SPONSOR: Rep. K. Williams & Rep. Potter & Sen. Walsh
Reps. Keeley, Kowalko, Mulrooney, B. Short, Viola; Sen. Hansen

HOUSE OF REPRESENTATIVES
149th GENERAL ASSEMBLY

HOUSE BILL NO. 251

AN ACT TO AMEND TITLE 3 OF THE DELAWARE CODE RELATING TO ADVANCE DEPOSIT WAGERING.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF DELAWARE:

Section 1. Amend Subchapter IV, Chapter 100, Title 3 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline, as follows:

§ 10051 Definitions.

As used in this chapter:

(1) "Advanced Deposit Wagering" or "ADW" means a system of pari-mutuel wagering in which a person establishes an account with a licensed ADW provider, then issues wagering instructions to the provider via the internet or telephone authorizing it to place wagers on the accountholder's behalf and is considered to be a wager placed in Delaware through the totalizator system of a licensed racetrack.

(2) "Source Market Fees" means contractual compensation paid to local racing interests – tracks and horsemen – in the market in which an accountholder resides when the accountholder wagers on a race conducted in another market or state.

Section 2. Amend §10052, Title 3 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows:

§ 10052 Place for wagering.

Within the enclosure of any harness horse racing meet licensed under this chapter, but not elsewhere, the wagering or betting on horse races or harness horse racing or both by the use of pari-mutuel machines or totalizators and the manual computation without the use of pari-mutuel machines or totalizators, including wagers placed with a licensed Advance Deposit Wagering ("ADW") provider, is authorized and permitted. For purposes of this Chapter, "enclosure of any harness horse racing meet" means and includes all of the property owned by the licensee at the respective racetrack.

Section 3. Amend Subchapter IV, Chapter 100, Title 3 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline, as follows:

§ 10062 Advance deposit wagering authorized.

(a) Advance deposit wagering (ADW) is authorized pari-mutuel betting on horse racing under this chapter if conducted in compliance with this section and the Interstate Horseracing Act of 1978, United States Code, Title 15, Section 3001 et seq.

(b) It is unlawful for any person to accept an advance deposit wager from an individual located within the State of Delaware unless the person is licensed as provided in section 10053 and conducts advance deposit wagering in accordance with the requirements of this chapter and under the terms of a contract that meets the requirements of section 10062(e).

(c) The Commission shall not license an ADW provider to conduct advance deposit wagering under this section unless the person has submitted a completed application as required by section 10053 that is approved by the Commission.

(d) It is unlawful for any ADW provider to accept an advance deposit wager placed from within any part of the licensee's property at which the licensee is authorized to conduct a harness race meet unless the ADW provider has a written agreement with that racetrack expressly permitting the acceptance of the wager.

(e) Before accepting an advance deposit wager from an individual located within the property owned by the licensee for the respective racetrack, a licensed ADW provider must have a written contract in place with the licensed racetrack at which wagers will be accepted. The contract must, at a minimum:

(1) provide for payment of a source market fee to the licensed racetrack for advance deposit wagers placed from within the property owned by the licensee for the respective racetrack;

(2) provide for payment of an on-track location fee to the licensed racetrack for advance deposit wagers placed from within all of the property owned by the licensee for the respective racetrack;

(3) govern all other aspects of the business relationship between the licensed racetrack and the ADW provider;

(4) provide for the dissolution of the relationship and the resulting responsibilities and liabilities if either party to the contract discontinues operations or ceases to be licensed in Delaware;

(5) provide that the contract is governed by Delaware law, and that the parties submit to the exclusive jurisdiction of the state courts of Delaware; and

(6) provide for a term of agreement of not more than three years.

(f) ADW providers shall not accept wagers from an individual located within the property owned by the licensee for the respective racetrack on horse races that are not available to the licensed racetrack at which the subject wagers will be accepted, for any reason, without express written consent from the licensed racetrack at which the subject wager is accepted.

(g) Fifty percent (50%) of the licensee source market fees paid by ADW providers to a licensed racetrack, net of state pari-mutuel taxes and any fees charged by the ADW licensee, shall be distributed to the purse fund.

(h) The commission shall adopt and implement rules necessary for the regulation of advance deposit wagering, including any necessary surety bonds.

Section 4. Amend Subchapter IV, Chapter 101, Title 3 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows:

§ 10160 Definitions.

As used in this chapter:

(1) "Advanced Deposit Wagering" or "ADW" means a system of pari-mutuel wagering in which a person establishes an account with a licensed ADW, then issues wagering instructions to the provider via the internet or telephone authorizing it to place wagers on the accountholder's behalf and is considered to be a wager placed in Delaware through the totalizator system of a licensed racetrack.

(2) "Source Market Fees" means contractual compensation paid to local racing interests – tracks and horsemen – in the market in which an accountholder resides when the accountholder wagers on a race conducted in another market or state.

Section 5. Amend §10161, Title 3 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows:

§ 10161 Place of conducting pari-mutuel betting.

Within the enclosure of any horse ~~race meeting~~ racing meet licensed under this chapter, but not elsewhere, the wagering or betting on horse races or harness horse racing or both by the use of pari-mutuel machines or totalizators and the manual computation without the use of pari-mutuel machines or totalizators, including wagers placed with a licensed Advance Deposit Wagering ("ADW") provider, is authorized and permitted. For purposes of this Chapter, "enclosure of any horse racing meet" means and includes all of the property owned by the licensee at the respective racetrack.

Section 6. Amend Subchapter IV, Chapter 101, Title 3 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows:

§ 10172 Advance deposit wagering authorized.

(a) Advance deposit wagering is authorized pari-mutuel betting on horse racing under this chapter if conducted in compliance with this section and the Interstate Horseracing Act of 1978, United States Code, title 15, section 3001 et seq.

(b) It is unlawful for any person to accept an advance deposit wager from an individual located within the State of Delaware unless the person is licensed as provided in section 10162 and conducts advance deposit wagering in accordance with the requirements of this chapter and under the terms of a contract that meets the requirements of section 10172(e).

(c) The Commission shall not license an ADW provider to conduct advance deposit wagering under this section unless the person has submitted a completed application as required by section 10162 that is approved by the Commission.

(d) It is unlawful for any ADW provider to accept an advance deposit wager placed from within any part of the licensee's property at which the licensee is authorized to conduct a thoroughbred race meet unless the ADW provider has a written agreement with that racetrack expressly permitting the acceptance of the wager.

(e) Before accepting an advance deposit wager from an individual located within the property owned by the licensee for the respective racetrack, a licensed ADW provider must have a written contract in place with the licensed racetrack at which wagers will be accepted. The contract must, at a minimum:

(1) provide for payment of a source market fee to the licensed racetrack for advance deposit wagers placed from within the property owned by the licensee for the respective racetrack;

(2) provide for payment of an on-track location fee to the licensed racetrack for advance deposit wagers placed from within all of the property owned by the licensee for the respective racetrack;

(3) govern all other aspects of the business relationship between the licensed racetrack and the ADW provider;

(4) provide for the dissolution of the relationship and the resulting responsibilities and liabilities if either party to the contract discontinues operations or ceases to be licensed in Delaware;

(5) provide that the contract shall be governed by Delaware law, and that the parties submit to the exclusive jurisdiction of the state courts of Delaware; and

(6) provide for a term of agreement of not more than three years.

(f) ADW providers shall not accept wagers from an individual located within the property owned by the licensee for the respective racetrack on horse races that are not available to the licensed racetrack at which the subject wagers will be accepted, for any reason, without express written consent from the licensed racetrack at which the subject wager is accepted.

(g) Fifty percent (50%) of the licensee source market fees paid by ADW providers to a licensed racetrack, net of state pari-mutuel taxes and any fees charged by the ADW licensee, shall be distributed to the purse fund.

(h) The commission shall adopt and implement rules necessary for the regulation of advance deposit wagering, including any necessary surety bonds.

Ssynopsis

Advance deposit wagering ("ADW") has been the only growing segment of the pari-mutuel industry for more than a decade, is practiced nationwide especially in all of our surrounding states, and has been practiced by Delaware residents without authority or regulation, providing no contribution to the State's racing industry. This Amendment provides for proceeds of advance deposit wagering that is conducted in the state to be used to support and improve the horse racing industry in Delaware by improving purses, supporting breeding, and ensuring that the industry is adequately regulated for the protection of all participants.