

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2344

2005 SENATE FINANCE AND TAXATION

SB 2344

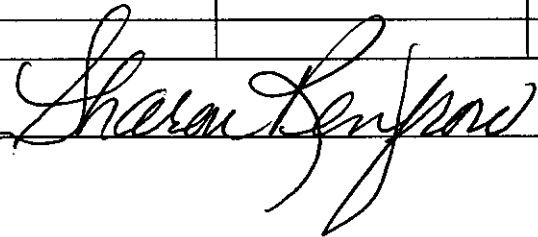
2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2344

Senate Finance and Taxation Committee

☐ Conference Committee

Hearing Date **February 7, 2005**

Tape Number	Side A	Side B	Meter #
#1	X		0.2 - 12.9
			53.6 - 61.7
Committee Clerk Signature 			

Minutes:

DEAN MEYER, Director of Racing Commission appeared in support stating what this bill does is let us keep the license fees, the fines over the industry that we govern. The reason for the bill is the past 2 sessions, we've become somewhat self funding. Up until 2 yrs ago, the Racing Commission was funded by a general fund appropriation and 2 yrs ago because of the tight budget, they switched about half of that over to our special funds where the State is putting in about half the money in and our special funds are putting in the other half. Our request for this year are about a million dollars in promotion money and about 700,000 in purse and breeders fund money. What SB 2344 does would let us keep those license fees and fines to operate on instead of dipping into these budgets so much.

SEN. COOK: is there a line item in the governors budget to spend money on the racing commission?

ANSWER; ya, they made a strictly line item budget in the AG's office, this year its 150,000 or 142,000 general fund and about that much in the special fund.

DEAN MEYER: my concern was that I didn't want a commission with only 2 people in the office having authority to write checks or dispersing of funds.

SEN. COOK: the whole racing industry in ND have been receiving a lot of attention lately of course over the very visible lawsuit in Fargo. I think there is like 99 million dollars involved in that, we seen the verdict, that verdict is it going to result in any payment of these dollars and is there going to be any money from the payment of those going into the

ANSWER; all I know is what I read in the press the same as you Senator. I understand the AG's office is going to pursue that but the company has gone through bankruptcy and I don't think there are any funds out there to get. If we could get that back and get our share, then we would be in nice shape.

SEN. BERCIER; you mentioned a bill that's going to remove the racing commission from the AG's Office and it will be a stand alone commission. What connection are they going to have with the gaming part of the AG's Office?

ANSWER; It's makes it a cleaner deal for him to audit us or investigate us. It would stand alone. When were part of the AG's Office, one of the problems is, he doesn't hire a priority director, I'm hired by the racing commission. The racing commission is 5 people appointed by the governor who Wayne has no control or authority over and if you'd have to investigate us, its just not a very neat or transparent thing when he is investigating part of his own office.

SEN. BERCIER; What's going to be the difference in the reporting system then from prior to now?

ANSWER; I don't think there is any difference as far as our auditing reporting. I think the idea is that you are not investigating yourself.

SEN. COOK: requested a recent background memorandum on the Racing Commission.

Closed the hearing.

SEN. WARDNER: made a **MOTION FOR DO PASS** seconded by Sen. Bercier.

SEN. WARDNER; their funds would quickly erode if they didn't have a little help

SEN. COOK: I'll probably go the other direction on this bill, there might be a time where this is the right thing to do, but I don't believe that time is yet here, I think if we try to get our hands around the whole picture, the income that they have, the dollars that are involved in this and the money that goes into these 3 different funds and there's a problem even having any forms of accounting on this organization is for this whole process, I don't mean to say that as if its there problem. There's funding in there already and this will increase the funding by 28,000 dollars. I have seen nothing I guess in my mind to justify increasing by \$28,000. That's my concern

SEN. URLACHER; comment on moving out of the AG's Office.

SEN. COOK: I won't support that either unless we know where its going, there's got to be oversight and they got to be underneath somebody that was the challenge last session and they must be accountable to someone.

SEN. EVERY: if that were the case I would agree to some of that with all the problems that they've had and with accountability and how do they get their accounting situation in order, why don't we give them the tools now to do it rather than wait 2 yrs to do it

SEN. TOLLEFSON: I agree with Sen. Cook, taking away from the AG's Office there will be even less oversight.

SEN. URLACHER: there appears to be an oversight and a conflict of interest within the AG's Office.

SEN. TOLLEFSON: You take another issue, lottery is strictly a gambling issue as well and he doesn't try to exclude his oversight in that area, I think it belongs where it is and the more oversight the better. To me its a rather hazy operation.

SEN. WARDNER: this bill has to do with using moneys collected for the operation of the commission. My only point would be that the promotion people and the ___ people, they weren't in and they didn't oppose it, its money that comes from their area anyway, except for the breeders, the people that kick in this money and would go to operate the commission.

SEN. COOK: I never seen any testimony that gave any indication why they needed the \$28,000. Of what it is that causes their present budget to have a shortfall. I didn't see any proof or justification as to why.

SEN. EVERY: asked who was on the racing commission

SEN. COOK: its a 5 member committee appointed by the governor their under the umbrella of the Attorney General. I just can't support, we are talking 99 million dollars or more that was betted illegally in ND, under these people's control, now there here asking for us to give them \$28,000. I can't do it.

SEN. BERCIER; there is a chance they will get a windfall.

SEN. COOK: there is a state law suit going to hopefully recover a lot of those dollars, I asked the question of Mr. Meyer this morning and he didn't think there was a lot of chance recovering that, that doesn't mean that we're not.

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Senate Finance and Taxation Committee

Bill/Resolution Number SB 2344

Hearing Date February 7, 2005

SEN. WARDNER; well, maybe we should wait 2 yrs, if money comes from the lawsuit. Just so everyone knows, its general fund money, 28,000 would go to the general fund that were taking out of the general fund and giving to the commission. I guess if they did get in a bind, they could go to deficiency and make their case before the emergency _____.

ROLL CALL VOTE: 2-4-0 MOTION FAILS.

SEN. COOK: made a **MOTION FOR DO NOT PASS**, seconded by Sen. Tollefson.

ROLL CALL VOTE: 4-2-0 MOTION CARRIES, Sen. Tollefson will carry the bill.

FISCAL NOTE
Requested by Legislative Council
01/24/2005

Bill/Resolution No.: SB 2344

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	(\$28,000)	\$28,000	(\$28,000)	\$28,000
Expenditures	\$0	\$0	\$0	\$28,000	\$0	\$28,000
Appropriations	\$0	\$0	\$0	\$28,000	\$0	\$28,000

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 provides for the license fees collected by the Racing Commission to be deposited into a Racing operating fund rather than the general fund. The Executive Recommendation included \$28,000 in general fund revenue for these fees.

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.*

Other funds revenues will increase by an estimated \$28,000, with a decrease of a like amount in general fund revenues.

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.*

Racing Commission expenditures can be increased by an estimated \$28,000 anticipated for the 2005-07 biennium.

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 appropriation can be increased by an estimated \$28,000 anticipated for the 2005-07 biennium.

Name:	Kathy Roll	Agency:	Office of Attorney General
Phone Number:	328-3622	Date Prepared:	01/24/2005

Date: 2-7-05
Roll Call Vote #: 1

2005 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2344

Senate Finance and Taxation Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken DO Pass

Motion Made By Wardner Seconded By Bercier

Senators	Yes	No	Senators	Yes	No
Sen. Urlacher		✓	Sen. Bercier	✓	
Sen. Wardner		✓	Sen. Every	✓	
Sen. Cook		✓			
Sen. Tollefson		✓			

Total (Yes) 2 No 4

Absent _____

Floor Assignment _____

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

Date: 2-7-05
Roll Call Vote #: 2

2005 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2344

Senate Finance and Taxation Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Not Pass

Motion Made By Cook Seconded By Tollefson

Senators	Yes	No	Senators	Yes	No
Sen. Urlacher	✓		Sen. Bercier		✓
Sen. Wardner	✓		Sen. Every		✓
Sen. Cook	✓				
Sen. Tollefson	✓				

Total (Yes) 4 No 2

Absent 0

Floor Assignment Tollefson

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

REPORT OF STANDING COMMITTEE (410)
February 7, 2005 12:37 p.m.

Module No: SR-24-1970
Carrier: Tollefson
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2344: Finance and Taxation Committee (Sen. Urlacher, Chairman) recommends DO NOT PASS (4 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING). SB 2344 was placed on the Eleventh order on the calendar.

2005 HOUSE FINANCE AND TAXATION

SB 2344

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2344

House Finance and Taxation Committee

☐ Conference Committee

Hearing Date **March 2, 2005**

Tape Number	Side A	Side B	Meter #
1	X		38
Committee Clerk Signature <i>Janice Stein</i>			

Minutes:

REP. DAVID DROVDAL, VICE-CHAIR Called the committee hearing to order.

SEN. JOEL HEITKAMP, DIST. 26, Introduced the bill. The only way the racing commission will succeed is if we have some dollars. That is why the bill is in front of you.

REP. WEILER Currently, where do they get the money for the operating costs?

SEN. HEITKAMP The director can answer those questions better. The racing fees will go back into the general fund. What we are trying to do is have it a little more self perpetuating.

REP. WRANGHAM On page 1, line 10 of the bill, stated he didn't understand that sentence.

SEN. HEITKAMP The way I read that, it basically says, it means approval. It says, we are going to give you the funds, but it doesn't mean you don't have to live by the rules we set up. The big issue here is the paramutual betting.

DEAN MEYER, RACING DIRECTOR OF THE NORTH DAKOTA RACING

COMMISSION, Testified in support of the bill. Submitted handouts relating to several funds

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House Finance and Taxation Committee

Bill/Resolution Number **SB 2344**

Hearing Date **March 2, 2005**

which operate the commission. Total wages are considerably behind previous years. The handouts show the funds are rapidly going down. See attached handouts. He stated the bill has a sunset clause on it.

With no further testimony, the hearing was closed.

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2344

House Finance and Taxation Committee

☐ Conference Committee

Hearing Date **March 14, 2005**

Tape Number	Side A	Side B	Meter #
1	X		41.3
Committee Clerk Signature			

Minutes:

COMMITTEE ACTION

REP. BELTER Stated he would like to send the bill out with a do pass and rerefer it to appropriations.

REP. CONRAD Made a motion for a **DO PASS AND REREFER THE BILL TO APPROPRIATIONS.**

REP. FROELICH Second the motion.

REP. DROVDAL Asked whether this is a balance or an increase in spending allotment for the racing commission.

REP. FROELICH Stated funds come through the racing commission, go into this fund, and it is a wash.

MOTION CARRIED with 11 yes 1 no 1 absent

REP. IVERSON Was given the floor assignment.

Date: 3-14-05
Roll Call Vote #: 1

2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2344

House FINANCE & TAXATION

Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken

Do Pass re refer to Approps.

Motion Made By

Rep. Conrad

Seconded By

Rep. Froelich

Representatives	Yes	No	Representatives	Yes	No
BELTER, WES, CHAIRMAN	✓				
DROVDAL, DAVID, V-CHAIR	✓				
BRANDENBURG, MICHAEL	✓				
CONRAD, KARI	✓				
FROELICH, ROD	✓				
GRANDE, BETTE	✓				
HEADLAND, CRAIG	✓				
IVERSON, RONALD	✓				
KELSH, SCOT	✓				
NICHOLAS, EUGENE	✓				
OWENS, MARK	✓				
SCHMIDT, ARLO	✓				
WEILER, DAVE		✓			
WRANGHAM, DWIGHT	A				

Total (Yes) 11

No 1

Absent 2

Floor Assignment

Rep. Iverson

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

REPORT OF STANDING COMMITTEE (410)
March 14, 2005 2:18 p.m.

Module No: HR-46-4905
Carrier: Iverson
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2344: Finance and Taxation Committee (Rep. Belter, Chairman) recommends DO PASS and BE REREFERRED to the Appropriations Committee (11 YEAS, 1 NAY, 2 ABSENT AND NOT VOTING). SB 2344 was rereferred to the Appropriations Committee.

2005 HOUSE APPROPRIATIONS

SB 2344

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB2344
Use of Racing Commission Fee Collections

House Appropriations Full Committee

☐ Conference Committee

Hearing Date March 15, 2005

Tape Number	Side A	Side B	Meter #
2	X		#0 - #9.7
Committee Clerk Signature <i>Chris Alexander</i>			

Minutes:

Rep. Ken Svedjan, Chairman opened the discussion on SB2344.

Rep Belter explained that the this bill allows for the moneys from fees to be deposited directly into the racing commission rather than being transferred into the treasurer's office

Rep. Ken Svedjan, Chairman asked what the nature of the fees were

Ms Kathy Roll from the Attorney General's office answered that these were licensing fees

Rep. Ken Svedjan, Chairman commented that the fees were not being changed, this bill simply allows for the change in where these fees are deposited.

Rep. Ole Aarsvold asked if other agencies handled fees in a similar fashion

Rep Belter answered that he did not know

Rep. Francis J. Wald asked about page one, lines 21 and 22 leaving a wide open situation giving the commission permission to charge a license fee on racing commensurate with size and attendance.

Rep Belter answered that this was old language so we have been dealing with this all along.

Rep. Jeff Delzer commented that there is a major difference in this now though because the funds are now going into the racing commission fund and they are going to have to come and ask for the authority to spend. The fiscal note says that we are increasing the expenditures of the racing commission.

Rep Belter commented in answer to Rep Wald's question, the fees charged are approved through the administrative rules.

Rep. Ken Svedjan, Chairman clarified that fee determinations go through administrative rules but for them to expend this \$28,000 they need legislative appropriation to do that as it states in line 14 on page 2.

Rep. Mike Timm, Vice Chairman commented that the fiscal note states that revenues will increase by an estimated \$28,000 while there is a decrease in general fund revenues. He then asked OMB if the racing commission was receiving general funds.

Rep. Ken Svedjan, Chairman answered that there are general funds in the racing commission budget but because these fees no longer go into the treasurer's office but into the racing commission fund we would see a reduction in general fund revenues.

Rep. Jeff Delzer commented that no where did it say that we should reduce the general fund spending by the \$28,000.

Rep. Ken Svedjan, Chairman asked legislative council if this reduction will be picked up in the budget status report if this passes.

Mr. Allen Knudson answered that there would be an exchange of appropriations for the reduction of the \$28,000. (meter Tape #2, side A, #3.9)

Rep. Jeff Delzer moved a Do Not Pass motion on SB2344.

Rep. Larry Bellew seconded

Rep. Mike Timm, Vice Chairman asked legislative council if there would also be a decrease in the general funds appropriated to the racing commission.

Mr. Allen Knudson answered that there needed to be an appropriation or a funding source change which could change the general fund appropriation. This would be handled in HB1003 the budget for the Attorney General.

Rep. Mike Timm, Vice Chairman asked if this would be dealt with in the Senate.

Ms Kathy Roll answered that this had not been planned but someone in this committee could work with the Senate on this

Rep. Bob Skarphol asked if this committee could take the general funds out and make this bill palatable enough to pass. Then the racing commission would be dependent on those fees and if the fees get too high by rule or whatever then they would be out of business. Rep Skarphol moved a substitute motion to eliminate the general funds for the racing commission from the Attorney General's budget and allow the racing commission to have the moneys from the fees.

Mr. Allen Knudson from legislative council responded that this needed to be changed in the Attorney General's budget because there is no money being appropriated in this bill

Rep. Ken Svedjan, Chairman commented that this committee would need to ask the Senate to remove \$28,000 in general fund appropriations from HB1003.

Rep. Jeff Delzer asked why we couldn't take the money away

Mr. Allen Knudson answered that this would become a negative fund appropriation.

Rep. Bob Skarphol asked if this could be made contingent upon the reduction of HB1003. It would be better to see the fee money going to the racing commission rather than the general funds.

Mr. Allen Knudson answered that it would be difficult to know if the contingency occurred or not because nothing has been decided on HB1003.

Rep. Ken Svedjan, Chairman stated that the simplest way to deal with this would be to work with the Senate to reduce HB1003 by \$28,000.

Rep. Bob Skarphol requested that this bill be held until we have a conversation with the Senate. If the Senate intends to remove the \$28,000 then we could pass this bill, if they have no intention of removing the \$28,000 then we could support the Do Not Pass. Rep Skarphol withdrew his substitute motion.

Rep. Jeff Delzer withdrew his Do Not Pass motion.

Rep. Ken Svedjan, Chairman stated that this bill would be set aside until Rep Skarphol checks on the status of the Attorney General's budget in the Senate.

Rep. Joe Kroeber commented that a plus side of this is that the racing commission does add money to the general fund. In 2003 it was approximately \$7 million.

Rep. Ken Svedjan, Chairman closed the discussion on SB2344.

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB2344
Racing Commission Fee Collections

House Appropriations Full Committee

☐ Conference Committee

Hearing Date March 22, 2005

Tape Number	Side A	Side B	Meter #
1		X	#1.1 - #2.7
Committee Clerk Signature <i>Chris Alexander</i>			

Minutes:

Rep. Ken Svedjan, Chairman opened the discussion on SB2344.

Rep. Bob Skarphol explained he spoke to the Senate to make sure that we weren't doubling up on revenues here and they are comfortable with us moving on the passage of this bill.

Rep. Ken Svedjan, Chairman commented that SB2340 removes the Racing commission from the Attorney General's office and all of this has been squared away, and we have made no changes to this bill.

Rep. Bob Skarphol moved a Do Pass motion for SB2344.

Rep. David Monson seconded

Rep. Ken Svedjan, Chairman called for a roll call vote on the Do Pass motion for SB2344.

Motion carried with a vote of 21 yeas, 1 nay and 1 absence. Rep Iverson will carry the bill to the house floor.

Rep. Ken Svedjan, Chairman closed the discussion on SB2344.

Date: March 22, 2005
Roll Call Vote #: 1

2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB2344

House Appropriations - Full Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken DO PASS

Motion Made By Rep Skarphol Seconded By Rep Monson

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 Gulleson	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 21 No 1

Absent 1

Floor Assignment Rep Iverson

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

REPORT OF STANDING COMMITTEE (410)
March 23, 2005 6:16 a.m.

Module No: HR-53-5812
Carrier: Iverson
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2344: Appropriations Committee (Rep. Svedjan, Chairman) recommends DO PASS
(21 YEAS, 1 NAY, 1 ABSENT AND NOT VOTING). SB 2344 was placed on the
Fourteenth order on the calendar.

2005 TESTIMONY

SB 2344

From: Nean Meyer

Promotion Fund - 2004

Balance of Fund on January 1, 2004

\$1,943,743.79

Month	Income		Expense		Ending Balance
January	RSI - 2003 3rd Quarter Outs	\$8,812.95	Development Homes (2003)	\$3,500.00	\$1,949,056.74
	RSI - Dec. Auditor's Fee	700.00	Williston CVB (2003)	284.99	\$1,949,471.75
	Interest	658.77	Legal Fees	123.90	\$1,950,006.62
			Auditor's Fee - Dec. '03	700.00	\$1,949,306.62
			Salaries	2,035.26	\$1,947,271.36
			State Auditor's Fee	992.41	\$1,946,278.95
		\$ 10,171.72		\$ 7,636.56	
February	Interest	\$616.75	Auditor's Fee - Jan.	\$700.00	\$1,946,195.70
			Salaries	2,034.24	\$1,944,161.46
		\$ 616.75		\$ 2,734.24	
March	Lien Games - Jan. Auditor's Fee	\$700.00	Horse Race North Dakota '04	\$100,000.00	\$1,844,861.46
	Lien Games - Jan. '04 Breakage	1,340.30	NAPRA '04 Dues	10,000.00	\$1,836,201.76
	Lien Games - Jan. '04	1,293.83	Williston CVB '04	1,300.00	\$1,836,195.59
	Interest	651.93	Auditor's Fee - Feb.	700.00	\$1,836,147.52
			Salaries	2,033.52	\$1,834,114.00
April		\$ 3,986.06		\$ 114,033.52	
	Lien Games - Feb. '04 Breakage	\$1,788.20	NDQHR - '04 Stallion Auction	\$2,054.56	\$1,833,847.64
	Lien Games - Feb. '04	1,640.29	NDTBA - '04 Stallion Auction	5,000.00	\$1,830,487.93
	FCHRA - '03 Outs	5,391.05	Team Makers Club '03	1,590.28	\$1,834,288.70
	Lien Games - Feb. Auditor's Fee	700.00	Fort Abraham Lincoln Found. '03	7,000.00	\$1,827,988.70
	Interest	669.58	ORDA - Track Improvements	15,000.00	\$1,813,658.28
			ORDA - Operations	35,000.00	\$1,778,658.28
			Auditor's Fee - Mar.	700.00	\$1,777,958.28
			Salaries	2,029.05	\$1,775,929.23
					\$1,775,929.23
May		\$ 10,189.12		\$ 68,373.89	
	Lien Games - Mar. '04 Breakage	\$1,956.77	Fair Circuit Horse Racing Assn.	\$1,022.39	\$1,776,863.61
	Lien Games - Mar. '04	1,845.71	Auditor's Fee - April	700.00	\$1,778,009.32
	Lien Games - Mar. Auditor's Fee	700.00	Salaries	2,029.04	\$1,776,680.28
	Lien Games - Apr. Auditor's Fee	700.00			\$1,777,380.28
	Interest	681.36			\$1,778,061.64
June		\$ 5,883.84		\$ 3,751.43	
	Lien Games - Apr. '04 Breakage	\$1,871.88	Horse Race ND - Restrooms	\$85,000.00	\$1,694,933.52
	Lien Games - Apr. '04	1,608.21	Fair Circuit Horse Racing Assn.	972.00	\$1,695,569.73
	Lien Games - May Auditor's Fee	700.00	ND Horse Park/Horse Race ND	100,000.00	\$1,596,269.73
	Interest	594.41	Auditor's Fee - May	700.00	\$1,596,164.14
	Lien Games - May '04 Breakage *	4,088.54	Salaries	2,029.05	\$1,598,223.63
	Lien Games - May '04 *	2,276.26	Williston CVB '04 *	500.00	\$1,599,999.89
	Lien Games - June Aud. Fee *	700.00	Williston CVB '04 *	325.00	\$1,600,374.89
	ORDA - Outs *	179.21	Fair Circuit Horse Racing Assn. *	1,446.00	\$1,599,108.10
			ND Horse Park *	150,000.00	\$1,449,108.10
July		\$ 12,018.51		\$ 340,972.05	
	* applied back to June '04		* applied back to June '04		\$1,449,108.10
	Interest	\$735.29	Auditor's Fee - June	\$700.00	\$1,449,143.39
			Salaries	2,029.04	\$1,447,114.35
		\$ 735.29		\$ 2,729.04	

Promotion Fund - 2004

Balance of Fund on January 1, 2004

\$1,943,743.79

Month	Income		Expense		Ending Balance
August	Lien Games - June '04 Breakage	\$1,775.64	Williston CVB '04	\$800.00	\$1,448,089.97
	Lien Games - June '04	1,578.30	Auditor's Fee - July	700.00	\$1,448,968.27
	Lien Games - July Aud. Fee	700.00	Fair Circuit Horse Racing Assn.	59.61	\$1,449,608.68
	Interest	679.87	Randy Blaseg	7,800.00	\$1,442,488.55
			Salaries	2,029.05	\$1,440,459.50
		\$ 4,733.81		\$ 11,388.66	
September	Lien Games - July '04 Breakage	\$1,810.81	Auditor's Fee - August	\$700.00	\$1,441,570.31
	Lien Games - July '04	1,518.52	Dr. Allen Hoverson	12,000.00	\$1,431,088.83
	ORDA - '04 Breakage & Outs	1,349.85	Randy Blaseg	5,850.00	\$1,426,588.68
	Interest	772.15	Salaries	2,031.90	\$1,425,328.93
		\$ 5,451.33		\$ 20,581.90	
October	Lien Games - Aug. Aud. Fee	\$700.00	Auditor's Fee - September	\$ 700.00	\$1,425,328.93
	Lien Games - Aug. '04 Breakage	1,972.74	Dr. A. Hoverson - NDHP Lab. Shipping	704.57	\$1,426,597.10
	Lien Games - Aug. '04	1,463.54	Donna Schmidt	750.00	\$1,427,310.64
	Lien Games - Sept. Aud. Fee	700.00	Salaries		\$1,428,010.64
	Interest				
		\$4,836.28		\$ 2,154.57	
November	Lien Games - Oct. Aud. Fee	\$700.00	Williston CVB	\$575.00	\$1,427,435.64
	Lien Games - Sept. '04 Breakage	1,689.13	Industrial Laboratories - NDHP	9,130.00	\$1,419,994.77
	Lien Games - Sept. '04	1,263.10	Auditor's Fee - October	700.00	\$1,420,557.10
	Lien Games - 1st Qtr Outs	4,260.50	Salaries	-7.00	\$1,424,825.30
	Lien Games - 2nd Qtr Quts	9,333.65			\$1,434,159.02
	Interest				
		\$ 17,246.38		\$ 10,398.00	
December	Lien Games - Oct. '04 Breakage	\$1,831.17	Auditor's Fee - November	\$ 700.00	\$1,425,956.54
	Lien Games - Oct. '04	1,769.54	NDQHRA '04	1,590.12	\$1,426,135.96
	Lien Games - Nov. Aud. Fee	700.00	Development Homes '04	3,500.00	\$1,423,335.96
			Auditor's Fee - December	700.00	\$1,422,635.96
			NAPRA '05 Dues	10,000.00	\$1,412,635.96
			Salaries		
	Interest	\$ 4,300.71		\$ 16,490.12	

		Committed Funds	Balance
ND Horse Park Foundation - Operating Expenses			
11/20/00	Grant (\$500,000 over the next 5 years)	500,000.00	300,000.00
12/22/03	Grant	300,000.00	0.00
12/22/03	Development Homes Inc	3,500.00	0.00
12/22/03	Fair Circuit Horse Racing Ass'n.	3,500.00	0.00
12/22/03	Fort Abraham Lincoln Foundation	7,000.00	7,000.00
12/22/03	NAPRA	10,000.00	0.00
12/22/03	NDTBA	5,000.00	0.00
12/22/03	ND Quarter Horse Racing Assn - Stallion Auction	5,000.00	1,355.32
12/22/03	ORDA - Track Improvements	15,000.00	0.00
12/22/03	ORDA - Operations	35,000.00	0.00
12/22/03	Pembina County Fair	7,000.00	7,000.00
12/22/03	Team Makers Inc	3,500.00	440.68
12/22/03	Williston Convention & Visitors Bureau	3,500.00	0.00
5/22/03	Horse Race North Dakota	85,000.00	0.00
			\$315,796.00
			\$1,096,839.96

\$1,096,839.96

Breeders' Fund - 2004

Balance of fund on January 1, 2004 \$

2,369,553.59

Month	Income		Expense		Ending Balance
January	Interest	802.78	Salaries	2,559.87	\$2,367,796.50
		\$ 802.78		\$ 2,559.87	
February	Interest	750.47	Salaries	2,032.45	\$2,366,514.52
		\$ 750.47		\$ 2,032.45	
March	Lien Games - Jan. '04	1,719.37	Breeders Fund Admin Acct	296,194.20	\$2,072,039.69
	Interest	724.56	Salaries	2,031.74	\$2,070,732.51
			Legal Fees	283.20	\$2,070,449.31
		\$ 2,443.93		\$ 298,509.14	
April	Interest	763.38	ORDA	10,000.00	\$2,061,212.69
	Lien Games - Feb. '04	2,218.26	Salaries	2,027.28	\$2,061,403.67
		\$ 2,981.64		\$ 12,027.28	
May	Lien Games - Mar. '04	2,432.64	Salaries	\$2,027.28	\$2,061,809.03
	Interest	786.55			\$2,062,595.58
		\$ 3,219.19		\$ 2,027.28	
June	Lien Games - Apr. '04	2,141.23	ND Horse Park *	132,500.00	\$1,932,236.81
	ORDA June '04 Meet *	293.81	Salaries	2,027.28	\$1,930,503.34
	Lien Games - May '04 *	3,267.59			\$1,933,770.93
	Interest	761.35			\$1,934,532.28
July		\$ 6,463.98		\$ 134,527.28	
	* applied back to June '04		* applied back to June '04		\$1,934,532.28
	Interest	950.43	Salaries	\$2,027.28	\$1,933,455.43
		\$ 950.43		\$ 2,027.28	
August	Lien Games - June '04	2,177.24	Salaries	2,027.28	\$1,933,605.39
	Interest	901.53			\$1,934,506.92
		\$ 3,078.77		\$ 2,027.28	
September	Lien Games - July '04	2,084.42	Salaries	2,030.13	\$1,934,561.21
	Interest	1,031.68			\$1,935,592.89
		\$ 3,116.10		\$ 2,030.13	
October	Lien Games - Aug. '04	2,123.26	Salaries	\$ 2,420.91	\$1,935,295.24
	Interest				
		\$ 2,123.26		\$ 2,420.91	

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JAN 17 2005

Breeders' Fund - 2004

Balance of fund on January 1, 2004 \$ 2,369,553.59

November	Lien Games - Sept. '04	\$1,822.04	Salaries		\$1,937,117.28
	Interest				
		\$ 1,822.04		\$ -	
December	Lien Games - Oct. '04	\$2,385.24	Salaries		\$1,939,502.52
	Interest				\$1,939,502.52
		\$ 2,385.24		\$ -	

\$1,939,502.52

Purse Fund - 2004

Balance of fund on January 1, 2004

\$2,415,584.34

Month	Income		Expense		Ending Balance
January	Interest - Dec. '03	818.37	Salaries	2,033.47	\$2,414,369.24
			Audit	526.37	\$2,413,842.87
		\$ 818.37		\$ 2,559.84	
February	Interest - Jan. '04	765.07	Salaries	2,032.45	\$2,412,575.49
		\$ 765.07		\$ 2,032.45	
March	Interest - Feb. '04	817.88	Salaries	2,031.74	\$2,411,361.63
	Lien Games - Jan. '04	1,719.37			\$2,413,081.00
		\$ 2,537.25		\$ 2,031.74	
April	Interest - March '04	880.17	Salaries	2,027.28	\$2,411,933.89
	Lien Games - Feb. '04	2,218.26	ORDA - Gen. Purses	70,000.00	\$2,344,152.15
			NDQHRA - Stallion Stakes	10,000.00	\$2,334,152.15
		\$ 3,098.43		\$ 82,027.28	
May	Interest - April '04	890.50	Salaries	2,027.28	\$2,333,015.37
	Lien Games - March '04	2,432.64			\$2,335,448.01
		\$ 3,323.14		\$ 2,027.28	
June	Lien Games - April '04	2,141.23	ORDA - Futurity & Derby '05-'06	10,000.00	\$2,327,589.24
	Interest - May '04	858.30	Salaries	2,027.28	\$2,326,420.26
	Lien Games - May '04 *	3,267.59	ND Horse Park *	325,000.00	\$2,004,687.85
	ORDA - June '04 Meet *	293.81			\$2,004,981.66
		\$ 6,560.93		\$ 337,027.28	
July	* applied back to June '04		* applied back to June '04		\$2,004,981.66
	Interest	\$1,055.56	Salaries	\$2,027.28	\$2,004,009.94
		\$ 1,055.56		\$ 2,027.28	
August	Lien Games - June '04	2,177.24	Salaries	2,027.28	\$2,004,159.90
	Interest	934.40			\$2,005,094.30
		\$ 3,111.64		\$ 2,027.28	
September	Lien Games - July '04	2,084.42	Salaries	2,030.13	\$2,005,148.59
	Interest	1,069.29			\$2,006,217.88
		\$ 3,153.71		\$ 2,030.13	

JAN 17 2005

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Purse Fund - 2004

Balance of fund on January 1, 2004

\$2,415,584.34

Month	Income		Expense		Ending Balance
October	Lien Games - Aug. '04	2,123.26	Salaries	\$ 2,420.89	\$2,005,920.25
	Interest				
		\$ 2,123.26		\$ 2,420.89	
November	Lien Games - Sept. '04	\$1,822.04	Salaries		\$2,007,742.29
	Interest				
		\$ 1,822.04		\$ -	
December	Lien Games - Oct. '04	\$2,385.24	Salaries		\$2,010,127.53
	Interest				
		\$ 2,385.24		\$ -	

Committed Funds

11/13/2002 ND Horse Park Foundation
(2004 Commitment - Year #2)
(appx. \$300,000/yr for 8 years)

\$2,010,127.53

July 2001

RACING COMMISSION - BACKGROUND MEMORANDUM

Section 14 of House Bill No. 1003, a copy of which is attached as Appendix A, directs the Legislative Council to study the Racing Commission, including its authority to schedule, promote, support, and regulate live or simulcast racing in North Dakota. The study is also to address the effectiveness of the commission's authority to both promote and regulate racing and whether its authority is appropriate for the commission and its members.

2001 LEGISLATIVE ACTION

The 2001 Legislative Assembly approved House Bill No. 1003, the Attorney General's appropriations bill. The bill appropriates \$300,000 for the operating expenses of the Racing Commission, of which \$150,000 is from the general fund, \$50,000 from the Racing Commission promotion fund, \$50,000 from the purse fund, and \$50,000 from the breeders' fund.

The bill also provides that:

1. The Racing Commission is under the supervision of the Attorney General.
2. The Attorney General may charge the Racing Commission for services provided to the commission.
3. The Attorney General rather than the Emergency Commission may authorize the Racing Commission to spend up to 25 percent of the promotion fund for operating expenses of the commission.
4. Compensation of Racing Commission members be \$75 per day, an increase of \$35 per day from the previous rate of \$40.

HISTORY OF THE RACING COMMISSION

The Racing Commission was established and parimutuel horse racing authorized by the 1987 Legislative Assembly in Senate Bill No. 2319. Initially, the Racing Commission was established in the office of the Secretary of State. Members of the commission originally were the Secretary of State and four other members appointed by the Governor.

The 1989 Legislative Assembly approved House Bill No. 1184 which moved the Racing Commission from the Secretary of State's office to the office of Attorney General. The Secretary of State was removed as chairman of the commission and one other member was added appointed by the Governor. This bill also established the breeders' fund and purse fund. The bill provided that one-half of 1 percent of the parimutuel pool and other wagering pools for each day of racing be

deposited in the breeders' fund, one-half of 1 percent be deposited in the purse fund, and depending on the total of the pool, either 3 or 4 percent be deposited in the general fund. The bill also authorized offtrack wagering on races held at licensed racecourses either in state or out of state.

The 1991 Legislative Assembly approved House Bill No. 1260 that replaced the offtrack wagering statute enacted by the 1989 Legislative Assembly with a similar statute providing for simulcast wagering for in-state or out-of-state races. This bill also created the promotion fund and provided that unclaimed tickets and breakage from each live race and simulcast program be deposited in the promotion fund. The bill also provided that the moneys in the breeders' fund, purse fund, and promotion fund may be spent by the commission pursuant to a continuing appropriation. In addition, the bill reduced the percentage of the pools deposited in the general fund from 3 or 4 percent to 2 or 3 percent.

The 1991 Legislative Assembly approved Senate Bill No. 2354 providing that of the Governor's five appointees, one must be nominated by the state chapter or affiliate of the American Quarter Horse Racing Association, one by the state chapter or affiliate of the United States Trotting Association, one nominated by the state chapter or affiliate of the International Arabian Horse Association, and one nominated by the state chapter or affiliate of the North Dakota Thoroughbred Association.

The 1993 Legislative Assembly approved Senate Bill No. 2155 authorizing simulcast dog racing in the state.

The 1995 Legislative Assembly approved House Bill No. 1365 providing that for each live race or simulcast wagering pool, excluding win, place, and show pools, one-half of 1 percent of the pool must be deposited in the promotion fund. The percentage deposited in the general fund from these pools was reduced from 3 to 2.5 percent.

The 2001 Legislative Assembly approved Senate Bill No. 2381 authorizing parimutuel wagering to be conducted through account wagering and that an account wager may be made on an account only through a licensed simulcast services provider authorized to operate the simulcast parimutuel wagering system under the certificate system.

STATUTORY PROVISIONS

The statutory provisions relating to the Racing Commission and parimutuel horse racing are included

in North Dakota Century Code Chapter 53-06.2, a copy of which is attached as Appendix B.

COMMISSION MEMBERSHIP

The current members of the Racing Commission are listed in Appendix C.

FUNDING

The schedule below provides the legislative appropriations for the Racing Commission, included as a separate line item in the Attorney General's appropriations bill.

Biennium	General Fund	Estimated Income	Total
1993-95	\$222,421		\$222,421
1995-97	\$211,300		\$211,300
1997-99	\$219,744		\$219,744
1999-2001	\$222,067		\$222,067
2001-03	\$150,000	\$150,000	\$300,000

During the 1989-91 and 1991-93 bienniums, funding for the Racing Commission was included in the various line items of the Attorney General's appropriation and not specifically identified in the appropriations bill.

TAXES AND FEES

For each live race or simulcast program on win, place, and show parimutuel pools:

- One-half of 1 percent is deposited in the breeders' fund;
- One-half of 1 percent is deposited in the purse fund; and
- 2 percent is deposited in the general fund.

For each live race or simulcast program for daily double, quinella, exacta, trifecta, or other wager combining two or more horses for winning payoffs in a pool:

- One-half of 1 percent is deposited in the breeders' fund;
- One-half of 1 percent in the purse fund;
- One-half of 1 percent in the promotion fund; and
- 2.5 percent in the general fund.

Unclaimed tickets and breakage from each live race or simulcast program are deposited in the promotion fund.

The following schedule presents the income, expenditures, and balances of the breeders' fund, purse fund, and promotion fund.

	Breeders' Fund	Purse Fund	Promotion Fund	Total
1993-95				
Revenues	\$63,093	\$59,534	\$126,412	\$249,039
Expenditures	\$76,196	\$68,811	\$69,603	\$214,610
1995-97				
Revenues	\$58,683	\$56,605	\$183,326	\$298,614
Expenditures	\$110,621	\$48,490	\$116,759	\$275,870
1997-99				
Revenues	\$136,088	\$136,485	\$331,237	\$603,810
Expenditures	\$72,197	\$64,500	\$220,938	\$357,635
1999-2001 (to date)				
Revenues	\$1,389,700	\$1,389,960	\$2,544,113	\$5,323,773
Expenditures	\$239,446	\$259,640	\$331,704	\$830,790
May 31, 2001, fund balance	\$1,230,364	\$1,222,197	\$2,489,142	\$4,941,703

The following schedule presents general fund revenues generated from racing activities since 1993.

Biennium	General Fund Revenues
1993-95	\$331,373
1995-97	\$235,521
1997-99	\$614,566
1999-2001 (through May 2001)	\$6,367,719
2001-03 projection (general fund forecast)	\$270,000

STUDY PLAN

The committee may wish to proceed with this study as follows:

1. Receive testimony from representatives of the Attorney General's office and the Racing Commission regarding the duties and responsibilities of the Racing Commission, the effectiveness of the commission, and the appropriateness of the commission's authority.
2. Receive testimony from other interested persons regarding the effectiveness of the Racing Commission and the appropriateness of its authority.
3. Review the appropriateness of the commission's authority, its effectiveness, and funding allocations.
4. Develop committee recommendations and prepare any legislation necessary to implement the recommendations.
5. Prepare a final report for submission to the Legislative Council.

ATTACH:3

January 2002

RACING COMMISSION - FUNDING HISTORY AND FEE COLLECTIONS**FUNDING HISTORY**

The schedule below provides the legislative appropriations for the Racing Commission, included as a separate line item in the Attorney General's appropriations bill.

Biennium	General Fund	Estimated Income	Total
1993-95	\$222,421		\$222,421
1995-97	\$211,300		\$211,300
1997-99	\$219,744		\$219,744
1999-2001	\$222,067		\$222,067
2001-03	\$150,000	\$150,000	\$300,000

During the 1989-91 and 1991-93 bienniums, funding for the Racing Commission was included in the various line items of the Attorney General's appropriation and not specifically identified in the appropriations bill.

FEE COLLECTIONS

The Racing Commission, by administrative rule, has established various fees and licenses associated with horse racing. Collections from these fees and licenses are currently deposited in the general fund. The schedule below presents the collections from the fees and licenses for calendar years 2000 and 2001 as reported by the Racing Commission.

	Calendar Year 2000	Calendar Year 2001*
Simulcast license fees		
Sites	\$5,100	\$5,440
Employees	990	570
Total	\$6,090	\$6,010
Live track license fees		
Tracks	\$305	\$305
Employees	4,228	5,537
Total	\$4,533	\$5,842
Breeders' fund application fee	\$3,945	\$2,430
Fines	\$1,000	\$625
Grand total	\$15,568	\$14,907*

*Through November 2001

Dean Meyer
Director of Racing

PHONE (701) 328-4290
FAX (701) 328-4280

NORTH DAKOTA RACING COMMISSION

500 North 9th Street • Bismarck, ND 58501-4509

Helen Tessmann
Administrative Officer

February 28, 2005

PHONE (701) 328-4633
FAX (701) 328-4280

Nancy McDonald, Exec. Dir.
Development Homes
3880 S Columbia Rd
Grand Forks ND 58201

Leon Glasser, Sec.
Fair Circuit Horse Racing Assn.
223 Crown Butte Dr.
Mandan ND 58554

Kraig Rygg
ND Association for the Disabled
1913 So Washington Street
Grand Forks ND 58201

Connie Belgarde
Sky Dancer Hotel & Casino
PO Box 1449
Belcourt ND 58316

Jennifer McDaniels, Gaming Mgr.
Team Makers Club Inc.
2220 E Main Ave Ste S
West Fargo ND 58078

Jeff Altizer, Exec. Dir.
Williston Convention and Visitors Bureau
PO Box 760
Williston ND 58802-0760

RE: 2005 Promotion Fund Grant Request

To Whom It May Concern:

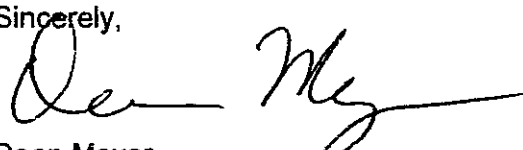
I regret to inform you that your request for funding from the promotion fund was denied by the Racing Commission at the meeting on February 25, 2005.

As you are aware, the total handle for the state has suffered a dramatic decrease. We have gone from about \$180,000,000 per year, to \$5.2 million last year. In 2005, we are currently running about \$100,000 behind last years meager amount.

The commission is struggling to maintain a balance in the fund that will allow us to operate for a minimum of three years, as we attempt to find methods to bolster our income. Hopefully, we can do some things legislatively that will entice more bettors into the state.

Again, we regret not being able to assist you at this time, but look forward to working with you in the future.

Sincerely,


Dean Meyer
Director of Racing

Cc: Commissioners

Karen Collins - FCHRA

K2 Racing (Even Games) North Dakota State Report For Week Ending 12/31/2004

328-26

	12/27/2004	12/28/2004	12/29/2004	12/30/2004	12/31/2004	Sunday	Week	M-T-D	Y-T-D
Total North Dakota Handle									
North Dakota WPS Totals	1,479	853	1,447	2,392	2,181		8,352	100,663	1,445,229
North Dakota Exotics Totals	4,632	4,208	6,371	7,355	10,625		33,191	256,438	3,797,792
Total	6,111	5,061	7,818	9,747	12,806		41,543	357,101	5,243,021
Little Mountain Casino Handle									
Little Mtn Casino WPS Total	-	-	25	25	55		105	3,390	72,504
Little Mtn Casino Exotics Total	-	-	377	1,263	542		2,182	29,530	417,424
Total	-	-	402	1,288	597		2,287	32,920	489,928
Total Taxable Handle									
Taxable WPS Handle	1,479	853	1,422	2,367	2,126		8,247	97,273	1,372,725
Taxable Exotics Handle	4,632	4,208	5,994	6,092	10,083		31,009	226,908	3,380,368
Total	6,111	5,061	7,416	8,459	12,209		39,256	324,181	4,753,093
State Taxes									
W.P.S at 2%	29.58	17.06	28.44	47.34	42.52		184.94	1,945.48	27,454.50
Exotics at 2.5%	115.80	105.20	149.85	152.30	252.08		775.23	5,672.70	84,509.20
Total	145.38	122.26	178.29	199.64	294.60		940.17	7,618.16	111,963.70
Site Fees									
Promotion Fund at 0.5%	23.16	21.04	31.86	36.78	53.13		165.96	1,282.19	18,988.96
Purse Fund at 0.5%	30.56	25.31	39.09	48.74	64.03		207.72	1,785.51	26,215.11
Breeders Fund at 0.5%	30.56	25.31	39.09	48.74	64.03		207.72	1,785.51	26,215.11
Breakage	21.60	16.68	28.66	46.51	41.99		155.44	1,419.50	23,114.27
Total	105.87	88.33	138.70	180.76	223.18		736.83	6,272.70	94,533.44
Total to State	251.25	210.59	316.99	380.40	517.77		1,676.99	13,890.86	206,497.14
% of Handle to State	4.11%	4.16%	4.05%	3.90%	4.04%	#DIV/0!	4.04%	3.89%	3.94%

Fargo Handle
WPS
Purse
Breeders
Promotion
Breakage
Odds
343,953
7675.36
1719.77
" "
796.30
3316.67
4959.15

Harness Meet
T Handle 23,563
Stake
Purse
Breeders
Promotion
Breakage
527.85
117.82
117.82
56.57
226.5

Belcourt
Chippewa Downs
Total Handle
Purse
Breeders
Promotion
Breakage
Odds
58,743
293.72
293.72
179.13
463.20
948.35