

# MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1201

2007 HOUSE GOVERNMENT AND VETERANS AFFAIRS

HB 1201

## 2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1201

House Government and Veterans Affairs Committee

Check here for Conference Committee

Hearing Date: January 18, 2007

Recorder Job Number: 1380

Committee Clerk Signature

*Morgan Benice*

Minutes:

**Rep. Boehning:** I'm introducing this bill on behalf of the secretary of state's office and office of attorney general. There are just two changes in the bill, and one word added.

**Al Jaeger:** Testimony Attached

**Rep. Grande:** When you take out bi rules, this will allow you to go from 0-2%. If you wish to go above 2% you have to come back in front of us.

**Al Jaeger:** Yes, but I don't pursue that ever happening. I also because it's self funded, if we start building up a lot of money. We've had quite a burst of activity. We haven't had a boxing event for quite a while. I think we have two scheduled now. Mixed martial arts are really kicking off. If it builds up it does, I'm not going to keep building it up. This gives me flexibility to still cover the expenses. This is my job. My expenses I don't take out of there. I have staff that goes up and runs into time and a half, which is a drain on my regular budget. Those expenses should really be covered by this fund.

**Rep. Meier:** How many members are part of the athletic board?

**Al Jaeger:** Boxing has nine and martial arts has nine also.

**Rep. Potter:** When you go to these events, what exactly do you do?

**Al Jaeger:** WE make sure that there are medical people there, make sure the fighters have

physicals, make sure their gear is proper, we handle the weigh ins before they fight. We have to make sure they have federal licenses; we check and see if they have been knocked out in the last thirty days. Boxing has a very good record.

**Rep. Potter:** Could you tell me exactly what mixed martial arts is?

**Al Jaeger:** It's a combination of boxing, wrestling, kicking, and any number of things. There are rules that they can't do, etc. gouge the eyes. That's why it is only allowed under law if the rules are in effect.

**Rep. Schneider:** What do exhibitions bring in dealing with revenue?

**Mary Feist:** The most we have ever brought in at the most is \$190, with the 1%.

**Al Jaeger:** You have to figure mileage and what they get paid. It isn't fair to them. They do it because they love it.

**Rep. Haas:** Is there any more testimony to HB 1201? Is there any more opposition testimony? If not we will close hearing on HB 1201.

# 2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1201

House Government and Veterans Affairs Committee

Check here for Conference Committee

Hearing Date: January 19, 2007

Recorder Job Number: 1445

Committee Clerk Signature

*Morgan Bennett*

Minutes:

**Rep. Froseth:** I move a do pass.

**Rep. Amerman:** I second that

**Rep. Haas:** Is there any discussion?

**Rep. Weiler:** So this goes from 1-3%. So the other 2%, who loses that? Is it the promoter or the facility?

**Rep. Boehning:** It depends upon the arrangement. Mostly it's going to come from the promoter.

**Rep. Froseth:** It says gross revenue, so it would be the promoter. They pay rent for the facility and make the basic rules.

**Rep. Haas:** Any other questions, comments, or discussion? If not we will take a roll on a Do Pass motion on HB 1201. The Do pass motion for HB 1201 passes with a vote of 11-1-1. DO we have a volunteer to carry this bill?

**Rep. Amerman:** I will.

**FISCAL NOTE**  
**Requested by Legislative Council**  
01/10/2007

Bill/Resolution No.: HB 1201

**1A. State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

|                       | 2005-2007 Biennium |             | 2007-2009 Biennium |             | 2009-2011 Biennium |             |
|-----------------------|--------------------|-------------|--------------------|-------------|--------------------|-------------|
|                       | General Fund       | Other Funds | General Fund       | Other Funds | General Fund       | Other Funds |
| <b>Revenues</b>       | \$0                | \$10,000    | \$0                | \$25,000    | \$0                | \$25,000    |
| <b>Expenditures</b>   | \$0                | \$9,500     | \$0                | \$22,000    | \$0                | \$22,000    |
| <b>Appropriations</b> | \$0                | \$0         | \$0                | \$0         | \$0                | \$0         |

**1B. County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

| 2005-2007 Biennium |        |                  | 2007-2009 Biennium |        |                  | 2009-2011 Biennium |        |                  |
|--------------------|--------|------------------|--------------------|--------|------------------|--------------------|--------|------------------|
| Counties           | Cities | School Districts | Counties           | Cities | School Districts | Counties           | Cities | School Districts |
| \$0                | \$0    | \$0              | \$0                | \$0    | \$0              | \$0                | \$0    | \$0              |

**2A. Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

The purpose of the bill is to change the maximum percentage of gross revenue, from 1% to 3% (not to exceed that amount), that the state athletic commissioner is allowed to collect to administer the regulation of boxing and mixed fighting styles events in the state.

**B. Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

In line 11, the maximum percentage is established. In line 7, the change allows the commissioner to adjust the fee up to the maximum. This allows the commissioner to make adjustments, without the expense of a rule making process (approx \$1,500), to provide the necessary funds that will allow for the reimbursement of expenses incurred by the members of the two advisory boards, such as travel, meals, and lodging, as well as the commissioner's staff. By law, the regulation of these sports must be self-funded.

**3. State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

**A. Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

Under the present maximum, it is very difficult to generate adequate revenue to cover the expenses of the regulation and the respective advisory boards. In the past, adequate funding did not exist for several years to cover the expenses for the boxing advisory board. Slowly, adequate funding was raised. The same is true now for the mixed fighting style fighting board. Funding is being slowly accumulated to cover their expenses. Because they know how important it is to have adequate funding for the regulation of the sport they promote, promoters are in favor, and even have encouraged this legislation, in order to provide the commissioner with the necessary funds.

**B. Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

The expenditures cover travel, meals, and lodging for the commissioner's staff and the members of the two advisory board established under 53-01-02.

**C. Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a*

*continuing appropriation.*

Under 53-01-09, the revenue raised is placed in a special fund designated for the regulation of boxing and mixed fighting styles, which special fund is authorized as a continuing appropriation.

|                      |           |                       |                    |
|----------------------|-----------|-----------------------|--------------------|
| <b>Name:</b>         | Al Jaeger | <b>Agency:</b>        | Secretary of State |
| <b>Phone Number:</b> | 328-2900  | <b>Date Prepared:</b> | 01/12/2007         |

Date: 1-19-07  
Roll Call Vote #: 1

2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. "Click here to type Bill/Resolution No."

House Government and Veterans Affairs Committee

Check here for Conference Committee

Legislative Council Amendment Number HB 1201

Action Taken Do pass

Motion Made By Rep. Froseth Seconded By Rep. Amerman

| Representatives        | Yes | No | Representatives       | Yes | No |
|------------------------|-----|----|-----------------------|-----|----|
| Rep. C.B Haas Chairman | X   |    | Rep. Bill Amerman     | X   |    |
| Rep. Bette Grande V.P  | X   |    | Rep. Louise Potter    | X   |    |
| Rep. Randy Boehring    | X   |    | Rep. Jasper Schneider | X   |    |
| Rep. Stacey Dahl       | X   |    | Rep. Lisa Wolf        | X   |    |
| Rep. Glen Froseth      | X   |    |                       |     |    |
| Rep. Karen Karls       | X   |    |                       |     |    |
| Rep. Jim Kasper        |     |    |                       |     |    |
| Rep. Lisa Meier        | X   |    |                       |     |    |
| Rep. Dave Weiler       |     | X  |                       |     |    |
|                        |     |    |                       |     |    |
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|                        |     |    |                       |     |    |
|                        |     |    |                       |     |    |
|                        |     |    |                       |     |    |

Total (Yes) 11 No 1

Absent 1

Floor Assignment Rep. Amerman

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



**REPORT OF STANDING COMMITTEE**

**HB 1201: Government and Veterans Affairs Committee (Rep. Haas, Chairman)**  
recommends **DO PASS** (11 YEAS, 1 NAY, 1 ABSENT AND NOT VOTING). HB 1201  
was placed on the Eleventh order on the calendar.

2007 SENATE GOVERNMENT AND VETERANS AFFAIRS

HB 1201

## 2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1201

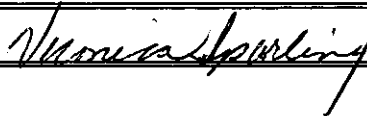
Senate Government and Veterans Affairs Committee

Check here for Conference Committee

Hearing Date: 2/22/07

Recorder Job Number: 3668

Committee Clerk Signature



Minutes:

All members of the committee were present.

Sen. Dever, Chairman, opened the hearing on HB 1201.

Representative Randy Boehning of District 27 in West Fargo introduced the bill. HB 1201 would allow the Secretary of State to collect up to 3% of the gross revenues for boxing, kickboxing, and mixed fighting style competitions. The current 1% isn't enough to take care of the expenses of the Secretary of State's Office to regulate these sports. These expenses include paying for the judges and other administrative costs.

Senator Nelson asked if it stated "up to 3%," then who would set it.

Rep. Boehning replied that the Secretary of State will actually set it. If they find that they are taking in more money than they need with it set at 3%, they can decrease it to 2.5%.

Senator Dever asked if it would be set on an event by event basis.

Rep. Boehning replied it would most likely be set annually.

Senator Nelson asked what the gross revenues are.

Rep. Boehning deferred the question to someone from the Secretary of State's Office.

Mary Feist, Director of the Licensing Division, spoke on behalf of Al Jaeger, the Secretary of State. See attachment #1. Mary said from the 4 martial arts events that have been held thus

far, the 1% has come to an average of \$240.00 per event. The total they have made is \$962.19 from those four events. They have 9 commissioners who have had no expenses reimbursed except for the last event. On the most recent event the hotel expense was covered because the Secretary of State's Office had collected enough to make it possible to cover that expense. They would like to be able to pay the meals, mileage and hotel expenses for them. The commissioners are doing it now "for the love of the sport but that will get old after a while." The flexibility would be good because they could adjust it up or down as the need arose. If the "kitty" could be built up they could decrease it to 2%. It would be easier to find commissioners if they could be reimbursed for their expenses.

Senator Nelson asked if the gross revenue per event is about \$24,000.00.

Mary agreed. Mary said all of this was for martial arts and boxing was separate. Boxing is a separate fund and is also self-funded by fighter fees and gate fees.

Senator Oehlke asked why an advisory board is needed.

Mary said the people involved in mixed fighting wanted it to be regulated. The weight classes can be enforced, fighters can be regulated how many times per week they fight, the condition of the gloves can be checked.

Senator Oehlke asked if it was mostly a safety issue.

Mary said safety is a consideration and who can be around the ring and how the ring is set up.

Senator Lee commented that the original bill regulating the sport was contested because people didn't want the mixed fighting to be allowed. She said she was in favor of the bill because people were engaging in it anyway and she felt it would be safer if it were regulated, having ambulances on hand, etc.

There was some discussion about how an event is organized. The promoter of the event first must contact the Secretary of State's Office in writing. The Secretary of State's Office sends

them an application. The Secretary of State's Office checks out the reputation of the promoter and whether they pay their fighters, etc. The promoter pays a \$100.00 license fee and receives a list of promoter responsibilities including having a doctor, an ambulance, rubber gloves, etc. The promoter has to turn in a list of the fighters to the Secretary of State's Office. The Secretary of State's Office has commissioners who match up the fighters based on experience level, etc.

Senator Horne asked about the commission that oversees the sport. How many serve on the commission and how do they get on the commission.

Mary said there are nine members on the commission. Interested people contacted the Secretary of State's Office after the bill went through. All of them became members of the commission through appointment by Secretary of State Al Jaeger. They initially were appointed for a year so they could see if they wanted to commit to longer. The next appointments will be for a 3 year term.

Senator Dever asked if license fees are set by statute or by rule.

Mary said they are set by rule.

Senator Dever asked what has been collected total.

Mary said they collected \$962.19 from gate fees, and \$3422.19 for all fees.

Senator Dever asked if the 1% generated \$900.00 and questioned whether 3% would cover all the costs.

Mary said it won't probably cover all of them right away but at least they will be able to cover some of the costs for the commissioners. Mary said if the percent were set higher than 3% it would be hard on smaller promoters. She mentioned that the rules went into effect on October 6<sup>th</sup>, 2006. The money brought in was from the period of time from October 6<sup>th</sup>, 2006 to February 22, 2007. The fighters and promoter pay their fees annually.

Senator Dever asked if the commissioners are expected to attend.

Mary said they attend when it works with their schedule.

Senator Dever asked if they would be likely to attend these events anyway.

Mary said they probably would.

Senator Marcellais asked if the state gets a percent of the promotion when a big event like Showtime or HBO comes in.

Mary said they currently get 1% of the overall gate fees and profit.

Senator Dever asked if the regulations apply to fights at a casino or on a reservation.

Mary said they haven't had any events at a casino yet. Boxing is federally mandated. They need the boxing commission there even if they are on a reservation. Mixed fighting styles at this point do not have a federal mandate. Even at that the fighters are generally not willing to fight if the commission is not present because it doesn't count. The fighters want to fight sanctioned events so it counts.

There was discussion about "by rule" and "1%" and how it should be worded. There was some discussion about whether there was any betting involved with this.

Support: -

Opposition: -

Neutral: -

Chairman Dever closed the hearing on HB 1201.

A do pass motion was made by Senator Judy Lee.

The motion was seconded by Senator Horne.

Roll Call Vote: Yes 6 No 0 Absent 0

Carrier: J. Lee

Date : 2-22-07  
 Roll Call Vote # : 1

**2007 SENATE STANDING COMMITTEE ROLL CALL VOTES**  
**BILL/RESOLUTION NO. 1201**

Senate Government and Veterans Affairs Committee

Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken do pass

Motion Made By Lee Seconded By Horne

| Senators                      | Yes | No | Senators                   | Yes | No |
|-------------------------------|-----|----|----------------------------|-----|----|
| Senator Dick Dever - Chairman | ✓   |    | Senator Robert Horne       | ✓   |    |
| Senator Dave Oehlke - VC      | ✓   |    | Senator Richard Marcellais | ✓   |    |
| Senator Judy Lee              | ✓   |    | Senator Carolyn Nelson     | ✓   |    |
|                               |     |    |                            |     |    |
|                               |     |    |                            |     |    |
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|                               |     |    |                            |     |    |
|                               |     |    |                            |     |    |

Total (Yes) 6 No 0

Absent 0

Floor Assignment J. Lee

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

**REPORT OF STANDING COMMITTEE**

**HB 1201: Government and Veterans Affairs Committee (Sen. Dever, Chairman)**  
recommends **DO PASS** (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1201  
was placed on the Fourteenth order on the calendar.



2007 TESTIMONY

HB 1201

ALVIN A. JAEGER  
SECRETARY OF STATE

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SECRETARY OF STATE  
STATE OF NORTH DAKOTA  
600 EAST BOULEVARD AVENUE DEPT 108  
BISMARCK ND 58505-0500

January 18, 2007

TO: Rep Haas, Chairman, and Members of the Government and Veterans Affairs Committee

FR: Al Jaeger, Secretary of State, State Athletic Commissioner

RE: HB 1201 – Fee for Boxing and Mixed Fighting Styles

According to N.D.C.C. § 53-01-02, the Secretary of State serves as the State Athletic Commissioner. In that capacity, I regulate boxing, kickboxing, sparing and mixed fighting style competition.

By law, N.D.C.C. § 53-01-09, the regulation of these events is funded solely through the fees authorized by law and administrative rules. The revenue is deposited into a designated special fund and expenditures are made under the authority of a continuing appropriation.

Mixed fighting style competition was authorized by the SB 2356 passed by the 2005 Legislative Assembly (2005 Session Laws, Chapter 464). The events are allowed if conducted under the administrative rules adopted by the agency and under the supervision of a Mixed Fighting Styles Advisory Board. It is my understanding North Dakota is the first state to have such a Board. To assist me with the regulation of boxing, I have an Athletic (Boxing) Advisory Board.

During the process of drafting the administrative rules for mixed fighting style competition, the committee and the promoters agreed and supported a fee of 3% based on the gross revenue. Unfortunately, although this fee was acceptable to all parties, we overlooked the fact that state law only allowed a gross fee of 1%.

As it is now, it is very difficult to cover the expenses of the members of both advisory boards. It only has been in recent years that members of the boxing advisory board have been reimbursed for their expenses and that was only possible because we raised funds by regulating boxing events in other states that did not have a boxing commission. That is no longer possible because of liability insurance restrictions.

Since the rules for mixed fighting styles went into effect on October 1, 2006, we have regulated three events and have five more scheduled. That is why this bill has an emergency clause. We need to have the ability to access the higher fee, which the promoters are willing to pay, as soon as possible. Without it, the law would not be effective until July 1, 2007, and we would not yet have acquired adequate funding to reimburse the members of the Advisory Board for their expenses.



SECRETARY OF STATE  
STATE OF NORTH DAKOTA  
600 EAST BOULEVARD AVENUE DEPT 108  
BISMARCK ND 58505-0500

February 22, 2007

*attach #1*

TO: Senator Dever, Chairman,  
and Members of the Senate Government and Veterans Affairs Committee

FR: Mary Feist, Director, Licensing Division on behalf of Al Jaeger, Secretary of State, State Athletic  
Commissioner

RE: HB 1201 – Fee for Boxing and Mixed Fighting Styles

According to N.D.C.C. § 53-01-02, the Secretary of State serves as the State Athletic Commissioner. In that capacity, he regulates boxing, kickboxing, sparring, and mixed fighting style competition (the 2005 Legislative Assembly authorized mixed fighting style competition).

By law, N.D.C.C. § 53-01-09, the regulation of these events is funded solely through the fees authorized by state law and agency administrative rules. The revenue is deposited into a designated special fund and expenditures are made under the authority of a continuing appropriation.

To assist the Secretary of State at events, the law provides for an Athletic (Boxing) Advisory Board and a Mixed Fighting Styles Advisory Board. However, the current law only allows a fee of 1% of the gross revenue and it is very challenging to cover the travel and per diem expenses of the members of these advisory boards. In fact, it only has been in recent years that members of the boxing advisory board received reimbursement for their expenses.

This bill allows a fee up to 3% of the event's gross revenue. The higher fee was supporter by the promoters when the rules were drafted for mixed fighting styles. However, because of the percentage ceiling in current law, the higher fee could not be implemented.

Since the rules for mixed fighting styles went into effect on October 1, 2006, the Secretary of State has regulated four events with four more scheduled. The advisory board did not receive reimbursement for the first three.

Rather than waiting for the increased fee becoming effective July 1, the bill contains an emergency clause. The promoter of the next event (March 24 in Grand Forks) has been a long time supporter of the higher fee and is willing to pay it. He is very interested in having good regulation of his sport and wants the Secretary of State to have adequate funds to pay the expenses associated with regulating the events.

For these reasons, the Secretary of State requests your Do Pass recommendation.