

Chapter 173

(House Bill 1058)

An Act to require licensure for online pari-mutuel wagering pools for horse and dog races, and clarify the application of tax therefor.

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

Section 1. That § 42-7-58.5 be AMENDED:

42-7-58.5. In addition to all state laws and applicable rules of the commission, simulcast wagering and interstate combined wagering pools ~~shall be in compliance must comply~~ with the United States Code, Title 15, Section 3001, et seq., as in effect on December 31, 1990 15 U.S.C §§ 3001 to 3007, inclusive (January 1, 2026).

Section 2. That § 42-7-102 be AMENDED:

42-7-102. Notwithstanding any other provision of this chapter, the commission may authorize any licensee to participate in an interstate combined wagering pool with one or more other racing jurisdictions. If a licensee participates in an interstate combined wagering pool, the licensee may adopt the take-out of the host jurisdiction or facility.

The State of South Dakota ~~shall receive~~ receives one and one-half percent of the total contributed in this state, and the special racing revolving fund and the South Dakota-bred racing fund ~~shall must~~ each receive one and one-half percent of the total contributed in this state. ~~However, Subject to the provisions of section 3 of this Act,~~ if the licensee participating in the interstate combined wagering pool is a multi-jurisdictional totalizator hub, the total portion to be received by the state ~~shall be is~~ one-fourth of one percent of the total contributed through the hub, of which the special racing revolving fund ~~shall receive~~ receives one-fifth of one percent of the total contributed through the hub and the South Dakota-bred racing fund ~~shall receive receives~~ one-twentieth of one percent of the total contributed through the hub. Any ~~such~~ interstate combined wagering pool may only apply to horse and dog racing authorized by this chapter.

Section 3. That a NEW SECTION be added to chapter 42-7:

Only a person licensed as a multi-jurisdictional totalizator hub in this state may operate an online betting platform or electronic application to offer online pari-mutuel wagering on a horse or dog race.

A person with a physical presence in this state operating an online betting platform or electronic application to offer online pari-mutuel wagering on a horse or dog race is subject to the tax imposed pursuant to § 42-7-102 on multi-jurisdictional totalizator hubs.

A person without a physical presence in this state operating an online betting platform or electronic application to offer online pari-mutuel wagering on a horse or dog race is subject to the tax imposed pursuant to § 42-7-102 on multi-jurisdictional totalizator hubs, except that the tax rate applies to the total contributed through the hub by individuals in this state on online pari-mutuel wagering pools for horse or dog races.

Signed February 17, 2026