

GENERAL ASSEMBLY OF NORTH CAROLINA
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SENATE BILL DRS45254-BAxf-11

Short Title: Horse Race Wagering Modifications.

(Public)

Sponsors: Senators Moffitt, Hanig, and McInnis (Primary Sponsors).

Referred to:

A BILL TO BE ENTITLED
AN ACT TO AUTHORIZE CERTAIN PARI-MUTUEL WAGERING AND HORSE RACING.

Whereas, the General Assembly finds that horse racing has the potential to create thousands of jobs for North Carolina citizens in agricultural, retail, hospitality, tourism, veterinarian, and other sectors of the economy; and

Whereas, authorized and regulated pari-mutuel wagering will help foster and grow the North Carolina equine industry; and

Whereas, experiences in other states have demonstrated the benefits of regulated horse racing and pari-mutuel wagering; Now, therefore,
The General Assembly of North Carolina enacts:

SECTION 1. Article 10 of Chapter 18C of the General Statutes reads as rewritten:

"Article 10.

"Pari-Mutuel Wagering.

"§ 18C-1000. (Reserved)

"§ 18C-1001. **Definitions.**

As used in this Article, the following definitions apply:

(1) Adjusted gross revenue. – The total of all moneys paid to a pari-mutuel wagering licensee as pari-mutuel wagers minus federal excise taxes and minus the total amount paid out to winning bettors, including the cash value of merchandise awarded as winnings and the cash value of any incentives provided to bettors.

(1a) Advance deposit account wager or advance deposit account wagering. – A pari-mutuel wager on horse races in accordance with 15 U.S.C. Chapter 57 and the rules adopted by the Commission. A form of pari-mutuel wagering made in accordance with 15 U.S.C. §§ 3001-3007 and exclusively on an ADW wagering platform, whereby an individual may establish an account with a person or entity licensed by the Commission and may place a pari-mutuel wager through that account as permitted by law.

(2) ADW licensee. – Any person or entity licensed by the Commission in accordance with this Article. Any person, including a legacy track operator and a startup track operator, licensed by the Commission to conduct advance deposit account wagering and accept deposits and wagers, issue a receipt or other confirmation to the account holder evidencing such deposits and wagers, and transfer credits and debits to and from accounts; provided, however, a person with an ADW license that is not also a legacy track operator or a startup



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- track operator shall not offer pari-mutuel wagering on pari-mutuel wagering devices or through simulcasting.
- (2a) ADW wagering platform. – A website, mobile application, or other interactive platform accessible via the internet, mobile, wireless, or similar communication technology that a bettor registered to engage in advance deposit account wagering may use to place pari-mutuel wagers through an advance deposit account. A pari-mutuel wagering device shall not be considered an ADW wagering platform or means to engage in advance deposit account wagering.
- (2b) Affiliate. – A person that, directly or indirectly, controls, is controlled by, or is under common control with another person. Each member of a group of persons acting in concert shall be deemed an affiliate of the group.
- (2c) Alcoholic beverage. – Defined in G.S. 18B-101.
- (2d) Bettor. – A person who is physically present in this State when placing a wager with a pari-mutuel wagering licensee via an advance deposit wagering account, kiosk, pari-mutuel wagering device, or window, and is eligible to and not prohibited from placing a pari-mutuel wager under this Article.
- (2e) Geofencing. – Technology approved by the Commission and utilized by a pari-mutuel wagering licensee to verify a registered player's geolocation prior to the time the registered player is placing a pari-mutuel wager.
- (2f) Handle. – The total amount of wagers made in this State on a single horse race.
- (2g) Horse race. – A race between horses, mounted by a jockey or driven by a driver, occurring at a horse track that is sanctioned, licensed, or both.
- (2h) Horse track. – A facility that is sanctioned or licensed to host, provide, or otherwise offer horse races.
- (2i) Interstate wagering. – Pari-mutuel wagering on simulcast horse races from a horse track located in another state or foreign country.
- (2j) Key person. – An officer or director of a licensee or applicant for licensure who is directly involved in the operation, management, or control of pari-mutuel wagering authorized under this Article, or who exercises substantial influence or control over the pari-mutuel wagering activities.
- (2k) Kiosk. – An electronic self-betting device that allows a bettor to place a pari-mutuel wager on a future, live horse race without an action of another individual.
- (2l) Legacy track. – A horse track in this State that meets the following requirements:
- a. Maintains a turf course for flat and steeplechase horse races.
 - b. Began operation as a horse track not less than 10 years before January 1, 2025.
 - c. Has received a sanction by the National Steeplechase Association, Inc., to offer steeplechase horse races in this State.
 - d. Has conducted at least one live steeplechase horse race that was sanctioned by the National Steeplechase Association, Inc., in the five years prior to the submission of an application for licensure under this Article.
- (2m) Legacy track license. – A license issued by the Commission that authorizes a legacy track operator to conduct all activities described in G.S. 18C-1003.
- (2n) Legacy track operator. – A person or affiliate of that person that has been issued a legacy track license by the Commission.

- (2o) National Steeplechase Association, Inc. – An organization that licenses participants, approves racecourses, trains officials, coordinates race entries, enforces rules, compiles an official database, oversees the national marketing and public relations of the sport of steeplechase racing, and is located in Elkton, Maryland.
- (3) Pari-mutuel wager or pari-mutuel system of wagering or pari-mutuel wagering or mutuel wagering. – A form of wagering on the outcome of horse races, whether live or simulcast, in which wagers are made on one or more horses and all wagers are pooled and held by the host of the race or the ADW licensee for distribution. Any method of wagering previously or hereafter approved by the Commission in which one or more bettors wager on a horse race or races, whether live, simulcast, or previously run. Wagers shall be placed in one or more wagering pools, and wagers on different races or sets of races may be pooled together. Bettors may establish odds or payouts, and winning bettors share in amounts wagered including any carryover amounts, plus any amounts provided by an association less any deductions required, as approved by the Commission and permitted by law.
- (3a) Pari-mutuel wagering device. – An electronic device made available for pari-mutuel wagering by a legacy track operator at a legacy track or satellite facility, or by a startup track operator at a startup track, that allows a bettor to engage in pari-mutuel wagering on horse races that have previously been run at a horse track, concluded with official results, and concluded without scratches, disqualifications, or dead-heat finishes.
- (3b) Pari-mutuel wagering licensee. – A person that has been issued by the Commission a legacy track license, a startup track license, or an ADW license.
- (3c) Person. – An individual, sole proprietorship, partnership, association, fiduciary, corporation, limited liability company, or any other business entity.
- (3d) Quarterhorse. – A horse that is registered with the American Quarter Horse Association.
- (3e) Satellite facility. – A facility, controlled by a legacy track operator, that is located within a 20-mile radius of the legacy track affiliated with the legacy track operator.
- (4) ~~Simulcast.~~ Simulcast or simulcasting. – The telecast of live audio and visual signals of horse races at a simulcast facility for the purpose of pari-mutuel wagering.
- (5) Simulcast facility. – Any facility approved by the Commission to simulcast horse racing and conduct pari-mutuel wagering through an ADW licensee, controlled by a legacy track operator or startup track operator that offers pari-mutuel wagering on horse races provided through simulcasting.
- (6) Standardbred. – A horse that is driven by a driver and registered with the United States Trotting Association.
- (6a) Standardbred track. – A horse track in this State that conducts horse races for at least standardbred horses but not thoroughbred horses.
- (7) Startup track. – An actual or proposed horse track in this State that is not a legacy track and that hosts or intends to host horse races pursuant to this Article.
- (8) Startup track license. – A license issued by the Commission that authorizes a startup track operator to conduct all activities described in G.S. 18C-1004.
- (9) Startup track operator. – A person that has been issued a startup track license by the Commission, and any affiliate of a person that has been issued a startup track license by the Commission.

- (10) Steeplechase horse race. – A horse race sanctioned by the National Steeplechase Association.
- (11) Sports wagering. – Defined in G.S. 18C-901.
- (12) Sports wagering service provider. – Defined in G.S. 18C-901.
- (13) Thoroughbred. – A horse that is mounted by a jockey and is registered with The Jockey Club of New York.
- (13a) Thoroughbred track. – A horse track in this State that conducts horse races for at least thoroughbred horses but not standardbred horses.
- (14) Window. – A location at a legacy track, a satellite facility, or a startup track where a bettor places a pari-mutuel wager with an individual with or without the assistance of a kiosk; provided, however, a bettor may not place a pari-mutuel wager on a pari-mutuel wagering device at a window.

"§ 18C-1002. Authorizing pari-mutuel wagering.

(a) Notwithstanding any provision of Article 37 of Chapter 14 of the General Statutes, pari-mutuel wagering and equipment used as part of pari-mutuel wagering as authorized by this Article is lawful. All pari-mutuel wagers authorized under this Article shall be placed at a legacy track or satellite facility controlled by a legacy track operator, a startup track controlled by a startup track operator, or through an ADW licensee, which includes all legacy track operators and startup track operators. The pari-mutuel wagering licensee shall comply with all of the following:

(1) Ensure that the registered player is located within the State, and not present on Indian lands within the State, when placing any sports wager or pari-mutuel wager, by utilizing geofencing.

(2) Monitor and block attempts to place unauthorized pari-mutuel wagers.

(b) A license granted under this Article shall meet all of the following requirements:

(1) Be in writing and issued by the Commission.

(2) If applicable, be only for the locations identified in the license.

(3) Contain conditions required by this Article.

(c) This Article does not apply to pari-mutuel wagering conducted exclusively on Indian lands by an Indian tribe operating in accordance with a Tribal-State gaming compact and authorized to conduct Class III gaming pursuant to a compact with the State. For purposes of this Article, pari-mutuel wagering is conducted exclusively on Indian lands only if the individual who places the pari-mutuel wager is physically present on Indian lands when the pari-mutuel wager is initiated and received by an Indian tribe operating on the same Indian lands in accordance with a Tribal-State gaming compact and in conformity with the safe harbor requirements as provided in 31 U.S.C. § 5362(10)(c).

(d) A pari-mutuel wagering licensee shall not, by virtue of such licensure, be authorized to accept any pari-mutuel wager if the bettor is registered and authorized to make advanced deposit wagers and physically present on Indian lands when the pari-mutuel wager is initiated and received. A pari-mutuel wagering licensee shall be authorized to accept a pari-mutuel wager only if the registered player placing the pari-mutuel wager is physically present in this State when the pari-mutuel wager is initiated and received. Each pari-mutuel wagering licensee shall use geofencing approved by the Commission to ensure compliance with this Article.

(e) Nothing in this Article shall apply to fantasy or simulated games or contests in which one or more fantasy contest players compete, and winning outcomes reflect the relative knowledge and skill of the fantasy contest players and are determined predominantly by accumulated statistical results of the performance of individuals.

(f) Upon request, the Commission or the Department of Revenue has the authority to give reasonable notice and thereafter audit any pari-mutuel wagering licensee and any pari-mutuel wagering device supplier licensee as related to pari-mutuel wagering activities.

(g) Nothing in this Article shall authorize the Commission to establish, require, or enforce a maximum or minimum payout or hold percentage upon any pari-mutuel wagering licensee.

(h) All of the following persons are prohibited from engaging in pari-mutuel wagering:

(1) Any person under the age of 21.

(2) Any person who has requested and not revoked a voluntary exclusion designation pursuant to G.S. 18C-922.

(3) Any person who has been adjudicated by law as prohibited from engaging in pari-mutuel wagering.

(4) Any member or employee of the Commission deemed ineligible to place a pari-mutuel wager in this State by the Commission's rules or policies.

(5) With respect to a horse race, any jockey or driver of a horse competing in the horse race.

(i) In addition to other penalties and means of enforcement available, the occurrence of any pari-mutuel wagering not licensed under this Article is hereby declared to be a public nuisance, and the Commission or the district attorney exercising jurisdiction over the area of such prohibited activity may obtain an injunction against the same in a court of competent jurisdiction.

"§ 18C-1003. Legacy track licenses.

(a) The Commission shall award two legacy track licenses if it receives two or more qualifying applications. The Commission may award one legacy track license if only one applicant applies or if only one applicant is qualified. If no applicant is qualified, the Commission shall not award any legacy track license. In the event the Commission awards one legacy track license or none, it shall accept applications for any remaining legacy track licenses after providing 30 days' notice and not more than six months after its decision to award one legacy track license or deny all applications.

(b) No person may apply for a legacy track license unless it or its affiliate, directly or indirectly, at the time of the application, controls a horse track in this State that meets the requirements to be a legacy track.

(c) The Commission shall not grant a legacy track license to any applicant if any of the applicant's key persons are determined to be unsuitable because one of more of the following is true with respect to a key person:

(1) The key person has been convicted by a judicial court of competent jurisdiction in any jurisdiction, without further opportunity to appeal, of any crime of moral turpitude, embezzlement, or larceny, or any violation of any law pertaining to illegal gaming or gambling.

(2) In the immediate 10 years prior to the submission of the application, the key person has been convicted by a judicial court of competent jurisdiction in any jurisdiction, without further opportunity to appeal, of any crime that is or would be a felony in this State.

(3) The key person has been identified in the published reports of any federal or state legislative or executive body as being a member or associate of organized crime.

(4) The key person has been placed and remains in the custody of any federal, State, or local law enforcement authority.

(5) Had a racing or gaming license revoked in another jurisdiction after an adversarial hearing and judicial review, if such grounds of revocation would have been grounds for revoking the license in this State.

(d) Every application to the Commission for a legacy track license must include all of the following:

(1) The range of contemplated types and modes of horse races to take place at the legacy track.

- (2) The names and addresses of all key persons associated with the applicant and any existing or potential affiliates.
 - (3) The type of organizational structure under which the applicant and any existing or potential affiliates operate, which includes, but is not limited to, a partnership, trust, association, limited liability company, limited liability partnership, corporation, and the address of the principal place of business of the organization.
 - (4) Consent for each key person of the applicant and of any existing or potential affiliate to undergo a background check that includes a credit history check, a tax record check, and a criminal history record check.
 - (5) A financial statement prepared by and attested to by a certified public accountant in accordance with generally accepted accounting principles showing any debts or financial obligations owed by the applicant and the person to whom owed, which documents shall be treated as confidential.
 - (6) The physical address of the legacy track, which location shall not be within a 75-mile radius of any other legacy track or startup track.
 - (7) The physical address of any planned satellite facility, which must be within a 20-mile radius of the applicant's legacy track.
 - (8) The proposed measures to address age and identity verification and geolocation requirements.
 - (9) The proposed internal controls that intend to prevent ineligible persons from engaging in pari-mutuel wagering.
 - (10) A written information security program detailing physical and informational security governance.
 - (11) A commitment to notify the Commission within 30 days of any change in information submitted in the application.
 - (12) A commitment to provide at least 10 live race days by the end of the third year following the issuance of a legacy track license; provided, however, a legacy track operator shall be required to conduct live horse racing within 12 months of accepting pari-mutuel wagers on a pari-mutuel wagering device, and failure to satisfy either of these commitments shall be grounds for revocation of the legacy track license barring a demonstration of good cause by the licensee.
 - (13) Make a minimum investment of two hundred fifty million dollars (\$250,000,000) in this State to redevelop the legacy track and develop the satellite facility, and the failure to satisfy this commitment shall be grounds for revocation of the legacy track license absent a showing of good cause by the legacy track operator.
 - (14) A commitment to provide to the Commission an initial license fee of five hundred thousand dollars (\$500,000) upon award of the legacy track license, and the failure to satisfy this commitment shall be grounds for revocation of the legacy track license.
 - (15) A sworn attestation by the applicant, or the chief executive officer if the applicant is an organization, sworn under oath that the information is true, accurate, and complete, and the application shall be notarized.
- (e) A legacy track license shall grant to the legacy track operator the authority to do all of the following:
- (1) Conduct horse races at the legacy track and allow pari-mutuel wagering on those horse races at the legacy track and at the satellite facility.
 - (2) Conduct all activities of an ADW licensee, including offering and accepting advance deposit account wagers in this State.

(3) Offer, at the legacy track and the satellite facility, in-person pari-mutuel wagering by the use of simulcasting and by the use of not more than a total of 1,800 pari-mutuel wagering devices located at the legacy track and the satellite facility, collectively.

(4) Offer, at the legacy track and the satellite facility, in-person sports wagering through an interactive sports wagering operator via a written designation agreement under Article 9 of this Chapter.

(f) At both the legacy track and the satellite facility, a legacy track operator may accept pari-mutuel wagers through the use of advance deposit account wagering, pari-mutuel wagering devices, ADW wagering platform, kiosks, and windows.

(g) A legacy track licensee may conduct any business authorized by the legacy track license through an affiliate so long as the legacy track licensee informs the Commission of the identity of the affiliate and provides the Commission with any other information of the affiliate the Commission requires.

(h) The Commission shall review and issue legacy track licenses authorized by this Article within 60 days of the deadline to receive completed applications; provided, however, the Commission may extend the review period for an additional 30 days if the background investigation is outstanding. The decision to grant and to deny an application shall be in writing.

(i) Notwithstanding Chapter 132 of the General Statutes or any other provision of law, only the following documents under this section shall be a public record, with respect to each applicant and each legacy track operator: (i) the name and address of each applicant, (ii) the names of all key persons, and (iii) the granting or denial of the application.

(j) Every legacy track operator shall promptly report all of the following to the Commission:

(1) All criminal or disciplinary proceedings commenced against the legacy track operator in connection with its operations.

(2) All changes in key persons. All new key persons shall consent to a background investigation.

(3) The filing of bankruptcy or other initiation of bankruptcy proceedings by the legacy track operator.

"§ 18C-1004. Startup track licenses.

(a) Applications for startup track licenses will be evaluated on a comparative basis. One startup track license will be for a thoroughbred track, and it shall be issued before the second startup track license, which shall be for a standardbred horse track. Because this procurement process is comparative, the Commission is delegated the discretion to choose which two applicants best satisfy the criteria and purposes of this Article.

(1) The first procurement process for a startup track license will be for a thoroughbred track.

a. The Commission will accept applications pursuant to this procurement process on a date certain that is not less than three months nor more than six months after the Commission awards at least one legacy track license.

b. The Commission shall not award a startup track license for a thoroughbred track to any applicant that does not commit to (i) making a minimum investment of three hundred fifty million dollars (\$350,000,000) in this State to develop or enhance the startup track and (ii) offer to provide at least 50 live race days within three years of being issued the startup track license for the thoroughbred track.

c. If the Commission determines that none of the applications qualify for a startup track license for a thoroughbred track, the Commission shall not award a license and commence another procurement process for

- 1 the purpose of issuing such a license not more than three months after
2 the denial of all applications.
- 3 (2) The second procurement process for a startup track license will be for a
4 standardbred track.
- 5 a. The Commission will accept applications pursuant to this procurement
6 process on a date certain that is not less than two months nor more than
7 four months from the date that the Commission awards a startup track
8 license for a thoroughbred horse track.
- 9 b. The Commission shall not award a startup track license for a
10 standardbred track to any applicant that does not commit to (i) make a
11 minimum investment of one hundred fifty million dollars
12 (\$150,000,000) in this State to develop or enhance the startup track
13 and (ii) offer to provide at least 20 live race days within three years of
14 being issued the startup track license.
- 15 (3) If the Commission determines that none of the applications qualify for a
16 startup track license for a standardbred horse track, the Commission shall not
17 award a license and commence another procurement process for the purpose
18 of issuing such a license in not more than one month after the denial of all
19 applications.
- 20 (4) A person may submit a bid for the startup track license for the thoroughbred
21 horse track and for the startup track license for the standardbred horse track;
22 provided, however, a person or an affiliate of a person that has been issued a
23 startup track license for a thoroughbred track may not submit an application
24 for the second startup track license for the standardbred horse track.
- 25 (5) The failure of any person that receives a startup track license to fulfill the
26 commitments required by this subsection shall be grounds for revocation of
27 the startup track license barring a demonstration of good cause by the licensee.
- 28 (b) Each applicant for a startup track license must provide to the Commission all of the
29 following:
- 30 (1) The range of contemplated types and modes of horse races to take place at the
31 startup track.
- 32 (2) The names and addresses of all key persons associated with the applicant and
33 any existing or potential affiliates.
- 34 (3) The type of organizational structure under which the applicant and any
35 existing or potential affiliates operate, which includes a partnership, trust,
36 association, limited liability company, limited liability partnership,
37 corporation, and the address of the principal place of business of the
38 organization.
- 39 (4) Consent for each key person of the applicant and of any existing or potential
40 affiliate to undergo a background check that includes a credit history check, a
41 tax record check, and a criminal history record check.
- 42 (5) A financial statement prepared by and attested to by a certified public
43 accountant in accordance with generally accepted accounting principles
44 showing any debts or financial obligations owed by the applicant and the
45 person to whom owed, which documents shall be treated as confidential.
- 46 (6) The physical address of the proposed startup track, which shall not be located
47 within 75 miles of any other startup track or legacy track.
- 48 (7) The proposed measures to address age and identity verification and
49 geolocation requirements.
- 50 (8) The proposed internal controls that intend to prevent ineligible persons from
51 engaging in pari-mutuel wagering.

- (9) A written information security program detailing physical and informational security governance.
- (10) A commitment to provide to the Commission an initial license fee of five hundred thousand dollars (\$500,000) upon award of the startup track license, and the failure to satisfy this commitment shall be grounds for revocation of the startup track license.
- (11) A sworn attestation by the applicant, or the chief executive officer if the applicant is an organization, sworn under oath that the information is true, accurate, and complete, and the application shall be notarized.
- (c) The Commission shall not grant a startup track license to any applicant if any of the of the applicant's key persons is determined to be unsuitable on any of the grounds listed in G.S. 18C-1003(c).
- (d) A startup track license shall grant to the startup track operator the authority to do all of the following:
- (1) Conduct horse races at the startup track; provided, however, thoroughbred horses shall not be permitted to compete in horse races at the standardbred horse track, and standardbred horses shall not be permitted to compete in horse races at the thoroughbred horse track.
- (2) Conduct all activities of an ADW licensee, including, but not limited to, offering and accepting advance deposit account wagers in this State.
- (3) Offer pari-mutuel wagering at the startup track, including by the use of simulcasting and not more than a total of 1,800 pari-mutuel wagering devices at the startup track.
- (4) Offer, at the startup track, in-person sports wagering through an interactive sports wagering operator via a written designation agreement under Article 9 of this Chapter.
- (5) Accept pari-mutuel wagers at the startup track through the use of advance deposit account wagering, pari-mutuel wagering devices, ADW wagering platforms, kiosks, and windows.
- (e) A startup track operator may conduct any business authorized by the startup track license through an affiliate so long as the startup track operator informs the Commission of the identity of the affiliate and provides the Commission with any other information of the affiliate the Commission requires.
- (f) Notwithstanding subsection (a) of this section, any startup track operator shall be required to conduct live horse racing within 18 months of accepting pari-mutuel wagers on a pari-mutuel wagering device.
- (g) The Commission shall review and issue the two startup track licenses authorized by this Article within 60 days of the deadline to receive completed applications; provided, however, the Commission may extend the review period for an additional 30 days if the background investigation is outstanding. The decisions to grant and to deny applications shall be in writing.
- (h) Notwithstanding Chapter 132 of the General Statutes or any other provision of law, only the following documents under this section shall be a public record, with respect to each applicant and each startup track operator: (i) the name and address of each applicant, (ii) the names of all key persons, and (iii) the granting or denial of the application.
- (i) Every startup track operator shall promptly report all of the following to the Commission:
- (1) All criminal or disciplinary proceedings commenced against the legacy track operator in connection with its operations.
- (2) All changes in key persons. All new key persons shall consent to a background investigation.

(3) The filing of bankruptcy or other initiation of bankruptcy proceedings by the legacy track operator.

"§ 18C-1005. Licensure of ADW licensees.

(a) It shall be unlawful for any person to offer or accept advance deposit account wagers in this State unless such person is an ADW licensee, a legacy track operator, or a startup track operator.

...

"§ 18C-1006. Pari-mutuel wagering device supplier license.

(a) A pari-mutuel wagering device supplier license shall be required to sell any pari-mutuel wagering device or totalizator to any legacy track operator and to any startup track operator.

(b) The Commission may issue a pari-mutuel wagering device supplier license to a qualified applicant for such license whether or not such applicant also holds another license issued pursuant to this Article.

(c) At the request of an applicant for a pari-mutuel wagering device supplier, the Commission may issue a provisional pari-mutuel wagering device supplier license to the applicant so long as the applicant has submitted a completed application in accordance with this section. A provisional license issued under this subsection expires on the date provided by the Commission.

(d) An applicant for a pari-mutuel wagering device supplier license shall complete and submit an application on a form prescribed by the Commission and a licensing fee of thirty thousand dollars (\$30,000). If the application is denied, the licensing fee shall be refunded, minus five percent (5%) of the licensing fee which shall be used by the Commission to offset associated expenses in reviewing the application. In the application, the Commission shall require applicants to disclose the identity of each of the following:

(1) Each key person of the applicant who directly owns ten percent (10%) or more of the applicant.

(2) Each holding, intermediary, or parent company that directly owns fifteen percent (15%) or more of the applicant.

(3) The applicant's board appointed CEO and CFO, or the equivalent as determined by the Commission.

(4) Any other information the Commission may deem necessary.

(e) The Commission shall conduct a background investigation on the applicant, key persons of the applicant, and current employees of the applicant, as deemed necessary by the Commission. The background investigation shall include a credit history check, a tax record check, and a criminal history record check. In the event an applicant and its key persons have had a completed criminal history record check in the 12 months prior to the application, the Commission may, in its discretion, accept the results of that prior criminal history record check upon submission of an affidavit that there has been no change in criminal history since the prior criminal history record check in this or any other state. The Commission may not award a license if the applicant or a key person of the applicant has been convicted of a felony or any gambling offense in any state or federal court of the United States within 10 years of application or renewal.

(f) An applicant for licensure and any key person deemed necessary by the Commission shall consent to a criminal history record check and shall submit all necessary fingerprints. Refusal to consent to a criminal history record check may constitute grounds for the Commission to deny licensure.

(g) The Commission shall review and issue licenses to qualified applicants within 60 days of receipt of a completed application. The Commission may extend the review period for an additional 30 days if the background investigation is outstanding.

(h) In disclosing the key persons of the pari-mutuel wagering device supplier applicant, the following shall apply:

(1) Governmental created entities, including statutory authorized pension investment boards and Canadian Crown corporations, that are direct or indirect shareholders of an applicant shall be waived in the applicant's disclosure of ownership and control as determined by the Commission.

(2) Investment funds or entities registered with the Securities and Exchange Commission, including Investment Advisors and entities under the management of the Securities and Exchange Commission, that are direct or indirect shareholders of the applicant shall be waived in the applicant's disclosure of ownership and control as determined by the Commission.

(i) A pari-mutuel wagering device supplier license or a provisional pari-mutuel wagering device supplier license shall be sufficient to offer pari-mutuel wagering devices for sale to a legacy track operator and to a startup track operator.

(j) A person holding a pari-mutuel wagering device supplier license or its equivalent, on the basis of comparable licensing requirements issued to that person by a proper authority by another state or territory of the United States or the District of Columbia if that jurisdiction's requirements for licensure, certification, or registration are substantially equivalent to or exceed the requirements of this State, and who, in the opinion of the Commission otherwise meets the requirements of this Article or of Article 9 of this Chapter, based upon verified evidence may, upon application, be licensed as a pari-mutuel wagering device supplier with or without further examination, as determined by the Commission.

(k) The Commission shall approve each pari-mutuel wagering device before it may be sold by a pari-mutuel wagering device supplier to a legacy track operator or a startup track operator; provided, however, pari-mutuel wagering devices that have been approved in other states that allow for pari-mutuel wagering shall be approved by the Commission.

(l) Each pari-mutuel wagering device supplier shall promptly report all criminal or disciplinary proceedings commenced against that pari-mutuel wagering device supplier in connection with its operations to the Commission. Each pari-mutuel wagering device supplier shall promptly report to the Commission all changes in key persons, and all new key persons shall consent to a background investigation.

(m) No person shall offer a pari-mutuel wagering device available for use by the public without a legacy track license or a startup track license.

"§ 18C-1007. Support for the North Carolina equine industry.

(a) There is hereby created a trust and revolving fund designated as the "Equine Breeders Incentive Fund" for the purpose of providing rewards for breeders or owners of horses bred and foaled in this State.

(1) The Equine Breeders Incentive Fund shall be administered by the Commission, and the Commission shall promulgate administrative regulations establishing the conditions and criteria for the distribution of moneys from the fund that are consistent with this section.

(2) Revenues deposited in the Equine Breeders Incentive Fund shall be distributed between two programs known as the Mare Incentive Program and the State Bred Development Program. The Mare Incentive Program shall promote horse farming and mare residency in this State, and the State Bred Development Program shall promote North Carolina bred or initially owned horses.

a. In years one and two of the Equine Breeders Incentive Fund, the Commission shall allocate eighty percent (80%) of the revenues to the Mare Incentive Program and twenty percent (20%) to the State Bred Development Program.

b. In year three of the Equine Breeders Incentive Fund, the Commission shall allocate seventy percent (70%) of the revenues to the Mare

- 1 Incentive Program and thirty percent (30%) to the State Bred
2 Development Program.
- 3 c. In year four of the Equine Breeders Incentive Fund, the Commission
4 shall allocate sixty percent (60%) of the revenues to the Mare Incentive
5 Program and forty percent (40%) to the State Bred Development
6 Program.
- 7 d. In year five of the Equine Breeders Incentive Fund and in every year
8 thereafter, the Commission shall equally allocate the revenues
9 between the Mare Incentive Program and the State Bred Development
10 Program.
- 11 (3) On at least an annual basis, the Commission shall disburse to breeders or
12 owners of horses moneys in the fund to be used to promote, enhance, improve,
13 and encourage the further and continued development of the equine industry
14 in North Carolina, under the administrative regulations promulgated pursuant
15 to this section.
- 16 (b) There is hereby created a trust and revolving fund designated as the "Equine Industry
17 Purse Fund" for the purpose of promoting horse racing and to provide purses for races conducted
18 in this State.
- 19 (1) Funds maintained in the Equine Industry Purse Fund shall be distributed to
20 fund purses for live horse races of thoroughbred horses, standardbred horses,
21 and quarterhorses occurring at a legacy horse track or a startup horse track in
22 this State.
- 23 (2) The Commission shall promulgate administrative regulations that set forth the
24 allocation of funds held by the Equine Industry Purse Fund in a manner that
25 is consistent with this Article. Such allocation formula shall establish a
26 predictable means to fix the amount of money to be paid from the Equine
27 Industry Purse Fund to be added to the purse provided for a qualifying horse
28 race. At a minimum, eight-five percent (85%) of the Equine Industry Purse
29 Fund shall be distributed for purses of live horse races, including steeplechase
30 horse races, involving thoroughbred horses; ten percent (10%) of the Equine
31 Industry Purse Fund shall be distributed to purses of live horse races involving
32 standardbred horses; and the remainder shall be distributed to purses of live
33 horse races involving other breeds of horses.
- 34 (c) There is hereby created the Equine Programs Fund for the purposes of supporting the
35 equine industry and horses in this State.
- 36 (1) The Equine Programs Fund shall be distributed into three programs known as
37 Aftercare, North Carolina State Equine Veterinarian Programs, and the
38 National Steeplechase Association.
- 39 a. Aftercare programs shall be for the benefit of thoroughbreds,
40 standardbreds, and quarterhorses residing at aftercare facilities in
41 North Carolina. The Commission shall serve as the administrative
42 agent for these funds and shall distribute them at least annually to
43 organizations engaged in accreditation and monitoring of aftercare
44 facilities. Recipient programs shall award funds to aftercare facilities
45 based in this State that have achieved and maintained levels of service
46 and operation achieving national accreditation.
- 47 b. Funds distributed for the purpose of North Carolina State Equine
48 Veterinarian Programs shall be for research, workforce, and
49 operational grants to accredited equine veterinarian medicine
50 programs in this State.

1 c. Funds distributed to the National Steeplechase Association shall be
2 used to promote and protect steeplechase races.
3 (2) The Commission shall create a formula and method for distributing funds to
4 the Equine Programs Fund through administrative regulation; provided,
5 however, the Commission shall divide Equine Programs Fund revenue as
6 follows:
7 a. Sixty-seven and one-half percent (67.5%) to North Carolina State
8 Veterinarian Programs.
9 b. Twenty percent (20%) to Aftercare programs.
10 c. The remainder to the National Steeplechase Association, Inc.
11 (d) Notwithstanding any provision to the contrary, all revenues in the funds created by
12 this section shall not revert but shall remain in each fund for purposes consistent with the fund.

13 **"§ 18C-1008. General provisions for authorized horse races.**

14 (a) The following acts are prohibited and may be punished as set forth in general law:
15 (1) No person shall knowingly enter or cause to be entered for competition, or
16 compete, for a prize or stake, or drive any horse, under an assumed name, or
17 out of its proper class, where the prize or stake is to be decided by a contest of
18 speed.
19 (2) No person shall change the name of any horse for the purpose of entry for
20 competition in any contest of speed, after the horse has once contested for a
21 prize or stake, except as provided by the code of rules of the association under
22 which the contest is advertised to be conducted.
23 (3) The class to which a horse belongs, for the purpose of an entry in any contest
24 of speed, shall be determined by the public performance of that horse in any
25 former contest or trial of speed, as provided by the rules of the Commission
26 under which the proposed contest is advertised to be conducted.
27 (4) No person shall knowingly misrepresent or fraudulently conceal the public
28 performance in any former contest, or trial of speed, of any horse that he
29 proposes to enter in a contest, whether the horse is actually entered or not.
30 (5) No person shall announce willfully and falsely a slower or faster time than the
31 time deemed actually accomplished by a horse in an official horse race.
32 (b) The pari-mutuel system of wagering on live or future horse races shall be operated
33 only by a totalizator or other mechanical equipment approved by the Commission and sold by a
34 pari-mutuel wagering device licensee. The Commission shall not require any particular make of
35 equipment.
36 (c) If the pari-mutuel wagering licensee so provides in its policies, and if such policies
37 are conspicuously posted on the pari-mutuel wagering licensee's website, any pari-mutuel ticket
38 issued by a pari-mutuel wagering licensee may be deemed abandoned if not collected within one
39 year of the date of purchase or date of relevant horse race, whichever is later. For tickets that are
40 deemed abandoned by operation of this subsection, on at least a quarterly basis, the pari-mutuel
41 wagering licensee shall pay to the Commission the value of the ticket, if any. The Commission
42 shall deposit all funds received pursuant to this subsection into the Equine Industry Purse Fund.

43 **"§ 18C-1009. Administrative appeals and judicial review.**

44 (a) If the Commission determines that the holder of a license issued under this Article
45 has violated any provision of this Article, the Commission may do any one or more of the
46 following after adhering to the procedures set forth in this section:
47 (1) Issue a formal warning and reprimand.
48 (2) Suspend the license.
49 (3) Revoke the license.
50 (4) Impose a monetary penalty of not more than ten thousand dollars (\$10,000)
51 for each violation.

- (b) The following procedure shall apply in cases where the Commission determines that a holder of a license issued pursuant to this Article has violated any provision of this Article:
- (1) The Commission shall provide written notice to the licensee that does all of the following:
 - a. Identifies the alleged conduct, the statute or regulation the conduct is believed to have violated, and the proposed penalty for each alleged violation.
 - b. Is sent by statutory overnight delivery to the registered address of the licensee and, on the same day, also sent by electronic mail to the licensee's corporate designee to receive notices from the Commission.
 - c. States that the allegation will be deemed admitted unless, within 30 days of the Commission's sending of the notice by statutory overnight delivery, the licensee and Commission otherwise resolves the matter, or the licensee appeals the notice as provided in this section.
 - (2) A licensee that has received a written notice described in this section may appeal the allegation by commencing a contested case pursuant to Chapter 150B of the General Statutes. The appeal shall be commenced by the applicant within 30 days of the date of receipt. Except as provided in subdivision (3) of this subsection, the procedures set forth in Chapter 150 of the General Statutes shall provide the exclusive mechanism for both administrative and judicial review of the Commission's decision.
 - (3) If the Commission finds that the public health, safety, or welfare requires emergency action, it may petition a court of competent jurisdiction for an immediate injunction or other form of equitable relief, and in such matters, the dispute will not be considered a contested case and subject to the requirements of Chapter 150B of the General Statutes.
- (c) Any applicant for a license issued pursuant to this Article that contends the Commission wrongly denied or did not renew the applicant's license or renewal application may seek administrative and judicial review pursuant to Chapter 150B of the General Statutes as a contested case. The applicant must commence the appeal within 30 days of the Commission's decision to deny or not renew the applicant's license.
- (d) Nonpublic record documents and materials that applicants and licensees submit to the Commission shall become public record if such materials are specifically identified by the Commission as providing a basis for a civil penalty, license suspension, license revocation, or other formal or informal enforcement action undertaken by the Commission against the licensee. This subsection does not apply to any document that is identified in G.S. 132-1.2.
- "§ 18C-1010. Annual fee for ADW licensees. License renewal.**
- (a) Each ADW licensee shall pay an annual fee to the Commission in order to maintain their license. The fee is one percent (1%) of the total pari-mutuel wagers placed by residents of this State accepted by the ADW licensee in the applicable year. All licenses issued pursuant to this Article must be renewed every five years.
- (1) Not less than four nor more than six months prior to the expiration of a license, the Commission shall provide notice to the licensee of the date the license is set to expire by electronic mail to the corporation's designee and by statutory overnight delivery to the licensee's registered address.
 - (2) Any person with a license issued pursuant to this Article shall apply to the Commission for renewal using a form prescribed by the Commission. The form shall not seek any additional type of information than was required to apply for the license.
 - (3) The Commission shall review and approve or deny applications for license renewal within 30 days of receiving a complete renewal application; provided,

however, the Commission may extend the review period one time for up to 30 days.

(4) The Commission shall renew any license application that continues to meet the criteria for the license established by this Article; provided, however, the Commission may deny an application for license renewal if the applicant's license had been suspended twice during the prior five years, so long as the suspensions were (i) not appealed or (ii) affirmed by last order of review.

(b) ~~The fee shall be paid within four calendar weeks of the close of the ADW licensee's fiscal or calendar year. The ADW licensee shall designate whether the annual fee required under this section is payable on a fiscal year basis or a calendar year basis at the time the ADW licensee applies for a license under G.S. 18C-1005. Once made, the designation is irrevocable during the term of the license. An applicant seeking to renew a license issued pursuant to this Article shall include with the renewal application a nonrefundable renewal fee as follows:~~

(1) For legacy track operators, startup track operators, and ADW licensees, two hundred fifty thousand dollars (\$250,000).

(2) For all other license renewals, fifteen thousand dollars (\$15,000).

~~(c) The proceeds of any application fees and annual fees collected under this Article shall be used to offset the cost of administering the provisions of this Article and Article 9 of this Chapter. Any proceeds remaining at the end of each fiscal year after payment of expenses of the Commission pursuant to this section shall be remitted to the General Fund, however, the Commission may retain an amount reasonably necessary to cover future expenses of the Commission related to administering the provisions of this Article and Article 9 of this Chapter, the total of which, including the amount authorized to be retained under G.S. 18C-909, may not exceed the total expenses of the Commission related to administering the provisions of this Article and Article 9 of this Chapter during the previous quarter of the fiscal year.~~

~~(d) The Commission may suspend or revoke the license of an ADW licensee for failure to timely pay the annual fee required under this section.~~

"§ 18C-1011. Relation of legacy track licenses and startup track licenses to other provisions of law.

Notwithstanding any local government ordinance, rule, declaration, or regulation to the contrary, a legacy track operator or startup track operator shall be entitled to operate the track and any allowed satellite facility as authorized by this Article at the location and physical address identified on the track's license.

"§ 18C-1012. Compact.

The Governor of this State is authorized to execute a compact on behalf of this State with any of the United States, the District of Columbia, the Commonwealth of Puerto Rico, and each territory or possession of the United States, legally joining therein in the form substantially as follows; provided, however, the compact shall not be effective as to this State unless it is subsequently ratified by a simple majority vote of the House of Representatives and the Senate within two years of the Governor's execution of the compact:

"ARTICLE I

PURPOSES

SECTION 1. PURPOSES.

The purposes of this compact are to:

1. Establish uniform requirements among the party states for the licensing of participants in live racing with pari-mutuel wagering and ensure that all such participants who are licensed pursuant to this compact meet a uniform minimum standard of honesty and integrity.
2. Facilitate the growth of the pari-mutuel racing industry in each party state and nationwide by simplifying the process for licensing participants in live racing, and reduce the duplicative and costly process of separate licensing by the

regulatory agency in each state that conducts live racing with pari-mutuel wagering.

3. Authorize the North Carolina State Lottery Commission to participate in this compact.

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

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

ARTICLE II DEFINITIONS

SECTION 2. DEFINITIONS.

The following definitions apply in this Compact:

1. Compact committee. – The organization of officials from the party states that is authorized and empowered by this compact to carry out the purposes of this compact.

2. Official. – The appointed, elected, designated or otherwise duly selected member of a racing commission or the equivalent thereof in a party state who represents that party state as a member of the compact committee.

3. Participants in live racing. – Participants in live racing with pari-mutuel wagering in the party states.

4. Party state. – Any state that has enacted this compact.

5. State. – Any of the several states of the United States, the District of Columbia, the Commonwealth of Puerto Rico and each territory or possession of the United States.

ARTICLE III

ENTRY INTO FORCE, ELIGIBLE PARTIES AND WITHDRAWAL

SECTION 3. ENTRY INTO FORCE.

This compact shall come into force when enacted by any four (4) states. Thereafter, this compact shall become effective as to any other state upon both (i) that state's enactment of this compact and (ii) the affirmative vote of a majority of the officials on the compact committee as provided in Section 8.

SECTION 4. STATES ELIGIBLE TO JOIN COMPACT.

Any state that has adopted or authorized live racing with pari-mutuel wagering shall be eligible to become party to this compact.

SECTION 5. WITHDRAWAL FROM COMPACT AND IMPACT THEREOF ON FORCE AND EFFECT OF COMPACT.

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

ARTICLE IV

COMPACT COMMITTEE

SECTION 6. COMPACT COMMITTEE ESTABLISHED.

There is hereby created an interstate governmental entity to be known as the "compact committee," which shall be comprised of one (1) official from the racing commission or its

equivalent in each party state who shall be appointed, serve and be subject to removal in accordance with the laws of the party state he represents. Pursuant to the laws of his party state, each official shall have the assistance of his state's racing commission or the equivalent thereof in considering issues related to licensing of participants in live racing and in fulfilling his responsibilities as the representative from his state to the compact committee. If an official is unable to perform any duty in connection with the powers and duties of the compact committee, the racing commission or equivalent thereof from his state shall designate another of its members as an alternate who shall serve in his place and represent the party state as its official on the compact committee until that racing commission or equivalent thereof determines that the original representative official is able once again to perform his duties as that party state's representative official on the compact committee. The designation of an alternate shall be communicated by the affected state's racing commission or equivalent thereof to the compact committee as the committee's bylaws may provide.

SECTION 7. POWERS AND DUTIES OF COMPACT COMMITTEE.

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

1. Determine which categories of participants in live horse racing, including but not limited to owners, trainers, jockeys, grooms, mutuel clerks, racing officials, veterinarians, and farriers, and which categories of equivalent participants in dog racing and other forms of live racing with pari-mutuel wagering authorized in two (2) or more of the party states, should be licensed by the committee, and establish the requirements for the initial licensure of applicants in each such category, the term of the license for each category, and the requirements for renewal of licenses in each category. Provided, however, that with regard to requests for criminal history record information on each applicant for a license, and with regard to the effect of a criminal record on the issuance or renewal of a license, the compact committee shall determine for each category of participants in live racing which licensure requirements for that category are, in its judgment, the most restrictive licensure requirements of any party state for that category and shall adopt licensure requirements for that category that are, in its judgment, comparable to those most restrictive requirements.
2. Investigate applicants for a license from the compact committee and, as permitted by federal and state law, gather information on such applicants, including criminal history record information from the Federal Bureau of Investigation and relevant state and local law enforcement agencies, and, where appropriate, from the Royal Canadian Mounted Police and law enforcement agencies of other countries, necessary to determine whether a license should be issued under the licensure requirements established by the committee as provided in paragraph 1 above. Only officials on, and employees of, the compact committee may receive and review such criminal history record information, and those officials and employees may use that information only for the purposes of this compact. No such official or employee may disclose or disseminate such information to any person or entity other than another official on or employee of the compact committee. The fingerprints of each applicant for a license from the compact committee shall be taken by the compact committee, its employees, or its designee and, pursuant to Public Law 92-544 or Public Law 100-413, shall be forwarded to a state identification bureau, or to an association of state officials regulating pari-mutuel wagering designated by the Attorney General of the United States, for submission to the Federal Bureau of Investigation for a criminal history

record check. Such fingerprints may be submitted on a fingerprint card or by electronic or other means authorized by the Federal Bureau of Investigation or other receiving law enforcement agency.

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

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

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

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

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

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

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

SECTION 8. VOTING REQUIREMENTS.

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

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

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

SECTION 9. ADMINISTRATION AND MANAGEMENT.

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

B. The compact committee shall adopt bylaws for the conduct of its business by a two-thirds (2/3) vote of the total number of officials (or their alternates) on the committee at that time and shall have the power by the same vote to amend and rescind these bylaws. The committee shall publish its bylaws in convenient form and shall file a copy thereof and a copy of any amendments thereto with the Secretary of State or equivalent agency of each of the party states.

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

D. Employees of the compact committee shall be considered governmental employees.

SECTION 10. IMMUNITY FROM LIABILITY FOR PERFORMANCE OF OFFICIAL RESPONSIBILITIES AND DUTIES.

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

ARTICLE V

RIGHTS AND RESPONSIBILITIES OF EACH PARTY STATE

SECTION 11. RIGHTS AND RESPONSIBILITIES OF EACH PARTY STATE.

A. By enacting this compact, each party state:

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

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

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

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

ARTICLE VI

CONSTRUCTION AND SEVERABILITY

SECTION 12. CONSTRUCTION AND SEVERABILITY.

This compact shall be liberally construed so as to effectuate its purposes. The provisions of this compact shall be severable, and, if any phrase, clause, sentence, or provision of this compact is declared to be contrary to the Constitution of the United States or of any party state, or the applicability of this compact to any government, agency, person or circumstance is held invalid, the validity of the remainder of this compact and the applicability thereof to any government, agency, person or circumstance shall not be affected thereby. If all or some portion of this compact is held to be contrary to the constitution of any party state, the compact shall remain in full force and effect as to the remaining party states and in full force and effect as to the state affected as to all severable matters."

"§ 18C-1013. Simulcasting.

- (a) Only legacy track operators and startup track operators may offer pari-mutuel wagering on simulcasted horse races.
- (b) Placing a pari-mutuel wager on an ADW wagering platform shall not be deemed pari-mutuel wagering on simulcasted horse races.
- (c) A track operator may offer pari-mutuel wagering on simulcasted horse races at only the track and, as applicable, the satellite facility, identified in its track license.
- (d) Every legacy track operator and startup track operator shall provide a separate accounting on all interstate simulcasting to the Commission on a form and at such times, not more than monthly, as required by the Commission.
- (e) The use of an interstate common wagering pool is authorized. For purposes of this subsection, an "interstate common wagering pool" means a pari-mutuel pool established in one horse racing jurisdiction that is combined with comparable pari-mutuel pools from at least one other horse racing jurisdiction for the purpose of establishing payoff prices in the various jurisdictions.
- (1) Interstate wagers made at a track may form an interstate common wagering pool with wagers at a track in another jurisdiction, and the track may adopt the commission and breakage rates of the track at which the race is being run. The Commission may also approve types of wagering, distribution of winnings, and rules of racing for interstate common wagering pools that are different from those that normally apply in the State.
- (2) Wagers placed on any races run at a legacy track or a startup track may be combined with wagers placed at tracks in other jurisdictions to form an interstate common wagering pool located either within or outside North Carolina.
- (3) A legacy track operator's or a startup track operator's participation in an interstate common wagering pool does not cause the subject legacy track or startup track to be considered to be doing business in any jurisdiction other than the jurisdiction where the track is physically located. Excise taxes and commission rates may not be imposed on any interstate common wagering pool other than on amounts actually wagered in North Carolina. The combination of pari-mutuel pools as provided in this section constitutes the communication of wagering information for purposes of calculating odds and payoffs only and does not constitute the transfer of wagers in interstate commerce.
- "§ 18C-1014. Transferability and assignability of pari-mutuel wagering licenses.**
- (a) Any license issued pursuant to this Article may be assigned or transferred to a third party, pursuant to a sale or otherwise; provided, however, no such assignment or transfer shall be effective until and unless the Commission approves the assignment or transfer as set forth in this section.
- (b) Before any person seeking to acquire a license issued pursuant to this Article by assignment or transfer may take possession of the license, the licensee and the person to acquire the license shall notify the Commission by submitting to the Commission a letter of intent of the proposed transfer or assignment on a form prescribed by the Commission.
- (c) Not less than 30 nor more than 45 days after providing the Commission with the letter of intent, the person seeking to acquire the license shall submit an application to the Commission.
- (1) An application for the acquisition of a legacy track license shall not be approved by the Commission unless the applicant demonstrates that it satisfies the criteria set forth in G.S. 18C-1003(b) and (c). Any transferred or assigned legacy track license shall be under the same terms and conditions as the original legacy track license.

(2) An application for the acquisition of a startup track license shall not be approved by the Commission unless the applicant demonstrates that it satisfies the criteria set forth in G.S. 18C-1004(b) and (e). Any transferred or assigned startup track license shall be under the same terms and conditions as the original startup track license.

(3) An application for the acquisition of an ADW license or a pari-mutuel wagering device supplier license shall not be approved unless the Commission determines the application satisfies all conditions of the original license.

"§ 18C-1015. Wagering.

(a) An individual resident of this State desiring to place pari-mutuel wagers through means other than a pari-mutuel wagering device, a kiosk, or at a window shall establish an account with an ADW licensee-a pari-mutuel wagering licensee for that purpose. The ADW pari-mutuel wagering licensee is responsible for verifying the identity of the individual and ensuring that the individual is at least 21 years of age.

(b) The following are prohibited from engaging in pari-mutuel wagering under this Article:

(1) Any person under the age of 21.

(2) Any person who has been adjudicated by law as prohibited from engaging in pari-mutuel wagering.

(3) Any member or employee of the Commission. The Commission shall provide a list of individuals subject to this subdivision to each ~~ADW~~ pari-mutuel wagering licensee at least quarterly.

(4) Any person who has requested and not revoked a voluntary exclusion designation from sports wagering pursuant to G.S. 18C-922. Participation in the voluntary exclusion program shall not preclude ~~an ADW~~ a pari-mutuel wagering licensee and its agents from seeking the payment of a debt accrued by the individual while not participating in the voluntary exclusion program.

(c) ~~An ADW~~ A pari-mutuel wagering licensee shall make commercially reasonable efforts to ensure that any prohibited person under this section is prevented from placing a pari-mutuel wager with the ~~ADW~~ pari-mutuel wagering licensee.

(d) Any member of the Commission determined to have placed a pari-mutuel wager with ~~an ADW~~ a pari-mutuel wagering licensee shall be deemed to have resigned from the Commission as of the time the pari-mutuel wager is placed. Any employee of the Commission determined to have placed a pari-mutuel wager with an ADW licensee is subject to disciplinary action.

(e) This Article does not authorize non-pari-mutuel wagering on the outcome of live, simulcast, ~~past~~, or any other horse races.

(f) The ADW licensee and their agents shall ensure that all advertisements and marketing of advance deposit account wagering meet all of the following requirements:

(1) It does not target persons under the age of 21.

(2) It discloses the identity of the ~~ADW~~ pari-mutuel wagering licensee.

(3) It provides information about or links to resources related to gambling addiction and prevention.

(4) It is not misleading to a reasonable person.

(5) It satisfies the rules and requirements promulgated by the Commission.

"§ 18C-1016. Amending licenses.

(a) By providing notice to the Commission, a legacy track operator or startup track operator may relocate the track and, as applicable, the satellite facility, anywhere in the county identified on the track license.

(b) No track operator may relocate a track pursuant to this section if such relocation results in another track of the same license type falling within a 75-mile radius from the proposed

site of relocation. No legacy track operator shall relocate a satellite facility to any location that is outside of a 20-mile radius of the legacy track.

"§ 18C-1017. Reports of the Commission.

(a) The Commission shall identify on its website the name and address of all legacy track operators, startup track operators, ADW licensees, and pari-mutuel wagering device supplier licensees.

(b) On an annual basis, the Commission shall report to the General Assembly the number of authorized horse races taking place in this State, the type of horses competing at the horse races, and the revenue generated for the General Fund and for each of the funds created by G.S. 18C-1007 by pari-mutuel wagering at such horse races; provided, however, any such report will separately identify revenue raised by the use of pari-mutuel wagering devices.

(c) Nothing in this section shall be deemed to limit the information the Commission may provide.

"§ 18C-1018. (Reserved)

"§ 18C-1019. (Reserved)

"§ 18C-1020. Criminal penalties.

(a) Any person who knowingly offers or engages in pari-mutuel wagering in violation of this Article shall be guilty of a Class 2 misdemeanor.

(b) Any person under the age of 21 who engages in pari-mutuel wagering as defined under this Article shall be guilty of a Class 2 misdemeanor.

(c) Any person who knowingly attempts to suborn, collude, or otherwise conspire to influence the outcome of any competition or aspect of any competition that is the subject of pari-mutuel wagering pursuant to this Article shall be guilty of a Class G felony.

(d) Any person applying to become ~~an ADW~~ a pari-mutuel wagering licensee who willfully furnishes, supplies, or otherwise gives false information on the license application shall be guilty of a Class I felony.

(e) Nothing in this Article shall be construed to allow the ~~ADW~~ pari-mutuel wagering licensee to be charged with a violation of subsection (a) or (c) of this section absent actual notice and knowledge that a person is under age or giving false information.

"§ 18C-1021. (Reserved)

"§ 18C-1022. (Reserved)

"§ 18C-1023. (Reserved)

"§ 18C-1024. (Reserved)

"§ 18C-1025. Rulemaking.

(a) The Commission shall adopt rules governing the conduct of horse racing in this State, which shall include rules regarding ~~play-of-live horse racing and the placement of pari-mutuel wagers on simulcast horse races.~~ In adopting rules, the Commission shall consult the State Veterinarian regarding safety of horses.

(b) When adopting rules, the Commission shall provide guidance on the issuance, denial, suspension, or revocation of a license provided under this Article, on the operation of advance deposit account wagering by ~~ADW~~ pari-mutuel wagering licensees, and on the requirements for simulcast facilities."

SECTION 2.(a) Chapter 105 of the General Statutes is amended by adding a new Article to read:

"Article 2F.

"Taxes on Pari-Mutuel Wagering.

"§ 105-113.150. Definitions.

The definitions of G.S. 18C-1001 and, to the extent they do not conflict, G.S. 18C-901, apply in this Article.

"§ 105-113.151. Taxes on pari-mutuel wagering.

(a) Taxes. – The following taxes are imposed:

(1) Pari-mutuel wagering devices. – A tax at the rate of twenty-nine percent (29%) is imposed on each legacy track operator and startup track operator for the privilege of being licensed under Article 10 of Chapter 18C of the General Statutes. The tax applies to the adjusted gross revenue derived from pari-mutuel wagering on all pari-mutuel wagering devices.

(2) Pari-mutuel wagering. – A tax rate of one and one-half percent (1.5%) is imposed on each legacy track operator, startup track operator, and ADW licensee for the privilege of being licensed under Article 10 of Chapter 18C of the General Statutes. The tax applies to the total handle of each horse race for which the pari-mutuel wagering licensee accepted pari-mutuel wagers; provided, however, the tax does not apply to pari-mutuel wagers made on pari-mutuel wagering devices. For purposes of the tax authorized by this subdivision, the handle for each horse race shall include pari-mutuel wagers made in person at a licensed legacy track, a satellite facility operated by a legacy track operator, a licensed startup track, and pari-mutuel wagers made through an advance deposit wagering account, regardless of whether the horse race occurred in this State or in another jurisdiction.

(b) Return. – Taxes levied by this Article are due when a return is required to be filed. The return is due on a monthly basis. A monthly return is due by the twentieth day of the month following the calendar month covered by the return. The return shall be filed on a form prescribed by the Secretary.

(c) Records. – A person required to file a return under this Article must keep a record of all documents needed to verify the information in the return. The records shall be open at all times for inspection by the Secretary or the Secretary's authorized representative and shall be kept for the applicable period of statute of limitations as set forth under Article 9 of this Chapter.

(d) Refund. – A pari-mutuel wagering licensee is allowed a refund of any tax paid under this section on a pari-mutuel wager that has been refunded. The Secretary shall prescribe the manner in which a pari-mutuel wagering licensee may request a refund under this subsection, which may include allowing a credit for the amount refunded on a subsequent monthly return required under this section.

"§ 105-113.152. Registration and discontinuance requirements.

(a) Registration Required. – A pari-mutuel wagering licensee must register with the Secretary.

(b) Registration Form. – Registration must be on a form prescribed by the Secretary and include all information requested. If a pari-mutuel wagering licensee fails to register, the Secretary must notify the Commission of the violation.

(c) Discontinuance of Authorized Activities. – A pari-mutuel wagering licensee who changes ownership or stops engaging in the activities licensed under Article 10 of Chapter 18C of the General Statutes must notify the Secretary in writing of the change.

"§ 105-113.153. Use of tax proceeds.

The Secretary shall distribute the taxes collected under this Article, less the allowance to the Department of Revenue and reimbursement to the Commission for administrative expenses, in accordance with this section. The Secretary may retain the cost of administering this Article, not to exceed five hundred thousand dollars (\$500,000) a year, as reimbursement to the Department. The Commission shall, no later than 20 days after the end of the month, notify the Department of its unreimbursed expenses from administering the provisions of Article 10 of Chapter 18C of the General Statutes from the previous month. The Department shall reimburse the Commission from the tax revenues collected under this Article no later than the end of the month in which the Department was notified. The remaining proceeds shall be credited as follows:

(1) Net proceeds of the tax collected pursuant to G.S. 105-113.151(a)(1) shall be credited as follows:

- a. Sixty-nine percent (69%) to the General Fund.
 - b. Twenty-one percent (21%) to the Commission for allocation to the Equine Industry Purse Fund created by G.S. 18C-1007.
 - c. Nine and one-half percent (9.5%) to the Commission for allocation to the Equine Breeders Incentive Fund created by G.S. 18C-1007.
 - d. The remainder to the Commission for allocation to the Equine Programs Fund created by G.S. 18C-1007.
- (2) Net proceeds of the tax collected pursuant to G.S. 105-113.151(a)(2) shall be credited as follows:
- a. One-third (33.3%) to the Equine Industry Purse Fund;
 - b. One-third (33.3%) to the Equine Breeders Incentive Fund; and
 - c. The remaining funds split equally between the General Fund and the Equine Programs Fund created by G.S. 18C-1007."

SECTION 2.(b) This section becomes effective July 1, 2025, and applies to pari-mutuel wagers received on or after that date.

SECTION 3.(a) G.S. 18C-901 reads as rewritten:

"§ 18C-901. Definitions.

As used in this Article, the following definitions apply:

- ...
- (7a) Horse racing track. – Any of the following licensed under Article 10 of this Chapter:
- a. Legacy track, as defined in G.S. 18C-1001.
 - b. Startup track, as defined in G.S. 18C-1001.
- ...
- (17) Sports facility. – Any of the following:
- a. A motorsports facility.
 - b. A facility that hosts a professional golf tournament.
 - c. A facility that is the home location of a professional sports team.
 - d. A horse racing track.

...."

SECTION 3.(b) G.S. 18C-905 reads as rewritten:

"§ 18C-905. Written designation agreements.

(a) In order to qualify as an interactive sports wagering operator, the applicant shall be a party to a written designation agreement with one of the following:

- (1) A professional sports team.
- (2) The owner or operator of one of the following:
 - a. A motorsports facility.
 - b. A facility that hosts a professional golf tournament annually.
 - c. A horse racing track.
- (3) A sports governing body that annually within the calendar year sanctions more than one National Association for Stock Car Auto Racing national touring race in the State.
- (4) A sports governing body that annually within the calendar year sanctions more than one professional golf tournament.

...."

SECTION 3.(c) G.S. 18C-926(b) reads as rewritten:

"(b) Permanent places of public accommodation permitted under this section shall be located as follows:

- (1) On the property of the sports facility.
- (2) No more than one place of public accommodation may be on other property owned or controlled by the owner or operator of the sports facility or an

1 affiliated entity of the owner or operator of the sports facility that is located
2 within a one-half mile radius of a sports facility as defined in
3 G.S. 18C-901(17)a. or G.S. 18C-901(17)c.

4 (3) No more than one place of public accommodation may be on other property
5 owned or controlled by the owner or operator of the sports facility that is
6 located within a one and one-half mile radius of a sports facility as defined in
7 G.S. 18C-901(17)b.

8 (4) At a satellite facility, as defined in G.S. 18C-1001."

9 **SECTION 4.(a)** G.S. 18B-1000 is amended by adding a new subdivision to read:

10 "(4b) Horse racing track. – Any of the following:

11 a. A legacy track licensed under Article 10 of Chapter 18C of the General
12 Statutes.

13 b. A startup track licensed under Article 10 of Chapter 18C of the
14 General Statutes.

15 c. A satellite facility, as defined in G.S. 18C-1001."

16 **SECTION 4.(b)** G.S. 18B-1006 is amended by adding a new subsection to read:

17 "(k1) Horse Racing Track Permits. – The Commission may issue the permits listed in
18 G.S. 18B-1001, without approval at an election, to a horse racing track."

19 **SECTION 5.(a)** G.S. 14-295 reads as rewritten:

20 **"§ 14-295. Keeping gaming tables, illegal punchboards or slot machines, or betting thereat.**

21 If Except as provided in Article 10 of Chapter 18C of the General Statutes, if any person shall
22 establish, use or keep any gaming table (other than a faro bank), by whatever name such table
23 may be called, an illegal punchboard or an illegal slot machine, at which games of chance shall
24 be played, he shall be guilty of a Class 2 misdemeanor; and every person who shall play thereat
25 or thereat bet any money, property or other thing of value, whether the same be in stake or not,
26 shall be guilty of a Class 2 misdemeanor."

27 **SECTION 5.(b)** G.S. 14-296 reads as rewritten:

28 **"§ 14-296. Illegal slot machines and punchboards defined.**

29 An illegal slot machine or punchboard within the contemplation of G.S. 14-295 through
30 14-298 is defined as a device where the user may become entitled to receive any money, credit,
31 allowance, or anything of value, as defined in G.S. 14-306. This section does not apply to any
32 activity conducted pursuant to Article 10 of Chapter 18C of the General Statutes."

33 **SECTION 5.(c)** G.S. 14-297 reads as rewritten:

34 **"§ 14-297. Allowing gaming tables, illegal punchboards or slot machines on premises.**

35 If Except as provided in Article 10 of Chapter 18C of the General Statutes, if any person shall
36 knowingly suffer to be opened, kept or used in his house or on any part of the premises occupied
37 therewith, any of the gaming tables prohibited by G.S. 14-289 through 14-300 or any illegal
38 punchboard or illegal slot machine, he shall forfeit and pay to anyone who will sue therefor two
39 hundred dollars (\$200.00), and shall also be guilty of a Class 2 misdemeanor."

40 **SECTION 5.(d)** G.S. 14-301 reads as rewritten:

41 **"§ 14-301. Operation or possession of slot machine; separate offenses.**

42 It shall be unlawful for any person, firm or corporation to operate, keep in his possession or
43 in the possession of any other person, firm or corporation, for the purpose of being operated, any
44 slot machine or device where the user may become entitled to receive any money, credit,
45 allowance, or anything of value, as defined in G.S. 14-306. Each time said machine is operated
46 as aforesaid shall constitute a separate offense. This section does not apply to any activity
47 conducted pursuant to Article 10 of Chapter 18C of the General Statutes."

48 **SECTION 5.(e)** G.S. 14-302 reads as rewritten:

49 **"§ 14-302. Punchboards, vending machines, and other gambling devices; separate offenses.**

50 It shall be unlawful for any person, firm, or corporation to operate or keep in his possession,
51 or the possession of any other person, firm, or corporation, for the purpose of being operated, any

punchboard, slot machine or device where the user may become entitled to receive any money, credit, allowance, or anything of value, as defined in G.S. 14-306. Each time said punchboard, slot machine or device where the user may become entitled to receive any money, credit, allowance, or anything of value, as defined in G.S. 14-306 is operated, played, or patronized by the paying of money or other thing of value therefor, shall constitute a separate violation of this section as to operation thereunder. This section shall not apply to any activity conducted pursuant to Article 10 of Chapter 18C of the General Statutes."

SECTION 5.(f) G.S. 14-304 reads as rewritten:

"§ 14-304. Manufacture, sale, etc., of slot machines and devices.

It shall be unlawful to manufacture, own, store, keep, possess, sell, rent, lease, let on shares, lend or give away, transport, or expose for sale or lease, or to offer to sell, rent, lease, let on shares, lend or give away, or to permit the operation of, or for any person to permit to be placed, maintained, used or kept in any room, space or building owned, leased or occupied by him or under his management or control, any slot machine or device where the user may become entitled to receive any money, credit, allowance, or anything of value, as defined in G.S. 14-306. This section shall not apply to any activity conducted pursuant to Article 10 of Chapter 18C of the General Statutes."

SECTION 5.(g) G.S. 14-305 reads as rewritten:

"§ 14-305. Agreements with reference to slot machines or devices made unlawful.

It shall be unlawful to make or permit to be made with any person any agreement with reference to any slot machines or device where the user may become entitled to receive any money, credit, allowance, or an thing of value, as defined in G.S. 14-306 pursuant to which the user thereof may become entitled to receive any money, credit, allowance, or anything of value or additional chance or right to use such machines or devices, or to receive any check, slug, token or memorandum entitling the holder to receive any money, credit, allowance or thing of value. This section shall not apply to any activity conducted pursuant to Article 10 of Chapter 18C of the General Statutes."

SECTION 5.(h) G.S. 14-306.1A is amended by adding a new subsection to read:

"(g) Nothing in this section shall be construed to make illegal any activity conducted pursuant to Article 10 of Chapter 18C of the General Statutes."

SECTION 5.(i) G.S. 14-306.4 is amended by adding a new subsection to read:

"(d1) Nothing in this section shall be construed to make illegal any activity conducted pursuant to Article 10 of Chapter 18C of the General Statutes."

SECTION 6. The North Carolina State Lottery Commission shall announce a date certain that it will begin accepting applications for legacy track licenses issued under Article 10 of Chapter 18C of the General Statutes; provided, that such date shall not be earlier than three months nor later than four months from July 1, 2025. The Commission shall also provide 30 days' notice of the date chosen.

SECTION 7. Except as otherwise provided, this act is effective when it becomes law.