

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

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HOUSE BILL 42*
Committee Substitute Favorable 6/24/93

Short Title: Horse Racing in North Carolina.

(Public)

Sponsors:

Referred to:

February 4, 1993

1 A BILL TO BE ENTITLED
2 AN ACT TO IMPLEMENT THE RECOMMENDATION OF THE HORSE RACING
3 IN NORTH CAROLINA LEGISLATIVE RESEARCH COMMISSION STUDY
4 COMMITTEE TO ESTABLISH THE NORTH CAROLINA RACING
5 COMMISSION, AFTER A BINDING REFERENDUM, TO DEVELOP A
6 PROGRAM OF HORSE RACING FOR NORTH CAROLINA, AND TO
7 PROVIDE FUNDS FOR DEVELOPMENT OF THE EQUINE INDUSTRY IN
8 NORTH CAROLINA.

9 The General Assembly of North Carolina enacts:

10 Section 1. The General Statutes are amended by adding a new Chapter to
11 read:

12 **"CHAPTER 16A.**
13 **"NORTH CAROLINA RACING ACT.**
14 **"ARTICLE 1.**
15 **"GENERAL PROVISIONS AND DEFINITIONS.**

16 **"§ 16A-1. Short title.**

17 This Chapter may be cited as the 'North Carolina Racing Act'.

18 **"§ 16A-2. Findings and policy.**

19 The General Assembly finds that horse racing events and pari-mutuel wagering will
20 generate additional revenues and incentives for development of a horse training and
21 breeding industry and further development of the equine industry in this State, for
22 farmland enhancement, and for other governmental purposes, and will provide

1 additional jobs for the residents of the State and benefit the businesses related to tourism
2 and recreation within the State.

3 It is in the public interest to permit the qualified voters of this State to determine by
4 referendum whether horse racing and pari-mutuel wagering will be permitted.

5 If horse racing is approved by the voters, it is in the public interest to provide for the
6 establishment of a racing commission to:

7 (1) Regulate horse racing and pari-mutuel wagering;

8 (2) Promote breeding and training of horses and the further development
9 of the equine industry in this State;

10 (3) Promote farmland enhancement, the development of new crops in this
11 State, and the enhancement of the State's agribusiness industry;

12 (4) To administer and enforce the provisions of this Chapter; and

13 (5) Develop a long-term plan for racing in North Carolina to determine the
14 appropriate location and number of tracks to be built in this State so as
15 to position any major track and its purse structure in the upper segment
16 of good quality tracks while creating a strong born, bred, and training
17 structure throughout the State.

18 **"§ 16A-3. Definitions.**

19 Unless the context clearly otherwise requires, the following definitions apply in this
20 Chapter:

21 (1) 'Breakage' means the odd cents of all money to be distributed based on
22 each dollar wagered exceeding a sum equal to the next lowest multiple
23 of 10.

24 (2) 'Breeder' means the owner of a female horse at the time the female
25 horse gives birth to a North Carolina-bred horse.

26 (3) 'Breeding fund' means special funds established by the Commission
27 pursuant to the provisions of this Chapter and any applicable rules of
28 the Commission concerning the breeding, raising, and racing of horses
29 in the State.

30 (4) 'Breeding fund fee' means a fee payable to the Commission by an
31 operator pursuant to this Chapter for deposit into the appropriate
32 horse-breeding fund.

33 (5) 'Commission' or 'NCRC' means the North Carolina Racing
34 Commission which is vested with control of all horse racing with pari-
35 mutuel wagering in the State and with power to adopt rules under
36 which racing and wagering shall be conducted.

37 (6) 'Handle', when used with reference to any specified period of time,
38 means the total amount deposited in all of the pari-mutuel pools
39 originated by an operator during the period of time.

40 (7) 'Horse racing' means any form of horse racing in which horses carry
41 human riders or pull sulkies with human drivers.

42 (8) 'License' means a privilege, not a right, granted to the holder by the
43 Commission in accordance with the provisions of Article 3 of this
44 Chapter.

- 1 (9) 'Licensed facility' or 'licensed race facility' means all areas of a race
2 track's grounds, including the parking area, to which admission can be
3 obtained only by payment of an admission fee or presentation of
4 official credentials. 'Licensed facility' also means any site licensed for
5 pari-mutuel wagering.
- 6 (10) 'Member' means a member of the Commission.
- 7 (11) 'Metro area' means the area defined as a metropolitan statistical area
8 for the purposes of allocating federal funds by the federal Office of
9 Management and Budget.
- 10 (12) 'Multiple pool' means a licensed pari-mutuel pool (other than a straight
11 pool, a two-entry pool, or a super multiple pool) involving three or
12 four combinations of wagers to win, place, or show.
- 13 (13) 'Multiple wager' means a wager in a multiple pool.
- 14 (14) 'Net revenues' means all fees (other than breeding fund fees),
15 commissions, and other monies received by the Commission less all
16 expenses incurred in the administration of this Chapter.
- 17 (15) 'North Carolina-trained' is a horse which is boarded and trained in
18 North Carolina when not attending racing meetings and which has
19 been trained under the rules adopted by the Commission and is eligible
20 for special purses.
- 21 (16) 'North Carolina-bred horse' means a horse which is registered in the
22 registry designated and administered by the Commission in accordance
23 with the Commission's rules concerning domicile and registration
24 requirements.
- 25 (17) 'North Carolina stallion' means a stallion which is standing in the State
26 at the time he is bred to the dam of a North Carolina-bred horse, which
27 is registered with the Commission in accordance with the
28 Commission's rules concerning domicile and registration requirements.
- 29 (18) 'Operator' means a corporation licensed by the Commission to conduct
30 horse racing events and pari-mutuel wagering on those events in
31 accordance with the provisions of this Chapter.
- 32 (19) 'Owner' means a corporation, partnership, or other business entity
33 licensed by the Commission to own a racing facility in accordance
34 with the provisions of this Chapter.
- 35 (20) 'Pari-mutuel wagering' means the system of wagering on horse races
36 where those who wager on the horses that finish in the position or
37 positions for which wagers are taken, share in the total amounts
38 wagered, less deductions required or permitted by law.
- 39 (21) 'Person' means an individual, firm, association, partnership,
40 corporation, trustee, or legal representative, and any licensee,
41 participant, or patron.
- 42 (22) 'Race track' means a flat or grass surface on which horses race.
- 43 (23) 'Racing day' means a day assigned by the Commission on which racing
44 is conducted.

- 1 (24) 'Racing meeting' means a series of days in which horse racing days are
2 not separated by more than five nonracing days.
- 3 (25) 'Resident of the State' means any one of the following:
4 a. A natural person whose principal residence is located in the
5 State;
6 b. A natural person who does not maintain his or her principal
7 residence in the State but who owns, singly or jointly with his
8 or her spouse, real property located in the State that has an
9 original cost to that person or a current fair market value of not
10 less than one hundred thousand dollars (\$100,000); or
11 c. A corporation or partnership which has its principal place of
12 business in the State and more than fifty percent (50%) of the
13 stock or other ownership interest is owned by natural persons
14 described in subparagraphs a. or b. of this subdivision.
- 15 (26) 'Stallion owner' means the owner of a stallion standing in the State at
16 the time he was bred to the dam of a North Carolina-bred horse.
- 17 (27) 'State' means the State of North Carolina.
- 18 (28) 'Straight pool' means a licensed pari-mutuel pool in which each ticket
19 represents a wager to win, place, or show.
- 20 (29) 'Straight wager' means a wager in a straight pool.
- 21 (30) 'Super exotic pool' means a licensed pari-mutuel pool (other than a
22 straight pool, a two-entry pool, or a multiple pool) involving a
23 combination of five or more wagers to win, place, or show.
- 24 (31) 'Super exotic wager' means a wager in a super exotic pool.
- 25 (32) A 'teletheater' means an enclosed heated and air-conditioned licensed
26 facility or race facility where simulcasting is conducted and there is no
27 live horse racing. These may include off-site wagering restaurants.
- 28 (33) 'Two-entry pool' means a licensed pari-mutuel pool (other than a
29 straight pool or a multiple pool or super multiple pool) involving a
30 combination of two straight wagers to win, place, or show.
- 31 (34) 'Two-entry wager' means a wager in a two-entry pool.
- 32 (35) 'Two or more entry pools' means an entry in combination with other
33 entries which may be a series of separate two-entry wagers in which
34 any entry combination wins; or which may be a series of combination
35 wagers as in multiple or super exotic wagers in which all of the
36 combinations must win.
- 37 (36) 'Year-round' means a race facility operating at least 10 months of the
38 year at which horse racing, or simulcasting, or any combination
39 thereof, is conducted with pari-mutuel wagering.

40 "ARTICLE 2.

41 "THE COMMISSION.

42 "§ 16A-4. Commission created.

43 (a) There is created the North Carolina Racing Commission. The Commission
44 shall have the powers and duties specified in this Chapter. In appointing members to

1 the Commission, preference shall be given to persons with knowledge of either the
2 equine industry or the racing industry, or both. Persons appointed to serve on the
3 Commission should possess the appropriate judicial temperament. The Commission
4 shall be located administratively under the Department of Commerce but shall exercise
5 all its prescribed statutory powers independently of the Department of Commerce.

6 (b) The Commission shall consist of five members as follows:

7 (1) One member shall be appointed by the Governor. This appointment
8 shall be subject to confirmation by the General Assembly in joint
9 session using the procedures set forth in G.S. 62-10.

10 (2) Four members shall be appointed by the General Assembly in
11 accordance with G.S. 120-121, two upon recommendation of the
12 President Pro Tempore of the Senate and two upon recommendation of
13 the Speaker of the House of Representatives.

14 (c) The Governor shall designate the initial Chair of the Commission, who shall
15 serve a two-year term. After the term of the initial Chair is completed, all subsequent
16 Chairs shall be selected by the members of the Commission from among the
17 membership and shall serve two-year terms. No member shall serve consecutive terms
18 as Chair.

19 (d) Of the persons initially appointed to the Commission, the member proposed
20 by the Governor shall serve a two-year term. One member recommended by the
21 Speaker of the House of Representatives and one member recommended by the
22 President Pro Tempore of the Senate shall serve four-year terms. One member
23 recommended by the Speaker of the House of Representatives and one member
24 recommended by the President Pro Tempore of the Senate shall serve six-year terms.
25 After the expiration of the initial terms, appointments are for terms of six years. Each
26 member of the Commission shall serve until a successor is duly appointed and qualified.

27 (e) A member of the Commission shall have been a resident of North Carolina
28 for at least five years before appointment to the Commission and shall have no financial
29 interest in any racing facility. A member of the Commission shall not have been
30 convicted of a felony or convicted of violating any law or rule relating to horse racing,
31 pari-mutuel wagering, or any other form of gambling.

32 (f) A background investigation of each member of the Commission shall be
33 completed by the State Bureau of Investigation, prior to the member being appointed or
34 confirmed by the General Assembly.

35 **"§ 16A-5. Reserved.**

36 **"§ 16A-6. Removal; vacancies.**

37 Vacancies on the Commission, whether caused by the death, incapacity, resignation,
38 or removal of a member, shall be filled by the office making the initial appointment.
39 Vacancies in the appointment filled by the Governor shall be for the remainder of the
40 unexpired term and shall be subject to confirmation by the General Assembly.
41 Vacancies in appointments made by the General Assembly shall be filled in accordance
42 with G.S. 120-122. Members appointed to fill vacancies shall be subject to a
43 background investigation as prescribed in G.S. 16A-4.

44 **"§ 16A-7. Actions.**

1 The Commission may sue and be sued in its own name but no action may be brought
2 against the Commission or any of its members for actions taken in good faith in the
3 performance of its duties. Suits and actions may be commenced against the
4 Commission or any of its members in any court of competent jurisdiction in this State
5 by the service on the Secretary of State of any summons, process, or pleadings
6 authorized by the laws of this State. If any summons, process, or pleadings is served
7 upon the Secretary of State, it shall be by duplicate copies. One copy shall be retained
8 in the Office of the Secretary of State and the other copy shall be forwarded
9 immediately by certified mail to the Chair of the Commission at the current address of
10 the Commission. The Executive Secretary of the Commission shall inform the
11 Secretary of State of the mailing address of the Commission and any changes.

12 **"§ 16A-8. Annual report.**

13 (a) The Commission shall submit an annual report to the Governor and the
14 General Assembly on February 15 of each year. This report shall contain information
15 necessary for the proper oversight of the Commission's operations and responsibilities,
16 including:

- 17 (1) The Commission's activities for the prior year;
- 18 (2) The Commission's organizational structure and personnel;
- 19 (3) The Commission's receipts and disbursements;
- 20 (4) The Commission's recommendations for changes in the laws relating
21 to racing and pari-mutuel wagering;
- 22 (5) The impact of horse racing and pari-mutuel wagering on economic
23 development in this State, including the impact on travel and tourism
24 and agriculture;
- 25 (6) Multiyear projections on the future costs of operating the Commission
26 and on regulating horse racing and pari-mutuel wagering in this State;
27 and
- 28 (7) Recommendations on adjustment of the take-out rates needed to
29 enhance the development of horse racing in North Carolina.

30 (b) The General Assembly finds that off-site wagering is essential to successful
31 accomplishment of the purposes of this Chapter, and to that end, it is the intent of the
32 General Assembly that any off-site wagering technology developed and used in any
33 other state in which horse racing and pari-mutuel wagering have been legalized and in
34 which horse racing is conducted shall be permitted in this State. The Commission shall
35 conduct an ongoing study of the types of off-site wagering that are appropriate for this
36 State and shall include the results of that study in each of its annual reports submitted to
37 the General Assembly pursuant to subsection (a) of this section. These reports shall
38 include the Commission's findings, recommendations, and a summary of arguments
39 opposing the Commission's recommendations on issues related to off-site wagering
40 including, but not limited to, present and anticipated technologies and appropriate take-
41 out rates and funding allocations. The Commission shall also include in the annual
42 report any required legislation to implement off-site wagering.

43 (c) The Commission shall report the extent of minority employment and
44 contracting related to enterprises associated with the operations of licensed facilities

1 over which the Commission has jurisdiction or influence. The Commission shall
2 establish a task force charged with the monitoring of minority involvement and charged
3 with advising the Commission relative to enhancing minority participation in the
4 enterprises associated with the operations of licensed facilities.

5 **"§ 16A-9. Commission powers and duties.**

6 The Commission shall control all horse racing and pari-mutuel wagering on horse
7 races in the State. The Commission shall adopt rules implementing the provisions of
8 this Chapter including rules under which racing and pari-mutuel wagering may be
9 conducted, and licenses may be issued. In addition, the Commission has the following
10 specific powers and duties:

- 11 (1) To issue licenses to build only quality racing facilities that are
12 designed to permit year-round racing.
- 13 (2) To assign dates and adopt rules for the conduct of horse racing.
- 14 (3) To license all personnel involved in racing and pari-mutuel wagering.
- 15 (4) To enforce all laws and rules governing horse racing.
- 16 (5) To audit books and distribute funds and to collect and distribute all
17 taxes as provided for in this Chapter.
- 18 (6) To conduct necessary investigations and inquiries and compel the
19 submission of information, documents, and records it deems necessary
20 to carry out its duties.
- 21 (7) To initiate administrative hearings and civil actions in cases of alleged
22 wrongdoing.
- 23 (8) To provide testing facilities for racing animals.
- 24 (9) To supervise the conduct of pari-mutuel wagering on horse racing.
- 25 (10) To employ and supervise personnel under the laws of this Chapter.
- 26 (11) To ensure that all operations are cleanly, efficiently, safely, and
27 honestly run.
- 28 (12) To take all necessary steps to ensure the integrity of racing in North
29 Carolina.
- 30 (13) To maintain the goal of service to the public within the objectives of
31 developing the agribusiness, equine, and travel and tourism industries
32 in North Carolina.
- 33 (14) To enter into contracts as necessary in the administration of this
34 Chapter.
- 35 (15) To do those things necessary and appropriate to carry out the duties
36 imposed by this Chapter.
- 37 (16) To issue rules on the permitted and prohibited locations for all licensed
38 facilities, including race tracks.

39 **"§ 16A-10. Executive Secretary.**

40 (a) The Executive Secretary shall administer the rules adopted by the
41 Commission and conducting the business of the Commission. The Executive Secretary
42 shall ensure that pertinent records and statistics are kept for use in the annual reports
43 required by this Chapter and may coordinate this information with other pari-mutuel

1 states in the Association of Racing Commissioners, International and other
2 organizations acceptable to the Commission.

3 (b) The Executive Secretary shall act as the Commission's chief personnel officer
4 and shall supervise the employment, conduct, duties, and discipline of all Commission
5 employees. The Executive Secretary may hire and direct a Chief of Racing Security,
6 Medical Officer, and Auditor/Inspector of Pari-Mutuels whose duties are set forth in
7 subsequent sections of this Chapter. The Executive Secretary shall not hire or dismiss
8 the Auditor/Inspector of Pari-Mutuels without the approval of the Commission. All
9 personnel except the Executive Secretary shall be subject to the provisions of the State
10 Personnel Act.

11 (c) The Executive Secretary shall receive a salary in an amount established by
12 the Commission plus travel and subsistence allowance in accordance with G.S. 136-6.

13 (d) In addition to the above listed duties, the Executive Secretary shall perform
14 the following:

15 (1) Take and preserve records of all proceedings before the Commission,
16 maintain its books, documents, and records, and make them available
17 for public inspection as the Commission directs;

18 (2) If so designated by the Commission, act as a hearing officer in
19 hearings conducted under this Chapter and make recommended
20 decisions in those hearings to the Commission; and

21 (3) Perform other duties as directed by the Commission.

22 **"§ 16A-11. Auditor/Inspector of Pari-Mutuels.**

23 (a) The Executive Secretary may employ an Auditor/Inspector of Pari-Mutuels.
24 The Auditor/Inspector of Pari-Mutuels shall be the Commission's auditor. The
25 Auditor/Inspector of Pari-Mutuels shall be responsible for the accuracy of the revenues
26 paid from the facility to the Commission and for the flow of funds to the appropriate
27 categories as specified by this Chapter.

28 (b) The Auditor/Inspector of Pari-Mutuels, while employed by the Commission,
29 shall devote his full time to the duties of the position, which are:

30 (1) To supervise all forms of pari-mutuel wagering on horse racing in the
31 State;

32 (2) To inspect all pari-mutuel machinery;

33 (3) To make reports on pari-mutuel wagering as the Commission directs;
34 and

35 (4) To perform other duties as directed by the Commission.

36 (c) If the Executive Secretary does not appoint an Auditor/Inspector of Pari-
37 Mutuels, his duties are assigned to the Executive Secretary. The Commission shall
38 contract with outside services or personnel to assist the Executive Secretary in the
39 performance of these duties.

40 (d) In extraordinary circumstances, if the Auditor/Inspector determines that the
41 integrity or efficiency of the Commission is in jeopardy, the Auditor/Inspector shall
42 have direct access to the Commission and using this direct access shall not be
43 considered 'just cause' for any disciplinary action under Chapter 126 of the General
44 Statutes, the State Personnel Act.

1 **"§ 16A-12. Chief of Racing Security.**

2 (a) The Executive Secretary may appoint a Chief of Racing Security.

3 (b) The Chief of Racing Security shall devote his full time to the duties of the
4 position while employed by the Commission. The Chief of Racing Security shall
5 enforce all laws and Commission rules relating to the security and integrity of racing.

6 (c) Chief of Racing Security and all other persons designated by the Commission
7 as security officers shall have free and open access to all areas of all facilities licensed
8 by the Commission and may search without a search warrant any part of a licensed race
9 facility and the person of any licensee of the Commission on the premises.

10 (d) The Chief of Racing Security may order a licensee to take, at the licensee's
11 expense, security measures that are necessary to protect the integrity of racing, but the
12 order may be appealed to the Commission.

13 (e) Nothing in this Chapter prohibits other law enforcement authorities and
14 agents, in performance of their duties, from entering premises licensed under this
15 Chapter.

16 (f) If the Executive Secretary does not appoint a Chief of Racing Security, the
17 duties of the position are assigned to the Executive Secretary. The Commission may
18 contract with outside services or personnel to assist the Executive Secretary in the
19 performance of these duties.

20 (g) In extraordinary circumstances, when the Chief of Racing Security
21 determines that the integrity or efficiency of the Commission is in jeopardy, the Chief of
22 Racing Security shall have direct access to the Commission and using this direct access
23 shall not be considered 'just cause' for any disciplinary action under Chapter 126 of the
24 General Statutes, the State Personnel Act.

25 **"§ 16A-13. Medical services.**

26 (a) The Executive Secretary may appoint a Medical Officer, who shall be a
27 doctor of veterinary medicine licensed in the State of North Carolina.

28 (b) The Medical Officer shall, while employed by the Commission, devote his
29 full time to the duties of the position, which are:

30 (1) To supervise the formulation, administration, and evaluation of all
31 medical tests required or authorized by the rules of the Commission;

32 (2) To advise the Commission on all aspects of veterinary medicine
33 relating to its powers and duties;

34 (3) To supervise the taking of samples from winning animals and others at
35 random and to forward these samples to the State Chemist for analysis
36 (test barn personnel shall assist the Medical Officer in the collection of
37 the samples);

38 (4) To observe the conduct and efficiency of the facility's appointed
39 veterinarians; and

40 (5) To make inspections of the barn areas at licensed racing facilities for
41 cleanliness and to ensure that living and working conditions are
42 compatible with the standards set by the Commission for both horses
43 and personnel.

1 (c) If the Executive Secretary does not appoint a Medical Officer, the duties of
2 the position may be assigned to the Executive Secretary.

3 (d) In extraordinary circumstances, when the Medical Officer determines that the
4 integrity or efficiency of the Commission is in jeopardy, the Medical Officer shall have
5 direct access to the Commission and using this direct access shall not be considered 'just
6 cause' for any disciplinary action under Chapter 126 of the General Statutes, the State
7 Personnel Act.

8 (e) The Commission may obtain medical services and services for testing the
9 blood, urine, saliva, and other samples taken from horses at licensed racing facilities, as
10 necessary, by entering into a contract with the School of Veterinary Medicine, North
11 Carolina State University.

12 **"§ 16A-14. Other employees; staff.**

13 (a) Subject to the applicable laws, the Commission, through the Executive
14 Secretary, shall employ and assign duties to other officers, employees, agents, and field
15 personnel it deems necessary to discharge its functions.

16 (b) Commission personnel are subject to the same laws, particularly conflict of
17 interest, as are the members of the Commission.

18 **"§ 16A-14.1. Financial interest.**

19 No person may serve on the Commission or be employed by it who has an interest in
20 any corporation, association, or partnership which holds a license from the Commission
21 or which holds a contract to supply goods or services to a licensee or at a licensed race
22 facility, including concessions contracts. No member or employee of the Commission
23 may own wholly, or in part, or have an interest in a horse which races at a licensed race
24 facility in North Carolina. No member or employee of the Commission may have a
25 financial interest in or be employed in a profession or business which conflicts with the
26 performance of his duties as a member or employee.

27 **"§ 16A-14.2. Wagering.**

28 No member or employee of the Commission may wager or cause a wager to be
29 made on a race at a licensed race facility while serving on or being employed by the
30 Commission. No person appointed or approved by the Commission as a steward may
31 wager or cause a wager to be made at a licensed race facility during a racing meeting at
32 which that person is serving as a steward. The Commission shall by rule prescribe any
33 restrictions on wagering by its licensees as it deems necessary to protect the integrity of
34 racing.

35 **"§ 16A-14.3. Violation.**

36 A violation of G.S. 16A-14.1 or G.S. 16A-14.2 is grounds for removal from the
37 Commission or termination of employment. A wager made directly or indirectly by a
38 licensee in violation of a rule made by the Commission under G.S. 16A-14.2 is grounds
39 for suspension or revocation of the license.

40 **"§ 16A-15. Assistance from State agencies.**

41 The Commission may request assistance from any department or agency of the State
42 in fulfilling its duties and shall make appropriate reimbursement for any assistance and
43 services provided by other governmental entities.

44 **"§ 16A-16. Reserved.**

"ARTICLE 3.
"LICENSING.

"§ 16A-17. License required.

(a) In order to guarantee the integrity of horse racing in North Carolina, and to provide for adequate control and supervision of all persons involved with horse racing by the Commission, all persons, other than admission paying patrons or other members of the general public attending horse races at licensed race facilities or attending other licensed facilities, shall be licensed by the Commission.

(b) No person may engage in any of the activities listed in G.S. 16A-20 without first having obtained the appropriate license from the Commission.

(c) The Commission may require that all licensed personnel shall sign waivers allowing drug testing.

(d) A license issued under this Chapter may not be transferred.

"§ 16A-18. Classes.

(a) The Commission may issue four classes of licenses:

(1) Class A ownership licenses. For the ownership and use of a race facility with horse racing on which pari-mutuel wagering is conducted;

(2) Class B operator licenses. For the function, sponsorship, and management of horse racing on which pari-mutuel wagering is conducted;

(3) Class C occupational licenses. For the privilege of engaging in certain occupations relating to horse racing;

(4) Class D special licenses. For the privilege of engaging in certain occupations, services, events, and promotions that by their nature require State sanction and control. This includes any special events, promotions, or public service performances by or for associations which by their size and/or nature necessitate the approval or cooperation of various other governmental agencies; and

(b) All application forms for licenses shall contain a statement to the effect that by accepting a license from the Commission, a licensee consents to having his property and person subject to inspection at any time by the Chief of Racing Security or by security officers designated by the Commission.

"§ 16A-19. Policy.

(a) Insofar as practical, the Commission shall follow the guidelines on the uniform licensing rules adopted by the Association of State Racing Commissioners, International.

(b) It shall be the policy of the Commission to favor the applications for Class A licenses from applicants which are corporations with widespread ownership of stock or which are limited partnerships, provided the majority of stockholders or partners are residents of this State.

"§ 16A-20. Class A license application.

(a) The Commission may issue one or more Class A licenses.

(b) An application for a Class A license shall be on a form the Commission prescribes and shall be accompanied by detailed plans and specifications of the

1 facilities, buildings, fences, and other improvements as well as possible future additions
2 including living quarters or other buildings around the outside perimeter of the oval
3 racing track. An application may also contain plans for one or more off-site wagering
4 facilities. An application for a Class A license shall be accompanied with a
5 nonrefundable application fee of one hundred thousand dollars (\$100,000).

6 (c) The application shall contain:

7 (1) The name and address of the applicant and, if it is a corporation, the
8 names and addresses of all officers and directors, and the names of all
9 shareholders of the corporation, foreign corporation, partnership or
10 joint venture, and any of its holding corporations;

11 (2) If required by the Commission, the names of any person or persons
12 holding directly, indirectly, or beneficially an interest of any kind in
13 the applicant or any of its holding corporations, whether the interest is
14 financial, administrative, policy-making, or supervisory;

15 (3) A statement of the assets and liabilities of the applicants, and any other
16 information that the Commission deems appropriate regarding the
17 character and responsibility of the applicant and the members,
18 partners, stockholders, officers, and directors of the applicant;

19 (4) An affidavit executed by the applicant setting forth that no officer,
20 director, or other person with a present or inchoate direct or indirect
21 financial or management interest in the race facility, to the best of the
22 applicant's knowledge:

23 a. Is in default in the payment of an obligation or debt to the State
24 under the current General Statutes of North Carolina;

25 b. Has ever been convicted of a felony in a state or federal court or
26 has a state or federal felony charge pending;

27 c. Is or has been connected with or engaged in any illegal
28 business;

29 d. Has ever been found guilty of fraud or misrepresentation or a
30 false statement in connection with racing or breeding;

31 e. Has ever been found guilty of a serious violation, as defined by
32 the Commission, of a law or rule relating to horse racing, pari-
33 mutuel wagering, or any other form of gambling;

34 f. Has ever knowingly violated a rule or order of the Commission
35 or a law of North Carolina relating to racing; or

36 g. Is not qualified to do business in North Carolina or is not
37 subject to the jurisdiction of the courts of the State.

38 (5) An irrevocable consent statement, to be signed by the applicant, which
39 states that suits and actions relating to the subject matter of the
40 application or acts or omissions arising from it may be commenced
41 against the applicant in any court of competent jurisdiction in this State
42 by the service on the Secretary of State of any summons, process, or
43 pleadings authorized by the laws of this State. If any summons,
44 process, or pleading is served upon the Secretary of State, it shall be by

1 duplicate copies. One copy shall be retained in the office of the
2 Secretary of State, and the other copy shall be forwarded immediately
3 by certified mail to the address of the applicant, as shown by the
4 records of the Commission; and

- 5 (6) Any other information which the Commission in its discretion deems
6 appropriate.

7 **"§ 16A-21. Denial of license.**

8 The Commission shall deny a license to any applicant unless it finds as follows:

- 9 (1) That over fifty percent (50%) of the natural persons having an
10 ownership interest in the applicant, either directly or indirectly, shall
11 have been residents of the State continuously for a period of five years
12 next preceding the date of the application in question; and

- 13 (2) That the applicant's facilities will meet the following minimum
14 standards:

15 a. That the primary horse racing facility will provide a track
16 racing surface of at least one mile for horse racing;

17 b. That the facilities will be designed with quality construction and
18 weather protection for year-round racing and shall have
19 sufficient parking to avoid traffic congestion;

20 c. That racing surfaces designed for harness racing shall be at least
21 five-eighths of a mile in length, except for racing surfaces at the
22 State fair or at county fairs; and

23 d. That facilities for simulcasting will be appropriately heated and
24 air-conditioned for the conduct of a year-round operation.

25 **"§ 16A-22. License statement.**

26 (a) Every license issued by the Commission shall contain a statement to the
27 effect that the license is a privilege granted by the State and that all forms of racing
28 conducted under the license shall be subject to the provisions of this Chapter and to the
29 rules issued by the Commission.

30 (b) An owner's license shall state the name of the person to whom the license is
31 issued, the duration of the license, the location of the proposed race facility or simulcast
32 facility, and any other conditions of the license and related information that the
33 Commission deems proper.

34 **"§ 16A-23. Hearing.**

35 Before granting a Class A license, the Commission shall:

- 36 (1) Hold at least one public hearing in the area where the race facility is or
37 will be located.

- 38 (2) Request comments on the application from the governing body of the
39 city or town where the facility is or will be located, or from the county
40 board of commissioners if it is to be located outside a city or town, and
41 from the appropriate regional council of government, as the case may
42 be.

43 **"§ 16A-24. Investigation.**

1 (a) Before granting a Class A license, the Commission shall conduct, or request
2 that the State Bureau of Investigation conduct, a comprehensive background and
3 financial investigation of the applicant and its sources of financing.

4 (b) The Commission may charge an applicant an investigation fee, in an amount
5 determined by the Commission, to cover the cost of the investigation.

6 (c) If the Commission requests that the State Bureau of Investigation conduct the
7 investigation, the Commission shall reimburse the State Bureau of Investigation for its
8 share of the cost of the investigation.

9 (d) The Commission shall have access to all criminal history data compiled by
10 the State Bureau of Investigation on Class A licenses and applicants.

11 **"§ 16A-25. License issuance.**

12 (a) In the granting of licenses, the Commission shall give due consideration to:

13 (1) The character, reputation, experience, and financial integrity of the
14 applicants;

15 (2) The proposed facilities and accommodations for the conduct of racing
16 meetings;

17 (3) The location of the facilities in relation to: the principal centers of
18 population, the other principal cities, and the major resort areas of the
19 State; and

20 (4) Other factors which in the discretion of the Commission are worthy of
21 consideration.

22 (b) If, after considering the information obtained at the public hearing and from
23 the investigations and the comments received under G.S. 16A-23, the Commission
24 determines:

25 (1) That the license will not adversely affect the public health, welfare,
26 and safety;

27 (2) That the race facility will be operated in accordance with all applicable
28 laws and rules;

29 (3) That the license will not create a competitive situation that will
30 adversely affect racing and the public interest; and

31 (4) That the applicant is financially able to operate a licensed race facility;

32 it may issue a Class A license to the applicant.

33 The license is effective until revoked or suspended by the Commission or
34 relinquished by the licensee.

35 **"§ 16A-26. Changes in ownership or management.**

36 If a change in the officers, directors, shareholders, or other persons with a present or
37 inchoate direct or indirect financial or management interest in the licensee, or a change
38 of ownership of more than five percent (5%) of the licensee's shares is made after the
39 application is filed or the license issued, the applicant or licensee shall notify the
40 Commission of the change within five days of its occurrence and provide the affidavit
41 required by G.S. 16A-20(c)(4).

42 **"§ 16A-27. License suspension and revocation.**

43 (a) The Commission may suspend or revoke a Class A license for a violation of a
44 law, order, or rule that the Commission determines adversely affects the integrity of

1 horse racing in North Carolina, or for an intentional false statement made in a license
2 application, or for a willful failure to pay any money required to be paid under this
3 Chapter, or for failure to perform material covenants or representations made in a
4 license application.

5 (b) The Commission may suspend a Class A license indefinitely if it determines
6 that the licensee has an officer, director, shareholder, or other person with a direct,
7 indirect, or beneficial interest in the licensee who is a person who is in the
8 Commission's opinion inimical to the integrity of horse racing in North Carolina or who
9 cannot be certified under G.S. 16A-20(c)(4).

10 (c) If the holder of a Class A, B, or D license is found to have more than fifty
11 percent (50%) ownership or control by residents outside of this State, then the holder
12 shall be considered inimical to the integrity and best interests of racing in North
13 Carolina and shall be subject to license suspension and revocation provided the licensee
14 has not complied by remedying the situation by a reasonable procedure and within a
15 specified time allowance as ordered by the Commission.

16 (d) A person whose Class A license is suspended or revoked pursuant to
17 subsections (a), (b), or (c) of this section may commence a contested case hearing under
18 Chapter 150B of the General Statutes.

19 (e) In addition to the penalties set forth in this section, criminal penalties may be
20 imposed as provided in Article 5 of this Chapter.

21 **"§ 16A-28. Multiple licenses.**

22 A licensee may be permitted to hold multiple Class A licenses or Class A and Class
23 B licenses provided the applicant is a corporation or partnership with widespread
24 ownership of the stock or limited partnership interests held by North Carolina residents.

25 **"§ 16A-29. Work areas.**

26 A Class A licensee shall provide, at no cost to the Commission, suitable work areas
27 for Commission members, officers, employees, and agents who are directed by the
28 Commission to supervise and control racing at the licensed race facility.

29 **"§ 16A-30. Class B license application.**

30 (a) The Commission may issue one or more Class B licenses for the operation,
31 sponsorship, and management of licensed race facilities, or other licensed facilities.

32 (b) The application for a Class B license shall be on a form the Commission
33 prescribes and shall be accompanied by a bond in the principal amount of five hundred
34 thousand dollars (\$500,000) payable to the State of North Carolina conditioned upon the
35 licensee's payment of all fees, taxes, and other money due and payable under this
36 Chapter, including the horse owner's purses and payouts on winning pari-mutuel tickets.

37 (c) The application shall contain:

38 (1) The name and address of the applicant, and if it is a corporation or
39 association, the names of all officers, directors, and shareholders,
40 including those of any of its holding companies;

41 (2) If required by the Commission, the names of any person or persons
42 holding, directly, indirectly, or beneficially, an interest of any kind in
43 the applicant or of any of its holding companies, whether the interest is
44 financial, administrative, policy-making, or supervisory;

- 1 (3) A statement of the assets and liabilities of the applicant;
2 (4) An affidavit of the type described in G.S. 16A-20(c)(4); and
3 (5) An irrevocable consent statement to be signed by the applicant, which
4 states that suits and actions relating to the subject matter of the
5 application or acts or omissions arising from it may be commenced
6 against the applicant in any court of competent jurisdiction in this State
7 by the service on the Secretary of State of any summons, process, or
8 pleadings authorized by the laws of this State.

9 If any summons, process, or pleading is served upon the Secretary
10 of State, it shall be by duplicate copies. One copy shall be retained in
11 the Office of the Secretary of State and the other copy shall be
12 forwarded immediately by certified mail to the address of the
13 applicant, as shown by the records of the Commission.

14 **"§ 16A-31. Hearings; investigations.**

15 (a) Before granting an initial Class B license, the Commission shall hold at least
16 one public hearing on the license.

17 (b) Comprehensive investigations shall be conducted and their costs paid in the
18 manner prescribed by G.S. 16A-24.

19 (c) The Commission shall have access to all criminal history data compiled by
20 the State Bureau of Investigation on Class B licensees and applicants.

21 **"§ 16A-32. License issuance and renewal.**

22 (a) If, after considering the information received from the hearing and
23 investigations, the Commission determines that:

24 (1) The applicant will conduct horse racing in accordance with all
25 applicable laws and rules;

26 (2) The issuance of a license will not adversely affect the public health,
27 welfare, and safety;

28 (3) The license will not create a competitive situation that will adversely
29 affect racing and the public interest; and

30 (4) The applicant is fit to sponsor and manage racing;

31 then, the Commission may issue a Class B license.

32 (b) The license shall be granted for a period of 20 years, but it shall be reviewed
33 annually.

34 (c) On making the same determination required in G.S. 16A-25, the Commission
35 may renew a Class B license without a hearing.

36 **"§ 16A-33. Changes in ownership or management.**

37 If a change in the officers, directors, or other persons with a direct or indirect
38 financial or management interest in the licensee or a change of ownership of more than
39 five percent (5%) of the licensee's shares is made after the initial application or license
40 issuance, the applicant or licensee shall notify the Commission of the changes within
41 five days of their occurrence and provide the affidavit required in G.S. 16A-20(c)(4).

42 **"§ 16A-34. License suspension and revocation.**

43 (a) The Commission may suspend, revoke, or refuse to renew a Class B license
44 as provided under subsections (a), (b), or (c) of G.S. 16A-27.

1 (b) A person whose Class B license is suspended, revoked, or refused renewal
2 pursuant to this section may commence a contested case hearing under Chapter 150B of
3 the General Statutes.

4 **"§ 16A-35. Authority to issue Class C occupational licenses.**

5 The Commission may issue Class C occupational licenses to persons who wish to be
6 employed in horse racing where pari-mutuel wagering is conducted as:

7 (1) Horse owners or lessees;

8 (2) Jockeys or drivers;

9 (3) Exercise workers;

10 (4) Grooms;

11 (5) Trainers and their assistants;

12 (6) Pari-mutuel personnel;

13 (7) Security officers; or

14 (8) Other occupations the Commission determines require licensing to
15 guarantee the integrity of horse racing in North Carolina.

16 **"§ 16A-36. License agreements.**

17 The Commission may enter into agreements with comparable bodies in other racing
18 jurisdictions for the mutual recognition of occupational licenses issued by each body.
19 The Commission may, by rule, provide for and charge a fee in an amount to be
20 determined by the Commission for the registration of each license issued in another
21 jurisdiction.

22 **"§ 16A-37. Application.**

23 An application for a Class C license shall be on a form prescribed by the
24 Commission and shall be accompanied by an affidavit of qualification that the
25 applicant:

26 (1) Is not in default in the payment of an obligation or debt to the State;

27 (2) Has never been convicted of a felony in a state or federal court and
28 does not have a state or federal felony charge pending;

29 (3) Is not and never has been connected with or engaged in an illegal
30 business;

31 (4) Has never been found guilty of fraud or misrepresentation in
32 connection with racing or breeding;

33 (5) Has never been found guilty of a violation of law or rule relating to
34 horse racing, pari-mutuel wagering, or any other form of gambling
35 which is a serious violation as defined by the Commission's rules; and

36 (6) Has never knowingly violated a rule or order of the Commission or a
37 law of North Carolina relating to racing.

38 The application shall also contain an irrevocable consent statement, to be signed by
39 the applicant, which states that suits and actions relating to the subject matter of the
40 application or acts or omissions arising from it may be commenced against the applicant
41 in any court of competent jurisdiction in this State by the service on the Secretary of
42 State of any summons, process, or pleading authorized by the laws of this State. If any
43 summons, process, or pleading is served upon the Secretary of State, it shall be by
44 duplicate copies. One copy shall be retained in the Office of the Secretary of State, and

1 the other copy shall be forwarded immediately by certified mail to the address of the
2 applicant, as shown by the records of the Commission.

3 **"§ 16A-38. Investigations.**

4 (a) The Commission shall investigate each applicant for a Class C license to the
5 extent it deems necessary and may request the assistance of and may reimburse the State
6 Bureau of Investigation in investigating applicants as provided in G.S. 16A-24.

7 (b) The Commission may require that an applicant be fingerprinted or furnish his
8 fingerprints.

9 (c) The Commission may cooperate with national and international organizations
10 and agencies in conducting investigations.

11 (d) The Commission may provide for examining the qualifications of an
12 applicant for the license for which the application is being made.

13 (e) The Commission shall have access to all criminal history data compiled by
14 the State Bureau of Investigation on Class C applicants and licensees.

15 **"§ 16A-39. License issuance and renewal.**

16 (a) If the Commission determines that an applicant is qualified for the occupation
17 for which licensing is sought and issuance of a license will not adversely affect the
18 public health, welfare, and safety or the integrity of racing in North Carolina, it may
19 issue a Class C license to the applicant.

20 (b) Class C licenses are effective for one year.

21 (c) If the Commission makes a similar finding for a renewal of a Class C license,
22 it may renew the license.

23 **"§ 16A-40. License suspension and revocation.**

24 (a) The Commission may suspend or revoke a Class C license (i) for a violation
25 of law or rule that the Commission determines adversely affects the integrity of horse
26 racing in North Carolina or (ii) for an intentional false statement made in a license
27 application.

28 (b) The Commission may delegate to its designated agents the authority to
29 impose suspensions of Class C licenses, and the suspension may be appealed to the
30 Commission according to its rules.

31 (c) A person whose Class C license is suspended or revoked pursuant to this
32 section may commence a contested case hearing under Chapter 150B of the General
33 Statutes.

34 **"§ 16A-41. Application for Class D license.**

35 (a) The Commission may issue special privilege Class D licenses for engaging in
36 activities listed in G.S. 16A-18(a)(4) while operating, conducting, and managing horse
37 racing on which pari-mutuel wagering is conducted.

38 (b) An application for a Class D license shall be on a form the Commission
39 prescribes. An application for a Class D license shall be accompanied by detailed plans
40 and specifications of the event, promotion, services, logistics, and other details
41 requested by the Commission.

42 **"§ 16A-42. Occupational licenses.**

43 (a) A person who participates in the management or conduct of horse racing or
44 pari-mutuel wagering holding a Class D license, who is in an occupation listed in G.S.

1 16A-35, shall have a Class C license from the Commission except for active members
2 of nonprofit organizations who act without compensation as concession workers, pari-
3 mutuel clerks, or grounds attendants.

4 (b) The Commission shall issue regulations and shall make decisions that are
5 designed to increase the likelihood of employment for North Carolina citizens as
6 occupational licensees without harming the racing industry.

7 **"§ 16A-43. Hearing.**

8 Before granting an initial application for a Class D license, the Commission may
9 hold a public hearing in the county where the license is to be issued, and if the race
10 facility to be licensed is within a city or town, it may also request comments on the
11 application from the governing body of the city or town.

12 **"§ 16A-44. Issuance of Class D license.**

13 (a) If, after considering the information received at any hearing or hearings and
14 considering the comments requested under G.S. 16A-43, the Commission determines
15 that the license will not adversely affect the public health, welfare, and safety and that
16 the racing to be licensed will be conducted in accordance with all applicable laws and
17 rules, it may issue a Class D license to the applicant.

18 (b) The license shall be valid for a period of one year or less, with the term to be
19 specified in the license.

20 **"§ 16A-45. Renewal.**

21 After making the determinations required in G.S. 16A-44, the Commission may
22 renew a Class D license without a hearing.

23 **"§ 16A-46. Revocation and suspension.**

24 (a) Revocation and suspension of Class D licenses, and refusals to renew Class D
25 licenses, are as provided in G.S. 16A-27.

26 (b) A person whose Class D license is suspended or revoked, or who is refused a
27 renewal license, may commence a contested case hearing pursuant to Chapter 150B of
28 the General Statutes.

29 (c) Criminal penalties may also be imposed as provided in Article 5 of this
30 Chapter.

31 **"§ 16A-47. License fees.**

32 (a) The fee for a Class A license is twelve thousand dollars (\$12,000), payable at
33 two thousand dollars (\$2,000) per month for a period of six months from the date of
34 issuance of the owner's license to the date of the beginning of the operation of the
35 related race facility. The license fee shall be used by the Commission for operating
36 expenses prior to the beginning of operation of the race facility.

37 (b) The fee for a Class B horse racing license is one hundred dollars (\$100.00)
38 for each assigned racing day on which racing is actually conducted.

39 (c) Fees imposed on Class B and Class D licenses shall be paid to the
40 Commission at the time and in the manner provided by rules adopted by the
41 Commission.

42 (d) The Commission shall adopt rules establishing an annual license fee for each
43 occupation it licenses under G.S. 16A-35, but no annual fee for a Class C license may
44 exceed one hundred dollars (\$100.00).

1 (e) All license fees received by the Commission shall be paid into the
2 Commission's State Treasurer disbursement account, according to G.S. 16A-61.

3 **"ARTICLE 4.**

4 **"WAGERING/TV/RACE DATES/STEWARDS.**

5 **"§ 16A-48. Authority.**

6 A Class B license gives the licensee authority to conduct pari-mutuel wagering on
7 the results of races run at the licensed race facility, and on other races as authorized by
8 the Commission in G.S. 16A-64.

9 **"§ 16A-49. Requirements.**

10 A licensee conducting pari-mutuel wagering shall provide in a licensed heated and
11 air-conditioned facility:

12 (1) The necessary equipment for issuing pari-mutuel tickets; and

13 (2) Mechanical or electronic equipment for displaying information the
14 Commission requires. All mechanical or electronic devices shall be
15 approved by the Commission before being used.

16 **"§ 16A-50. Types of wagering.**

17 (a) The Commission shall by rule designate those types of pari-mutuel pools
18 which are permitted at licensed facilities, and no licensee may conduct any type of pari-
19 mutuel pool which has not been so designated.

20 (b) In addition to publication required under the Administrative Procedure Act,
21 these rules shall be published by the Commission in book or pamphlet form for general
22 distribution to all interested persons.

23 (c) Under the authorized pari-mutuel system of wagering, a licensee shall be
24 permitted to provide separate pools for bets to win, place, and show, as well as separate
25 pools for more complex wagers involving such combinations of races and combinations
26 of the outcome of races as shall be approved by the Commission.

27 (d) Each pool, less the amount the licensee is permitted to retain pursuant to the
28 provisions of this Chapter, shall be distributed separately to the winners in accordance
29 with the rules of the Commission for that kind of pari-mutuel pool.

30 (e) If there is no ticket wagered on the winning horse for any pari-mutuel pool,
31 the portion of the pool which would have been distributed to any winners shall be
32 distributed to the holders of tickets for that pool in accordance with the rules of the
33 Commission for that kind of pari-mutuel pool.

34 **"§ 16A-51. Take-out rate; distribution of winnings.**

35 (a) A licensee conducting pari-mutuel wagering shall deduct from a straight pari-
36 mutuel pool, before payments to holders of winning tickets, an amount equal to sixteen
37 percent (16%) of the total money in that pool plus the breakage applicable to the
38 winning wagers for that pool.

39 (b) A licensee shall deduct from a two-entry pool, before payments to holders of
40 winning tickets, an amount equal to seventeen percent (17%) of the total money in that
41 pool plus the breakage applicable to the winning wagers for that pool.

42 (c) A licensee shall deduct from a multiple three- or four-selection pool, before
43 payments to holders of winning tickets, an amount equal to eighteen percent (18%) of

1 the total money in that pool plus the breakage applicable to the winning wagers for that
2 pool.

3 (d) A licensee shall deduct from a super exotic pool of five or more selections an
4 amount equal to nineteen percent (19%) of the total money in that pool plus the
5 breakage applicable to the winning wagers for that pool.

6 (e) It is the intent of the General Assembly that the take-out rates at all licensed
7 pari-mutuel facilities, including any off-site wagering facilities, be uniform throughout
8 the State.

9 (f) The remaining money in each pool shall be distributed among the holders of
10 winning tickets in a manner the Commission by rules prescribes for each type of pool.

11 **"§ 16A-52. Breakage.**

12 (a) Breakage shall be computed on the basis of payoffs rounded down to the next
13 lowest increment of ten cents (10¢), with a minimum payoff of two dollars and twenty
14 cents (\$2.20) on a two-dollar (\$2.00) ticket, except that the licensee may reduce the
15 minimum payoff to two dollars and ten cents (\$2.10) on a two-dollar (\$2.00) ticket if
16 there is not a sufficient amount in a pool to make a minimum payoff of two dollars and
17 twenty cents (\$2.20).

18 (b) A licensee shall be permitted to retain all monies representing the breakage
19 provided that those funds are used for special events, publicity, promotions, and projects
20 of the facility.

21 **"§ 16A-53. Backstretch Fund.**

22 A licensee shall annually furnish to the Commission all net underpayments over net
23 overpayments. The funds received by the Commission under this section shall be used
24 by the Commission for a Backstretch Fund to provide services to jockeys and racetrack
25 workers who would reside at the licensed facilities including dormitories, the track
26 chaplaincy, jockey and worker disability payments, and other social and educational
27 services.

28 **"§ 16A-54. Capital improvements.**

29 (a) From the amounts deducted from all pari-mutuel pools by a licensee, an
30 amount equal to one percent (1%) of all money in all pools shall be set aside by the
31 licensee and used for capital improvements.

32 (b) With the permission of the Commission, that amount may be accumulated
33 from year to year provided the funds are directly specified to be used on a qualified
34 project.

35 **"§ 16A-55. Purses.**

36 (a) From the amounts deducted from all horse racing pari-mutuel pools by a
37 licensee, an amount equal to seven percent (7%) of all money in all pools shall be set
38 aside by the licensee for horse racing and used for purses for horse races conducted by
39 the licensee.

40 (b) From the amounts deducted from all pari-mutuel pools by all licenses, an
41 amount equal to one percent (1%) of all money in all pools shall be set aside by the
42 licensee for use in the North Carolina Horse Breeding and Development Funds
43 described in this Chapter.

44 **"§ 16A-56. Payments to State.**

1 (a) There is imposed on the total amount wagered on all pari-mutuel pools on
2 each racing day a tax of one-half of one percent (1/2 of 1%) except that the State shall
3 receive an additional one-half of one percent (1/2 of 1%) of all super exotic pools
4 involving five or more selections.

5 (b) A licensee annually shall furnish to the Commission all net underpayments
6 over net overpayments.

7 (c) A licensee shall designate and pay to the Commission for deposit in the
8 respective North Carolina Horse Breeding and Development Funds one percent (1%) of
9 the total amount wagered on all pari-mutuel pools on each racing day.

10 (d) The taxes imposed by this section shall be paid from the amounts permitted to
11 be withheld by a licensee under G.S. 16A-55.

12 (e) The Commission may impose an additional admissions tax of not more than
13 ten cents (10¢) per person at any licensed race facility if:

14 (1) The additional tax is requested by a local unit of government within
15 whose borders the facility is located;

16 (2) A public hearing is held on the request; and

17 (3) The Commission finds that the local unit of government requesting the
18 additional tax is in need of its revenue to meet extraordinary expenses
19 caused by the facility.

20 **"§ 16A-57. Payment.**

21 (a) The licensee shall remit the tax to the Commission or its representative within
22 seven days of the day on which it was collected.

23 (b) The payments shall be accompanied by a detailed statement of the remittance
24 on a form the Commission prescribes.

25 (c) The Commission may by rule provide for the direct deposit of required
26 payments in the Commission's account in a financial institution within the State and for
27 determining the time of applicability of different tax rates under G.S. 16A-56.

28 **"§ 16A-58. Tax exclusive.**

29 The tax imposed by G.S. 16A-56 is in lieu of any tax or license fee, other than the
30 taxes on real property, imposed by a political subdivision and is in lieu of any other
31 sales or excise tax imposed by the State on race facility admissions or pari-mutuel pools
32 or pari-mutuel ticket sales.

33 **"§ 16A-59. Reports.**

34 (a) Within 100 days of the end of a racing meeting, a licensee collecting the taxes
35 imposed by G.S. 16A-56 shall file with the Commission a certified statement of receipts
36 from all sources during the racing meeting and of expenses and disbursements, itemized
37 on a form the Commission prescribes after consultation with the State Auditor, showing
38 the licensee's net revenues from all sources.

39 (b) The statement shall be prepared by a certified public accountant in
40 accordance with generally accepted auditing standards.

41 **"§ 16A-60. Breeding funds.**

42 (a) The Commission shall establish the North Carolina Horse Breeding and
43 Development Funds with the respective monies from horse racing paid to it under G.S.
44 16A-56.

1 (b) The Commission shall issue rules that shall provide that after paying the
2 current cost of administering the funds, the remaining funds shall be distributed for:

- 3 (1) North Carolina Purse Enrichment;
- 4 (2) Breeders Awards;
- 5 (3) North Carolina Stallion Owner Awards;
- 6 (4) Owners Premium Awards; and
- 7 (5) Research related to racing horses.

8 (c) The Commission shall issue rules defining the requirements for qualifying for
9 payments under subsection (b) of this section and for the distribution of the funds.

10 (d) The Commission may establish advisory committees to advise it on the
11 distribution of money under this section, provided that the members of any advisory
12 committee shall serve without compensation.

13 **"§ 16A-61. Distribution of taxes and fees collected by the Commission.**

14 (a) The Commission shall distribute all money received under this section and all
15 money received from license fees in the following manner:

- 16 (1) All money designated for deposit in the North Carolina Horse
17 Breeding and Development Funds shall be paid into those funds for
18 distribution under G.S. 16A-60.
- 19 (2) Revenue from an additional admissions tax of ten cents (10¢) per
20 person imposed under G.S. 16A-56 shall be paid to the local unit of
21 government at whose request it was imposed, at times and in the
22 manner the Commission, by rule, determines.
- 23 (3) All other revenues received under this Chapter by the Commission,
24 and all license fees and other revenues it receives, shall be paid to the
25 Commission and shall be deposited by the State Treasurer to the
26 account of the Commission.

27 All monies remaining after (i) the payment of all expenses incurred in the
28 administration of this Chapter; and (ii) the deposit into the North Carolina Horse
29 Breeding and Development Funds of all amounts required by G.S. 16A-50, shall be
30 allocated, combined by the Commission with other excess funds, or paid not less
31 frequently than once each calendar year, twenty-five percent (25%) to:

- 32 (1) Agricultural research;
- 33 (2) Agriculture extension education (includes 4-H);
- 34 (3) Nonracing horse breeds;
- 35 (4) North Carolina State University College of Veterinary Medicine to be
36 used to help develop the laboratory facilities needed for drug testing
37 and equine research;
- 38 (5) Agricultural program at North Carolina A&T; and
- 39 (6) Other allocations as specified by the General Assembly for any fiscal
40 year, in furtherance of the purposes of this Chapter.

41 The remaining seventy-five percent (75%) and any other funds not allocated to these
42 programs will be returned to the State Treasurer for deposit in the General Fund.

43 (b) If any allocation of any portion of the net revenues of the Commission
44 pursuant to any provision of this Article cannot be made for any reason, then the failure

1 of the allocation shall not impair the validity or effectiveness of any part of this Chapter
2 other than the provisions specifically providing for that allocation, nor shall the failure
3 of the allocation adversely affect any other allocation of net revenues under this
4 Chapter.

5 **"§ 16A-62. Policy.**

6 It is expressly declared that the primary purpose of this Chapter is to provide a
7 means for permitting and regulating horse racing and pari-mutuel wagering, and,
8 further, that it is not a primary purpose of this Chapter to provide funds for the various
9 governmental bodies and public or private institutions and organizations to which
10 allocations or portions of the net revenues of the Commission are made pursuant to this
11 Article. The allocations of any net revenues made pursuant to this Article represent the
12 legislative effort to confer incidental incentives and benefits upon a spectrum of animal,
13 agricultural, and governmental activities that develop the State's tourism, equine
14 industry, and farmland usage.

15 **"§ 16A-63. Prohibited acts.**

- 16 (a) A licensee may not accept a wager from any person under the age of 21 years.
17 (b) A licensee may not accept a wager of less than two dollars (\$2.00) from
18 anyone.
19 (c) No one under 21 years of age is allowed to be in the betting area.
20 (d) During day hours, there is no minimum age for attendance at a racing facility.
21 During night hours, minors ages 12 to 17 shall be accompanied by an adult, and no
22 person under the age of 12 shall be permitted to attend.

23 **"§ 16A-64. Televised races.**

- 24 (a) The Commission by rule may permit a Class B licensee to conduct pari-
25 mutuel wagering on horse races run in this or other states and broadcast by television on
26 the premises of the licensed racing facility.
27 (b) All provisions of law governing pari-mutuel wagering apply to pari-mutuel
28 wagering on televised races except as otherwise provided in this section or in the
29 Commission's rules.
30 (c) Pari-mutuel pools conducted on televised races may consist only of money
31 wagered on the premises and may, pursuant to rules issued by the Commission, be
32 commingled with other pools off the premises.
33 (d) Proceeds from the pari-mutuel pool may be used by the licensee, pursuant to
34 rules issued by the Commission, to:
35 (1) Pay a fee to the person or entity conducting the race for the privileges
36 of conducting pari-mutuel wagering on the race;
37 (2) Pay the cost of transmitting the broadcast of the race; and
38 (3) Pay part of the take-out designated to enhance purses to the sending
39 facility and to enhance purse structure.
40 (e) Pari-mutuel wagering on a televised race may be conducted on a racing day
41 other than a racing day assigned by the Commission.
42 (f) The take-out and taxes on pari-mutuel pools on televised races are as
43 provided for other pari-mutuel pools.

1 (g) All televised races under this section shall comply with the Interstate Horse
2 Racing Act of 1978 as found in the United States Code, Title 15, section 3001 and the
3 following relevant sections.

4 (h) Nothing contained in this Chapter shall be construed to authorize or legalize
5 any wagering or gambling at any location other than the pari-mutuel facilities licensed
6 by this Commission.

7 **"§ 16A-65. Racing dates.**

8 (a) An operator's racing license issued under this Chapter shall permit the holder
9 to conduct one or more race meetings each year at the race facility to which the license
10 applies.

11 (b) Racing may be conducted any six of seven afternoons or nights a week
12 throughout the year, except post or matinee starting times on Sundays shall not be
13 before 1:30 p.m. and not after 6:00 p.m.

14 **"§ 16A-66. Assignment of racing days.**

15 (a) The Commission shall assign racing days to each licensee authorized to
16 conduct racing with pari-mutuel wagering and a licensee may conduct matinee and
17 evening racing with pari-mutuel wagering only on a racing day assigned by the
18 Commission.

19 (b) The Commission may assign racing days for up to three years beyond the
20 year in which the assignment is made.

21 (c) The assignments of racing days in any year shall be made by July 1 of the
22 previous year, except that days may be assigned after that date to a licensee whose
23 license is issued after that date.

24 **"§ 16A-67. Racing days; hearing.**

25 (a) A public hearing is required before the Commission may:

26 (1) Make an assignment of racing days;

27 (2) Revise the assignment during the year; or

28 (3) Assign racing days to a licensee whose license is issued after the initial
29 assignment.

30 (b) The Commission may without a hearing assign one additional racing day to a
31 licensee for each originally assigned racing day during the same racing meeting on
32 which racing was not conducted for reasons beyond the licensee's control.

33 **"§ 16A-68. Required races.**

34 By rule the Commission may set the number of required races. Each holder of a
35 Class B license shall declare and schedule, on each racing day it conducts, at least one
36 race which:

37 (1) Before January 1, 1999, is limited to horses which are North Carolina-
38 bred, North Carolina-foaled, North Carolina-trained, or North
39 Carolina-owned, and

40 (2) On and after January 1, 1999, is limited to horses which are North
41 Carolina-bred, or North Carolina-foaled, and which are North
42 Carolina-trained. If there are not a sufficient number of these horses
43 entered in the declared race to make up an adequate slate of entries,
44 another race may be substituted. The Commission shall by rule define

1 'North Carolina-foaled', 'North Carolina-owned', and 'North Carolina-
2 trained'.

3 **"§ 16A-69. Prohibited assignments.**

4 (a) The Commission may not assign a license for racing days to any facility not
5 in operation at least 10 months out of the year offering horse racing or simulcasting.

6 (b) The Commission may not assign a licensee for county fair racing days;
7 however, all racing facilities shall advertise to their patrons county fair events and
8 agricultural products produced in the State.

9 **"§ 16A-70. Rescinding of racing days.**

10 The Commission may, after a public hearing, rescind one or more racing days
11 assigned to a licensee if it determines that the licensee has not met or will not meet the
12 terms of the license. A rescinded day or days may be reassigned to another licensee.

13 **"§ 16A-71. Stewards, powers and duties.**

14 (a) All horse races run at a licensed race facility shall be presided over by a board
15 of three stewards, two of whom shall be appointees of the Commission or persons
16 approved by it, and one appointed by the licensee conducting the race meeting.

17 (b) The Commission shall designate one steward as chairman.

18 (c) At least two stewards for all races shall be employees of the Commission and
19 they shall be exempt from the State Personnel Act.

20 (d) The Commission may delegate the following duties and powers to a board of
21 stewards:

22 (1) To ensure that races are run in accordance with the Commission's
23 rules;

24 (2) To supervise the conduct of racing to ensure the integrity of the sport;

25 (3) To settle disputes arising from the running of horse races and to certify
26 official results;

27 (4) To impose on licensees, for violation of law or Commission rules,
28 fines not exceeding five hundred dollars (\$500.00) and license
29 suspensions not exceeding 30 days;

30 (5) To recommend to the Commission where penalties are warranted in
31 excess of those in subdivision (4) of this subsection;

32 (6) To otherwise enforce the laws and rules of racing; and

33 (7) To perform other duties and have other powers assigned by the
34 Commission.

35 **"§ 16A-72. Board of stewards; appeals; hearings.**

36 (a) A ruling of a board of stewards may be appealed to the commission or be
37 reviewed by it on its own initiative.

38 (b) The Commission may provide for appeals to be heard by less than a quorum
39 of the Commission.

40 (c) A hearing on a penalty imposed by a board of stewards shall be granted on
41 request.

42 (d) A Commission decision with regard to a ruling by a board of stewards
43 constitutes a final agency decision for purposes of appeal under the Administrative
44 Procedure Act.

1 **"§ 16A-73. Board of stewards; procedural powers.**

2 A board of stewards may administer oaths, issue subpoenas, order the production of
3 documents and other evidence, and regulate the course of hearings before it, according
4 to the Commission's rules.

5 **"§ 16A-74. Board of stewards; rules.**

6 The Commission may adopt rules governing the qualifications, appointment,
7 approval, authority, removal, and compensation of stewards.

8 **"§ 16A-75. Board of stewards; costs.**

9 The Commission may require that a licensee reimburse it for the costs of providing a
10 State-paid steward or stewards to supervise racing at the licensee's race facility.

11 **"§ 16A-76. Board of stewards; compensation.**

12 The total compensation of stewards who are not employees of the Commission shall
13 be commensurate with the compensation of stewards who are Commission employees.

14 **"ARTICLE 5.**

15 **"JUDICIAL.**

16 **"§ 16A-77. Contracts.**

17 (a) The Commission shall by rule require that all contracts entered into by Class
18 A, Class B, or Class D licensees for the provision of goods or services, including
19 concessions contracts, be subject to Commission approval.

20 (b) The Commission may require a contract holder to submit to it documents and
21 records the Commission deems necessary to evaluate the contract.

22 **"§ 16A-78. Appeals.**

23 Appeals from a decision of the Commission shall be made in the manner prescribed
24 by the North Carolina Administrative Procedure Act.

25 **"§ 16A-79. Right of inspection.**

26 The Commission and its representatives have the right to inspect the licensed
27 premises of a licensee and to examine his books and other records at any time without a
28 search warrant.

29 **"§ 16A-80. Civil penalties.**

30 (a) The Commission shall by rule establish a graduated schedule of civil
31 penalties for violations of laws related to horse racing or of the Commission's rules.
32 The schedule shall include minimum and maximum civil penalties for each violation
33 and be based on and reflect the culpability, frequency, and severity of the violator's
34 actions.

35 (b) The Commission may impose a civil penalty from this schedule on a licensee
36 for a violation of rules or laws relating to horse racing.

37 (c) The civil penalty is in addition to any criminal penalty imposed for the same
38 violation.

39 (d) A person who has a civil penalty assessed against them may commence a
40 contested case hearing pursuant to Chapter 150B of the General Statutes.

41 **"§ 16A-81. Rule-making authority.**

42 The Commission may, in addition to all other rule-making authority granted
43 elsewhere in the General Statutes, adopt rules governing:

- 1 (1) The conduct of horse races held at licensed race facilities in North
2 Carolina, including, but not limited to, the rules of racing, standards of
3 entry, operation of claiming races, filing and handling of objections,
4 carrying of weights, and declaration of official results;
- 5 (2) Wire communications between the premises of a licensed race facility
6 and any place outside the premises;
- 7 (3) Information on horse races which is sold on the premises of a licensed
8 race facility;
- 9 (4) Liability insurance which it may require of all Class A, Class B, and
10 Class D licensees;
- 11 (5) The auditing of the books and records of a licensee by an auditor
12 employed or appointed by the Commission;
- 13 (6) Emergency action plans maintained by licensed race facilities and their
14 periodic review;
- 15 (7) Safety, security, and sanitation of stabling facilities at licensed race
16 facilities as well as general guidelines regarding off-track stables;
- 17 (8) Entry fees and other funds received by a licensee in the course of
18 conducting racing which the commission determines shall be placed in
19 escrow accounts; and
- 20 (9) Any other aspect of horse racing or pari-mutuel wagering which in its
21 opinion affects the integrity of racing or the public health, welfare, or
22 safety.

23 Rules of the Commission are subject to the North Carolina Administrative Procedure
24 Act.

25 **"§ 16A-82. Illegal wagering.**

26 No person may place or accept a wager on or off the premises of a licensed race
27 facility other than a wager made within a licensed pari-mutuel system.

28 **"§ 16A-83. Off-track wagers; bookmaking.**

29 No person may, as part of an organized commercial activity, place or accept a wager
30 off the premises of a licensed race facility for delivery to a licensed race facility.

31 **"§ 16A-84. Transmission of racing information prohibited.**

32 (a) With the exception of television or radio coverage of races authorized in
33 accordance with G.S. 16A-64, it shall be unlawful for any person to transmit or
34 communicate to another person by any means whatsoever the results, changing odds,
35 track conditions, or other information relating to any horse race from any race facility in
36 this State between the period of time beginning one hour prior to the first race of the day
37 and ending 30 minutes after the posting of the official results of each race, as to that
38 particular race, except this period may be reduced to permit the transmitting of the result
39 of the last race each day not sooner than 15 minutes after the official posting of the
40 results.

41 (b) The Commission may by rule permit the immediate transmission by radio,
42 television (other than television or radio coverage pursuant to G.S. 16A-64), or press
43 wire of any pertinent information concerning special or feature races.

1 (c) It shall be unlawful for any person to transmit by any means whatsoever
2 racing information to any other person or relay the same to any other person by word of
3 mouth, by signal, or by use of telephone, telegraph, radio, or any other means when the
4 information is knowingly used or intended to be used for illegal gambling purposes or is
5 used in furtherance of illegal gambling purposes.

6 **"§ 16A-85. Influencing races.**

7 No person may influence or attempt to influence a horse race by:

8 (1) Making threats;

9 (2) Offering anything of value to a person involved in the conduct of a
10 race in return for that person's committing an illegal act or failing to
11 perform a duty; or

12 (3) Conspiring with or seeking or having an understanding or agreement
13 with a person involved in the conduct of a race to commit an illegal act
14 or to fail to perform a duty.

15 **"§ 16A-86. Tampering with horses.**

16 No person may:

17 (1) On the premises of a licensed race facility, use, have in his possession
18 with intent to use, or knowingly assist another person in using a
19 battery or buzzer, electrical or mechanical, or other device or
20 appliance, which can be used to affect a horse's racing condition or
21 performance, other than an ordinary whip for a horse;

22 (2) Affect or attempt to affect the racing condition or performance of a
23 horse at a race or workout through the use of a drug or medication in
24 violation of the Commission's rules;

25 (3) Use any method, injurious or otherwise, to affect a horse's racing
26 condition or performance at a race or workout in violation of the
27 Commission's rules;

28 (4) Knowingly enter or cause to be entered in a race any horse under an
29 assumed name or out of its proper grade or class;

30 (5) Change the name of any horse for the purpose of entry in a race after
31 the horse has once raced except as provided by the operator's rules
32 under which the contest is advertised to be run; or

33 (6) Knowingly misrepresent or fraudulently conceal the public
34 performance in any former race of any horse that is proposed to be
35 entered in a race, whether the horse is actually entered or not.

36 **"§ 16A-87. False time by official timer.**

37 No official timer at any race shall willfully and falsely announce a slower or faster
38 time than that actually run by a horse when the result of that race is to constitute a
39 record.

40 **"§ 16A-88. Reporting of information.**

41 A person licensed by the Commission who has information regarding a violation of
42 any provision of this Chapter shall report that information promptly to the Commission
43 or an agent of the Commission.

44 **"§ 16A-89. False statement.**

1 No person may knowingly make a false statement in a document or application
2 required to be submitted to the Commission or in a sworn statement to or testimony
3 before the Commission.

4 **"§ 16A-90. Altered tickets.**

5 No person may knowingly offer for payment any pari-mutuel ticket which has been
6 altered or any counterfeit or forged pari-mutuel ticket.

7 **"§ 16A-91. Conducting race without license.**

8 (a) Any person who directly or indirectly holds any horse race without having
9 procured a license as prescribed in this Chapter shall be guilty of a misdemeanor.

10 (b) Any person wagering upon the results of a race conducted without the proper
11 license, except in the case of pari-mutuel wagering conducted by an operator in
12 accordance with the provisions of this Chapter, shall be guilty of a misdemeanor.

13 **"§ 16A-92. Misuse of license.**

14 Any credential, license, or permit issued by the Commission, if used by the holder
15 for a purpose other than identification and in the performance of legitimate duties on a
16 race facility, shall be automatically revoked whether so used on or off a race facility.

17 **"§ 16A-93. Class G felonies.**

18 A violation of G.S. 16A-85 or G.S. 16A-86 is a Class G felony, in addition to any
19 civil penalty which may be imposed pursuant to this Article.

20 **"§ 16A-94. Class H felonies.**

21 A violation of the prohibition contained in G.S. 16A-83 or a violation of G.S. 16A-
22 90 is a Class H felony, in addition to any civil penalty which may be imposed pursuant
23 to this Article.

24 **"§ 16A-95. Class I felonies.**

25 A violation of G.S. 16A-88 or G.S. 16A-89 is a Class I felony, in addition to any
26 civil penalty which may be imposed pursuant to this Article.

27 **"§ 16A-96. Misdemeanors.**

28 A violation of any other provision of this Chapter or the General Statutes relating to
29 this Chapter, or of a rule or order of the Commission for which another penalty is not
30 provided is a misdemeanor, in addition to any civil penalty which may be imposed
31 pursuant to this Chapter.

32 **"§ 16A-97. Persons excluded.**

33 The Commission may exclude from any and all licensed race facilities in the State a
34 person who:

- 35 (1) Has been convicted of a felony under the laws of any state or the
36 United States;
- 37 (2) Has had a license suspended, revoked, or denied by the Commission or
38 by the racing authority of any other jurisdiction; or
- 39 (3) Is determined by the Commission, on the basis of evidence presented
40 to it, to be a threat to the integrity of racing in North Carolina.

41 **"§ 16A-98. Disqualification due to gambling activities.**

42 No person who engages in the practice of professional gambling on horse races, or
43 in the practice of making gambling or wagering books on races, or who knowingly takes
44 any part in that practice, shall be eligible as an applicant for any license or permit to

1 own or operate a race facility or conduct racing activities under the provisions of this
2 Chapter, or to be connected therewith in any capacity; and any corporation, partnership,
3 or other entity which has an officer, director, stockholder, partner, or executive, or who
4 employs any person who engages in those practices shall likewise be ineligible as a
5 licensee; and the Commission may inquire into these matters in considering any
6 application and otherwise in administering this Chapter.

7 **"§ 16A-99. Appeal; hearing.**

8 An order to exclude a person from any or all licensed race facilities in the State shall
9 be made by the Commission after a public hearing of which the person to be excluded
10 shall have at least 15 days' notice. If the person is present at the hearing, the person shall
11 be permitted to show cause why the person should not be excluded. An appeal of the
12 order may be made in the same manner as other appeals under G.S. 16A-78.

13 **"§ 16A-100. Notice to race facilities.**

14 Upon issuing an order excluding a person from any or all licensed race facilities, the
15 Commission shall send a copy of the order to the excluded person and to all race
16 facilities named in it along with other information as it deems necessary to permit
17 compliance with the order.

18 **"§ 16A-101. Prohibitions.**

19 It is a misdemeanor for a person named in an exclusion order to enter, attempt to
20 enter, or be on the premises of a race facility named in the order while it is in effect, and
21 for a person licensed to conduct racing or operate a race facility knowingly to permit an
22 excluded person to enter or be on the premises.

23 **"§ 16A-102. Exclusions by race facility.**

24 The holder of a license to conduct racing may eject and exclude from its premises
25 any licensee or any other person who is in violation of any State law or Commission
26 rule or order or who is a threat to racing integrity or the public safety. A person so
27 excluded from a race facility premises may appeal his exclusion to the Commission and
28 shall be given a public hearing on his appeal if the person so requests. At the hearing the
29 person shall be given the opportunity to show cause why the person should not be so
30 excluded. If the Commission, after the hearing, finds that the integrity of racing and the
31 public safety do not justify the exclusion, it shall order the race facility making the
32 exclusion to reinstate or readmit the person. An appeal of a Commission order
33 upholding the exclusion is governed by G.S. 16A-79.

34 **"ARTICLE 6.**

35 **"MISCELLANEOUS.**

36 **"§ 16A-103. Medication.**

37 (a) The Commission shall adopt and enforce rules governing medication and
38 medical testing for horses running at licensed race facilities. The rules shall provide
39 which, if any, medication may be administered to a horse within a specified number of
40 hours of a race before it runs at a licensed race facility.

41 (b) The Commission shall adopt rules establishing the qualifications for on- and
42 off-premise laboratories used by it as testing laboratories to enforce its rules under this
43 section.

44 **"§ 16A-104. Possession of certain drugs prohibited.**

1 (a) The possession or transportation of any drug or chemical except those
2 permitted by regulations of the Commission within the racing enclosure is prohibited
3 except upon a bona fide veterinarian's prescription with complete statement of uses and
4 purposes on the container.

5 (b) A copy of the prescription shall be filed with the stewards.

6 (c) The Commission may allow medical emergency exceptions.

7 **"§ 16A-105. Advisory committee.**

8 The Commission may establish an advisory committee to advise it on medication
9 under this section, provided that the members of an advisory committee shall serve
10 without compensation.

11 **"§ 16A-106. Determination of class.**

12 The grade or class to which a horse belongs for the purpose of an entry in any race
13 shall be determined by the public performance of that horse in any former race, except
14 as provided by the operator's rules under which the proposed race is advertised to be
15 run.

16 **"§ 16A-107. Provisions of this Chapter control.**

17 Insofar as the provisions of this Chapter may be inconsistent with the provisions of
18 any other law concerning activities and actions authorized by this Chapter, including,
19 but not limited to, Chapters 14 and 16 of the General Statutes, the provisions of this
20 Chapter shall control, it being specifically declared that any other provisions of existing
21 law, ordinance, or regulation that prohibit or regulate horse racing, admissions,
22 gambling, or pari-mutuel wagering shall not be applicable to any activities or actions
23 authorized by this Chapter."

24 Sec. 2. G.S. 14-289 reads as rewritten:

25 **"§ 14-289. Advertising lotteries.**

26 Except in connection with a lawful raffle as provided in Part 2 of this Article, if
27 anyone by writing or printing or by circular or letter or in any other way, advertise or
28 publish an account of a lottery, whether within or without this State, stating how, when
29 or where the same is to be or has been drawn, or what are the prizes therein or any of
30 them, or the price of a ticket or any share or interest therein, or where or how it may be
31 obtained, he shall be guilty of a misdemeanor. As used in this Article, the word 'lottery'
32 does not include pari-mutuel wagering conducted in accordance with the provisions of
33 Chapter 16A of the General Statutes."

34 Sec. 3. G.S. 14-292 reads as rewritten:

35 **"§ 14-292. Gambling.**

36 Except as provided in Part 2 of this Article, any person or organization that operates
37 any game of chance or any person who plays at or bets on any game of chance, other
38 than pari-mutuel wagering conducted in accordance with the provisions of Chapter 16A
39 of the General Statutes, at which any money, property or other thing of value is bet,
40 whether the same be in stake or not, shall be guilty of a misdemeanor."

41 Sec. 4. There is appropriated from the General Fund to the North Carolina
42 Racing Commission the sum of one hundred fifty thousand dollars (\$150,000) for fiscal
43 year 1993-94 to provide initial start-up funds for the Commission. This appropriation

1 shall be repaid to the General Fund out of the proceeds collected under the provisions of
2 this Chapter.

3 Sec. 5. It is the intent of this act that the Commission shall be a self-
4 supporting agency of State government located in the Department of Commerce. No
5 appropriations, loans, or other transfer of State funds shall be made to the Commission
6 except for appropriations for initial start-up costs of the Commission as provided by this
7 act. Any other appropriation, loan, or transfer of State funds to any other entity for the
8 purposes of horse racing with pari-mutuel wagering is prohibited.

9 Sec. 5.1. G.S. 120-123 is amended by adding a new subdivision to read:

10 "(60) The North Carolina Racing Commission as established by G.S.16A-4."

11 Sec. 6. G.S. 147-69.2(a) is amended by adding a new subdivision to read:

12 "(21) The North Carolina Racing Commission."

13 Sec. 7. If approved by the qualified voters of the State of North Carolina,
14 Sections 1 through 6 of this act shall become effective on the first day of the second
15 month following the election. The question of approval of this act shall be submitted to
16 the qualified voters of the State of North Carolina at an election held on November 2,
17 1993.

18 The referendum shall be held in accordance with the provisions of Chapter
19 163 of the General Statutes, and the form of the ballot shall be:

20 " FOR approval of an act establishing horse racing and a State Racing
21 Commission.

22 " AGAINST approval of an act establishing horse racing and a State
23 Racing Commission."

24 If less than a majority of the votes are cast in favor of the approval of this act,
25 it shall have no force or effect.

26 Sec. 8. Sections 7 and 8 of this act are effective upon ratification.