

WARNING

It is a felony for anyone to sign any initiative or referendum petition with any name other than his own, or to knowingly sign his name more than once for the measure, or to sign such petition when he is not a qualified elector.

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SECRETARY OF STATE
STATE OF IDAHO

To the Honorable Lawrence Denny, Secretary of State of the State of Idaho:

"We, the undersigned citizens and qualified electors of the State of Idaho, respectfully demand that the following proposed law, to-wit:

Be it enacted by the People of the State of Idaho:

Section 1. Title. This act shall be known as the Save Horse Racing in Idaho Act.

Section 2. Findings and Purposes.

The people of the State of Idaho recognize and declare the following:

(1) Idaho's horse racing industry is an important contributor to the state's economy (approximately \$50 million in annual payroll, sales, goods and services in 2015) and an enduring element of our Western heritage. Enabling historical horse racing terminals ("HHR") will save the horse racing industry and bring back hundreds of local, good-paying jobs and create hundreds of new ones.

(2) Like live horse race wagering, HHR terminals are part-mutuel, which means that the law requires that a high percentage of money wagered be returned to bettors (unlike most casino games), with a small percentage taken out to cover operating expenses. Part-mutuel wagering is allowed under Idaho's Constitution, and it is regulated and audited by the state.

(3) In 2013, the Idaho Legislature voted to allow HHR at horse racing tracks in Idaho. During the following year of operation, approximately 90% of all HHR wagering was returned to bettors. In addition, HHR became the primary funding source to increase live horse purses from \$2000 to \$5000 per race, providing a more sustainable source of income and economic stability to horsemen.

(4) However, two years later a gubernatorial veto that would have protected HHR was ruled invalid due to a discrepancy about the veto's timing. This action triggered track closures, loss of employment (over 535 jobs) and harm to and the closure of local small businesses and family owned horse farms.

(5) This ballot measure would reauthorize and enable part-mutuel HHR wagering to resume and be limited to existing race tracks that are authorized to conduct live and/or simulcast wagering. It would require by statute that at least 90% of all HHR revenues be returned to bettors and contain strict independent accountability measures and regulatory oversight provisions. This initiative would also explicitly prohibit slot machines.

(6) More importantly, this initiative will bring back hundreds of local, good-paying jobs, create hundreds of new ones and provide over \$50 million in economic activity. It will also benefit Idaho's rural communities and public schools while saving the important legacy of Idaho's horse racing industry.

(7) This ballot measure would provide much needed money for public school classrooms.

(8) The use of HHR to boost a state's economy and protect its horse racing industry is not unique. Currently, neighboring states like Oregon and Wyoming, as well as Kentucky and Arkansas allow HHR, while 21 states allow some form of gaming to supplement the business of live horse racing.

(9) HHR allows the horse racing industry to survive without government support. Without HHR, horse racing in Idaho will no longer be sustainable and will cease to exist.

(10) Repeated attempts by the horse racing industry and its proponents to restore HHR through the Legislature have failed, jeopardizing the existence of live horse racing. Therefore, the citizens of Idaho desire to secure the future of live horse racing in Idaho themselves through this ballot measure. This measure is a fair, reasonable, legal solution that balances the benefits of saving horse racing with concerns about gaming. Furthermore, it clarifies that it is public policy of the State of Idaho that wagering on HHR is pari-mutuel and allowed under the Idaho Constitution.

Section 3. Chapter 25, Title 54, Idaho Code, is hereby amended by the addition thereto of NEW SECTIONS, to be known and designated as Section 54-2512A, 54-2512B, and 54-2512C Idaho Code, and to read as follows:

54-2512A. Pari-mutuel betting on historical horse race video terminals — Distributions of deposits — Historical horse race purse moneys fund.

(1) Wagering on an historical horse race is declared to be lawful and such wagering may be conducted at any facility located within the grounds or enclosure where live and/or simulcast horse racing is conducted and where at least eight (8) live horse race days are conducted annually, or where such simulcast facility is subject to 54-2514A(1), Idaho Code. Wagering on an historical horse race shall be conducted in accordance with the pari-mutuel system pursuant to the provisions of this chapter and in accordance with all rules promulgated by the commission.

(2) Historical horse racing terminals shall not be activated by a handle or lever, do not dispense coins, currency, tokens, or chips, and shall only perform the following functions:

- (a) Accept currency or other representative of value to qualify a player to participate in one or more games;
- (b) Dispense, at the player's request, a cash-out ticket that has printed upon it the game identifier and the player's credit balance;
- (c) Show on a video screen or other electronic display, rather than on a paper ticket, the results of each game played;
- (d) Show on a video screen or other electronic display, in an area separate from the game results, the player's credit balance;
- (e) Maintain the integrity of the operations of the terminal.

(3) Notwithstanding any other provision of Idaho law, a historical horse racing terminal as described in sub-section (2) above is not a slot machine or an electronic or electromechanical imitation or simulation of any form of casino gambling.

(4) Each licensee conducting the pari-mutuel system for historical horse races shall distribute and pay all sums deposited in any historical horse race pool as follows:

- (a) No less than ninety percent (90%) of gross daily receipts in various wagering pools shall be established to fund reserves and payoffs for distribution and payment to winning wagers;
- (b) One percent (1.00%) of gross daily receipts shall be provided to the Idaho state racing commission for distribution and deposit in designated accounts, as follows:

- (i) One half of one percent (.50%) to the Public School Income Fund
- (ii) One-fourth of one percent (0.25%) of gross daily receipts to the racing commission account within the state regulatory fund;
- (iii) One-tenth of one percent (0.10%) of gross daily receipts to the track distribution account within the pari-mutuel distribution fund;
- (iv) One-tenth of one percent (0.10%) of gross daily receipts to the breed distribution account within the pari-mutuel distribution fund, to be split equally between the Idaho thoroughbred and quarter horse breeders;

(v) One-twentieth of one percent (0.05%) of gross daily receipts to the Idaho Horse Council youth programs account, which is hereby created within the pari-mutuel distribution fund; and

(c) The balance of gross daily receipts to the licensee. All moneys in these accounts are hereby continuously appropriated to the commission for further distribution and time of payment as provided in section 54-2513, Idaho Code.

(5) Each licensee conducting the pari-mutuel system for historical horse races shall enter into an agreement with a horsemen's group, as the term "horsemen's group" is defined in section 54-2502, Idaho Code, that shall address, but not be limited to, establishing the percentage of the historical horse race handle that is dedicated to the live horse race purse structure. In addition, the agreement shall provide that all historical horse race purse moneys that are accrued as required by horsemen's agreements shall be held in the historical horse race moneys fund created pursuant to the provisions of this section.

(6) The historical horse race purse moneys fund is hereby created in the state treasury. Moneys in the fund shall consist of all historical horse race moneys that are accrued as required by horsemen's agreements. Moneys in the fund are hereby perpetually appropriated to the Idaho State Racing Commission for distribution pursuant to the provisions of horsemen's agreements and rules of the Commission. The Commission is authorized to promulgate rules providing for the receipt, deposit, withdrawal and distribution of such moneys. The state treasurer shall invest idle moneys in the fund and any interest received on those investments shall be returned to the fund which is created pursuant to the provisions of this section.

(7) The Commission shall promulgate rules pursuant to chapter 52, title 67, Idaho Code, to implement the provisions of this section.

54-2512B. Effect.

Notwithstanding any other provision of Idaho law, this act shall be in full force and effect after voter approval and immediately upon completion of the canvass of the votes by the Board of Canvassers. No further action by the executive or legislative branches of state government are required to implement the provisions of this act.

54-2512C. Severability.

The terms of this act are severable such that if any term or provision is declared by a court of competent jurisdiction to be illegal, void, or unenforceable, the remaining provisions of this act shall continue to be valid and enforceable. It is the intent of the voters, that, to the extent any term or provision is declared to be illegal, void, or unenforceable, the legislature shall take all available steps to enact such term or provision in a legal, valid, and enforceable manner, whether through a statute or a proposed constitutional amendment to restore live horse racing in Idaho through the authorization of pari-mutuel wagering on historical horse races using video terminals.

Shall be submitted to the qualified electors of the State of Idaho, for their approval or rejection at the regular General Election, to be held on the 6th day of November, A.D., 2018, and each for himself says: I have personally signed this petition; I am a qualified elector of the State of Idaho; my residence and post office are correctly written after my name.