

FIRST ENGROSSMENT

ENGROSSED SENATE BILL NO. 2347

Introduced by

Senators Myrdal, Sorvaag, Thomas

1 A BILL for an Act to create and enact three new sections to chapter 53-06.2 of the North Dakota
2 Century Code, relating to historic horse race wagering, pari-mutuel horse racing, and the
3 establishment of the racing commission fund; to amend and reenact sections 53-06.2-01,
4 53-06.2-04, 53-06.2-05, 53-06.2-06, 53-06.2-07, 53-06.2-08, 53-06.2-10, 53-06.2-10.1, and
5 53-06.2-11 of the North Dakota Century Code, relating to the authorization of historic horse race
6 wagering and the elimination of simulcast dog racing under the certificate system; and to
7 provide an effective date.

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

9 **SECTION 1. AMENDMENT.** Section 53-06.2-01 of the North Dakota Century Code is
10 amended and reenacted as follows:

11 **53-06.2-01. Definitions.**

12 As used in this chapter:

13 1. "Association" means a person licensed by the racing commission conducting
14 pari-mutuel wagering.

15 2. "Breeders' fund" means a fund, administered by the commission, established to
16 financially reward breeders or owners of North Dakota-bred horses to be paid in
17 accordance with rules as approved by the commission.

18 ~~2-3.~~ "Certificate system" means the system of betting described in section 53-06.2-10.

19 ~~3-4.~~ "Charitable organization" means a nonprofit organization operated for the relief of
20 poverty, distress, or other conditions of public concern in this state and has been so
21 engaged in this state for at least two years.

- 1 ~~4.5.~~ "Civic and service club" means a branch, lodge, or chapter of a nonprofit national or
2 state organization that is authorized by its written constitution, charter, articles of
3 incorporation, or bylaws to engage in a civic or service purpose in this state and has
4 so existed in this state for at least two years. The term includes a similar local
5 nonprofit organization, not affiliated with a state or national organization, which is so
6 recognized by a resolution adopted by the governing body of the local jurisdiction in
7 which the organization conducts its principal activities, and which has existed in this
8 state for at least two years.
- 9 ~~5.6.~~ "Commission" means the North Dakota racing commission.
- 10 ~~6.7.~~ "Equine racing facility" means a horse racing facility that conducts at least eight live
11 horse races in a calendar year and which has a minimum racing infrastructure
12 consisting of:
- 13 a. A five-furlong [1005.84 meters] dirt track for flat racing;
14 b. Capacity for no fewer than five hundred individuals; and
15 c. Barns with no fewer than fifty permanent stalls.
- 16 ~~8.~~ "Executive director" means the executive director of the commission.
- 17 ~~7.9.~~ "Fraternal organization" means a nonprofit organization in this state, which is a
18 branch, lodge, or chapter of a national or state organization and exists for the common
19 business, brotherhood, or other interests of its members, and has so existed in this
20 state for two years. The term does not include a college or high school fraternity.
- 21 ~~10.~~ "Historic horse race" means any horse race that was previously conducted by a
22 licensed pari-mutuel facility, concluded with official results, and concluded without
23 scratches, disqualifications, and dead-heat finishes.
- 24 ~~8.11.~~ "Local jurisdiction" means, with respect to a site inside the city limits of a city, that city,
25 and with respect to a site not inside the city limits of a city, the county in which the site
26 is located.
- 27 ~~9.12.~~ "Other public-spirited organization" means a nonprofit organization recognized by the
28 governing body of the appropriate local jurisdiction by resolution as public-spirited and
29 eligible under this chapter.

- 1 ~~10-13.~~ "Pari-mutuel wagering" means a method of wagering approved by the commission in
2 which one or more patrons wager on a horse race, whether live, simulcast, or historic
3 horse race.
- 4 ~~14.~~ "Purse fund" means a fund, administered by the commission, established to
5 supplement and improve purses offered at racetracks within the state.
- 6 ~~11-15.~~ "Racing" means live or simulcast horse racing under the certificate system or
7 simulcast dog racing under the certificate system.
- 8 ~~12-16.~~ "Racing promotion fund" means a fund administered by the commission established to
9 assist in improving and upgrading racetracks in the state, promoting horse racing in
10 the state, and developing new racetracks in the state as necessary and approved by
11 the commission.
- 12 ~~13-17.~~ "Religious organization" means a nonprofit organization, church, body of
13 communicants, or group gathered in common membership for mutual support and
14 edification in piety, worship, and religious observances, and which has been so
15 gathered or united in this state for at least two years.
- 16 ~~14-18.~~ "Veterans' organization" means a congressionally chartered organization in this state,
17 or a branch, lodge, or chapter of a nonprofit national or state organization in this state,
18 the membership of which consists of individuals who were members of the armed
19 services or forces of the United States, and which has so been in existence in this
20 state for at least two years.

21 **SECTION 2. AMENDMENT.** Section 53-06.2-01 of the North Dakota Century Code is
22 amended and reenacted as follows:

23 **53-06.2-01. Definitions.**

24 As used in this chapter:

- 25 1. "Association" means a person licensed by the racing commission conducting
26 pari-mutuel wagering.
- 27 2. "Breeders' fund" means a fund, administered by the commission, established to
28 financially reward breeders or owners of North Dakota-bred horses to be paid in
29 accordance with rules as approved by the commission.
- 30 3. "Certificate system" means the system of betting described in section 53-06.2-10.

- 1 4. "Charitable organization" means a nonprofit organization operated for the relief of
2 poverty, distress, or other conditions of public concern in this state and has been so
3 engaged in this state for at least two years.
- 4 5. "Civic and service club" means a branch, lodge, or chapter of a nonprofit national or
5 state organization that is authorized by its written constitution, charter, articles of
6 incorporation, or bylaws to engage in a civic or service purpose in this state and has
7 so existed in this state for at least two years. The term includes a similar local
8 nonprofit organization, not affiliated with a state or national organization, which is so
9 recognized by a resolution adopted by the governing body of the local jurisdiction in
10 which the organization conducts its principal activities, and which has existed in this
11 state for at least two years.
- 12 6. "Commission" means the North Dakota racing commission.
- 13 7. "Equine racing facility" means a horse racing facility that conducts at least eight live
14 horse races in a calendar year and which has a minimum racing infrastructure
15 consisting of:
 - 16 a. A five-furlong [1005.84 meters] dirt track for flat racing;
 - 17 b. Capacity for no fewer than five hundred individuals; and
 - 18 c. Barns with no fewer than fifty permanent stalls.
- 19 8. "Executive director" means the executive director of the commission.
- 20 9. "Fraternal organization" means a nonprofit organization in this state, which is a
21 branch, lodge, or chapter of a national or state organization and exists for the common
22 business, brotherhood, or other interests of its members, and has so existed in this
23 state for two years. The term does not include a college or high school fraternity.
- 24 10. "Historic horse race" means any horse race that was previously conducted by a
25 licensed pari-mutuel facility, concluded with official results, and concluded without
26 scratches, disqualifications, and dead-heat finishes.
- 27 11. "Local jurisdiction" means, with respect to a site inside the city limits of a city, that city,
28 and with respect to a site not inside the city limits of a city, the county in which the site
29 is located.

- 1 12. "Other public-spirited organization" means a nonprofit organization recognized by the
2 governing body of the appropriate local jurisdiction by resolution as public-spirited and
3 eligible under this chapter.
- 4 13. "Pari-mutuel wagering" means a method of wagering approved by the commission in
5 which one or more patrons wager on a horse race, whether live, simulcast, or historic
6 horse race.
- 7 14. "Purse fund" means a fund, administered by the commission, established to
8 supplement and improve purses offered at racetracks within the state.
- 9 15. "Racing" means live or simulcast horse racing under the certificate system ~~or~~
10 simulcast dog racing under the certificate system.
- 11 16. "Racing promotion fund" means a fund administered by the commission established to
12 assist in improving and upgrading racetracks in the state, promoting horse racing in
13 the state, and developing new racetracks in the state as necessary and approved by
14 the commission.
- 15 17. "Religious organization" means a nonprofit organization, church, body of
16 communicants, or group gathered in common membership for mutual support and
17 edification in piety, worship, and religious observances, and which has been so
18 gathered or united in this state for at least two years.
- 19 18. "Veterans' organization" means a congressionally chartered organization in this state,
20 or a branch, lodge, or chapter of a nonprofit national or state organization in this state,
21 the membership of which consists of individuals who were members of the armed
22 services or forces of the United States, and which has so been in existence in this
23 state for at least two years.

24 **SECTION 3. AMENDMENT.** Section 53-06.2-04 of the North Dakota Century Code is
25 amended and reenacted as follows:

26 **53-06.2-04. Duties of commission.**

27 The commission shall:

- 28 1. Provide for racing and wagering under the certificate system.
- 29 2. Set racing dates.
- 30 3. Adopt rules for effectively preventing the use of any substance, compound items, or
31 combinations of any medicine, narcotic, stimulant, depressant, or anesthetic which

- 1 could alter the normal performance of a racehorse, unless specifically authorized by
- 2 the commission.
- 3 4. Supervise and check the making of pari-mutuel pools, pari-mutuel machines, and
- 4 equipment at all races held for wagering under the certificate system.
- 5 5. Adopt rules governing, restricting, or regulating bids on licensees' concessions and
- 6 leases on equipment and governing historic horse racing.
- 7 6. Consider all proposed extensions, additions, or improvements to the buildings,
- 8 stables, or tracks on property owned or leased by a licensee.
- 9 7. Exclude from racetracks or simulcast pari-mutuel wagering facilities any
- 10 ~~person~~individual who violates any rule of the commission or any law.
- 11 8. Determine the cost of inspections performed under subsection 3 of section 53-06.2-05
- 12 and require the licensee to pay that cost.
- 13 9. Report biennially to the legislative council regarding the operation of the commission.
- 14 10. Provide notice to the North Dakota horsemen's council of meetings held by the
- 15 commission and permit the North Dakota horsemen's council to participate in the
- 16 meetings through placement of items on the agenda.
- 17 11. Complete, distribute, and post on the commission's website the minutes of each
- 18 commission meeting within thirty days of that meeting or before the next meeting of
- 19 the commission, whichever occurs first.

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

22 **53-06.2-05. Powers of commission.**

23 The commission may:

- 24 1. Compel the production of all documents showing the receipts and disbursements of
- 25 any licensee and determine the manner in which such financial records are to be kept.
- 26 2. Investigate the operations of any licensee and enter any vehicle or place of business,
- 27 residence, storage, or racing of any licensee on the grounds of a licensed association
- 28 to determine whether there has been compliance with the provisions of this chapter
- 29 and rules adopted under this chapter, and to discover and seize any evidence of
- 30 noncompliance.

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

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

25 **53-06.2-06. Organizations eligible to conduct racing and simulcast****assist in**
26 **conducting pari-mutuel wagering.**

27 ~~Civic and service clubs; charitable, fraternal, religious, and veterans' organizations; and~~
28 ~~other public-spirited~~

- 29 1. Public-spirited organizations the primary purpose of which is for equine education,
30 community recreation, and economic development may be licensed to ~~conduct racing~~
31 ~~and simulcast~~ assist in conducting pari-mutuel wagering as authorized by this chapter.

- 1 2. The following types of organizations may be licensed to conduct simulcast pari-mutuel
2 wagering under this chapter:
3 a. Civic and service clubs:
4 b. Charitable, fraternal, religious, and veterans' organizations; and
5 c. Other public-spirited organizations.

6 **SECTION 6. AMENDMENT.** Section 53-06.2-07 of the North Dakota Century Code is
7 amended and reenacted as follows:

8 **53-06.2-07. Issuance of racing licenses - Applications.**

- 9 1. On compliance by an applicant with this chapter and the approval of the attorney
10 general, the commission may issue a license to conduct races. The attorney general
11 may not grant a license denied by the commission.
12 2. An application for a license to conduct a racing meet must be signed under oath and
13 filed with the commission. The application must contain at least the following:
14 a. The name and post-office address of the applicant.
15 b. The location of the racetrack and whether it is owned or leased. If the racetrack is
16 leased, a copy of the lease must be included.
17 c. A statement of the applicant's previous history and association sufficient to
18 establish that the applicant is an eligible organization.
19 d. The time, place, and number of days the racing meet is proposed to be
20 conducted.
21 e. ~~The type of racing to be conducted.~~
22 f. Other information the commission requires.
23 3. At least thirty days before the commission issues or renews a license to conduct
24 races, the applicant shall deliver a complete copy of the application to the local
25 jurisdiction governing body. The application to the commission must include a
26 certificate verified by a representative of the applicant, indicating delivery of the
27 application copy to the governing body. If the governing body of the local jurisdiction
28 adopts a resolution disapproving the application for license or renewal and so informs
29 the executive director within thirty days of receiving a copy of the application, the
30 license to conduct races may not be issued or renewed.

1 **SECTION 7. AMENDMENT.** Section 53-06.2-07 of the North Dakota Century Code is
2 amended and reenacted as follows:

3 **53-06.2-07. Issuance of racing licenses - Applications.**

- 4 1. On compliance by an applicant with this chapter and the approval of the attorney
5 general, the commission may issue a license to conduct races. The attorney general
6 may not grant a license denied by the commission.
- 7 2. An application for a license to conduct a racing meet must be signed under oath and
8 filed with the commission. The application must contain at least the following:
- 9 a. The name and post-office address of the applicant.
- 10 b. The location of the racetrack and whether it is owned or leased. If the racetrack is
11 leased, a copy of the lease must be included.
- 12 c. A statement of the applicant's previous history and association sufficient to
13 establish that the applicant is an eligible organization.
- 14 d. The time, place, and number of days the racing meet is proposed to be
15 conducted.
- 16 e. Other information the commission requires.
- 17 3. At least thirty days before the commission issues or renews a license to conduct
18 races, the applicant shall deliver a complete copy of the application to the local
19 jurisdiction governing body. The application to the commission must include a
20 certificate verified by a representative of the applicant, indicating delivery of the
21 application copy to the governing body. If the governing body of the local jurisdiction
22 adopts a resolution disapproving the application for license or renewal and so informs
23 the executive director within thirty days of receiving a copy of the application, the
24 license to conduct races may not be issued or renewed.
- 25 4. A licensee, including a totalizator provider or service provider, may not offer bets or
26 wagers on dog races.

27 **SECTION 8. AMENDMENT.** Section 53-06.2-08 of the North Dakota Century Code is
28 amended and reenacted as follows:

29 **53-06.2-08. License authorization and fees.**

- 30 1. Each license issued under the certificate system must describe the place, track, or
31 racecourse at which the licensee may hold races. Every license must specify the

1 number of days the licensed races may continue, the hours during which racing may
2 be conducted, and the number of races that may be held each day. Races authorized
3 under this chapter may be held during the hours approved by the commission and
4 within the hours permitted by state law.

5 2. Wagering on historic horse races may be conducted:

6 a. At only one equine racing facility in the state.

7 b. On any day, regardless of whether live racing or simulcasting is taking place.

8 2.3. The commission may charge a license fee for racing commensurate with the size and
9 attendance of the race meet.

10 3.4. Each applicant for a license under this chapter shall give bond or a letter of credit
11 payable to this state with good security as approved by the commission. The bond or
12 letter of credit must be in the amount the commission determines will adequately
13 protect the amount normally due and owing to this state in a regular payment period
14 or, in the case of new or altered conditions, based on the projected revenues.

15 4.5. The commission may grant licenses to horse owners, jockeys, riders, agents, trainers,
16 grooms, stable foremen, exercise workers, veterinarians, valets, concessionaires,
17 service providers, employees of racing associations, and such other persons as
18 determined by the commission. Licensure of service providers, totalizator companies,
19 site operators, and organizations applying to conduct or conducting pari-mutuel
20 wagering must be approved by the attorney general. The attorney general may not
21 grant a license denied by the commission. License fees are as established by the
22 commission.

23 5.6. The commission may establish the ~~period of time~~term for which licenses issued under
24 this chapter are valid.

25 6.7. The commission shall deposit all fees collected under this section in the racing
26 commission operating fund. Subject to legislative appropriation, the commission may
27 spend the fees for operating costs of the commission.

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

1 **53-06.2-10. Certificate system - Rules.**

2 The certificate system allows a licensee to receive money from any person present at ~~on a~~
3 ~~live, simulcast, or historic horse or dog race, simulcast horse race, or simulcast dog race who~~
4 ~~desires to bet on any entry in that race.~~ A person betting on an entry to win acquires an interest
5 in the total money bet on all entries in the race, in proportion to the amount of money bet by that
6 person, under rules adopted by the commission. The licensee shall receive the bets and for
7 each bet on a live or simulcast horse race shall issue a certificate to the bettor on which is at
8 least shown the number of the race, the amount bet, and the number or name of the entry
9 selected by the bettor. A certificate may not be issued for a wager on a historic horse race. The
10 commission may adopt rules for place, show, quinella, combination, or other types of ~~betting-~~
11 ~~usually connected with racing~~pari-mutuel wagering.

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

14 **53-06.2-10. Certificate system - Rules.**

15 The certificate system allows a licensee to receive money from any person on a live,
16 simulcast, or historic horse ~~or dog~~ race. A person betting on an entry to win acquires an interest
17 in the total money bet on all entries in the race, in proportion to the amount of money bet by that
18 person, under rules adopted by the commission. The licensee shall receive the bets and for
19 each bet on a live or simulcast horse race shall issue a certificate to the bettor on which is at
20 least shown the number of the race, the amount bet, and the number or name of the entry
21 selected by the bettor. A certificate may not be issued for a wager on a historic horse race. The
22 commission may adopt rules for place, show, quinella, combination, or other types of
23 pari-mutuel wagering.

24 **SECTION 11. AMENDMENT.** Section 53-06.2-10.1 of the North Dakota Century Code is
25 amended and reenacted as follows:

26 **53-06.2-10.1. Simulcast wagering.**

27 1. As used in this section, "account wagering" means a form of pari-mutuel wagering in
28 which an individual deposits money in an account and uses the account balance to
29 pay for pari-mutuel wagers.

30 2. In addition to racing under the certificate system, as authorized by this chapter, and
31 conducted upon the premises of a racetrack, simulcast pari-mutuel and account

1 wagering may be conducted in accordance with this chapter or rules adopted by the
2 commission under this chapter in accordance with chapter 28-32.

3 3. Any organization qualified under section 53-06.2-06 to conduct racing may ~~make-~~
4 ~~written application~~apply to the commission for the conduct of simulcast pari-mutuel
5 and account wagering on races held at licensed racetracks inside the state or
6 racetracks outside the state, or both.

7 4. Licensure of service providers, totalizator companies, site operators, or organizations
8 applying to conduct or conducting simulcast or account wagering must be approved by
9 the attorney general. The attorney general may not grant a license denied by the
10 commission.

11 5. Notwithstanding any other provision of this chapter, the commission may authorize any
12 licensee to participate in interstate or international combined wagering pools with one
13 or more other racing jurisdictions. ~~Anytime that~~

14 a. If a licensee participates in an interstate or international combined pool, the
15 licensee, as prescribed by the commission, may adopt the take-out of the host
16 jurisdiction or facility.

17 b. The commission may permit a licensee to use one or more of its races or
18 simulcast programs for an interstate or international combined wagering pool at
19 locations outside its jurisdiction and may allow pari-mutuel pools in other states to
20 be combined with pari-mutuel pools in its jurisdiction for the purpose of
21 establishing an interstate or international combined wagering pool.

22 c. The participation by a licensee in a combined interstate or international wagering
23 pool does not cause that licensee to be considered to be doing business in any
24 jurisdiction other than the jurisdiction in which the licensee is physically located.

25 d. Pari-mutuel taxes or commissions may not be imposed on any amounts wagered
26 in an interstate or international combined wagering pool other than amounts
27 wagered within this jurisdiction.

28 e. Breakage for interstate or international combined wagering pools must be
29 calculated in accordance with the statutes or rules of the host jurisdiction and
30 must be distributed among the participating jurisdictions in a manner agreed to
31 among the jurisdictions.

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

15 **SECTION 12.** A new section to chapter 53-06.2 of the North Dakota Century Code is
16 created and enacted as follows:

17 **Historic horse race wagering.**

- 18 1. In accordance with pari-mutuel wagering under the certificate system, and if
19 conducted at an equine racing facility, pari-mutuel wagering on historic horse races
20 may be conducted in accordance with this chapter or rules adopted by the
21 commission. Any equine racing facility under this chapter may offer wagering on
22 historic horse races on electronic devices if:
- 23 a. Wagering is conducted within an equine racing facility, using the pari-mutuel
24 method of wagering;
 - 25 b. A licensee maintains no fewer than two terminals offering the same type of wager
26 on historic horse races;
 - 27 c. The terminal used for conducting a historic horse race:
 - 28 (1) Provides true and accurate past performance information on each historic
29 horse race before a patron makes selections;
 - 30 (2) Displays the official results of each race;

1 (3) Has been tested by an independent testing laboratory to ensure integrity
2 and proper working order; and

3 (4) Displays pool amounts that patron will receive for a winning wager; and
4 d. The identity of each race is revealed to the patron after the patron has placed a
5 wager.

6 2. The terminal used for conducting a historic horse race may display a photographic
7 recording or digital simulation or recreation of a portion of the race.

8 3. Notwithstanding any other provision of this chapter, in addition to any bond provided to
9 the attorney general as security for other licensed activity pursuant to section
10 53-06.2-08, each licensed service provider approved by the commission to offer
11 wagering on historic horse races shall post a bond of five hundred thousand dollars
12 payable to the state. A licensed service provider posting a bond under this section is
13 not required to post more than one bond in the amount of five hundred thousand
14 dollars, regardless of the number of simulcast facilities at which it offers wagers on
15 historic horse races.

16 **SECTION 13.** A new section to chapter 53-06.2 of the North Dakota Century Code is
17 created and enacted as follows:

18 **Pari-mutuel horse wagering.**

19 For pari-mutuel horse wagering:

20 1. Wagers must be placed in one or more wagering pools.

21 2. Wagers on different races or sets of races may be pooled together.

22 3. Patrons may establish odds or payouts.

23 4. Winning patrons share in amounts wagered, including carryover amounts plus
24 amounts provided by an association less any deductions required, as approved by the
25 commission.

26 5. Pools may be paid out incrementally as approved by the commission.

27 **SECTION 14.** A new section to chapter 53-06.2 of the North Dakota Century Code is
28 created and enacted as follows:

1 **Racing commission operating fund.**

2 There is created in the state treasury the racing commission operating fund. The fund
3 consists of all racing taxes, monetary fines, and interest and penalties collected under this
4 chapter.

5 **SECTION 15. AMENDMENT.** Section 53-06.2-11 of the North Dakota Century Code is
6 amended and reenacted as follows:

7 **53-06.2-11. Bet payoff formulas - Uses by licensee of funds in excess of expenses -**
8 **Payment to general fund.**

9 1. For wagering on live horse racing:

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

13 (1) One-half of one percent to the state treasurer to be deposited in the
14 ~~general~~racing commission operating fund.

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

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

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

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

24 (1) One-half of one percent to the state treasurer to be deposited in the
25 ~~general~~racing commission operating fund.

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

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

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

- 1 2. For simulcast and account wagering:
- 2 a. In win, place, and show pari-mutuel pools, the licensee may deduct no more than
- 3 twenty percent of the amount wagered. Except as limited in subdivision c, of the
- 4 amount wagered by simulcast and account wagering in win, place, and show
- 5 pari-mutuel pools, the licensee shall pay:
- 6 (1) One-sixteenth of one percent to the state treasurer to be deposited in the
- 7 ~~general~~racetrack commission operating fund.
- 8 (2) One-sixteenth of one percent to the commission to be deposited in the
- 9 breeders' fund.
- 10 (3) One-sixteenth of one percent to the commission to be deposited in the
- 11 purse fund.
- 12 (4) One-sixteenth of one percent to the commission to be deposited in the
- 13 racing promotion fund.
- 14 b. Except as limited in subdivision c, of the amount wagered by simulcast and
- 15 account wagering in daily double, quinella, exacta, trifecta, or other combination
- 16 pari-mutuel pools, the licensee shall pay:
- 17 (1) One-sixteenth of one percent to the state treasurer to be deposited in the
- 18 general fund.
- 19 (2) One-sixteenth of one percent to the commission to be deposited in the
- 20 breeders' fund.
- 21 (3) One-sixteenth of one percent to the commission to be deposited in the
- 22 purse fund.
- 23 (4) One-sixteenth of one percent to the commission to be deposited in the
- 24 racing promotion fund.
- 25 c. ~~For the fiscal year commencing July 1, 2013, the licensee may not pay more than~~
- 26 ~~four hundred thousand dollars. For the fiscal year commencing July 1, 2014, and~~
- 27 ~~thereafter, the~~The licensee may not pay more than four hundred twenty thousand
- 28 dollars.
- 29 3. For historic horse race wagering, the licensee may deduct no more than twenty-five
- 30 percent of the amount wagered. Of the amount wagered, the licensee shall pay:

- 1 a. One-fourth of one percent to the state treasurer to be deposited in the racing
2 commission operating fund.
- 3 b. One-sixth of one percent to be deposited in the breeder's fund.
- 4 c. One-sixth of one percent to be deposited in the purse fund.
- 5 d. One-sixth of one percent to be deposited in the racing promotion fund.
- 6 e. One-fourth of one percent to be deposited in the gambling disorder prevention
7 and treatment fund.
- 8 f. One-fourth of one percent to be deposited in the treasury of the city in which
9 wagering on historic horse racing takes place.
- 10 4. All moneys in the racing commission operating fund, in excess of those appropriated
11 by the legislative assembly for administrative and operating costs associated with the
12 racing commission, must be transferred to the general fund.
- 13 5. For all pari-mutuel wagering the licensee shall pay to the commission the amount due
14 for all unclaimed tickets and all breakage on the first twenty million dollars wagered in
15 each fiscal year with each service provider. The amount received must be deposited in
16 the racing promotion fund.
- 17 4.6. The licensee conducting wagering on live racing, simulcast horse racing wagering,
18 historic horse racing, or account wagering shall retain all other money in the
19 pari-mutuel pool and pay it to bettors holding winning tickets as provided by rules
20 adopted by the commission.
- 21 5.7. A licensee may not use any of the portion deducted for expenses under subsections 1
22 and 2 for expenses not directly incurred by the licensee in conducting pari-mutuel
23 racingwagering under the certificate system. ~~After paying qualifying expenses, the~~
24 ~~licensee shall use the remainder of the amount so withheld only for eligible uses~~
25 ~~allowed to charitable gambling organizations under section 53-06.1-11.1.~~
- 26 6.8. The commission shall deposit the moneys received pursuant to subsections 1, 2, and
27 3, and 5 and from the North Dakota horse racing foundation pursuant to subsection 5
28 of section 53-06.2-05 in the breeders' fund, the purse fund, and the racing promotion
29 fund. Moneys, and any earnings on the moneys, in the breeders' fund, purse fund, and
30 racing promotion fund are appropriated to the commission on a continuing basis to
31 carry out the purposes of those funds under this chapter and must be administered

1 and disbursed in accordance with rules adopted by the commission. The commission
2 may not transfer money among the funds. The commission shall distribute in-state
3 awards and payment supplements from the breeders' fund in the same calendar year
4 the money was earned by the recipient. The commission shall distribute out-of-state
5 awards and payment supplements from the breeders' fund, if made available by the
6 commission, within two months of the end of the calendar year the money was earned
7 by the recipient. The commission shall distribute payments awarded to qualified
8 owners and breeders from the breeders' fund without requiring owners and breeders
9 to apply for the payments. ~~The commission may receive twenty-five thousand dollars~~
10 ~~per year or twenty-five percent per year, whichever is greater, from the racing~~
11 ~~promotion fund for the payment of the commission's operating expenses.~~

12 **SECTION 16. EFFECTIVE DATE.** Sections 2, 7, and 10 of this Act are effective on
13 August 1, 2027.