

Sixtieth
Legislative Assembly
of North Dakota

ENGROSSED HOUSE BILL NO. 1126

Introduced by

Judiciary Committee

(At the request of the North Dakota Racing Commission)

1 A BILL for an Act to create and enact a new subsection to section 53-06.2-01 and two new
2 subsections to section 53-06.2-04 of the North Dakota Century Code, relating to the definition
3 of the racing promotion fund and to the duties of the racing commission; and to amend and
4 reenact section 53-06.2-11 of the North Dakota Century Code, relating to taxes on parimutuel
5 wagering.

6 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

7 **SECTION 1.** A new subsection to section 53-06.2-01 of the North Dakota Century
8 Code is created and enacted as follows:

9 "Racing promotion fund" means a fund administered by the commission
10 established to assist in improving and upgrading racetracks in the state, promoting
11 horse racing in the state, and developing new racetracks in the state as necessary
12 and approved by the commission.

13 **SECTION 2.** Two new subsections to section 53-06.2-04 of the North Dakota Century
14 Code are created and enacted as follows:

15 Report biennially to the legislative council regarding the operation of the
16 commission.

17 Provide notice to the North Dakota horsemen's council of meetings held by the
18 commission and permit the North Dakota horsemen's council to participate in the
19 meetings through placement of items on the agenda.

20 **SECTION 3. AMENDMENT.** Section 53-06.2-11 of the North Dakota Century Code is
21 amended and reenacted as follows:

22 **53-06.2-11. (~~Effective through June 30, 2007~~) Bet payoff formulas - Uses by**
23 **licensee of funds in excess of expenses - Payment to general fund.**

a. ~~For each day of a live race meet or a simulcast day in this state on win, place, and show parimutuel pools, the licensee shall deduct up to twenty percent of the total win, place, and show pool. On the first eleven million dollars of total wagering handle in each biennium, two percent must be paid to the state treasurer to be deposited in the general fund. One half of one percent must be paid to the North Dakota racing commission to be used for the North Dakota purse fund. One half of one percent must be paid to the North Dakota racing commission to be used for the North Dakota breeders' fund for the respective breed of horses racing at that meet. Breakage must be paid to the North Dakota racing commission to be deposited in the promotion fund.~~

b. ~~On the wagering handle on win, place, and show wagering pools in excess of eleven million dollars in each biennium, one sixteenth of one percent must be paid to the commission to be deposited in the purse fund; one sixteenth of one percent must be paid to the commission to be deposited in the promotion fund; one sixteenth of one percent must be paid to the commission to be deposited in the breeders' fund; and one sixteenth of one percent must be paid to the state treasurer to be deposited in the general fund.~~

For wagering on live horse racing and simulcast wagering:

a. In win, place, and show parimutuel polls, the licensee may deduct no more than twenty percent of the amount wagered. Of the amount wagered, the licensee shall pay:

- (1) Two percent to the state treasurer to be deposited in the general fund.
- (2) One-half of one percent to the commission to be deposited in the breeders' fund.
- (3) One-half of one percent to the commission to be deposited in the purse fund.
- (4) One-half of one percent to the commission to be deposited in the racing promotion fund.

b. In daily double, quinella, exacta, trifecta, or other combination parimutuel pools, the licensee may deduct no more than twenty-five percent of the amount wagered. Of the amount wagered, the licensee shall pay:

- (1) Two and one-half percent to the state treasurer to be deposited in the general fund.
- (2) One-half of one percent to the commission to be deposited in the breeders' fund.
- (3) One-half of one percent to the commission to be deposited in the purse fund.
- (4) One-half of one percent to the commission to be deposited in the racing promotion fund.

2. ~~For each day of a live race meet or a simulcast day in this state for each daily double, quinella, exacta, trifecta, or other wager combining two or more horses for winning payoffs, the licensee shall deduct up to twenty five percent of each wagering pool. Of each wagering dollar, the amounts to be deposited in the general fund and other funds are as follows:~~

- a. ~~On the first eleven million dollars of wagering handle in each biennium, one half of one percent must be paid to the commission to be deposited in the purse fund; one half of one percent must be paid to the commission to be deposited in the promotion fund; one half of one percent must be paid to the commission to be deposited in the breeders' fund; and two and one half percent must be paid to the state treasurer to be deposited in the general fund.~~
- b. ~~On the wagering handle in excess of eleven million dollars in each biennium, one sixteenth of one percent must be paid to the commission to be deposited in the purse fund; one sixteenth of one percent must be paid to the commission to be deposited in the promotion fund; one sixteenth of one percent must be paid to the commission to be deposited in the breeders' fund; and one sixteenth of one percent must be paid to the state treasurer to be deposited in the general fund.~~

For account wagering:

- a. In win, place, and show parimutuel pools, the licensee may deduct no more than twenty percent of the amount wagered.

- (1) Before eleven million dollars is wagered in all parimutuel wagering in each biennium, of the amount wagered by account wagering in win, place, and show parimutuel pools, the licensee shall pay:
- (a) Two percent to the state treasurer to be deposited in the general fund;
 - (b) One-half of one percent to the commission to be deposited in the breeders' fund.
 - (c) One-half of one percent to the commission to be deposited in the purse fund.
 - (d) One-half of one percent to the commission to be deposited in the racing promotion fund.
- (2) After eleven million dollars is wagered in all parimutuel wagering in each biennium, of the amount wagered by account wagering in win, place, and show parimutuel pools, the licensee shall pay:
- (a) One-sixteenth of one percent to the state treasurer to be deposited in the general fund.
 - (b) One-sixteenth of one percent to the commission to be deposited in the breeders' fund.
 - (c) One-sixteenth of one percent to the commission to be deposited in the purse fund.
 - (d) One-sixteenth of one percent to the commission to be deposited in the racing promotion fund.
- b. In daily double, quinella, exacta, trifecta, or other combination parimutuel pools, the licensee may deduct no more than twenty-five percent of the amount wagered.
- (1) Before eleven million dollars is wagered in each biennium, of the amount wagered by account wagering in daily double, quinella, exacta, trifecta, or other combination parimutuel pools, the licensee shall pay:
- (a) Two and one-half percent to the state treasurer to be deposited in the general fund.

- 1 (b) One-half of one percent to the commission to be deposited in the
2 breeders' fund.
- 3 (c) One-half of one percent to the commission to be deposited in the
4 purse fund.
- 5 (d) One-half of one percent to the commission to be deposited in the
6 racing promotion fund.
- 7 (2) After eleven million dollars is wagered in all parimutuel wagering in
8 each biennium, of the amount wagered by account wagering in daily
9 double, quinella, exacta, trifecta, or other combination parimutuel pools,
10 the licensee shall pay:
- 11 (a) One-sixteenth of one percent to the state treasurer to be
12 deposited in the general fund.
- 13 (b) One-sixteenth of one percent to the commission to be deposited
14 in the breeders' fund.
- 15 (c) One-sixteenth of one percent to the commission to be deposited
16 in the purse fund.
- 17 (d) One-sixteenth of one percent to the commission to be deposited
18 in the racing promotion fund.
- 19 3. ~~Unclaimed tickets and breakage from each live race meet and simulcast program~~
20 ~~as defined by the commission and the percentage of the wagering pool to be paid~~
21 ~~to the racing promotion fund under subsections 1 and 2 must be retained by the~~
22 ~~commission in a special fund to assist in improving and upgrading racetracks in the~~
23 ~~state, for the promotion of horse racing within the state, and in developing new~~
24 ~~racetracks in the state as necessary and approved by the commission.~~
25 ~~Notwithstanding this section, the commission may receive no more than~~
26 ~~twenty five percent of this fund for the purpose of payment of operating expenses~~
27 ~~of the commission. For wagering handle in excess of eleven million dollars in each~~
28 ~~biennium, breakage must be divided, one third to the North Dakota racing~~
29 ~~commission to be deposited in the promotion fund, one third to the charity~~
30 ~~operating the site where the wagers are placed, and one third to the service~~
31 ~~provider. For all parimutuel wagering the licensee shall pay to the commission the~~

1 amount due for all unclaimed tickets and all breakage to be deposited in the racing
2 promotion fund.

- 3 4. The licensee conducting a wagering on live race meet or racing, simulcast
4 ~~program~~ wagering, or account wagering shall retain all other money in the
5 parimutuel pool and pay it to bettors holding winning tickets as provided by rules
6 adopted by the commission.
- 7 5. A licensee may not use any of the portion deducted for expenses under
8 subsections 1 and 2 for expenses not directly incurred by the licensee in
9 conducting parimutuel racing under the certificate system. After paying qualifying
10 expenses, the licensee shall use the remainder of the amount so withheld only for
11 eligible uses allowed to charitable gambling organizations under ~~subsection 2 of~~
12 ~~section 53-06.1-11~~ 53-06.1-11.1.
- 13 6. The ~~racing~~ commission shall deposit the moneys received pursuant to
14 subsections 1, 2, and 3 and from the North Dakota horse racing foundation
15 pursuant to subsection 5 of section 53-06.2-05 in ~~three special funds in the state~~
16 ~~treasury. These funds must be known as~~ the breeders' fund, the purse fund, and
17 the racing promotion fund. Moneys, and any earnings on the moneys, in the
18 breeders' fund, purse fund, and racing promotion fund are appropriated to the
19 commission on a continuing basis to carry out the purposes of those funds under
20 this chapter and must be administered and disbursed in accordance with rules
21 adopted by the commission. The commission, upon approval of the emergency
22 commission, may receive no more than twenty-five percent of the racing promotion
23 fund for the payment of the commission's operating expenses.

24 ~~(Effective after June 30, 2007) Bet payoff formulas—Uses by licensee of funds in~~
25 ~~excess of expenses—Payment to general fund.~~

- 26 ~~4. For each day of a live race meet or a simulcast day in this state on win, place, and~~
27 ~~show parimutuel pools, the licensee shall deduct up to twenty percent of the total~~
28 ~~win, place, and show pool. One half of one percent must be paid to the North~~
29 ~~Dakota racing commission to be used for the North Dakota purse fund. One half~~
30 ~~of one percent must be paid to the North Dakota racing commission to be used for~~
31 ~~the North Dakota breeders' fund for the respective breed of horses racing at that~~

1 ~~meet. On the first thirty five million five hundred thousand dollars of total wagering~~
2 ~~handle in each biennium, two percent must be paid to the state treasurer to be~~
3 ~~deposited in the general fund. On the total wagering handle in excess of thirty five~~
4 ~~million five hundred thousand dollars in each biennium, one half of one percent~~
5 ~~must be paid to the state treasurer to be deposited in the general fund.~~

6 2. ~~For each day of a live race meet or a simuleast day in this state for each daily~~
7 ~~double, quinella, exacta, trifecta, or other wager combining two or more horses for~~
8 ~~winning payoffs, the licensee shall deduct up to twenty five percent of each~~
9 ~~wagering pool. Of each wagering dollar, the amounts to be deposited in the~~
10 ~~general fund and other funds are as follows:~~

11 a. ~~On the first one hundred two million four hundred thousand dollars of~~
12 ~~wagering handle in each biennium, one half of one percent must be paid to~~
13 ~~the commission to be deposited in the purse fund; one half of one percent~~
14 ~~must be paid to the commission to be deposited in the promotion fund;~~
15 ~~one half of one percent must be paid to the commission to be deposited in the~~
16 ~~breeders' fund; and two and one half percent must be paid to the state~~
17 ~~treasurer to be deposited in the general fund.~~

18 b. ~~On the wagering handle in excess of one hundred two million four hundred~~
19 ~~thousand dollars in each biennium, one half of one percent must be paid to~~
20 ~~the commission to be deposited in the purse fund; one half of one percent~~
21 ~~must be paid to the commission to be deposited in the promotion fund;~~
22 ~~one half of one percent must be paid to the commission to be deposited in the~~
23 ~~breeders' fund; and one fourth of one percent must be paid to the state~~
24 ~~treasurer to be deposited in the general fund.~~

25 3. ~~Unclaimed tickets and breakage from each live race meet and simulcast program~~
26 ~~as defined by the commission and the percentage of the wagering pool to be paid~~
27 ~~to the racing promotion fund under subsections 1 and 2 must be retained by the~~
28 ~~commission in a special fund to assist in improving and upgrading racetracks in the~~
29 ~~state, for the promotion of horse racing within the state, and in developing new~~
30 ~~racetracks in the state as necessary and approved by the commission.~~

31 ~~Notwithstanding this section, the commission may receive no more than~~

- 1 ~~twenty-five percent of this fund for the purpose of payment of operating expenses~~
2 ~~of the commission.~~
- 3 4. ~~The licensee conducting a live race meet or simulcast program shall retain all other~~
4 ~~money in the parimutuel pool and pay it to bettors holding winning tickets as~~
5 ~~provided by rules adopted by the commission.~~
- 6 5. ~~A licensee may not use any of the portion deducted for expenses under~~
7 ~~subsections 1 and 2 for expenses not directly incurred by the licensee in~~
8 ~~conducting parimutuel racing under the certificate system. After paying qualifying~~
9 ~~expenses, the licensee shall use the remainder of the amount so withheld only for~~
10 ~~eligible uses allowed to charitable gambling organizations under subsection 2 of~~
11 ~~section 53-06.1-11.~~
- 12 6. ~~The racing commission shall deposit the moneys received pursuant to~~
13 ~~subsections 1, 2, and 3 and from the North Dakota horse racing foundation~~
14 ~~pursuant to subsection 5 of section 53-06.2-05 in three special funds in the state~~
15 ~~treasury. These funds must be known as the breeders' fund, the purse fund, and~~
16 ~~the racing promotion fund. Moneys, and any earnings on the moneys, in the~~
17 ~~breeders' fund, purse fund, and racing promotion fund are appropriated to the~~
18 ~~commission on a continuing basis to carry out the purposes of these funds under~~
19 ~~this chapter and must be administered and disbursed in accordance with rules~~
20 ~~adopted by the commission.~~