

LEGISLATIVE BILL 1041

Approved by the Governor March 28, 1986

Introduced by Conway, 17; Hefner, 19; Peterson, 21;
Chronister, 18; Smith, 33; Rupp, 22;
Schmit, 23

AN ACT relating to horseracing; to amend sections 2-1205 and 2-1207, Reissue Revised Statutes of Nebraska, 1943, and section 2-1208.01, Revised Statutes Supplement, 1985; to define terms; to create a fund; to provide for the distribution of percentages of the receipts from exotic wagers as prescribed; to eliminate obsolete language; to change provisions relating to deductions from amounts wagered; to change the tax on parimutuel wagering; to harmonize provisions; to repeal the original sections; and to declare an emergency.

Be it enacted by the people of the State of Nebraska,

Section 1. For purposes of sections 1 and 2 of this act, unless the context otherwise requires:

(1) Exotic wagers shall mean daily double, exacta, quinella, trifecta, pick six, and other similar types of bets which are approved by the State Racing Commission;

(2) Gross exotic daily receipts shall mean the total sum of all money wagered, on a daily basis, by means of exotic wagers at race meets;

(3) Race meet shall mean any exhibition of racing of horses at which the parimutuel or certificate method of wagering is used;

(4) Racetrack shall mean any racetrack licensed by the State Racing Commission to conduct race meets; and

(5) Recipient track shall mean a racetrack with a total annual parimutuel handle, based on the previous racing year, of twelve million dollars or less.

Sec. 2. (1) Racetracks shall separately account for their gross exotic daily receipts. Any racetrack that had for its previous race meet a total parimutuel handle of less than one hundred twenty million dollars shall withhold an amount equal to one half of one per cent of such receipts, and any racetrack that had for its previous race meet a total parimutuel handle of one hundred twenty million dollars or more

shall withhold an amount equal to one per cent of such receipts. Such amount withheld shall be paid to the State Racing Commission on the last day of each month during each race meeting for deposit in the Track Distribution Fund, which fund is hereby created.

(2) The Track Distribution Fund shall be distributed as follows:

(a) Fifteen per cent of the fund shall be distributed monthly to recipient racetracks which conduct wagering by the parimutuel method on quarterhorse racing. Such racetracks shall receive the percentage of the fifteen per cent which the total number of days of horseraces run at such racetrack in the year of distribution bears to the total number of days of horseraces run at all such racetracks in the year of distribution; and

(b) Eighty-five per cent of the fund shall be distributed monthly to recipient racetracks which conduct wagering by the parimutuel method on thoroughbred horseracing. Such racetracks shall receive the percentage of the eighty-five per cent which the total number of days of horseraces run at such racetrack in the year of distribution bears to the total number of days of horseraces run at all such racetracks in the year of distribution.

For purposes of this section, distribution for any recipient racetrack racing fewer than thirty days shall be based on a minimum of thirty days and any racetrack racing more than thirty-five days shall be based on a maximum of thirty-five days of racing. One half of the amount received by a racetrack shall be used to supplement purses at the track.

(3) Any money in the Track Distribution Fund available for investment shall be invested by the state investment officer pursuant to sections 72-1237 to 72-1269.

(4) The assessment required by this section shall be in addition to the assessments, taxes, and fees required by Chapter 2, article 12.

Sec. 3. That section 2-1205, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

2-1205. (1) If the commission is satisfied that its rules and regulations and all provisions of sections 2-1201 to 2-1218 have been and will be complied with, it may issue a license for a period of not more than one year. The license shall set forth the name of the licensee, the place where the races or race meetings are to be held, and the time and number of days during

which racing may be conducted by said such licensee. Any such license issued shall not be transferable or assignable. The commission shall have the power to revoke any license issued at any time for good cause upon reasonable notice and hearing. No license shall be granted to any corporation or association except upon the express condition that it shall not, by any lease, contract, understanding, or arrangement of whatever kind or nature, grant, assign, or turn over to any person, corporation, or association the operation or management of any racing or race meeting licensed under the provisions of said such sections or of the parimutuel system of wagering hereinafter referred to, described in section 2-1207 or in any manner permit any person, corporation, or association other than the licensee to have any share, percentage, or proportion of the money received for admissions to said the racing or race meeting or from the operation of said the parimutuel system; and any violation of said condition such conditions shall authorize and require the commission immediately to revoke said such license.

(2) Notwithstanding the provisions of subsection (1) of this section, for the calendar year 1976 a licensee may contract with any other licensee or licensees for its assigned racing meet to be held in full or in part at the licensed facilities of any other licensee or licensees, and may contract with such licensee or licensees for the operation or management of the meet to be held at the licensed facilities of any other licensee or licensees and may provide for sharing in the parimutuel proceeds or any other proceeds therefrom with the licensee or licensees at whose facility the meet is being conducted, except the parimutuel taxes, admissions taxes, and all other taxes or fees required to be paid to the state or its agency by sections 2-128 and 2-1208. Any licensee which contracts with another licensee or licensees pursuant to this subsection shall, for purposes of this subsection and section 2-128, be deemed to have conducted the race meet to which such contract applies.

Sec. 4. That section 2-1207, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

2-1207. (1) Within the enclosure of any racetrack where is held a race or race meeting licensed and conducted under sections 2-1201 to 2-1218 is held, but not elsewhere, the parimutuel or certificate method or system of wagering on the results of the respective races may be used and conducted by the licensee. in

~~connection therewith.~~ Under such system the licensee may receive wagers of money from any person present at such race on any horse in a race selected by such person to run first in such race, and the person so wagering shall acquire an interest in the total money so wagered on all horses in such race as first winners in proportion to the amount of money wagered by him or her. Such licensee shall issue to each person so wagering a certificate on which shall be shown the number of the race, the amount wagered, and the number or name of the horse selected by such person as first winner. As each race is run the licensee may deduct from the total sum wagered on all horses as first winners, respectively, (a) at race meets which conduct races more than ~~three~~ four days per week excluding holidays, fifteen per cent of the total, plus the odd cents of the redistribution over the next lower multiple of ten; or (b) at race meets which conduct races not more than ~~three~~ four days per week excluding holidays, not less than fifteen nor more than eighteen per cent of the total, plus the odd cents of the redistribution over the next lower multiple of ten. All licensees are hereby authorized to deduct up to and including twenty per cent from the total sum wagered by exotic wagers as defined in section 1 of this act. The licensee shall also deduct from the total sum wagered by exotic wagers, if any, the tax plus the odd cents of the redistribution over the next multiple of ten, as provided in subsection (1) of section 2 of this act. ~~The~~ 7 and the balance remaining on hand shall be paid out to the holders of certificates on the winning horse in the proportion that the amount wagered by each certificate holder bears to the total amount wagered on all horses in such race to run first. The licensee may likewise receive such wagers on horses selected to run second, third, or both, or in such combinations as the commission may authorize, the method, procedure, and the authority and right of the licensee, as well as the deduction allowed to the licensee, to be as specified with respect to wagers upon horses selected to run first.

(2) At all race meets held pursuant to ~~subdivision (a) of subsection (1) of this section,~~ the licensee shall, ~~in addition to the amount deducted under such subdivision,~~ deduct from the total sum wagered, except for wagers on horses selected to run first, second, or third, one per cent of the total, to be used to promote agriculture and horse breeding in Nebraska and for the support and preservation of horseracing pursuant to section 2-1207.01. ~~At race meets held~~

pursuant to subdivision (b) of subsection (1) of this section, the licensee may opt out of or in addition to the amount deducted under such subdivision deduct from the total sum wagered, except for wagers on horses selected to run first, second, or third, one per cent of the total, to be used to promote agriculture and horse breeding in Nebraska and for the support and preservation of horseracing pursuant to section 2-1207.01.

(3) No minor shall be permitted to make any parimutuel wager, and there shall be no wagering except under the parimutuel method outlined in this section. Any person, association, or corporation who knowingly permits a minor to make a parimutuel wager shall be guilty of a Class IV misdemeanor.

Sec. 5. That section 2-1208.01, Revised Statutes Supplement, 1985, be amended to read as follows:

2-1208.01. There is hereby imposed a tax on the gross sum wagered by the parimutuel method at each race meeting as follows:

(1) The at the following rates: (1) For meets conducted on property owned by the state on which the Nebraska State Fair is also conducted (a) the first seven million dollars shall not be taxed and (b) any amount in excess of seven million dollars shall be taxed at a rate of four per cent; and (2) for all other meets (a) the first seven million dollars shall not be taxed;

(2) For meets conducted on property owned by the state on which the Nebraska State Fair is also conducted, any amount in excess of seven million dollars shall be taxed at the rate of four per cent; and

(3) For all other meets commencing on or after January 1, 1986, any amount in excess of seven million dollars shall be taxed using the daily average parimutuel handle as reported in the State Racing Commission's annual report for 1985 for each licensed race meet as the standard as follows:

(a) Race meets which have an average daily parimutuel handle for the year which are less than ninety-five per cent of their 1985 average daily parimutuel handle shall be taxed at the rate of four per cent;

(b) Race meets which have an average daily parimutuel handle for the year which are equal to or exceed ninety-five per cent of their 1985 average daily parimutuel handle but are less than one hundred per cent of such handle shall be taxed at the rate of four and one half per cent; and

(c) Race meets which have an average daily parimutuel handle which equals or exceeds one hundred per cent of their 1985 average daily parimutuel handle shall be taxed at the rate of five per cent.

The tax at the rate of four per cent shall be paid into the state treasury for deposit in the General Fund on the last day of each month during each race meeting. If the tax exceeds the four per cent rate at any race meet, the additional tax, plus a certification of the average daily parimutuel handle upon which such rate is based, shall be paid into the General Fund within ten days after the termination of each race meeting. If no additional tax is due, a certification of the average daily parimutuel handle shall be submitted to the Department of Revenue upon forms provided by the department. and (b) any amount in excess of seven million dollars shall be taxed at a rate of five per cent. The tax imposed by this section shall be paid into the state treasury for deposit in the state General Fund on the last day of each month during each race meeting.

Sec. 6. That original sections 2-1205 and 2-1207, Reissue Revised Statutes of Nebraska, 1943, and section 2-1208.01, Revised Statutes Supplement, 1985, are repealed.

Sec. 7. Since an emergency exists, this act shall be in full force and take effect, from and after its passage and approval, according to law.