



2025 South Dakota Legislature

House Bill 1203

Introduced by: **Representative Weisgram**

1 **An Act to authorize the operation of pari-mutuel historical horse racing machines,**
 2 **and to authorize a new tax.**

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

4 **Section 1. That § 42-7B-1 be AMENDED:**

5 **42-7B-1.** Limited card games, slot machines, craps, roulette, keno, pari-mutuel
 6 historical horse race wagering, and wagering on sporting events are hereby authorized,
 7 and may be operated, conducted, and maintained, within the city limits of the city of
 8 Deadwood, South Dakota, subject to the provisions of this chapter.

9 **Section 2. That § 42-7B-4 be AMENDED:**

10 **42-7B-4.** Terms used in this chapter mean:

11 (1) "Adjusted gross proceeds," except in the case of the games of poker, gross
 12 proceeds less cash prizes. In games of poker, the term means any sum wagered
 13 in a poker hand that may be retained by the licensee as compensation which must
 14 be consistent with the minimum and maximum amount established by the
 15 commission;

16 (2) "Advance deposit sports wagering," a method of wagering on sporting events in
 17 which an eligible individual may, in an account established with a licensed operator
 18 or route operator, deposit money into an account and use the balance to pay for
 19 bets placed on the premises of a licensed gaming establishment as approved by
 20 the commission in the city of Deadwood;

21 (3) "Associated equipment," any equipment or any mechanical, electromechanical, or
 22 electronic device, component, or machine, or any combination thereof, that is used
 23 remotely or directly in connection with gaming or any gaming device;

- 1 (4) "Associated equipment manufacturer or distributor," ~~any~~ a person who designs,
2 assembles, fabricates, produces, constructs, sells, leases, distributes, or otherwise
3 prepares a product or component of any associated equipment;
- 4 (5) "Bet," an amount placed as a wager in a game of chance or on the results of a
5 sporting event or a contingency during a sporting event or the performance or
6 nonperformance of an athlete or competitor during a sporting event;
- 7 (6) "Blackjack," a card game played by a maximum of seven players in which each
8 player bets against the dealer. The object is to draw cards whose value will equal
9 or approach twenty-one without exceeding that amount and win bets, payable by
10 the dealer, if the player holds cards more valuable than the dealer's cards;
- 11 (7) "Cheating," ~~any~~ an attempt to alter the elements of chance, method of selection,
12 or criteria that determines the:
- 13 (a) Result of a game;
- 14 (b) Amount or frequency of payment in a game;
- 15 (c) Value of a wagering instrument;
- 16 (d) Value of a wagering credit;
- 17 (e) Result of a sporting event or an event within a sporting event; or
- 18 (f) Performance or nonperformance of an athlete or competitor during a
19 sporting event;
- 20 (8) "Cheating device," ~~any~~ a computerized, electronic, electrical, or mechanical device,
21 or any software or hardware, or ~~any~~ a combination thereof, that is designed,
22 constructed, altered, or programmed to obtain an advantage at playing any game
23 or placing any bet that is offered by a licensee, including a device that:
- 24 (a) Projects the outcome of the game or bet;
- 25 (b) Keeps track of cards played or cards prepared for play in the game;
- 26 (c) Tracks play and analyzes the probability of the occurrence of an event
27 relating to the game or bet; or
- 28 (d) Tracks play and analyzes the strategy for playing or betting to be used in
29 the game except as may be made available as part of an approved game or
30 otherwise permitted by the commission;
- 31 (9) "City limits," the boundaries of the city of Deadwood as they existed on January 1,
32 1989;
- 33 (10) "Collegiate sporting event," an athletic competition or event between two or more
34 colleges or universities;
- 35 (11) "Commission," the South Dakota Commission on Gaming;

- 1 (12) "Craps," a game in which the players place bets on the outcome of the roll or series
2 of rolls of a pair of dice;
- 3 (13) "Fraudulent scheme," a dishonest or deceptive plan or arrangement used or
4 intended to be used to play a game or slot machine or place a bet, that gives~~any~~
5 a person an advantage when playing a game or slot machine, or placing a bet;
- 6 (14) "Fraudulent technique," a dishonest or deceptive procedure or method of playing
7 a game or slot machine, or placing a bet that gives any person an advantage when
8 playing a game or slot machine, or placing a bet;
- 9 (15) "Gaming," limited card games, slot machines, craps, roulette, pari-mutuel
10 historical horse race wagering, and wagering on sporting events, as allowed and
11 regulated by this chapter;
- 12 (16) "Gaming device," a poker table, a blackjack table, a slot machine, a craps table, a
13 roulette table, a pari-mutuel historical horse race machine, or a keno number
14 selection device;
- 15 (17) "Gaming employee,"~~any~~ a person twenty-one years of age or older employed by
16 an operator, retailer hosting gaming, or sports wagering services provider, who
17 works directly with the gaming portion of that business and who must hold a
18 support license;
- 19 (18) "Gaming equipment,"~~any~~ equipment used in gaming that is allowed by this chapter
20 and which requires licensing;
- 21 (19) "Gaming license,"~~any~~ a license issued by the commission pursuant to this chapter
22 which authorizes any person to engage in gaming within the city of Deadwood;
- 23 (20) "Gaming property owner,"~~any~~ a person other than a licensed retailer who owns
24 real property where licensed gaming is conducted within the city of Deadwood.~~The~~
25 ~~term, gaming property owner,~~ provided the term does not include~~any~~ a person
26 who owned real property where licensed gaming was conducted within the city of
27 Deadwood prior to January 1, 2010;
- 28 (21) "Historic restoration and preservation," the restoration and preservation of the city
29 of Deadwood to maintain its historical background, cultural heritage, and necessary
30 supporting infrastructures;
- 31 (22) "International sporting event," an international team or individual sporting event
32 governed by an international sports federation or sport's governing body, including
33 sporting events governed by the International Olympic Committee and the
34 International Federation of Association Football;

- 1 (23) "Keno," a game in which players place bets by marking their selections on a blank
 2 ticket form with eighty numbered selection boxes and the outcome is determined
 3 by a number selection device;
- 4 (24) "Key employee," ~~any an~~ executive, employee, or agent of a gaming licensee having
 5 the power to exercise a significant influence over a decision concerning any part of
 6 the operation of a gaming licensee;
- 7 (25) "Licensed gaming establishment," ~~any a~~ premises licensed pursuant to this chapter
 8 where gaming is conducted;
- 9 (26) "Licensee," ~~any a~~ person licensed under this chapter;
- 10 (27) "Licensing authority," the South Dakota Commission on Gaming;
- 11 (28) "Limited card games," ~~any a~~ card-games game, including poker, blackjack, and
 12 variations of poker and blackjack, that are authorized by this chapter and regulated
 13 by the commission;
- 14 (29) "Minor league sporting event," a sporting event conducted by a sports league that
 15 has not been classified by the commission as a premier league in the sport;
- 16 (30) "Net municipal proceeds," the amount remitted to the city of Deadwood by the
 17 South Dakota Commission on Gaming;
- 18 (31) "Operator," ~~any a~~ person who places poker tables, blackjack tables, slot machines,
 19 craps tables, pari-mutuel historical horse race machines, roulette tables, keno
 20 number selection devices, or accepts or redeems bets, in the person's own business
 21 premises;
- 22 (32) "Poker," a card game played by players who are dealt cards by a nonplayer dealer-
 23 ~~The, where the~~ object of the game is for each player to bet the superiority of the
 24 player's own hand and win the other players' bets by either making a bet no other
 25 player is willing to match or proving to hold the most valuable cards after all the
 26 betting is over. ~~Poker, providing the term~~ includes draw, stud, low ball, or ~~any a~~
 27 combination thereof;
- 28 (33) "Professional sporting event," a sporting event, other than a minor league sporting
 29 event, in which two or more persons participate and receive remuneration in excess
 30 of their out-of-pocket expenses for participating in the event;
- 31 (34) "Retailer," ~~any a~~ licensee who maintains gaming at the licensee's place of business
 32 within the city of Deadwood for use and operation by the public;
- 33 (35) "Retail space," the area where the retailer's business is principally conducted;
- 34 (36) "Roulette," a game in which players place bets on a single number or a range of
 35 numbers or the colors red or black or whether the number is odd or even or a

- 1 combination thereof and the winning numbers and color are determined by a ball
2 which is spun on a wheel;
- 3 (37) "Route operator," ~~any a~~ person who, individually or jointly, pursuant to an
4 agreement whereby consideration is paid to accept or redeem bets or for the right
5 to place poker tables, blackjack tables, slot machines, craps tables, pari-mutuel
6 historical horse race machines, roulette tables, or a keno number selection device,
7 engages in the business of accepting or redeeming bets or placing and operating
8 poker tables, blackjack tables, slot machines, craps tables, roulette tables, or a
9 keno number selection device within the city of Deadwood;
- 10 (38) "Slot machines," any mechanical, electrical, or other device, ~~contrivance~~, or
11 machine which, upon insertion of a coin, token or similar object, or upon payment
12 of any consideration whatsoever, is available to play or operate, the play or
13 operation of which, whether by reason of the skill of the operator or application of
14 the element of chance, or both, may deliver or entitle the person playing or
15 operating the machine to receive cash premiums, merchandise, tokens,
16 redeemable game credits or anything of value other than unredeemable free games
17 whether the payoff is made automatically from the machines or in any other
18 manner;
- 19 (39) "Slot machine manufacturer or distributor," ~~any a~~ person who designs, assembles,
20 fabricates, produces, constructs, sells, leases, distributes, or otherwise prepares a
21 product or a component part of a slot machine, other than tables or cabinetry;
- 22 (40) "Sporting event," a contest or competition between individuals or teams the results
23 of which are determined at least in part by the skill or ability of an individual athlete
24 or competitor or a team which is competing in the event;
- 25 (41) "Sporting event official," ~~any an~~ official ~~as~~ recognized by the respective sport's
26 governing body;
- 27 (42) "Sports wagering area," the designated location in a gaming establishment
28 approved by the commission, in which sports wagering may be conducted;
- 29 (43) "Sports wagering services provider," a person who maintains or operates the
30 software or hardware of a sports wagering system or facilitates wagering on a
31 sporting event by providing a service, including data aggregation, risk
32 management, computer service, furnishing information, and setting of odds;
- 33 (44) "Suitability" or "suitable," in relation to a person is the ability to be licensed by the
34 commission and as to acts or practices, are lawful acts or practices;

- 1 (45) "Unsuitability" or "unsuitable," in relation to a person is the inability to be licensed
 2 by the commission because of prior acts, associations, or financial condition, and
 3 as to acts or practices, are those that would violate the statutes or rules or would
 4 be contrary to the declared legislative purpose of this chapter; and
 5 (46) "Wagering on sporting events" or "sports wagering," the acceptance of a wager on
 6 an authorized sporting event by ~~any~~ a system of wagering authorized by the
 7 commission.

8 **Section 3. That § 42-7B-7 be AMENDED:**

9 **42-7B-7.** The commission may promulgate rules, pursuant to chapter 1-26, for
 10 the orderly transaction and conduct of its business and the substantive rules that it may
 11 determine proper concerning:

- 12 (1) The issuance, revocation, and suspension of gaming licensees;
 13 (2) The division of limited card games, slot machines, craps, roulette, keno, pari-
 14 mutuel historical horse race machines, or devices used to accept or redeem bets,
 15 that may be placed in any building or retail business;
 16 (3) The conduct and operation of gaming;
 17 (4) Variations of limited card games, craps, or roulette; and
 18 (5) Any other things necessary to carry out the purposes of this chapter.

19 The commission may also promulgate rules necessary to administer complaints
 20 received from the public and conduct such other investigations and inspections into the
 21 conduct of the games and the licensees and the maintenance of the equipment as the
 22 commission deems necessary and proper. License issuance, suspension, and revocation
 23 are contested cases within the meaning of chapter 1-26. The commission's rules may
 24 provide procedures for summary suspension of any license issued under this chapter and
 25 shall provide for subsequent contested case hearings before suspensions become final or
 26 a license is revoked. The commission may apply for injunctive or declaratory relief to
 27 enforce the provisions of this chapter and any rules promulgated thereunder. Action by
 28 the commission may not limit the authority of the state's attorney or attorney general
 29 from enforcing criminal actions.

30 **Section 4. That § 42-7B-15 be AMENDED:**

31 **42-7B-15.** A licensed gaming establishment shall obtain approval of its rules for
 32 blackjack, poker, craps, roulette, keno, pari-mutuel historical horse race wagering, and

1 sports wagering from the commission and clearly post the approved rules within plain view
2 of any applicable gaming table or area in which the gaming is offered for play.

3 **Section 5. That § 42-7B-16 be AMENDED:**

4 **42-7B-16.** ~~A full complement~~ The number of gaming devices, excluding pari-
5 mutuel historical horse race machines, may not exceed thirty per retail license.

6 The number pari-mutuel historical horse race machines may not exceed four per
7 retail license.

8 **Section 6. That § 42-7B-18 be AMENDED:**

9 **42-7B-18.** The retail space of a licensee ~~shall~~ must be identified by a physical
10 layout within a building, called the retail floor plan. The retail floor plan showing the
11 location of each gaming device ~~shall~~ must be submitted to the commission at the time of
12 application, and is subject to prior approval by the Deadwood City Commission. Approval
13 is subject to gaming rules and those rules pertaining to public health, safety, good order
14 and general welfare of the City of Deadwood. The retail gaming license may only be
15 granted to the retailer. All gaming devices ~~shall~~ must be located within the retail space of
16 the business. The number of gaming devices may not exceed ~~thirty per building~~ the limit
17 set forth in § 42-7B-16.

18 **Section 7. That § 42-7B-28 be AMENDED:**

19 **42-7B-28.** There is hereby imposed an eight percent gaming tax on the adjusted
20 gross proceeds of gaming allowed by this chapter, except pari-mutuel historical horse race
21 wagering.

22 **Section 8. That § 42-7B-28.1 be AMENDED:**

23 **42-7B-28.1.** In addition to the gaming tax imposed by § 42-7B-28, there is hereby
24 imposed an additional one percent tax on the adjusted gross proceeds of gaming allowed
25 by this chapter, except pari-mutuel historical horse race wagering. The tax shall be paid
26 to the commission and transferred to the general fund on a monthly basis notwithstanding
27 the provisions of §§ 42-7B-48 and 42-7B-48.1.

28 **Section 9. That a NEW SECTION be added to chapter 42-7B:**

1 There is imposed on pari-mutuel historical horse race wagering, a tax of nine
 2 percent on the net winnings of pari-mutuel historical horse race wagering.

3 For purposes of taxation, net winnings are the total payout from a pari-mutuel
 4 betting pool in a historical horse race.

5 **Section 10. That § 42-7B-48 be AMENDED:**

6 **42-7B-48.** There is established within the state treasury the South Dakota Gaming
 7 Commission fund, into which shall be deposited the proceeds from ~~the~~ a gaming tax,
 8 license stamp fees, license fees, application fees, the net proceeds generated by the
 9 operation of the five-cent slot machines, and the initial fund is continuously appropriated
 10 for the purposes specified in this section. All ~~funds~~ moneys received by the commission
 11 ~~shall~~ must be set forth in an informational budget as described in § 4-7-7.2 and be
 12 annually reviewed by the Legislature. Any disbursement of moneys from the Gaming
 13 Commission fund ~~shall~~, except moneys from the gaming tax imposed pursuant to section
 14 9 of this Act, must be by authorization of the executive secretary for any of the following
 15 purposes:

- 16 (1) Forty percent of the gaming tax collected shall be transferred to the tourism
 17 promotion fund created in § 1-52-17, and ten percent of the gaming tax collected
 18 shall be paid to Lawrence County;
- 19 (2) The expenses of the commission for administration and operation including
 20 litigation and enforcement of this chapter and chapter 42-7 and for grants as
 21 provided by § 42-7B-48.3; and
- 22 (3) All funds remaining after the payments provided in subdivisions (1) and (2), less
 23 one hundred thousand dollars which shall be transferred to the historical
 24 preservation loan and grant fund created in § 1-19A-13.1 constitute the net
 25 municipal proceeds and shall be disbursed at least quarterly to the City of
 26 Deadwood for deposit in the historic restoration and preservation fund.

27 **Section 11. That § 42-7B-48.1 be AMENDED:**

28 **42-7B-48.1.** Disbursements from the Gaming Commission fund ~~shall~~ must be ~~as~~
 29 ~~set forth in~~ made pursuant to § 42-7B-48, ~~until such time as~~ the net municipal proceeds
 30 paid to the City of Deadwood ~~equals~~ equal six million eight hundred thousand dollars for
 31 each year, ~~and~~ after payment of commission expenses pursuant to subdivision 42-7B-
 32 48(2), ~~and~~ after payment of one hundred thousand dollars to the State Historical
 33 Preservation Grant and Loan fund pursuant to subdivision 42-7B-48(3). ~~Thereafter~~ Except

1 as provided in section 12 of this Act, all remaining ~~funds shall~~ moneys must be distributed
2 as follows:

- 3 (1) Seventy percent to the ~~state~~ general fund;
- 4 (2) Ten percent ~~to be distributed~~ to municipalities in Lawrence County, except the City
5 of Deadwood, pro rata according to their population;
- 6 (3) Ten percent ~~to be distributed~~ to school districts, pro rata based upon the previous
7 year's average daily membership, located in whole or in part, in Lawrence County.
8 For any school district located only partly in Lawrence County, only that portion of
9 the district's average daily attendance which represents students residing in
10 Lawrence County ~~shall~~ must be considered in calculating the proration required by
11 this subdivision; and
- 12 (4) Ten percent to the City of Deadwood for deposit in the historic restoration and
13 preservation fund.

14 **Section 12. That a NEW SECTION be added to chapter 42-7B:**

15 Moneys collected pursuant to section 9 of this Act must be distributed as follows:

- 16 (1) Forty-five percent to special racing revolving fund;
- 17 (2) Five percent to the South Dakota-bred racing fund; and
- 18 (3) Fifty percent according to the distribution provided in § 42-7B-48.1.