

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

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SENATE BILL 116\*

Short Title: Horse Racing in North Carolina.

(Public)

Sponsors: Senators Martin of Guilford, Daniel, Plyler; Sherron, Hunt, Conder, Kaplan, Lee, Speed, and Jordan.

Referred to: Agriculture, Marine Resources, and Wildlife.

February 10, 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; and
- 12 (4) To administer and enforce the provisions of this Chapter;
- 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 riders.
- 42 (8) 'License' means a privilege, not a right, that is granted to the holder by  
43 the 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 counties containing a metro area population as  
8 defined for the purposes of allocating government funds by the Federal  
9 Office of 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 four  
12 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 at a North  
20 Carolina Certified Training Center and is eligible for special races.
- 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          (21.1) 'Race facility or mobile simulcasting unit' means a race facility or  
43 mobile simulcasting unit where simulcasting is conducted whether or  
44 not there is live racing.

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

1           (38) 'Year-round' means a race facility operating at least 10 months of the  
2           year at which horse racing, or simulcasting, or any combination  
3           thereof, is conducted with pari-mutuel wagering.

4                                   **"ARTICLE 2.**

5                                   **"THE COMMISSION.**

6       **"§ 16A-4. Commission created.**

7           (a) The North Carolina Racing Commission is established in the Department of  
8           Commerce with the powers and duties specified in this Chapter. Preference shall be  
9           given in making appointments to persons with knowledge about the equine industry, to  
10          persons with knowledge about the racing industry, and to persons with appropriate  
11          judicial temperament.

12          (b) The Commission consists of five members.

13          (c) One member shall be appointed by the Governor. This appointment shall be  
14          subject to confirmation by the General Assembly in joint session using the procedures  
15          set forth in G.S. 62-10.

16          (d) Four members shall be appointed by the General Assembly in accordance  
17          with G.S. 120-121, by means of bills that shall be introduced, debated, and enacted by  
18          both the Senate and the House of Representatives, two upon recommendation of the  
19          President Pro Tempore of the Senate and two upon recommendation of the Speaker of  
20          the House of Representatives.

21          (e) The Governor shall designate the initial Chairman of the Commission, who  
22          shall serve a two-year term. After the term of the initial Chairman is completed, all  
23          subsequent Chairmen shall be selected by the members of the Commission from among  
24          themselves and shall serve two-year terms. No member shall serve consecutive terms as  
25          Chairman.

26          (f) Of the members first appointed beginning with the effective date of this  
27          Chapter, the member proposed by the Governor shall serve for two years. One member  
28          recommended by the Speaker of the House of Representatives and one member  
29          recommended by the President Pro Tempore of the Senate shall serve a term of four  
30          years. One member recommended by the Speaker of the House of Representatives and  
31          one member recommended by the President Pro Tempore of the Senate shall serve a  
32          term of six years. After the expiration of the initial terms, appointments are for terms of  
33          six years.

34          (g) A member of the Commission shall have been a resident of North Carolina  
35          for at least five years before appointment and shall have no financial interest in any  
36          racing facility. A member of the Commission shall not have been convicted of a felony  
37          or of any law or rule relating to horse racing, pari-mutuel wagering, or any other form of  
38          gambling.

39          (h) An investigation into the background of each member of the Commission  
40          shall be accomplished by the State Bureau of Investigation, prior to the member being  
41          confirmed by the General Assembly.

42       **"§ 16A-5. Reserved.**

43       **"§ 16A-6. Removal; vacancies.**

1 In the case of a vacancy caused by the death, incapacity, resignation, or removal of a  
2 member appointed by the Governor, the appointment by the Governor is for the  
3 remainder of that term and is subject to approval by the General Assembly. Vacancies  
4 in appointments by the General Assembly shall be filled in accordance with G.S. 120-  
5 122. Each member of the Commission shall serve until a successor is duly appointed  
6 and qualified.

7 **"§ 16A-7. Actions.**

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

19 **"§ 16A-8. Annual report.**

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

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

37 (b) The General Assembly finds that off-site wagering is essential to successful  
38 accomplishment of the purposes of this Chapter, and to that end, it is the intent of the  
39 General Assembly that any off-site wagering technology developed and used in any  
40 other state in which horse racing and pari-mutuel wagering have been legalized and in  
41 which horse racing is conducted shall be permitted in this State. The Commission shall  
42 conduct an ongoing study of the types of off-site wagering that are appropriate for this  
43 State and shall include the results of that study in each of its annual reports submitted to  
44 the General Assembly pursuant to subsection (a) of this section. These reports shall

1 include the Commission's findings, recommendations, and a summary of arguments  
2 opposing the Commission's recommendations on issues related to off-site wagering  
3 including, but not limited to, present and anticipated technologies and appropriate take-  
4 out rates and funding allocations. The Commission shall also include in the annual  
5 report any required legislation to implement off-site wagering.

6 (c) The Commission shall report the extent of minority employment and  
7 contracting related to enterprises associated with the operations of licensed facilities  
8 over which the Commission has jurisdiction or influence. The Commission shall  
9 establish a task force charged with the monitoring of minority involvement and charged  
10 with advising the Commission relative to enhancing minority participation in the  
11 enterprises associated with the operations of licensed facilities.

12 **"§ 16A-9. Commission powers and duties.**

13 The Commission is vested with control of all horse racing and pari-mutuel wagering  
14 on horse races in the State and may adopt rules under which racing and pari-mutuel  
15 wagering shall be conducted and under which this Chapter shall be implemented and, in  
16 addition, has the following specific powers and duties:

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

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

40 (a) The Executive Secretary is in charge of executing the rules adopted by the  
41 Commission and in charge of conducting the business of the Commission. The  
42 Executive Secretary shall guarantee that pertinent records and statistics are kept for use  
43 in annual reports to appropriate parties and coordinate this information with other pari-

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

3 (b) The Executive Secretary is responsible for the licensing department and the  
4 racing and pari-mutuel field personnel. The Executive Secretary is responsible for hiring  
5 and supervising the office force necessary to carry out the Commission's duties,  
6 including the field personnel under the Commission's jurisdiction. The Executive  
7 Secretary furnishes staff support to the State Steward.

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

10 (d) The Executive Secretary shall be the administrative officer of the  
11 Commission and shall hire, organize, and direct any personnel necessary to carry out the  
12 functions and responsibilities assigned by the Commission, including a Chief of Racing  
13 Security, a Medical Officer, and an Auditor/Inspector of Pari-Mutuels whose duties are  
14 set forth in subsequent sections of this Chapter. The Executive Secretary may neither  
15 hire or dismiss the Auditor/Inspector of Pari-Mutuels without the approval of the  
16 Commission. All personnel except the Executive Secretary shall be subject to the  
17 provisions of the State Personnel Act.

18 (e) In addition to the above listed duties the Executive Secretary shall perform  
19 the following:

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

23 (2) If so designated by the Commission, to act as a hearing officer in  
24 hearings conducted under the Administrative Procedure Act, to  
25 conduct hearings, receive testimony and exhibits, and certify the  
26 record of proceedings to the Commission;

27 (3) Act as the Commission's chief personnel officer and supervise the  
28 employment, conduct, duties, and discipline of all Commission  
29 employees; and

30 (4) Perform other duties as directed by the Commission.

31 **"§ 16A-11. Auditor/Inspector of Pari-Mutuels.**

32 (a) The Executive Secretary may employ an Auditor/Inspector of Pari-Mutuels.  
33 The Auditor/Inspector of Pari-Mutuels is responsible for the accuracy of the revenues  
34 paid from the facility to the Commission and for seeing that the various funds flow to  
35 the appropriate categories as specified by this Chapter. The Auditor/Inspector of Pari-  
36 Mutuels is the Commission's auditor.

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

39 (1) To supervise all forms of pari-Mutuel wagering on horse racing in the  
40 State;

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

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

43 (4) Subject to Commission approval, to appoint deputy auditors to  
44 perform duties the Commission designates; and



1           (5) To perform other duties as directed by the Commission.

2           (c) If no Auditor/Inspector of Pari-Mutuels is appointed, his duties are assigned  
3 to the Executive Secretary. The Commission may contract with outside services or  
4 personnel to assist the Executive Secretary in the performance of these duties.

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

10 **"§ 16A-12. Chief of Racing Security.**

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

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

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

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

22           (e) Nothing in this Chapter prohibits other law enforcement authorities and  
23 agents from entering premises licensed under this Chapter, in the performance of their  
24 duties.

25           (f) If no Chief of Racing Security is appointed, the duties of the position are  
26 assigned to the Executive Secretary. The Commission may contract with outside  
27 services or personnel to assist the Executive Secretary in the performance of these  
28 duties.

29           (g) In extraordinary circumstances, when the Chief of Racing Security  
30 determines that the integrity or efficiency of the Commission is in jeopardy, the  
31 Auditor/Inspector shall have direct access to the Commission and using this direct  
32 access shall not be considered 'just cause' for any disciplinary action under Chapter  
33 126A of the General Statutes, the State Personnel Act.

34 **"§ 16A-13. Medical services.**

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

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

39           (1) To supervise the formulation, administration, and evaluation of all  
40 medical tests the Commission's rules require or authorize;

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

43           (3) To supervise all personnel involved in medical testing, subject to the  
44 supervision of the Executive Secretary;



1 **"§ 16A-19. Licenses nontransferable.**

2 A license issued under this Chapter may not be transferred.

3 **"§ 16A-20. Classes.**

4 (a) The Commission may issue five classes of licenses:

- 5 (1) Class A ownership licenses. For the ownership and use of a race  
6 facility with horse racing on which pari-mutuel wagering is conducted;  
7 (2) Class B operator licenses. For the function, sponsorship, and  
8 management of horse racing on which pari-mutuel wagering is  
9 conducted;  
10 (3) Class C occupational licenses. For the privilege of engaging in certain  
11 occupations relating to horse racing;  
12 (4) Class D special licenses. For the privilege of engaging in certain  
13 occupations, services, events, and promotions that by their nature  
14 require State sanction and control. This includes any special events,  
15 promotions, or public service performances by or for associations  
16 which by their size and/or nature necessitate the approval or  
17 cooperation of various other governmental agencies; and  
18 (5) Class E off-site wagering restaurant/teletheater license. For the  
19 ownership and use of a facility, without horse racing, in which pari-  
20 mutuel wagering is conducted. Class E licenses are necessary only  
21 when the same licensee does not own a Class A or Class B license. No  
22 Class E licenses may be issued on or after the fifth anniversary of the  
23 effective date of this Chapter unless a racing facility has been built and  
24 live racing is conducted in this State.

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

29 **"§ 16A-21. Policy.**

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

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

37 **"§ 16A-22. Class A license application.**

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

39 (b) An application for a Class A license shall be on a form the Commission  
40 prescribes and shall be accompanied by detailed plans and specifications of the  
41 facilities, buildings, fences, and other improvements as well as possible future additions  
42 including living quarters or other buildings around the outside perimeter of the oval  
43 racing track. An application may also contain plans for one or more off-site wagering

1 facilities. An application for a Class A license shall be accompanied with a  
2 nonrefundable application fee of one hundred thousand dollars (\$100,000).

3 (c) The application shall contain:

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

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

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

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

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

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

24 c. Is or has been connected with or engaged in any illegal  
25 business;

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

28 e. Has ever been found guilty of a violation of a law or rule  
29 relating to horse racing, pari-mutuel wagering or any other form  
30 of gambling which is a serious violation as defined by the  
31 Commission's rules;

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

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

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

1 by certified mail to the address of the applicant, as shown by the  
2 records of the Commission; and

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

5 **"§ 16A-23. Denial of license.**

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

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

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

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

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

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

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

23 **"§ 16A-24. License statement.**

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

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

32 **"§ 16A-25. Hearing.**

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

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

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

41 **"§ 16A-26. Investigation.**

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

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

3       (c) If the Commission requests that the State Bureau of Investigation conduct the  
4 investigation, the Commission shall reimburse the State Bureau of Investigation for its  
5 share of the cost of the investigation.

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

8 **"§ 16A-27. License issuance.**

9       (a) In the granting of licenses and allocating dates for racing, the Commission  
10 shall give due consideration to:

11           (1) The character, reputation, experience, and financial integrity of the  
12 applicants;

13           (2) Their facilities and accommodations for the conduct of racing  
14 meetings;

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

18           (4) Other factors which in the discretion of the Commission are worthy of  
19 consideration.

20       (b) If, after considering the information received at the hearing or investigations  
21 and the comments requested under G.S. 16A-25, the Commission determines:

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

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

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

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

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

30 The license is effective until revoked or suspended by the Commission or  
31 relinquished by the licensee.

32 **"§ 16A-28. Prohibited locations.**

33 The Commission shall issue rules on the permitted and prohibited locations for all  
34 licensed facilities, including race tracks, teletheater facilities, or off-track wagering  
35 facilities.

36 **"§ 16A-29. Changes in ownership or management.**

37 If a change in the officers, directors, shareholders, or other persons with a present or  
38 inchoate direct or indirect financial or management interest in the licensee, or a change  
39 of ownership of more than five percent (5%) of the licensee's shares, is made after the  
40 application is filed or the license issued, the applicant or licensee shall notify the  
41 Commission of the changes within five days of their occurrence and provide the  
42 affidavit required by G.S. 16A-22(4).

43 **"§ 16A-30. License suspension and revocation.**

1       (a) The Commission may revoke a Class A license for a violation of law, order,  
2 or rule which in the Commission's opinion adversely affects the integrity of horse racing  
3 in North Carolina, or for an intentional false statement made in a license application, or  
4 for a willful failure to pay any money required to be paid under this Chapter, or for  
5 failure to perform material covenants or representations made in a license application.

6       (b) The Commission may suspend a Class A license for up to one year for a  
7 violation of law, order, or rule which in the Commission's opinion adversely affects the  
8 integrity of horse racing in North Carolina, and it may suspend a Class A license  
9 indefinitely if it determines that the licensee has an officer, director, shareholder, or  
10 other person with a direct, indirect, or beneficial interest in the licensee who is a person  
11 who is in the Commission's opinion inimical to the integrity of horse racing in North  
12 Carolina or who cannot be certified under G.S. 16A-22(4).

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

19       (d) A license revocation or suspension under this subdivision is a contested case  
20 under the North Carolina Administrative Procedure Act, Chapter 150B of the General  
21 Statutes. In addition, criminal penalties may be imposed as provided in Article 5.

22 **"§ 16A-31. Multiple licenses.**

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

26 **"§ 16A-32. Work areas.**

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

30 **"§ 16A-33. Class B license application.**

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

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

38       (c) The application shall contain:

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

42           (2) If required by the Commission, the names of any person or persons  
43 holding, directly, indirectly, or beneficially, an interest of any kind in

1           the applicant or of any of its holding companies, whether the interest is  
2           financial, administrative, policy-making, or supervisory;

3           (3) A statement of the assets and liabilities of the applicant;

4           (4) An affidavit of the type described in G.S. 16A-22(4); and

5           (5) An irrevocable consent statement to be signed by the applicant, which  
6           states that suits and actions relating to the subject matter of the  
7           application or acts or omissions arising from it may be commenced  
8           against the applicant in any court of competent jurisdiction in this State  
9           by the service on the Secretary of State of any summons, process, or  
10          pleadings authorized by the laws of this State.

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

16        **"§ 16A-34. Hearings; investigations.**

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

19          (b) Comprehensive investigations shall be conducted and their costs paid in the  
20          manner prescribed by G.S. 16A-26.

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

23        **"§ 16A-35. License issuance.**

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

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

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

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

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

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

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

36        **"§ 16A-36. Renewal.**

37          On making the same determination required in G.S. 16A-25, the Commission may  
38          renew a Class B license without a hearing.

39        **"§ 16A-37. Changes in ownership or management.**

40          If a change in the officers, directors, or other persons with a direct or indirect  
41          financial or management interest in the licensee or a change of ownership of more than  
42          five percent (5%) of the licensee's shares is made after the initial application or license  
43          issuance, the applicant or licensee shall notify the Commission of the changes within  
44          five days of their occurrence and provide the affidavit required in G.S. 16A-22(4).



1 **"§ 16A-38. License suspension and revocation.**

2 (a) Suspension, revocation, and refusal to renew a Class B license is as provided  
3 in G.S. 16A-30.

4 (b) A license suspension or revocation or a refusal to renew a Class B license is a  
5 contested case under the North Carolina Administrative Procedure Act.

6 **"§ 16A-39. Authority to issue Class C occupational licenses.**

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

9 (1) Horse owners or lessees;

10 (2) Jockeys or drivers;

11 (3) Exercise workers;

12 (4) Grooms;

13 (5) Trainers and their assistants;

14 (6) Pari-mutuel personnel;

15 (7) Security officers;

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

18 **"§ 16A-40. License agreements.**

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

23 **"§ 16A-41. Application.**

24 An application for a Class C license shall be on a form the Commission prescribes  
25 and shall be accompanied by an affidavit of qualification that the 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-42. 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.

7 (b) The Commission may by rule require that an applicant be fingerprinted or  
8 furnish his fingerprints. Investigations shall be conducted and their costs paid in the  
9 manner prescribed by G.S. 16A-26.

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

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

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

16 **"§ 16A-43. License issuance and renewal.**

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

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

23 (c) Class C licenses are effective for one year.

24 **"§ 16A-44. License suspension and revocation.**

25 (a) The Commission may revoke a Class C license for a violation of law or rule  
26 which in the Commission's opinion adversely affects the integrity of horse racing in  
27 North Carolina or for an intentional false statement made in a license application.

28 (b) The Commission may suspend a Class C license for up to one year for a  
29 violation of law, order, or rule.

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

33 (d) A license revocation or suspension is a contested case under the North  
34 Carolina Administrative Procedure Act.

35 **"§ 16A-45. Application for Class D license.**

36 (a) The Commission may issue special privilege Class D licenses to Class B  
37 license holders for engaging in activities listed in G.S. 16A-20(4) while operating,  
38 conducting, and managing horse racing on which pari-mutuel wagering is conducted.

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

43 **"§ 16A-46. Occupational licenses.**

1 (a) A person who participates in the management or conduct of horse racing or  
2 pari-mutuel wagering holding a Class D license, who is in an occupation listed in G.S.  
3 16A-39, shall have a Class C license from the Commission except for active members  
4 of nonprofit organizations who act without compensation as concession workers, pari-  
5 mutuel clerks, or grounds attendants.

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

9 **"§ 16A-47. Hearing.**

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

14 **"§ 16A-48. Issuance of Class D license.**

15 (a) If after considering the information received at any hearing or hearings and  
16 considering the comments requested under G.S. 16A-47, the Commission determines  
17 that the license will not adversely affect the public health, welfare, and safety and that  
18 the racing to be licensed will be conducted in accordance with all applicable laws and  
19 rules, it may issue a Class D license to the applicant.

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

22 **"§ 16A-49. Renewal.**

23 After making the determinations required in G.S. 16A-47, the Commission may  
24 renew a Class D license without a hearing.

25 **"§ 16A-49.1. Revocation and suspension.**

26 (a) Revocation and suspension of Class D licenses, and refusals to renew Class D  
27 licenses, are as provided in G.S. 16A-30.

28 (b) A license suspension or revocation or a refusal to renew a Class D license is a  
29 contested case under the North Carolina Administrative Procedure Act.

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

32 **"§ 16A-49.2. License fees.**

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

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

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



1 (c) A licensee shall deduct from a multiple three- or four-selection pool, before  
2 payments to holders of winning tickets, an amount equal to eighteen percent (18%) of  
3 the total money in that pool plus the breakage applicable to the winning wagers for that  
4 pool.

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

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

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

13 **"§ 16A-54. Breakage.**

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

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

23 **"§ 16A-55. Backstretch Fund.**

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

30 **"§ 16A-56. Capital improvements.**

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

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

37 **"§ 16A-57. Purses.**

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

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

**"§ 16A-58. Payments to State.**

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

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

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

(d) The taxes imposed by this section shall be paid from the amounts permitted to be withheld by a licensee under G.S. 16A-57.

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

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

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

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

**"§ 16A-59. Payment.**

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

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

(c) The Commission may by rule provide for the direct deposit of required payments in the Commission's account in a financial institution within the State and for determining the time of applicability of different tax rates under G.S. 16A-58.

**"§ 16A-60. Tax exclusive.**

The tax imposed by G.S. 16A-58 is in lieu of any tax or license fee, other than the taxes on real property, imposed by a political subdivision and is in lieu of any other sales or excise tax imposed by the State on race facility admissions or pari-mutuel pools or pari-mutuel ticket sales.

**"§ 16A-61. Reports.**

(a) Within 100 days of the end of a racing meeting, a licensee subject to the tax imposed by the payments to the Commission or State shall file with the Commission a certified statement of receipts from all sources during the racing meeting and of expenses and disbursements, itemized on a form the Commission prescribes after consultation with the State Auditor, showing the licensee's net revenues from all sources.

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

**"§ 16A-62. Breeding Funds.**

1       (a) The Commission shall establish the North Carolina Horse Breeding and  
2 Development Funds with the respective monies from horse racing paid to it under G.S.  
3 16A-58.

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

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

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

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

16 **"§ 16A-63. Distribution of taxes and fees collected by the Commission.**

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

- 19           (1) All money designated for deposit in the North Carolina Horse  
20 Breeding and Development Funds shall be paid into those funds for  
21 distribution under G.S. 16A-62.
- 22           (2) Revenue from an additional admissions tax of ten cents (10¢) per  
23 person imposed under G.S. 16A-58 shall be paid to the local unit of  
24 government at whose request it was imposed, at times and in the  
25 manner the Commission, by rule, determines.
- 26           (3) All other revenues received under this Chapter by the Commission,  
27 and all license fees and other revenues it receives, shall be paid to the  
28 Commission and shall be deposited by the State Treasurer to the  
29 account of the Commission.

30       All monies remaining after (i) the payment of all expenses incurred in the  
31 administration of this Chapter; and (ii) the deposit into the North Carolina Horse  
32 Breeding and Development Funds of all amounts required by G.S. 16A-52, shall be  
33 allocated, combined by the Commission with other excess funds, or paid not less  
34 frequently than once each calendar year, twenty-five percent (25%) to:

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

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

3       (b) If any allocation of any portion of the net revenues of the Commission  
4 pursuant to any provision of this Article cannot be made for any reason, then the failure  
5 of the allocation shall not impair the validity or effectiveness of any part of this Chapter  
6 other than the provisions specifically providing for that allocation, nor shall the failure  
7 of the allocation adversely affect any other allocation of net revenues under this  
8 Chapter.

9       **§ 16A-64. Policy.**

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

19       **§ 16A-65. Prohibited acts.**

20       (a) A licensee may not accept a wager from any person under the age of 21 years.

21       (b) A licensee may not accept a wager of less than two dollars (\$2.00) from  
22 anyone.

23       (c) No one under 21 years of age is allowed to be in the betting area.

24       (d) During day hours, there is no minimum age for attendance at a racing facility.  
25 During night hours, minors ages 12 to 17 shall be accompanied by an adult, and no  
26 person under the age of 12 shall be permitted to attend.

27       **§ 16A-66. Televised races.**

28       (a) The Commission by rule may permit a Class B licensee to conduct pari-  
29 mutuel wagering on horse races run in this or other states and broadcast by television on  
30 the premises of the licensed racing facility.

31       (b) All provisions of law governing pari-mutuel wagering apply to pari-mutuel  
32 wagering on televised races except as otherwise provided in this section or in the  
33 Commission's rules.

34       (c) Pari-mutuel pools conducted on televised races may consist only of money  
35 wagered on the premises and may, pursuant to rules issued by the Commission, be  
36 commingled with other pools off the premises.

37       (d) Proceeds from the pari-mutuel pool may be used by the licensee, pursuant to  
38 rules issued by the Commission, to:

39           (1) Pay a fee to the person or entity conducting the race for the privileges  
40           of conducting pari-mutuel wagering on the race;

41           (2) Pay the cost of transmitting the broadcast of the race; and

42           (3) Pay part of the take-out designated to enhance purses to the sending  
43 facility and to enhance purse structure.



1 (e) Pari-mutuel wagering on a televised race may be conducted on a racing day  
2 other than a racing day assigned by the Commission.

3 (f) The take-out and taxes on pari-mutuel pools on televised races are as  
4 provided for other pari-mutuel pools.

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

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

11 **"§ 16A-67. Racing dates.**

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

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

18 **"§ 16A-68. Assignment of racing days.**

19 (a) The Commission shall assign racing days to each licensee authorized to  
20 conduct racing with pari-mutuel wagering and a licensee may conduct matinee and  
21 evening racing with pari-mutuel wagering only on a racing day assigned by the  
22 Commission.

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

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

28 **"§ 16A-69. Racing days; hearing.**

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

30 (1) Make an assignment of racing days;

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

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

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

37 **"§ 16A-70. Prohibited assignments.**

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

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

43 **"§ 16A-71. Rescinding of racing days.**

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

4 **"§ 16A-72. Stewards, powers and duties.**

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

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

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

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

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

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

16           (3) To settle disputes arising from the running of horse races, and to  
17 certify official results;

18           (4) To impose on licensees, for violation of law or Commission rules,  
19 finances not exceeding five hundred dollars (\$500.00) and license  
20 suspensions not exceeding 30 days;

21           (5) To recommend to the Commission where penalties are warranted in  
22 excess of those in subdivision (4);

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

24           (7) To perform other duties and have other powers assigned by the  
25 Commission.

26 **"§ 16A-73. Board of stewards; appeals, hearings.**

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

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

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

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

36 **"§ 16A-74. Board of stewards; procedural powers.**

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

40 **"§ 16A-75. Board of stewards; rules.**

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

43 **"§ 16A-76. Board of stewards; costs.**



- 1           (4) Liability insurance which it may require of all Class A, Class B, and  
2           Class D licensees;  
3           (5) The auditing of the books and records of a licensee by an auditor  
4           employed or appointed by the Commission;  
5           (6) Emergency action plans maintained by licensed race facilities and their  
6           periodic review;  
7           (7) Safety, security, and sanitation of stabling facilities at licensed race  
8           facilities as well as general guidelines regarding off-track stables;  
9           (8) Entry fees and other funds received by a licensee in the course of  
10          conducting racing which the commission determines shall be placed in  
11          escrow accounts; and  
12          (9) Any other aspect of horse racing or pari-mutuel wagering which in its  
13          opinion affects the integrity of racing or the public health, welfare, or  
14          safety.

15          Rules of the Commission are subject to the North Carolina Administrative Procedure  
16          Act.

17          **"§ 16A-83. Illegal wagering.**

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

20          **"§ 16A-84. Off-track wagers; bookmaking.**

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

23          **"§ 16A-85. Transmission of racing information prohibited.**

24          (a) With the exception of television or radio coverage of races authorized in  
25          accordance with G.S. 16A-66, it shall be unlawful for any person to transmit or  
26          communicate to another by any means whatsoever the results, changing odds, track  
27          conditions, or other information relating to any horse race from any race facility in this  
28          State between the period of time beginning one hour prior to the first race of the day and  
29          ending 30 minutes after the posting of the official results of each race, as to that  
30          particular race, except this period may be reduced to permit the transmitting of the result  
31          of the last race each day not sooner than 15 minutes after the official posting of the  
32          results.

33          (b) The Commission may by rule permit the immediate transmission by radio,  
34          television (other than television or radio coverage pursuant to G.S. 16A-66), or press  
35          wire of any pertinent information concerning special or feature races.

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

41          **"§ 16A-86. Influencing races.**

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

- 43               (1) Making threats;

- 1           (2) Offering anything of value to a person involved in the conduct of a  
2 race in return for that person's committing an illegal act or failing to  
3 perform a duty; or  
4           (3) Conspiring with or seeking or having an understanding or agreement  
5 with a person involved in the conduct of a race to commit an illegal act  
6 or to fail to perform a duty.

7 **"§ 16A-87. Tampering with horses.**

8 No person may:

- 9           (1) On the premises of a licensed race facility, use, have in his possession  
10 with intent to use, or knowingly assist another person in using a  
11 battery or buzzer, electrical or mechanical, or other device or  
12 appliance, which can be used to affect a horse's racing condition or  
13 performance, other than an ordinary whip for a horse;  
14           (2) Affect or attempt to affect the racing condition or performance of a  
15 horse at a race or workout through the use of a drug or medication in  
16 violation of the Commission's rules;  
17           (3) Use any method, injurious or otherwise, to affect a horse's racing  
18 condition or performance at a race or workout in violation of the  
19 Commission's rules;  
20           (4) Knowingly enter or cause to be entered in a race any horse under an  
21 assumed name or out of its proper grade or class;  
22           (5) Change the name of any horse for the purpose of entry in a race after  
23 the horse has once raced except as provided by the operator's rules  
24 under which the contest is advertised to be run; or  
25           (6) Knowingly misrepresent or fraudulently conceal the public  
26 performance in any former race of any horse that is proposed to be  
27 entered in a race, whether the horse is actually entered or not.

28 **"§ 16A-88. False time by official timer.**

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

32 **"§ 16A-89. Determination of class.**

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

37 **"§ 16A-90. Reporting of information.**

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

41 **"§ 16A-91. False statement.**

42 No person may knowingly make a false statement in a document or application  
43 required to be submitted to the Commission or in a sworn statement to or testimony  
44 before the Commission.

1 **"§ 16A-92. Altered tickets.**

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

4 **"§ 16A-93. Conducting race without license.**

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

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

10 **"§ 16A-94. Misuse of license.**

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

14 **"§ 16A-94.1. Class G felonies.**

15 A violation of G.S. 16A-86 or G.S. 16A-87 is a Class G felony, in addition to any  
16 civil penalty which may be imposed pursuant to this Article.

17 **"§ 16A-95. Class H felonies.**

18 A violation of the prohibition contained in G.S. 16A-84 or a violation of G.S. 16A-  
19 92 is a Class H felony, in addition to any civil penalty which may be imposed pursuant  
20 to this Article.

21 **"§ 16A-96. Class I felonies.**

22 A violation of G.S. 16A-90 or G.S. 16A-91 is a Class I felony, in addition to any  
23 civil penalty which may be imposed pursuant to this Article.

24 **"§ 16A-97. Misdemeanors.**

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

29 **"§ 16A-98. Persons excluded.**

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

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

38 **"§ 16A-99. Disqualification due to gambling activities.**

39 No person who engages in the practice of professional gambling on horse races, or  
40 in the practice of making gambling or wagering books on races, or who knowingly takes  
41 any part in that practice, shall be eligible as an applicant for any license or permit to  
42 own or operate a race facility or conduct racing activities under the provisions of this  
43 Chapter, or to be connected therewith in any capacity; and any corporation, partnership,  
44 or other entity which has an officer, director, stockholder, partner or executive or who

1 employs any person who engages in those practices shall likewise be ineligible as a  
2 licensee; and the Commission may inquire into these matters in considering any  
3 application and otherwise in administering this Chapter.

4 **"§ 16A-100. Appeal; hearing.**

5 An order to exclude a person from any or all licensed race facilities in the State shall  
6 be made by the Commission at a public hearing of which the person to be excluded shall  
7 have at least 15 days' notice. If the person is present at the hearing, the person shall be  
8 permitted to show cause why the person should not be excluded. An appeal of the order  
9 may be made in the same manner as other appeals under G.S. 16A-79.

10 **"§ 16A-101. Notice to race facilities.**

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

15 **"§ 16A-102. Prohibitions.**

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

20 **"§ 16A-103. Exclusions by race facility.**

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

31 **"ARTICLE 6.**

32 **"MISCELLANEOUS.**

33 **§ 16A-104. Medication.**

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

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

41 **"§ 16A-105. Possession of certain drugs prohibited.**

42 (a) The possession or transportation of any drug or chemical except those  
43 permitted by regulations of the Commission within the racing enclosure is prohibited

1 except upon a bona fide veterinarian's prescription with complete statement of uses and  
2 purposes on the container.

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

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

5 **"§ 16A-106. Advisory committee.**

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

9 **"§ 16A-107. Financial interest.**

10 No person may serve on the Commission or be employed by it who has an interest in  
11 any corporation, association, or partnership which holds a license from the Commission  
12 or which holds a contract to supply goods or services to a licensee or at a licensed race  
13 facility, including concessions contracts. No member or employee of the Commission  
14 may own wholly, or in part, or have an interest in a horse which races at a licensed race  
15 facility in North Carolina. No member or employee of the Commission may have a  
16 financial interest in or be employed in a profession or business which conflicts with the  
17 performance of his duties as a member or employee.

18 **"§ 16A-108. Wagering.**

19 No member or employee of the Commission may wager or cause a wager to be  
20 made on a race at a licensed race facility while serving on or being employed by the  
21 Commission. No person appointed or approved by the Commission as a steward may  
22 wager or cause a wager to be made at a licensed race facility during a racing meeting at  
23 which that person is serving as a steward. The Commission shall by rule prescribe any  
24 restrictions on wagering by its licensees as it deems necessary to protect the integrity of  
25 racing.

26 **"§ 16A-109. Violation.**

27 A violation of G.S. 16A-107 or G.S. 16A-108 is grounds for removal from the  
28 Commission or termination of employment. A wager made directly or indirectly by a  
29 licensee in violation of a rule made by the Commission under G.S. 16A-108 is grounds  
30 for suspension or revocation of the license.

31 **"§ 16A-110. Required races.**

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

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

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



1 **"§ 16A-111. Provisions of this Chapter control.**

2 Insofar as the provisions of this Chapter may be inconsistent with the provisions of  
3 any other law concerning activities and actions authorized by this Chapter, including but  
4 not limited to Chapters 14 and 16 of the General Statutes, the provisions of this Chapter  
5 shall control, it being specifically declared that any other provisions of existing law,  
6 ordinance, or regulation that prohibit or regulate horse racing, admissions, gambling or  
7 pari-mutuel wagering shall not be applicable to any activities or actions authorized by  
8 this Chapter."

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

10 **"§ 14-289. Advertising lotteries.**

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

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

20 **"§ 14-292. Gambling.**

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

26 Sec. 4. There is appropriated from the General Fund to the North Carolina  
27 Racing Commission the sum of one hundred fifty thousand dollars (\$150,000) for fiscal  
28 year 1991-92 to provide initial start-up funds for the Commission. This appropriation  
29 shall be repaid to the General Fund out of the proceeds collected under the provisions of  
30 this Chapter.

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

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

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

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

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

41 Sec. 7. If approved by the qualified voters of the State of North Carolina,  
42 Sections 1 through 6 of this act shall become effective on the first day of the second  
43 month following the election. The question of approval of this act shall be submitted to

1 the qualified voters of the State of North Carolina at an election held on November 2,  
2 1993.

3 The referendum shall be held in accordance with the provisions of Chapter  
4 163 of the General Statutes, and the form of the ballot shall be:

5 "[ ] FOR approval of an act establishing horse racing and a State Racing  
6 Commission.

7 [ ] AGAINST approval of an act establishing horse racing and a State  
8 Racing Commission."

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

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