

Stability is Key for Horse Racing in ND

By Heather Benson for Horse Race North Dakota

In the national landscape of racing legislation, two states stand out as possessing the most advantageous tax structure for advanced deposit wagering (ADW): North Dakota and Oregon. In 2007, the Oregon Racing Commission hub system handled over \$1,500,000,000 (1.5 billion dollars) in wagers, representing a 17.4% increase over 2006. Since 2000, when the current wagering tax legislation was passed, over 5.7 billion in wagers have passed through the Oregon Racing Commission's hub system. At their current tax rate of one quarter of one percent, that represents over 14 million dollars in taxes to the state of Oregon and the Oregon racing industry over a 7 year period. If the tax systems are relatively equal, why, you may ask, does Oregon reap such a lion's share of the rewards of ADW handle? One word: **STABILITY**.

Although North Dakota possesses some of the most nationally (if not internationally) competitive gaming legislation available today, it does not, from outside appearances, possess an internal structure that is attractive to would-be ADW companies. Oregon's Racing Commission has been strongly supported by both their state legislators and horsemen and as a result, has become home to many of today's top ADW companies. When faced with continual North Dakota headlines wherein the very existence of the state's Racing Commission is in question, it makes attracting new business to North Dakota a very difficult proposition indeed. A stable and progressive-minded regulatory infrastructure is crucial in enticing new or existing ADW companies to reside in North Dakota. As advanced deposit wagering is the number one growth industry in pari-mutuel racing, it is vital to our horsemen and women that we capture as much of that growth as possible.

Creating an atmosphere of stability in North Dakota should become the number one priority of both the legislators of North Dakota and the horsemen and women whom they serve. Stability in leadership, direction and legislative expectations is key to the continued growth of the horse racing industry in North Dakota. Whether this stability comes from greater governmental oversight of racing's regulatory agency, the North Dakota Racing Commission or whether it comes from internal re-structuring of the Commission itself, one thing is very clear, we must, in order to serve both our existing horsemen and ADW companies, have a *central* regulatory body for horse racing in North Dakota—The North Dakota Racing Commission. Continuity of leadership, focus of direction and serving the best interests of the majority should be the focus of this Racing Commission. The horsemen and women of racing need to, in turn, make sure that the voice of the majority is heard and that those representing them are the *chosen* voices of the horsemen and women and not merely the voices that speak the loudest, regardless of actual representation.

By working together towards a common goal, not only does the racing industry of North Dakota benefit, but so does the North Dakota economy as a whole. In 2007, it is estimated that the racing industry in North Dakota contributed over 11 million dollars to the North Dakota economy by purchases of services and goods directly related to the breeding, raising and racing of horses in this state. During the eight week North Dakota Horse Park race meet alone, nearly \$40,000 PER DAY is spent by horsemen and women on goods and services for themselves and their horses...not to mention the money brought into the economy by the 2500+ race fans per day that visit the Horse Park. The men and women that make up the racing industry in North Dakota are scattered throughout the entire state, with many of them located in rural environments where the feed, fuel and services purchased by these people make up a significant portion of the local economy. It is integral to the overall health of the racing industry that the Racing Commission continues as the central regulatory body as further growth of this multi-million dollar industry would be effectively impossible without the Racing Commission in place. The potential to expand is there, we need only create stability and make it happen!

NORTH DAKOTA HORSE PARK

"A thrill a minute"!!



Stability is Key for Horse Racing in ND cont'd

By Heather Benson for Horse Race North Dakota

Some numbers to consider:

From 2000-2007, the Oregon Racing Commission hub handled \$5.7 billion in wagers. At a tax rate of one quarter of one percent (very similar to that of North Dakota), they have generated approximately \$14,250,000 in tax revenue for the benefit of the Oregon's horsemen and women as well as the state. To translate that into North Dakota terms:

Total Handle:	\$5,700,000,000
Percent to State General Fund:	\$3,562,500
Percent to Promotion Fund:	\$3,562,500
Percent to Purse Fund:	\$3,562,500
Percent to Breed Fund:	\$3,562,500
Total tax to state:	\$14,250,000

In the case of North Dakota, each charity (such as Horse Race North Dakota) also reaps a direct portion of the income from an ADW site, thus allowing racetracks such as the North Dakota Horse Park and Chippewa Downs to potentially become self sufficient (beyond the tax dollars) from the direct ADW income. NONE of this is possible without a strong and stable Racing Commission capable of directly addressing those issues that are particular to the pari-mutual racing industry.

In 2007, the horse racing and breeding industry contributed the following estimated sums to the North Dakota economy:

North Dakota Horse Park-purses, wages, goods and services:	\$1,500,000
Horsemen's expenses during the North Dakota Horse Park meet:	\$2,100,000
Horsemen's expenses during the Chippewa Downs meet:	\$1,000,000
Goods and services purchased by ND racehorse breeders:	\$4,000,000
Good and services purchased by race patrons at Fargo:	\$2,800,000
Total:	\$11,400,000

On average, it costs \$2200 per year in goods and services for the upkeep of one adult breeding horse and \$10,000 per year for one adult racing horse. If North Dakota were to follow the path of our neighboring state, Minnesota (106% increase from 1996-2006), and further encourage the breeding and racing of horses in the state through thoughtful oversight and legislation, we would effectively see the \$11.4 million mark double, if not triple, within 5-10 years. This can only be accomplished through the further strengthening of our ADW system and further stabilization of our regulatory infrastructure through the Racing Commission.

Any question or comments about these figures is most welcome. I may best be reached by phone at 701-277-8027, cell at 507-491-2167 or by email at heather@hrnd.org.

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My name is Leslie A. Schmidt. I am the president of the ND Horseman's council. There are five members of the council that were appointed by the racing commission.

Mr. Doug DeMontigny representing ORDA, the racing organization for Chippawa Downs in Belcourt, Mr. Randall Schwartz representing the ND quarter horse racing association, Mr. Curtis Rohweder representing the ND Thoroughbred racing association, Mr. Dale Lagerequist, representing the ND Harness association, and myself representing the Horse Race ND race track in Fargo.

The purpose of the council is to meet, and bring attention to the Racing Commission the concerns of the associations, and the race tracks. Do to time limitations we were unable to get everyone together for a meeting. As president I polled the council to get a feeling of what the council's thought's were for the proposed legislative committee action. Three members are against the proposed action, and two are for the action. One of the members is adamantly for the proposed action of the legislative committee. Having stated the above, the consensus of the Horseman's council is that the council is not in favor of the proposed legislative committee action.

I have served the ND racing community in many areas. I am an owner and a breeder, although on a very small scale. I have served the racing community in the capacity of being a member of the ND racing commission, I have, for over 40 years, owned and raised and raced both thoroughbred horses and quarter horses.. I have foaled and raced many of the offspring in the state of ND. The proposed legislative action will hurt, if not eliminate the industry. When the talk of the proposed action started last year it prompted me for the first time to foal out my mare in another state. I did not like to take this action. My mare is in foal again, and again I will have to make a difficult decision, depending on the action of this committee. I am sure that my sentiments are shared by many of the breeders in the state. This is very evident because of the large number of Minn. Bred horses that are from the state of ND. As the track manager for the ND race track, we are already seeing action taken because of this proposed action.

Our leading TB trainer for the state of ND has reserved ½ of the stalls that he normally reserves because of the Minn. Breds that he is training. Now some my say "why such an issue over that". This trainer's usual stall request is for 40 stalls, and this year his request is for 20 stalls.

If this committee feels that some action is needed for the future of horse racing in the State of ND, I would suggest that you do it in a different manner than the one proposed by this committee.

Any action of the Racing Commission that I have been aware of, has been conducted for the purpose of improving the industry for our horsemen. Most all, if not all of the action taken by the racing commission, has been approved by their legal council, an assistant attorney general.

I personally do not want to see the proposed action of this committee go forward.

Thank you for allowing me to appear before this committee.

Leslie A. Schmidt.

SHAMROCK RANCH

Tom M. Maher
201 North Euclid, Ste. 1
Pierre, South Dakota 57501
Telephone: 605-224-0491 Fax: 605-224-0493

June 9, 2008

TO: North Dakota Legislators

We in South Dakota have had first hand experience with the abolishment of the racing commission. It is not a good thing for the industry.

First of all, our horse racing industry lost valued contacts with legislators, and the knowledgeable people, on the Racing Commission, that had lead the industry for many years, as well as the valuable expertise and understanding of the industry they held. The racing industry needs a knowledgeable and experienced regulatory body to enforce and administer the many "rules of racing".

I have enjoyed the industry in North Dakota as it is presented to us. I have participated in the racing program in North Dakota every year that the track at Fargo has been open, as well as Fessenden before that.

You will be doing the racing community no good by abolishing the Racing Commission. The industry needs regulation, and it needs to be done by a racing commission, and not the attorney general, or the ag department, or whomever feels like trying to regulate racing.

You have an important part of your State's ag economy, and heritage, at stake. Please think carefully before abolishing your racing commission. Any particular issue can be dealt with, without abolishment.

Thank you for your consideration.

Sincerely,

SHAMROCK RANCH



Tom M. Maher

TMM:plm

A Note on State-Bred Supplements

By Heather Benson

As a racetrack, the North Dakota Horse Park has little say on how state-bred supplements are collected or disbursed, however we would like to present another perspective to the question for consideration by all parties involved.

As per section 69.5-01-09-07 of the North Dakota Administrative Code stating *"Any organization licensed by the Commission to conduct a race meeting with pari-mutuel wagering shall provide a North Dakota-bred program...The racing secretary at each track shall be required to write and offer no less than one race each day for accredited North Dakota-bred horses"*, we write and offer one North Dakota-bred Quarter Horse race and one North Dakota-bred Thoroughbred race on each day of live racing at the North Dakota Horse Park. As a track, we then use the breeder's fund monies allocated to us by the North Dakota Racing Commission for use in the *legally-required* North Dakota-bred races. Section 69.5-01-09-09 allows for the North Dakota Racing Commission to *"establish a North Dakota-bred breeder's fund program added money and award payment levels for accredited North Dakota-bred maiden, claiming, allowance, and stakes races at commission-licensed race meeting and authorize increases and decreases in those levels as the Racing Commission deems appropriate with respect to the funds available in the North Dakota breeder's fund"*.

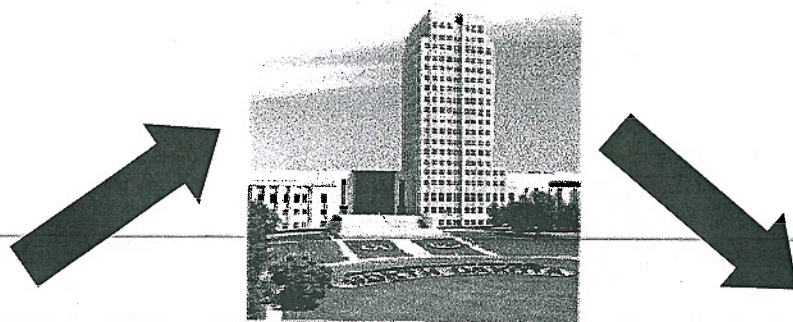
It is Horse Race North Dakota's understanding that some entities within the horse breeding industry of North Dakota wish to disallow the use of Breeder's Fund money to supplement North Dakota-bred purses at live racetracks in North Dakota. When looked at from a national or even regional perspective, this concept is rather a strange idea. In immediate states that host live racing, purse supplementation is actually the primary way that state-bred monies are returned to the horsemen and women within the racing industry. Minnesota, Iowa, Nebraska and Manitoba all directly supplement purses with monies from their respective breeder's fund. (see *attached documentation*). If North Dakota were to not supplement purses with breed fund money, we would actually be standing as the "odd duck out" with respect to all neighboring states.

In these states, supplemented purses are actually the driving factor behind upgrading the states' horse breeding programs and horse industries in general. Rather than being totally reliant on capped year-end awards, breeders of racehorses benefit by the higher prices that their horses bring when sold, higher stud fees they can demand for their stallions and the greater amount of broodmares and young horses that are boarded at farms within that state. In Minnesota, for example, when purses for Minnesota-bred horses began to rise, the amount of horses born and raised in Minnesota rose by 106%. The amount of money for which young horses have sold for in Minnesota has risen accordingly. Horse breeders in Minnesota have also seen increases in all facets of their core business from stud fees to boarding fees, not to mention the rise of complementary businesses such as veterinarians, feed stores, tack shops and the like. The practical advantages to breeding Minnesota horses are so strong that many of the horse breeders in North Dakota now raise their horses on land in Minnesota rather than North Dakota so as to take advantage of the purse offerings at Canterbury Park. In short, higher state-bred purses have created an economic boom to every facet of racing within in Minnesota.

Although we obviously will willingly comply with any directive made by the North Dakota legislature and the North Dakota Racing Commission, we would hope that all parties involved would keep an eye towards the future of the horse racing and breeding industries within the state of North Dakota as they go forth in writing the rules to govern the sport. There is much untapped potential in the state of North Dakota if we carefully explore all aspects of the horse racing and breeding business and form our laws, rules and even our opinions about what is best for the long-term viability of the sport in North Dakota.

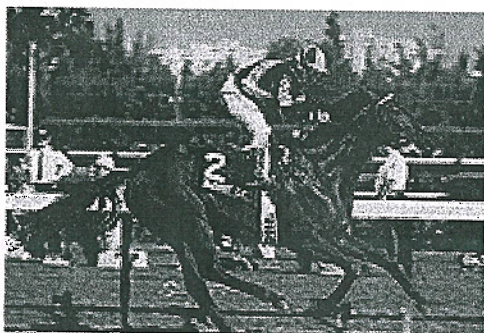


A Visual of State-Bred Supplements



More dollars wagered means more money in taxes, which are then added to the Breed

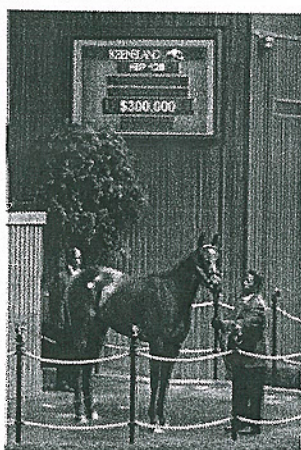
The state assigns money from Breed Fund to supplement purses at live race meets.



New owners infuse the sport with more state-bred horses and the racetrack now hosts bigger and better races which attract more betting dollars.



The race track creates races that add breed money only for horses bred in that particular state.



State-bred horses bring more money at auction and through private sales as potential owners are now able to run in lucrative state-bred races.



Horse breeders breed more horses to take advantage of higher purses offered by the racetrack.



Breeders Fund and Incentives

The Breeder's Fund Tax is monitored by the Minnesota Racing Commission and distributed to the horse racing industry in the form of purse supplements, breeders awards and stallion awards. The MTA in conjunction with the Minnesota Racing Commission and the Minnesota Horsemen's Benevolent & Protective Association, Inc. does its part to negotiate with the race track for the best possible purse structure for Minnesota bred horses. Purses are a result of a fixed percentage taken from revenues generated by the live racing handle, simulcast wagering and the Card Club. Of this the Breeders Fund is distributed in three percentages with 62% going to purses, 31% going to the breeders of Minnesota thoroughbreds and 7% going for stallion awards. With figures like this, doesn't it make sense to breed a Thoroughbred in Minnesota?

Minnesota

CANTERBURY PARK - June 8, 2008 - Race 6

ALLOWANCE OPTIONAL CLAIMING - For Thoroughbred Three Year Old and Upward Fillies and Mares (NW2 X) Claiming Price: \$25,000

EQUIBASE
COMPANY

One And One Sixteenth Miles On The Turf Track Record: (Little Bro Lantis - 1:40.20 - June 17, 1995)

Purse: \$18,000

Plus: \$5,940 MBF - Minnesota Breeders Fund

Available Money: \$23,940

Value of Race: \$21,564 1st \$14,364, 2nd \$3,600, 3rd \$1,980, 4th \$720, 5th \$180, 6th \$180, 7th \$180, 8th \$180, 9th \$180

Weather: Cloudy Track: Good

Off at: 3:51 Start: Good for all



Video Race Replay

Pgm	Horse Name (Jockey)	Wgt	M/E	PP	Start	1/4	1/2	3/4	Str	Fin	Odds	Comments
1	Seasahm (Bell, Derek)	118	BL	1	8	7 ^{1 1/2}	7 ⁹	6 ³	6 ^{2 1/2}	1 ¹	13.20	came out, split foes
2	Lostmyheartindixie (Stevens, Scott)	118	BL	2	3	3 ^{1 1/2}	3 ²	3 ^{1 1/2}	2 ^{Head}	2 ^{Neck}	4.80	3wd bid, led late
6	Estrelita D' Cielo (Eikleberry, Ry)	118	BL	6	4	4 ¹	4 ^{1 1/2}	4 ^{1 1/2}	3 ^{1/2}	3 ^{Nose}	1.50*	came out, outkicked
9	Early Hatch (Lumpkins, Jason)	118	BL	9	6	6 ^{Head}	5 ^{1/2}	5 ¹	5 ¹	4 ^{Neck}	4.40	4-5wd trip, willingly
5	Secret Lies (Nolan, Paul)	118	BL	5	1	1 ^{Head}	2 ²	1 ^{Head}	1 ^{1/2}	5 ^{3 1/4}	4.60	pressed, faltered late
3	Screamingleapofaith (Butler, Dean)	118	BL	bf	3	2 ³	1 ^{1/2}	2 ^{1/2}	4 ^{Head}	6 ^{3/4}	10.00	pace, rail, gave way
8	Cant Catch Judy (Garcia, Jesse)	118	BL	8	5	5 ^{1/2}	6 ^{1/2}	7 ⁷	7 ⁷	7 ¹⁰	15.60	outside, faded early
7	Heavens Work (Olesiak, Jake)	118	BL	7	7	8 ⁴	8 ⁶	8 ¹²	8 ^{8 1/2}	8 ^{9 3/4}	43.70	no factor
4	Olga S (Betancourt, Jose)	118	BL	f	4	9	9	9	9	9	27.00	trailed

Fractional Times: 24.34 49.25 N/A N/A

Final Time: 1:46.35

Winner: Seasahm, Bay Filly, by Sahm out of Caravel Port, by Northern Flagship. Foaled May 05, 2004 in Minnesota.

Breeder: Carol Ann Curtis & Camelia Casby.

Winning Owner: Curtis, Carol and Casby, Camelia.

Claiming Prices: 6 - Estrelita D' Cielo: \$25,000; 9 - Early Hatch: \$25,000; 5 - Secret Lies: \$25,000; 7 - Heavens Work: \$25,000;

Total WPS Pool: \$17,351

Pgm	Horse	Win	Place	Show	Wager Type	Winning Numbers	Payoff	Pool
1	Seasahm	28.40	11.40	4.80	\$1.00 Exacta	1-2	108.50	10,005
2	Lostmyheartindixie		5.60	3.60	\$1.00 Trifecta	1-2-6	295.50	8,830
6	Estrelita D' Cielo			2.60	\$1.00 Superfecta	1-2-6-9	1,128.90	4,692
					\$1.00 Pick 3	2-1-1 (3 correct)	327.20	1,275

Trainers: 1 - Robertson, McLean; 2 - Von Hemel, Kelly; 6 - Bennett, Keith; 9 - Ness, Jamie; 5 - Ness, Jamie; 3 - Lund, Valerie; 8 - Bethke, Troy; 7 - Bernhardt, Dave; 4 - Peters, Virginia

Owners: 1 - Curtis, Carol and Casby, Camelia; 2 - Raywood Farm; 6 - Adam R. Lewis; 9 - Jeff Smiens & Jagger, Inc; 5 - Web's Gems Stable; 3 - Jim Kiser; 8 - William Maulding; 7 - Curtis R. Rohweder; 4 - Jeff Peters;

Footnotes

SEASAHM raced unhurried along the inside while just out of striking distance to the backstretch, steadily drew into contention leaving the far bend while shifting off the inside, came out leaving midstretch to split foes four wide and wrested command in the final stages under strong hand urging. LOSTMYHEARTINDIXIE stalked just off the leaders in the opening half, angled out three deep entering the far turn to commence her challenge, gained a narrow advantage in the final stages but couldn't fend off the winner. ESTRELITA D' CIELO angled inwards in the opening stages to track just off the second flight to the far turn, came out entering upper stretch to challenge between foes but was outfinished. EARLY HATCH raced unhurried while outside foes to the backstretch, advanced four deep to contention leaving the second bend and continued willingly to the end. SECRET LIES angled inwards from the break to join a rival on the pace, attended the tempo for a half, pressed the issue on the far turn into upper stretch, then faltered in late stages. SCREAMINGLEAPOFAITH went up to dictate the tempo along the rail from the outset, dueled for command on the far turn and gave way leaving midstretch. CANT CATCH JUDY tracked the pace outside foes to the backstretch and steadily faded from contention after a half. HEAVENS WORK was never a factor. OLGA S trailed.