

Model Legislation for a National Racing Regulatory Entity.

New Interstate Compact to Facilitate State Regulation of Racing and Wagering.

A Project of Racing Commissioners International
in conjunction with the
Council of State Governments
and an
Advisory Steering Committee
comprised of representatives from
The National Thoroughbred Racing Association,
The Jockey Club,
The National Horseman's Protection and Benevolent Association,
United States Trotting Association, and
Keeneland.

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1 **Interstate Racing and Wagering Compact**

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4 **Article I**

5 **Purpose**

6
7 The purposes of this compact are:

- 8
- 9 A. To enable member states to act jointly and cooperatively to create more uniform, effective,
10 and efficient practices, programs, rules, and regulations relating to live pari-mutuel horse or
11 greyhound racing and to pari-mutuel wagering activities, both on-track and off-track, that
12 occur in or affect a member state.
 - 13
 - 14 B. To facilitate the health and growth of the industry by simplifying the process of participating
15 in live horse and greyhound racing and pari-mutuel wagering, improving the quality and
16 integrity of racing and wagering, more effectively regulating simulcast and wagering systems
17 and activities, and through cooperative action reducing the costs incurred by each member
18 state or participant.
 - 19
 - 20 C. To authorize the state racing commission to participate in this compact.
 - 21
 - 22 D. To permit representatives of the member states to participate in this compact and, through the
23 compact commission established by this compact, to enter into contracts with governmental
24 agencies and other persons to carry out the purposes of this compact.
 - 25
 - 26 E. To establish the compact commission created by this compact as an interstate governmental
27 entity duly authorized to request and to receive criminal history record information from the
28 Federal Bureau of Investigation and from state, local, and foreign law enforcement agencies.
 - 29

Article II
Definitions

As used in this compact, unless the context clearly requires a different construction:

- A. "Commissioner" means the chairperson of the member state racing commission, or such person's designee, who represents the member state as a voting member of the compact commission, and anyone who is serving as such person's alternate;
- B. "Compact commission" means the organization of officials from the member states that is authorized and empowered by this compact to carry out the purposes of this compact;
- C. "Compact rule" means a rule or regulation adopted by a member state through the compact to govern, for two or more member states, any part of live pari-mutuel horse and greyhound racing or pari-mutuel wagering activities, whether on-track or off-track, that occur in or affect such states;
- D. "Live racing" means live horse or greyhound racing with pari-mutuel wagering;
- E. "Member state" means each state that has enacted this compact;
- F. "National industry stakeholder" means a non-governmental organization that the compact commission determines from a national perspective significantly represents one or more categories of participants in live racing and pari-mutuel wagering;
- G. "Participants in live racing and pari-mutuel wagering" means all individuals and others who participate, operate, or are involved in live racing and related pari-mutuel wagering;
- H. "State" means each of the several states of the United States, the District of Columbia, the Commonwealth of Puerto Rico, and each territory or possession of the United States; and

- 1
- 2 I. "State racing commission" means the state racing commission, or its equivalent, in each
- 3 member state. Where a member state has more than one, it shall mean all such racing
- 4 commissions, or their equivalents.
- 5
- 6

7 **Article III**

8 **Composition and Meetings of Compact Commission**

9

10 The member states shall create and participate in a compact commission as follows:

11

- 12 A. This compact shall come into force when enacted by any six (6) eligible states, and shall
- 13 thereafter become effective as to any other eligible state that enacts this compact. Any state
- 14 that has adopted or authorized pari-mutuel wagering on live horse or greyhound racing shall
- 15 be eligible to become a party to this compact. A compact rule, fee, practice, or program shall
- 16 not become effective in a new member state based merely upon it entering the compact.
- 17
- 18 B. The member states hereby create the Racing and Wagering Commission, a body corporate
- 19 and interstate governmental entity of the member states, to coordinate the decision making
- 20 and actions of each member state racing commission through a compact commission.
- 21
- 22 C. The compact commission shall consist of one (1) commissioner, the chairperson of the state
- 23 racing commission or such person's designee, from each member state. When a
- 24 commissioner is not present to perform any duty in the compact commission, a designated
- 25 alternate may serve instead. The person who represents a member state in the compact
- 26 commission shall serve and perform such duties without compensation or remuneration;
- 27 provided that, subject to the availability of budgeted funds, each may be reimbursed for
- 28 ordinary and necessary costs and expenses. The designation of a commissioner, including
- 29 the alternate, shall be effective when written notice has been provided to the compact
- 30 commission. The commissioner, including the alternate, must be a member or employee of

1 the state racing commission.
2

3 D. The compact commissioner from each state shall participate as an agent of the state racing
4 commission. Each commissioner shall have the assistance of the state racing commission in
5 regard to all decision making and actions of the state in and through the compact
6 commission.
7

8 E. Each member state, by its commissioner, shall be entitled to one (1) vote in the compact
9 commission. A majority vote of the total number of commissioners shall be required to issue
10 or renew a license, to receive and distribute any funds, and to adopt, amend, or rescind the
11 by-laws. A compact rule, fee, practice, or program shall take effect in and for each member
12 state whose commissioner votes affirmatively to adopt it. Other compact actions shall
13 require a majority vote of the commissioners who are meeting.
14

15 F. Meetings and votes of the compact commission may be conducted in person or by telephone
16 or other electronic communication. Meetings may be called by the chairperson of the
17 compact commission or by any two (2) commissioners. Reasonable notice of each meeting
18 shall be provided to all commissioners serving in the compact commission.
19

20 G. No action may be taken at a compact commission meeting unless there is a quorum, which is
21 either a majority of the commissioners in the compact commission or, where applicable, all
22 the commissioners from any member states who propose or are voting affirmatively to adopt
23 a compact rule, fee, practice, or program.
24

25 H. Once effective, the compact shall continue in force and remain binding according to its terms
26 upon each member state; provided that, a member state may withdraw from the compact by
27 repealing the statute that enacted the compact into law. The racing commission of a
28 withdrawing state shall give written notice of such withdrawal to the compact chairperson,
29 who shall notify the member state racing commissions. A withdrawing state shall remain
30 responsible for any unfulfilled obligations and liabilities. The effective date of withdrawal

1 from the compact shall be the effective date of the repeal.

2
3
4 **Article IV**

5 **Operation of Compact Commission**

6
7 The compact commission is hereby granted, so that it may be an effective means to pursue and
8 achieve the purposes of each member state in this compact, the power and duty:

- 9
- 10 A. To adopt, amend, and rescind by-laws to govern its conduct, as may be necessary or
11 appropriate to carry out the purposes of the compact; to publish them in a convenient form;
12 and to file a copy of them with the state racing commission of each member state.
13
 - 14 B. To elect annually from among the commissioners (including alternates) a chairperson, vice-
15 chairperson, and treasurer with such authority and duties as may be specified in the by-laws.
16
 - 17 C. To establish and appoint committees which it deems necessary for the carrying out of its
18 functions, including advisory committees which shall be comprised of national industry
19 stakeholders and organizations, and such other persons as may be designated in accordance
20 with the by-laws, to obtain their timely and meaningful input into the compact rule, fee,
21 practice, and program making processes.
22
 - 23 D. To establish an executive committee, with membership established in the by-laws, which
24 shall oversee the day-to-day activities of compact administration and management by the
25 executive director and staff; hire and fire as may be necessary after consultation with the
26 compact commission; administer and enforce compliance with the provisions, by-laws, rules,
27 fees, practices, and programs of the compact; and perform such other duties as the by-laws
28 may establish.
29
 - 30 E. To create, appoint, and abolish all those offices, employments, and positions, including an

1 executive director, useful to fulfill its purposes; to hire persons for them; to prescribe their
2 powers, duties, and qualifications; and to provide for their term, tenure, removal,
3 compensation, fringe and retirement benefits, and other conditions of employment.
4

5 F. To delegate day-to-day management and administration of its duties, as needed, to an
6 executive director and support staff, such as the Association of Racing Commissioners
7 International, Inc. or its successor.
8

9 G. To adopt an annual budget sufficient to provide for the payment of the reasonable expenses
10 of its establishment, organization, and ongoing activities. The budget shall be fully funded
11 by means established by the compact commission. A member state may choose to participate
12 in funding by means other than a compact fee or fees, in which case the compact commission
13 shall make a finding of how much the member state, including its racing and wagering, may
14 benefit from budget items (less program costs funded by user fees); and the member state
15 may provide such funding by its own means. Indivisible benefits to live racing shall be
16 allocated by proportion of annual purses. Nothing in this provision shall prevent the compact
17 commission from paying obligations accrued in a prior year or from revising its finding of
18 the benefit to a member state from the preceding year.
19

20 H. To provide a mediation and a binding dispute resolution service for member states who
21 decide to use them to resolve a compact dispute among each other; provided, that the design
22 and implementation of each program shall be established by compact rule making.
23

24 **Article V**

25 **General Powers and Duties**
26

27 To allow each member state, as and when it chooses, to achieve the purposes of this compact through
28 joint and cooperative action, the member states are hereby granted the power and duty, by and
29 through the compact commission:
30

- 1 A. To act jointly and cooperatively to create a more equitable and uniform pari-mutuel racing
2 and wagering interstate regulatory framework, including but not limited to the adoption of
3 standardized rules of racing and equine drug regulations, closing inequalities in how
4 regulatory standards and statutory requirements apply to industry participants, improving
5 wagering monitoring and integrity, and making industry and participant information more
6 available to government officials.
7
- 8 B. To collaborate with national industry stakeholders and industry organizations, such as the
9 Racing Medication and Testing Consortium, in the design and implementation of compact
10 rules, fees, practices, and programs in a manner that serves the best interests of racing.
11
- 12 C. To create more uniform, effective, or efficient practices and programs, with the consent of
13 each member state that shall participate in them, relating to any part of live pari-mutuel horse
14 or greyhound racing or pari-mutuel wagering activities, whether on-track or off-track, that
15 occur in or affect a member state.
16
- 17 D. To adopt compact rules, which shall have the force and effect of state rules or regulations in
18 the member states who vote to adopt them, to govern all or any part of live pari-mutuel horse
19 and greyhound racing or pari-mutuel wagering activities.
20
- 21 E. To charge and collect a fee for services provided by the compact, including licensure and
22 renewal of each license applicant, and for defraying the actual cost of compact commission
23 administration, procedures, activities, and programs.
24
- 25 F. To issue and renew licenses for participants in live racing and pari-mutuel wagering who are
26 found by the compact commission to have met its licensure or renewal requirements in
27 categories it chooses to license. It shall establish the term for each category, and the license
28 criteria and weight given to character and integrity information that in its judgment meet the
29 most restrictive requirements of the member states. The compact commission shall not have
30 the power or authority to deny a license. If it determines that an applicant will not be

1 eligible, it shall notify the applicant that it will not be able to process the application any
2 further, which shall not constitute and shall not be considered to be the denial of a license.
3 Although an applicant shall have the right to present further evidence and to be heard, the
4 final decision on issuance or renewal of a license shall be made by the compact commission
5 pursuant to its established requirements. The compact commission shall have the power and
6 duty to investigate license applicants and, as permitted by federal and state law, to gather
7 information, including criminal history records from the Federal Bureau of Investigation and
8 from state, local, and foreign country law enforcement agencies (including the Royal
9 Canadian Mounted Police), necessary to decide whether an applicant meets its license
10 requirements. Such criminal history record information may be received and reviewed only
11 by the officials on, and employees of, the compact commission, and that information may be
12 used only for the purposes of this compact. No such official or employee may disclose or
13 disseminate such criminal history record information to any person or entity other than
14 another official on, or employee of, the compact commission. The compact commission, its
15 employees, or its designee shall take the fingerprints of each license applicant and, pursuant
16 to Public Law 92-544 or Public Law 100-413, forward the fingerprints to a state
17 identification bureau, the Association of Racing Commissioners International, Inc. (an
18 association of state officials regulating pari-mutuel wagering, designated by the Attorney
19 General of the United States), or another entity with an equivalent designation, for
20 submission to the Federal Bureau of Investigation or other receiving law enforcement
21 agency. The compact commission shall cooperate with the Interstate Compact on Licensure
22 of Participants in Live Racing with Pari-Mutuel Wagering and, if requested by that entity,
23 assume all of its licensing and employer duties and responsibilities with the authority of and
24 pursuant to all of the licensing standards, laws, rules and regulations applicable to that entity.

25 26 **Article VI**

27 **Other Powers and Duties**

28
29 The compact commission may exercise such incidental powers and duties as may be necessary and
30 proper for it to function in a useful manner, including but not limited to the power and duty:

- 1
- 2 A. To enter into contracts and agreements with governmental agencies and other persons,
3 including officers and employees of a member state, to provide personal services for its
4 activities and such other services as may be necessary.
- 5
- 6 B. To borrow, accept, and contract for the services of personnel from any state, federal, or other
7 governmental agency, or from any other person or entity.
- 8
- 9 C. To receive information from and to provide information to each member state racing
10 commission, including its officers and staff, on such terms and conditions as may be
11 established in the by-laws.
- 12
- 13 D. To acquire, hold, and dispose of any real or personal property by gift, grant, purchase, lease,
14 license, and similar means, and to receive additional funds through gifts, grants, and
15 appropriations.
- 16
- 17 E. To purchase and maintain insurance and bonds, and to require others to do so.
- 18
- 19 F. When authorized by a compact rule, to conduct hearings, issue subpoenas requiring the
20 attendance and testimony of witnesses and the production of evidence, and render decisions
21 and orders.
- 22
- 23 G. To establish in the by-laws the requirements that shall describe and govern its duties to
24 conduct open or public meetings and to provide public access to compact records and
25 information, which shall include the exceptions established by law in one or more member
26 states and shield any confidential submissions made in connection with license applications.
- 27
- 28 H. To enforce compliance with the provisions, by-laws, rules, fees, practices, and programs of
29 the compact using such means as may be consistent with this compact.
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Article VII
Compact Rule-Making

In the exercise of its rule making authority, the compact commission shall:

- A. Engage in formal rule making pursuant to a process that substantially conforms to the Model State Administrative Procedure Act of 1981 as amended, as may be appropriate to the actions and operations of the compact commission.

- B. Gather information and engage in discussions with advisory committees, national industry stakeholders, and others to foster and conduct a collaborative approach in the design and advancement of compact rules in a manner that serves the best interests of racing and as established in the by-laws.

- C. Not publish a proposed compact rule in a member state over its objection. The affirmative vote of a member state for a proposed compact rule shall be necessary and sufficient to adopt, amend, or rescind a compact rule as applicable to that member state.

- D. Have a standing committee that reviews at least quarterly the participation in and value of compact rules and, when it determines that a revision is appropriate or when requested to by any member state, submits a revising proposed compact rule. To the extent a revision would only add or remove a member state or states from where a compact rule has been adopted, the vote required by this Article shall be required of only such state or states.

Article VIII
Compact Fees

- A. The compact commission may charge and collect a fee for services provided by the compact,

1 including licensure and renewal of each license applicant, and for defraying the actual cost of
2 compact commission administration, procedures, activities, and programs; provided that such
3 latter fee or fees shall not create a disproportionate cost for any member state.

4
5 B. Compact fees must relate to participation in live horse or greyhound racing and pari-mutuel
6 wagering activities, whether on-track and off-track, that occur in or affect a member state.
7 No fee shall be adopted except after consultation with relevant advisory committees and
8 interested national industry stakeholders.

9
10 C. The establishment of a compact fee may include a requirement that a participant in live horse
11 or greyhound racing with pari-mutuel wagering, as a condition of continued participation,
12 collect, hold, and remit to the compact commission funds that belong to a third party, with
13 which it conducts related transactions, that is obliged to pay the compact fee.

14
15 D. The compact commission may require fee payments to occur on a periodic basis,
16 accompanied by a sworn report attesting to accuracy and completeness, and may provide that
17 it shall have the power to examine the books and records of any persons required to pay or
18 remit it, for the purpose of ascertaining whether the proper amounts are being paid. Such
19 books and records shall not thereby be made available for public inspection.

20
21 E. No fee shall be adopted before the completion of a period of public notice and participation
22 substantially conforming, as may be appropriate to the actions and operations of the compact
23 commission, to that for making rules under the Model State Administrative Procedure Act of
24 1981 as amended.

25
26 **Article IX**

27 **Status and Relationship to Member States**

28
29 A. The compact commission, as an interstate governmental entity, shall be exempt from all
30 taxation in and by the member states.

1
2 B. The compact commission shall not pledge the credit of any member state except by and with
3 the appropriate legal authority of that state.

4
5 C. The compact commission shall adopt an annual budget that is sufficient to provide for the
6 payment of the reasonable expenses of its establishment, organization, and ongoing
7 activities, and by which member states shall fully fund the compact commission by the
8 means set forth in this compact.

9
10 D. Each member state shall reimburse or otherwise pay the expenses of its commissioner,
11 including any alternate, in the compact commission.

12
13 E. No member state, except as provided in Article XII, shall be held liable for the debts or other
14 financial obligations incurred by the compact commission.

15
16 F. No member state shall have, while it participates in the compact commission, any claim to or
17 ownership of any property held by or vested in the compact commission or to any compact
18 commission funds held pursuant to this compact except for state license or other fees or
19 monies collected by the compact commission as its agent.

20
21 G. The compact dissolves upon the date of the withdrawal of the member state that reduces
22 membership in the compact to one (1) state. Upon dissolution, the compact becomes null
23 and void and shall be of no further force or effect, although rules and programs adopted
24 through this compact shall remain rules and programs in each member state that had adopted
25 or consented to them, and the business and affairs of the Racing and Wagering Compact shall
26 be concluded and any surplus funds shall be distributed to the former member states in
27 accordance with the by-laws.

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1 **Article X**

2 **Rights and Responsibilities of Member States**

- 3
- 4 A. Each member state in the compact shall accept the decisions, duly applicable to it, of the
5 compact commission in regard to compact rules, fees, practices, and programs and the
6 issuance or renewal of licenses.
- 7
- 8 B. When the compact commission determines that an application shall not be processed further,
9 the member states shall not treat this as the denial of a license or otherwise penalize the
10 applicant because of such action by the compact commission.
- 11
- 12 C. Each member state in the compact shall have and exercise the right:
- 13
- 14 (1) to charge a fee for the use of a compact license within that member state equal to the fee
15 charged for a comparable state license;
- 16
- 17 (2) to apply its own standards and procedures to determine whether use of a compact
18 commission license should be suspended or revoked in its jurisdiction;
- 19
- 20 (3) to apply its own standards for licensure or renewal of state applicants who do not meet
21 the licensure requirements of the compact commission, who are within a category of
22 participants in racing and wagering that the compact commission does not license, or who
23 apply to the member state for a state license; and
- 24
- 25 (4) to apply its own standards and procedures, except as may be provided by rule, to
26 determine whether a participant in live racing or pari-mutuel wagering has violated any rule
27 or regulation in its jurisdiction and to impose an appropriate penalty.
- 28
- 29 D. Each member state racing commission shall promptly notify the compact commission, or its
30 designee, whenever the member state has adjudged a violation of any state or compact rule

1 and imposed a suspension or revocation upon a compact commission licensee.

2
3 E. All departments, agencies, bodies, officers, and employees of each member state and its
4 political subdivisions are authorized to cooperate with the compact commission and shall
5 take all necessary and appropriate action, such as to publish proposed and adopted rules in
6 state registries and administrative codes, to effectuate and in furtherance of compact duties or
7 actions that may affect the state.

8
9 F. This statute shall not be construed to diminish or limit the powers and responsibilities of the
10 member state racing commission, or to invalidate any action it has previously taken, except
11 to the extent it has, by its compact commissioner, expressed its consent to a specific rule or
12 other action of the compact commission.

13
14
15 **Article XI**

16 **Enforcement of Compact**

17
18 A. Any member state in the compact and the compact commission may initiate legal action in
19 the United States District Court, in any federal district where the compact commission has an
20 office, to enforce compliance by any member state or the compact commission with the
21 compact provisions, by-laws, fees, findings, practices, and programs.

22
23 B. Any member state in the compact and the compact commission may initiate legal action, in
24 any state or federal court, to enforce the compact provisions, fees, practices, and programs
25 against any person, including a non-member state or political subdivision.

26
27 C. The compact commission shall have standing to intervene in any legal action that pertains to
28 the subject matter of the compact and might affect its powers, duties, or actions.

29
30 D. The courts and executive in each member state shall enforce the compact and take all actions

1 necessary and appropriate to effectuate its purposes and intent. Compact provisions, by-laws,
2 and rules shall be received by all judges, departments, agencies, bodies, and officers of each
3 member state and its political subdivisions as evidence of them.

4
5 E. The compact commission may require, from the date a compact fee was required to be paid,
6 interest not to exceed the rate of one (1) percent per month and a penalty not to exceed five
7 (5) percent. The compact commission may, if it determines that any fees received by it were
8 paid in error, and provided that an application for it is filed with the compact commission
9 within one (1) year from the time the erroneous payment is made, correct the error by a
10 refund, without interest, including from other collected fees.

11
12 F. The compact commission, if it determines that a payment or report is in error, may make a
13 finding that fixes the correct amount of the fee. It must issue the finding within three (3)
14 years from when a fee or report was due or filed. The finding shall be final and conclusive
15 unless an application for a hearing is filed by the subject within thirty (30) days. The action
16 of the compact commission in making a final finding, after a hearing, shall be reviewable in
17 state court as provided in this compact.

18
19
20 **Article XII**

21 **Legal Actions Against Compact**

22
23 A. Any person may commence a claim, action, or proceeding in state court to challenge a
24 compact rule, fee, practice, or program that is duly applicable to that state, in the same
25 manner and subject to the same liabilities, defenses, rights to indemnity and defense by the
26 state, and other legal rights and duties, for non-compact matters, of the state racing
27 commission under the laws of its state.

28
29 B. A compact commissioner, alternate, or other member or employee of a state racing
30 commission who undertakes compact activities or duties does so in the course of business of

1 their state racing commission, and shall have the liabilities, defenses, rights to indemnity and
2 defense by the state, and other legal rights and duties, for non-compact matters, of state
3 employees under the laws of their state. The executive director and other employees of the
4 compact commission shall be accorded the same legal rights and duties, except to indemnity,
5 of state employees under the laws of the member state in which they are primarily employed.
6

7 C. Each member state shall be liable for and pay judgments filed against the compact
8 commission to the extent related to its participation in the compact. Where liability arises
9 from action undertaken jointly with other member states, the liability shall be divided equally
10 among the states for whom the applicable rule, fee, practice, program, or action or omission
11 of the executive director or other employees of the compact commission was undertaken; and
12 no member state shall contribute to or pay, or be jointly or severally or otherwise liable for,
13 any part of any judgment beyond its share as determined in accordance with this Article.
14
15

16 **Article XIII**

17 **Construction, saving, and severability**

18
19 A. This compact shall be liberally construed so as to effectuate its purposes. The provisions of
20 this compact shall be severable and if any phrase, clause, sentence or provision of this
21 compact is declared to be contrary to the Constitution of the United States or of any member
22 state, or the applicability of this compact to any government, agency, individual, person or
23 circumstance is held invalid, the validity of the remainder of this compact and its
24 applicability to any government, agency, person or circumstance shall not be affected. If all
25 or some portion of this compact is held to be contrary to the constitution of any member
26 state, the compact shall remain in full force and effect as to the remaining member states and
27 in full force and effect as to the state affected as to all severable matters.
28

29 B. In the event of any allegation, finding, or ruling against the compact or its procedures or
30 actions, provided that a member state has followed the compact's stated procedures, any rule
31 it purported to adopt using the procedures of this statute shall constitute a duly adopted and

1 valid state rule, and any program that it purported to create or agree to using the procedures
2 of this statute shall constitute a duly made and valid state program and multilateral agreement
3 with the other consenting member states.
4

5
6 **Article XIV**

7 **Restrictions and Grants of Authority**
8

- 9 A. The compact commission shall not adopt any practice, program, or rule that changes New
10 York state requirements governing the amount and distribution of the takeout, retention, or
11 breakages on intrastate wagers or that imposes licensure requirements for non-racing and
12 non-wagering employees of a racetrack or off-site wagering facility operating wholly in state.
13
- 14 B. New York state laws applicable to pari-mutuel racing and wagering shall remain in full force
15 and effect.
16

17 **NOTE:** ARTICLE XIV is the section of the bill where individual states may
18 customize this authorizing legislation. The Model bill contains language
pertinent to New York.