

# MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1024

2007 HOUSE APPROPRIATIONS

HB 1024

## 2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1024

House Appropriations Committee  
Government Operations Division

☐ Check here for Conference Committee

Hearing Date: 1/10/07

Recorder Job Number: 894

Committee Clerk Signature

Minutes:

Chairman Carlson opened the meeting on House Bill 1024. A bill for an act to provide appropriation for defraying the expenses of the racing commission.

Randy Blaseg, Director of Racing of the North Dakota Racing Commission, testified in support of House Bill 1024. See Attached testimony 1/10/07 A.

**Representative Skarphol:** I would assume there is some dollars left in the Breeders Fund, and the Promotion Fund can you give us an idea how much?

**Randy Blaseg:** The Promotion Fund has about \$850,000 remaining. The others have about \$1.1million

**Chairman Carlson:** We will need an accounting of those right to the penny when you come back for further discussion and kind of the history of what has happened with the money over time and what it has done. If you could give us a 4-5 year history there that would help.

**Representative Kroeber:** Do you have any "Big Betters" right now or are we back in the no big betters deal?

**Randy Blaseg:** In this past year the total handled was \$74million. The year before that it was \$35million. We also just licensed another service provider in Fargo which is designed for the account wagering process. Their intent is to recruit the big betters.

**Representative Thoreson:** Is that site one where any of us would be able to walk in and place a wager, it is set up to take remote bets or how does that work?

**Randy Blaseg:** They are going to begin with operation as a site that only takes remote bets.

**Chairman Carlson:** What are the new safe guards being we had such an interesting situation with the last betting scenario from remote betters?

**Randy Blaseg:** We are in the process right now of putting together the new regulations which deal with account wagering. Account wagering is legal right now. In at least my opinion, account wagering is a much easier system to regulate because the individuals that do the wagering have to provide you with a broad variety of data so you can determine who they are and when they place a wager they have a PIN and they establish an account and they wager money out of that account. When they place a wager money comes out of their account and covers their wager if they win money goes back in to their account. Every transaction can be tracked.

**Representative Skarphol:** Who is holding the account?

**Randy Blaseg:** The Charity.

**Chairman Carlson:** Who is the Commission responsible to? You are here asking us for the budget but who do you report to besides your board?

**Randy Blaseg:** We are a stand-alone agency at this time.

**Chairman Carlson:** You have a five member commission who are they responsible to? You are talking to a novice here. I do not understand the racing whole process so I am asking the question not to be facetious. I just want to know.

**Randy Blaseg:** We are responsible to the Governor and the Attorney General.

**Chairman Carlson:** I am not sure that it says that in statute, it may be insinuated but you have someone one level higher that you are responsible to. I am not sure the statute says that and I think that there is some people that want to make sure that even though it might be a cleaned up operation it is always good to have the safe guards in government especially when we are handing public funds back and forth.

**Representative Kroeber:** What was the history behind you not being under the Attorney General?

**Randy Blaseg:** Prior to 2005-2007, we were under the Attorney General.

**Representative Kroeber:** Why did the Attorney General apparently not want to do that?

**Randy Blaseg:** I honestly cannot answer that I was hired this past January.

**Representative Skarphol:** I think Representative Kroeber the idea was that the Attorney General didn't want to run an industry that it would be charged with enforcing any violations of it.

Jim Arthaud testified in support of the bill.

**Jim Arthaud:** The Attorney General hasn't submitted the bill yet but he is going to bring a bill forward to clarify what his responsibilities are over us. He will have audit authority, which we invite. To be quite frank with you, we would like to be part of the Attorney General office. The Attorney General would have audit authority, final say on simulcast racing licenses. We are going to approve it as a commission contingent on the Attorney General's approval of it. So there is a bill coming forward from the Attorney General office to do that.

**Representative Kempenich:** Is that the bill that got heard today, 1126?

**Jim Arthaud:** No that one was about the pari-mutuel tax.

**Chairman Carlson:** Is there another bill dealing with pari-mutuel tax besides 1126?

**Jim Arthaud:** No the bill that I am referring to, we have not seen it yet. The Attorney General has showed us and asked us for our input but I have not seen it arrive yet. We are in full support this bill.

**Representative Thoreson:** Going back to the efforts of bringing betters from out of state, what are you doing to bring these types of betters in to ND?

**Jim Arthaud:** I am going to let Randy get into the nuts and bolts of it. When we looked at the tax bill that is proposed, we had to make that a competition.

**Randy Blaseg:** The process that is utilized when you go to this quarter of a percent is this. The service providers pay HP to get the signal sent to the racetrack. Those fees vary tremendously depending on the track. The big betters prefer to place their wagers at the better racetracks. Consequently since the fees are higher there, the margin to work there that the service providers have become smaller and smaller. They track the high volume bidders and they pay them back for the wages that take place. They are in it to make a living through the service providers. They have a system of incentives for the high volume bidder which is in essence a rebate.

**Chairman Carlson:** Could this stand alone agency survive without the big betters?

**Randy Blaseg:** There is absolutely no hope of the wagering in North Dakota supporting the industries without the simulcast wagering. We would lose the betters.

**Representative Skarphol:** I don't know where I have heard this but there is some conversation about allowing wagering on previously run horse races?

**Randy Blaseg:** The Horse Race North Dakota will be presenting a bill addressing what is called historic racing. What that is, they have a database of probably 20,000-60,000 races that have been run in the past at the major racetracks. They are all live races that have been run in the past. You cannot determine what the horse's or jockey's names are. They give you the

data to place the wager based on exact data that the track's racing form had on the entrance on that race on that day at that track but it does not give you the names.

**Representative Skarphol:** My question is what will the tax situation be on that?

**Randy Blaseg:** The tax there will come to the state in the same manner that the tax of the regular races does. The money will go to the Promotion Fund, General Fund, Purse Fund and the Breeders Fund.

**Representative Skarphol:** How common across the country is this?

**Randy Blaseg:** It began approximately six years ago in Oaklawn Park. Oaklawn Park had one of the premier racing facilities in America and it was going down hill. Now the people in Oaklawn Park have come up with this idea they pulled together and developed this system which has taken them from going downhill to once again being one of the premier tracks. I believe last year, historic racing generated \$2.5million towards the purses at Oaklawn Park.

**Chairman Carlson:** Is this going to be only available at a site? Is there going to be one facility in the state to do this or is it something they can do multiple places simultaneously?

**Randy Blaseg:** That is something the commission will have to address when the time comes.

**Representative Thoreson:** Recently congress passed legislation that dealt with gaming via the internet. But they carved out betting on horseracing. Will the exemption affect this?

**Randy Blaseg:** The Attorney General would make the statute as to if someone could or could not utilize the internet to place wagers.

**Representative Thoreson:** So there is some possibility that a service provider in the state of ND could set up a site that is accessible anywhere in the world to place wagers?

**Randy Blaseg:** That will be at the interpretation of the Attorney General.

**Chairman Carlson:** I was just asking Legislative Council to check for me how much revenue is provided by the racing taxes to the State Treasurer. Do you know?

**Representative Kempenich:** The fiscal note says that last year revenue to the General Fund was \$239,738, other funds is \$437,909. Due to changes in the tax rates, they are estimating \$566,250 in the 07-09 bienniums.

**Jim Arthaud:** We are not asking to lower the tax rate. In June the sunset is to go back up to 4%, we are just asking for it to stay down.

Chairman Carlson closed the meeting.

## 2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1024

House Appropriations Committee  
Government Operations Division

☐ Check here for Conference Committee

Hearing Date: 1/25/07

Recorder Job Number: 1994

Committee Clerk Signature

*Amya Vazelle*

Minutes:

Representative Kempenich outlined the highlights of the Executive Budget.

The current budget is depending on House Bill 1027. However with this bill it really does not change the numbers of the budget. There is also a Senate Bill that would allow the Attorney

General to put someone in place to audit the Racing Commission.

**A motion was made by Representative Kempenich, seconded by Representative Thoreson for a DO PASS recommendation to the House Appropriations Full Committee. The committee voted Y=8, N=0, A=0. The bill will be carried by Representative Kempenich.**

## 2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1024

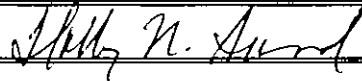
House Appropriations Committee

☐ Check here for Conference Committee

Hearing Date: January 29, 2007

Recorder Job Number: 2101

Committee Clerk Signature



Minutes:

**Chm. Svedjan** opened the hearing on HB 1024.

**Rep. Kempenich** distributed "North Dakota Horse Racing – Total Handle and Racing-Related Revenue Collections" handout (Attachment A). Rep. Kempenich reviewed the Department 670 – Racing Commission budget green sheet.

**Rep. Kempenich** moved a Do Pass to HB 1024. **Rep. Carlisle** seconded the motion.

**Rep. Bellew:** Why would there be any general funds in this? (Ref. 1:20)

**Rep. Kempenich:** This was started with general funds, but there's no money moving from the general fund other than a little bit on benefits.

**Chm. Svedjan:** The \$120,000 in general funds covers their operation?

**Rep. Kempenich:** Part of it. Not all of it. The Attorney General wants to get out of racing business and SB 2026 or SB 2027 sets up a position to audit the racing commission. We cannot appropriate \$60,000 on if this happens. This budget will probably change if that bill passes in the Senate.

**Rep. Wald:** Are the two FTEs state employees?

Rep. Kempenich: They work for the Racing Commission.

**Rep. Wald:** Do they share in health insurance and retirement?

**Rep. Kempenich:** Yes. I think that's what you're looking at in general fund expenditures.

**Rep. Klein:** If we're taking them out of the Attorney General's, where are we going to place them?

**Rep. Kempenich:** I don't know. The Governor's office is looking at the Industrial Commission as one avenue. We are doing this budget as it stands today. We have to assume nothing will change until we hear about the Senate bill.

**Rep. Kerzman:** What happened with this – they found some fraud, did some investigation, there was a fine. Is any of that money coming back in? (Ref. 5:17).

**Rep. Kempenich:** About four years ago there was big money coming in and then, yeah, that's what it was. We were recipients of it too as a state. That money pretty much disappeared. You can see where the fund went to. There's basically none there as far as any real activity.

**Rep. Kerzman:** Was there some restitution that was supposed to be paid?

**Rep. Kempenich:** I don't know.

**Rep. Kreidt:** I don't recall all the details but I know I carried a bill last session. I thought that bill separated the Attorney General from the Racing Commission at that time (Ref. 7:10).

**Rep. Kempenich:** It did. But what's happening is the Attorney General's coming in with someone to audit this.

**Rep. Carlson:** The board is working hard to try and straighten this out. His understanding is that there is no restitution being paid. It might be owing, but I think you're chasing a black hole. The bill we passed the other day, we're already getting emails that we messed up, so we're not done with the Racing Commission. We'll see this again at Conference Committee time.

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House Appropriations Committee

Bill/Resolution No. HB 1024

Hearing Date: January 29, 2007

**The Do Pass motion carried by a roll call vote of 20 yeas, 3 nays and 1 absent and not voting. Rep. Kempenich was designated to carry the bill.**

Date: 1/25/07  
Roll Call Vote #: 1

**2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES**  
**BILL/RESOLUTION NO. 1024**

House Appropriations- Government Operations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken Do PASS

Motion Made By Kemp Seconded By THO

| Representatives     | Yes | No | Representatives            | Yes | No |
|---------------------|-----|----|----------------------------|-----|----|
| Chairman Al Carlson | X   |    | Vice Chairman Ron Carlisle | X   |    |
| Rep Keith Kempenich | X   |    | Rep Bob Skarphol           | X   |    |
| Rep Blair Thoreson  | X   |    | Rep Eliot Glassheim        | X   |    |
| Rep Joe Kroeber     | X   |    | Rep Clark Williams         | X   |    |
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Total Yes 8 No 0

Absent 0

Floor Assignment Kempenich

If the vote is on an amendment, briefly indicate intent:

Date: January 29, 2007  
Roll Call Vote #: 1

**2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES**  
**BILL/RESOLUTION NO. 1024**

House Appropriations Full Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number                     

Action Taken Do Pass

Motion Made By Kemperich Seconded By Carlisle

| Representatives          | Yes | No | Representatives          | Yes | No |
|--------------------------|-----|----|--------------------------|-----|----|
| Chairman Svedjan         | ✓   |    |                          |     |    |
| Vice Chairman Kempenich  | ✓   |    |                          |     |    |
|                          |     |    |                          |     |    |
| Representative Wald      | ✓   |    | Representative Aarsvold  | ✓   |    |
| Representative Monson    | ✓   |    | Representative Gulleason |     |    |
| Representative Hawken    | ✓   |    |                          |     |    |
| Representative Klein     |     | ✓  |                          |     |    |
| Representative Martinson | ✓   |    |                          |     |    |
|                          |     |    |                          |     |    |
| Representative Carlson   | ✓   |    | Representative Glassheim | ✓   |    |
| Representative Carlisle  | ✓   |    | Representative Kroeber   | ✓   |    |
| Representative Skarphol  | ✓   |    | Representative Williams  | ✓   |    |
| Representative Thoreson  | ✓   |    |                          |     |    |
|                          |     |    |                          |     |    |
| Representative Pollert   | ✓   |    | Representative Ekstrom   | ✓   |    |
| Representative Bellew    |     | ✓  | Representative Kerzman   |     | ✓  |
| Representative Kreidt    | ✓   |    | Representative Metcalf   | ✓   |    |
| Representative Nelson    | ✓   |    |                          |     |    |
| Representative Wieland   | ✓   |    |                          |     |    |
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Total (Yes) 20 No 3

Absent 1

Floor Assignment Rep. Kempenich

If the vote is on an amendment, briefly indicate intent:

**REPORT OF STANDING COMMITTEE (410)**  
January 31, 2007 1:31 p.m.

**Module No: HR-19-1654**  
**Carrier: Kempenich**  
**Insert LC: . Title: .**

**REPORT OF STANDING COMMITTEE**

**HB 1024: Appropriations Committee (Rep. Svedjan, Chairman) recommends DO PASS**  
(20 YEAS, 3 NAYS, 1 ABSENT AND NOT VOTING). HB 1024 was placed on the  
Eleventh order on the calendar.

2007 SENATE APPROPRIATIONS

HB 1024

## 2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1024

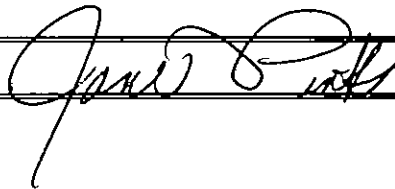
Senate Appropriations Committee

☐ Check here for Conference Committee

Hearing Date: 02-26-07

Recorder Job Number: 3835

Committee Clerk Signature



Minutes:

**Chairman Holmberg** opened the hearing on HB 1024.

**Randy Blaseg, Director of Racing, ND Racing Commission**, presented written testimony in support of HB 1024 discussing the department supervisory authority, the major functions and duties, the significant accomplishments during the 2005-07 biennium and the future direction.

**Chairman Holmberg** discussed the appropriation in the Attorney Generals fund for auditing indicating the bill was killed and there still needs to be a reconciliation for the audit.

**Senator Christmann** indicated he got complaints mostly from breeders and it has pretty much ceased; are they happy or have they given up. The response was the method of paying out to the breeders required that the awards were not calculated until the conclusion of the racing year based on the parimutual handled that year. It means you don't begin to figure how much the breeders get until December 31 of the year you are racing. The breed monies had to be paid by March 31. Everyone wanted to be paid immediately. The regs were set up in a manner that didn't allow for that. The commission asked me to go through all of the regs and attempt to rewrite rules to be more user friendly. Nearly all of those rules have changed now the payments are made after the race and the breeders could be paid more quickly then the past.

**Chairman Holmberg** closed the hearing on HB 1024.

## 2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1024

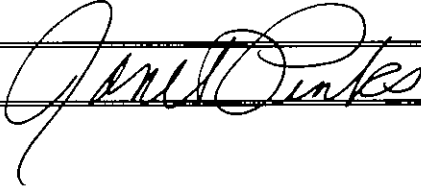
Senate Appropriations Committee

☐ Check here for Conference Committee

Hearing Date: 03-09-07

Recorder Job Number: 4751

Committee Clerk Signature



Minutes:

Chairman Holmberg opened the hearing on HB 1024.

Senator Bowman moved a do pass on HB 1024, Senator Wardner seconded. Discussion followed. A roll call vote was taken resulting in 14 yes, 0 no, 0 absent. The motion carried.

Senator Bowman will carry the bill.

Chairman Holmberg closed the hearing on HB 1024.

## 2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1024

Senate Appropriations Committee

☐ Check here for Conference Committee

Hearing Date: 03-22-07

Recorder Job Number: 5454

Committee Clerk Signature



Minutes:

Chairman Holmberg opened the hearing on HB 1024 indicating what this does is state the racing commission must promulgate rules.

Senator Fischer indicated one thought he had about the rule making process is maybe because the rules change quite quickly in the gaming venues and there is a problem with the lottery which must be resolved also. Wouldn't it be appropriate to give them emergency rule making authority to shorten the time that they promulgate the rules and when they go into effect or gets to the administrative rules committee? That way they would not have to stop and wait that six months. In this case, that might be appropriate.

Senator Krauter indicated this is just the horse racing.

Senator Fischer indicated if the rules with paramutuel betting, if their rules change, then they have to change administratively to go along with it. That is a six month process.

Senator Krauter indicated that what he learned between last session and today, they have drug their feet as far as going through the process. Last session we appropriated funds for them to promulgate rules and they didn't. The need for them to change the rules quickly is not an issue, they just need to get it done. When I did the research on this, we appropriated for them to do this, they didn't get it done.

Senator Krauter moved a do pass on the amendments, Senator Fischer seconded. No discussion was held. An oral vote was taken resulting in a do pass.

Senator Bowman moved a do pass on HB 1024 as amended, Senator Wardner seconded, a roll call vote was taken resulting in a do pass with 14 yes and 0 no 0 absent. The bill will be carried by the Judiciary committee.

Chairman Holmberg closed the hearing on HB 1024.

Date: 3/9/07  
Roll Call Vote #: 1

2007 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 1024

Senate Appropriations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken DP

Motion Made By Bowman Seconded By Wardner

| Senators                     | Yes | No | Senators                  | Yes | No |
|------------------------------|-----|----|---------------------------|-----|----|
| Chairman Ray Holmberg        | /   |    | Senator Aaron Krauter     | /   |    |
| Vice Chairman Bill Bowman    | /   |    | Senator Elroy N. Lindaas  | /   |    |
| Vice Chairman Tony Grindberg | /   |    | Senator Tim Mathern       | /   |    |
| Senator Randel Christmann    | /   |    | Senator Larry J. Robinson | /   |    |
| Senator Tom Fischer          | /   |    | Senator Tom Seymour       | /   |    |
| Senator Ralph L. Kilzer      | /   |    | Senator Harvey Tallackson | /   |    |
| Senator Karen K. Krebsbach   | /   |    |                           |     |    |
| Senator Rich Wardner         | /   |    |                           |     |    |
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|                              |     |    |                           |     |    |

Total (Yes) 14 No \_\_\_\_\_

Absent \_\_\_\_\_

Floor Assignment Bowman

If the vote is on an amendment, briefly indicate intent:

**REPORT OF STANDING COMMITTEE (410)**  
March 9, 2007 11:21 a.m.

**Module No: SR-45-4860**  
**Carrier: Bowman**  
**Insert LC: . Title: .**

**REPORT OF STANDING COMMITTEE**

**HB 1024: Appropriations Committee (Sen. Holmberg, Chairman) recommends DO PASS**  
(14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1024 was placed on the  
Fourteenth order on the calendar.

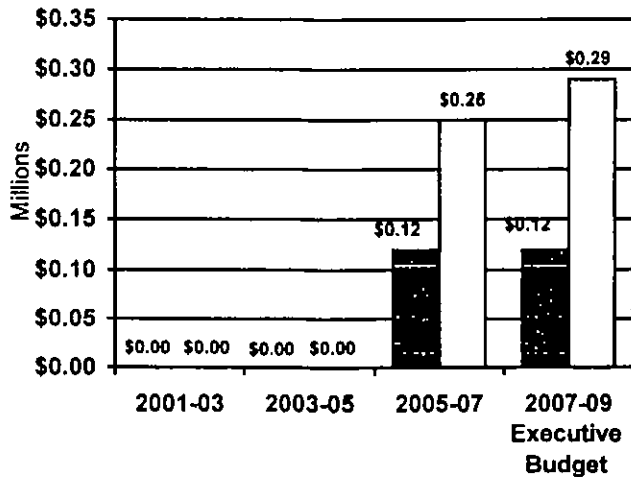
2007 TESTIMONY

HB 1024

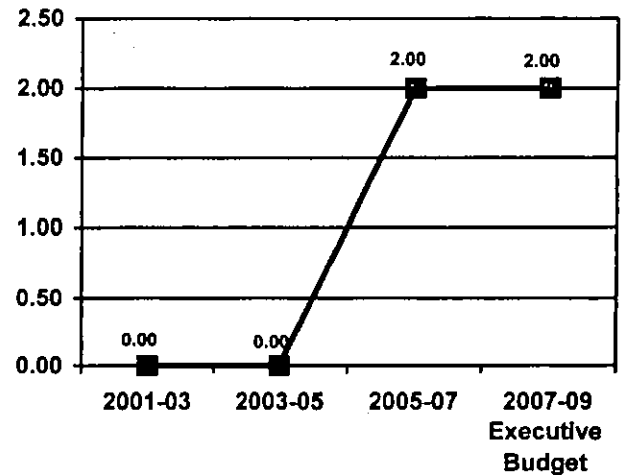
**Department 670 - Racing Commission**  
**House Bill No. 1024**

|                                    | FTE Positions | General Fund | Other Funds | Total     |
|------------------------------------|---------------|--------------|-------------|-----------|
| 2007-09 Executive Budget           | 2.00          | \$120,640    | \$286,924   | \$407,564 |
| 2005-07 Legislative Appropriations | 2.00          | 117,479      | 249,666     | 367,145   |
| Increase (Decrease)                | 0.00          | \$3,161      | \$37,258    | \$40,419  |

**Agency Funding**



**FTE Positions**



■ General Fund □ Other Funds

NOTE: Prior to the 2005-07 biennium, the Racing Commission was a division of the Attorney General's office.

**Executive Budget Highlights**

|                                         | General Fund | Other Funds | Total |
|-----------------------------------------|--------------|-------------|-------|
| 1. No major changes from current budget | \$0          | \$0         | \$0   |

**Special Funds**

Special funds appropriated to the Racing Commission are from:

|                                  |                  |
|----------------------------------|------------------|
| Breeders' fund                   | \$85,415         |
| Promotion fund                   | 86,119           |
| Purse fund                       | 85,390           |
| Racing Commission operating fund | 30,000           |
| <b>Total special funds</b>       | <b>\$286,924</b> |

**Continuing Appropriations**

**Breeders' fund** - NDCC Section 53-06.2-11 - To financially reward breeders or owners of North Dakota-bred horses.

**Promotion fund** - NDCC Section 53-06.2-11 - To promote horse racing in North Dakota.

**Purse fund** - NDCC Section 53-06.2-11 - To increase the amount of purses offered at North Dakota racetracks.

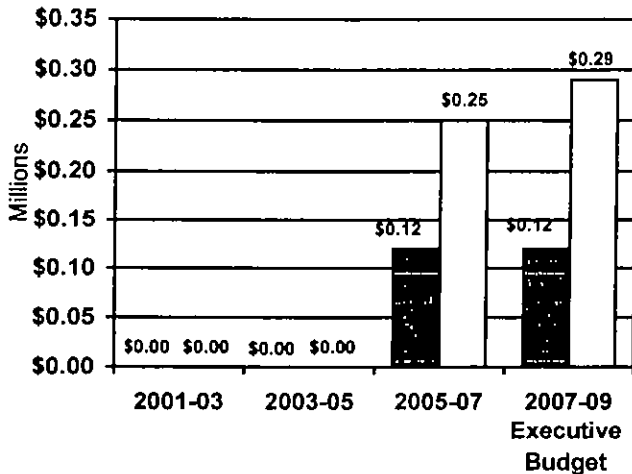
**Major Related Legislation**

**House Bill No. 1126** - This bill makes changes to taxes on parimutuel wagering and the allocation of the related tax revenue and limits the use of the promotion fund for the commission's operating expenses.

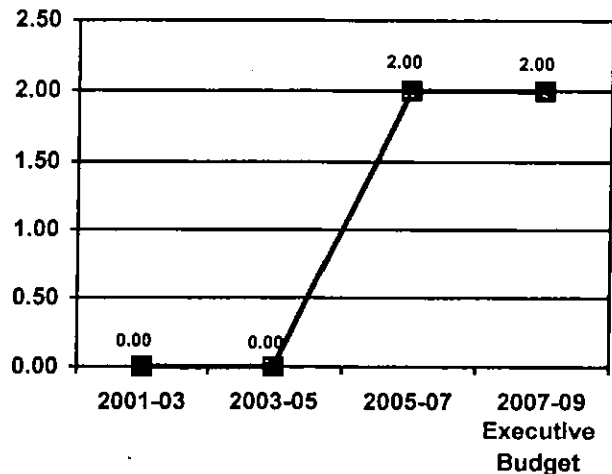
**Department 670 - Racing Commission**  
**House Bill No. 1024**

|                                    | FTE Positions | General Fund | Other Funds | Total     |
|------------------------------------|---------------|--------------|-------------|-----------|
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**Agency Funding**



**FTE Positions**



■ General Fund □ Other Funds

**NOTE:** Prior to the 2005-07 biennium, the Racing Commission was a division of the Attorney General's office.

**First House Action**

The House did not change the executive budget recommendation for the Racing Commission.

**Executive Budget Highlights**

|                                         | General Fund | Other Funds | Total |
|-----------------------------------------|--------------|-------------|-------|
| 1. No major changes from current budget | \$0          | \$0         | \$0   |

**Special Funds**

Special funds appropriated to the Racing Commission are from:

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|----------------------------------|------------------|
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**Continuing Appropriations**

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**Promotion fund** - NDCC Section 53-06.2-11 - To promote horse racing in North Dakota.

**Purse fund** - NDCC Section 53-06.2-11 - To increase the amount of purses offered at North Dakota racetracks.

**Major Related Legislation**

**House Bill No. 1126** - This bill makes changes to taxes on parimutuel wagering and the allocation of the related tax revenue and limits the use of the promotion fund for the commission's operating expenses.

**Senate Bill No. 2003** - This bill appropriates \$60,988 from the racing promotion fund to the Attorney General for a .5 FTE position to audit simulcast horse racing sites.

January 2007

**NORTH DAKOTA HORSE RACING - TOTAL HANDLE AND  
RACING-RELATED REVENUE COLLECTIONS**

The following schedule details the total amounts bet (total handle) each year in the North Dakota simulcast system:

|      |               |
|------|---------------|
| 1990 | \$28,000      |
| 1991 | \$4,500,000   |
| 1992 | \$5,631,088   |
| 1993 | \$6,892,599   |
| 1994 | \$6,961,396   |
| 1995 | \$4,336,330   |
| 1996 | \$5,168,000   |
| 1997 | \$5,970,640   |
| 1998 | \$8,963,637   |
| 1999 | \$88,563,478  |
| 2000 | \$151,883,021 |
| 2001 | \$168,883,021 |
| 2002 | \$172,157,185 |
| 2003 | \$154,065,602 |
| 2004 | \$5,669,278   |
| 2005 | \$35,393,495  |
| 2006 | \$74,517,019  |

The following schedule details racing-related tax collections deposited in various funds since 1993:

| Biennium         | General Fund | Breeders' Fund | Purse Fund  | Promotion Fund | Total        |
|------------------|--------------|----------------|-------------|----------------|--------------|
| 1993-95          | \$331,373    | \$63,093       | \$59,534    | \$126,412      | \$580,412    |
| 1995-97          | \$235,521    | \$58,683       | \$56,605    | \$183,326      | \$534,135    |
| 1997-99          | \$814,566    | \$136,088      | \$136,485   | \$331,237      | \$1,218,376  |
| 1999-2001        | \$7,074,385  | \$1,539,094    | \$1,539,354 | \$2,827,063    | \$12,979,896 |
| 2001-03          | \$7,801,692  | \$1,831,114    | \$1,831,114 | \$2,694,880    | \$13,758,800 |
| 2003-05          | \$373,435    | \$136,385      | \$136,385   | \$227,657      | \$873,862    |
| Fiscal year 2006 | \$44,449     | \$46,573       | \$46,573    | \$120,663      | \$258,258    |

House Bill No. 1024

House Appropriations Committee and Chairman Carlson

January 10, 2007, 2:30 p.m.

Testimony of Randy Blaseg, Director of Racing, ND Racing Commission  
2007-09 Budget Presentation

*Same  
testimony  
given to  
Senate*

Chairman Carlson, members of the House Appropriations Committee:

My name is Randy Blaseg and I am Director of Racing of the North Dakota Racing Commission. I am here to testify in support of the appropriation of \$407,564 for the 2007-09 budget.

**DEPARTMENT SUPERVISORY AUTHORITY**

The ND Racing Commission is responsible for the regulation of pari-mutuel wagering and both live and simulcast racing.

The Racing Commission consists of 2.0 full-time employees including the Director and Administrative Staff Officer. The budget request for 2007-09 is a flat budget. The only increases are related to salary adjustments.

The Executive budget recommendation for the Racing Commission for 2007-09 is \$407,564. The increase from the general fund is \$3,161 which is the general fund portion of the 4% and 4% salary increase included in the executive recommendation. The total request from the general fund is \$120,640.

The remaining budget for 2007-09 is funded by \$30,000 received from the collection of license and registration fees; \$85,415 from the Breeders Fund; \$85,390 from the Purse Fund; and \$86,119 from the Promotion Fund.

The commission currently licenses about 750 individuals annually and is responsible for the collection of the pari-mutuel taxes for deposit in the Breeders, Purse, Promotion and General Funds. For the first time in 2007 North Dakota will have two simulcast providers.

Continued growth of the racing industry now has 3,347 horses registered in the North Dakota Breeders Fund.

## **MAJOR FUNCTIONS AND DUTIES:**

- License and regulate pari-mutuel racing at live tracks and at simulcast racing sites.
- Investigate and license all race participants and employees of live and simulcast racing.
- Allocate grants to two race tracks in North Dakota for the promotion of live and simulcast racing and the breeding of racehorses within the state.
- Collect pari-mutuel taxes for deposit in the general fund.
- Collect and administer monies from the industry in the Breeders' Fund, Purse Fund, and Promotion Fund.

## **SIGNIFICANT ACCOMPLISHMENT DURING THE 2005-07 BIENNIUM:**

- Due to the 2005 legislative action the commission became a stand-alone state agency. The Racing Commission was successful in completing all required tasks.
- Increased the number of North Dakota bred racehorses in the Breeders' Fund program.
- Funded and regulated the operation of the race meets at Belcourt and Fargo, benefiting the owners of ND thoroughbred, quarter horses and standardbreds.

## **FUTURE DIRECTION:**

- Continue to support live and simulcast racing in North Dakota and continued development of simulcast and account wagering.
- Continue an affiliation with the national regulating authority to assure the integrity of the sport.
- It is our constant goal to ensure the integrity of the racing industry in North Dakota.

The budget request is a modest request given the fact that in 2005 the Racing Commission became a stand alone agency increasing the work load tremendously without giving the agency any additional staff.

It is with eager anticipation that the Commission looks to the future of racing in North Dakota. The Commission requests a do pass recommendation from the Committee.