

Sixty-third
Legislative Assembly
of North Dakota

HOUSE BILL NO. 1068

Introduced by

Judiciary Committee

(At the request of the North Dakota Racing Commission)

1 A BILL for an Act to amend and reenact sections 53-06.2-10.1 and 53-06.2-11 of the North
2 Dakota Century Code, relating to account wagering and payments to the funds administered by
3 the North Dakota racing commission.

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

5 **SECTION 1. AMENDMENT.** Section 53-06.2-10.1 of the North Dakota Century Code is
6 amended and reenacted as follows:

7 **53-06.2-10.1. Simulcast wagering.**

8 In addition to racing under the certificate system, as authorized by this chapter, and
9 conducted upon the premises of a racetrack, simulcast pari-mutuel and account wagering may
10 be conducted in accordance with this chapter or rules adopted by the commission under this
11 chapter in accordance with chapter 28-32. Any organization qualified under section 53-06.2-06
12 to conduct racing may make written application to the commission for the conduct of simulcast
13 pari-mutuel and account wagering on races held at licensed racetracks inside the state or
14 racetracks outside the state, or both. Licensure of service providers, totalizator companies, site
15 operators, or organizations applying to conduct or conducting simulcast or account wagering
16 must be approved by the attorney general. The attorney general may not grant a license denied
17 by the commission. Notwithstanding any other provision of this chapter, the commission may
18 authorize any licensee to participate in interstate or international combined wagering pools with
19 one or more other racing jurisdictions. Anytime that a licensee participates in an interstate or
20 international combined pool, the licensee, as prescribed by the commission, may adopt the
21 take-out of the host jurisdiction or facility. The commission may permit a licensee to use one or
22 more of its races or simulcast programs for an interstate or international combined wagering
23 pool at locations outside its jurisdiction and may allow pari-mutuel pools in other states to be
24 combined with pari-mutuel pools in its jurisdiction for the purpose of establishing an interstate or

1 international combined wagering pool. The participation by a licensee in a combined interstate
2 or international wagering pool does not cause that licensee to be considered to be doing
3 business in any jurisdiction other than the jurisdiction in which the licensee is physically located.
4 Pari-mutuel taxes or commissions may not be imposed on any amounts wagered in an
5 interstate or international combined wagering pool other than amounts wagered within this
6 jurisdiction. The certificate system also permits pari-mutuel wagering to be conducted through
7 account wagering. As used in this section, "account wagering" means a form of pari-mutuel
8 wagering in which an individual deposits money in an account and uses the account balance to
9 pay for pari-mutuel wagers. An account wager made on an account established in this state
10 may only be made through the licensed simulcast service provider approved by the attorney
11 general and authorized by the commission to operate the simulcast pari-mutuel wagering
12 system under the certificate system. The attorney general may not grant a license denied by the
13 commission. An account wager may be made in person, by direct telephone communication, or
14 through other electronic communication in accordance with rules adopted by the commission.
15 Breakage for interstate or international combined wagering pools must be calculated in
16 accordance with the statutes or rules of the host jurisdiction and must be distributed among the
17 participating jurisdictions in a manner agreed to among the jurisdictions.

18 **SECTION 2. AMENDMENT.** Section 53-06.2-11 of the North Dakota Century Code is
19 amended and reenacted as follows:

20 **53-06.2-11. (~~Effective through June 30, 2013~~) Bet payoff formulas - Uses by licensee**
21 **of funds in excess of expenses - Payment to general fund.**

22 1. For wagering on live horse racing ~~and simulcast wagering~~:

23 a. In win, place, and show pari-mutuel pools, the licensee may deduct no more than
24 twenty percent of the amount wagered. Of the amount wagered, the licensee
25 shall pay:

26 (1) One-half of one percent to the state treasurer to be deposited in the general
27 fund.

28 (2) One-half of one percent to the commission to be deposited in the breeders'
29 fund.

30 (3) One-half of one percent to the commission to be deposited in the purse
31 fund.

- 1 (4) One-half of one percent to the commission to be deposited in the racing
2 promotion fund.
- 3 b. In daily double, quinella, exacta, trifecta, or other combination pari-mutuel pools,
4 the licensee may deduct no more than twenty-five percent of the amount
5 wagered. Of the amount wagered, the licensee shall pay:
- 6 (1) One-half of one percent to the state treasurer to be deposited in the general
7 fund.
- 8 (2) One-half of one percent to the commission to be deposited in the breeders'
9 fund.
- 10 (3) One-half of one percent to the commission to be deposited in the purse
11 fund.
- 12 (4) One-half of one percent to the commission to be deposited in the racing
13 promotion fund.
- 14 2. For simulcast and account wagering:
- 15 a. In win, place, and show pari-mutuel pools, the licensee may deduct no more than
16 twenty percent of the amount wagered. ~~Of~~Except as limited in subdivision c. of
17 the amount wagered by simulcast and account wagering in win, place, and show
18 pari-mutuel pools, the licensee shall pay:
- 19 (1) One-sixteenth of one percent to the state treasurer to be deposited in the
20 general fund.
- 21 (2) One-sixteenth of one percent to the commission to be deposited in the
22 breeders' fund.
- 23 (3) One-sixteenth of one percent to the commission to be deposited in the
24 purse fund.
- 25 (4) One-sixteenth of one percent to the commission to be deposited in the
26 racing promotion fund.
- 27 b. ~~Of~~Except as limited in subdivision c. of the amount wagered by simulcast and
28 account wagering in daily double, quinella, exacta, trifecta, or other combination
29 pari-mutuel pools, the licensee shall pay:
- 30 (1) One-sixteenth of one percent to the state treasurer to be deposited in the
31 general fund.

1 (2) One-sixteenth of one percent to the commission to be deposited in the
2 breeders' fund.

3 (3) One-sixteenth of one percent to the commission to be deposited in the
4 purse fund.

5 (4) One-sixteenth of one percent to the commission to be deposited in the
6 racing promotion fund.

7 c. For the fiscal year commencing July 1, 2013, the licensee shall may not pay no
8 more than four hundred thousand dollars. For each subsequent fiscal year, the
9 limit on total payments increases by five percent of the limit on total payments in
10 the previous fiscal year. The commission may alter the amount of the increase
11 before commencement of a fiscal year by rule. The rule may be given effect on
12 an emergency basis without meeting the requirements of subsection 2 of section
13 28-32-03. For the fiscal year commencing July 1, 2014, and thereafter, the
14 licensee may not pay more than four hundred twenty thousand dollars.

15 3. For all pari-mutuel wagering the licensee shall pay to the commission the amount due
16 for all unclaimed tickets and all breakage on the first twenty million dollars wagered in
17 each fiscal year with each service provider, ~~of which twenty percent is to~~. The amount
18 received must be deposited in the racing promotion fund, ~~thirty percent is to be~~
19 ~~deposited in the breeders' fund, and fifty percent is to be deposited in the purse fund.~~

20 4. The licensee conducting wagering on live racing, simulcast wagering, or account
21 wagering shall retain all other money in the pari-mutuel pool and pay it to bettors
22 holding winning tickets as provided by rules adopted by the commission.

23 5. A licensee may not use any of the portion deducted for expenses under subsections 1
24 and 2 for expenses not directly incurred by the licensee in conducting pari-mutuel
25 racing under the certificate system. After paying qualifying expenses, the licensee
26 shall use the remainder of the amount so withheld only for eligible uses allowed to
27 charitable gambling organizations under section 53-06.1-11.1.

28 6. The commission shall deposit the moneys received pursuant to subsections 1, 2, and
29 3 and from the North Dakota horse racing foundation pursuant to subsection 5 of
30 section 53-06.2-05 in the breeders' fund, the purse fund, and the racing promotion
31 fund. Moneys, and any earnings on the moneys, in the breeders' fund, purse fund, and

1 racing promotion fund are appropriated to the commission on a continuing basis to
2 carry out the purposes of those funds under this chapter and must be administered
3 and disbursed in accordance with rules adopted by the commission. The commission
4 may not transfer money among the funds. The commission shall distribute awards and
5 payment supplements from the breeders' fund in the same calendar year the money
6 was earned by the recipient. The commission shall distribute payments awarded to
7 qualified owners and breeders from the breeders' fund without requiring owners and
8 breeders to apply for the payments. The commission may receive twenty-five
9 thousand dollars per year or twenty-five percent per year, whichever is greater, from
10 the racing promotion fund for the payment of the commission's operating expenses.

11 ~~(Effective after June 30, 2013) Bet payoff formulas -- Uses by licensee of funds in-~~
12 ~~excess of expenses -- Payment to general fund.~~

13 ~~1. For wagering on live horse racing and simulcast wagering:~~

14 ~~a. In win, place, and show pari-mutuel pools, the licensee may deduct no more than~~
15 ~~twenty percent of the amount wagered. Of the amount wagered, the licensee~~
16 ~~shall pay:~~

17 ~~(1) Two percent to the state treasurer to be deposited in the general fund.~~

18 ~~(2) One-half of one percent to the commission to be deposited in the breeders'~~
19 ~~fund.~~

20 ~~(3) One-half of one percent to the commission to be deposited in the purse~~
21 ~~fund.~~

22 ~~(4) One-half of one percent to the commission to be deposited in the racing~~
23 ~~promotion fund.~~

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

27 ~~(1) Two and one-half percent to the state treasurer to be deposited in the~~
28 ~~general fund.~~

29 ~~(2) One-half of one percent to the commission to be deposited in the breeders'~~
30 ~~fund.~~

1 (3) One-half of one percent to the commission to be deposited in the purse-
2 fund.

3 (4) One-half of one percent to the commission to be deposited in the racing-
4 promotion fund.

5 2. For account wagering:

6 a. ~~In win, place, and show pari-mutuel pools, the licensee may deduct no more than~~
7 ~~twenty percent of the amount wagered.~~

8 (1) ~~Before eleven million dollars is wagered in all pari-mutuel wagering in each~~
9 ~~biennium, of the amount wagered by account wagering in win, place, and~~
10 ~~show pari-mutuel pools, the licensee shall pay:~~

11 (a) ~~Two percent to the state treasurer to be deposited in the general fund.~~

12 (b) ~~One-half of one percent to the commission to be deposited in the~~
13 ~~breeders' fund.~~

14 (c) ~~One-half of one percent to the commission to be deposited in the~~
15 ~~purse fund.~~

16 (d) ~~One-half of one percent to the commission to be deposited in the~~
17 ~~racing promotion fund.~~

18 (2) ~~After eleven million dollars is wagered in all pari-mutuel wagering in each~~
19 ~~biennium, of the amount wagered by account wagering in win, place, and~~
20 ~~show pari-mutuel pools, the licensee shall pay:~~

21 (a) ~~One-sixteenth of one percent to the state treasurer to be deposited in~~
22 ~~the general fund.~~

23 (b) ~~One-sixteenth of one percent to the commission to be deposited in the~~
24 ~~breeders' fund.~~

25 (c) ~~One-sixteenth of one percent to the commission to be deposited in the~~
26 ~~purse fund.~~

27 (d) ~~One-sixteenth of one percent to the commission to be deposited in the~~
28 ~~racing promotion fund.~~

29 b. ~~In daily double, quinella, exacta, trifecta, or other combination pari-mutuel pools,~~
30 ~~the licensee may deduct no more than twenty-five percent of the amount~~
31 ~~wagered.~~

- 1 (1) ~~Before eleven million dollars is wagered in each biennium, of the amount~~
2 ~~wagered by account wagering in daily double, quinella, exacta, trifecta, or~~
3 ~~other combination pari-mutuel pools, the licensee shall pay:~~
4 (a) ~~Two and one-half percent to the state treasurer to be deposited in the~~
5 ~~general fund.~~
6 (b) ~~One-half of one percent to the commission to be deposited in the~~
7 ~~breeders' fund.~~
8 (c) ~~One-half of one percent to the commission to be deposited in the~~
9 ~~purse fund.~~
10 (d) ~~One-half of one percent to the commission to be deposited in the~~
11 ~~racing promotion fund.~~
12 (2) ~~After eleven million dollars is wagered in all pari-mutuel wagering in each~~
13 ~~biennium, of the amount wagered by account wagering in daily double,~~
14 ~~quinella, exacta, trifecta, or other combination pari-mutuel pools, the~~
15 ~~licensee shall pay:~~
16 (a) ~~One-sixteenth of one percent to the state treasurer to be deposited in~~
17 ~~the general fund.~~
18 (b) ~~One-sixteenth of one percent to the commission to be deposited in the~~
19 ~~breeders' fund.~~
20 (c) ~~One-sixteenth of one percent to the commission to be deposited in the~~
21 ~~purse fund.~~
22 (d) ~~One-sixteenth of one percent to the commission to be deposited in the~~
23 ~~racing promotion fund.~~
24 3. ~~For all pari-mutuel wagering the licensee shall pay to the commission the amount due~~
25 ~~for all unclaimed tickets and all breakage on the first twenty million dollars wagered~~
26 ~~with each service provider, to be deposited in the racing promotion fund.~~
27 4. ~~The licensee conducting wagering on live racing, simulcast wagering, or account~~
28 ~~wagering shall retain all other money in the pari-mutuel pool and pay it to bettors~~
29 ~~holding winning tickets as provided by rules adopted by the commission.~~
30 5. ~~A licensee may not use any of the portion deducted for expenses under subsections 1~~
31 ~~and 2 for expenses not directly incurred by the licensee in conducting pari-mutuel~~

1 ~~racing under the certificate system. After paying qualifying expenses, the licensee-~~
2 ~~shall use the remainder of the amount so withheld only for eligible uses allowed to~~
3 ~~charitable gambling organizations under section 53-06.1-11.1.~~

4 6. ~~The commission shall deposit the moneys received pursuant to subsections 1, 2, and~~
5 ~~3 and from the North Dakota horse racing foundation pursuant to subsection 5 of~~
6 ~~section 53-06.2-05 in the breeders' fund, the purse fund, and the racing promotion-~~
7 ~~fund. Moneys, and any earnings on the moneys, in the breeders' fund, purse fund, and~~
8 ~~racing promotion fund are appropriated to the commission on a continuing basis to~~
9 ~~carry out the purposes of those funds under this chapter and must be administered~~
10 ~~and disbursed in accordance with rules adopted by the commission. The commission-~~
11 ~~may not transfer money among the funds. The commission shall distribute awards and~~
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13 ~~was earned by the recipient. The commission shall distribute payments awarded to~~
14 ~~qualified owners and breeders from the breeders' fund without requiring owners and~~
15 ~~breeders to apply for the payments. The commission may receive twenty-five~~
16 ~~thousand dollars per year or twenty-five percent per year, whichever is greater, from~~
17 ~~the racing promotion fund for the payment of the commission's operating expenses.~~