

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2340

2005 SENATE AGRICULTURE

SB 2340

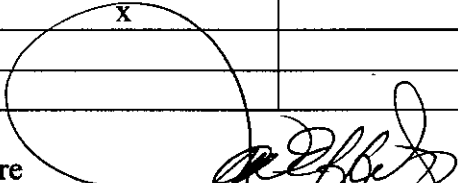
2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2340

Senate Agriculture Committee

☐ Conference Committee

Hearing Date February 4, 2005

Tape Number	Side A	Side B	Meter #
1	X		659 - 1710
Committee Clerk Signature 			

Minutes:

Chairman Flakoll opened the hearing on SB 2340, a bill relating to the North Dakota racing commission. All members were present.

Attorney General Wayne Stenehjem testified in favor of the bill. This is an issue that has been around the legislature for a long time. He explained how this agency ended up in his office. The Racing Commission was started in the Secretary of State's Office, it may have been in the Governor's Office for a time and it eventually ended up in the Attorney General's office. The problem arose in connection with all the turmoil that surrounded Racing Services, Inc. and the resulting federal indictments and criminal charge and the criminal charges North Dakota has brought against Racing Services and its principles. The statute creates a terrible conflict of interest for his office. This is not a personality issue. There are 14 divisions in the Attorney General's office. In all cases, except the racing commission, the Attorney General is responsible for hiring and disciplining the staff in those divisions. The racing commission is appointed by

the Governor's Office and they then hire the director of racing. The Attorney General has no authority to direct the racing commissioner and this is not an efficient and sound way to operate government. This bill would set the racing commission up just like any other commission that is appointed by the Governor. The one exception to this is the Attorney General is responsible for regulating the simulcast racing just like they do for charitable gaming. They license it and regulate it. The commission is in charge of promoting racing. This makes good governmental sense.

Senator Flakoll asked if the bill passes, how will their status be different than the relationship with the lottery.

Mr. Stenehjem said the one exception is the powerball, they do promote the lottery. It is highly regulated, mostly by the multi state lottery commission.

Senator Flakoll said some people like to see the racing commission under the Attorney General's office so they can be highly regulated.

Mr. Stenehjem said they are highly regulated and they should be and the Attorney General's office does the regulation. They make sure the laws are strictly enforced.

Senator Urlacher asked what the outlying states are doing.

Mr. Stenehjem said most don't have simulcast racing. In Nevada the attorney general doesn't promote it, they have a gambling commission.

Dean Meyer, Racing Director, testified in favor of the bill. Mr. Stenehjem is right, this is not a clean arrangement when he is asked to investigate something that is in his own office. This would make it more transparent. He has addressed one concern with Mr. Stenehjem, he doesn't think they should have check writing ability in a two person office. There are ways to address

Page 3

Senate Agriculture Committee

Bill/Resolution Number SB 2340

Hearing Date February 4, 2005

this concern through an independent accounting firm or OMB. This will protect the public as well as the employees of the racing commission. The racing commission is in favor of this.

They would continue to pay rent to the Attorney General's office.

Senator Flakoll asked if they are bound by law to maintain office space in the Attorney General's office.

Mr. Stenehjem said no.

Chairman Flakoll closed the hearing on SB 2340.

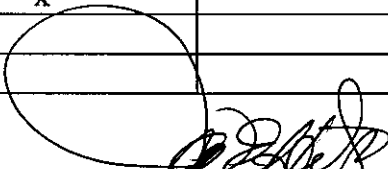
2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2340

Senate Agriculture Committee

☐ Conference Committee

Hearing Date February 10, 2005

Tape Number	Side A	Side B	Meter #
1	x		2500 - 3006
Committee Clerk Signature 			

Minutes:

Chairman Flakoll opened the discussion on SB 2340. All members were present.

Senator Klein said there was no opposition to the bill and he can see the Attorney General's side.

Senator Klein moved a do pass on SB 2340.

Senator Erbele seconded the motion.

The motion passed on a roll call vote 6-0-0.

Senator Klein will carry the bill.

FISCAL NOTE
Requested by Legislative Council
01/21/2005

Bill/Resolution No.: SB 2340

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.*

	2003-2005 Biennium		2005-2007 Biennium		2007-2009 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	\$0	\$0	\$0	\$0
Appropriations	\$0	\$0	\$0	\$0	\$0	\$0

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

2003-2005 Biennium			2005-2007 Biennium			2007-2009 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

2. Narrative: *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

This bill removes the Racing Commission from the Office of Attorney General's Office and budget.

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.*

Since the same general and special funds revenues will continue to be collected, no revenue impact is anticipated.

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 Racing Commission's budget of \$387,007, of which \$145,754 is from the general fund and \$241,253 is from special funds, would be removed from the Office of Attorney General's budget.

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

The Racing Commission's budget of \$387,007, of which \$145,754 is from the general fund and \$241,253 is from special funds, would be removed from the Office of Attorney General's budget. The Racing Commission's budget is contained in a special line item for the 2005-07 biennium.

Name:	Kathy Roll	Agency:	Office of Attorney General
Phone Number:	328-3622	Date Prepared:	01/21/2005

Date: 2/10/05
Roll Call Vote # 1

2005 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2340

Senate Agriculture Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass

Motion Made By Sen. Klein Seconded By Sen. Erbele

Senators	Yes	No	Senators	Yes	No
Senator Flakoll	<input checked="" type="checkbox"/>		Senator Seymour	<input checked="" type="checkbox"/>	
Senator Erbele	<input checked="" type="checkbox"/>		Senator Taylor		
Senator Klein	<input checked="" type="checkbox"/>				
Senator Urlacher	<input checked="" type="checkbox"/>				

Total (Yes) 6 No 0

Absent 0

Floor Assignment Sen. Klein

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

REPORT OF STANDING COMMITTEE (410)
February 10, 2005 9:45 a.m.

Module No: SR-27-2382
Carrier: Klein
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2340: Agriculture Committee (Sen. Flakoll, Chairman) recommends DO PASS
(6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2340 was placed on the
Eleventh order on the calendar.

2005 HOUSE AGRICULTURE

SB 2340

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2340

House Agriculture Committee

☐ Conference Committee

Hearing Date 3--04--05

Tape Number	Side A	Side B	Meter #
ONE		B	24-1 TO 34-7
Committee Clerk Signature			

Minutes:

CHAIRMAN NICHOLAS: Committee Members, we will open on SB 2340. We have the Attorney General with us this morning.

WAYNE STENEHJEM: ATTORNEY GENERAL N. D. Thank you. I am appearing in support of SB 2340 which has to do with the state racing commission. It is an issue that more or less came up during the time that we were having problems with racing services Inc. It appears to me that we have what is not a very good arrangement from a governmental perspective on how we establish the state racing commission. I want first point this has nothing to do with Individuals and personalities. It has simply do with how the racing commission is structured In ND. The racing commission has kind of been battered around I guess from time to time. The current statue says that the racing commission is the part of the office of the Attorney General but the members of the racing commission are appointed by the Governor and the racing commission hires the racing commissioner who is then placed in my office. The

situation I have and I am not talking about any individual, I have this racing commissioner in my office who I did not hire. That I can't discipline and I can't fire even if I wanted to. That is really not a very optimal way to run an operation. Everyone else who works for me knows that they are subject to direction from the Attorney General and that is the way every other agency runs.

They employ the people the work for them. They hire them. They are subject to the rules of the agency. The duties of the racing commission is to promote racing. We regulate gambling. We license them, we prosecute them. We don't promote charitable gaming. In North Dakota. That is the way it should be. I think the better approach in this matter is to simply set them aside as a separate commission just like every other commission that the governor appoints. And have the governor still appoint the different groups. Like the commodity group.

The one exception to that I would like to continue to audit and regulate and if necessary prosecute violations of the regulations of the state. That is what we have done in the past. The amendments that you have adds an emergency clause to the bill. The reason for that if the bill is passed would take effect probably on July first. The budget for the racing commission Currently is HB 1003 that take effect July first. It would be smart to do it now rather than the middle of the summer rather when they are in the middle of the racing season. Then having to go through that turmoil. The racing commission is currently in one of our offices here in Bismarck on ninth street. They pay rent to us. We also provide attorney services for them and they pay us for that. If we do auditing we will continue to bill them for that. That in a nut shell is it.

CHAIRMAN NICHOLAS: We have the amendment and we will pass them out to committee members.

CHAIRMAN NICHOLAS: We would like to thank you for all that you do for North Dakota.

CHAIRMAN NICHOLAS: DEAN MEYER

DEAN MEYER DIRECTOR OF RACING FOR THE COMMISSION. Our commission is in support of this bill. Two reasons, one is the things that the attorney general mentioned are very legitimate and it would do me no good to testify against it.

We have a wonderful place to work. We are comfortable to be in the office.

CHAIRMAN NICHOLAS: Any additional support for 2340. Any opposition.

WE WILL CLOSE THE HEARING ON 2340.

REPRESENTATIVE FROELICH MOVED FOR A DO PASS WITH AMENDMENT.

REPRESENTATIVE HEADLAND SECONDED THE MOTION.

CHAIRMAN NICHOLAS ASKED FOR A VOICE VOTE ON THE AMENDMENT.

IT PASSED.

THE CHAIR AS FOR A MOTION FOR A DO PASS AS AMENDED.

REPRESENTATIVE FROELICH MADE A MOTION FOR A DO PASS AS AMENDED.

REPRESENTATIVE HEADLAND: SECONDED THE MOTION.

THE CHAIR ASKED FOR THE ROLL TO BE TAKEN.

THERE WERE 11 YES 0 NO 2 ABSENT REP. KREIDT CARRIED THE BILL

CHAIRMAN NICHOLAS CLOSED ON SB 2340

PROPOSED AMENDMENTS TO SENATE BILL NO. 2340

Page 1, line 3, after "commission" insert "; and to declare and emergency"

Page 2, after line 28, insert:

"SECTION 4. EMERGENCY. This Act is declared to be an emergency measure."

Renumber accordingly

SB 2348

Date:

3-4-05

Roll Call Vote #:

**2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO.**

House HOUSE AGRICULTURE COMMITTEE

Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number

None other

Action Taken

Do Pass

Motion Made By

Froelich

Seconded By

HEAD LAND

Representatives	Yes	No	Representatives	Yes	No
REP. EUGENE NICHOLAS CHAIRMAN			REP. TRACY BOE		
REP. JOYCE KINGSBURY VICE CHAIRMAN			REP. ROD FROELICH		
REP. WESLEY BELTER			REP. PHILLIP MUELLER		
REP. M. BRANDENBURG			REP. KENTON ONSTAD		
REP. CHUCK DAMSCHEN					
REP. CHAIG HEADLAND					
REP. GARY KREIDT			<u>Voice</u>		
REP. GERALD UGLEM					
REP. JOHN WALL					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

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

SB2340

Date: 3-04-05
Roll Call Vote #:

2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO.

House HOUSE AGRICULTURE COMMITTEE Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number As Amended

Action Taken DO PASS

Motion Made By FROELICH Seconded By HEAD LAND

Representatives	Yes	No	Representatives	Yes	No
REP. EUGENE NICHOLAS CHAIRMAN	L		REP. TRACY BOE		
REP. JOYCE KINGSBURY VICE CHAIRMAN	L		REP. ROD FROELICH	L	
REP. WESLEY BELTER			REP. PHILLIP MUELLER	L	
REP. M. BRANDENBURG	L		REP. KENTON ONSTAD	L	
REP. CHUCK DAMSCHEN	L				
REP. CHAIG HEADLAND	L				
REP. GARY KREIDT	L				
REP. GERALD UGLEM	L				
REP. JOHN WALL	L				

Total (Yes) 11 No 0

Absent 2

Floor Assignment KREIDT

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

REPORT OF STANDING COMMITTEE

SB 2340: Agriculture Committee (Rep. Nicholas, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends **DO PASS** (11 YEAS, 0 NAYS, 2 ABSENT AND NOT VOTING). SB 2340 was placed on the Sixth order on the calendar.

Page 1, line 3, after "commission" insert "; and to declare an emergency"

Page 2, after line 28, insert:

"SECTION 4. EMERGENCY. This Act is declared to be an emergency measure."

Renumber accordingly

2005 HOUSE APPROPRIATIONS

SB 2340

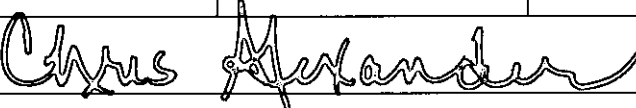
2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB2340
Racing Commission

House Appropriations Full Committee

☐ Conference Committee

Hearing Date March 15, 2005

Tape Number	Side A	Side B	Meter #
1		X	#35.7 - # end
Committee Clerk Signature 			

Minutes:

Rep. Ken Svedjan, Chairman opened the discussion on SB2340.

Rep Nicholas explained that this bill takes the Racing Commission and its budget out of the Attorney General's Office and the racing commission will contract back with the Attorney General's office for services as needed. The Attorney General does not have the ability to hire the Racing Commissioner and thus does not supervise or control their activities, therefore this bill will separate this commission from the Attorney General's office.

Rep. Ron Carlisle asked if this will make the Racing Commission a stand alone department

Rep Nicholas answered that the racing commission will be a stand alone agency and rent their own office space and do their own staffing.

Rep. Ken Svedjan, Chairman asked if the Senate is making the necessary adjustments to the Attorney General's budget.

Ms Kathy Roll from the Attorney General's office answered yes.

Rep. Ken Svedjan, Chairman asked legislative council if there was anything else involved in transferring out the Racing Commission besides transferring the budget.

Ms Roxanne Woeste answered no

Rep. Francis J. Wald asked if the audit that is in process on the racing commission will continue (meter Tape #1, side B, #39.3)

Ms Kathy Roll answered that the audit would continue even if this bill passed.

Rep. Ole Aarsvold asked how the racing commission was different from the lottery.

Ms Kathy Roll answered that the lottery director is appointed by the Attorney General.

Rep. David Monson asked how the racing commission as a stand alone committee with no budget could finish out the biennium with the emergency clause on this bill.

Ms Kathy Roll answered that the budget for the racing commission would transfer with it so they would have the same budget they are working with now.

Rep. Ken Svedjan, Chairman asked legislative council if this emergency clause would be sufficient to keep the racing commission going throughout the rest of this biennium

Ms Roxanne Woeste answered that Allen Knudson would come down to answer questions

Rep. Keith Kempenich asked the racing commission would then have to come in front of the legislature.

Ms Kathy Roll answered that they would receive appropriated general funds from the legislature so they would come before the assembly just like any other agency.

Rep. Eliot Glassheim commented that he was uneasy about taking this out of an agency that the legislature has faith in and making it a stand alone agency. Is there another way to handle this like perhaps giving the Attorney General more supervision over the racing commissioner.

Rep. Francis J. Wald asked where the racing commission would be located.

Ms Kathy Roll answered that it never did mention where this commission was located.

Rep. David Monson commented that there were a lot of unanswered questions here. Wouldn't this make more sense to do this two years from now so that there is time to make plans for this.

Ms Sandy Tabor, Deputy Attorney General, answered that things would stay the same temporarily until things were worked out. The way it stands now the Racing Commission already has its own separate budget now and their offices would remain where they are for now. Until a plan is made

Rep. Mike Timm, Vice Chairman asked what control the Attorney General presently has over the racing commission.

Ms Tabor answered that the Attorney General's office presently has very little control over the racing commission, yet the Attorney General's office is being held accountable for many things that we had no control over which makes it an impossible situation.

Rep. Bob Skarphol asked if this was an appropriated budget rather than a continuing appropriation budget

Ms Tabor answered that it was an appropriated budget.

Rep. Ken Svedjan, Chairman asked legislative council if the emergency clause is sufficient to take care of everything for the remainder of this biennium and through the next biennium for the racing commission.

Mr. Allen Knudson from legislative council answered that since this goes into effect immediately perhaps there should be some transfer authorization that the Attorney General may transfer appropriation authority to the racing commission. (meter Tape #1, side B, #51.2)

Ms Tabor commented that this would happen through the Attorney General's office once this bill is passed.

Mr. Allen Knudson answered that this would then be sufficient.

Rep. Keith Kempenich asked why there was such a rush on this

Ms Tabor answered that racing begins in June and the Attorney General's office wants a clean break from the commission before then

Rep. Keith Kempenich asked if the committee really wanted an emergency clause on this or should it be an effective date instead.

Rep. Ken Svedjan, Chairman mentioned that he had no problem with this as long as the transfer authority is being placed in the AG's budget in the Senate.

Rep. Ron Carlisle asked if the Attorney General requested this.

Ms Tabor answered yes.

Rep. Ron Carlisle moved a Do Pass motion to SB2340.

Rep. James Kerzman seconded

Rep. Ken Svedjan, Chairman called for a roll call vote on the Do Pass motion for SB2340.

Motion carried with a vote of 15 yeas, 7 neas and 1 absence. Rep Kreidt will carry the bill to the house floor.

Rep. Ken Svedjan, Chairman closed the discussion on SB2340.

Date: March 15, 2005
Roll Call Vote #: 1

2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB2340

House Appropriations - Full Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken DO PASS

Motion Made By Rep. Carlisle Seconded By Rep. Kerzman

Representatives	Yes	No	Representatives	Yes	No
Rep. Ken Svedjan, Chairman	X		Rep. Bob Skarphol	X	
Rep. Mike Timm, Vice Chairman	X		Rep. David Monson		X
Rep. Bob Martinson	X		Rep. Eliot Glassheim		X
Rep. Tom Brusegaard	AB		Rep. Jeff Delzer		X
Rep. Earl Rennerfeldt	X		Rep. Chet Pollert		X
Rep. Francis J. Wald	X		Rep. Larry Bellew		X
Rep. Ole Aarsvold	X		Rep. Alon C. Wieland		X
Rep. Pam Guleson	X		Rep. James Kerzman	X	
Rep. Ron Carlisle	X		Rep. Ralph Metcalf	X	
Rep. Keith Kempenich		X			
Rep. Blair Thoreson	X				
Rep. Joe Kroeber	X				
Rep. Clark Williams	X				
Rep. Al Carlson	X				

Total Yes 15 No 7

Absent 1

Floor Assignment Rep. Kreidt

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

REPORT OF STANDING COMMITTEE (410)
March 15, 2005 12:37 p.m.

Module No: HR-47-4986
Carrier: Kreidt
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2340: Appropriations Committee (Rep. Svedjan, Chairman) recommends DO PASS
(15 YEAS, 7 NAYS, 1 ABSENT AND NOT VOTING). SB 2340 was placed on the
Fourteenth order on the calendar.