23-4-102, 23-4-105, 23-4-106, 23-4-202, 23-4-204, 23-4-302, and 23-4-304, MCA; and providing an immediate effective date.

ASSUMPTIONS:

1. Approximately \$400,000 annually from the money wagered would be re-distributed by the Board of Horse Racing to be used for live racing purses or for other purposes that the board considers appropriate for the good of the existing horse racing industry. The proposed legislation would re-distribute the money currently withheld and increase the percentage withheld in the following manner:

Changed to:		Changed from:	
2% simulcast exotic	\$93,000	Previously 2% Owners Bonus	
2% simulcast exotic	\$93,000	Previously 2% Breeders Bonus	
2% live racing exotics	\$65,000	Previously 2% Owners Bonus	
1% simulcast handle	\$60,000	Previously 1% County Facilities	
1% increase live exotic	\$40,000	Previously 1/2 of 1% tracks 1/2 of 1% MHBA	
1% increase live exotic	<u>\$40,000</u>	New increase in legislation	
Proposed purse fund	\$391,000		

2. Board revenues are based on projected revenues for fiscal year 1998 and fiscal year 1999.
3. Exotic wagering revenues are based on actual 1996 revenues.
4. The 1% County Fair board money is based on actual 1996 revenues.
5. The board will need to establish and implement procedures for processing the money for purses or for other purposes for the good of the existing horse racing industry - distribution of money, processing warrants, adopting rules, conducting hearings, auditing procedures to insure money is used for purses or other appropriate purposes.
6. The purses will significantly increase by \$600 - \$700 per race, more riders will race in Montana, and the tracks will have full fields of horses racing with additional races per day. The handles at the race tracks will increase and tracks could request additional race days.
7. The additional expenses for the board due to this legislation will be minimal and therefore absorbed within the existing board budget.
8. The higher purses and increased racing days will attract more participants and license revenue will increase after the initial revenue loss.
9. The board is prepared to use a portion of its existing cash balance the first biennium, in anticipation that the revenue will increase in the future as a result of this bill.

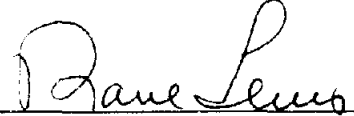
FISCAL IMPACT:

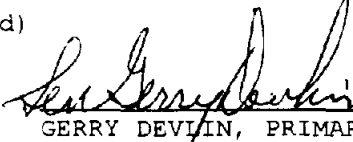
Expenditures:

Department of Commerce:
Board of Horse Racing

The additional money would only pass through the Board of Horse Racing and any additional expenses associated with the proposed legislation are anticipated to be minimal and absorbed in the existing budget request.

(continued)

 1-7-98
 DAVE LEWIS, BUDGET DIRECTOR DATE
 Office of Budget and Program Planning

 1-8-97
 GERRY DEVLIN, PRIMARY SPONSOR DATE

Fiscal Note for SB0065, as introduced

SB 65

Revenues:

	<u>FY98</u>	<u>FY99</u>
	<u>Difference</u>	<u>Difference</u>
Racing personnel license	7,500	10,500
Parimutuel Wagering	(35,000)	(25,000)
Horse racing violations	1,500	1,500
Rule books	<u>100</u>	<u>100</u>
Total	(25,900)	(12,900)

Net Impact:

	<u>FY98</u>	<u>FY99</u>
	<u>Difference</u>	<u>Difference</u>
Department of Commerce:		
Board of Horse Racing	<u>(25,900)</u>	<u>(12,900)</u>
Horse Racing (SSR) (02)		

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

The eight live racing entities in Montana - county and private - would receive approximately \$600 - \$700 additional purse money per race ran during their respective meets. This money would be added to race purses which would ultimately attract a larger number of horses and horsemen than in the past. As a result each county or private racing group would realize a substantial increase in on-track admissions, concession sales, higher race revenues, as well as other local economic impact with food, gasoline, and lodging.

The financial impact that the 1% (approximately \$60,000) that the local fair boards would no longer receive due to this legislation would be minimal since most of the local fair boards would realize increased revenue due to the increase in purses and participation.

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

The purpose of this legislation is to enhance and enable the breeding and racing industry to continue in the State of Montana. Without this additional purse money, race tracks can no longer attract horses, bettors and riders to their race tracks. Without live racing, the breeders would have no market for their horses and the breeding industry would eventually vanish.

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17 (3) The executive secretary may, subject to the approval of the board, hire staff to assist him in
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 20 secretary's or a staff member's immediate family are prohibited from owning, training, or having any
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29 (2) The board or, upon the board's authorization, the board of stewards of a race meet at which
 30 they officiate may exclude from racecourses in this state a person whom the board considers detrimental

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2 (3) As its own formal act or through an act of a board of stewards of a race meet, the board may
3 suspend or revoke any license issued by the department to a licensee and assess a fine, not to exceed
4 \$1,000, against a licensee who violates any of the provisions of this chapter or any rule or order of the
5 board. In addition to the suspension or revocation and fine, the board may forbid application for relicensure
6 for a 2-year period. Fines collected under this subsection must be deposited in the general fund.

7 (4) The board shall promulgate rules implementing this chapter, including the right to a hearing for
8 individuals against whom action is taken or proposed under this chapter. The rules may include provisions
9 for the following:

10 (a) summary imposition of penalty by the stewards of a race meet, including a fine and license
11 suspension, subject to review under the contested case provisions of the Montana Administrative Procedure
12 Act;

13 (b) stay of a summary imposition of penalty by either the board or board of stewards;

14 (c) retention of purses pending final disposition of complaints, protests, or appeals of stewards'
15 rulings;

16 (d) setting aside of up to ~~2%~~ 3% of exotic wagering on races, including simulcast races, to be used
17 ~~as a bonus for owners pursuant to 23-4-304(2). Up to 30% of the amount set aside may be used to defray~~
18 ~~administrative costs in addition to the 20% already withheld under 23-4-302, deposited in the board's~~
19 agency fund account. The board shall then distribute all funds collected under this subsection to live race
20 purses or for other purposes that the board considers appropriate for the good of the existing horseracing
21 industry.

22 (e) using 2% of exotic wagering on live racing to be immediately and equally distributed to all
23 purses except stakes races;

24 (f) assessment of penalty and interest on the late payment of fines, which must be paid before
25 licenses are reinstated;

26 (g) definition of exotic forms of wagering on races to be allowed;

27 (h) standards for simulcast facilities; and

28 (i) conduct and supervision of simulcast races and parimutuel betting or wagering on simulcast
29 races.

30 (5) The district court of the first judicial district of the state has exclusive jurisdiction for judicial

1 review of cases arising under this chapter."

2

3 **Section 6.** Section 23-4-204, MCA, is amended to read:

4 **"23-4-204. Race exclusively for Montana-bred horses -- bonus for winner.** (1) For the purpose of
5 encouraging the breeding in this state of valuable registered horses, at least one race each day at each race
6 meet ~~shall~~ must be limited to horses bred in this state unless, in the board's judgment, there is an
7 insufficient number of Montana-bred horses for ~~each a~~ the race. If in the opinion of the board sufficient
8 competition cannot be had among this class of horses, the race may be eliminated for the day and a
9 substitute race provided instead. Races with exclusively Montana-bred horses must be run for 20% higher
10 purses than races in comparable conditions that are not run with exclusively Montana-bred horses.

11 (2) The licensee conducting the race meet shall pay a ~~A~~ sum equal to 10% of the first money of
12 every purse won by a horse bred in this state ~~shall be paid by the licensee conducting the race meet~~ to the
13 breeder of the horse within 30 days of the end of the race meet. Only the money contributed by the
14 licensee conducting the race meet may be considered in computing the bonus.

15 (3) ~~Two~~ Three percent of exotic wagering on a simulcast race ~~shall must~~ be placed in a fund to be
16 distributed by the board, in addition to existing Montana breeders' awards, on a percentage basis of actual
17 ~~breeders' awards earned.~~ deposited in the board's agency fund account. The board shall then distribute
18 all funds collected under this subsection to live race purses or for other purposes that the board considers
19 appropriate for the good of the existing horseracing industry.

20 ~~(4) Up to 10% of the amount set aside for Montana breeders' awards may be used to defray~~
21 ~~administrative costs in addition to the 20% withhold under 23-4-302."~~

22

23 **Section 7.** Section 23-4-302, MCA, is amended to read:

24 **"23-4-302. Distribution of deposits -- breakage.** (1) Each licensee conducting the parimutuel
25 system shall distribute all ~~some funds~~ deposited in any pool to the winner ~~thereof~~ of the parimutuel pool,
26 less an amount ~~which that~~ in the case of exotic wagering on races ~~shall may~~ not exceed ~~25%~~ 26% and
27 in all other races ~~shall may~~ not exceed 20% of the total deposits plus the odd cents of all redistribution to
28 be based on each dollar deposited exceeding a sum equal to the next lowest multiple of 10, known as
29 "breakage".

30 (2) Each licensee conducting the parimutuel system for a simulcast race meet shall distribute all

1 ~~sums funds~~ deposited with the licensee in any pool for ~~each the~~ simulcast race meet, less an amount which
 2 that in the case of exotic wagering on ~~each these~~ races ~~shall may~~ not exceed ~~25% 26%~~, unless the signal
 3 originator percentage is higher, in which case the Montana simulcast licensee may adopt the same
 4 percentage withheld as the place where the signal originated, and that in all other ~~each of these~~ races ~~shall~~
 5 may not exceed 20% of the total deposits plus the odd cents of all redistribution to be based on each dollar
 6 deposited exceeding a sum equal to the next lowest multiple of 10, known as "breakage".

7 (3) Each licensee conducting a parimutuel system for a simulcast race meet shall deduct 1% of its
 8 ~~total parimutuel handle the total amount wagered on the race meet and of the simulcast facility and give~~
 9 ~~it to the local fair board. The money must be used to operate or enhance the county fairgrounds facility.~~
 10 deposit it in the board's agency fund account. The board shall then distribute all funds collected under this
 11 subsection to live race purses or for other purposes that the board considers appropriate for the good of
 12 the existing horseracing industry."

13

14 **Section 8.** Section 23-4-304, MCA, is amended to read:

15 **"23-4-304. Gross receipts -- department's percentage -- collection and allocation.** (1) (a) The
 16 licensee shall pay to the department within 5 days following receipt by the licensee 1% of the gross
 17 receipts of each day's parimutuel betting at each race meet, ~~which sums shall be paid to the department~~
 18 ~~within 5 days after receipt by the licensee.~~ At the end of each race meet the licensee shall prepare a report
 19 to the department showing the amount of the overpayments and underpayments. If the report shows the
 20 underpayments to be in excess of the overpayments, the balance ~~shall~~ must be paid to the department.
 21 Money paid to the department may be used for the expenses incurred in carrying out this chapter. The
 22 licensee shall, at the same time, pay to the department all ~~sums funds~~ collected under 23-4-202(4)(d) on
 23 exotic wagering on races. These funds must be deposited in the board's agency fund account. The board
 24 shall then distribute all funds collected under 23-4-202(4)(d) to live race purses or for other purposes that
 25 the board considers appropriate for the good of the existing horseracing industry.

26 (b) Each licensed simulcast facility shall pay to the department either 1% of the gross receipts of
 27 each day's parimutuel betting at each race meet or the actual cost to the board of regulating the simulcast
 28 race meet, whichever is higher. The money must be paid to the department within 5 days after receipt of
 29 the money by the licensee. At the end of each race meet the licensed simulcast facility shall prepare a
 30 report to the department showing the amount of the overpayments and underpayments. If the report shows

1 the underpayments to be in excess of the overpayments, the balance must be paid to the department.
 2 Money paid to the department must be deposited in an account in the state special revenue fund and must
 3 be used for the administration of this chapter. The licensed simulcast facility shall, at the same time, pay
 4 to the department all ~~some funds~~ collected under 23-4-202(4)(d) on exotic wagering on races. These funds
 5 must be deposited in the board's agency fund account. The board shall then distribute all funds collected
 6 under 23-4-202(4)(d) to live race purses or for other purposes that the board considers appropriate for the
 7 good of the existing horseracing industry.

8 (2) ~~At the end of the~~ Prior to the beginning of the live racing season, some funds collected under
 9 23-4-202(4)(d) must be distributed by the department, after first passing through the board's agency fund
 10 account, to the ~~licensed owners of these Montana bred horses or mules finishing in the money at the meet~~
 11 ~~from which the sums derived. The owner's award must be calculated as follows:~~

12 ~~(a) divide the total amount collected under 23-4-202(4)(d) by the total amount won by~~
 13 ~~Montana bred horses or mules;~~

14 ~~(b) multiply the quotient derived under subsection (2)(a) by the total amount of money won by each~~
 15 ~~owner's Montana bred horses or mules.~~

16 ~~(3) For purposes of the owner's award under subsection (2), "owner" means the individual,~~
 17 ~~partnership, corporation, person, or other entity that owns the horse or mule at the time of entry.~~

18 ~~(4) Licensees may not consider the sums available under 23-4-202(4)(d) when establishing purses~~
 19 be used for race purses that are distributed to each live race meet by the board or for other purposes that
 20 the board considers appropriate for the good of the horseracing industry."

21
 22 NEW SECTION. Section 9. Severability. If a part of [this act] is invalid, all valid parts that are
 23 severable from the invalid part remain in effect. If a part of [this act] is invalid in one or more of its
 24 applications, the part remains in effect in all valid applications that are severable from the invalid
 25 applications.

26
 27 NEW SECTION. Section 10. Effective date. [This act] is effective on passage and approval.

28 -END-