

1999 SENATE POLITICAL SUBDIVISIONS

SB 2361


1999 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB2361

Senate Political Subdivisions Committee

Conference Committee

Hearing Date February 4, 1999

Tape Number	Side A	Side B	Meter #
1	x		0 to end
1		x	0 to 1434
Committee Clerk Signature 			

Minutes:

SENATOR LEE: Open meeting on SB2361

SENATOR THOMPSON: Introduction of SB2361, and testify on behalf of ELIZABETH

WALSON whom was in support of this bill, see testimony

SENATOR WATNE: effects of the fiscal note on this bill

SENATOR THOMPSON: ROGER RULEY can answer this question and give all the details

SENATOR FLAKOLL: other types of racers

SENATOR THOMPSON: there are other live horse events like chariot races and other types of horse racing

SENATOR LEE: discussion

SENATOR THOMPSON: increasing horses and the amount of money spent on these horses.

REPRESENTATIVE SCHMIDT: track announcer and voices support for this bill

SENATOR FLAKOLL: steward inquiry and fixed race

SENATOR LEE: betting

SENATOR BERCY: support for SB2361 and ask for a DO PASS

SENATOR WATNE: where is the racing around Bottineau

SENATOR BERCY: around the Turtle Mountains on the reservation

SENATOR FLAKOLL: statewide events and the amount of attendance at these events

SENATOR BERCY: good attendance at these events

SENATOR LEE: betting involved with these events, any further questions

SENATOR BERCY: yes there is betting at all the tracks but no kid betting

GARY NESS: SEE TESTIMONY

SENATOR LEE: any questions

SENATOR FLAKOLL: page three and deletion of the race track section. please explain

GARY NESS: cleaning up of bill by LEGISLATIVE COUNCIL

SENATOR FLAKOLL: agricultural impact and what the break even point is for a horse

GARY NESS: Not really sure

SENATOR LEE: any further questions

ROGER RILEY: Answer earlier question by SENATOR WATNE: five member board and their duties, and racing committees actions on this bill and the fiscal note effects, materially alters the impact of the study with the transfer of dollars from the general fund to the special fund set up for this bill, recommend DO PASS

SENATOR WATNE: where do excise taxes come from

ROGER WILEY: excise taxes come from pursuing this activity and the income associated with this racing

SENATOR LEE: additional racing could not survive if it didn't have the gaming tax, and this event could not survive any expansion

ROGER WILEY: NO, other types of racing and the purses that these races give out, but you can't have a horse race without the attendance

SENATOR LEE: no need to expand regulation just the need to add a track

ROGER WILEY: no need to change any of the laws

SENATOR FLAKOLL: simulcast racing or expansion of this type of project

ROGER WILEY: economics of setting this up within the state and getting the equipment and it's probably not feasible

SENATOR FLAKOLL: increase horse racing attendance

ROGER WILEY: best promotion is to provide good purses and get good attendance with live promotions and the funding and directing of this event, horse seminars

SENATOR LYSON: take over meeting for a moment

SENATOR FLAKOLL: gambling and what to do about the addicts to gambling

ROGER WILEY: no problem with implementing this system but we don't know how to "police" this provision

SENATOR WATNE: figures on building a new race track and the associated studies

ROGER WILEY: building a new track is not feasible and moving the track due to the state fair and the problems associated with this, 750,000 to build a new track

SENATOR KELSH: follow up on SENATOR FLAKOLL question on gambling and funds set aside for gambling addicts, can this be construed as an expansion

ROGER WILEY: economic development through an alternative source and betting on these horses. This is not a gambling bill

SENATOR LYSON: any other questions

LARAL THERSON: support of this bill

SUSAN BALLON: report card for racing industry and what are the next steps of development for this bill

SENATOR FLAKOLL: telecommunications and the cost of simulcast horse racing

LARAL THERSON: regional technology and promoting this product statewide and the means to provide the racing state wide and the costs associated

SENATOR LEE: workable in ND with population base going down

SUSAN BALLON: All comes down to proportion and building a track with the money to fund this project verses using existing facilities, see breakdown and related testimony

DORTHY ELURUM: Support of this bill

JOHN BLEBLE: support of this bill, see attached testimony

DIANE CARPENTIER: Washburn North Dakota, support for this bill and pricing of cattle verses horses and seminar

LOREN SCHMIDT: see testimony

BRUCE STRINDON: See testimony with economic study and the changes in Horse Racing and

Vote DO PASS

BRUCE STINDON: support for this bill and vote DO PASS and the impact to the agricultural impact of this bill, number of racing horses within the state and fiscal impact to the state, see testimony

SENATOR LEE: any questions

SENATOR FLAKOLL: does the horse have to be in state to qualify for the fund

ROGER RILEY: breeders fund program, so we can improve the flood stock. this horse has to remain in the state which can be enrolled in the stock

SENATOR FLAKOLL: the owners wouldn't have to be within the state

ROGER WILEY: owners wouldn't have to be within the state

SENATOR LEE: any consideration to people living on the border

ROGER WILEY: they are not under any probation

SENATOR LEE: any other questions

MOTION: CLOSE HEARING ON SB2368

FEBRUARY 5, 1999

MOTION: DO PASS SB2361, REFERRED TO APPROPRIATION FOR FISCAL NOTE

FISCAL NOTE

(Return original and 14 copies)

Resolution No.: _____ Amendment to: SB 2361
 Requested by Legislative Council Date of Request: 4-5-99

- Please estimate the fiscal impact (in dollar amounts) of the above measure for state general or special funds, counties, cities, and school districts. Please provide breakdowns, if appropriate, showing salaries and wages, operating expenses, equipment, or other details to assist in the budget process. In a word processing format, add lines or space as needed or attach a supplemental sheet to adequately address the fiscal impact of the measure.

Narrative: The effect of SB 2361 as amended would be a decrease in the retainage by live and simulcast Licensees of two percent of the total wagering pools and a transfer of these funds to a new special fund for track development appropriated to and administered by the Commission. Also, fees and fines collected by the Commission would be appropriated to the Commission to defray costs and expenses.

- State fiscal effect in dollar amounts:

	1997-99 Biennium		1999-2001 Biennium		2001-03 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	-0-	-0-	-0-	\$300,400	-0-	\$317,863
Expenditures	-0-	-0-	-0-	-0-	-0-	-0-

- What, if any, is the effect of this measure on the budget for your agency or department:

a. For rest of 1997-99 biennium: No direct effect.
 (Indicate the portion of this amount included in the 1999-2001 executive budget:)

b. For the 1999-2001 biennium: Would increase the appropriation by \$21,200
 (Indicate the portion of this amount included in the 1999-2001 executive budget:)
None of this amount is included in the executive budget.

c. For the 2001-03 biennium: Would increase the appropriations by \$22,200

- County, city, and school district fiscal effect in dollar amounts:

1997-99 Biennium			1999-2001 Biennium			2001-03 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

If the additional funds made available to the racing industry results in additional live racing, the counties and cities hosting such additional racing would benefit to the extent they levy local taxes on economic activity (not quantified)

Signed: *Roger Reule*
 Typed Name: Roger Reule
 Department: North Dakota Racing Commission
 Phone Number: 701-328-4290
 Date Prepared: 4-9-99

FISCAL NOTE

(Return original and 10 copies)

Bill/Resolution No.: SB 2361 Amendment to: _____

Requested by Legislative Council Date of Request: 1-20-99

1. Please estimate the fiscal impact (in dollar amounts) of the above measure for state general or special funds, counties, cities, and school districts.

Narrative: The effect of SB 2361 would be a direct transfer of funds now accruing to the general fund in the form of a pari-mutuel tax into two of the special funds appropriated to and administered by the North Dakota Racing Commission.

2. State fiscal effect in dollar amounts:

	1997-99 Biennium		1999-2001 Biennium		2001-03 Biennium	
	General Fund	Special Funds	General Fund	Special Funds	General Fund	Special Funds
Revenues:	-0-	-0-	(349,260)	349,260	(366,723)	366,723
Expenditures:	-0-	-0-	-0-	-0-	-0-	-0-

3. What, if any, is the effect of this measure on the appropriation for your agency or department:

- a. For rest of 1997-99 biennium: No direct effect
- b. For the 1999-2001 biennium: Would increase the appropriation by \$21,200
- c. For the 2001-03 biennium: Would increase the appropriation by \$22,200

4. County, City, and School District fiscal effect in dollar amounts:

1997-99 Biennium			1999-2001 Biennium			2001-03 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

If the additional funds made available to the racing industry result in additional live racing, the counties and cities hosting such additional racing would benefit to the extent they levy local taxes and economic activity(not quantified)

If additional space is needed, attach a supplemental sheet.

Signed Roger Reule

Typed Name Roger Reule Executive Director

Department North Dakota Racing Commission

Date Prepared: 2-2-99

Phone Number 328-4290

Date: 2-599
 Roll Call Vote #: 21

1999 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2361

Senate Political Subdivisions Committee Committee

Subcommittee on _____

or

Conference Committee

Legislative Council Amendment Number _____

Action Taken Do pass - rereferred

Motion Made By Watne Seconded By Kelsh

Senators	Yes	No	Senators	Yes	No
Senator Lee (Chairman)	/				
Senator Lyson (Vice-Chaiman)	/				
Senator Flakoll	/				
Senator Watne	/				
Senator Kelsh	/				
Senator Nelson	/				

Total (Yes) 86 No 0

Absent Nelson

Floor Assignment Kelsh

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE (410)
February 5, 1999 4:15 p.m.

Module No: SR-24-2111
Carrier: Kelsh
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2361: Political Subdivisions Committee (Sen. Lee, Chairman) recommends DO PASS and BE REREFERRED to the Appropriations Committee (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2361 was rereferred to the Appropriations Committee.

1999 SENATE APPROPRIATIONS

SB 2361

1999 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2361

Senate Appropriations Committee

Conference Committee

Hearing Date 2/12/99; 2/15/99

Tape Number	Side A	Side B	Meter #
1	x		4000-end
1		x	0-1506
2/15/99 1	x		1-345
Committee Clerk Signature <i>Gaudia Anderson</i>			

Minutes:

SENATOR NETHING: Opened the hearing on SB 2361; a BILL for an Act to create and enact a new subsection to section 53-06.2-01, a new subsection to section 53-06.2-04, a new subsection to section 53-06.2-05, and a new section to chapter 53-06.2 of the North Dakota Century Code, relating to definitions, funds administered by the racing commission, and a continuing appropriation; to amend and reenact subsections 1, 2, and 3 of section 53-06.2-11 of the North Dakota Century Code, relating to the use of racing funds; and to provide an expiration date.

GARY NESS: President of the Fair Circuit Horse Racing Association, a nonprofit association to testify in support of SB 2361 (testimony attached #1). (tape 4125-4800)

DISCUSSION centered on the needs for such a facility in view of those racing facilities in other states that have had to close because of financial problems. The financial benefits to the state in terms of breeding stock were also brought out. (tape 4800-5310)

REPRESENTATIVE ARLO SCHMIDT: District 12, to testify in support of SB 2361. (testimony attached #2) (tape 5310-5950)

BRUCE STRINDEN: to testify in support of SB 2361. (testimony 3A) The economic impact is as listed on the attached statements. (attachment 3B) (tape 5310-end)

SENATOR ANDRIST: Why don't you take dollars from your payout dollars to put in the racing purse. (tape 1, side B 950)

ROGER REULE: Executive Director of the ND Racing Commission, to testify that the bill does have the support of the racing commission. A chart outlining the projected flow of funds from 1999-2001 was presented. In answer to Senator Andrist's question, we think this would

happen over time; however, we have to first develop a group of fans. (attachment 3) (tape 1, side B 950-)

SENATOR NETHING: Closed the hearing on SB 2361 (tape 1068)

SENATOR TALLACKSON: Moved do pass SB 2361

SENATOR KRAUTER; Seconded the motion.

DAVE KRABBENHOFT: (OMB) There is no information in the fiscal note, there is no indication the appropriation, which is coming out of the general fund for the racing commission, is being reflected in the fiscal note. I'm not sure if it was accidentally left out or if it was meant to be left out. In the fiscal note where it reflects on the intent of the bill, is it to fund entirely the racing commission out of the special funds? If so, we aren't seeing the effect on the way the executive budget is reflected now where the racing commission is funded with general funds. I want to be sure that is the intention of the bill to fund the racing commission entirely with the special fund. If so, that's not reflected also in the fiscal note. We would have a decrease in the revenues. (tape, side B 1080-1250)

SENATOR NETHING: Initially when we set up the racing commission, it was supposed to support itself through its funds. But, we're not going to be able to do that other than the presentation that was made for additional revenues to be generated.

SENATOR KRAUTER: Withdrew his second to the motion to do pass.

SENATOR TALLACKSON: Withdrew his motion.

SENATOR NETHING: Reclosed the hearing.

=====

2/15/99

Tape 1, Side B, Meter 1-345

SENATOR NETHING: Reopened the hearing on SB 2361.

SENATOR NETHING: Moved for a motion on SB 2361.

SENATOR NAADEN: Moved a Do Not Pass on SB 2361.

SENATOR SOLBERG: Seconded the motion.

ROLL CALL: 12 YEAS; 2 NAYS; 0 ABSENT & NOT VOTING.

Yeas: Nething; Naaden; Solberg; Lindaas; Robinson; Krauter; St. Aubyn; Grindberg; Holmberg; Kringstad; Bowman; Andrist.

Nays: Tallackson; Tomac.

CARRIER: SENATOR NAADEN

SENATOR NETHING: Closed the hearing on SB 2361

2-15-99

Date:

~~2/12/99~~

Roll Call Vote #:

1

1999 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2361

Senate APPROPRIATIONS

Committee

Subcommittee on _____

or

Conference Committee

Legislative Council Amendment Number _____

Action Taken

Do Not PASS

Motion Made By

Sen. NAADEN

Seconded

By

Sen. Solberg

Senators	Yes	No	Senators	Yes	No
Senator Nething, Chairman	✓				
Senator Naaden, Vice Chairman	✓				
Senator Solberg	✓				
Senator Lindaas	✓				
Senator Tallackson		✓			
Senator Tomac		✓			
Senator Robinson	✓				
Senator Krauter	✓				
Senator St. Aubyn	✓				
Senator Grindberg	✓				
Senator Holmberg	✓				
Senator Kringstad	✓				
Senator Bowman	✓				
Senator Andrist	✓				

Total (Yes) 12 No 2

Absent 0

Floor Assignment SENATOR NAADEN

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE (410)
February 15, 1999 11:30 a.m.

Module No: SR-30-2971
Carrier: Naaden
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2361: Appropriations Committee (Sen. Nething, Chairman) recommends **DO NOT PASS** (12 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING). SB 2361 was placed on the Eleventh order on the calendar.

1999 HOUSE AGRICULTURE

SB 2361

1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2361

House Agriculture Committee

Conference Committee

Hearing Date 3/4/99

Tape Number	Side A	Side B	Meter #
One SB 2361	x		0.0 to 48
Committee Clerk Signature <i>Arlin Hanson</i>			

Minutes:

Summary of bill: Relating to the funds administered by the racing commission use of these funds and provide an expiration date.

Sen Thompson: This an historic day, Leo Rienbold and I are working together on a bill.

(Testimony attached) Valu added agriculture bill. I call this the Erling Rolfson, Sr memorial bill.

He passed on last year. He used to say it's better to have kids on Horses rather than on Drugs.

Rep Schmidt: Dist 12 Maddock (Testimony attached) Proud of this committee and the work they have done for a depressed Agr economy. We have more horses now in the St of ND than in any other time in the history of the state. We would like to see us make it feasible to have the ND Futurity run in North Dakota instead of in Winnepeg, MB. Other tracks around the country are training our horses and that could just as well be going on in State. This is valu added money that we could use in the state. We have some outstanding horses in this state and this bill would give

the horse racing industry a helping hand in ND. Some of our outstanding horses in ND are one a Stallion down at Wishek. His colts last year out of ND won over a million dollars. one of his colts won the Arkansas derby. Some races around the country run just ND colts. It costs now \$200 a month just to train a horse. It takes 90 days in training before you can run a horse.

Rep Thoreson: West Fargo.. She is a dyed in the wool Horse enthusiast. Valu-added product and need it for the depressed ND economy.

Leo Rienbold: (Written testimony attached) in favor of the bill. Doesn't he have a lot of get-up and go.

Gary Ness: President of the ND Fair Circuit Horse Racing Assoc. (testimony attached)

Rep Brusegaard: What do you base your projection of \$6 million per year being wagered?

Gary Ness: That's the current figure the racing commission gave us.

Rep Koppang: How many race tracks do we have in ND now?

Gary Ness: Belcourt, active. Fesseden, inactive. Trying one in Fargo. We have all kinds of equipment for these tracks to use so all you need is the facility,

Rep Nowatzki: One more at Hamilton.

Bruce Strinden: Mandan private citizen to day. (Testimony attached) much facts and figures presented in favor of this bill. If you pay the Purses they'll bring the horses. There are currently 1274 horses in North Dakota Breeders fund, plus another 700 horses within the state are part of the industry but not part of the breeders fund program. The direct impact of \$7,565,000 to the State if horses kept here.

Roger Alech: Dir of ND Racing commission. (Testimony attached)

Susan Ballof: Fargo (Racing Services , Inc, Telecommunications Network) Simul casting

of Horse racing. This bill enables the Industry to take the next step, being able to wager on Horse racing from all over the State. 8 networks across the state.

Rep Mueller: We've expanded this Simul casting from ND to other States. what is the trend?

Susan Ballof: We have a very viable product and had to expand it to where the people were at.

Where we have it live its growing.

Dorothy Alveran: Washburn.. Active in horse racing. Buy lots of feed locally for our horses. We have 4-H groups and the value of Horse racing for them is invaluable.

John Bubo: Thunder, ND in favor of this bill.

Deanna Carpenter: Washburn.. if fav or of bill.

Doug Plummer: West of Mandan. sold cow outfit to Son (chm said that was child abuse) Spends \$35,000 on training his horses out of state. In favor of bill.

Motion by Rep Berg for a DO PASS and refer to approp. Sec by Rep Johnson.

Vote total.. YES 15 NO 0 ABSENT 0

Norvigin

Date: 3-04-99
Roll Call Vote #:

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. ~~HB 2361~~ 2361

House AGRICULTURE Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass Refer to Approp

Motion Made By Berg Seconded By Johnson

Representatives	Yes	No	Representatives	Yes	No
Eugene Nicholas, Chaiman	✓		Bob Stefonowicz	✓	
Dennis E. Johnson, Vice Chm	✓				
Thomas T. Brusegaard	✓				
Earl Rennerfeldt	✓				
Chet Pollert	✓				
Dennis J. Renner	✓				
Michael D. Brandenburg	✓				
Gil Herbel	✓				
Rick Berg	✓				
Myron Koppang	✓				
John M. Warner	✓				
Rod Froelich	✓				
Robert E. Nowatzki	✓				
Phillip Mueller	✓				

Total (Yes) Voice Vote 15 No 0

Absent 0

Floor Assignment Nicholas

Send to approp

REPORT OF STANDING COMMITTEE (410)
March 9, 1999 2:55 p.m.

Module No: HR-42-4376
Carrier: Nicholas
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2361: Agriculture Committee (Rep. Nicholas, Chairman) recommends DO PASS and BE REREFERRED to the Appropriations Committee (15 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2361 was rereferred to the Appropriations Committee.

1999 HOUSE APPROPRIATIONS

SB 2361

1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 2361

House Appropriations Committee

Conference Committee

Hearing Date March 15, 1999

Tape Number	Side A	Side B	Meter #
1	x		0-end
1		x	0-4.4
Committee Clerk Signature <i>Casey Davis</i>			

Minutes:

SB 2361 - A bill for an act to create and enact a new subsection to section 53-06.2-01, a new subsection to section 53-06.2-04, a new subsection to section 53-06.2-05, and a new section to chapter 53-06.2 of the ND Century Code, relating to definitions, funds administered by the racing commission, and a continuing appropriation; to amend and reenact subsections 1, 2, and 3 of section 53-06.2-11 of the ND Century Code, relating to the use of racing funds; and to provide an expiration date.

CHAIRMAN DALRYMPLE opened the hearing on SB 2361.

1A: 0.6 SENATOR VERN THOMPSON introduced the bill and testified in support of it.

1A: 3.0 GARY NESS, President of the Fair Circuit Horse Racing Association, testified in support of the bill and provided an explanation of its provisions. (See testimony.)

1A: 9.6 REP. DELZER asked if there is an age limit on horse racing and whether 4-H kids can participate. Mr. Ness said the age limit on racing is 18. He feels that if money is put into the 4-H program at the grass roots level, that kids will learn how to handle a horse, and a percentage of those youngsters will go on to race.

1A: 11.2 REP. AARSVOLD asked where the fines go. Mr. Ness responded that when there is an infraction of the rules, that a hearing is held before a committee. He did not know where the fines go.

1A: 15.0 REP. LLOYD referred to provision #8 in their testimony, and said it could be interpreted in a couple of different ways. Mr. Ness replied that it is for a six year sunset, which would allow the industry an opportunity to build and develop. Rep. Lloyd said he feels they cannot obligate future legislatures toward particular designs such as this.

1A: 17.8 REP. BYERLY noted that in total about \$ ½ million would be going into horse racing in North Dakota. He asked how many races are held each year. Mr. Ness said that currently they are able to race at Chippewa Downs during a three week racing period. The association would like to reopen the Fessenden track, and also a track in West Fargo.

1A: 18.8 REP. ARLO SCHMIDT, District 12, testified in support of the bill. He said this could be an industry that would only be good for the state.

1A: 23.5 BRUCE STRINDEN testified in favor of the bill. He said many farmers and ranchers are raising racing horses, but it is an expensive sport. North Dakota racing has the possibility of bringing in competitors from surrounding states. He also said there would be a tremendous positive economic impact. (See testimony.)

1A: 32.0 ROGER REULE, Director of ND Racing Commission, testified in support of the bill.

1A: 45.7 REP. CARLISLE asked if they had explored the possibility of private ownership by a group that could lease it out. Mr. Reule replied that they had explored the idea. It was a good idea but there was absolutely no money available. Nothing significant had come of it.

3-15-99

H.App.

P. 2

SB 2361

1A: 50.1 REP. AARSVOLD asked if the general fund receives anything from simulcast racing. Mr. Reule said the pari-mutuel tax funds come from simulcast racing.

1B: 2.1 REP. SOLBERG, Director of the American Quarterhorse Association, District 2, testified in support of the bill.

1B: 3.0 DALE ANDERSON, Greater North Dakota Association, testified in favor of the bill.

CHAIRMAN DALRYMPLE closed the hearing.

General Discussion

- Committee on Committees
- Rules Committee
- Confirmation Hearings
- Delayed Bills Committee
- House Appropriations
- Senate Appropriations
- Other

Date March 23, 1999			
Tape Number	Side A	B Side	Meter #
1	x		0-9.0
Committee Clerk Signature <i>Casey Davis</i>			

Minutes:

SB 2361

CHAIRMAN DALRYMPLE opened discussion on SB 2361.

1A: 1.1 REP. TOLLEFSON made a motion for a Do Not Pass. The motion was seconded by Rep. Carlson.

1A: 1.7 REP. HOFFNER stated that the state has a lot to lose by not supporting this bill. We need to put some things into place to make the economy grow.

1A: 2.5 REP. HUETHER said he agreed. He noted that much of the infrastructures are already in place.

1A: 3.2 CHAIRMAN DALRYMPLE also supported the industry. He said there is a lack of leadership and consensus of the part of the Racing Commission group. There is already money set aside for track development but they cannot get the ball rolling.

1A: 4.5 REP. GULLESON asked where the appropriate line would be to amend the bill to have half the effect on the general fund that it currently would. Alan Knudson, Legislative Council, replied that it would be amended in Section 5, but did not know exact percentages.

1A: 5.7 REP. DELZER said there are problems in management and they need to straighten that out. He would support the motion.

1A: 6.8 A roll call vote was taken and the motion carried with 17 yeas and 3 nays. Rep. Tollefson will carry the bill to the house floor.

General Discussion

- Committee on Committees
- Rules Committee
- Confirmation Hearings
- Delayed Bills Committee
- House Appropriations
- Senate Appropriations
- Other

Date April 2, 1999			
Tape Number	Side A	B Side	Meter #
1	x		34.5-41.0
Committee Clerk Signature		<i>Roxanne Kohl</i>	

Minutes:

Chairman Dalrymple opened the discussion on Senate Bill 2361.

Amendment proposed .0402: creates a track development fund, makes sure additional dollars go to construction of a race track, expiration date changed from 2005 to 2001, and funding source changed from general fund to the racing industry.

1A: 34.6 Rep. Byerly moved to Reconsider action on the bill. **Rep. Monson** 2nd the motion. On a Voice Vote the motion carried.

1A: 36.1 Rep. Poolman moved to adopt the amendment. **Rep. Carlisle** 2nd the motion. **Rep. Poolman** asked if this does anything with the tax at all. **Chairman Dalrymple** replied the 2% proposed by the industry is still there but goes on their share of the take and not on the state share.

1A: 36.8 Rep. Guleson asked if there is a new fiscal note. **Chairman Dalrymple** replied the fiscal note would be to eliminate the general fund cost of approximately \$350,000.

General Discussion
Page 2
House Appropriations
April 2, 1999

1A: 37.3 On a Voice Vote the motion carried. **Rep. Lloyd** moved for a DO PASS AS AMENDED. **Rep. Carlson** 2nd the motion.

1A: 37.8 Rep. Bernstein opposed bill in its entirety. Commented on Winnipeg track having to close and compared it to small areas in ND. Also happened to a track down in Kansas City.

1A: 38.8 On a Roll Call Vote the motion carried.
12 voting Yes
8 voting No
Carrier: Rep. Tollefson

Date: 3-23-99

Roll Call Vote #: 1

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2361

House Appropriations Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Not Pass

Motion Made By Tollefson Seconded By Carlson

Representatives	Yes	No	Representatives	Yes	No
Chairman Dalrymple	✓		Nichols		✓
Vice-Chairman Byerly	✓		Poolman	✓	
Aarsvold	✓		Svedjan	✓	
Bernstein	✓		Timm	✓	
Boehm	✓		Tollefson	✓	
Carlson	✓		Wentz	✓	
Carlisle	✓				
Delzer	✓				
Gulleson		✓			
Hoffner		✓			
Huether	✓				
Kerzman	✓				
Lloyd	✓				
Monson	✓				

Total (Yes) 11 No 3

Absent _____

Floor Assignment Tollefson

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE (410)
March 23, 1999 9:09 a.m.

Module No: HR-52-5347
Carrier: Tollefson
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2361: Appropriations Committee (Rep. Dalrymple, Chairman) recommends DO NOT PASS (17 YEAS, 3 NAYS, 0 ABSENT AND NOT VOTING). SB 2361 was placed on the Fourteenth order on the calendar.

Date: 4.2.99
 Roll Call Vote #: 1

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES
 BILL/RESOLUTION NO. 2361

House Appropriations Committee

Subcommittee on _____
 or
 Conference Committee

Legislative Council Amendment Number .0402

Action Taken DP as amended

Motion Made By Lloyd Seconded By Carlisle

Representatives	Yes	No	Representatives	Yes	No
Chairman Dalrymple		✓	Nichols	✓	
Vice-Chairman Byerly		✓	Poolman		✓
Aarsvold		✓	Svedjan		✓
Bernstein		✓	Timm	✓	
Boehm	✓		Tollefson	✓	
Carlson	✓		Wentz	✓	
Carlisle		✓			
Delzer		✓			
Gulleson	✓				
Hoffner	✓				
Huether	✓				
Kerzman	✓				
Lloyd	✓				
Monson	✓				

Total (Yes) 12 No 8

Absent 0

Floor Assignment REP. TOLLEFSON

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

SB 2361: Appropriations Committee (Rep. Dalrymple, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (12 YEAS, 8 NAYS, 0 ABSENT AND NOT VOTING). placed on the Sixth order on the calendar.

Page 1, line 1, replace the first "a" with "two" and replace "subsection" with "subsections"

Page 1, line 4, replace the second comma with "and" and remove ", and"

Page 1, line 5, remove "3"

Page 1, line 8, replace "A" with "Two" and replace "subsection" with "subsections"

Page 1, line 9, replace "is" with "are"

Page 1, line 12, remove "to develop new racetracks in the state as necessary and approved"

Page 1, line 13, remove "by the commission,"

Page 1, after line 15, insert:

""Track development fund" means a fund administered by the commission, established for the sole purpose of developing new racetracks in the state, and from which no transfers may be made other than direct expenditures for designing, constructing, and outfitting new racetracks."

Page 2, line 11, overstrike "seventeen" and insert immediately thereafter "fifteen"

Page 2, line 12, after the underscored semicolon insert "one-half of"

Page 2, line 15, after "~~meet~~" insert "; and two percent must be paid to the commission to be used for the track development fund" and remove the overstrike over the overstruck period

Page 2, remove the overstrike over line 16

Page 2, line 17, remove the overstrike over "~~the general fund~~" and remove "; and one and one-half percent must be paid to the commission to"

Page 2, line 18, remove "be deposited in the promotion fund"

Page 2, line 22, overstrike "twenty-one" and insert immediately thereafter "nineteen"

Page 2, line 23, after "pay" insert "one-half of"

Page 2, line 24, remove "two and" and after "one-half" insert "of one"

Page 2, line 26, after the underscored semicolon insert "must pay two percent to the commission to be deposited in the track development fund;" and after "one-half" insert "of one"

Page 2, line 27, remove the overstrike over "~~The remaining two and one-half percent must~~"

Page 2, remove the overstrike over line 28

Page 2, remove lines 29 and 30

Page 3, remove lines 1 through 10

Page 3, line 12, replace "2005" with "2001"

Page 3, line 13, replace "2005" with "2001"

Renumber accordingly

1999 TESTIMONY
SB 2361



Senator Vern Thompson
District 12
111 East B Street
Minnewaukan, ND 58351-0025

NORTH DAKOTA SENATE

STATE CAPITOL
600 EAST BOULEVARD
BISMARCK, ND 58505-0360



Minority Caucus
Chairman
COMMITTEES:
Industry, Business
and Labor
Transportation

SB 2361

Madame Chairman and members of the Political Subdivision Committee:
For the record, I'm Sen. Vern Thompson of Minnewaukan. I represent District 12.

I call SB 2361, the "Erling Rolfson Memorial Bill". Erling K. Rolfson Sr. was a prominent businessman and community leader in New Rockford, for many years. His passion was in breeding, raising, and racing horses. His dream was to see a horse winning the Kentucky Derby with North Dakota bloodlines. Erling and his wife Elizabeth successfully raced horses in many places in the United States and Canada over the years. Erling always told me it's better to have kids hang around horses, than hang around drugs. He told me time and again, North Dakotans are spending millions of dollars traveling and racing their horses outside the state every year, and we need to change that.

SB 2361 is an agricultural bill that will bring more dollars to the state treasury, by redirecting dollars to enhance the horse industry. In my area of the state there are many farmers and ranchers looking to diversify their agricultural business. This bill provides more opportunities provide added value to a growing industry in our state. I have nieces and nephews who ride and groom horses, through 4-H and on their own.

Madame Chairman and members of the committee, along with the cosponsors Rep. Arlo Schmidt and Rep. Laurel Thereson of the bill, there are a number of people from the industry to testify on the bill. Gary Ness, Chairman of the North Dakota Fair Circuit Horse Racing Association, will explain the details of the bill. Roger Reule, Executive Director of the ND Racing Commission will detail the Commissions perspective and the fiscal impact. Susan Bala, a business women from Fargo will give her perspective as a successful business person. Bruce Strinden, a businessman will give the economic impact for the state.

I ask your favorable consideration on this bill and dedicate my energy on this subject in memory of Erling K. Rolfson Sr.

Thank you,

Sen. Vern Thompson



FAIR CIRCUIT HORSE RACING ASSOCIATION

@ Team Makers, 2220 East Main, Suite S, West Fargo, ND 58078

Testimony: Gary R. Ness, President
Fair Circuit Horse Racing Association

Senate Bill 2361
Feb. 4, 1999
Political Subdivisions Committee
Senator Judy Lee - Chairman

I'm Gary Ness of Bismarck, ND and I'm appearing as President of the Fair Circuit Horse Racing Association. A simple definition of the FCHRA is we are a Non-profit organization that has a mission to support live horse racing across this State. We own and operate portable equipment to support live racing at any horse racing venue. In short we are a non-profit leasing company.

We have in the inventory: A portable starting gate, track conditioner, Para-mutual tote board and portable stalls.

Last summer we were able to acquire four "FEMA" trailers to use as office space for the Racing Commission, Local Racing Secretary, Track Vet and Racing Meet Steward. Those four trailers are being modified to meet the needs of the four regulatory functions at live race meets. The activity of all involved will now be in quarters designed for them not in one unorganized area. We hope to add portable Jockey quarters this summer.

With this equipment the FCHRA stands ready to support racing in North Dakota. The effect of this Bill will increase the live race dates in the State and we will be able to support the efforts on those tracks in the State.

Senator Thompson has asked me to go over the *Provisions and Effects*, of the Bill. The attached pages will help.

PROVISIONS AND EFFECTS OF PROPOSED BILL

SPONSORED BY SEN. THOMPSON AND REP. SCHMIDT

1. PROVISION:

Expands the definition of the racing "Promotion Fund" to include assistance to 4-H horse related programs.

EFFECT:

This will provide additional educational opportunities for young people in the state to allow them to consider horse activities as an alternative recreational and/or occupational choice.

2. PROVISION:

Specifically includes promotion of racing in the state as a statutorily charged activity of the Commission.

EFFECT:

Commission staff and resources can be devoted to promotion.

3. PROVISION:

Fees and fines collected by the Commission will be deposited with the State Treasurer and appropriated to the Racing Commission.

EFFECT:

This money will allow the Commission to apply money generated by racing to defray the costs of the Commission in its operations.

4. PROVISION:

Increases from 1/2% to 1% the portion of the total amount wagered at live and simulcast races which is deposited to the "Purse Fund".

EFFECT:

Based on a total amount wagered of six million dollars, the amount available to supplement purses at North Dakota tracks will increase from \$30,000.00 to \$60,000.00 annually.

5. **PROVISION:**

Increases from 0% to 1 1/2% for Win, Place and Show wagers and increases from 1/2% to 2 1/2% for "Exotic" wagers the portion of the total amount wagered at live and simulcast races which is deposited in the "Promotion Fund".

EFFECT:

Based on a total annual amount wagered of six million dollars, the amount available to build racing facilities, acquire equipment for racing, to upgrade existing facilities and to promote racing in North Dakota will increase from \$21,000.00 to \$132,000.00 annually.

6. **PROVISION:**

Increasing the portion of the total amount wagered to the "Purse" and "Promotion" Funds creates a corresponding decrease in the amount now deposited in the General Fund of the State.

EFFECT:

This action will allow additional agricultural activity in the form of breeding and raising horses and additional economic activity in the form of racing to create alternative excise taxes of various kinds to more than reinstate the current money being deposited to the General Fund.

7. PROVISION:

Allows the Racing Commission upon unanimous approval to access the Promotion Fund for payment of operating expenses of the Commission. Currently the Emergency Commission has this authority.

EFFECT:

The governmental body concerned only with racing, the Racing Commission, will be able to react to growth and change in racing as it occurs with an appropriate regulatory presence.

8. PROVISION:

These changes are effective for six years only and may be reconsidered by the Legislature after that time.

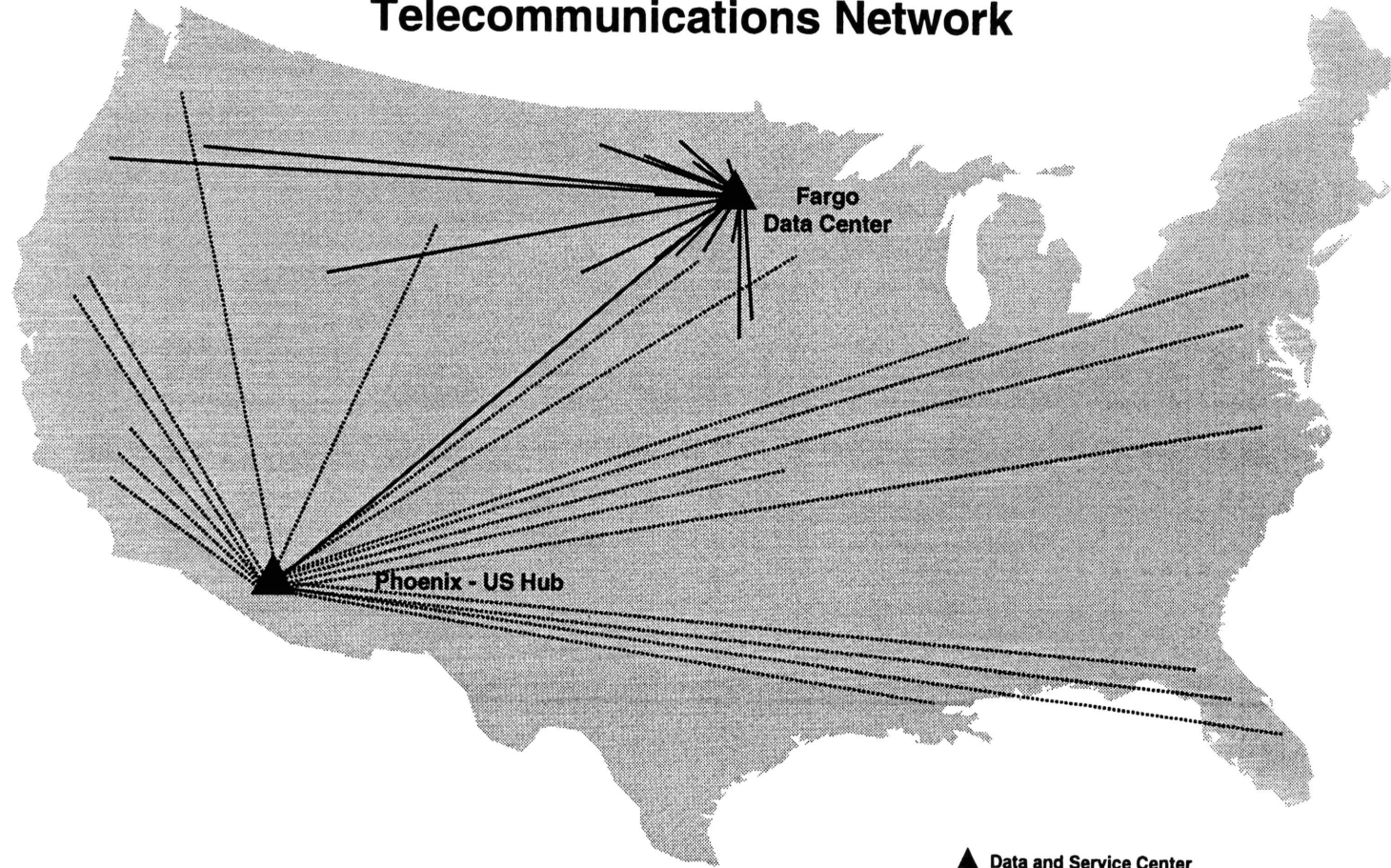
EFFECT: *Section seven - sun set clause*

The racing industry will have a six year window of opportunity to demonstrate its worth to the citizens and the economy of North Dakota.

In closing I would like the members of the committee to know that North Dakota has a chance to give the agriculture sector one more direction to go in making it work on the farm and ranch. Horse racing and horse raising can be one of those directions that can happen with a positive effect on the State and it's citizens.

The *Fair Circuit Horse Racing Association* encourages a **Do Pass** on SB 2361

Racing Services, Inc. Telecommunications Network



- ▲ Data and Service Center
FARGO, North Dakota
- ▲ Totalisator Parimutuel Hub
PHOENIX, Arizona

▲ Call for Service and Information
Toll Free in the US: 1-800-325-7223
Phone: 1-701-235-1288
Fax: 1-701-235-6818



SENATE BILL 2361

My name is Loren Schmidt from Fessenden, North Dakota, I am representing the Central Dakota Horse Racing Association and Wells County Downs.

Horse racing has been a part of Fessenden and Wells County history since the early part of the 20th century, and had continued to provide horse racing in this community when a lot of other communities quit horse racing.

In later years horse racing did start to taper off.

The 1987 legislature put into effect a law that would allow Pari-Mutuel horse racing in North Dakota.

The Central Dakota Horse Racing Association at that time set in motion the plans and development of the first ever Pari-Mutuel horse race meet to be held in North Dakota in June of 1988

Our goal at that time was to see this great industry grow and develop to where we could have live horse racing in a number of communities throughout the state.

we struggled with tight budgets and limited funds for several years trying to keep horse racing alive at Wells County Downs.

Due to the structure of taxes contained in the Pari-Mutuel law it became apparent that we would not be able to continue racing unless we could free up more funds, because lack of adequate funding we have been down for the last three years.

It is important at this time if we are to see this industry develop and grow to where we can have live horse racing at several communities throughout North Dakota, now is the time that we need to put more money back to the industry to help it go from a crawl to a walk.

With the passage of senate bill 2361 there would be more funds available to be distributed back to the industry so that we could possibly see horse racing rejuvenated at Wells county downs as well as at other locations throughout the state of North Dakota.

Note also asked me to mention that we have had celebrities at Wells Co. Downs -

Angie Dickinson, when she was interviewed she stated (what a great DAY | Keep these DAYS

Madam Chairman and Committee Members
My name is John Subel from Center ND I
Support SB 2361 as a way to give the
Racing Industry a chance to grow by
allowing money generated by the industry
to be put back into facilities equipment and
increased purses.

I have been breeding Race bred Quarter horses
for approx 20 years and all of my horses are
enrolled in the ND Race bred Incentive fund
program. This program has helped improve cash
flow in my operation but I feel that we as
an industry need a chance to grow.

In fact when it looked like pari mutual
wagering would pass we spent \$19000⁰⁰ on a stud
that we thought would position us to raise
competitive running horses as it turned out he
had a fertility problem and we ended up selling
him for about 600⁰⁰. But since we already
had our mares and facilities we went to Austin
TX and bought another stud because at this
time we had 2 tracks running in the state and
it looked like things were growing. We also
started going to Oklahoma City at least once

a year in an effort to upgrade our
Brood mare Band. Now we only have one
Track running and I have gone from
20 mares to 16 mares and haven't bought any
new mares for the past 2 years.

I feel that this Bill would enable us to
help a larger metropolitan area such as Fargo
Bismark Mandan or Minot to be able to build
and maintain a good quality track which
from my point of view would increase racing
opportunities and keep a market for our race
bred horses.

On a personal note I retired from
my job 4 years ago after working 30 years
for a Power Generating Coop my hope is
that our industry can grow so that raising
horses can be used as a way for ~~the~~
~~the~~ ~~me~~ ranchers and ~~the~~ people like me to
have as an alternate source of income

Thank you

~~1000 people~~

TO: Senator Judith "Judy" Lee, Chairman
Committee on Political Subdivisions and
Members of the Committee

FROM: Leo M. Reinbold 

DATE: February 4, 1999

RE: SB 2361

Having read this bill and heard the testimony, as an individual citizen of North Dakota, I endorse SB 2361 because of its economic development, recreation and tourism potential.

TESTIMONY FOR SB 2361
Prepared by Representative Arlo Schmidt
Friday - February 12, 1999


Chairman Nething and members of the Senate Appropriations for the record, I am Representative Arlo Schmidt, from District 12.

SB 2361 will give to the horse industry of North Dakota some support. this in the long run is bill that will enhance this business of racing and horse activities of all kinds. Racing horses is as American as apple pie. We have many good horses from North Dakota that are leaving to contribute their abilities in surrounding states, by keeping them in North Dakota they ultimately contribute to North Dakota economics.

Each thoroughbred that is in North Dakota cost the owners \$1000 per month while in training. some say this figure is more. If we can keep 1000 horses in training in North Dakota the contribution to our economy is substantial. Horse owners pay more for oats than the market. Race horse oats is two time the price of regular oats. They pay premium for hay and straw.

This appropriation is money well spent and I ask for your support on this bill.

TO: Gene Nicholas, Chairman
North Dakota House Committee on Agriculture, and
Members of the Committee

FROM: Leo M. Reinbold 

DATE: March 4, 1999

RE: SB2361

Having read this bill and heard the testimony, as an individual citizen of North Dakota, I endorse SB2361 because of its economic development, recreation and tourism potential.

I have no further direct testimony because others have already done it. I do recognize, however, opportunity for good economic activity in the great state of North Dakota and I endorse SB2361.

Testimony for Senate Bill 2361
Prepared by Representative Arlo Schmidt
Thursday, March 4, 1999

Chairman Nicholas and members of this Agriculture Committee. For the record, my name is Arlo Schmidt, Representative from District 12.

In support of this bill, I will touch on a just a few of the things that I hope will help you folks make a decision on this bill. The horse industry in North Dakota is doing well. Registered colts of any breed sell for three times the price of a calf. We have more horses in North Dakota now than at any other time in the history of this state. Race horse owners of quarter horses, thoroughbreds, standard breeds, or Arabians need an incentive to run these animals and train them in North Dakota. When spring comes to our state, many of these good quality horses are loaded and shipped to other locations because they offer training tracks and places to race. We have some outstanding horses in this state and with this bill, the incentives are put in place to give the commission and the horse industry a helping hand to see if we can't have some of these races in North Dakota.

The North Dakota Futurity is now run in Manitoba. Other races are run at tracks other than in North Dakota that feature North Dakota horses. Keeping them here and training them here will add to the economic growth of the state. Training a racing horse costs over \$1,500 a month. If we have 500 horses in training for two and a half months, you can see the dollars leaving our state. There are people here that will give you more details.

Thank you for this opportunity to appear before you today. I sure hope you will give this bill a Do Pass.

Bruce Stude

NORTH DAKOTA RACE HORSE INDUSTRY ENHANCEMENT PROGRAM

January 1, 1998, there were 1,274 horses in the North Dakota Breeders' Fund, 658 runners, 401 brood mares, and 63 breeding stallions. It is estimated that an additional 700 horses within the state are part of the industry but not part of the breeders' fund program. This is breeding and racing stock that currently creates economic impact to the state's economy.

Using an industry average of \$3.50 a day expended on the 1974 head of currently active racing industry horses creates \$2,522,000 of direct economic impact. Using the \$2,522,000 as direct impact and applying the North Dakota Tax Department's estimate that each dollar turns over three times; we have an indirect impact of \$7,565,000 to the state. The North Dakota Tax Department estimates that \$10.00 of each original \$100.00 ends up as taxes in the state coffers. Currently, this industry provides \$252,200 to the state treasury from various excise taxes above the pari-mutuel tax. This agricultural endeavor of breeding, raising, training and running horses has an ability to grow.

With a change in the racing special funds distribution, the immediate affect will be an increase in starting gate population due to increased dollars in the purses. It is estimated an additional 120-horse increase to the starting gates will take place. Also an additional track in an urban area is being planned. This will add eight days of racing with an additional 200-horse increase to the industry. With these changes the state's racing population could increase by 320 horses. The direct economic impact of these additional horses would be \$408,000 with an indirect impact of \$1,226,400 creating and additional \$40,800 in general fund revenues.

PATRON EFFECT:

The current average expenditure of a patron is \$110.00 per day, with an average gate count of 800 patrons per race day for 6 race days. The direct impact is \$1,114,000 with an indirect effect of \$3,432,000. This creates \$52,800 in other excise taxes to the general fund.

The new urban track will draw an additional 1,500 patrons per day for 8 days. (1992 Racing Commission Study) The direct impact is \$1,320,000 and indirect is \$3,960,000. This generates an additional \$132,000 in other excise taxes. The historical knowledge of Wells County Downs and Chippewa Downs for estimated patrons gives us an actual test. The total patron direct effect is estimated to be \$1,372,800 from the existing and the planned new urban track.

TOTAL IMPACT:

By redirecting \$304,000 in pari-mutuel taxes from the general fund to special funds to promote economic development we can project a gain to the general fund, even in the first biennium. The additional horses in the industry and the additional days of racing create a projected additional collection of \$345,600 in excise taxes, offsetting the loss of \$304,000 in pari-mutuel taxes. This gives the State General Fund a positive return on its investment.

Taking this positive approach to an agricultural industry where growth is possible will strengthen the rural communities and develop new wealth. This small study does not calculate the new jobs created with the new track or tracks. The growth factors are real and this agricultural endeavor to breed, raise, train and race horses is truly economic development through agriculture, the backbone of North Dakota.

1991 - 2001 Biennium

Pari-Mutuel State Take-out - Present Statute

(As a percentage of handle estimated at \$ 13,960,000)

Win-Place-Show Wagers Takeout	"Exotic" Wagers Takeout		Total State Takeouts
.5% - \$ 20,940	.5% - \$ 48,860	Purse Fund	\$ 69,800
.5% - \$ 20,940	.5% - \$ 48,860	Breeders Fund	\$ 69,800
	.5% - \$ 48,860	Promotion Fund	\$ 48,860
2.0% - \$ 83,760	2.5% - \$ 244,300	Pari-Mutuel Tax	\$ 328,060
<hr/>			
3.0% - \$125,640	4.0% - \$ 390,880		\$ 516,520

Pari-Mutuel State Takeout - Proposed Statute

(As a percentage of handle esimated at \$ 13,960,000)

Win-Place-Show Wagers Takeout	"Exotic" Wagers Takeout		Total State Takeouts
1.0% - \$ 41,880	1.0% - \$ 97,720	Purse Fund	\$ 139,600
.5% - \$ 20,940	.5% - \$ 48,860	Breeders Fund	\$ 69,800
1.5% - \$ 62,820	2.5% - \$ 244,300	Promotion Fund	\$ 307,120
0%	0%	Pari-Mutuel Tax	-0-
<hr/>			
3.0% - \$ 125,640	4.0% - \$390,880		\$ 516,520

NOTE:

The following pertain for the existing and the proposed statutes:

- Breakage (payouts rounded down to the nearest 10 cents) - Promotion Fund
- Unclaimed Tickets - Promotion Fund
- Combined breakage and unclaimed tickets average approximately 1% of the handle in the North Dakota System

NOTE:

Estimated Pari-mutuel tax (present statute) of \$ 328,060 plus estimated license fees of \$ 21,200 equal the fiscal note of \$ 349,260

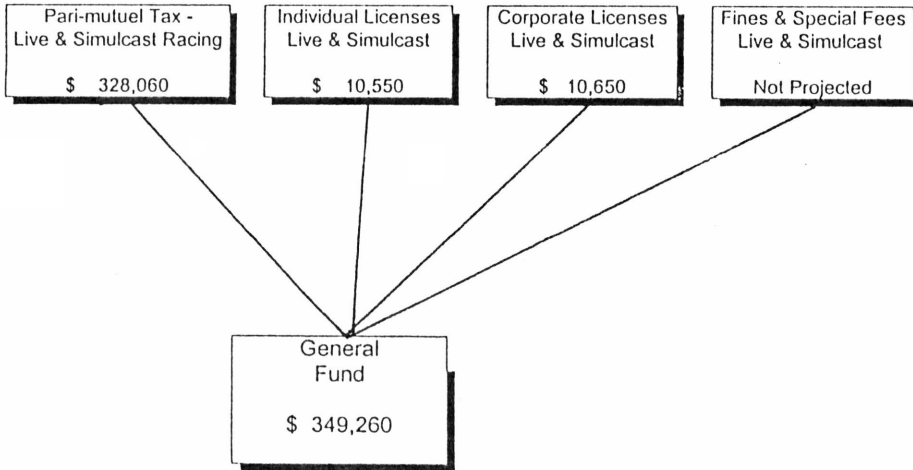
North Dakota Racing Commission

Projected Flow of Funds

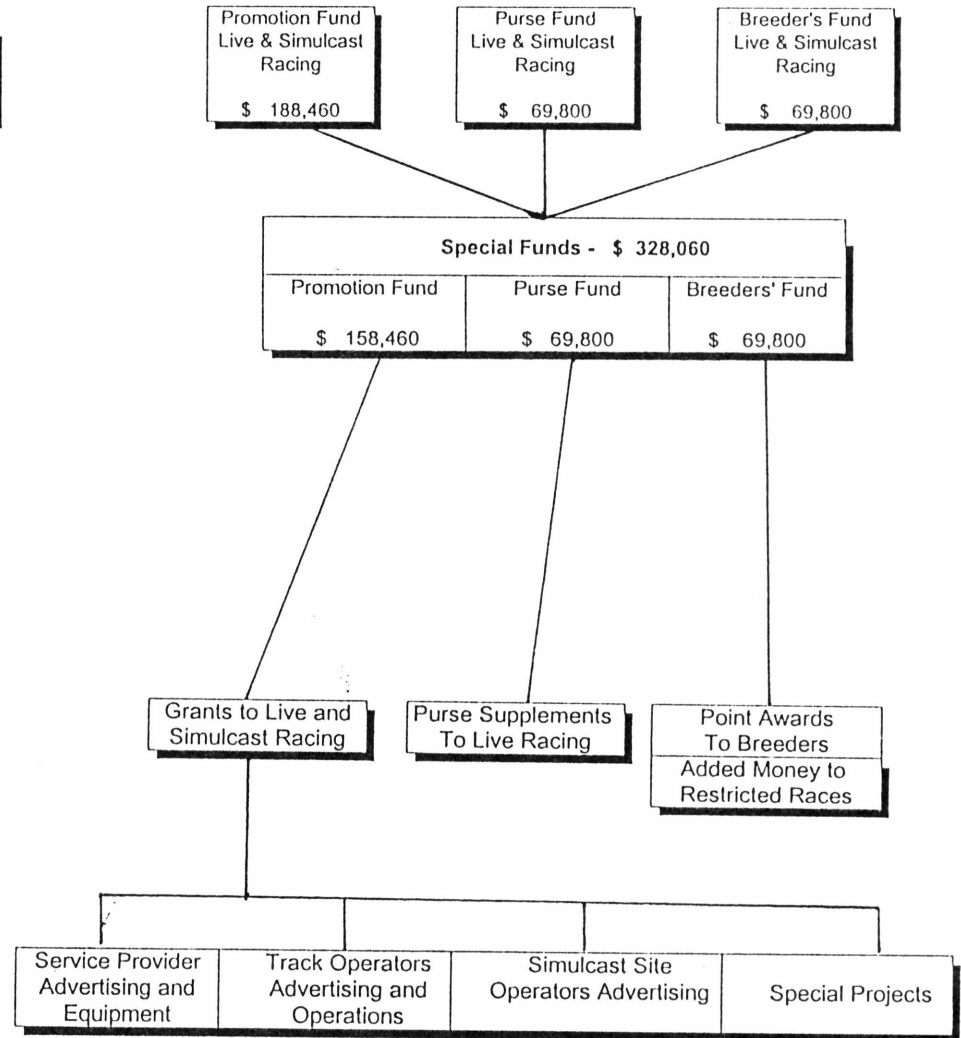
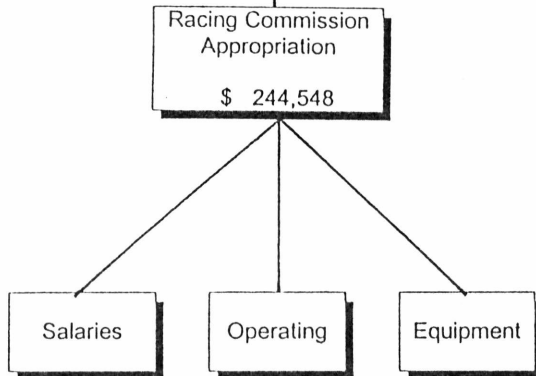
1999 - 2001

Present Statute

REVENUE



EXPENDITURES



Notes:

This illustration does not include revenues which flow to the General Fund via other excise taxes generated by live and simulcast racing. Promotion Fund expenditures are less than revenues due to retainage in a track construction sinking fund.