



North Dakota House of Representatives

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COMMITTEES:
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Madam Chair Larson and Senate Judiciary members ,

For the record, my name is Claire Cory. I represent District 42 in Grand Forks, which includes the northwestern corner of Grand Forks and expands out to include the Grand Forks Air Force Base. I am here to ask for support of House Bill 1331.

The North Dakota Racing Commission was created in the 1987 legislation session. It is the **regulating body** in charge of regulating live and simulcast horse racing. **The commission doesn't own or operate race tracks or gaming sites.** This is much like the Attorney General gaming division that regulates Charitable Gaming, Online Gaming, Tribal Gaming, and the North Dakota Lottery. The racing commission is made up of 5 members which are appointed by the governor and has an office staff of the executive director and administrative officer. The commission administers three special funds for the benefit of the horse racing industry. The breeders fund helps in promoting breeding of horses and provides monetary awards for top performing horses. The purse fund provides the funding for purses at the state's two race tracks, which are located in Fargo and on the Turtle Mountain Indian Reservation in Belcourt. This funding is significant for track operations. The racing promotional fund assists in improving and upgrading racetracks in the state.

Going through the bill:

Section 1:

- Page 1, subsection 1: Defines "Account deposit wagering" (ADW's). This will clarify ADW's.
- Page 2, new subsection 12: "Racing" is amended to define what live racing is allowed in state and that ADW's can accept wagers on lawful live parimutuel racing outside of the state of North

Dakota. This will allow ADWs to accept wagers on events and pay the tax back to North Dakota.

Section 2

- grammatically changes to align with section 1.

Section 3

- On page 5, lines 18 and 29 change the tax that goes to the promotional fund to 1/8 from the initial 1/16 of one percent. This is to correct the offset tax in subsection 3.
- On page 6, lines 1-3, you'll see a change in date and amount that each licensee will pay in taxes each fiscal year. You'll also see an increase from \$420,000 to \$500,000 and raise the cap to \$520,000. These increases are an offset to the elimination of breakage in subsection 3.
- Page 6, line 6 eliminates breakage to be paid to the commission.
- Page 7, line 1 raises the percentage that the racing commission may receive from the promotional fund for expenses by a 10% increase.

Why is this important to pass?

- North Dakota serves as the country's second largest ADW licensing hub. This bill will make our racing commission more attractive compared to other states.
- These funds pay back directly to our agricultural community through grants, purses, and awards.
- Race weekends impact our communities. It is a fun family friendly event that attracts horseman from all over the country.
- Passage of this bill provides a reliable tax income for the racing commission. The ADW's say it simplifies their reporting requirements and puts a cap on the amount of tax owed.

Madam Chair Larson and members of the Senate Judiciary Committee, this concludes my testimony. I respectfully ask for a do pass recommendation from your committee. I am happy to stand for any questions.