



Phil Mullin

Bill Analysis
Legislative Service Commission

Sub. H.B. 546

126th General Assembly
(As Passed by the House)

Reps. Dolan, Bocchieri, Trakas, D. Evans, Seitz, Setzer, Hartnett, Allen, Yuko, Walcher, Chandler, Collier, Cassell, Aslanides, Schlichter, Willamowski, Combs, Widener, J. McGregor, T. Patton, Book, D. Stewart, Beatty, Blessing, Brown, Carano, Carmichael, Coley, Daniels, DeBose, Domenick, Driehaus, Gibbs, Harwood, Hoops, Key, Luckie, Martin, R. McGregor, Otterman, S. Patton, Perry, Sayre, Schneider, J. Stewart, Uecker, Wagoner, Webster, J. White

BILL SUMMARY

- Authorizes the State Racing Commission to enter into the National Racing Compact in order to provide for the licensure and regulation of individuals involved in the horse racing industry in the Compact states in a specified manner.
- Requires that all investment earnings on cash balances in the Ohio Thoroughbred Race Fund be credited to the Fund.
- Changes the definition of an "Ohio foaled horse" for purposes of the Fund's Law.
- Specifies for purposes of the Fund's Law that a thoroughbred mare may leave Ohio for breeding purposes with the Commission's permission and if the mare returns immediately after that activity.
- Changes the number of harness horse races that may receive allocations from the Ohio Standardbred Development Fund.

CONTENT AND OPERATION

National Racing Compact

Legislative underlying findings

The bill states that the General Assembly finds and declares all of the following (R.C. 3769.22(A)(1), (2), and (3)):

- That a National Racing Compact, comprised of states that are parties to it, exists to provide for the licensure and regulation of individuals involved in the horse racing industry.
- That the Compact's intent is to prevent those individual owners, trainers, jockeys, drivers, backstretch employees, totalizator employees, farriers, concessionaires, veterinarians, and other persons involved in live horse racing upon which pari-mutuel wagering is conducted from having to be licensed in each state in which they may conduct business.
- That the Compact authorizes the individuals listed above to be licensed in occupational categories established by the Compact Committee (see below) that oversees the Compact and, thus, to be able to practice their occupation *in all states that are parties to the Compact*.

The General Assembly also finds in the bill that the Compact's *purposes* are to do all of the following (R.C. 3769.22(A)(4)):

- Establish uniform requirements among the party states for the licensure of the individuals listed above and to ensure that all those individuals licensed pursuant to the Compact meet a uniform minimum standard of honesty and integrity.
- Facilitate the growth of the horse racing industry in each party state and throughout the country by simplifying the licensing process for the individuals listed above by reducing the duplicative and costly process of separate licensing by the applicable agency in each party state.
- Provide for participation in the Compact by officials of the party states and permit those officials, through the Compact Committee, to enter into contracts with governmental agencies and nongovernmental persons and entities to carry out the Compact's purposes.

- Establish the Compact Committee as an *interstate governmental entity* authorized to request and receive criminal record history information from the Federal Bureau of Investigation, other federal law enforcement agencies, the Royal Canadian Mounted Police, law enforcement agencies of other nations, and state and local law enforcement agencies.

The General Assembly further finds in the bill that the following *debt and tort liability* provisions apply under the Compact (R.C. 3769.22(A)(5)):

- No party state, including its racing commission or equivalent agency, is liable for the debts or other financial obligations incurred by the Compact Committee.
- No official of a party state or employee of the Compact Committee is personally liable for any act or omission the official or employee performs or omits to perform in good faith while carrying out the official's or employee's responsibilities and duties under the Compact.

Authorization to participate

The bill authorizes the State Racing Commission to enter into and participate in the Compact for the purposes described above (R.C. 3769.22(B)(1)). The participation of the state and the Commission in the Compact *cannot have*, however, any of the following consequences (R.C. 3769.22(B)(2)):

- Result in the diminution of any applicable existing standards governing the issuance, denial, suspension, or revocation of a license issued under the State Racing Commission Law.
- Prevent the enforcement of any statute or rule affecting the holder of any such license.
- Relieve any individual or entity of its duty to obtain any such license or pay any license fee.
- Make the state or the Commission liable for the debts or other financial obligations incurred by the Compact Committee.
- Make any officer or employee of the state personally liable for any act or omission the official or employee performs or omits to perform in good faith while carrying out the official's or employee's responsibilities and duties under the Compact.

The bill requires the State Racing Commission to designate an individual to represent Ohio and the Commission on the Compact Committee in the administration of the Compact (R.C. 3769.22(B)(3)).

Changes in the Ohio Thoroughbred Race Fund Law

Investment earnings

Current law creates in the state treasury the Ohio Thoroughbred Race Fund, which consists of moneys paid into it from a portion of the taxes levied on pari-mutuel wagering on thoroughbred horse races. Moneys to the Fund's credit generally must be used to promote races and provide purses for races for horses that are accredited Ohio thoroughbred horses or Ohio foaled horses. (R.C. 3769.083(B).)

The bill requires that all investment earnings on the Fund's cash balances also be credited to the Fund (R.C. 3769.083(B)).¹

Definition change

Current law defines an "Ohio foaled horse" as a horse that is registered as required by the State Racing Commission's rules and that is either (1) a horse born of a mare that enters Ohio *on or before July 15 of the year in which the horse is conceived* and remains continuously in Ohio until the horse is born or (2) a thoroughbred foal produced within Ohio by any broodmare shipped into Ohio to foal and be bred to a registered Ohio stallion. The bill alters item (1) above so that an "Ohio foaled horse" may be a horse born of a mare that enters Ohio *before foaling* and remains continuously in Ohio until the horse is born. (R.C. 3769.083(A)(2).)

Permissible leaving of Ohio

Background. Under continuing law, for a horse to qualify as an "Ohio foaled horse" under item (2) above, the *broodmare* must remain in Ohio one year *continuously* after foaling or continuously through foaling to the cover of the Ohio stallion, whichever is sooner, and, as noted above, the mare mentioned in item (1) above must remain *continuously* in Ohio until the horse is born for it to be an "Ohio foaled horse." Further, for a horse to be an "accredited Ohio thoroughbred horse," the horse must be born of a mare that is domiciled in Ohio at the time of

¹ Section 312.06 of Am. Sub. H.B. 66 of the 126th General Assembly, however, generally authorizes the Director of Budget and Management, through June 30, 2007, to transfer interest earned by any fund in the Central Accounting System to the General Revenue Fund, notwithstanding any provision of law to the contrary.

the horse's conception, that remains *continuously* in Ohio through the date on which the horse is born, and that is registered as required by the Commission's rules.

Exception. Under current law, any thoroughbred mare may leave Ohio, despite any of the latter "continuous Ohio presence" requirements that applies, for periods of time for veterinary treatment or surgery, sales purposes, racing purposes, and similar activities if the Commission grants permission and the mare is returned to Ohio immediately upon conclusion of the requested activity. The bill adds *breeding purposes* to these permitted purposes for being outside Ohio. (R.C. 3769.083(A).)

Changes in the Ohio Standardbred Development Fund Law

Colt and filly race moneys

Current law creates in the state treasury the Ohio Standardbred Development Fund, which consists of money paid into it from a portion of the taxes levied on pari-mutuel wagering on standardbred (harness) horse races and any fees assessed for or on behalf of the Ohio sires stakes races (R.C. 3769.085(A)). Current law requires the Ohio Standardbred Development Commission (1) to receive applications from harness tracks conducting races with pari-mutuel wagering other than agricultural expositions and fairs, (2) to conduct hearings on the applications and the allocation of Fund moneys, and (3) to then allocate (subject to certain criteria) and approve all available Fund moneys for *colt races for two-year old and three-year old colts and fillies*, both trotting and pacing, with separate races for fillies being required at each age and gait. *At least five* races and a championship race currently must be scheduled for each of the eight categories of age, sex, and gait. The bill instead provides that *up to five* races and a championship race must be scheduled for each of the eight categories of age, sex, and gait. (R.C. 3769.085(C).)

Aged harness horse race moneys

Current law provides that, if the Ohio Standardbred Development Commission concludes that sufficient funds are available to add aged races without reducing purse levels of the colt and filly races, the Commission may allocate funds to *four-year old and five-year old races* of each sex and gait. The bill instead authorizes the Commission to allocate funds *to four-year old and up* races of each sex and gait. (R.C. 3769.085(C).)

Eligible colts and fillies

Current law provides that the colts and fillies eligible for the races described above are (1) only those sired by a standardbred stallion that was registered with the State Racing Commission and stood in Ohio the entire breeding season the colt or filly was conceived and (2) fillies foaled before November 1, 1979, that do not meet the qualifications described in item (1) above but are wholly owned by a resident or residents of Ohio (a) on January 1 of the year that the filly would be eligible to race as a two-year old and (b) on the date the race is contested. The bill eliminates the eligibility requirement described in item (2) above. (R.C. 3769.085(C).)

HISTORY

ACTION	DATE
Introduced	03-23-06
Reported, H. State Gov't	05-30-06
Passed House (92-0)	11-29-06

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