

PROPOSED AMENDMENTS TO SENATE BILL NO. 2024

Page 1, line 2, after "commission" insert "; to create and enact two new sections to chapter 53-06.2 of the North Dakota Century Code, relating to the regulation of live racing and pari-mutuel wagering; and to amend and reenact sections 53-06.2-04, 53-06.2-05, 53-06.2-06, 53-06.2-08, 53-06.2-09, 53-06.2-10, 53-06.2-10.1, subsections 3 and 4 of section 53-06.2-11, sections 53-06.2-12, 53-06.2-14, 53-06.2-15, and 53-06.2-16 of the North Dakota Century Code, relating to the regulation of live racing and pari-mutuel wagering"

Page 1, after line 14, insert:

"SECTION 2. AMENDMENT. Section 53-06.2-04 of the North Dakota Century Code is amended and reenacted as follows:

53-06.2-04. Duties of commission and attorney general.

1. The commission shall:
 - ~~4.~~ a. Provide for racing ~~under the certificate system.~~
 - ~~2.~~ b. Set racing dates.
 - ~~3.~~ c. Adopt rules for effectively preventing the use of any unauthorized substance, compound items, or combinations of any medicine, narcotic, stimulant, depressant, or anesthetic which could alter the normal performance of a racehorse, ~~unless specifically authorized by the commission.~~
 - ~~4.~~ Supervise and check the making of pari-mutuel pools, pari-mutuel machines, and equipment at all races held under the certificate system.
 - ~~5.~~ d. Adopt rules governing, restricting, or regulating bids on licensees' concessions and leases on equipment.
 - ~~6.~~ e. Consider all proposed extensions, additions, or improvements to the buildings, stables, or tracks on property owned or leased by a licensee.
 - ~~7.~~ f. Exclude from racetracks ~~or simulcast pari-mutuel wagering facilities~~ any person who violates any rule ~~of the commission~~ adopted to implement this chapter or any law.
 - ~~8.~~ g. Determine the cost of inspections performed under subsection 3 of section 53-06.2-05 and require the licensee to pay that cost.
 - ~~9.~~ h. Report biennially to the legislative council regarding the operation of ~~the commission~~ racing under this chapter.
- ~~10.~~ Provide notice to the North Dakota horsemen's council of meetings held by the commission and permit the North Dakota horsemen's council to participate in the meetings through placement of items on the agenda.

14. ~~Complete, distribute, and post on the commission's web site the minutes of each commission meeting within thirty days of that meeting or before the next meeting of the commission, whichever occurs first.~~

2. The attorney general shall:

- a. Provide for pari-mutuel wagering on racing, simulcast, and account wagering.
- b. Supervise and check the making of pari-mutuel pools, pari-mutuel machines, and equipment at all races held under the certificate system.
- c. Exclude from simulcast or account wagering facilities any person who violates any rule adopted to implement this chapter or any law.

SECTION 3. A new section to chapter 53-06.2 of the North Dakota Century Code is created and enacted as follows:

Powers of commission. The commission may:

1. Compel the production of all documents showing the receipts and disbursements of any licensee and determine the manner in which the financial records are to be kept.
2. Investigate the operations of any licensee and enter any vehicle or place of business, residence, storage, or racing of any licensee on the grounds of a licensed association to determine whether there has been compliance with the provisions of this chapter and rules adopted under this chapter and to discover and seize any evidence of noncompliance.
3. License all participants in racing and require and obtain information the agriculture commissioner determines necessary from license applicants. The commission may obtain a statewide and nationwide criminal history record check from the bureau of criminal investigation for the purpose of determining suitability or fitness for a license. The nationwide check must be conducted in the manner provided in section 12-60-24. All costs associated with obtaining a background check are the responsibility of the applicant for a license.
4. Receive moneys from the North Dakota horse racing foundation for deposit in the purse fund, the breeders' fund, or the racing promotion fund in accordance with subsection 6 of section 53-06.2-11.
5. Adopt rules to implement the laws concerning racing and the administration of racing.

SECTION 4. AMENDMENT. Section 53-06.2-05 of the North Dakota Century Code is amended and reenacted as follows:

53-06.2-05. Powers of ~~commission~~ attorney general. The ~~commission~~ attorney general may:

1. Compel the production of all documents showing the receipts and disbursements of any licensee and determine the manner in which such financial records are to be kept.
2. Investigate the operations of any licensee and enter any vehicle or place of business, residence, storage, or racing of any licensee on the grounds of a licensed association to determine whether there has been compliance with

the provisions of this chapter and rules adopted under this chapter, and to discover and seize any evidence of noncompliance.

3. ~~Request appropriate state officials to perform inspections necessary for the health and safety of spectators, employees, participants, and horses that are lawfully on a racetrack.~~
4. License all participants in the ~~racetrack and simulcast~~ pari-mutuel wagering industry and require and obtain information the ~~commission deems~~ attorney general determines necessary from license applicants. ~~Licensure of service providers, totalizator companies, site operators, and organizations applying to conduct or conducting pari-mutuel wagering must be approved by the attorney general. The attorney general may not grant a license denied by the commission. The commission may obtain a statewide and nationwide criminal history record check from the bureau of criminal investigation for the purpose of determining suitability or fitness for a license. The nationwide check must be conducted in the manner provided in section 12-60-24. All costs associated with obtaining a background check are the responsibility of the applicant for a license.~~
5. ~~Receive moneys from the North Dakota horse racing foundation for deposit in the purse fund, breeders' fund, or racing promotion fund in accordance with subsection 6 of section 53-06.2-11.~~
6. 4. Adopt additional rules for the administration, implementation, and regulation of pari-mutuel wagering activities conducted pursuant to this chapter. The ~~commission~~ attorney general shall deposit any fees collected under authority of this subsection in the ~~racetrack commission~~ attorney general's operating fund. Subject to legislative appropriation, the ~~commission~~ attorney general may spend the fees for operating costs of the ~~commission~~ under this chapter.

SECTION 5. AMENDMENT. Section 53-06.2-06 of the North Dakota Century Code is amended and reenacted as follows:

53-06.2-06. Organizations eligible to conduct racing and simulcast pari-mutuel wagering. Civic and service clubs; charitable, fraternal, religious, and veterans' organizations; and other public-spirited organizations may be licensed to conduct racing and simulcast pari-mutuel wagering as authorized by this chapter.

SECTION 6. AMENDMENT. Section 53-06.2-08 of the North Dakota Century Code is amended and reenacted as follows:

53-06.2-08. License authorization and fees.

1. Each license issued ~~under the certificate system to conduct racing~~ must describe the place, track, or racecourse at which the licensee may hold races. Every license must specify the number of days the licensed races may continue, the hours during which racing may be conducted, and the number of races that may be held each day. Races authorized under this chapter may be held during the hours approved by the commission and within the hours permitted by state law.
2. The commission may charge a license fee for racing commensurate with the size and attendance of the race meet.
3. ~~Each applicant for a license under this chapter shall give bond payable to this state with good security as approved by the commission. The bond must be in the amount the commission determines will adequately protect the amount normally due and owing to this state in a regular payment~~

~~period or, in the case of new or altered conditions, based on the projected revenues.~~

4. The commission may grant licenses to horse owners, jockeys, riders, agents, trainers, grooms, stable foremen, exercise workers, veterinarians, valets, concessionaires, ~~service providers~~, employees of racing associations, and such other persons as determined by the commission. ~~Licensure of service providers, totalizator companies, site operators, and organizations applying to conduct or conducting pari-mutuel wagering must be approved by the attorney general. The attorney general may not grant a license denied by the commission.~~ License fees are as established by the commission.
5. 4. The commission may establish the period of time for which licenses issued under this chapter are valid.
6. ~~The commission shall deposit all fees collected under this section in the racing commission operating fund.~~
5. Subject to legislative appropriation, the commission may spend the fees for operating costs of the commission.

SECTION 7. A new section to chapter 53-06.2 of the North Dakota Century Code is created and enacted as follows:

License and fees.

1. Each license issued to conduct pari-mutuel wagering must describe the place, track, or racecourse at which the pari-mutuel wagering is to be conducted. Pari-mutuel wagering authorized under this chapter may be held during the hours approved by the attorney general and within the hours permitted by state law.
2. The attorney general may charge a license fee to conduct pari-mutuel wagering.
3. Each applicant for a license to conduct pari-mutuel wagering shall give bond payable to this state with good security as approved by the attorney general. The bond must be in the amount the attorney general determines will adequately protect the amount normally due and owing to this state.
4. The attorney general may grant licenses to service providers, totalizator companies, site operators, other organizations conducting pari-mutuel wagering, employees of service providers, totalizator companies, site operators, and other organizations conducting pari-mutuel wagering, and other persons as determined by the attorney general.
5. The attorney general may establish the period of time for which licenses issued under this chapter are valid.
6. Subject to legislative appropriation, the attorney general may spend the fees for operating costs of the attorney general.

SECTION 8. AMENDMENT. Section 53-06.2-09 of the North Dakota Century Code is amended and reenacted as follows:

53-06.2-09. Allotment of racing days. If an applicant is eligible to receive a license to conduct racing under this chapter, the commission shall fix the racing days that are allotted to that applicant and issue a license for the holding of racing meets.

SECTION 9. AMENDMENT. Section 53-06.2-10 of the North Dakota Century Code is amended and reenacted as follows:

53-06.2-10. Certificate system - Rules. The certificate system allows a licensee to receive money from any ~~person~~ individual present at a live horse race, simulcast horse race, ~~or simulcast dog race,~~ or account wagering facility who desires to bet on any entry in that race. ~~A person~~ An individual betting on an entry to win acquires an interest in the total money bet on all entries in the race, in proportion to the amount of money bet by that ~~person~~ individual, under rules adopted by the ~~commission~~ attorney general. The licensee shall receive the bets and for each bet shall issue a certificate to the bettor on which is at least shown the number of the race, the amount bet, and the number or name of the entry selected by the bettor. The ~~commission~~ attorney general may adopt rules for place, show, quinella, combination, or other types of betting usually connected with racing.

SECTION 10. AMENDMENT. Section 53-06.2-10.1 of the North Dakota Century Code is amended and reenacted as follows:

53-06.2-10.1. Simulcast wagering. In addition to racing under the certificate system, as authorized by this chapter, and conducted upon the premises of a racetrack, simulcast pari-mutuel wagering may be conducted in accordance with this chapter or rules adopted by the ~~commission under attorney general to implement this chapter in accordance with chapter 28-32.~~ Any organization qualified under section 53-06.2-06 to ~~conduct racing~~ may make written application to the ~~commission~~ attorney general for the conduct of simulcast pari-mutuel wagering on races held at licensed racetracks inside the state or racetracks outside the state, or both. ~~Licensure of service~~ Service providers, totalizator companies, site operators, or organizations applying to conduct or conducting simulcast or account wagering must ~~be approved~~ obtain a license approved by the attorney general. ~~The attorney general may not grant a license denied by the commission.~~ Notwithstanding any other provision of this chapter, the ~~commission~~ attorney general may authorize any licensee to participate in interstate or international combined wagering pools with one or more other racing jurisdictions. Anytime that a licensee participates in an interstate or international combined pool, the licensee, as prescribed by the ~~commission~~ attorney general, may adopt the take-out of the host jurisdiction or facility. The ~~commission~~ attorney general may permit a licensee to use one or more of its races or simulcast programs for an interstate or international combined wagering pool at locations outside its jurisdiction and may allow pari-mutuel pools in other states to be combined with pari-mutuel pools in its jurisdiction for the purpose of establishing an interstate or international combined wagering pool. The participation by a licensee in a combined interstate or international wagering pool does not cause that licensee to be considered to be doing business in any jurisdiction other than the jurisdiction in which the licensee is physically located. Pari-mutuel taxes or commissions may not be imposed on any amounts wagered in an interstate or international combined wagering pool other than amounts wagered within this jurisdiction. The certificate system also permits pari-mutuel wagering to be conducted through account wagering. As used in this section, "account wagering" means a form of pari-mutuel wagering in which an individual deposits money in an account and uses the account balance to pay for pari-mutuel wagers. An account wager made on an account established in this state may only be made through the licensed simulcast service provider approved by the attorney general ~~and authorized by the commission to operate the simulcast pari-mutuel wagering system under the certificate system.~~ ~~The attorney general may not grant a license denied by the commission.~~ A charitable organization may not be responsible for the receipt and disbursement of moneys handled through account wagering. An account wager may be made in person, by direct telephone communication, or through other electronic communication in accordance with rules adopted by the ~~commission~~ attorney general. Breakage for interstate or international combined wagering pools must be calculated in accordance with the statutes or rules of the host jurisdiction and must be distributed among the participating jurisdictions in a manner agreed to among the jurisdictions.

SECTION 11. AMENDMENT. Subsections 3 and 4 of section 53-06.2-11 of the North Dakota Century Code are amended and reenacted as follows:

3. For all pari-mutuel wagering the licensee shall pay to the ~~commission~~ attorney general the amount due for all unclaimed tickets and all breakage to be deposited in the racing promotion fund.
4. The licensee conducting wagering on live racing, simulcast wagering, or account wagering shall retain all other money in the pari-mutuel pool and pay it to bettors holding winning tickets as provided by rules adopted by the ~~commission~~ attorney general.

SECTION 12. AMENDMENT. Section 53-06.2-12 of the North Dakota Century Code is amended and reenacted as follows:

53-06.2-12. Audits and investigations by state auditor. On request of the commission or attorney general, the state auditor shall conduct audits and investigate the operations of any licensee. The commission or attorney general shall reimburse the state auditor for all services rendered.

SECTION 13. AMENDMENT. Section 53-06.2-14 of the North Dakota Century Code is amended and reenacted as follows:

53-06.2-14. Denial, suspension, and revocation of licenses - Reasons. The commission or attorney general may deny, suspend, or revoke licenses ~~under the certificate system and privileges granted by it, and it may terminate racing privileges issued by each respective official~~ for just cause. Actions constituting just cause include:

1. Any action or attempted action by a person contrary to any law.
2. Corrupt practices, which include:
 - a. Prearranging or attempting to prearrange the order of finish of a race.
 - b. Failing to properly pay winnings to a bettor or to properly return change to a bettor purchasing a ticket.
 - c. Falsifying or manipulating the odds on any entrant in a race.
3. Any violation of the rules of racing adopted by the commission or attorney general under this chapter.
4. Willful falsification or misstatement of fact in an application for racing or pari-mutuel privileges.
5. Material false statement to a racing official, the attorney general, or to the commission.
6. Willful disobedience of ~~a commission~~ an order of the commission or attorney general or of a lawful order of a racing official ~~other than a commission member~~.
7. Continued failure or inability to meet financial obligations ~~connected with racing meets~~.
8. Failure or inability to properly maintain a racetrack.

SECTION 14. AMENDMENT. Section 53-06.2-15 of the North Dakota Century Code is amended and reenacted as follows:

53-06.2-15. Revocation, suspension, fine - Procedure. The commission or attorney general, on proof of violation by a licensee, its agents or employees, of this chapter or any rule adopted by the commission ~~may~~ or attorney general to implement this chapter, on reasonable notice to the licensee and after giving the licensee an opportunity to be heard, ~~may~~ fine the licensee or revoke or suspend the license. If the license is revoked, the licensee is not eligible to receive another license within twelve months from the date of revocation. Every decision or order of the commission or attorney general must be made in writing and filed ~~with the director~~ for preservation as a permanent record of the commission or attorney general. ~~The decision must be signed by the chairman, attested by the director, and dated.~~

SECTION 15. AMENDMENT. Section 53-06.2-16 of the North Dakota Century Code is amended and reenacted as follows:

53-06.2-16. Prohibited acts - Penalties.

1. No person may conduct a pari-mutuel ~~horse-race~~ wagering or racing unless that person is licensed by the commission or attorney general. Violation of this subsection is a class A misdemeanor.
2. No person may prearrange or attempt to prearrange the order of finish of a race. Violation of this subsection is a class C felony."

Renumber accordingly