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1987 Senate Bill 444

Date of enactment: **April 22, 1988**
Date of publication: **May 2, 1988**

1987 Wisconsin Act 354 (Vetoed in Part)

AN ACT *to amend* 15.07 (4), 20.115 (4) (b), 20.765 (3) (ka), 27.08 (6) (b), 71.07 (1), 125.07 (3) (a) 5, 182.020 and 945.01 (3) and (4) (am); and *to create* chapter 562, 13.94 (1) (dm), 15.07 (5) (v), 15.81, 20.115 (4) (g), 20.192, 20.923 (4) (e) 10m, 20.923 (6) (hp), 66.74, 71.07 (1m) (b) 24 and (2) (cr) 16, 71.207, 125.51 (4) (q), 230.08 (2) (qr) and 945.01 (1) (d) of the statutes, *relating to* creating a racing board and regulating horse racing, dog

racing, snowmobile racing and on-track pari-mutuel betting, income tax withholding, alcohol beverage permits for racetracks, granting rule-making authority, making appropriations and imposing penalties.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 13.94 (1) (dm) of the statutes is created to read:

13.94 (1) (dm) 1. At least annually, perform a financial audit of the accounts and transactions of the racing board and file a detailed report of the audit as provided under par. (b). Notwithstanding sub. (1s), the racing board shall pay the reasonable cost of that audit.

2. At least once every 2 years, conduct a performance audit of the racing board and file a detailed report of the audit as provided under par. (b). Notwithstanding sub. (1s), the racing board shall pay the reasonable cost of that audit.

SECTION 2. 15.07 (4) of the statutes, as affected by 1987 Wisconsin Act 119, is amended to read:

15.07 (4) QUORUM. A majority of the membership of a board constitutes a quorum to do business and, unless a more restrictive provision is adopted by the board, a majority of a quorum may act in any matter within the jurisdiction of the board. This subsection does not apply to actions of the ethics board or the lottery board or the racing board as provided in ss. 19.47 (4), 562.02 (3) and 565.02 (5).

SECTION 5. 20.005 (3) (schedule) of the statutes: at the appropriate place, insert the following amounts for the purposes indicated:

20.192 Racing board

- (1) PARI-MUTUEL RACING
- (a) General fund supplement
- (g) General program operations

		<u>1987-88</u>	<u>1988-89</u>
GPR	B	700,000	-0-
PR	A	68,700	430,100

SECTION 5m. 20.115 (4) (b) of the statutes is amended to read:

20.115 (4) (b) *Aids to county and district fairs.* The amounts in the schedule, less moneys available under par. (g), to provide state aids to counties and agricultural societies, associations or boards and to incorporated dairy or livestock associations, not to exceed \$10,000 per fair as provided in s. 93.23. If the total due to the several counties and agricultural societies under this paragraph exceeds the amount herein appropriated, the department shall equitably prorate this appropriation.

SECTION 5r. 20.115 (4) (g) of the statutes is created to read:

20.115 (4) (g) *Parimutuel racing supplemental aid.* All moneys received from s. 20.192 (1) (g) 1, to provide state aids to counties and agricultural societies, associations or boards and to incorporated dairy or livestock associations.

SECTION 6. 20.192 of the statutes is created to read:

SECTION 3. 15.07 (5) (v) of the statutes is created to read:

15.07 (5) (v) Members of the racing board, \$50 per day.

SECTION 4. 15.81 of the statutes is created to read:

15.81 Racing board; creation. There is created a racing board, consisting of 5 members appointed for not more than 2 consecutive 5-year terms from various areas of the state in a manner that provides a balanced statewide diversity of membership and that ensures that no one area of the state will have more than one member on the board. ~~One member shall have a demonstrated interest in humane animal treatment or have been active in an organization established in good faith to advocate humane animal treatment.~~ Each member of the board shall be a U.S. citizen and shall have been a resident of this state for at least 5 years at the time of his or her appointment. No person may be appointed as a board member who has been convicted of or entered a plea of guilty or no contest to a felony or any gambling-related offense under the laws of this or another state or of the United States, unless the person has received a pardon under which his or her full civil rights are restored.

Vetoed
in Part

20.192 Racing board. There is appropriated to the racing board for the following programs:

(1) PARI-MUTUEL RACING. (a) *General fund supplement.* Biennially, the amounts in the schedule to be transferred to the appropriation under par. (g). No moneys may be transferred from this appropriation after July 1, 1989.

(g) *General program operations.* The amounts in the schedule for the regulation of racing under ch. 562. All moneys received from transfers under par. (a) and under ss. 562.02 (2) (f), 562.04 (1) (b) 4 and (2) (d), 562.05 (2), 562.065 (3) (d) and (e) 2 and (4) and 562.09 (2) (e) shall be credited to this appropriation. The amounts credited to this appropriation under s. 562.065 (3) (d) and (e) 2 and (4) shall be transferred to the general fund until the total amount transferred equals the total amount transferred to this appropriation from the appropriation under par. (a) plus interest on the amounts transferred from the appropriation under par. (a). Interest shall be computed for each amount transferred from the appropriation under par.

(a) at a rate equal to the weekly prime rate for the week prior to the transfer, as reported by the federal reserve board in federal reserve statistical release H.15. Thereafter, the unencumbered balance in this appropriation on June 30 of each fiscal year which exceeds 10% of that fiscal year's expenditures, but not more than the total amount received during that fiscal year under s. 562.065 (3) (d) and (e) 2 and (4), shall be transferred as follows:

1. An amount equal to \$750,000 shall be transferred to the appropriation under s. 20.115 (4) (g).

2. Any amount remaining after the transfer under subd. 1 shall be transferred to the appropriation under sub. (2) (g).

(2) EDUCATION, RESEARCH AND DEVELOPMENT ACTIVITIES. (g) *Special programs.* All moneys transferred from the appropriation under sub. (1) (g), for programs and grants under s. 562.07.

(h) *Purse supplements.* All moneys received under s. 562.065 (3) (e) 1, for purse supplements under s. 562.075 (1) (b) and (2) (c). The board shall determine, by rule, how much of the moneys under this appropriation shall be allocated for each of the purse supplements under s. 562.075 (1) (b) and (2) (c).

(i) *County fair association grants.* All moneys received under s. 562.065 (3m) (c) 2, for grants to the Wisconsin association of fairs under s. 562.077.

SECTION 6m. 20.765 (3) (ka) of the statutes, as affected by 1987 Wisconsin Act 119, is amended to read:

20.765 (3) (ka) *Audit bureau service charges.* The amounts in the schedule for the provision of auditing services requested by state agencies or by the federal government, for audits of the racing board and for audits of the state lottery and verifications of the odds of winning a lottery game. All moneys received by the legislative audit bureau from charges assessed to departments under s. 13.94 (1s) shall be credited to this appropriation.

SECTION 7. 20.923 (4) (e) 10m of the statutes is created to read:

20.923 (4) (e) 10m. Racing board: director.

SECTION 8. 20.923 (6) (hp) of the statutes is created to read:

20.923 (6) (hp) Racing board: employees.

SECTION 9. 27.08 (6) (b) of the statutes is amended to read:

27.08 (6) (b) The board of park commissioners of any city of the 1st class where there has been hitherto established a driving club or similar organization in connection with any park under the direction of said board of park commissioners, may conduct horse races and driving exhibitions within its public parks and pay the expenses and cost of trophies therefor out of the park fund. A fee for admission may be charged for the purpose of defraying such expenses in whole or in part. Chapter 562 does not apply to any race under this paragraph.

SECTION 10. 66.74 of the statutes is created to read:

66.74 Assessment on racing prohibited. Notwithstanding subch. V of ch. 77, no county, town, city or village may levy or collect from any licensee, as defined in s. 562.01 (7), any fee, tax or assessment on any wager in any race, as defined in s. 562.01 (10), or on any admission to any racetrack, as defined in s. 562.01 (12).

SECTION 11. 71.07 (1) of the statutes, as affected by 1987 Wisconsin Acts 27 and 119, is amended to read:

71.07 (1) All income or loss of resident individuals and resident estates and trusts shall follow the residence of the individual, estate or trust. Income or loss of nonresident individuals and nonresident estates and trusts from business, not requiring apportionment under sub. (2), (3) or (5), shall follow the situs of the business from which derived. All items of income, loss and deductions of nonresident individuals and nonresident estates and trusts derived from a tax-option corporation not requiring apportionment under sub. (2m) shall follow the situs of the business of the corporation from which derived. Income or loss of nonresident individuals and nonresident estates and trusts derived from rentals and royalties from real estate or tangible personal property, or from the operation of any farm, mine or quarry, or from the sale of real property or tangible personal property shall follow the situs of the property from which derived. Income from personal services of nonresident individuals, including income from professions, shall follow the situs of the services. Income of nonresident individuals from the state lottery under ch. 565 is taxable by this state. Income of nonresident individuals, nonresident trusts and nonresident estates from pari-mutuel wager winnings and purses subject to s. 562.07 (4) (a) is taxable by this state. All other income or loss of nonresident individuals and nonresident estates and trusts, including income or loss derived from land contracts, mortgages, stocks, bonds and securities or from the sale of similar intangible personal property, shall follow the residence of such persons, except as provided in subs. (2m) and (7).

SECTION 12. 71.07 (1m) (b) 24 and (2) (cr) 16 of the statutes are created to read:

71.07 (1m) (b) 24. Pari-mutuel wager winnings and purses subject to s. 562.065 (3) (a) and (b) and (3m) (a) and (b).

(2) (cr) 16. Pari-mutuel wager winnings and purses subject to s. 562.065 (3) (a) and (b) and (3m) (a) and (b).

SECTION 13. 71.207 of the statutes is created to read:

71.207 Withholding from pari-mutuel wager winnings. (1) WAGER WINNINGS. A person holding a license to sponsor and manage races under s. 562.05 (3) or (4) shall withhold from the amount of any payment of pari-mutuel winnings under s. 562.065 (3) (a)

or (3m) (a) an amount determined by multiplying the amount of the payment by the highest rate applicable to individuals under s. 71.09 (1g) if all of the following conditions are met:

Vetoed in Part

(a) The amount of the payment is more than \$1,000.

Vetoed in Part

(b) The amount of the payment is at least 300 times the amount of the wager.

(2) DEPOSITS. The licensee under s. 562.05 (3) or (4) shall deposit the amounts withheld under this section, on a monthly basis, as would an employer depositing under s. 71.20 (4).

SECTION 14. 125.07 (3) (a) 5 of the statutes is amended to read:

125.07 (3) (a) 5. Ski chalets, golf clubhouses, race-tracks licensed under ch. 562, curling clubs, private soccer clubs and private tennis clubs.

SECTION 15m. 125.51 (4) (q) of the statutes is created to read:

125.51 (4) (q) Notwithstanding the quota of a municipality, its governing body may issue a license to persons conducting business at a racetrack, as defined in s. 562.01(12).

SECTION 17. 182.020 of the statutes is amended to read:

182.020 Driving park corporation. Any Notwithstanding ch. 562, any corporation formed under this chapter to establish, maintain and manage any driving park may have grounds and courses for improving and testing the speed of horses and may offer and award prizes for competition; but no racing for any bet or wager shall be allowed; and any such corporation may prevent gambling or betting of any kind, and preserve order on its grounds, and establish rules therefor, and appoint officers and agents who, for that purpose, shall have the power of constables.

SECTION 18. 230.08 (2) (qr) of the statutes is created to read:

230.08 (2) (qr) The director, deputy director and assistant director of the racing board.

SECTION 19. Chapter 562 of the statutes is created to read:

CHAPTER 562

REGULATION OF RACING AND ON-TRACK

PARI-MUTUEL BETTING

562.001 Humane treatment of animals. It is the intent of the legislature that animals which participate in races in this state on which pari-mutuel betting is conducted and animals which are bred and trained in this state for racing shall be treated humanely, both on and off racetracks, throughout the lives of the animals.

562.01 Definitions. In this chapter:

- (1) "Animal" means a horse or dog.
- (2) "Board" means the racing board under s. 15.81.
- (3) "Breakage" means the odd cents by which the amount payable on each dollar wagered on a race exceeds a multiple of 10 cents.

(4) "Director" means the director of the board appointed under s. 562.03.

(5) "Fair" means any fair conducted by a county or an agricultural society, association or board receiving aid under s. 93.23.

(6) "License" means a license issued under s. 562.05.

(7) "Licensee" means any person holding a license.

(8) "Multiple pools" means any pool of wagers on one or more races other than a pool of wagers in which each wager represents a bet to win, place or show.

(9) "Pari-mutuel" means a betting system in which all persons who bet on any animal which finishes in any position for which bets are taken in a race share the total amount bet on the race minus any deductions from the wagers on that race required under s. 562.065.

(10) "Race" means any animal race licensed under s. 562.05 (1).

(11) "Race day" means any day on which a race is conducted.

(12) "Racetrack" means any racetrack licensed under s. 562.05 (1).

(13) "Racing" means the conduct of a race.

(14) "Steward" means any person appointed, contracted for or approved by the board under s. 562.02 (1) (fm).

562.02 Operation of the racing board. (1) The board shall:

(a) Regulate racing and on-track pari-mutuel betting in this state and shall promulgate all rules necessary to administer this chapter. The board shall do everything necessary to ensure that the public interest is protected in relation to racing.

(am) Administer the issuance of licenses. The board may not issue any license under s. 562.05 (1) (a) to (c) without a hearing. The board shall determine which occupations related to racing require licensing, except that the board shall require licenses for the following:

1. Occupations of participants in horse racing, including horse owners or lessees, horse trainers and their assistants, jockeys or drivers, exercise riders and grooms.

2. Occupations of participants in dog racing, including dog owners or lessees, dog trainers and their assistants, kennel masters and kennel helpers.

3. Veterinarians.

4. Race officials and personnel.

5. Pari-mutuel personnel.

6. Security personnel.

7. Persons holding concession, management, consultant or other contracts to provide goods or services to a licensee under s. 562.05 (1) (a) to (c).

(b) Promulgate rules to ensure the humane treatment of animals which race in this state or which are

bred and trained in this state for racing and shall establish a program to administer those rules.

(c) Determine what types of races may be conducted in this state.

(d) Require by rule that any contract in excess of \$10,000 for the provision of goods and services, including but not limited to concessions contracts, entered into by any licensee, be subject to the approval of the board and that all contracts for \$10,000 or less shall be filed with the board.

(e) By rule, prescribe any restriction on betting by a licensee or the employes of a licensee which it deems necessary to protect the public interest.

(f) Establish, by rule, a schedule of license suspensions and revocations or forfeitures for violations of this chapter or board rules which may be imposed by the board under sub. (2) (f) or by the stewards under s. 562.04 (1) (b). A forfeiture under that schedule may not exceed \$10,000. The rule shall include factors to be considered by stewards in acting under s. 562.04 (1) (b).

(fm) Approve the appointment of any steward serving under s. 562.04 (1) and (2).

(g) At least once every 3 months, file a written report on the operation of racing in this state with the governor, the attorney general, the state treasurer, the secretary of state, the legislative audit bureau, the president of the senate and the speaker of the assembly. The report shall include information on racetrack operations, race attendance and private, state and local revenues derived from racing in this state.

(h) By rule, specify the types of records and books to be maintained by licensees, and, for submission to the board, the type of audit of those books and records to be conducted by licensees and the type of financial report to be prepared by licensees.

(j) Enforce this chapter and the rules under this chapter.

(2) The board may:

(a) Employ the staff it deems necessary to administer this chapter, including but not limited to any chemist and veterinarian. Notwithstanding s. 16.705, the board may not contract for the services of any veterinarian or chemist whose services are required to administer the board's powers and duties under this chapter.

(b) Require a fidelity bond for the director and any other employe of the board or may purchase a bond which covers the director and all other employes of the board or designated employes of the board.

(c) Conduct investigations and inquiries and subpoena any information, document or record which it deems necessary to carry out its duties.

(d) Without a warrant, inspect any racetrack and examine any book or other record of a licensee subject to the rules promulgated under sub. (1) (h).

(e) Exclude from any racetrack any person who:

1. Has been convicted of a violation of a law of this or another state or of the United States related to racing or other forms of gambling or to the mistreatment of animals;

2. Has had a license which was issued under s. 562.05 or under the laws related to racing of any other state suspended, revoked or denied; or

3. Is determined by the board to be a threat to the integrity of racing in this state.

(f) Suspend or revoke any license or impose a forfeiture for any violation of this chapter or board rules. The board may suspend or revoke an occupational license issued under s. 562.05 (1) (d) or impose a forfeiture on that licensee under this paragraph if the stewards do not hold a meeting under s. 562.04 (1) (b) or hold a meeting but do not suspend the license or impose a forfeiture. Upon appeal, the board may change any action of the stewards under s. 562.04 (1) (b). Fifty percent of the moneys received under this paragraph shall be deposited in the appropriation under s. 20.192 (1) (g).

(fm) Contract with the department of agriculture, trade and consumer protection for any services related to the duties of the board in ensuring the security and humane treatment of animals.

(g) Create a 5-member advisory council, with members representing the racing industry and occupations licensed under s. 562.05 (1) (d), to advise the board on the administration of its powers and duties under this chapter. No member of that council may be reimbursed for any expense incurred in the performance of his or her duties or for any service as a member of that advisory council.

(3) Any action by the board requires the affirmative vote of at least 3 of its members.

(4) Except as provided under s. 562.05 (2m), the board shall issue a license under s. 562.05 (1) (a) to any person who satisfies the requirements of this chapter for such a license.

562.025 Conflicts of interest. (1) No board member or employe and no member of a board member's or employe's immediate family, as defined in s. 19.42 (7), may, while that board member or employe is serving as a board member or employe or for 2 years following the termination of the membership or employment of that board member or employe, do any of the following:

(a) Hold a license or be employed by, or have any direct or indirect interest in, any corporation, partnership or association which holds such a license.

(b) Be employed by or have any direct or indirect interest in any corporation, association or partnership which holds any contract, including but not limited to a concession contract, to supply goods or services to any licensee or at the location of any race.

(c) Own, wholly or in part, or have any other interest in any animal which is entered in any race.

(d) Bet or cause a bet to be made on any race.

(e) Accept or agree to accept money or any thing of value from anyone who holds a license or who is regulated by or holds any contract to supply goods or services to the board.

(2) No person under contract with the board and no employe of any person under contract with the board may do any of the following:

(a) Hold any license, except a license covering the professional services being provided to the board, or be employed by or have any direct or indirect interest in any corporation, partnership or association which holds a license.

(b) Have any direct or indirect interest in or be employed by any person who has any direct or indirect interest in any corporation, association or partnership which holds any contract, including but not limited to a concession contract, to supply goods or services to any licensee or at the location of any race.

(c) Own, wholly or in part, or have any other interest in any animal which is entered in any race.

(d) Bet or cause a bet to be made on any race.

(e) Accept or agree to accept money or any thing of value from any person who holds a license or who is regulated by the board or holds any contract to supply goods or services to the board other than the contract under which the person provides professional services.

(b) Before making an appointment under par. (a) and sub. (4), the director, ~~with the assistance of the department of justice,~~ shall conduct a background investigation of the proposed employe and shall require that proposed employe to be photographed and fingerprinted on 2 fingerprint cards each bearing a complete set of the person's fingerprints. The department of justice may provide for the submission of the fingerprint cards to the federal bureau of investigation for the purposes of verifying the identity of the person fingerprinted and obtaining any record of his or her criminal arrest and convictions.

Vetoed in Part

(4) The director shall appoint and supervise a deputy director and an assistant director, to serve outside the classified service at the pleasure of the director. An appointment under this subsection is subject to the approval of the board.

562.04 Racing officials. (1) STEWARDS. (a) Three stewards shall preside over races conducted at a racetrack not at a fair. At least 2 of those stewards shall be employes of the board or providing services to the board under a professional services contract. The compensation of stewards employed by the board shall be commensurate with the compensation of stewards serving under contract. Stewards presiding over a racetrack shall do all of the following:

1. Ensure that races are conducted under the rules of the board.

2. Supervise racing and the racetrack to ensure the integrity of races.

3. Certify the official results of races.

4. Settle any dispute arising from racing.

5. Perform any other duty assigned by the board.

(b) If one or more stewards have reasonable cause to believe that a person holding a license under s. 562.05 (1) (d) has violated this chapter or rules of the board or engaged in any other conduct which in the opinion of the stewards adversely affects the integrity of racing, the following procedures apply:

1. The 3 stewards shall meet within 3 working days after any one of them has reasonable cause to believe that the alleged violation or conduct occurred.

2. The stewards shall notify the licensee of the time, date and location of the meeting, the specific conduct constituting the alleged offense and the right of the licensee to be present at the meeting, to address stewards at the meeting and to have counsel or an observer of the licensee's choosing present at the meeting.

3. A meeting of the stewards under this paragraph is not a contested case under s. 227.01 (3).

4. If at least 2 stewards determine that the violation or conduct has occurred, the stewards may, under the schedule established by the board under s. 562.02 (1) (f), suspend a license issued under s. 562.05 (1) (d) for a period not to exceed 90 days or impose a forfeiture not to exceed \$2,000 or both; or recommend that the board suspend a license for more than 90 days or impose a forfeiture exceeding \$2,000 or both. Fifty percent of the moneys received under this subdivision

Vetoed in Part

562.03 Director. (1) (a) The governor shall appoint the ~~first~~ director of the board, with the advice and consent of the senate. The governor shall appoint the ~~first~~ director after a nationwide search for persons with experience in public gaming management and regulation and with knowledge of animal racing and pari-mutuel betting.

Vetoed in Part

~~(a) When the director appointed under par. (a) vacates his or her office, the board shall appoint a director and all subsequent directors.~~

Vetoed in Part

~~(b) Before appointing a director, the governor, with respect to the first director, and the board, with respect to the 2nd or subsequent directors, shall, with the assistance of the department of justice, conduct a background investigation of the proposed director.~~

The governor, with respect to the first director, and the board, with respect to the 2nd or subsequent directors, shall require the proposed director to be photographed and fingerprinted on 2 fingerprint cards each bearing a complete set of the person's fingerprints. The department of justice may provide for the submission of the fingerprint cards to the federal bureau of investigation for the purposes of verifying the identity of the person fingerprinted and obtaining any record of his or her criminal arrests and convictions.

(2) The director may employ or provide by contract for the services of stewards, subject to the approval of the board, and shall designate one person employed or contracted for as chief steward. Any steward under a contract under this subsection shall be under a contract with the board.

(3) (a) The director may employ the staff he or she deems necessary to administer this chapter.

shall be deposited in the appropriation under s. 20.192 (1) (g).

5. After the meeting under subd. 1, the stewards shall submit, in writing, all findings and conclusions from that meeting to the licensee and the board, including the sanctions, if any, imposed by the stewards and shall provide the licensee who is the subject of the meeting with a notice of his or her right to appeal the decision under subd. 6.

6. Any person adversely affected by a decision issued under subd. 4 may appeal that decision to the board. The appeal shall be filed with the board within 90 days after receipt of that written decision. An appeal does not automatically stay the decision of the stewards. Any person may request that the director stay that decision pending the decision of the board on the appeal. If the director receives such a request and determines that the stay will not adversely affect public safety or welfare or the safety or welfare of an animal, the director shall order the stay. The procedure for the appeal under this subdivision is under ch. 227. The decision of the board on the appeal shall be the final administrative decision on any action of the stewards under subd. 4.

(2) OTHER RACING OFFICIALS. The board shall, by rule, specify all of the following:

(a) Racing officials, in addition to stewards, required for races conducted at a racetrack not at a fair.

(b) All racing officials, including stewards, required for races conducted under a license issued under s. 562.05 (1) (c).

(c) Qualifications for stewards serving under sub. (1) and for other racing officials serving under pars. (a) and (b).

(d) A fee for the supervision of racing by stewards or other racing officials employed by or under contract with the board. Any moneys received under this paragraph shall be deposited in the appropriation under s. 20.192 (1) (g).

562.045 Qualifications of director, other employees and stewards. Notwithstanding s. 111.321, no person may serve as a director or other board employe or as a steward employed by the board or under contract with the board if any of the following apply:

(1) The person has been convicted in a state or federal court of a felony, other than a felony conviction for an offense under subs. (3) to (6), for which he or she has not been pardoned under which his or her full civil rights are restored.

(2) The person has been charged with the violation of a state or federal law which is a felony if that charge has not been dismissed or settled in any other way.

(3) The person has been convicted of fraud or misrepresentation in connection with racing or animal breeding.

(4) The person has been convicted of a violation of any law of this or another state or of the United States

related to racing, pari-mutuel betting or any other form of gambling.

(5) The person has been convicted of a violation of any law of this or another state or of the United States related to the humane treatment of animals.

(6) The person has knowingly violated a rule or order of the board or any provision of this chapter, s. 182.020 or ch. 945.

562.05 Licenses. (1) No person may engage in any of the following activities without a valid annual license issued by the board:

(a) The ownership and operation of a racetrack at which pari-mutuel betting is conducted.

(b) The sponsorship and management of any race on which pari-mutuel betting is conducted and which is not located at a fair.

(c) The sponsorship and management of any horse race on which pari-mutuel betting is conducted and which is located at a fair.

(d) Any occupation required to be licensed under s. 562.02 (1) (am) or determined by the board under s. 562.02 (1) (am) to require a license.

(1b) The board shall approve and conduct an examination to be administered to all applicants for a license under sub. (1) (d) to be a horse trainer. No license may be issued under sub. (1) (d) to a horse trainer unless the board determines that the applicant for the license is qualified as evidenced by the applicant's performance on the examination conducted under this subsection.

(1g) A license issued under sub. (1) (a) may authorize the ownership and operation of a racetrack where horse racing is conducted, the ownership and operation of a racetrack not at a fair where dog racing is conducted or the ownership and operation of a racetrack not at a fair where both horse racing and dog racing are conducted. A license issued under sub. (1) (b) may authorize the sponsorship and management of horse races or dog races, or both horse races and dog races, at the same location.

(1m) The board may not issue a license under sub. (1) (a) to (c) except after a public hearing.

(2) The board shall establish, by rule, the qualifications for any license required under sub. (1) and fix the fee for that license and any background investigation under sub. (7) related to that license. Any moneys received under this subsection shall be deposited in the appropriation under s. 20.192 (1) (g).

(2m) In issuing a license to own and operate a racetrack not at a fair, the board shall consider the competitive effects on any other licensee under sub. (1) (a) and (b) in the same county. These competitive effects shall include, but not be restricted to, the impact on the economic viability of existing licensed racetracks and the jobs that have been created by such licensed racetracks.

(3) No person may hold more than one license issued under sub. (1) (a) and one license issued under

sub. (1) (b) or (c). If the applicant for any of those licenses is a corporation, association or partnership, the board shall determine whether the applicant is the same person as another licensee for the purpose of applying this subsection. Nothing in this subsection prohibits any person with a license under sub. (1) from contracting for services with any other person with a license under sub. (1), subject to any rules promulgated by the board.

(3m) The board may not accept an application for a license for a race under sub. (1) (c) unless the county board of the county in which that race will be conducted has approved the applicant's sponsorship and management of that race.

(3r) The application for the first license under sub. (1) (a) to be issued for any location shall be accompanied by a resolution, supporting the proposed location of the racetrack and its ownership and operation by the applicant, which has been adopted, after a public hearing, by the governing body of the city, village or town where the racetrack is proposed to be located. A common council may not adopt such a resolution if an ordinance prohibiting the location of a racetrack at the proposed location has been adopted under s. 9.20 before the effective date of this subsection [revisor inserts date], or a petition for such an ordinance has been filed, under s. 9.20, before the effective date of this subsection [revisor inserts date]. Except as provided in this subsection, no ordinance adopted under s. 9.20 or 66.01 may prohibit the location of a racetrack in any city or village.

(3w) Except as provided under subs. (3) to (3r), the board may issue a license under sub. (1) (a) if the board determines that all of the following conditions are met:

(a) At least 51% of the ownership interest in the racetrack is held by residents of this state.

(b) The license will not adversely affect the public health, welfare and safety.

(c) The racetrack will be operated in accordance with applicable laws.

(d) The applicant is qualified and financially able to operate a racetrack.

(3wmr) If the condition under sub. (2m) is relevant to its decision, the board may consider secondary economic impacts of an applicant's proposal for a racetrack if the applicant proves by a preponderance of evidence that the alleged secondary impacts will enhance the success of the applicant's proposed racetrack and the location of the proposed racetrack would compliment existing development with the overall effect of increasing tourism and generating state revenues from out-of-state residents.

(3wr) The first license issued to each applicant under sub. (1) (a) for each racetrack expires after 5 years. Any subsequent license issued to the same applicant for that racetrack expires after one year.

(3wt) In the first license issued to each applicant under sub. (1) (a) for each racetrack, the board shall

specify a date by which each of the types of racing authorized under the license shall begin at that racetrack. If any of the types of racing authorized under the license does not begin by the specified date, that license is void as to that type of racing.

(4) Any application for a license to sponsor and manage a race shall be accompanied by a bond, in an amount determined by the board, which shall be sufficient to guarantee the payment of fees, taxes and other money due, including animal owners' purses and payouts on winning wagers.

(4m) Except as provided in sub. (4), the board may issue a license under sub. (1) (b) if the board determines that all of the following conditions are met:

(a) The license will not adversely affect the public health, welfare and safety.

(b) The applicant will conduct races in accordance with applicable laws.

(c) The license will not create competition that will adversely affect other licensees under sub. (1) (a) and (b) in the same county.

(5) (a) No license may be issued under sub. (1) to any person to whom any of the following applies:

1. The person is in default on any payment required under this chapter or under any rule promulgated under this chapter or under any law of any other state related to pari-mutuel betting or racing.

2. The person has been convicted of a felony within 20 years preceding the date of application in a state or federal court for which he or she has not been pardoned and restored to full civil rights or has been charged with the violation of a state or federal law which is a felony if that charge has not been dismissed or settled in any other way.

3. The person is or has been connected with or engaged in any business which is prohibited under the laws of this or another state or of the United States.

4. The person has been convicted of fraud or misrepresentation in connection with racing or animal breeding.

5. The person has been convicted of a violation of any law of this or another state or of the United States related to racing, pari-mutuel betting or of any other form of gambling which is a serious violation, as defined by the board by rule.

6. The person has knowingly violated a rule or order of the board or any provision of this chapter or of ch. 27, 182 or 945.

7. The person has been convicted of a violation of any law of this or another state or of the United States related to the humane treatment of animals, including any rule promulgated under s. 562.02 (1) (b) or 562.105.

8. The person has accepted public money to construct or operate a racetrack in Wisconsin. This subdivision does not apply to any racetrack operated in conjunction with a county fair.

(b) 1. Except as provided in subd. 4, if the applicant is a partnership, par. (a) applies to the partnership and each partner of the partnership.

2. Except as provided in subd. 4, if the applicant is an association, par. (a) applies to the association and each officer and director of the association.

3. Except as provided in subd. 4, if the applicant is a corporation, par. (a) applies to the corporation, each officer or director of the corporation and each owner, directly or indirectly, of any equity security or other ownership interest in the corporation. In the case of owners of securities of a corporation, par. (a) only applies to those persons who are beneficial owners of 5% or more of the securities.

3m. Except as provided in subd. 4, if the applicant for a license under sub. (1) (c) is a corporation, par. (a) applies to each officer and director of the corporation.

4. A restriction under par. (a) 2 to 8 does not apply to a partnership, association or corporation if the board determines that the partnership, association or corporation has terminated its relationship with each individual whose actions directly contributed to the application of that restriction to the partnership, association or corporation.

(c) 1. Every application for a license under sub. (1) shall be accompanied by an affidavit which states that the applicant and any partner, officer, director and owner subject to par. (a), as specified in par. (b), and any other person with a present or future direct or indirect financial or management interest in the application, to the best of the applicant's knowledge, meets the qualifications under par. (a).

2. If after the application for a license is made or a license is issued any new officer, director, partner or owner subject to par. (a), as specified in par. (b), or any other new person with a present or future direct or indirect financial or management interest in the application or license joins the applicant or licensee, the applicant or licensee shall, within 5 working days, notify the board of the change and provide the affidavit under subd. 1. The board shall conduct the background investigations required under sub. (7) of any new officer, director, partner or shareholder of an applicant or licensee named in the notice to the board under this subdivision.

(6) Every application for a license to own and operate a racetrack or for a license to sponsor and manage a race shall include a statement setting forth the assets and liabilities of the applicant.

(7) (a) Except as provided under par. (ag), before, the board issues a license under this section, the director, with the assistance of the department of justice, shall conduct a background investigation of the applicant for the license and of any of the following related to the applicant:

1. A partnership and each partner of the partnership.

2. An association and each officer and director of the association.

3. A corporation, each officer or director of the corporation and each owner, directly or indirectly, of any equity security or other ownership interest in the corporation. In the case of owners of publicly held securities of a publicly traded corporation, this subdivision only applies to a person who is a beneficial owner of 5% or more of the publicly held securities.

(ag) Paragraph (a) applies to any person required under s. 562.02 (1) (am) to have a license except for any person determined by the board under s. 562.02 (1) (am) to require a license. Before the board issues a license to any person determined by the board under s. 562.02 (1) (am) to require a license, the director may, with the assistance of the department of justice, conduct a background investigation of the applicant for that license and of any of the following related to the applicant:

1. A partnership and each partner of the partnership.

2. An association and each officer and director of the association.

3. A corporation, each officer or director of the corporation and each owner, directly or indirectly, of any equity security or other ownership interest in the corporation. In the case of owners of publicly held securities of a publicly traded corporation, this subdivision only applies to a person who is a beneficial owner of 5% or more of the publicly held securities.

(b) The director shall require any person subject to an investigation under par. (a) to be photographed and fingerprinted on 2 fingerprint cards each bearing a complete set of that person's fingerprints. The department of justice may provide for the submission of the fingerprint cards to the federal bureau of investigation for the purpose of verifying the identity of that person and obtaining any record of that person's criminal arrests and convictions.

(bg) The director may require any person subject to an investigation under par. (ag) to be photographed and fingerprinted on 2 fingerprint cards each bearing a complete set of that person's fingerprints. The department of justice may provide for the submission of the fingerprint cards to the federal bureau of investigation for the purpose of verifying the identity of that person and obtaining any record of that person's criminal arrests and convictions.

(8) (a) The board may revoke or suspend a license for good cause after notice and hearing under s. 227.44.

(b) The board shall permanently revoke the license of any licensee whom the board determines under par. (a) has administered a medication or foreign substance to an animal in violation of s. 562.09 (1).

(c) The board shall permanently revoke the license of any licensee who violates s. 562.105.

(9) (a) Every license issued under sub. (1) (b) or (c) shall set forth the time and number of days, or the specific dates, during which racing may be conducted under that license, as determined by the board.

(b) A license under sub. (1) (c) may authorize horse races on days on which the fair is conducted and for 2 additional periods not to exceed 5 days each. Either or both of the additional periods may be consecutive with the days on which the fair is conducted. In assigning race days and race times under this paragraph, the board shall consider the competitive effects on licensees under sub. (1) (a) and (b).

(10) The board shall revoke the license issued under sub. (1) (a) of any person who accepts any public money to construct or operate a racetrack in Wisconsin. This subsection does not apply to any racetrack operated in conjunction with a county fair.

Vetoed
in Part

~~(10) Prior to January 1, 1989, the board may not issue a license to own and operate a racetrack where dog races will be conducted.~~

(11) In this section, "public money" means any direct or indirect gift, grant, financial assistance or guarantee by or from the federal government, state, any political subdivision of the state, or any authority or corporation authorized by the state to borrow funds for a public purpose.

562.052 Employes at racetrack. At least 85% of the individuals employed by a licensee under s. 562.05 (1) (a) to (c), or by a person providing services under a contract with such a licensee, who work at the racetrack where races are held pursuant to the license shall have been residents of this state for at least one year immediately before their employment at the racetrack.

562.056 Registration of greyhounds. No dog which is of the greyhound breed may be entered in a race on which pari-mutuel betting is conducted unless the dog is registered with the national greyhound association of Abilene, Kansas.

562.057 Simulcasting permitted. The board may permit a licensee under s. 562.05 (1) (b) to engage in simulcasting of not more than 9 races each year. All rules of the board governing pari-mutuel betting and all other laws governing pari-mutuel betting apply to simulcasting, except as otherwise provided by rule. No person may engage in simulcasting except as provided in this section.

562.06 Minors on racetracks; betting prohibited. (1) **ADMISSION.** Except as provided under subs. (2) and (3), no person under the age of 18 years may be admitted to a racetrack, or a track located at a fair where there is racing, unless accompanied by a parent, grandparent, greatgrandparent, guardian or spouse who is at least 18 years of age, or unless accompanied by another person at least 18 years of age with the written permission of the minor's parent or guardian.

(2) **EMPLOYMENT.** No person under the age of 16 years may be employed at a racetrack not at a fair. No person under the age of 16 years may be employed in any employment at a fair in any pari-mutuel wagering activity.

(3) **DAY CARE.** Nothing in this section prohibits a licensee from operating a day care area at a track if the

day care area is licensed by the department of health and social services under s. 48.65.

(4) **PLACING A WAGER.** No person under the age of 18 years may make a wager in any race or receive any payout on a wager.

(5) **ACCEPTING A WAGER; MAKING A PAYOUT.** No licensee may knowingly accept a wager from any person under the age of 18 years or make any payout on a wager to any person under the age of 18 years.

562.065 Types of pools, payouts and allocations of amounts wagered. (1) **TYPES OF POOLS; PURSES.** The board shall promulgate rules governing types of pari-mutuel pools that are permitted on races and the payment and allocation of purses for races.

(2) **MINIMUM WAGERS AND PAYOUTS.** The minimum wager which may be accepted by a licensee is \$2. The minimum payout that a licensee may make on a wager is \$2.20 on a \$2 wager, except that the licensee may reduce the minimum payout to \$2.10 on a \$2 wager if there is not a sufficient amount in the pool to make a minimum payout of \$2.20.

(3) **ALLOCATIONS.** (a) **Deduction.** From the total amount wagered on all animals selected to win, place or show in a race, a licensee under s. 562.05 (1) (b) and (c) shall deduct 17% and pay the balance, minus breakage, to winning ticket holders, except that for a multiple pool, the licensee shall deduct 23% and pay the balance, minus breakage, to winning ticket holders. Nothing in this paragraph prohibits the licensee from retaining amounts bet in multiple pools which are required to be paid to winning ticket holders if there are no winning ticket holders, for the sole purpose of paying these amounts to winning ticket holders of subsequent races.

(b) **Purses.** 1. For horse races, from the total amount deducted under par. (a) on each race day, the licensee under s. 562.05 (1) (b) shall use at least an amount equal to 8% of the total amount wagered on each race day for purses for races held on that race day. The licensee shall pay purses directly to the owner of a horse or, if a horse is leased, the licensee shall pay the purse directly to the lessor and lessee of the horse as agreed in a written lease agreement on file with the licensee.

2. For dog races, from the total amount deducted under par. (a) on each race day, the licensee under s. 562.05 (1) (b) shall use at least an amount equal to 4.5% of the total amount wagered on each race day for purses for races held on that race day. The licensee shall pay purses directly to the owner of a dog or, if a dog is leased, the licensee shall pay the purse directly to the lessor and lessee of the dog as agreed in a written lease agreement on file with the licensee.

(c) **Pari-mutuel tax.** 1. For horse races, from the total amount deducted under par. (a) on each race day, a licensee under s. 562.05 (1) (b) shall deposit with the board, no later than 48 hours after the close of that race day, the following amounts:

a. One percent of the total amount wagered on that race day if the total amount wagered on all previous race days during the year is more than \$50,000,000 but not more than \$100,000,000.

b. Two percent of the total amount wagered on that race day if the total amount wagered on all previous race days during the year is more than \$100,000,000 but not more than \$150,000,000.

c. Three percent of the total amount wagered on that race day if the total amount wagered on all previous race days during the year is more than \$150,000,000.

2. For dog races, from the total amount deducted under par. (a) on each race day, a licensee under s. 562.05 (1) (b) shall deposit with the board, no later than 48 hours after the close of that race day, the following amounts:

a. Two percent of the total amount wagered on that race day if the total amount wagered on all previous race days during the year is not more than \$100,000,000.

b. Four percent of the total amount wagered on that race day if the total amount wagered on all previous race days during the year is more than \$100,000,000 but not more than \$150,000,000.

c. Six percent of the total amount wagered on that race day if the total amount wagered on all previous race days during the year is more than \$150,000,000 but not more than \$250,000,000.

d. Eight percent of the total amount wagered on that race day if the total amount wagered on all previous race days during the year is more than \$250,000,000.

Vetoed in Part 3. ~~Annually a person sponsoring and managing horse races under s. 562.05 (1) (b) shall receive a credit from the amounts deposited with the board under subd. 1, equal to expenditures during that year for capital improvements at the racetrack where those horse races are sponsored and managed. Any credit which a licensee receives for capital improvements at that racetrack may not exceed the total amount which the licensee deposited with the board under subd. 1 for the races at that racetrack during that year. A licensee under s. 562.05 (1) (b) who receives such a credit may contract to distribute any part of that credit to the licensee under s. 562.05 (1) (a) who owns and operates the racetrack, on which the capital improvements were made, for which the licensee received the credit. The board shall provide a form for a licensee to use to apply for a credit under this subdivision and for documenting the use of that credit. No credit for capital improvements at a racetrack may be distributed under this subdivision to a licensee more than 5 years after the first horse race is held at that racetrack.~~

4. Annually, not later than February 15, a licensee under s. 562.05 (1) (b) shall file with the board a statement computing the total amount paid to the board under subd. 1 during the immediately preceding year and the total amount wagered at races sponsored and

managed by the licensee during that year. If the total amount paid to the board under subd. 1 exceeds the amount due under subd. 1, ~~less any credit to which the licensee is entitled under subd. 3,~~ **Vetoed in Part** the board shall refund the difference to the licensee. If the total amount paid is less than the amount due, ~~less any such credit,~~ **Vetoed in Part** the licensee shall remit the difference to the board.

5. The board shall deposit the moneys received under subds. 1 and 2 in the general fund.

(d) *Special programs.* 1. From the total amount deducted under par. (a) on each race day, a licensee under s. 562.05 (1) (b) shall deposit with the board, no later than 48 hours after the close of that race day, an amount equal to 0.75% of the total amount wagered on that race day.

2. The board shall deposit the money received under subd. 1 in the appropriation under s. 20.192 (1) (g).

(e) *Breakage.* A licensee under s. 562.05 (1) (b) shall pay 50% of the breakage for each race day to the board no later than 48 hours after the close of the race day. The moneys received under this paragraph shall be deposited as follows:

1. For horse races, in the appropriation under s. 20.192 (2) (h).

2. For dog races, in the appropriation under s. 20.192 (1) (g).

(3m) ALLOCATIONS OF AMOUNTS WAGERED AT FAIRS.

(a) *Deduction.* From the total amount wagered, a licensee under s. 562.05 (1) (c) shall deduct 20% and pay the balance, minus breakage, to winning ticketholders. Nothing in this paragraph prohibits the licensee from retaining amounts bet in multiple pools which are required to be paid to winning ticketholders if there are no winning ticketholders, for the sole purpose of paying those amounts to winning ticketholders of subsequent races.

(b) *Purses.* From the total amount deducted under par. (a) on each race day, the licensee under s. 562.05 (1) (c) shall use at least an amount equal to 8% of the total amount wagered on each race day for purses for races held on that race day.

(c) *Allocation between licensee and state association.*

1. From the total amount of the deduction under par. (a) remaining after the payment of purses under par. (b), the licensee under s. 562.05 (1) (c) shall retain an amount equal to the licensee's costs related to pari-mutuel racing and betting conducted under the license. The board shall, by rule, determine the costs which may be included under this subdivision and require auditing of these costs.

2. The licensee may retain 50% of the amount of the deduction under par. (a) remaining after the payment of purses under par. (b), and the payment of the licensee's cost under subd. 1. No later than 48 hours after the close of the race day, the licensee shall deposit the remaining 50% of that amount with the board. The board shall deposit moneys received

under this subdivision in the appropriation under s. 20.192 (2) (i).

(d) *Breakage*. A licensee under s. 562.05 (1) (d) shall retain total breakage for each race day.

(4) **UNCLAIMED PRIZES**. Any winnings on a race which are not claimed within 90 days after the close of the race day during which the race occurred shall be paid to the board. The board shall deposit moneys received under this subsection in the appropriation under s. 20.192 (1) (g).

562.07 Special programs. (1) From the appropriation under s. 20.192 (2) (g), the board shall establish programs for, or provide grants to organizations for programs for, all of the following:

(a) Youth involvement in breeding and training dogs and horses.

(b) The management and operation of animal shelters.

(c) Tourism.

(d) Animal husbandry education.

(e) Research on or the treatment of compulsive gambling.

(f) Research related to the breeding, health, feeding or training of dogs and horses.

(2) The board shall allocate at least 5% of the moneys in s. 20.192 (2) (g) for each of the activities listed in sub. (1) (a) to (f). The board may not allocate more than 25% of those moneys for any one of those activities. The board may allocate not more than 25% of those moneys for other programs related to the breeding, training and racing of animals.

(3) The board shall establish by rule the procedure for application for and awarding of grants under sub. (1).

562.075 Horses foaled in this state; three-year-old horses: races and purse supplements. (1) **HORSES FOALED IN THIS STATE.** (a) *Races*. Every licensee to sponsor and manage horse races under s. 562.05 (1) (b) or (c) shall hold at least one race on every race day which is limited to horses foaled in this state, except that another race may be substituted if the licensee is unable, with reasonable effort, to attract sufficient competition for such a race. The board shall define, by rule, the term "foaled in this state".

(b) *Purse supplements*. From the appropriation under s. 20.192 (2) (h), the board shall, under rules promulgated by the board, distribute annually the moneys allocated for purse supplements for horses foaled in this state. The board shall distribute those moneys on a prorated basis to the breeder of any horse foaled in this state which wins any portion of a purse for a race conducted under this subsection and held during the year of the distribution.

(2) **THREE-YEAR-OLD HORSES.** (a) *Definition*. In this subsection, "3-year-old horse" means a horse which was foaled during the 3rd year immediately before the year in which the horse participates in a race.

(b) *Races*. Every person licensed to sponsor and manage horse races under s. 562.05 (1) (b) or (c) shall hold at least one race, on every race day, which is limited to 3-year-old horses, which did not race during the prior 2 years. If the licensee is unable, with reasonable effort, to attract sufficient competition for such a race, another race may be substituted.

(c) *Purse supplements*. From the appropriation under s. 20.192 (2) (h), the board shall, under rules promulgated by the board, distribute annually the moneys allocated for purse supplements for 3-year-old horses. The board shall distribute those moneys on a prorated basis to the breeder of any 3-year-old horse which did not race during the prior 2 years and which wins a race conducted under this subsection and held during the year of the distribution.

562.077 County fair advancement grants. From the appropriation under s. 20.192 (2) (i), the board shall provide grants to the Wisconsin association of fairs for use for the advancement of county fairs throughout the state. The board shall approve the program for which any grant under this section is used prior to making the grant.

562.08 Admissions tax. (1) Every licensee under s. 562.05 (1) (a) shall collect 50 cents per person entering a racetrack as a spectator on each race day on which an admission fee is charged, including any person entering the racetrack as a spectator on a free pass or complimentary ticket.

(2) Quarterly, of the amount collected during the quarter under sub. (1), a licensee under s. 562.05 (1) (a) shall pay 50% to the county where the amount was collected and 50% to the city, village or town where the amount was collected.

(3) Each county, city, village and town receiving moneys under sub. (2) shall use at least part of the moneys to defray the costs of law enforcement, traffic control and other municipal expenditures incidental to the conduct of racing in that county, city, village or town and shall submit annually a report to the board showing how it has expended those moneys.

562.09 Medication of or tampering with race animals. (1) **BOARD RULES.** (a) The board shall promulgate and enforce rules governing the administration of medication and foreign substances to animals at race-tracks where there is racing and medical testing of those animals. The rules shall provide that no medication or foreign substance, as defined by the board, may be administered to an animal within 48 hours prior to its entry in a race and that no animal participating in a race may carry any medication or foreign substance in its body.

(b) The board shall establish, by rule, the qualifications for any laboratory which the board uses for testing under this section.

(2) **TESTING AND DETENTION.** (a) The owner or the agent or employe of the owner of any animal on a racetrack shall permit any member, steward, employe or other agent of the board to make any test which the

board determines to be proper to determine if a medication or foreign substance has been administered to that animal in violation of sub. (1).

(b) 1. The board shall require, by rule, that every horse entered in a race be tested before the race to determine if a medication or foreign substance has been administered to the horse in violation of sub. (1). The rule shall require that every horse entered in a race shall be detained from the time the prerace test is administered until the horse leaves the detention area to proceed to the start of the race. The rules shall limit the persons who may be present when samples are taken for the tests and who may be present in the detention area and shall identify who those persons may be.

2. The board shall require, by rule, that immediately after every race the animal which won the race, at least one animal selected at random and any additional animals, as identified by the board rule, shall be tested to determine if a medication or foreign substance has been administered to the animal in violation of sub. (1). A steward or veterinarian employed by, under contract with or approved by the board may designate additional animals to be tested to determine whether a violation of sub. (1) has occurred.

(bm) The rules which the board applies at racetracks at fairs under pars. (a) and (b) and sub. (1) may differ from the rules which the board applies under pars. (a) and (b) and sub. (1) at other racetracks.

(c) Any finding by the board that a medication or foreign substance has been administered to an animal in violation of sub. (1) is prima facie evidence of a violation of sub. (1).

(d) The results of any test under this subsection shall be kept on file by the board for at least one year following the test.

(e) The board shall establish, by rule, and charge fees for testing under this subsection. Fees received under this paragraph shall be deposited in the appropriation under s. 20.192 (1) (g).

(3) **PROHIBITED ACTS.** No person may do any of the following:

(a) Enter an animal in a race if the person knows or should know that a medication or foreign substance has been administered to that animal in violation of sub. (1).

(b) Administer a medication or foreign substance to an animal in violation of sub. (1).

(c) Wilfully fail to disqualify an animal from competing in a race if the person has notice of any of the following:

1. That a medication or foreign substance has been administered to the animal in violation of sub. (1).

2. That the animal was not properly made available for any test or inspection required by the board.

3. That the animal has been suspended from a race under this chapter or under any rule promulgated under this chapter or under the laws of any other state.

(d) Use or conspire to use a battery, buzzer, electrical, mechanical or other appliance for the purpose of stimulating or depressing an animal or affecting its performance in a race or workout.

(e) Sponge the nostrils or windpipe of an animal.

(em) Unless the person is a veterinarian, have in his or her possession on a racetrack or track located at a fair where there is racing any equipment for the hypodermic injection of an animal or any substance for hypodermic injection of an animal. The board may, by rule, permit the possession of an injectable substance or hypodermic equipment for the person's personal use.

(f) Have in his or her possession on a racetrack any appliance which can be used to stimulate or affect the speed of an animal except a whip authorized by the board by rule or a spur authorized by the board by rule.

(g) Use any method to affect the condition of an animal on a racetrack or to affect the performance of an animal in a race or workout in violation this chapter or any rule promulgated under this chapter.

562.10 Prohibition on race dogs trained by live lures or bait. No person may:

(1) Knowingly use any live lure or bait in a dog race or in training a dog for entry in any race.

(2) Enter or permit a dog to be entered in a race if that person knows or can reasonably be expected to know that the dog was trained with any live lure or bait.

(3) Enter or permit a dog to be entered in a race if that person knows or can reasonably be expected to know that the dog was trained in a state that does not prohibit the knowing use of live lures or bait in a dog race or in training a dog for entry in any race.

562.105 Humane killing of dogs. No person may kill or cause to be killed any dog which races in this state or was bred, whelped or trained in this state for racing, except by a humane chemical method, specified by the board by rule, which normally causes dogs to be rendered insensible to pain, is rapid and effective and is administered by a veterinarian.

562.11 Prohibited betting activities. No person may:

(1) Place any wager on a race at any location except at a racetrack.

(2) Facilitate off-track wagers or conduct an operation through which off-track wagers are transmitted to a racetrack.

(3) Possess a counterfeit, altered or fraudulent wagering ticket on a race with intent to defraud.

(4) Counterfeit, alter or forge a wagering ticket on any race or pass such a ticket with intent to defraud.

562.12 Prohibited race activities. No person may:

(1) Race an animal under a name other than its registered name or out of the animal's proper class, as determined by the board by rule.

(2) Accept anything of value to alter or attempt to alter the outcome of a race.

(3) Bribe or extort, or attempt to bribe or extort, any member, employe or agent of the board or any other person having charge of or access to an animal on a racetrack.

562.124 Snowmobile racing. (1) The board may authorize on-track pari-mutuel betting on snowmobile racing at times and places, as determined by the board, that do not conflict with other racing authorized by this chapter.

(2) If the board authorizes on-track pari-mutuel betting on snowmobile racing under sub. (1), the board shall regulate the pari-mutuel betting and shall promulgate all rules necessary to administer this section. Through its rules, the board shall do everything necessary to ensure the public interest and protect the integrity of the sport of snowmobile racing.

(3) The board shall confer with representatives of the United States snowmobile association in developing rules to protect the integrity of the sport of snowmobile racing.

(4) If the board authorizes on-track pari-mutuel betting on snowmobile racing, the board shall prepare and submit to the chief clerk of each house of the legislature under s. 13.172 (2) a report on whether any additional civil or criminal penalties are necessary to enforce its rules.

562.125 Department of justice enforcement authority. (1) INVESTIGATIONS. The department of justice may investigate any activities by the board and the board's employes and contractors, or by the licensees and their employes and contractors, which affect the operation or administration of racing and on-track pari-mutuel betting, and shall report suspected violations of state or federal law to the appropriate prosecuting authority.

(1m) SUBPOENA POWER. For the purpose of an investigation under sub. (1), the attorney general may issue a subpoena to compel the production of any books, papers, correspondence, memoranda, agreements or other documents or records which the attorney general deems relevant or material to the investigation. Section 885.12 shall apply to any failure to obey a subpoena under this subsection.

(2) PROSECUTIONS. The attorney general and district attorneys have concurrent jurisdiction to commence prosecutions for alleged violations of this chapter.

562.13 Penalties. (1) Except as provided in subs. (2) to (4), whoever violates this chapter or any rules promulgated under this chapter shall forfeit not more than \$10,000.

(2) Whoever does any of the following may be fined not more than \$10,000 or imprisoned for not more than 9 months or both:

(a) Makes a false statement in any application for a license.

(b) Intentionally makes a false statement or material omission in an application for employment with the board.

(c) Violates any provision under s. 562.025, 562.05 (1), 562.06 (5) or 562.11 (1).

(3) Whoever violates s. 562.11 (2) or (3) may be fined not more than \$10,000 or imprisoned for not more than 2 years or both.

(4) Whoever violates s. 562.09, 562.105, 562.11 (4) or 562.12 may be fined not more than \$10,000 or imprisoned for not more than 5 years or both.

SECTION 20. 945.01 (1) (d) of the statutes is created to read:

945.01 (1) (d) Pari-mutuel betting subject to ch. 562.

SECTION 21. 945.01 (3) and (4) (am) of the statutes, as affected by 1987 Wisconsin Act 119, are amended to read:

945.01 (3) GAMBLING MACHINE. A gambling machine is a contrivance which for a consideration affords the player an opportunity to obtain something of value, the award of which is determined by chance, even though accompanied by some skill and whether or not the prize is automatically paid by the machine. "Gambling machine" does not include any device used in conducting a bingo occasion or raffle event under ch. 163 ~~or~~, used in conducting a lottery under ch. 565 ~~or used in conducting a race under ch. 562~~ or any amusement device if it rewards the player exclusively with one or more nonredeemable free replays for achieving certain scores and does not change the ratio or record the number of the free replays so awarded.

(4) (am) "Gambling place" does not include a place where bingo or a raffle is conducted under ch. 163 ~~or~~, where a lottery is conducted under ch. 565 ~~or where a race is conducted under ch. 562~~.

SECTION 22. **Nonstatutory provisions; racing board.** (1) APPOINTMENT OF MEMBERS. Notwithstanding the length of terms specified under section 15.81 of the statutes, as created by this act, of the initial members of the racing board under section 15.81 of the statutes, the following shall be appointed by the first day of the 4th month after the effective date of this subsection for the following terms:

(a) One member, for a term expiring on May 1, 1989.

(b) One member, for a term expiring on May 1, 1990.

(c) One member, for a term expiring on May 1, 1991.

(d) One member, for a term expiring on May 1, 1992.

(e) One member, for a term expiring on May 1, 1993.

(1m) PROVISIONAL APPOINTMENTS. (a) Notwithstanding the appointment power of the senate under section 15.07 (1) (a) of the statutes, beginning on the

effective date of this paragraph, the governor may provisionally appoint an initial member of the racing board if, prior to the provisional appointment, all of the following occur:

1. Notwithstanding the filing date requirements for a nominee under section 19.43 (3) of the statutes, the proposed initial board member files a statement of economic interests under section 19.43 (3) of the statutes. The ethics board shall provide a copy of the statement of economic interests filed under this subdivision to the standing committee of the senate with jurisdiction to review proposed appointments of racing board members.

2. The standing committee of the senate with jurisdiction to review proposed appointments of initial racing board members recommends the appointment of the proposed initial board members within 10 working days after receipt of the statement of economic interests under subdivision 1.

(b) An appointment of an initial member of the racing board, if made under paragraph (a), shall be in full force until withdrawn by the governor or acted upon by the senate, and if confirmed by the senate shall continue for the residue of the unexpired term, if any, of the racing board member or until a successor is chosen and qualifies. A provisional appointee may exercise all of the powers and duties of board membership to which the person is appointed during the time in which the appointee qualifies.

(c) Any provisional appointment made under this subsection which is withdrawn by the governor shall, upon withdrawal, lapse and create a vacancy for provisional appointment of another initial racing board member. Any provisional appointment of a racing board member made under this subsection which is not acted upon by the senate by March 1, 1989, or which is rejected by the senate shall, upon inaction or rejection, lapse and create a vacancy for nomination and appointment under section 15.07 (1) (a) of the statutes of another initial racing board member.

(2) **RULE MAKING.** Notwithstanding the standard specified under section 227.24 (1) (a) of the statutes, the racing board may, during the period that is 12 months following the appointment of all 5 initial racing board members, promulgate rules required or per-

mitted under chapter 562 of the statutes as emergency rules under section 227.24 (1) (a) of the statutes, if the racing board determines that emergency rules are necessary or are in the best interests of the operation of racetracks, as defined in section 562.01 (12) of the statutes. Notwithstanding section 227.24 (1) (c) of the statutes, the emergency rules promulgated under this subsection shall take effect upon publication in the official state newspaper or on any later date specified in the rules and shall remain in effect for 12 months.

(4) **APPROPRIATION TRANSFERS.** Prior to transferring moneys from the appropriation under section 20.192 (1) (a) of the statutes, as created by this act, to the appropriation under section 20.192 (1) (g) of the statutes, as created by this act, the secretary of administration shall notify the cochairpersons of the joint committee on finance in writing of the amount of the proposed transfer. If the cochairpersons do not notify the secretary that the committee has scheduled a meeting for the purpose of reviewing the proposed transfer within 14 working days after the date of the secretary's notification, the secretary may make the proposed transfer. If within 14 working days after the date of the secretary's notification the cochairpersons notify the secretary that the committee has scheduled a meeting for the purpose of reviewing the proposed transfer, the secretary may not make the proposed transfer unless the committee approves the proposed transfer.

(5) **POSITION AUTHORIZATIONS AND APPROPRIATION SUPPLEMENTS.** (a) There is authorized for the racing board 7.0 PRO FTE positions to be funded from the appropriation under section 20.192 (1) (g) of the statutes, as created by this act.

(b) If the racing board requests additional positions or appropriations under section 13.10 of the statutes within the first 6 months after the date on which all initial members of the racing board are appointed and qualified, the cochairpersons of the joint committee on finance shall schedule a meeting to be held within 10 working days of the date of the request for the purpose of considering the request.

SECTION 23. Initial applicability. The treatment of section 71.07 (1), (1m) (b) 24 and (2) (cr) 16 of the statutes first applies to taxable year 1988.