

(Substitute for
H. B. 1772)

(No. 199-2014)

(Approved December 8, 2014)

AN ACT

To amend Sections 3, 4, 6, 9, 12, 14, 15, 16, 19, 20, 26, 27, 28, and 30 of Act No. 83 of July 2, 1987, as amended, known as the “Puerto Rico Horse Racing Industry and Sport Act,” in order to broaden the definitions of the Act and the powers of the Horse Racing Board and the Horse Racing Administrator; modify the administrative review process before the Horse Racing Board and the judicial review of its determinations; review the provisions on the types of licenses issued by both, the Horse Racing Board and the Horse Racing Administrator, as well as their requirements and powers; extend the capacity of racetrack operators to enter into agreements on interstate bets and the manner of receiving authorized bets and modify the deductions on the different bets; repeal Section 29 of Act No. 83 of July 2, 1987, as amended, to eliminate the Horse Racing Agent Commission Fund; amend Section 30 and renumber it as Section 29, add Section 30 to create the Off-track Betting Teller Uncollectible Accounts Fund; add Section 31 to create the Breeding and Improvement Fund, and repeal Sections 3040.01 and 3040.02 of Act No. 1-2011, as amended, known as the “Internal Revenue Code for a New Puerto Rico,” in order to eliminate the taxes imposed on prizes resulting from bets on horses, and the taxes assessed on parimutuel bets, *papeleta*, double daily, *exacta*, quiniella, and other bets authorized by law, to be substituted for others provided in this Act; and for other purposes.

STATEMENT OF MOTIVES

Horse races and horse racing betting in Puerto Rico date back to the 19th century and they are still among Puerto Ricans’ favorite sports or activities. The Horse Racing Industry of Puerto Rico is regulated under Act No. 83 of July 2, 1987, as amended, known as the “Puerto Rico Horse Racing Industry and Sport. Act.” This industry constitutes an important part of our economy. In addition, horse racing is considered a sport, form of entertainment, and a family activity with ties to various sectors of the local economy.

The games of chance industry in Puerto Rico is a market worth more than \$5.612 billion. Said industry is composed of six main activities: slot machines, casinos, traditional lottery, electronic lottery, horse races, and cock fights. In 2010, the horse racing industry handled 3.5% of all bets, with \$196 million in wagers. However, a significant drop in Puerto Ricans' preference for this industry-sport was noticed a few years ago.

Horse racing betting has decreased from \$298.2 million in 1994 to \$168 million in 2011. In other words, this activity has shrunk by approximately fifty percent (50%) during the last seventeen (17) years. The economic recession has been singled out as the factor which affected this sector the most. Since the economic recession began, bets on games of chance have decreased by \$303 million.

The horse racing betting handle in the games of chance industry has steadily declined over the last five years. From a 5.0% handle in 2005, the horse racing sport merely handled 3.5% of all bets on games of chance in Puerto Rico during 2010. In view of this trend, various sectors of the industry are at risk of collapsing, which would severely affect Puerto Rico's economy and financial system.

By law, horse racing bets are distributed among the various industry components: the bettor, the Government, and the productive component of the industry constituted by the operating businesses and horse owners. Therefore, the decrease in horse racing betting affects all components proportionately.

The bettors themselves are the sector most affected by the handle drop. The \$130 million handle drop between 1994 and 2011 means that bettors shall receive \$80 million less in prizes. This reduction in prizes affects the interest of bettors in the horse racing sport, vis-à-vis to other games of chance.

The amount of excise taxes collected by the Government from this activity also dropped. Over that same period, the government revenues on account of said item decreased from \$37.1 million in 1994 to \$20.3 in 2011. Should the industry maintain its present course, the government could lose a large portion of the revenues collected from said industry.

The productive side of the industry has also suffered. Racetrack and horse owners, which constitute the sectors that assume the main financial risk, suffered considerable decreases in revenue. Between 1994 and 2011, Racetrack revenues decreased by \$13.5 million and horse owner revenues decreased by \$12.0 million. On their part, off-track betting tellers suffered a loss of \$8.3 million, and breeders lost \$649 thousand.

The drop in bets has also impacted the viability of off-track betting locations, which constitute the main means of betting in the industry. Since 2007, more than 100 betting locations have closed down, which has resulted in lost jobs and fewer small businesses in Puerto Rico. Furthermore, the reduction in the number of off-track betting locations leads to a decrease in bets since the sector's sales capacity and market presence is reduced. The loss of activity in the horse racing industry is also reflected in the number of horse races held. The number of races held decreased from 2,096 races in 2001 to 1,790 in 2011.

The reduction in horse races makes betting less attractive, since a greater number of races held leads to a greater number of bets placed. Furthermore, the industry had 1,034 active race horses in 2007, but that number dropped to 638 in 2011. This decrease poses a challenge for the industry, since it leads to fans losing interest in the sport. Moreover, it affects the economic activity of an industry that is nourished from the training, management, and care of these horses. Another sector that has been severely affected is the breeding of native horses. The number of native colts was reduced from 668 horses in 2007 to 314 in 2011. These numbers reveal

that the economic activity pertaining to the breeding of racehorses has been reduced to less than half. This decrease is directly related to the limited sustainability of the industry in Puerto Rico.

The Government's share of horse race betting is too burdensome for the local horse racing industry. With a handle of just \$167 million in 2011, the Government's share exceeded \$20 million, which is equal to 12% of the handle. This is substantially different from the standard in the United States and Canada. For example, in the United States, the share of state governments averaged 1.9% in 2009. In Canada, the government's share was 4.5%.

The horse racing industry benefits the treasury in various ways. In addition to the direct taxes collected on account of the bets, the treasury generates revenues from the direct and indirect taxes paid by the different financial agents and people related to the industry.

According to official statistics, the government generated \$20.3 million in revenues in 2011 from the fees and taxes imposed on the industry, including the sale of betting tickets, race track licenses, and bets placed. The contribution of the horse racing sport to the treasury is five times the contribution of the excise tax on alcoholic beverages.

The horse racing industry has lost millions of dollars in revenues and faces increased costs. The decrease in bets placed has translated into a considerable drop in revenues for the productive sector, to wit, the racetrack, horse owners, agencies, and breeders. This has resulted in a lower number of races, horse racing agencies, and horses registered, which are aspects that adversely affect the dynamism of the sport and its appeal as a game of chance. Should these trends continue the Horse Racing Sport could lose its ability to recover and eventually its sustainability.

This Legislative Assembly deems that the Horse Racing Industry and Sport in Puerto Rico should continue; thus, Act No. 83 of July 2, 1987, known as the “Horse Racing Industry and Sport Act of 1987,” and the pertinent provisions of Act 1-2011, known as the “Internal Revenue Code for a New Puerto Rico,” are amended through this legislation in order to streamline the administrative processes of the Horse Racing Industry and Sport Administration. This legislative measure also restructures the manner in which the deductions authorized for the horse racing handle are applied, so as to immediately provide the Horse Racing Industry with the revenues it so urgently needs to ensure its continued existence. Thus, this Legislative Assembly adopts these amendments in order to serve the best interests of the Horse Racing Industry of Puerto Rico.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF PUERTO RICO:

Section 1.- Section 3 of Act No. 83 of July 2, 1987, as amended, is hereby amended to read as follows:

“Section 3.- Definitions

For purposes of this Act, the terms listed below shall have the following meaning:

- (1) ...
- (2) ...
- (3) Off-track Betting Teller: Means the independent contractor, whether a natural or a juridical person, designated by the operator under contract and authorized by the Horse Racing Administrator, through a license to operate one or more Off-track Betting Locations, to receive and pay bets authorized under this Act and the regulations, orders, and resolutions adopted by the Horse Racing Board.
- (4) Off-track Betting Location: Means the place that with the previous approval of the contracting operating enterprise is used by a Horse Racing Agent to receive authorized bets.

(5) ...

(6) Agent: Means the authorized representative of the horse owner, stud farm owner or breeder, duly authorized through a notarized document, who holds a license issued by the Administrator to carry out duties as the owner or breeder's agent.

(7) Bets: Means those bets authorized by this Act, the Horse Racing Regulations or the Horse Racing Board, by order or resolution.

(8) ...

(9) Mutuel: Means the place or places officially designated and approved by the Administrator to place bets, collect and pay bets authorized within each licensed racetrack or approved location, and the betting system known by that name.

(10) ...

(11) ...

(12) ...

(13) ...

(14) ...

(15) Breeder: Natural or juridical person licensed by the Horse Racing Administrator to engage in the breeding of thoroughbred horses.

(16) Stable: Means the structure where one or more barns, stalls, or boxes are located in a racetrack, and which are owned by the operator to be assigned for the use thereof.

(17) ...

(18) ...

(19) Trainer: A natural person holding a license issued by the Administrator to engage in the training of racehorses.

(20) ...

(21) ...

(22) ...

(23) ...

(24) Owner: Means any natural or juridical person holding a license issued by the Administrator to be the bona fide owner of one or more racehorses. Likewise, a natural or juridical person may be the owner of a share of a racehorse; provided that, all of the owners of the racehorse hold a validly issued owner license. In case of juridical persons, the chairman or at least one of the stockholders of the corporation shall hold a validly issued owner license, and all of the owners of the racehorse must be shareholders.

(25) ...

(26) ...

(27) Operator: Means a natural or juridical person authorized by means of a license to operate a racetrack in Puerto Rico.

(28) ...

(29) Public Trainer: Means a person holding a license to train racehorses for one or more racehorse owners and who administers and operates a public stable as owner and who must meet all the applicable requirements of the Horse Racing Regulations, orders, and resolutions of the Administrator.

(30) ...

(31) Entry: Means two (2) or more horses running in the same race, owned by the same owner or owners and which shall be considered for betting purposes as prescribed by the Horse Racing Board by regulations, order, resolution, or the Racing Plan.

(32) Barn: In a racetrack, means the stall or group of stalls in a stable assigned by the racetrack where the racehorses of one or more owners are lodged or stabled or trained by a public trainer.

(33) Stimulant: Means any product, substance, or medication that stimulates a racehorse and that affects the normal or natural condition of the horse.

(34) ...

(35) ...

(36) ...

(37) Field: Means a group of two (2) or more starters running as a single betting unit when there are more starters in a race than positions on the totalizator board.

(38) Breeding and Improvement Fund: Means the fund created for the purpose of promoting the breeding and acquisition of native thoroughbred horses and improving the horse racing sport.

(39) Off-track Betting Teller Uncollectible Accounts' Collection Fund: Means the Fund into which Off-track Betting Tellers who chose not to post a bond to secure payment of bets, shall make the contributions as prescribed by the Horse Racing Administrator through order, in lieu of the bond to secure payment of money bet in off-track betting locations and not paid to an operator.

(40) Electronic Gaming System Off-track Betting Teller Uncollectible Account's Collection Fund: Means the Fund into which Off-track Betting Tellers holding a license to operate Electronic Gaming System machines who chose not to post a bond to secure payment of bets made in the machines operated by them, shall make the contributions as prescribed by the Horse Racing Board through order, in lieu of the bond. Operators shall be responsible for collecting teller's contributions, which shall be held in a bank account for such purposes. A teller's failure to pay the Fund contributions to an operator on a daily basis shall be grounds for suspension or cancellation of the teller's license.

(41) Racetrack: Means the place authorized through a license issued by the Horse Racing Board for holding horse races in the jurisdiction of Puerto Rico and placing bets.

(42) ...

(43) ...

(44) ...

(45) ...

(46) ...

(47) ...

(48) ...

(49) Racetrack License: Means the authorization or permit issued by the Horse Racing Board to a natural or juridical person to operate a racetrack in Puerto Rico.

(50) Temporary Racetrack License: Means the temporary authorization or permit issued by the Horse Racing Board to a natural or juridical person to begin the operations of a racetrack prior to meeting all the necessary license requirements.

(51) ...

(52) Microchip: Means the device implanted in a racehorse for the purpose of identifying it electronically.

(53) ...

(54) ...

(55) Racing Plan: Means the group of rules or standards prepared and approved by the Horse Racing Board that shall govern the planning, scheduling, and organization of all official races.

(56) Pick six (6) ...

(57) Pick Three (3): Means a bet in which the bettor selects one or more racehorses to officially arrive at the first position in each of the three races designated for this type of bet. The payout of this race is made or distributed as authorized by the Horse Racing Board.

(58) Pick Four (4): Means a bet in which the bettor selects one or more racehorses to officially arrive at the first position in each of the four races designated for this type of bet. The payout of this race is made or distributed, as authorized by the Horse Racing Board.

(59) Carryover Pool (Poolpote): Means the money accumulated from a formula-based deduction that, the Horse Racing Board orders to be made from the daily Pick-6 wagers, which may be won by the ticket that hits, on a race day, the most winners in the races valid for the pool in a single ticket.

(60) ...

(61) Prize: Means the sum of money received by the owner of a racehorse for the horse's performance in an official race as provided by law or regulations. It includes a regular, supplementary or retroactive prize received by a racehorse owner for the horse's performance in an official race and the profits from bets on races simulcast out of Puerto Rico and the Electronic Gaming system.

(62) ...

(63) ...

(64) ...

(65) ...

(66) ...

(67) ...

(68) Stud Book: Means the registry book of thoroughbred horses stating the genealogy, filiation, ownership, and any other element essential to its legal protection. It is known as Stud Book and may be maintained by the Jockey Club

(American Stud Book), the Administration (Puerto Rico Stud Book), or both, at the discretion of the Horse Racing Board as provided by the latter by resolution or order.

(69) ...

(70) ...

(71) **Racing Secretary:** Means the official appointed by the Horse Racing Administrator who shall be in charge of the entire registration process of racehorses participating in official races and of the preparation of a brochure indicating the racing conditions according to the Racing Plan issued by the Horse Racing Board. The Racing Secretary is also responsible for preparing and presenting for each race day an Official Program, which must be approved and authorized by a representative of the Administration, before it is distributed.

(72) **Simulcasting:** Means the simultaneous live transmission of racing events held in foreign racetracks for purposes of wagering in Puerto Rico (simulcast-in). It also refers to the simultaneous transmission of horse races held in Puerto Rico to foreign places for purposes of wagering in another country, state, or jurisdiction (simulcast-out).

(73) **Account Deposit Wagering (ADW):** Means the system through which wagers are debited and/or winning payoffs are credited to an advance deposit account held by an operator or a third party on behalf of a person under the conditions established by the Horse Racing Board.

(74) **Electronic Gaming System (EGS):** Means the electronic gaming platforms located in Off-track Betting Locations, approved by the Administrator in conjunction with the Department of the Treasury and the Puerto Rico Tourism Company.

(75) **Online Wagering System (OWS):** Means the authorized equipment and software that records wagers and calculates the approved payoffs thereof.

(76) ...

(77) Total Gross Wagers: Means the total amount wagered in all types of betting without discounting the deductions provided in this Act.

(78) Totalizator: Means the electronic computer system that records bets and calculates payoffs for the winning wagering tickets.

(79) ...

(80) ...

(81) ...”

Section 2.- Section 4 of Act No. 83 of July 2, 1987, as amended, is hereby amended to read as follows:

“Section 4.-

(a) ...

(b) ...

(c) ...

(d) ...

(e) ...”

Section 3.- Section 6 of Act No. 83 of July 2, 1987, as amended, is hereby amended to read as follows:

“Section 6.- Powers of the Horse Racing Board.

(a) The Horse Racing Board is hereby empowered to regulate all matters concerning the Horse Racing Industry and Sport. The Horse Racing Board, after holding a public hearing, shall adopt such Horse Racing Sport regulations it deems necessary, which, once approved by the Horse Racing Board and filed with the Department of State pursuant to the provisions of Act No. 170 of August 12, 1988, as amended, known as the “Uniform Administrative Procedures Act,” shall have force of law and the violation thereof shall constitute an offense as provided in this Act.

(b) Among other things, the Board shall have the authority to:

(1) Establish by regulations the necessary and essential requirements which, in its judgment, every racetrack should meet to operate as such; establish the terms and conditions to meet said requirements; issue temporary licenses for the period granted to racetrack owners to meet the Board's requirements; cancel any licenses issued temporarily to their holders or their representatives if they fail to comply with the terms thereof; ensure public safety as well as the reliability, honesty, and integrity of the horse racing sport. Provided, that when financial information is required to grant permits or licenses to operate a racetrack, the financial information received by the Board shall be deemed to be confidential and may not be disclosed, except as provided by the Board and the applicable laws.

(a) When considering an application for operating a new racetrack, the Board shall require the applicant to demonstrate that the approval of the racetrack operations application shall be in the best interest and benefit of the horse racing industry, that it shall not affect the stability thereof, and that there shall be sufficient inventory of racehorses to sustain the independent operation of said racetrack.

(2) ...

(3) ...

(4) Provide all that pertains to the manner in which authorized wagers shall be made as well as those to be authorized in the future, as well as the wagering-related activities.

(5) ...

(6) ...

(7) ...

(8) ...

(9) ...

(10) ...

(11) Hold hearings, conduct on-site inspections, summon witnesses, administer oaths and take testimonies, and subpoena witnesses, require the production of documents, and any other additional evidence of any nature deemed essential for learning the totality of the circumstances of a matter before its consideration. The Board is also empowered to issue orders or summons and take depositions from persons in any investigation. In the event of nonappearance, the Horse Racing Board shall resort to the Court of First Instance to compel appearance under penalty of contempt.

If there are reasonable grounds and/or belief that a person, within or without Puerto Rico, has violated or is violating any of the provisions of this Act or any order or regulation promulgated thereunder, the Horse Racing Board may conduct investigations as are necessary within and without Puerto Rico.

If the Horse Racing Board determines that any provision of this Act or any order or regulation promulgated thereunder has been or is being violated, the Horse Racing Board shall refer the matter to the Horse Racing Administrator who shall act in accordance with the powers vested in him under Section 12 of this Act and under ‘Uniform Administrative Procedures Act,’ Act No. 170 of August 12, 1988, as amended.

(12) ...

(13) ...

(14) ...

(15) ...”

Section 4.- Section 9 of Act No. 83 of July 2, 1987, as amended, is hereby amended to read as follows:

“Section 9.-

(a) ...

(b) ...

(c) Board meetings shall be held at the seat of the Board and notice thereof shall be given sufficiently in advance. Notwithstanding the foregoing, the Horse Racing Board may, if it deems it appropriate, hold meetings outside of its seat.”

Section 5.- Section 12 of Act No. 83 of July 2, 1987, as amended, is hereby amended to read as follows:

“Section 12.- Authorities of the Horse Racing Administrator.

(a) The Administrator shall be the executive officer and administrative director of all horse racing activities in Puerto Rico, and shall have authority, without being limited thereto, to:

(1) Enforce compliance with the horse racing laws and regulations and the orders and resolutions of the Horse Racing Board. Impose civil fines for violations of the laws administered by him or the rules, regulations, and orders approved or issued by him, the Horse Racing Board or the Stewards, as provided in the Horse Racing Regulations. The Administrator may file any action or suit, or institute proceedings deemed necessary or convenient to exercise his power under this Act or any other act or regulations, whose enforcement or oversight has been entrusted to him, including issuing cease and desist orders. The Administrator may resort to the Court of First Instance to compel compliance therewith without the need for posting a bond, whether represented by his attorneys or the Secretary of Justice, upon petition to such effect.

(2) Grant, suspend temporarily, or permanently cancel horse owner, jockey, trainer, groom, off-track betting teller licenses or any other license or permit in connection with horse racing activities, except for racetrack licenses. Provided, that to cancel any of said licenses temporarily or permanently, the Administrator shall notify the affected person of the charges, and afford him the opportunity to appear and be heard, pro se or by counsel. Provided, that the administrative

procedure to suspend or cancel a license is carried out pursuant to the 'Uniform Administrative Procedures Act,' Act No. 170 of August 12, 1988, as amended. If the Horse Racing Administrator, upon investigation conducted by him, believes that a person, other than the operator, has violated this Act or any rule or order issued thereunder, he may, upon previous notice and hearing to such effect, issue a cease and desist order, suspend the person's license for a period not to exceed one year, and take any other action allowed by law, as necessary to protect the public interest. In the event that the operator is found guilty of violating this Act, a rule, an order, or a resolution issued thereunder, the Administrator, upon previous notice and hearing, may impose a fine as provided by regulations. The required notice shall include the legal or regulatory provisions that the Horse Racing Administrator deems have been violated, and the right to a hearing. The notification requirement notwithstanding, the Horse Racing Administrator may issue a cease or desist order under the immediate action procedure as allowed under Act No. 170, *supra*. The substantial evidence shall be the quantum of evidence required in the cases heard before the Horse Racing Administrator. The final resolutions of the Horse Racing Administrator shall be notified by certified mail return receipt requested at the defendant's official address, by personal delivery duly accredited, or through his counsel, if represented during the proceeding.

The Horse Racing Administrator may prepare and amend from time to time any such forms as are necessary to carry out his duties, provided, that such forms are compatible with this Act, the Horse Racing Regulations, and the orders of the Horse Racing Board.

(A) Except in the case of horse owners, in all other cases the Administrator may require the interested parties to present proof of having passed knowledge, aptitude, experience, and expertise tests, or to attend and pass special courses when these are available.

(B) The Administrator shall require a certificate of criminal record to people applying for or renewing a license.

(3) The Horse Racing Administrator shall not issue or renew licenses or allow licenses to remain in effect, if the applicant and/or license holder investigation shows that the applicant and/or license holder has breached or failed to meet its financial obligations to any other component of the Horse Racing Industry in Puerto Rico, and in those states or countries with which there is reciprocity in horse racing activities. The Horse Racing Administrator shall establish by Regulations the necessary documents to apply for the horse owner and public trainer licenses.

(4) No type of license shall be issued or renewed, nor shall it be rendered valid if the applicant and/or the license holder has had his license suspended or cancelled in any other country with which Puerto Rico has reciprocity in the horse racing sport. The Horse Racing Administrator may recognize horse owner licenses duly accredited by the horse racing authorities of any state of the United States of America or any other country with which it has reciprocity, if the requirements of such state or country are similar to those prescribed by law or regulations in Puerto Rico, thus, the Horse Racing Administrator may request the owner any documentation he deems pertinent.

(5) No license or permit of any kind shall be issued to an applicant who refuses to submit to the drug testing required by the Horse Racing Administrator, or tests positive on said screening test upon agreeing to submit thereto; nor should any license or permit be renewed or remain valid after the license or permit holder has been referred to rehabilitation treatment for having been identified and verified as a controlled substance user and tested positive on a subsequent test. Provided, that the Horse Racing Board prescribes by regulations the process to be followed.

(6) The Horse Racing Administrator shall suspend the license and authorization to operate an Off-track Betting Location that is operating adult amusement machines or any other machine or game in contravention of Act No. 11 of August 22, 1933, as amended; Act No. 221 of May 15, 1948, as amended; Act No. 77 of July 1, 2014, as amended; and any other legislation enacted for similar purposes, in the facilities where the Off-track Betting Location is located or in nearby facilities.

(7) The Horse Racing Board shall regulate and the Horse Racing Administrator shall oversee all that pertains to the close of wagering.

(8) Suspend the races in any racetrack when, in his judgment, said racetrack does not offer the necessary security, safety, and comforts to the public in attendance, nor to the jockeys, trainers, and other stable personnel, horse owners, and officials who directly or indirectly intervene in the event, or when the bettor's interests or rights may be adversely affected.

(9) Hold hearings, summon witnesses, administer oaths, and subpoena the production of books and documents he deems are necessary to consider any matter before him. In the event of noncompliance with a summons or order issued by the Horse Racing Administrator, the latter may resort to the Court to request compliance with said summons or order under penalty of contempt.

The Horse Racing Administrator may conduct such investigations, within and without Puerto Rico, deemed necessary or entrusted to him by the Horse Racing Board to determine whether a person has violated any provision of this Act or any regulation or orders promulgated thereunder.

(10) Delegate, when deemed convenient, to a hearing examiner, who shall be an attorney admitted to the Bar, to receive any evidence in connection with a matter or complaint filed with the Horse Racing Administrator. The examiner thus designated may take the testimony of the witnesses appearing before him and submit

a report of his findings of fact and conclusions of law to the Horse Racing Administrator. The adversely affected party may challenge said report before the Administrator within fifteen (15) calendar days of the notice thereof. The procedure before the Horse Racing Administrator shall comply with the provisions of 'Uniform Administrative Procedures Act,' Act No. 170 of August 12, 1988, as amended. By virtue of Section 3.3 of Act No. 170 of August 12, 1988, as amended, in addition to hearing examiners, the designation of administrative judges shall be allowed. The head of the agency may delegate his adjudicatory authority to administrative judges, who shall be officials or employees of the agency.

(11) Appoint the personnel needed for the operation of the Administration, including a Deputy Administrator performing Assistant Administrator duties, who shall substitute the Administrator in case of a vacancy, or his temporary absence or disability.

(12) Contract the services of the personnel required for holding horse races, including, but not limited to, Stewards, the start and finish judges, the paddock, registration, track, weighing or mounting officials, veterinarians, betting inspectors, or any other personnel deemed necessary. The place where these persons perform their duties shall be deemed to be part of the Administration, and their powers, duties, and functions shall be provided in the Horse Racing Regulations.

(13) Inspect all racetrack, stable, and ranch facilities, as well as all the establishments used for the conservation and exploitation of printing businesses or other wagering and betting mechanisms and off-track betting locations and, if he deems it appropriate, may require all of them to adopt reasonable measures for the protection, safety, and comfort of the general public.

(14) Attend Board meetings when so required, or when he deems it is necessary to best perform his duties.

(15) Establish and supervise a Horse Racing Vocational School, appoint and hire personnel as necessary for its operations, and promulgate, with the approval of the Horse Racing Board, the rules and standards for the operations thereof. The School's operating expenses shall be defrayed from the special fund created by Subsection 44(a), Section (b) of Article 11 of Act No. 2 of January 20, 1956, through the corresponding appropriation annually earmarked in the General Expense Budget of the Puerto Rico Horse Racing Industry and Sport Administration. Provided, further, that the Horse Racing Administrator shall issue licenses to ride and participate in horse races to any person older than seventeen (17) years of age who graduated from the Horse Racing Vocational School.

(16) Mediate, in conjunction with the Secretary of Labor and Human Resources, if possible, in any labor-management, labor-union or other dispute related to any group participating in horse racing activities or the industry that could jeopardize the holding of races. Any of the parties involved may request the Horse Racing Administrator's intervention, and none of the parties may call a strike until the Horse Racing Administrator has intervened for a period not to exceed fifteen (15) days in an attempt to find a satisfactory solution to the dispute and has failed to reach an agreement. This provision does not invalidate the constitutional guarantees concerning the right to strike or to picket, if an agreement is not reached.

(17) Personnel appointed by the Horse Racing Administrator for the development and supervision of the races shall be appointed for a fixed term under contract, which may be rescinded or cancelled any time at the discretion of the Horse Racing Administrator to safeguard the integrity of the sport and maintain the people's trust therein. The personnel of the Office of the Horse Racing Administrator shall be appointed pursuant to the provisions of Act No. 184-2004, as amended, known as the 'Public Service Human Resources Administration Act of the Commonwealth of Puerto Rico' or its succeeding law. Provided, that the Horse

Racing Administrator shall determine the number of employees and shall fix the salaries of those holding positions of trust according to the pay scale promulgated by the Training and Labor Affairs Advisory and Human Resources Administration Office.

(18) Issue orders directed to safeguarding the public policy set forth in this Act, and the financial wellbeing of the horse racing industry, when necessary.

(19) Provide through an order to such effect, the closing time to receive reports from the pari-mutuel bets and off-track betting locations that record the bets made on race days.

(20) Maintain a stud book similar to the American Stud Book maintained and published by the Jockey Club, which shall be known as the Puerto Rico Stud Book, to keep a record of the thoroughbred horses in Puerto Rico that have been registered in the American Stud Book; provided, that the licensed owner of a thoroughbred horse submits to the Horse Racing Administrator the application form furnished by the latter to register the horse in question to participate in races in Puerto Rico along with proof of the horse's registration in the American Stud Book, which shall be returned duly sealed and shall constitute evidence of the horse's registration locally. Likewise, horse breeders and owners in Puerto Rico shall submit for the records of the Administration the same information or proof submitted to or required by the Jockey Club; provided, that the Horse Racing Administrator may take official notice of the Jockey Club's records and the current circumstances of horse racing in Puerto Rico and/or of the records of any entity or administrative agency of Puerto Rico, a U.S. jurisdiction or any other country, and based on such records, direct the correction of any record of the Administration, including the cancellation of any unlawful or incorrect registration, for which the adversely affected party shall be afforded the opportunity to be heard."

Section 6.- Section 14 of Act No. 83 of July 2, 1987, as amended, is hereby amended to read as follows:

“Section 14.- Review by the Board.

Any person adversely affected by the orders, decisions, suspensions, or fines imposed by the Horse Racing Administrator, the Stewards, or any other authorized official, may appear in person or by counsel to request a review before the Horse Racing Board. The Horse Racing Board may review, based on the record, the decisions issued by the Horse Racing Administrator, the Stewards, or any other official in the exercise of the duties and powers conferred by the Horse Racing Act, the Horse Racing Regulations, or other applicable orders or resolutions. The Board may hold argumentative hearings concerning any review proceedings. The Horse Racing Board may not alter or change the findings of fact of the Horse Racing Administrator in his resolutions unless they are not supported by substantial evidence, after examining the record as a whole or when the record shows that the actions of the latter were taken outside the scope of the law.

The petitions for review shall not stay the effect of the orders, decisions, stays, and fines while they are being resolved by the Board. Provided, that the Horse Racing Board, in order to determine good cause, shall hear both parties before staying the effects of any order, decision, stay, or fine imposed by the Horse Racing Administrator, the Stewards or any other authorized official. In the case of fines, the person sanctioned may not register, train, care for, or ride horses unless said person deposits with the Office of the Horse Racing Administrator the amount of the fine, which shall be refunded if the resolution of the Board is favorable for him. The operator shall also deposit the amount of the fine imposed to it in order to resort to the Horse Racing Board or the court. Noncompliance with or any delay in meeting this requirement or paying the fine shall entail the payment of interest on the unpaid amount.

Every petition for review shall be filed with the Office of the Secretary of the Horse Racing Board within the jurisdictional term of twenty (20) days as of the notice of the determination to be reviewed.

The Board shall consider the petition for review within thirty (30) days as of the filing thereof with the Office of the Secretary and shall issue a resolution within sixty (60) days after the hearing. The Board shall issue a resolution denying, upholding, modifying, or revoking the revised order, resolution, or decision. The Horse Racing Board shall be required to make findings of fact and conclusions of law in all cases in which it issues a resolution, as well as state the facts according to the evidence presented. Substantial evidence shall be the quantum of evidence required in the cases heard before the Horse Racing Administrator and the Horse Racing Board.

The adversely affected party may request reconsideration of the order or resolution of the Horse Racing Board by filing a petition to such effect with the Office of the Secretary of the Board within the jurisdictional term of twenty (20) days as of the date of notice of the order or resolution.

The Board shall prescribe by regulations the manner in which the procedures before the Board shall be conducted.

The filing of the petition for reconsideration provided herein shall not stay the effectiveness of a decision, order, resolution, or action sought to be reconsidered by the Board.

No injunction, cease and desist order, or any other restraining order preventing the execution of the appealed orders or resolutions shall be issued without notice to or hearing before the Board, the Horse Racing Administrator, the Stewards, or any other official, as the case may be.”

Section 7.- Section 15 of Act No. 83 of July 2, 1987, as amended, is hereby amended to read as follows:

“Section 15.- Judicial Review.

(a) The final decisions, orders, or resolutions of the Horse Racing Board may be reviewed by the Court of Appeals upon filing an appeal.

(b) The petition for review provided herein shall be filed within a jurisdictional term of thirty (30) days after the corresponding final decision, order, or resolution has been served on the affected party.

(c) Neither the filing of the petition for review provided herein, nor the granting of the writ by the Court of Appeals shall stay the effectiveness of the decision, order, or resolution appealed before the courts, except as otherwise ordered by the Court.

(d) No injunction or any other temporary restraining order preventing the execution of the appealed orders or resolutions shall be issued without notice to or hearing before the Board, the Horse Racing Administrator, the Stewards, or any other official, as the case may be. Every judicial proceeding before the courts of justice shall take into account the legislative intent of granting the horse racing sport the highest degree of autonomy compatible with law and equity.”

Section 8.- Section 16 of Act No. 83 of July 2, 1987, as amended, is hereby amended to read as follows:

“Section 16.- Special Considerations when Issuing Licenses.

(a) ...

(b) No license issued under this Act shall be valid for more than four (4) years. License fees corresponding to the approved years of validity shall be fully paid at the time of the issuance. Racetrack licenses may be issued for a term of up to fifteen (15) years and the fees corresponding to each approved year of validity shall be paid annually by the applicant on the anniversary date of the license. Temporary

racetrack licenses shall not be valid for more than one year; however, temporary licenses may be renewed by the Board if the requirements set forth herein are met and upon payment of the corresponding fees.

(c) All licenses shall be renewed according to the date of birth of the applicant, except for the racetrack license which shall be renewed on the anniversary date of said license. Provided, that the necessary documents and the payment of the corresponding fees shall be submitted each year as provided in the Horse Racing Regulations. Juridical persons' licenses shall be renewed one year after the issue date thereof. The Horse Racing Administrator shall establish the licensing process through an administrative order.

(d) The racetrack or racetracks may request the Horse Racing Administrator's authorization for simulcasting and/or electronically reproducing in Puerto Rico races held in other racetracks in order to broaden their local race program, accept wagers on, and obtain receipts from imported races. The deductions provided in Section 20 of this Act shall apply to wagers placed in Puerto Rico on simulcast and/or otherwise electronically reproduced races. Likewise, racetracks may request the Horse Racing Administrator's authorization to simulcast and/or electronically reproduce live races held in his racetrack in order to allow other racetracks or authorized interstate off-track betting locations to place wagers on such races. Racetrack operators are hereby authorized to enter into agreements with other racetracks and/or authorized interstate or international off-track betting locations, and to enter into agreements for simulcasting and/or electronically reproducing races. Any request for exporting the signal of live races held for placing interstate or international wagers shall be submitted to, and approved by the Horse Racing Administrator and have the consent of the group representing a majority of horse owners participating in the applicant racetrack or the direct consent of the owners absent an owners' association representing a majority of owners. The Horse Racing

Board shall prescribe by regulations reasonable requirements for approving the simulcasting on a case by case basis, which shall operate independently from the local races.”

Section 9.- Section 19 of Act No. 83 of July 2, 1987, as amended, is hereby amended to read as follows:

“Section 19.- Collection of Fees.

A. The Horse Racing Administrator shall collect the following fees:

1.	Racetrack license (annually)	\$250,000.00
2.	Temporary racetrack license (annually)	\$250,000.00
3.	Electronic Gaming System Operator License (annually)	\$250,000.00
4.	Electronic Video Gaming System Provider License (annually)	\$100,000.00
5.	Other Electronic Video Gaming System (EGS) Operator Licenses To be provided in the (EGS) Regulations	
6.	Horse or Stable Owner First License	\$250.00
7.	Horse or Stable Owner License Renewal	\$125.00
8.	Off-track Betting Teller License	\$200.00
9.	Off-track Betting Teller License Renewal	\$100.00
10.	Stable Agent License	\$150.00
11.	Stable Agent License Renewal	\$75.00
12.	Owner-Trainer License	\$250.00
13.	Owner-Trainer License Renewal	\$125.00
14.	Public Trainer License	\$100.00
15.	Public Trainer License Renewal	\$50.00
16.	Groom License	\$20.00

17.	Groom License Renewal	\$10.00
18.	Private Trainer License	\$100.00
19.	Private Trainer License Renewal	\$50.00
20.	Jockey License	\$50.00
21.	Jockey License Renewal	\$25.00
22.	Valet License	\$10.00
23.	Valet License Renewal	\$5.00
24.	Jockey Agent License	\$150.00
25.	Jockey Agent License Renewal	\$75.00
26.	Registration of colors of each stable or owner	\$50.00
27.	Registration of colors of each stable or owner Renewal	\$25.00
28.	For each change in the colors of the same owner in the same year	\$50.00
29.	Breeder License	\$150.00
30.	Breeder License Renewal	\$75.00
31.	Horse Farm Owner License	\$150.00
32.	Horse Farm Owner License Renewal	\$75.00
33.	Native Colt First Inspection	\$10.00
34.	Horse Inspection or re-inspection	\$25.00
35.	Stud Book Registration Native Colt or Horse	\$35.00
36.	Registration of an imported horse as breeding stock	\$50.00
37.	Registration of an imported horse not eligible as breeding stock in the Stud Book	\$35.00
38.	Transfer of registration of a horse registered in the Stud Book	\$5.00

39.	For entering each change of name voluntarily by petition of owner – except when made by order of the Horse Racing Administrator, or in the case when it is practically impossible to pronounce the name of the horse	\$100.00
40.	Recording each horse transfer or sale	\$20.00
41.	Application for buying or claiming in a claiming race	\$20.00
42.	For a certified copy of a Stud Book Registration	\$25.00
43.	A copy of any public document	
	A certified copy - per page	\$2.00
	A non-certified copy - per page	\$2.00
	Five-generation Pedigree Certificate	\$20.00
44.	Certificate of Export	\$25.00
45.	Claim Fee	\$25.00
46.	Imported Horse Registration Certificate (male or female)	\$50.00
47.	Imported Horse Registration Certificate (gelding)	\$50.00
48.	Veterinary License	\$250.00
49.	Veterinary License Renewal	\$125.00
50.	Veterinary Assistant License	\$100.00
51.	Veterinary Assistant License Renewal	\$50.00
52.	Horseshoer License	\$20.00
53.	Horseshoer License Renewal	\$10.00
54.	Breaker License	\$50.00
55.	Breaker License Renewal	\$20.00

56.	Sales Agent License	\$150.00
57.	Sales Agent License Renewal	\$75.00
58.	Transporter License	\$50.00
59.	Transporter License Renewal	\$25.00
60.	Exercise Rider License	\$30.00
61.	Exercise Rider License Renewal	\$15.00
62.	Trotter License	\$30.00
63.	Trotter License Renewal	\$15.00
64.	Pony Boy License	\$50.00
65.	Pony Boy License Renewal	\$25.00
66.	Harness Repairman License	\$20.00
67.	Harness Repairman License Renewal	\$10.00
68.	License Duplicate	\$10.00
69.	A copy of the Horse Racing Regulations (general)	\$25.00
70.	A copy of the Controlled Medications Regulations	\$10.00
71.	A copy of the Controlled Substances Regulations	\$10.00
72.	A copy of the Stabling Regulations	\$10.00
73.	A copy of the Prizes Regulations	\$10.00
74.	A copy of the Gaming System Regulations	\$10.00
75.	Regulations Not Listed	\$10.00

B. The Horse Racing Administrator may also collect the fees authorized by the Horse Racing Board through an order or regulations, for the courses, examinations, and the filing of miscellaneous documents or applications for which no specific fee whatsoever has been specified in this Act. The fees collected shall be deposited in the operating budget of the Horse Racing Industry and Sport Administration.

C. The Administrator may establish and authorize a procedure for electronically submitting applications for licenses and other permits, applications or other matters, and providing the mechanisms for the payment thereof.”

Section 10.- Section 20 of Act No. 83 of July 2, 1987, as amended, is hereby amended to read as follows:

“Section 20.- Deductions on Bets.

Natural or juridical persons operating racetracks or firms authorized to calculate official payoffs, shall only make the following deductions on the bets placed in their racetracks and in off-track betting locations. If there is a conflict with any law in effect, said law shall be rendered ineffective, and the deductions provided herein shall apply. If the gross amount wagered in any fiscal year does not exceed \$165,000,000, the following deductions shall apply:

(1) Parimutuel bets.- From the gross amount wagered, the following deductions shall be made:

(a) 6% for off-track betting tellers' commissions.

(b) 16% to be divided according to the agreement between the racetrack operator and the horse owners.

(c) 4.0% for the State Treasury's General Fund.

(d) 0.55% for the Breeders' Fund.

(2) Daily double bets.- On the gross total wagered:

(a) 11% for off-track betting tellers' commissions.

(b) 32.30% to be divided according to the agreement between the racetrack operator and the horse owners.

(c) 4.40% for the State Treasury's General Fund.

(d) 1% for the Breeders' Fund

(3) Pick-six bets on the total gross amount wagered:

(a) 11% for off-track betting tellers' commissions.

(b) 32.30% to be divided according to the agreement between the racetrack operator and the horse owners.

(c) 4.40% for the State Treasury's General Fund.

(d) 1% for the Breeders' Fund

(4) Other authorized bets on the total gross amounts wagered:

(a) Eleven percent (11%) for off-track betting tellers' commissions.

(b) 32.30% to be divided according to the agreement between the racetrack operator and the horse owners.

(c) 4.40% for the State Treasury's General Fund.

(d) 1% for the Breeders' Fund.

(5) Progressive Deduction Rate

(A) If the gross amount wagered in any fiscal year exceeds \$165,000,000, the portion of the gross amount wagered corresponding to the excess of this amount, and up to \$175,000,000, shall be subject to the following deductions:

(i) Parimutuel bets. - From the gross amount wagered, the following deductions shall be made:

(a) 6% for off-track betting tellers' commissions.

(b) 16% to be divided according to the agreement between the racetrack operator and the horse owners.

(c) 4.0% for the State Treasury's General Fund.

(d) 0.55% for the Breeders' Fund.

(ii) Daily double bets on the gross amount wagered:

(a) 11% for off-track betting tellers' commissions.

(b) 31.28% to be divided according to the agreement between the racetrack operator and the horse owners.

(c) 6.02% for the State Treasury's General Fund.

(d) 1% for the Breeders' Fund

(iii) Pick-six bets on the total gross amount wagered:

(a) 11% for off-track betting tellers' commissions.

(b) 31.28% to be divided according to the agreement

between the racetrack operator and the horse owners.

(c) 6.02% for the State Treasury's General Fund.

(d) 1% for the Breeders' Fund

(iv) Other authorized bets on the total gross amount wagered:

(a) 11% for off-track betting tellers' commissions.

(b) 31.28% to be divided according to the agreement

between the racetrack operator and the horse owners.

(c) 6.02% for the State Treasury's General Fund.

(d) 1% for the Breeders' Fund.

(B) If the gross amount wagered in any fiscal year exceeds \$175,000,000, the portion of the gross amount wagered corresponding to the excess of this amount, and up to \$185,000,000, shall be subject to the following deductions:

(i) Parimutuel bets.- From the gross amount wagered, the following deductions shall be made:

(a) 6% for off-track betting tellers' commissions.

(b) 16% to be divided according to the agreement

between the racetrack operator and the horse owners.

(c) 4.0% for the State Treasury's General Fund.

(d) 0.55% for the Breeders' Fund.

(ii) Daily double bets on the total gross amount wagered:

(a) 11% for off-track betting tellers' commissions.

(b) 29.66% to be divided according to the agreement

between the racetrack operator and the horse owners.

(c) 7.64% for the State Treasury's General Fund.

- (d) 1% for the Breeders' Fund
 - (iii) Pick-six bets on the total gross amount wagered:
 - (a) 11% for off-track betting tellers' commissions.
 - (b) 29.66% to be divided according to the agreement between the racetrack operator and the horse owners.
 - (c) 7.64% for the State Treasury's General Fund.
 - (d) 1% for the Breeders' Fund
 - (iv) Other authorized bets on the total gross amounts wagered:
 - (a) 11% for off-track betting tellers' commissions.
 - (b) 29.66% to be divided according to the agreement between the racetrack operator and the horse owners.
 - (c) 7.64% for the State General Fund.
 - (d) 0.90% for the Breeders' Fund.
- (C) If the gross amount wagered in any fiscal year exceeds \$185,000,000, the portion of the gross amount wagered corresponding to the excess of this amount shall be subject to the following deductions:
- (i) Parimutuel bets.- From the total gross amount wagered, the following deductions shall be made:
 - (a) 6% for off-track betting tellers' commissions.
 - (b) 16% to be divided according to the agreement between the racetrack operator and the horse owners.
 - (c) 4.0% for the State Treasury's General Fund.
 - (d) 0.55% for the Breeders' Fund.
 - (ii) Daily double bets on the total gross amount wagered:
 - (a) 11% for off-track betting tellers' commissions.
 - (b) 28.04% to be divided according to the agreement between the racetrack operator and the horse owners.

(c) 9.26% for the State Treasury's General Fund.

(d) 1% for the Breeders' Fund

(iii) Pick-six bets on the total gross amount wagered:

(a) 11% for off-track betting tellers' commissions.

(b) 28.04% to be divided according to the agreement

between the racetrack operator and the horse owners.

(c) 9.26% for the State Treasury's General Fund.

(d) 1% for the Breeders' Fund

(iv) Other authorized bets on the total gross amount wagered:

(a) 11% for off-track betting tellers' commissions.

(b) 28.04% to be divided according to the agreement

between the racetrack operator and the horse owners.

(c) 9.26% for the State Treasury's General Fund.

(d) 1% for the Breeders' Fund.

(6) The deduction for off-track betting tellers' commissions shall not be applied if the bets are placed outside of an off-track betting location; in such cases, said commission shall be part of the total gross amount wagered, but are subject to the other deductions expressly stated in this Act. If the bets are placed through the Account Deposit Wagering or other similar system, the percentage of the commission corresponding to off-track betting tellers may be used by the operator to pay the commission of the system operator.

(7) Winners shall not be paid the first four (4) cents or fraction thereof of the winnings, which shall be withheld by the natural or juridical persons operating the racetrack, and deposited each race day in a special interest-bearing account held in a local banking institution, to be used by the juridical person operating the racetrack where the wagers were generated to fund the acquisition of thoroughbred horses. Said funds shall be used as provided by the Horse Racing Board through an

order to such effect, pursuant to the regulations and under the supervision and oversight of the Horse Racing Administrator. The foregoing notwithstanding, prior to depositing said funds in the special account, operators may use such funds to make up deficiencies in the betting pools, known as minus pools; once the deficiency is covered, the surplus shall be deposited in the special account.

(8) Bettors' right to collect winnings from horse wagers or receive a refund after a bet has been declared void shall expire three (3) months after the day in which they are won or voided. Unclaimed money shall be remitted immediately by the corporation owning the racetrack to the Secretary of the Treasury, who shall distribute it as follows:

(a) One hundred percent (100%) of the amount shall be deposited in the Breeding and Development Fund, in a special account in favor of the Horse Racing Industry and Sport Administration for the development of the horse racing sport in general, as determined by the Horse Racing Board by order or resolution. The monies deposited in this Fund may be used by the Horse Racing Board to defray the costs of drug testing provided for in this Act.

(9) All winnings from the different Horse Racing Sport wagers made in Puerto Rico shall be tax exempt."

Section 11.- Section 26 of Act No. 83 of July 2, 1987, as amended, is hereby amended to read as follows:

"Section 26.- Taxation on Horse Owners.

a) For purposes of this Act, including the 'Internal Revenue Code for a New Puerto Rico,' as amended, and any law or statute succeeding it, the total revenues of all regular and supplemental prizes as well as any other income derived and received from the horse races and the Electronic Gaming System by the owners of racehorses registered in the Administration, shall be exempt from any taxation, excise or levy imposed under the aforementioned Code, as amended; provided, that

the holding of horse races in a racetrack authorized in the Commonwealth of Puerto Rico continues active and operational.

This provision repeals all other provisions contained in any other law, including the 'Internal Revenue Code' and the 'Excise Tax Law.'”

Section 12.- Section 27 of Act No. 83 of July 2, 1987, as amended, is hereby amended to read as follows:

“Section 27.- Special Account.

The amount corresponding to the Breeding and Improvement Fund from unclaimed prizes and void tickets shall be covered into the special account of the Puerto Rico Horse Racing Industry and Sport Administration.”

Section 13.- Section 28 of Act No. 83 of July 2, 1987, as amended, is hereby amended to read as follows:

“Section 28.- Electronic Gaming System Authorization; Regulations; Implementation.

An electronic gaming system is hereby authorized and established solely and exclusively in off-track betting locations, that is, those locations operated by Off-track Betting Tellers, through which a person may participate in the various modalities of said games. Likewise, the use of an interactive computer system is hereby authorized to allow for the recording of Wagers at the time they are made. The Electronic Gaming System shall have a maximum of five thousand (5,000) terminals throughout the jurisdiction of the Commonwealth of Puerto Rico and under no circumstances within a racetrack.

The Horse Racing Board, in conjunction with Executive Director of the Tourism Company and the Secretary of the Department of the Treasury, shall be responsible for adopting and promulgating regulations as are necessary for the implementation of the Electronic Gaming System pursuant to the provisions of this Act and Act No. 170 of August 12, 1988, known as the 'Uniform Administrative

Procedures Act of the Commonwealth of Puerto Rico.’ The provisions of said regulations shall be implemented by the Horse Racing Administrator; and shall include, but shall not be limited to, the following:

(a) ...

(b) ...

(c) ...

(d) ...

(e) Beginning February 1, 2006, and thereafter, the Horse Racing Administrator shall submit an annual report on the implementation of the Electronic Gaming System to the Legislative Assembly of the Commonwealth of Puerto Rico.

Furthermore, the Regulations shall contain or establish, without it being construed as a limitation, the following:

(a) ...

(b) ...

(c) ...

(d) ...

(e) ...

(f) ...

(g) ...

(h) ...

For purposes of this Section and Section 29 of this Act, the terms below shall have the following meanings:

(a) ...

(b) ...

(c) ...

(d) ...

(e) Electronic Gaming System: Means such transaction or operation through terminals located in off-track betting locations that allows people to participate in electronic games through which, by chance, said person may receive credits that may be redeemed for cash.”

Section 14.- Section 29 of Act No. 83 of July 2, 1987, as amended, is hereby repealed.

Section 15.- Section 30 is hereby amended and renumbered as Section 29 of Act No. 83 of July 2, 1987, as amended, to read as follows:

“Section 29.-

The net receipts from the Electronic Gaming System operations shall be deposited in a special account created by the operator. The amount to be distributed to the player on account of winnings shall not be less than eighty-three percent (83%) of the total value of the bets. This ratio shall be measured on the basis of the parameters to be established by regulations.

The operator shall distribute the operations’ net receipts in the following order and manner:

- (a) If the electronic gaming system is operated by the operator:
 - (1) Fifteen percent (15%) for the Off-track Betting Tellers’ Commission;
 - (2) Fifteen percent (15%) to be paid into the account for race prizes;
 and
 - (3) Seventy percent (70%) to the operator.
- (b) If the Electronic Gaming System is operated by a provider:
 - (1) Fifteen percent (15%) for the Off-track Betting Tellers’ Commission;
 - (2) Fifteen percent (15%) to be paid into the account for race prizes;
 and

(3) the remainder of: (A) The amount agreed upon by the provider and the operator shall be divided between the provider and the operator pursuant to the agreement between the operator and the provider.

Any balance of the net receipts from the Electronic Gaming System operations, once the items stated in subsections (a) and (b) are covered, shall be paid and deposited in the General Fund of the Commonwealth of Puerto Rico.”

Section 16.- A new Section 30 is hereby added to Act No. 83 of July 2, 1987, as amended, to read as follows:

“Section 30.- Creation of the Off-track Betting Teller Uncollectible Accounts Fund.

(1) Said Fund, as defined in Section 1 of this Act, shall consist of the contributions made by off-track betting tellers who chose not to post a bond to secure the payment of wagers, in lieu of said bond, to secure the recovery of the money waged in off-track betting locations and not paid to an operator. Said contributions shall be established by the Horse Racing Administrator through an order.

(2) Operators, as defined in Section 1 of this Act, shall be in charge of collecting the tellers’ contributions, which shall be kept in a bank account exclusively held for such purposes.

(3) The failure to pay the contributions corresponding to the Fund for the Collection of Uncollectable Accounts of Horse Racing Agencies to an operating enterprise on a daily basis shall be deemed to be cause for the suspension or cancellation of the license of the off-track betting teller.”

Section 17.- A new Section 31 is hereby added to Act No. 83 of July 2, 1987, as amended, to read as follows:

“Section 31.- Creation of the Breeding and Improvement Fund.

(1) Said fund, as defined in Section 1 of this Act, is created for purposes of promoting the breeding and acquisition of thoroughbred horses and developing the horse racing industry.

(2) The monies deposited into the Breeding and Improvement Fund are intended for creating incentives to horse owners to acquire more and better thoroughbred horses. Without it being construed as a limitation, the fund may be used to make contributions and grant loans, at a considerably lower interest rate than the prime rate, to owners and breeders for the acquisition of racehorses, as well as for the acquisition of studs of proven quality in order to donate or lease their services, as well as for contributing to the payment of the breaking and transportation of racehorses.

(3) The Administration shall have the right to deduct from the payments corresponding to the beneficiaries of said programs, an administration or service fee that shall not exceed five percent (5%) of said funds and proof thereof shall be submitted and kept.

(4) The Funds obtained for the Breeding and Improvement Fund, as provided in this Act, shall be tax-exempt for the beneficiaries thereof. Said funds shall be distributed by the Board, upon receipt thereof, as provided by regulations, order, or resolution. The interest generated by these accounts shall be used for the same purposes that led to the creation of this Fund.

(5) The Horse Racing Administrator may appoint a Fund Administrator if, in his best judgment, said procedure is beneficial to the disposition and management thereof.”

Section 18.- Section 3040.01 of Act No. 1-2011, as amended, is hereby repealed.

Section 19.- Section 3040.02 of Act No. 1-2011, as amended, is hereby repealed.

Section 20.- Effectiveness.

This Act shall take effect sixty (60) days after its approval.

CERTIFICATION

I hereby certify to the Secretary of State that the following **Act No. 199-2014 (Substitute for H. B. 1772)** of the **4th Regular Session** of the **17th Legislative Assembly of Puerto Rico**:

AN ACT to amend Sections 3, 4, 6, 9, 12, 14, 15, 16, 19, 20, 26, 27, 28, and 30 of Act No. 83 of July 2, 1987, as amended, known as the “Puerto Rico Horse Racing Industry and Sport Act,” in order to broaden the definitions of the Act and the powers of the Horse Racing Board and the Horse Racing Administrator; to modify the administrative review process before the Horse Racing Board and the judicial review of its determinations; review the provisions on the types of licenses issued by both, the Horse Racing Board and the Horse Racing Administrator, as well as their requirements and powers; extend the capacity of racetrack operators to enter into agreements regarding interstate bets and the manners in which to receive bets authorized and to modify the deductions made to the different bets; repeal Section 29 of Act No. 83 of July 2, 1987, as amended, to eliminate the Off-track Betting Tellers Commission Fund; [...]

has been translated from Spanish to English and that the English version is correct.

In San Juan, Puerto Rico, on this 11th day of July, 2019.

Orlando Pagán-Ramírez
Director