

State of South Dakota

EIGHTIETH SESSION
LEGISLATIVE ASSEMBLY, 2005

563L0511

HOUSE STATE AFFAIRS COMMITTEE ENGROSSED

NO. **SB 95** - 02/18/2005

Introduced by: Senators Sutton (Duane), Abdallah, Broderick, Gray, Hundstad, Koetzle, McNenny, Moore, and Napoli and Representatives Frost, Cutler, Dennert, Elliott, Jensen, Klaudt, Michels, Murschel, O'Brien, Olson (Ryan), Pederson (Gordon), Rounds, Turbiville, and Valandra

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

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

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

6 42-7-56. The commission shall:

- 7 (1) Provide for racing under the certificate system;
- 8 (2) Perform quasi-legislative, quasi-judicial, and advisory functions excluding special
9 budgetary functions as defined in § 1-32-1;
- 10 (3) Set racing dates;
- 11 (4) Promulgate rules pursuant to chapter 1-26 for effectively preventing the use of any
12 substance, compound items, or combination thereof of any medicine, narcotic,
13 stimulant, depressant, or anesthetic which could alter the normal performance of a
14 racing animal unless specifically authorized by the commission;



- 1 (5) Supervise and check the making of pari-mutuel pools, pari-mutuel machines, and
2 equipment used within the state;
- 3 (6) Promulgate rules pursuant to chapter 1-26 governing, restricting, or regulating bids
4 on licensees' concessions and leases on equipment;
- 5 (7) Approve all proposed extensions, additions, or improvements to the buildings,
6 stables, or tracts upon property owned or leased by a licensee;
- 7 (8) Exclude from race courses or other pari-mutuel facilities any person who violates the
8 racing laws or any rule, ~~regulation~~, or order of the commission or is not eligible for
9 licensing in another racing jurisdiction;
- 10 (9) Compel the production of all documents showing the receipts and disbursements of
11 any licensee and determine the manner in which ~~such~~ the financial records shall be
12 kept;
- 13 (10) Investigate the operations of any licensee and cause the various places where the
14 certificate system is operated to be visited and inspected at reasonable intervals for
15 the purpose of satisfying itself that the rules ~~and regulations~~ are strictly complied
16 with;
- 17 (11) Request appropriate state officials to perform inspections necessary for the health and
18 safety of spectators, employees, participants, and animals that are lawfully on the race
19 track;
- 20 (12) License all participants in the racing industry and require and obtain such information
21 as the commission deems necessary from licensed applicants;
- 22 (13) Promulgate and enforce additional rules pursuant to chapter 1-26, and conditions
23 under which all horse and dog races held shall be conducted and promulgate rules
24 pursuant to chapter 1-26 to preserve the integrity and security of racing; ~~and~~

- 1 (14) License all facilities at which money is collected or disbursed under the certificate
2 system;
- 3 (15) Promulgate rules pursuant to chapter 1-26 for the authorization, regulation, and
4 auditing of account wagering on horse and dog racing authorized by this chapter;
- 5 (16) Promulgate rules pursuant to chapter 1-26 regarding the licensing and regulation of
6 multi-jurisdictional totalizator hubs and the employees of such facilities; and
- 7 (17) Promulgate rules pursuant to chapter 1-26 to establish application fees and initial
8 system audit fees that shall be used to conduct the background investigation of the
9 applicant and the initial system audit of the multi-jurisdictional totalizator hub. If the
10 commission or the executive secretary determines that the actual cost of the
11 background investigation or initial system audit will exceed the amount of the fees
12 paid, the commission may assess the actual cost of the background investigation or
13 initial system audit, including the costs for personnel and travel, against the applicant.

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

15 42-7-58.7. Notwithstanding any other provisions of this chapter, the commission may accept
16 and consider applications at any time for operation of satellite facilities and multi-jurisdictional
17 totalizator hubs to be operated under the certificate system and issue a license at any time for
18 the operation of ~~satellite~~ the facilities or hubs, if the facilities or hubs only allow wagering on
19 horse and dog racing authorized by this chapter.

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

21 42-7-60. Every person applying for a license under §§ 42-7-58 ~~and~~, 42-7-58.1, and 42-7-
22 56(16) shall give bond payable to the State of South Dakota with good security to be approved
23 by the commission. The bond shall be the amount which the commission determines is adequate
24 to protect the amount normally due and owing to the commission in a sixty-day period or, in the

1 case of new or altered conditions, based on the projected revenues and to guarantee proper
2 payout of wagers.

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

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

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

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

14 42-7-71. One-fourth of all money received by the state treasurer under this chapter from
15 licensees operating horse racing tracks shall be placed in a special revenue fund to be known
16 as the "South Dakota-bred racing fund." The fund shall be used by the commission to encourage
17 horse racing and the raising and breeding of horses in South Dakota and shall be used for the
18 purpose of providing compensation to South Dakota-bred horses ~~by~~ and providing funds to all
19 horsetracks licensed in South Dakota. ~~However, not more than one-fourth of the moneys~~
20 ~~deposited in the South Dakota-bred racing fund may be used by the commission to provide~~
21 ~~purse supplements to horsetracks for horses other than South Dakota-bred horses.~~

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

23 42-7-82. Claims for any part of a redistribution from a pari-mutuel pool shall be made within
24 ~~sixty days~~ one year from the ~~end of the meet at~~ date on which the race was held or be forever

1 barred. Any sums so barred shall become the property of the licensee conducting the meet or
2 providing the simulcast signal from the host track to the satellite facility or the multi-
3 jurisdictional totalizator hub at which the contribution was made.

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

5 42-7-89. The payments required in §§ 42-7-63, 42-7-79, 42-7-85, ~~and~~ 42-7-88, and 42-7-102
6 to be made by the licensee to the state treasurer are in lieu of all other or further excise or
7 occupational taxes to the state or any county, municipality, or other political subdivision.

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

9 42-7-91. The commission may refuse, suspend, or withdraw licenses under the certificate
10 system and privileges granted by it or terminate ~~racing license~~ privileges for just cause. Those
11 things constituting just cause are:

- 12 (1) Any action or attempted action by a person contrary to the provisions of this chapter
13 and law;
- 14 (2) Corrupt practices, which include but are not limited to:
 - 15 (a) Prearranging or attempting to prearrange the order of finish of a race;
 - 16 (b) Failing to properly pay the winnings to a bettor or to properly return change
17 to a bettor upon purchasing a ticket;
 - 18 (c) Falsifying or manipulating the odds on any entrant in a race;
- 19 (3) Any violation of the rules of racing adopted by the commission;
- 20 (4) ~~Willful falsification~~ Falsification or misstatement of fact in an application for ~~racing~~
21 ~~privileges~~ any license issued pursuant to this chapter;
- 22 (5) Material false statement to a racing official or to the commission;
- 23 (6) Willful disobedience of a commission order or of a lawful order of a racing official
24 other than a commissioner;

- 1 (7) Continued failure or inability to meet financial obligations connected with the
- 2 licensee's business, occupation or profession performed or engaged on the track
- 3 grounds;
- 4 (8) Failure or inability to maintain properly a race track;
- 5 (9) The refusal to license, or the suspension, or the revocation of a racing license by
- 6 another racing jurisdiction.

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

8 42-7-102. Notwithstanding any other provision of this chapter, the commission may

9 authorize any licensee to participate in an interstate combined wagering pool with one or more

10 other racing jurisdictions. If a licensee participates in an interstate combined wagering pool, the

11 licensee may adopt the take-out of the host jurisdiction or facility. The State of South Dakota

12 shall receive one and one-half percent of the total contributed in this state, and the special racing

13 revolving fund and the South Dakota-bred racing fund shall each receive one and one-half

14 percent of the total contributed in this state. However, if the licensee participating in the

15 interstate combined wagering pool is a multi-jurisdictional totalizator hub, the total portion to

16 be received by the state shall be one-fourth of one percent of the total contributed through the

17 hub, of which the special racing revolving fund shall receive one-fifth of one percent of the total

18 contributed through the hub and the South Dakota-bred racing fund shall receive one-twentieth

19 of one percent of the total contributed through the hub. Any such interstate combined wagering

20 pool may only apply to horse and dog racing authorized by this chapter.

21 Section 10. Nothing in this Act authorizes internet gambling otherwise prohibited by chapter

22 22-25A.