LEGISLATURE OF NEBRASKA ONE HUNDRED SEVENTH LEGISLATURE FIRST SESSION

LEGISLATIVE BILL 561

Introduced by Briese, 41. Read first time January 19, 2021

Committee: General Affairs 1 A BILL FOR AN ACT relating to the State Racing Commission; to amend

2 sections 2-1201.01, 2-1202, 2-1203.02, 2-1204, 2-1207.01, 2-1208.03, 3 2-1208.04, 2-1209, 2-1211, 2-1213, 2-1215, 2-1217, 2-1219, 2-1224, 4 2-1225, 2-1244, 2-1246, and 2-1247, Reissue Revised Statutes of Nebraska, sections 2-1201, 2-1203, 2-1207, 2-1208, 2-1216, 2-1221, 5 6 and 2-1222, Revised Statutes Cumulative Supplement, 2020, and 7 section 2-1203.01, Revised Statutes Cumulative Supplement, 2018, as amended by section 7, Initiative Law 2020, No. 430; to rename the 8 State Racing Commission; to change the membership of the State 9 Racing Commission; to provide regulatory authority of games of 10 chance authorized under the Nebraska Racetrack Gaming Act; to change 11 provisions relating to wagering on horseracing and penalties; to 12 13 harmonize provisions; to repeal the original sections; and to 14 declare an emergency.

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

-1-

Section 1. Section 2-1201, Revised Statutes Cumulative Supplement,
 2020, is amended to read:

2-1201 (1) There hereby is created a State Racing <u>and Gaming</u>
Commission. For purposes of sections 2-1201 to 2-1229, commission means
<u>the State Racing and Gaming Commission.</u>

6 (2) Until July 15, 2010, the commission shall consist of three 7 members who shall be appointed by the Governor and subject to 8 confirmation by a majority of the members elected to the Legislature and 9 may be for cause removed by the Governor. One member shall be appointed 10 each year for a term of three years. The members shall serve until their 11 successors are appointed and qualified.

12 (2) The (3) On and after July 15, 2010, the commission shall consist 13 of seven five members who shall be appointed by the Governor and subject 14 to confirmation by a majority of the members elected to the Legislature 15 and may be for cause removed by the Governor. One member of the 16 commission shall be appointed from each congressional district, as such 17 districts existed on January 1, 2010, and <u>four</u> two members of the 18 commission shall be appointed at large for terms as follows:

(a) The member representing the second congressional district who is appointed on or after April 1, 2010, shall serve until March 31, 2014, and until his or her successor is appointed and qualified. Thereafter the term of the member representing such district shall be four years and until his or her successor is appointed and qualified;

(b) The member representing the third congressional district who is appointed on or after April 1, 2011, shall serve until March 31, 2015, and until his or her successor is appointed and qualified. Thereafter the term of the member representing such district shall be four years and until his or her successor is appointed and qualified;

(c) The member representing the first congressional district who is
appointed on or after April 1, 2012, shall serve until March 31, 2016,
and until his or her successor is appointed and qualified. Thereafter the

-2-

1 term of the member representing such district shall be four years and 2 until his or her successor is appointed and qualified;

3 (d) Not later than sixty days after July 15, 2010, the Governor 4 shall appoint one at-large member who shall serve until March 31, 2013, 5 and until his or her successor is appointed and qualified. Thereafter the 6 term of such member shall be four years and until his or her successor is 7 appointed and qualified; and

8 (e) Not later than sixty days after July 15, 2010, the Governor 9 shall appoint one at-large member who shall serve until March 31, 2014, 10 and until his or her successor is appointed and qualified. Thereafter the 11 term of such member shall be four years and until his or her successor is 12 appointed and qualified; and -

(f) Not later than sixty days after July 15, 2021, the Governor shall appoint two additional at-large members who shall serve until March 31, 2025, and until a successor is appointed and qualified. One of such members shall have experience in the Nebraska gaming industry, and one shall be a member of the organization representing the majority of licensed owners and trainers of horses at racetracks in Nebraska. The term of those members shall be four years.

(4) Not more than four three members of the commission shall belong 20 to the same political party. No more than three two of the members shall 21 22 reside, when appointed, in the same congressional district. No more than two of the members shall reside in any one county. Any vacancy shall be 23 24 filled by appointment by the Governor for the unexpired term. The 25 compensation of the members of the commission shall be one thousand dollars per month, which may be adjusted every two years in an amount not 26 to exceed the change in the Consumer Price Index for Urban Wage Earners 27 28 and Clerical Workers for the period between June 30 of the first year to June 30 of the year of adjustment. The members shall serve without 29 compensation but shall be reimbursed for expenses incurred in the 30 31 performance of their duties as provided in sections 81-1174 to 81-1177.

-3-

The members of the commission shall be bonded or insured as required by
 section 11-201.

3 <u>(5) No member shall have any personal financial interest in any</u> 4 <u>licensed racetrack enclosure or authorized gaming operator as defined in</u> 5 <u>the Nebraska Racetrack Gaming Act for the duration of the member's term.</u>

6 Sec. 2. Section 2-1201.01, Reissue Revised Statutes of Nebraska, is7 amended to read:

8 2-1201.01 The purpose of the <u>commission</u> State Racing Commission is 9 to provide statewide regulation of horseracing <u>and games of chance as</u> 10 <u>defined in the Nebraska Racetrack Gaming Act</u> in order to prevent and 11 eliminate corrupt practices and fraudulent behavior, and thereby maintain 12 a high level of integrity and honesty in the horseracing industry of 13 Nebraska <u>and the operation of games of chance in Nebraska</u>, and to insure 14 that all funds received by the commission are properly distributed.

Sec. 3. Section 2-1202, Reissue Revised Statutes of Nebraska, is amended to read:

17 2-1202 The commission shall elect one of its members to be chairperson chairman thereof, and it shall be authorized to employ an 18 19 executive director a secretary and such other assistants and employees as may be necessary to carry out the purposes of sections 2-1201 to 2-1218. 20 Such executive director secretary shall have no other official duties. 21 The executive director secretary shall keep a record of the proceedings 22 of the commission, preserve the books, records, and documents entrusted 23 to the executive director his care, and perform such other duties as the 24 25 commission shall prescribe; and the commission shall require the executive director secretary to give bond in such sum as it may fix, 26 conditioned for the faithful performance of the his duties of the 27 28 executive director. The commission shall be authorized to fix the compensation of its executive director secretary, 29 and also the compensation of its other employees, subject to the approval of the 30 Governor. The commission shall have an office at such place within the 31

-4-

1 state as it may determine_{τ} and shall meet at such times and places as it 2 shall find necessary and convenient for the discharge of its duties.

3 Sec. 4. Section 2-1203, Revised Statutes Cumulative Supplement,
4 2020, is amended to read:

5 2-1203 The <u>commission</u> State Racing Commission shall have power to 6 prescribe and enforce rules and regulations governing horseraces and race 7 meetings licensed as provided in sections 2-1201 to 2-1229 <u>and games of</u> 8 <u>chance as provided in the Nebraska Racetrack Gaming Act</u>. Such rules and 9 regulations shall contain criteria to be used by the commission for 10 decisions on approving and revoking track licenses and setting racing 11 dates.

The commission may revoke or suspend licenses issued to racing 12 13 industry participants and may, in lieu of or in addition to such suspension or revocation, impose a fine in an amount not to exceed five 14 thousand dollars upon a finding that a rule or regulation has been 15 violated by a licensed racing industry participant. The exact amount of 16 17 the fine shall be proportional to the seriousness of the violation and the extent to which the licensee derived financial gain as a result of 18 19 the violation.

The commission may delegate to a board of stewards such of the commission's powers and duties as may be necessary to carry out and effectuate the purposes of sections 2-1201 to 2-1229.

Any decision or action of such board of stewards may be appealed to the commission or may be reviewed by the commission on its own initiative. The board of stewards may impose a fine not to exceed fifteen hundred dollars upon a finding that a rule or regulation has been violated.

The commission shall remit administrative fines collected under this section to the State Treasurer for distribution in accordance with Article VII, section 5, of the Constitution of Nebraska.

31 <u>The commission shall have the authority to issue directives without</u>

-5-

6

<u>having to comply with the terms of the Administrative Procedure Act</u>
 relating to the adoption and promulgation of rules and regulations.

3 Sec. 5. Section 2-1203.01, Revised Statutes Cumulative Supplement, 4 2018, as amended by section 7, Initiative Law 2020, No. 430, is amended 5 to read:

2-1203.01 The <u>commission</u> State Racing Commission shall:

7 (1) Enforce all state laws covering horseracing as required by
8 sections 2-1201 to 2-1229 and enforce rules and regulations adopted and
9 promulgated by the commission under the authority of section 2-1203;

10 (2) License racing industry participants, race officials, mutuel 11 employees, concessionaires, and such other persons as deemed necessary by 12 the commission if the license applicants meet eligibility standards 13 established by the commission;

14 (3) Prescribe and enforce security provisions, including, but not
15 limited to, the restricted access to areas within track enclosures and
16 backstretch areas, and prohibitions against misconduct or corrupt
17 practices;

(4) Determine or cause to be determined by chemical testing and
analysis of body fluids whether or not any prohibited substance has been
administered to the winning horse of each race and any other horse
selected by the board of stewards;

(5) Verify the certification of horses registered as being Nebraska bred under section 2-1213; <u>and</u>

24 (6) Collect and verify the amount of revenue received by the
 25 commission under section 2-1208. ; and

26 (7) Serve as ex officio members of the Nebraska Gaming Commission,
 27 and perform the duties set forth in the Nebraska Racetrack Gaming Act.

Sec. 6. Section 2-1203.02, Reissue Revised Statutes of Nebraska, is amended to read:

2-1203.02 (1) Any person applying for or holding a license to
 participate in or be employed at a horserace meeting licensed by the

-6-

commission State Racing Commission shall be subject to fingerprinting and 1 a check of his or her criminal history record information maintained by 2 the Identification Division of the Federal Bureau of Investigation for 3 the purpose of determining whether the commission has a basis to deny the 4 license application or to suspend, cancel, or revoke the person's 5 license, except that the commission shall not require a person to be 6 fingerprinted if such person has been previously fingerprinted in 7 connection with a license application in this state or any other state 8 9 within the last five years prior to the application for such license. Any person involved in the administration or management of a racetrack, 10 including the governing body, shall be subject to fingerprinting and a 11 check of his or her criminal history record information maintained by the 12 Identification Division of the Federal Bureau of Investigation. The 13 applicant, licensee, or person involved in the administration or 14 management of a racetrack shall pay the actual cost of any fingerprinting 15 16 or check of his or her criminal history record information. The 17 requirements of this subsection shall not apply to employees of concessions who do not work in restricted-access areas, 18 admissions involve only admissions ticket 19 employees whose duties sales and verification or parking receipts sales and verification, and medical or 20 emergency services personnel authorized to provide such services at the 21 22 racetrack.

(2) If the applicant is an individual who is applying for a license
to participate in or be employed at a horserace meeting, the application
shall include the applicant's social security number.

Sec. 7. <u>(1) The commission shall appoint or employ deputies,</u> <u>investigators, inspectors, agents, security personnel, and other persons</u> <u>as deemed necessary to administer and effectively enforce all provisions</u> <u>of the regulation of horseracing and the Nebraska Racetrack Gaming Act.</u> <u>Any appointed or employed personnel shall perform the duties assigned by</u> <u>the commission.</u>

-7-

1 (2) All personnel appointed or employed by the commission shall be 2 bonded or insured as required by section 11-201. As specified by the 3 commission, certain personnel shall be vested with the authority and 4 power of a law enforcement officer to carry out the laws of this state 5 administered by the commission.

6 Sec. 8. Section 2-1204, Reissue Revised Statutes of Nebraska, is7 amended to read:

8 2-1204 The Nebraska State Fair Board, a county fair board, a county 9 agricultural society for the improvement of agriculture organized under the County Agricultural Society Act, or a corporation or association of 10 persons organized and carried on for civic purposes or which conducts a 11 livestock exposition for the promotion of the livestock or horse-breeding 12 industries of the state and which does not permit its members to derive 13 personal profit from its activities by way of dividends or otherwise may 14 apply to the commission State Racing Commission for a license to conduct 15 16 horseracing at a designated place within the state. Such application 17 shall be filed with the executive director secretary of the commission at least sixty days before the first day of the horserace meeting which such 18 corporation or association proposes to hold or conduct, shall specify the 19 day or days when and the exact location where it is proposed to conduct 20 such racing, and shall be in such form and contain such information as 21 22 the commission shall prescribe.

Sec. 9. Section 2-1207, Revised Statutes Cumulative Supplement,
2020, is amended to read:

25 2-1207 (1) Within the enclosure of any racetrack where a race or 26 race meeting licensed and conducted under sections 2-1201 to 2-1218 is 27 held or at a racetrack licensed to simulcast races or conduct interstate 28 simulcasting, the parimutuel method or system of wagering on the results 29 of the respective races may be used and conducted by the licensee. Under 30 such system, the licensee may receive wagers of money from any person 31 present at such race or racetrack receiving the simulcast race or

-8-

conducting interstate simulcasting on any horse in a race selected by 1 2 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 3 4 race as first winners in proportion to the amount of money wagered by him 5 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 6 7 wagered, and the number or name of the horse selected by such person as first winner. As each race is run, at the option of the licensee, the 8 9 licensee may deduct from the total sum wagered on all horses as first 10 winners not less than fifteen percent or more than eighteen percent from such total sum, plus the odd cents of the redistribution over the next 11 lower multiple of ten. At the option of the licensee, the licensee may 12 13 deduct up to and including twenty-five percent from the total sum wagered by exotic wagers as defined in section 2-1208.03. The commission State 14 Racing Commission may authorize other levels of deduction on wagers 15 conducted by means of interstate simulcasting. The licensee shall notify 16 17 the commission in writing of the percentages the licensee intends to deduct during the live race meet conducted by the licensee and shall 18 19 notify the commission at least one week in advance of any changes to such percentages the licensee intends to make. The licensee shall also deduct 20 from the total sum wagered by exotic wagers, if any, the tax plus the odd 21 22 cents of the redistribution over the next multiple of ten as provided in subsection (1) of section 2-1208.04. The balance remaining on hand shall 23 24 be paid out to the holders of certificates on the winning horse in the 25 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 26 27 licensee may likewise receive such wagers on horses selected to run 28 second, third, or both, or in such combinations as the commission may authorize, the method, procedure, and authority and right of the 29 licensee, as well as the deduction allowed to the licensee, to be as 30 specified with respect to wagers upon horses selected to run first. 31

-9-

1 (2) At all race meets held pursuant to this section, the licensee 2 shall deduct from the total sum wagered one-third of the amount over 3 fifteen percent deducted pursuant to subsection (1) of this section on 4 wagers on horses selected to run first, second, or third and one percent 5 of all exotic wagers to be used to promote agriculture and horse breeding 6 in Nebraska and for the support and preservation of horseracing pursuant 7 to section 2-1207.01.

8 (3) No person under <u>twenty-one</u> nineteen years of age shall be 9 permitted to make any parimutuel wager, and there shall be no wagering 10 except under the parimutuel method outlined in this section. Any person, 11 association, or corporation who knowingly aids or abets a person under 12 <u>twenty-one</u> nineteen years of age in making a parimutuel wager shall be 13 guilty of a Class <u>I</u> IV misdemeanor.

14 Sec. 10. Section 2-1207.01, Reissue Revised Statutes of Nebraska, is 15 amended to read:

16 2-1207.01 The amount deducted from wagers pursuant to subsection (2) 17 of section 2-1207 may be used to promote agriculture and horsebreeding in Nebraska and shall be distributed as purse supplements and breeder and 18 stallion awards for Nebraska-bred horses, as defined and registered 19 pursuant to section 2-1213, at the racetrack where the funds were 20 generated, except that if a racetrack does not continue to conduct live 21 race meets, amounts deducted may be distributed as purse supplements and 22 23 breeder and stallion awards at racetracks that conduct live race meets 24 and amounts deducted pursuant to a contract with the organization 25 representing the majority of the licensed owners and trainers at the racetrack's most recent live race meet shall be used by that organization 26 to promote live thoroughbred horseracing in the state or as purse 27 28 supplements at racetracks that conduct live race meets in the state. Any costs incurred by the commission State Racing Commission pursuant to this 29 section and subsection (2) of section 2-1207 shall be separately 30 31 accounted for and be deducted from such funds.

-10-

Sec. 11. Section 2-1208, Revised Statutes Cumulative Supplement,
 2020, is amended to read:

3 2-1208 For all race meetings, every corporation or association licensed under the provisions of sections 2-1201 to 2-1218 shall pay the 4 tax imposed by section 2-1208.01 and shall also pay to the commission 5 State Racing Commission the sum of sixty-four one hundredths of one 6 7 percent of the gross sum wagered by the parimutuel method at each licensed racetrack enclosure during the calendar year. For race meetings 8 9 devoted principally to running live races, the licensee shall pay to the 10 commission the sum of fifty dollars for each live racing day that the licensee serves as the host track for intrastate simulcasting and twenty-11 five dollars for any other live racing day. 12

No other license tax, permit tax, occupation tax, or excise tax or racing fee, except as provided in this section and in sections 2-1203 and 2-1208.01, shall be levied, assessed, or collected from any such licensee by the state or by any county, township, district, city, village, or other governmental subdivision or body having power to levy, assess, or collect any such tax or fee.

Sec. 12. Section 2-1208.03, Reissue Revised Statutes of Nebraska, isamended to read:

2-1208.03 For purposes of sections 2-1208.03 and 2-1208.04, 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

29 the parimutuel or certificate method of wagering is used;

30 (4) Racetrack shall mean any racetrack licensed by the <u>commission</u>
 31 State Racing Commission to conduct race meets; and

-11-

(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. 13. Section 2-1208.04, Reissue Revised Statutes of Nebraska, is
amended to read:

2-1208.04 (1) Racetracks shall separately account for their gross 6 exotic daily receipts. For all meets commencing after July 16, 1994, any 7 racetrack that had for its previous race meet a total parimutuel handle 8 9 of less than fifty million dollars shall withhold an amount equal to one-10 half of one percent of such receipts and any racetrack that had for its previous race meet a total parimutuel handle of fifty million dollars or 11 more shall withhold an amount equal to one percent of such receipts, 12 13 except that for all meets commencing on or after January 1, 1995, each racetrack shall withhold an amount equal to one-fourth of one percent of 14 such receipts, which amount shall be deducted from purses at the 15 withholding track. Such amount withheld shall be paid to the commission 16 State Racing Commission on the last day of each month during each race 17 meeting for deposit in the Track Distribution Fund, which fund is hereby 18 19 created.

(2) The fund shall be distributed monthly to recipient racetracks 20 which conduct wagering by the parimutuel method on thoroughbred 21 22 horseracing. Such racetracks shall receive the percentage which the total number of days of horseraces run at such racetrack in the year of 23 24 distribution bears to the total number of days of horseraces run at all 25 such racetracks in the year of distribution. Before January 1, 1995, onehalf of the amount received under this subsection by a racetrack shall be 26 used to supplement purses at the track, and on and after January 1, 1995, 27 28 the entire amount received by a racetrack shall be used to supplement purses at the track. 29

30 (3) Any money in the Track Distribution Fund available for31 investment shall be invested by the state investment officer pursuant to

-12-

1 the Nebraska Capital Expansion Act and the Nebraska State Funds 2 Investment Act. Any money in the fund which is not distributed at the end 3 of the calendar year shall be available for expenditure by the commission 4 to defray its expenses pursuant to section 2-1209.

5 (4) The assessment required by this section shall be in addition to 6 the assessments, taxes, and fees required by Chapter 2, article 12.

Sec. 14. Section 2-1209, Reissue Revised Statutes of Nebraska, isamended to read:

9 2-1209 Out of the funds received pursuant to section 2-1208, the 10 expenses of the commissioners, the compensation and reasonable expenses of the executive director secretary, assistants, and employees, and the 11 other reasonable expenses of the commission State Racing Commission, 12 13 including suitable furniture, equipment, supplies, and office expenses, shall first be paid. The commission shall maintain a reserve fund balance 14 which shall not exceed ten percent of the appropriation for the 15 16 commission for the calendar year. If the commission has unexpended funds 17 in excess of its appropriation and authorized reserve fund balance at the end of the calendar year, such funds shall be credited to the General 18 Fund. Sums paid out by the commission shall be subject to the general 19 policy for disbursement of funds by agencies of the state, including 20 21 regular audit.

22 Sec. 15. Section 2-1211, Reissue Revised Statutes of Nebraska, is 23 amended to read:

24 2-1211 Every corporation or association licensed under sections 25 2-1201 to 2-1218 shall so keep its books and records as to clearly show the total number of admissions to races conducted by it on each racing 26 day, including the number of admissions upon free passes or complimentary 27 tickets, and the amount received daily from admission fees and the total 28 amount of money wagered during the race meeting, including wagers at 29 locations to which its races were simulcast and at races which it 30 received via simulcast from other racetracks, and shall furnish to the 31

-13-

<u>commission</u> State Racing Commission such reports and information as it may require with respect thereto. At the end of each race meeting, the licensee shall furnish to the commission and the Governor a complete audit by a certified public accountant detailing all expenses and disbursements. Such audit shall be in the form specified by the commission and shall be filed on or before February 1 following such meet.

8 Sec. 16. Section 2-1213, Reissue Revised Statutes of Nebraska, is9 amended to read:

10 2-1213 (1)(a) No racing under sections 2-1201 to 2-1218 shall be permitted on Sunday except when approved by a majority of the members of 11 the commission State Racing Commission upon application for approval by 12 13 any racetrack. Such approval shall be given after the commission has considered: (i) Whether Sunday racing at the applicant track will tend to 14 promote and encourage agriculture and horse breeding in Nebraska; (ii) 15 16 whether the applicant track operates under a license granted by the commission; (iii) whether the applicant track is in compliance with all 17 applicable health, safety, fire, and police rules and regulations or 18 19 ordinances; (iv) whether the denial of Sunday racing at the applicant track would impair such track's economic ability to continue to function 20 under its license; and (v) whether the record of the public hearing held 21 on the issue of Sunday racing at the applicant track shows reasonable 22 public support. Notice of such public hearing shall be given at least ten 23 24 days prior thereto by publication in a newspaper having general circulation in the county in which the applicant track is operating, and 25 the commission shall conduct a public hearing in such county. The 26 commission may adopt, promulgate, and enforce rules and regulations 27 28 governing the application and approval for Sunday racing in addition to its powers in section 2-1203. If the commission permits racing on Sunday, 29 the voters may prohibit such racing in the manner prescribed in section 30 2-1213.01. If approval by the commission for Sunday racing at the 31

-14-

applicant track is granted, no racing shall occur on Sunday until after 1
 p.m.

3 (b) No license shall be granted for racing on more than one 4 racetrack in any one county, except that the commission may, in its 5 discretion, grant a license to any county agricultural society to conduct 6 racing during its county fair notwithstanding a license may have been 7 issued for racing on another track in such county.

(c) Since the purpose of sections 2-1201 to 2-1218 is to encourage 8 9 agriculture and horse breeding in Nebraska, every licensee shall hold at least one race on each racing day limited to Nebraska-bred horses, 10 including thoroughbreds or guarter horses. Three percent of the first 11 money of every purse won by a Nebraska-bred horse shall be paid to the 12 13 breeder of such horse. Beginning September 1, 2005, through January 1, 2008, each licensee who holds a license for guarter horseracing shall, 14 for each live racing day, give preference to Nebraska-bred quarter horses 15 in at least one race in lieu of the requirements of this subdivision. 16

17 (2) For purposes of this section, Nebraska-bred horse shall mean a horse registered with the Nebraska Thoroughbred or Quarter Horse Registry 18 and meeting the following requirements: (a) It shall have been foaled in 19 Nebraska; (b) its dam shall have been registered, prior to foaling, with 20 the Nebraska Thoroughbred or Quarter Horse Registry; and (c) its dam 21 shall have been continuously in Nebraska for ninety days immediately 22 23 prior to foaling, except that such ninety-day period may be reduced to 24 thirty days in the case of a mare in foal which is purchased at a nationally recognized thoroughbred or quarter horse blood stock sale, the 25 name and pedigree of the mare being listed in the sale catalog, and which 26 is brought into this state and remains in this state for thirty days 27 28 immediately prior to foaling.

The requirement that a dam shall be continuously in Nebraska for either ninety days or thirty days, as specified in subdivision (2)(c) of this section, shall not apply to a dam which is taken outside of Nebraska

-15-

to be placed for sale at a nationally recognized thoroughbred or quarter horse blood stock sale, the name and pedigree of the mare being listed in the sale catalog, or for the treatment of an extreme sickness or injury, if written notice of such proposed sale or treatment is provided to the secretary of the commission within three days of the date such horse is taken out of the state.

7 The commission may designate official registrars for the purpose of registration and to certify the eligibility of Nebraska-bred horses. An 8 9 official registrar shall perform such duties in accordance with policies and procedures adopted and promulgated by the commission in the current 10 rules and regulations of the commission. The commission may authorize the 11 official registrar to collect specific fees as would reasonably 12 13 compensate the registrar for expenses incurred in connection with registration of Nebraska-bred horses. The amount of such fee or fees 14 shall be established by the commission and shall not be changed without 15 16 commission approval. Fees shall not exceed one hundred dollars per horse. Any decision or action taken by the official registrar shall be 17

18 subject to review by the commission or may be taken up by the commission 19 on its own initiative.

20 Sec. 17. Section 2-1215, Reissue Revised Statutes of Nebraska, is 21 amended to read:

22 2-1215 Any person, corporation, or association holding or conducting any horserace or horserace meeting in connection with which the said 23 24 parimutuel system of wagering is used or to be used, without a license 25 duly issued by the <u>commission</u> State Racing Commission; or any person, corporation, or association holding or conducting horseraces or horserace 26 meetings in connection with which any wagering is permitted otherwise 27 than in the manner hereinbefore specified in sections 2-1201 to 2-1218; 28 any person, corporation, or association violating any of 29 or the provisions of sections 2-1201 to 2-1218 or any of the rules and 30 regulations prescribed by the commission, shall be guilty of a Class I 31

-16-

1 misdemeanor.

Sec. 18. Section 2-1216, Revised Statutes Cumulative Supplement,
2020, is amended to read:

4 2-1216 The parimutuel system of wagering on the results of horseraces, when conducted within the racetrack enclosure at licensed 5 horserace meetings, shall not under any circumstances be held or 6 7 construed to be unlawful, any other statutes of the State of Nebraska to the contrary notwithstanding. The money inuring to the commission State 8 9 Racing Commission under sections 2-1201 to 2-1218 from permit fees or from other sources shall never be considered as license money. It is the 10 intention of the Legislature that the funds arising under such sections 11 12 be construed as general revenue to be appropriated and allocated exclusively for the specific purposes set forth in such sections. 13

14 Sec. 19. Section 2-1217, Reissue Revised Statutes of Nebraska, is 15 amended to read:

2-1217 It shall be unlawful for any person to use τ or permit to be 16 17 used a narcotic of any kind to stimulate or retard any horse that is to run in a race in this state to which the provisions of sections 2-1201 to 18 2-1218 apply, or for a person having the control of such horse and 19 knowledge of such stimulation or retardation to allow it to run in any 20 such race. The owners of such horse τ and their agents or employees shall 21 22 permit any member of the commission State Racing Commission or any person appointed by the said commission for that purpose to make such tests as 23 24 the commission deems proper in order to determine whether any such animal 25 has been so stimulated or retarded. The findings of the said commission that a horse has been stimulated or retarded by a narcotic or narcotics 26 shall be prima facie evidence of such fact. 27

28 Sec. 20. Section 2-1219, Reissue Revised Statutes of Nebraska, is 29 amended to read:

2-1219 (1) When any matter comes before the <u>commission</u> State Racing
 Commission that may cause financial benefit or detriment to a member of

-17-

1 the commission, a member of his or her immediate family, or a business 2 with which the member is associated, which is distinguishable from the 3 effects of such matter on the public generally or a broad segment of the 4 public, such member shall take the following actions as soon as he or she 5 is aware of such potential conflict or should reasonably be aware of such 6 potential conflict, whichever is sooner:

7 (a) Prepare a written statement describing the matter requiring
8 action or decision and the nature of the potential conflict;

9 (b) Deliver a copy of the statement to the secretary of the 10 commission; and

(c) Recuse himself or herself from taking any action or making any
 decision relating to such matter in the discharge of his or her official
 duties as a member of the commission.

14 (2) No horse in which any employee of the <u>commission</u> State Racing
 15 Commission has any interest shall be raced at any meet under the
 16 jurisdiction of the commission.

17 (3) No employee of the <u>commission</u> State Racing Commission shall have 18 a pecuniary interest or engage in any private employment in a profession 19 or business which is regulated by or interferes or conflicts with the 20 performance or proper discharge of the duties of the commission.

(4) No employee of the <u>commission</u> State Racing Commission shall wager or cause a wager to be placed on the outcome of any race at a race meeting which is under the jurisdiction and supervision of the commission.

(5) No employee of the <u>commission</u> State Racing Commission shall have a pecuniary interest or engage in any private employment in a business which does business with any racing association licensed by the commission or in any business issued a concession operator license by the commission.

30 (6) Any commission employee violating this section shall forfeit his31 or her employment.

-18-

1 (7) The commission shall include in its rules and regulations 2 prohibitions against actual or potential specific conflicts of interest 3 on the part of racing officials and other individuals licensed by the 4 commission.

5 Sec. 21. Section 2-1221, Revised Statutes Cumulative Supplement,
6 2020, is amended to read:

7 2-1221 Except as provided in section 2-1207, whoever directly or 8 indirectly accepts anything of value to be wagered or to be transmitted 9 or delivered for wager in any parimutuel system of wagering on horseraces 10 or delivers anything of value which has been received outside of the 11 enclosure of a racetrack holding a race meet licensed under sections 12 2-1201 to 2-1247 to be placed as wagers in the parimutuel pool within 13 such enclosure shall be guilty of a Class <u>I</u> II misdemeanor.

Sec. 22. Section 2-1222, Revised Statutes Cumulative Supplement,2020, is amended to read:

2-1222 There is hereby created the Racing and Gaming Commission's 16 17 Cash Fund from which shall be appropriated such amounts as are available therefrom and as shall be considered incident to the administration of 18 the State Racing and Gaming Commission's office. The fund shall contain 19 all license fees and gross receipt taxes collected by the commission as 20 provided under sections 2-1203, 2-1203.01, and 2-1208 but shall not 21 include taxes collected pursuant to section 2-1208.01, and such fees and 22 taxes collected shall be remitted to the State Treasurer for credit to 23 24 the Racing and Gaming Commission's Cash Fund. Money in the fund may be transferred to the General Fund at the direction of the Legislature. The 25 State Treasurer shall transfer one hundred fifty thousand dollars from 26 the fund to the General Fund on or before June 15, 2018, on such dates 27 28 and in such amounts as directed by the budget administrator of the budget division of the Department of Administrative Services. Any money in the 29 Racing and Gaming Commission's Cash Fund available for investment shall 30 be invested by the state investment officer pursuant to the Nebraska 31

-19-

1 Capital Expansion Act and the Nebraska State Funds Investment Act.

Sec. 23. Section 2-1224, Reissue Revised Statutes of Nebraska, is
amended to read:

4

2-1224 (1) The Legislature finds that:

5 (a) The horseracing, horse breeding, and parimutuel wagering 6 industry is an important sector of the agricultural economy of the state, 7 provides substantial revenue for state and local governments, and employs 8 many residents of the state;

9 (b) The simultaneous telecast of live audio and visual signals of 10 horseraces conducted within the state on which parimutuel betting is 11 permitted holds the potential to strengthen and further these economic 12 contributions and it is in the best interest of the state to permit such 13 live telecasts;

(c) Permitting parimutuel wagering on the results of horseracing
conducted at racetracks outside the state also holds the potential to
strengthen and further these economic contributions and it is in the best
interest of the state to permit such wagering; and

(d) No simulcast or interstate simulcast shall be authorized which would jeopardize present live racing, horse breeding, or employment opportunities or which would infringe on current operations or markets of the racetracks which generate significant revenue for local governments in the state.

(2) The Legislature hereby authorizes the telecasts of horseraces conducted within the state on which parimutuel wagering shall be permitted and interstate simulcasting under rules and regulations adopted and promulgated by the <u>commission</u> State Racing Commission in the manner and subject to the conditions provided in sections 2-1207 and 2-1224 to 2-1229.

29 Sec. 24. Section 2-1225, Reissue Revised Statutes of Nebraska, is 30 amended to read:

31 2-1225 For purposes of sections 2-1207 and 2-1224 to 2-1229, unless

-20-

1 the context otherwise requires:

2 (1) Commission shall mean the State Racing <u>and Gaming</u> Commission;

3 (2) Interstate simulcast shall mean parimutuel wagering at any
4 licensed racetrack within the state on the results of any horserace
5 conducted outside the state;

6 (3) Licensed horserace meeting shall include, but not be limited to,
7 licensed racetracks at which simulcasts or interstate simulcasts are
8 conducted;

9 (4) Operator shall mean any licensee issued a license under sections 10 2-1201 to 2-1223 operating a simulcast facility in accordance with 11 sections 2-1224 to 2-1229;

12 (5) Receiving track shall mean any track which displays a simulcast
13 which originates from another track or which conducts interstate
14 simulcasts;

(6) Sending track shall mean any track from which a simulcast or
interstate simulcast originates;

17 (7) Simulcast shall mean the telecast of live audio and visual
18 signals of any horserace conducted in the state for the purpose of
19 parimutuel wagering;

(8) Simulcast facility shall mean a facility within the state which
is authorized to display simulcasts for parimutuel wagering purposes
under sections 2-1224 to 2-1227 or to conduct interstate simulcasts under
sections 2-1228 and 2-1229; and

(9) Track shall mean the grounds or enclosures within which
 horseraces are conducted by licensees authorized to conduct such races in
 accordance with sections 2-1201 to 2-1223.

27 Sec. 25. Section 2-1244, Reissue Revised Statutes of Nebraska, is 28 amended to read:

29 2-1244 For purposes of sections 2-1243 to 2-1246, horseracing 30 industry participant shall mean an individual who currently holds a valid 31 license from the State Racing <u>and Gaming</u> Commission and who owns, trains,

-21-

cares for, or rides horses stabled at a Nebraska-licensed racetrack for
 the purpose of horseracing at the live race meeting at such racetrack.

3 Sec. 26. Section 2-1246, Reissue Revised Statutes of Nebraska, is
4 amended to read:

5 2-1246 (1) The State Racing <u>and Gaming</u> Commission shall adopt and 6 promulgate rules and regulations which provide for dismissal, license 7 revocation or suspension, fines, or other suitable penalties necessary to 8 enforce sections 2-1243 to 2-1245.

9 (2) Nothing in such sections shall affect in any way the right of 10 any horseracing industry participant to bring any action in any 11 appropriate forum for the violation of any law of this state or any rule 12 of racing.

Sec. 27. Section 2-1247, Reissue Revised Statutes of Nebraska, is amended to read:

2-1247 The Interstate Compact on Licensure of Participants in Horse Racing with Pari-Mutuel Wagering is hereby enacted into law and entered into with all other jurisdictions legally joining therein, in the form substantially as follows:

19 ARTICLE I. PURPOSES

20 Section 1. Purposes.

21 The purposes of this compact are to:

1. Establish uniform requirements among the party states for the licensing of participants in live horse racing with pari-mutuel wagering, and ensure that all such participants who are licensed pursuant to this compact meet a uniform minimum standard of honesty and integrity.

2. Facilitate the growth of the horse racing industry in each party 27 state and nationwide by simplifying the process for licensing 28 participants in live racing, and reduce the duplicative and costly 29 process of separate licensing by the regulatory agency in each state that 30 conducts live horse racing with pari-mutuel wagering.

31 3. Authorize the Nebraska State Racing <u>and Gaming</u> Commission to

-22-

1 participate in this compact.

4. Provide for participation in this compact by officials of the party states, and permit those officials, through the compact committee established by this compact, to enter into contracts with governmental agencies and nongovernmental persons to carry out the purposes of this compact.

5. Establish the compact committee created by this compact as an
interstate governmental entity duly authorized to request and receive
criminal history record information from the Federal Bureau of
Investigation and other state and local law enforcement agencies.

11 ARTICLE II. DEFINITIONS

12 Section 2. Definitions.

13 "Compact committee" means the organization of officials from the 14 party states that is authorized and empowered by this compact to carry 15 out the purposes of this compact.

16 "Official" means the appointed, elected, designated or otherwise 17 duly selected member of a racing commission or the equivalent thereof in 18 a party state who represents that party state as a member of the compact 19 committee.

20 "Participants in live racing" means participants in live horse21 racing with pari-mutuel wagering in the party states.

22 "Party state" means each state that has enacted this compact.

"State" means each of the several states of the United States, the
District of Columbia, the Commonwealth of Puerto Rico and each territory
or possession of the United States.

26 ARTICLE III. ENTRY INTO FORCE, ELIGIBLE PARTIES AND WITHDRAWAL

27 Section 3. Entry into force.

This compact shall come into force when enacted by any four (4) states. Thereafter, this compact shall become effective as to any other state upon both (i) that state's enactment of this compact and (ii) the affirmative vote of a majority of the officials on the compact committee

-23-

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1 as provided in Section 8.

Section 4. States eligible to join compact.

3 Any state that has adopted or authorized horse racing with parimutuel wagering shall be eligible to become party to this compact. 4

5 Section 5. Withdrawal from compact and impact thereof on force and effect of compact. 6

7 Any party state may withdraw from this compact by enacting a statute repealing this compact, but no such withdrawal shall become effective 8 9 until the head of the executive branch of the withdrawing state has given notice in writing of such withdrawal to the head of the executive branch 10 of all other party states. If as a result of withdrawals participation in 11 this compact decreases to less than three (3) party states, this compact 12 13 no longer shall be in force and effect unless and until there are at least three (3) or more party states again participating in this compact. 14

ARTICLE IV. COMPACT COMMITTEE 15

16

Section 6. Compact committee established.

17 There is hereby created an interstate governmental entity to be known as the "compact committee," which shall be comprised of one (1) 18 19 official from the racing commission or its equivalent in each party state. The Nebraska State Racing and Gaming Commission shall designate 20 one of its members to represent the State of Nebraska as the compact 21 22 committee official. A compact committee official shall be appointed, serve and be subject to removal in accordance with the laws of the party 23 24 state he represents. Pursuant to the laws of his party state, each 25 official shall have the assistance of his state's racing commission or the equivalent thereof in considering issues related to licensing of 26 participants in live racing and in fulfilling his responsibilities as the 27 28 representative from his state to the compact committee. If an official representing the State of Nebraska is unable to perform any duty in 29 connection with the powers and duties of the compact committee, the 30 Nebraska State Racing and Gaming Commission shall designate another of 31

-24-

its members or its executive <u>director</u> secretary as an alternate who shall 1 2 serve and represent the State of Nebraska as its official on the compact determines 3 committee until the commission that the original 4 representative official is able once again to perform the duties as that party state's representative official on the compact committee. The 5 designation of an alternate shall be communicated by the Nebraska State 6 7 Racing and Gaming Commission to the compact committee as the committee's 8 bylaws may provide.

9

Section 7. Powers and duties of compact committee.

10 In order to carry out the purposes of this compact, the compact 11 committee is hereby granted the power and duty to:

1. Determine which categories of participants in live racing, 12 13 including but not limited to owners, trainers, jockeys, grooms, mutuel clerks, racing officials, veterinarians, and farriers, should be licensed 14 by the committee, and establish the requirements for the initial 15 licensure of applicants in each such category, the term of the license 16 17 for each category, and the requirements for renewal of licenses in each category. Provided, however, that with regard to requests for criminal 18 19 history record information on each applicant for a license, and with regard to the effect of a criminal record on the issuance or renewal of a 20 license, the compact committee shall determine for each category of 21 22 participants in live racing which licensure requirements for that 23 its judgment, the most restrictive category are, in licensure 24 requirements of any party state for that category and shall adopt 25 licensure requirements for that category that are, in its judgment, comparable to those most restrictive requirements. 26

27 2. Investigate applicants for a license from the compact committee 28 and, as permitted by federal and state law, gather information on such 29 applicants, including criminal history record information from the 30 Federal Bureau of Investigation and relevant state and local law 31 enforcement agencies, and, where appropriate, from the Royal Canadian

-25-

Mounted Police and law enforcement agencies of other countries, necessary 1 to determine whether a license should be issued under the licensure 2 requirements established by the committee as provided in paragraph 1 3 4 above. Only officials on, and employees of, the compact committee may 5 receive and review such criminal history record information, and those officials and employees may use that information only for the purposes of 6 7 this compact. No such official or employee may disclose or disseminate such information to any person or entity other than another official on 8 9 or employee of the compact committee. The fingerprints of each applicant for a license from the compact committee shall be taken by the compact 10 committee, its employees, or its designee and, pursuant to Public Law 11 a state 12 92-544 or Public Law 100-413, shall be forwarded to identification bureau, or to the Association of Racing Commissioners, 13 International, an association of state officials regulating pari-mutuel 14 wagering designated by the Attorney General of the United States, for 15 16 submission to the Federal Bureau of Investigation for a criminal history record check. Such fingerprints may be submitted on a fingerprint card or 17 by electronic or other means authorized by the Federal Bureau of 18 Investigation or other receiving law enforcement agency. 19

3. Issue licenses to, and renew the licenses of, participants in 20 live racing listed in paragraph 1 of this section who are found by the 21 committee to have met the licensure and renewal requirements established 22 23 by the committee. The compact committee shall not have the power or 24 authority to deny a license. If it determines that an applicant will not 25 be eligible for the issuance or renewal of a compact committee license, the compact committee shall notify the applicant that it will not be able 26 to process his application further. Such notification does not constitute 27 and shall not be considered to be the denial of a license. Any such 28 applicant shall have the right to present additional evidence to, and to 29 be heard by, the compact committee, but the final decision on issuance or 30 31 renewal of the license shall be made by the compact committee using the

-26-

1 requirements established pursuant to paragraph 1 of this section.

2 4. Enter into contracts or agreements with governmental agencies and with nongovernmental persons to provide personal services for 3 its 4 activities and such other services as may be necessary to effectuate the 5 purposes of this compact.

5. Create, appoint, and abolish those offices, employments, and 6 positions, including an executive director, as it deems necessary for the 7 this compact, prescribe their 8 purposes of powers, duties and 9 qualifications, hire persons to fill those offices, employments and positions, and provide for the removal, term, tenure, compensation, 10 fringe benefits, retirement benefits and other conditions of employment 11 of its officers, employees and other positions. 12

13 6. Borrow, accept, or contract for the services of personnel from any state, the United States, or any other governmental agency, or from 14 any person, firm, association, corporation or other entity. 15

7. Acquire, hold, and dispose of real and personal property by gift, 16 17 purchase, lease, license, or in other similar manner, in furtherance of the purposes of this compact. 18

8. Charge a fee to each applicant for an initial license or renewal 19 of a license. 20

9. Receive other funds through gifts, grants and appropriations. 21

Section 8. Voting requirements. 22

A. Each official shall be entitled to one (1) vote on the compact 23 24 committee.

25 B. All action taken by the compact committee with regard to the addition of party states as provided in Section 3, the licensure of 26 participants in live racing, and the receipt and disbursement of funds 27 shall require a majority vote of the total number of officials (or their 28 alternates) on the committee. All other action by the compact committee 29 shall require a majority vote of those officials (or their alternates) 30 present and voting. 31

-27-

1 C. No action of the compact committee may be taken unless a quorum 2 is present. A majority of the officials (or their alternates) on the 3 compact committee shall constitute a quorum.

4

Section 9. Administration and management.

A. The compact committee shall elect annually from among its membersa chairman, a vice-chairman, and a secretary/treasurer.

B. The compact committee shall adopt bylaws for the conduct of its business by a two-thirds vote of the total number of officials (or their alternates) on the committee at that time and shall have the power by the same vote to amend and rescind these bylaws. The committee shall publish its bylaws in convenient form and shall file a copy thereof and a copy of any amendments thereto with the secretary of state or equivalent agency of each of the party states.

14 C. The compact committee may delegate the day-to-day management and 15 administration of its duties and responsibilities to an executive 16 director and his support staff.

D. Employees of the compact committee shall be consideredgovernmental employees.

Section 10. Immunity from liability for performance of official
 responsibilities and duties.

No official of a party state or employee of the compact committee 21 22 shall be held personally liable for any good faith act or omission that during performance and within 23 occurs the the scope of his 24 responsibilities and duties under this compact.

25

ARTICLE V. RIGHTS AND RESPONSIBILITIES OF EACH PARTY STATE

26 Section 11. Rights and responsibilities of each party state.

27 A. By enacting this compact, each party state:

1. Agrees (i) to accept the decisions of the compact committee regarding the issuance of compact committee licenses to participants in live racing pursuant to the committee's licensure requirements, and (ii) to reimburse or otherwise pay the expenses of its official representative

-28-

1 on the compact committee or his alternate.

2 2. Agrees not to treat a notification to an applicant by the compact 3 committee under paragraph 3 of Section 7 that the compact committee will 4 not be able to process his application further as the denial of a 5 license, or to penalize such applicant in any other way based solely on 6 such a decision by the compact committee.

7 3. Reserves the right (i) to charge a fee for the use of a compact committee license in that state, (ii) to apply its own standards in 8 9 determining whether, on the facts of a particular case, a compact committee license should be suspended or revoked, (iii) to apply its own 10 standards in determining licensure eligibility, under the laws of that 11 party state, for categories of participants in live racing that the 12 13 committee determines not to license and for individual compact participants in live racing who do not meet the licensure requirements of 14 the compact committee, and (iv) to establish its own licensure standards 15 for the licensure of non-racing employees at horse racetracks and 16 17 employees at separate satellite wagering facilities. Any party state that suspends or revokes a compact committee license shall, through its racing 18 commission or the equivalent thereof or otherwise, promptly notify the 19 compact committee of that suspension or revocation. 20

21 B. No party state shall be held liable for the debts or other 22 financial obligations incurred by the compact committee.

23

ARTICLE VI. CONSTRUCTION AND SEVERABILITY

24 Section 12. Construction and severability.

This compact shall be liberally construed so as to effectuate its purposes. The provisions of this compact shall be severable, and, if any phrase, clause, sentence or provision of this compact is declared to be contrary to the Constitution of the United States or of any party state, or the applicability of this compact to any government, agency, person or circumstance is held invalid, the validity of the remainder of this compact and the applicability thereof to any government, agency, person

-29-

1 or circumstance shall not be affected thereby. If all or some portion of 2 this compact is held to be contrary to the constitution of any party 3 state, the compact shall remain in full force and effect as to the 4 remaining party states and in full force and effect as to the state 5 affected as to all severable matters.

Sec. 28. Original sections 2-1201.01, 2-1202, 2-1203.02, 2-1204,
2-1207.01, 2-1208.03, 2-1208.04, 2-1209, 2-1211, 2-1213, 2-1215, 2-1217,
2-1219, 2-1224, 2-1225, 2-1244, 2-1246, and 2-1247, Reissue Revised
Statutes of Nebraska, sections 2-1201, 2-1203, 2-1207, 2-1208, 2-1216,
2-1221, and 2-1222, Revised Statutes Cumulative Supplement, 2020, and
section 2-1203.01, Revised Statutes Cumulative Supplement, 2018, as
amended by section 7, Initiative Law 2020, No. 430, are repealed.

Sec. 29. Since an emergency exists, this act takes effect when passed and approved according to law.