# GENERAL ASSEMBLY OF NORTH CAROLINA SESSION 2021

S SENATE BILL 629

Short Title:	North Carolina Derby Act.	(Public)
Sponsors:	Senators Lowe and Perry (Primary Sponsors).	
Referred to:	Rules and Operations of the Senate	

## April 7, 2021

A BILL TO BE ENTITLED

AN ACT FOSTERING NEW DEVELOPMENT IN THE EQUINE SECTOR OF THE AGRICULTURAL INDUSTRY ALSO BOLSTERING ECONOMIC ACTIVITY IN NC FOR RETAIL MERCHANTS, RESTAURANTS AND LODGING, TRAVEL AND TOURISM, AND THE HOSPITALITY INDUSTRY.

Whereas, the equine industry in the U.S. generates approximately \$122\$ billion in total economic impact; and

Whereas, the equine industry has a \$6.5 billion economic impact and generates over 60,000 jobs in the Commonwealth of Kentucky; and

Whereas, the Kentucky Derby is the oldest continuously held sporting event in the United States and its direct economic impact on the city of Louisville is in excess of \$350 million per year; and

Whereas, Kentucky Derby history is rich with diversity. Women have owned, trained, and ridden Kentucky Derby horses, while 15 of the first 28 Kentucky Derby winning jockeys were African American; and

Whereas, the people of North Carolina would benefit greatly from creative growth in such a diverse, vibrant sector which enhances economic activity in multiple economic sectors; Now, therefore,

The General Assembly of North Carolina enacts:

**SECTION 1.** The General Statutes are amended by adding a new Chapter to read:

# "<u>Chapter 16A.</u> "North Carolina Derby Act.

"Article 1.
"General Provisions and Definitions.

### "§ 16A-1. Short title.

This Chapter may be cited as the "North Carolina Derby Act."

27 "§ 16A-2. Findings and policy.
 28 The General Assembly finds

The General Assembly finds that horse racing events will generate additional revenues and incentives for development of a horse training and breeding industry and further development of the equine industry in this State, for farmland enhancement, and for other governmental purposes and will provide additional jobs for the residents of the State and benefit the businesses related to tourism and recreation within the State.

It is in the public interest to provide for the establishment of a racing commission to:

- (1) Regulate horse racing;
- (2) Promote breeding and training of horses and the further development of the equine industry in this State;



1 Promote farmland enhancement, the development of new crops in this State, (3) 2 and the enhancement of the State's agribusiness industry; 3 Administer and enforce the provisions of this Chapter; and <u>(4)</u> 4 Develop a long-term plan for racing in North Carolina to determine the (5) 5 appropriate location and number of tracks to be built in this State so as to 6 position any major track and its purse structure in the upper segment of good 7 quality tracks while creating a strong breeding, foaling, and training structure 8 throughout the State. 9 "§ 16A-3. Definitions. 10 Unless the context clearly otherwise requires, the following definitions apply in this Chapter: 11 Breeder. – The owner of a female horse at the time the female horse gives (1) 12 birth to a North Carolina-bred horse. Breeding fund. – Special funds established by the Commission pursuant to the 13 **(2)** 14 provisions of this Chapter and any applicable rules of the Commission concerning the breeding, raising, and racing of horses in the State. 15 Breeding fund fee. – A fee payable to the Commission by an operator pursuant 16 <u>(3)</u> 17 to this Chapter for deposit into the appropriate horse-breeding fund. 18 <u>(4)</u> Commission. – The North Carolina Lottery Commission established under 19 Chapter 18C of the General Statutes. 20 <u>(5)</u> Horse racing. – Any form of horse racing in which horses carry human riders 21 or pull sulkies with human riders. 22 License. – A privilege, not a right, that is granted to the holder by the <u>(6)</u> 23 Commission in accordance with the provisions of Article 3 of this Chapter. 24 <u>(7)</u> Licensed facility or licensed race facility. – All areas on the grounds of a race 25 track, including the parking area, to which admission can be obtained only by 26 payment of an admission fee or presentation of official credentials. 27 (8) Metro area. – The counties containing a metro area population as defined for 28 the purposes of allocating government funds by the federal Office of 29 Management and Budget. 30 <u>(9)</u> Net revenues. – All fees (other than breeding fund fees), commissions, and 31 other monies received by the Commission less all expenses incurred in the 32 administration of this Chapter. 33 <u>(10)</u> North Carolina-bred horse. - A horse which is registered in the registry 34 designated and administered by the Commission in accordance with the 35 Commission's rules concerning domicile and registration requirements. 36 North Carolina-trained horse. – A horse which is boarded and trained in North (11)37 Carolina when not attending racing meetings and which has been trained 38 under the rules adopted by the Commission at a North Carolina Certified 39 Training Center and is eligible for special races. 40 North Carolina stallion. – A stallion which is standing in the State at the time <u>(12)</u> 41 he is bred to the dam of a North Carolina-bred horse, which is registered with 42 the Commission in accordance with the Commission's rules concerning 43 domicile and registration requirements. 44 Office or NCRO. - The North Carolina Racing Office established under the (13)45 Commission which is vested with control of all horse racing in the State and 46 with power to adopt rules under which racing and wagering shall be 47 conducted. 48 Operator. – A corporation licensed by the Commission to conduct horse racing (14)

events in accordance with the provisions of this Chapter.

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proper oversight of the Office's operations and responsibilities, including:

- The Office's activities for the prior year; (1)
- The Office's organizational structure and personnel; (2)
- The Office's receipts and disbursements; **(3)**
- The Office's recommendations for changes in the laws relating to racing: (4)
- The impact of horse racing on economic development in this State, including **(5)** the impact on travel and tourism and agriculture;
- Multiyear projections on the future costs of operating the Office and on (6) regulating horse racing in this State; and
- Recommendations to enhance the development of horse racing in North (7) Carolina.

#### "§ 16A-7. Office powers and duties.

The Office is vested with control of all horse racing in the State and may adopt rules under which racing shall be conducted and under which this Chapter shall be implemented and, in addition, has the following specific powers and duties:

> To issue permits to build only quality racing facilities that are designed to (1) permit year-round racing;

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- 1 (2) To assign dates and adopt rules for the conduct of horse racing; 2 (3) To license all racing personnel and to adopt licenses as pro
  - (3) To license all racing personnel and to adopt licenses as provided in this Chapter;
  - (4) To enforce all laws and rules governing horse racing;
  - (5) To audit books and distribute funds and to collect and distribute all taxes as provided for in this Chapter;
  - (6) To conduct necessary investigations and inquiries and compel the submission of information, documents, and records it deems necessary to carry out its duties;
  - (7) To initiate hearings or appeals of alleged wrongdoings;
  - (8) To provide testing facilities for racing animals;
  - (9) To employ and supervise personnel under the laws of this Chapter;
  - (10) To ensure that all operations are cleanly, efficiently, safely, and honestly run;
  - (11) To take all necessary steps to ensure the integrity of racing in North Carolina; and
  - (12) To maintain the goal of service to the public within the objectives of developing the agribusiness, the equine, and the travel and tourism industries in North Carolina.

#### "§ 16A-8. Executive Secretary.

- (a) The Executive Secretary is in charge of executing the rules adopted by the Commission and conducting the business of the Office. The Executive Secretary shall guarantee that pertinent records and statistics are kept for use in annual reports to appropriate parties and coordinate this information with other states in the Association of Racing Commissioners, International, and other organizations.
- (b) The Executive Secretary is responsible for the licensing department and the racing field personnel. The Executive Secretary is responsible for hiring and supervising the office force necessary to carry out the Office's duties, including the field personnel under the Office's jurisdiction. The Executive Secretary furnishes staff support to the State Steward.
- (c) The Executive Secretary shall receive a salary in an amount established by the Commission plus travel and subsistence allowance in accordance with G.S. 138-6.
- (d) <u>In addition to the above-listed duties, the Executive Secretary shall perform all of the</u> following:
  - (1) Take and preserve records of all proceedings pertaining to matters regulated under this Chapter before the Commission; maintain its books, documents, and records; and make them available for public inspection as the Commission directs.
  - (2) If so designated by the Commission, to act as a hearing officer in hearings conducted under the Administrative Procedure Act, to conduct hearings, receive testimony and exhibits, and certify the record of proceedings to the Commission.
  - (3) Act as the Commission's chief personnel officer and supervise the employment, conduct, duties, and discipline of all Commission employees.
  - (4) Perform other duties as directed by the Commission.

#### "§ 16A-9. Other employees; staff.

- (a) Subject to the applicable laws, the Executive Director shall employ and assign duties to other officers, employees, agents, and field personnel it deems necessary to discharge its functions.
- (b) Office personnel are subject to the same laws, particularly conflicts of interest, as are the members of the Commission.

# "§ 16A-10. Assistance.

1 The Office may request assistance from any department or agency of the State in fulfilling 2 its duties and shall make appropriate reimbursement for any assistance and services provided by 3 other governmental entities. 4

"§ 16A-11. Reserved for future codification purposes.

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"Article 3. "Licensing.

### "§ 16A-15. License required.

- In order to guarantee the integrity of horse racing in North Carolina, and to provide for adequate control and supervision of all persons involved with horse racing by the Office, all persons, other than admission-paying patrons or other members of the general public attending the horse races at licensed facilities, shall be licensed by the Office.
- The Commission shall create a schedule of license, application requirements, and application fees to support the activities of the Office in reviewing and administering licenses. No person may engage in any of the activities subjected to licensing requirements by the Commission without first having obtained the appropriate license from the Office.

#### "§ 16A-16. Drug testing.

The Office may require that all licensed personnel shall sign waivers allowing drug testing.

#### "§ 16A-17. Licenses nontransferable.

A license issued under this Chapter may not be transferred.

#### 20 "§ 16A-18. License fees.

The Commission shall establish a schedule of license fees to be collected on applications made to the Office."

**SECTION 2.** This act is effective when it becomes law.