

Sixty-first
Legislative Assembly
of North Dakota

SENATE BILL NO. 2024

Introduced by

Appropriations Committee

(At the request of the Governor)

1 A BILL for an Act to provide an appropriation for defraying the expenses of the racing
2 commission; to create and enact two new sections to chapter 53-06.2 of the North Dakota
3 Century Code, relating to the regulation of live racing and pari-mutuel wagering; to amend and
4 reenact sections 53-06.2-02, 53-06.2-03, 53-06.2-04, 53-06.2-05, 53-06.2-10, 53-06.2-10.1,
5 53-06.2-11, 53-06.2-12, 53-06.2-13, 53-06.2-14, 53-06.2-15, and 53-06.2-16 of the North
6 Dakota Century Code, relating to the regulation of live racing and pari-mutuel wagering; to
7 provide for a report to the legislative council; to provide for transition; and to provide an
8 effective date.

9 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

10 **SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the
11 funds as may be necessary, are appropriated out of any moneys in the general fund in the state
12 treasury, not otherwise appropriated, and from special funds derived from other income, to the
13 racing commission for the purpose of defraying the expenses of that agency, for the biennium
14 beginning July 1, 2009, and ending June 30, 2011, as follows:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
17 Racing commission	\$407,290	(\$82,290)	\$325,000
18 Less estimated income	<u>286,698</u>	<u>(256,698)</u>	<u>30,000</u>
19 Total general fund	\$120,592	\$174,408	\$295,000
20 Full-time equivalent positions	2.00	0.00	2.00

21 **SECTION 2. AMENDMENT.** Section 53-06.2-02 of the North Dakota Century Code is
22 amended and reenacted as follows:

23 **53-06.2-02. Racing commission - Members - Appointment - Term - Qualifications -**
24 **Compensation.**

- 1 1. A North Dakota racing commission is established ~~consisting in the office of the~~
2 agriculture commissioner. The commission consists of the chairman and four
3 other members appointed by the ~~governor~~ agriculture commissioner. One of the
4 members must be appointed from a list of four nominees, one of whom is
5 nominated by the state chapter or affiliate of the American quarter horse racing
6 association, one of whom is nominated by the state chapter or affiliate of the
7 United States trotting association, one of whom is nominated by the state chapter
8 or affiliate of the ~~international Arabian~~ paint horse association, and one of whom is
9 nominated by the state chapter or affiliate of the North Dakota thoroughbred
10 association. The members serve five-year terms and until a successor is
11 appointed and qualified. A member appointed to fill a vacancy arising from other
12 than the natural expiration of a term serves for the unexpired portion of the term
13 and may be reappointed. The terms of the commissioners must be staggered so
14 that one term expires each July first. At the expiration of the five-year term of each
15 incumbent member of the commission, the ~~governor~~ agriculture commissioner
16 shall appoint a new member to the commission.
- 17 2. ~~A person~~ An individual is ineligible for appointment to the commission if that
18 ~~person~~ individual has not been a resident of this state for at least two years before
19 the date of appointment. ~~A person~~ An individual is also ineligible if that ~~person~~
20 individual is not of such character and reputation as to promote public confidence
21 in the administration of racing in this state. ~~A person~~ An individual who has a
22 financial interest in racing cannot be a member of the commission ~~and cannot be~~
23 ~~employed by the commission~~ without full disclosure of the financial interest to the
24 agriculture commissioner, the attorney general, and the commission. Failure to
25 maintain compliance with this subsection is grounds for removal from the
26 commission ~~or from employment with the commission~~. For purposes of this
27 section, ~~a person~~ an individual has a financial interest in racing if that ~~person~~
28 individual has an ownership interest in horses running at live or simulcast meets
29 conducted or shown in this state subject to this chapter or rules of the ~~commission~~
30 agriculture commissioner, is required to be licensed under this chapter or the rules
31 of the ~~commission~~ agriculture commissioner or attorney general, or who derives

any direct financial benefit from racing, individually or by or through an entity or other person, as regulated by this chapter or the rules of the ~~commission~~ agriculture commissioner or attorney general.

3. Commission members are entitled to ~~seventy-five dollars per day for the same~~ compensation, and mileage and expense reimbursement as ~~allowed to other state employees~~ provided for members of committees of the legislative council under section 54-35-10.

SECTION 3. AMENDMENT. Section 53-06.2-03 of the North Dakota Century Code is amended and reenacted as follows:

53-06.2-03. Director of racing - Appointment - Qualifications - Salary - Duties - Other personnel.

1. The ~~commission shall~~ agriculture commissioner may appoint a director of racing. The ~~commission shall~~ agriculture commissioner may establish the director's qualifications and salary.
2. The director shall devote such time to the duties of the office as the ~~commission~~ agriculture commissioner may prescribe. The director ~~is the executive officer of the commission and shall enforce the rules and orders of the commission. The director shall perform other duties the~~ commission agriculture commissioner prescribes.
3. The director may employ other ~~persons~~ individuals as authorized by the ~~commission~~ agriculture commissioner.

SECTION 4. AMENDMENT. Section 53-06.2-04 of the North Dakota Century Code is amended and reenacted as follows:

53-06.2-04. Duties of commission and attorney general.

1. The commission shall:
 - ~~1.~~ a. Provide for racing ~~under the certificate system~~.
 - ~~2.~~ b. Set racing dates.
 - ~~3.~~ c. Adopt rules for effectively preventing the use of any unauthorized substance, compound items, or combinations of any medicine, narcotic, stimulant, depressant, or anesthetic which could alter the normal performance of a racehorse, ~~unless specifically authorized by the commission~~.

1 4. ~~Supervise and check the making of pari-mutuel pools, pari-mutuel machines, and~~
2 ~~equipment at all races held under the certificate system.~~

3 5. d. Adopt rules governing, restricting, or regulating bids on licensees'
4 concessions and leases on equipment.

5 6. e. Consider all proposed extensions, additions, or improvements to the
6 buildings, stables, or tracks on property owned or leased by a licensee.

7 7. f. Exclude from racetracks or simulcast pari-mutuel wagering facilities any
8 person who violates any rule of the commission adopted to implement this
9 chapter or any law.

10 8. g. Determine the cost of inspections performed under subsection 3 of section
11 53-06.2-05 and require the licensee to pay that cost.

12 9. h. Report biennially to the legislative council regarding the operation of the
13 commission racing under this chapter.

14 10. i. Provide notice to the North Dakota horsemen's council of meetings held by
15 the commission and permit the North Dakota horsemen's council to
16 participate in the meetings through placement of items on the agenda.

17 11. j. Complete, distribute, and post on the commission's web site the minutes of
18 each commission meeting within thirty days of that meeting or before the next
19 meeting of the commission, whichever occurs first.

20 2. The attorney general shall:

21 a. Provide for pari-mutuel wagering on racing, simulcast, and account wagering.

22 b. Supervise and check the making of pari-mutuel pools, pari-mutuel machines,
23 and equipment at all races held under the certificate system.

24 c. Exclude from simulcast or account wagering facilities any person who violates
25 any rule adopted to implement this chapter or any law.

26 **SECTION 5.** A new section to chapter 53-06.2 of the North Dakota Century Code is
27 created and enacted as follows:

28 **Powers of commission.** The commission may:

29 1. Compel the production of all documents showing the receipts and disbursements
30 of any licensee and determine the manner in which the financial records are to be
31 kept.

- 1 2. Investigate the operations of any licensee and enter any vehicle or place of
2 business, residence, storage, or racing of any licensee on the grounds of a
3 licensed association to determine whether there has been compliance with the
4 provisions of this chapter and rules adopted under this chapter and to discover and
5 seize any evidence of noncompliance.
- 6 3. License all participants in racing and require and obtain information the
7 commission determines necessary from license applicants. The commission may
8 obtain a statewide and nationwide criminal history record check from the bureau of
9 criminal investigation for the purpose of determining suitability or fitness for a
10 license. The nationwide check must be conducted in the manner provided in
11 section 12-60-24. All costs associated with obtaining a background check are the
12 responsibility of the applicant for a license.
- 13 4. Receive moneys from the North Dakota horse racing foundation for deposit in the
14 purse fund, the breeders' fund, or the racing promotion fund in accordance with
15 subsection 6 of section 53-06.2-11.
- 16 5. Adopt rules to implement the laws concerning racing and the administration of
17 racing.

18 **SECTION 6. AMENDMENT.** Section 53-06.2-05 of the North Dakota Century Code is
19 amended and reenacted as follows:

20 **53-06.2-05. Powers of ~~commission~~ attorney general.** The ~~commission~~ attorney
21 general may:

- 22 1. Compel the production of all documents showing the receipts and disbursements
23 of any licensee and determine the manner in which such financial records are to
24 be kept.
- 25 2. Investigate the operations of any licensee and enter any vehicle or place of
26 business, residence, storage, or racing of any licensee on the grounds of a
27 licensed association to determine whether there has been compliance with the
28 provisions of this chapter and rules adopted under this chapter, and to discover
29 and seize any evidence of noncompliance.

3. ~~Request appropriate state officials to perform inspections necessary for the health and safety of spectators, employees, participants, and horses that are lawfully on a racetrack.~~

4. ~~License all participants in the racing and simulcast pari-mutuel wagering industry and require and obtain information the commission deems~~ attorney general determines necessary from license applicants. ~~Licensure of service providers, totalizator companies, site operators, and organizations applying to conduct or conducting pari-mutuel wagering must be approved by the attorney general. The attorney general may not grant a license denied by the commission. The commission may~~ obtain a statewide and nationwide criminal history record check from the bureau of criminal investigation for the purpose of determining suitability or fitness for a license. The nationwide check must be conducted in the manner provided in section 12-60-24. All costs associated with obtaining a background check are the responsibility of the applicant for a license.

5. ~~Receive moneys from the North Dakota horse racing foundation for deposit in the purse fund, breeders' fund, or racing promotion fund in accordance with subsection 6 of section 53-06.2-11.~~

6. 4. Adopt additional rules for the administration, implementation, and regulation of pari-mutuel wagering activities conducted pursuant to this chapter. The ~~commission~~ attorney general shall deposit any fees collected under authority of this subsection in the ~~racing commission~~ attorney general's operating fund. Subject to legislative appropriation, the ~~commission~~ attorney general may spend the fees for operating costs ~~of the commission~~ under this chapter.

SECTION 7. A new section to chapter 53-06.2 of the North Dakota Century Code is created and enacted as follows:

License and fees.

1. Each license issued to conduct pari-mutuel wagering must describe the place, track, or racecourse at which the pari-mutuel wagering is to be conducted. Pari-mutuel wagering authorized under this chapter may be held during the hours approved by the attorney general and within the hours permitted by state law.
2. The attorney general may charge a license fee to conduct pari-mutuel wagering.

3. Each applicant for a license to conduct pari-mutuel wagering shall give bond payable to this state with good security as approved by the attorney general. The bond must be in the amount the attorney general determines will adequately protect the amount normally due and owing to this state.

4. The attorney general may grant licenses to service providers, totalizator companies, site operators, other organizations conducting pari-mutuel wagering, employees of service providers, totalizator companies, site operators, and other organizations conducting pari-mutuel wagering, and other persons as determined by the attorney general.

5. The attorney general may establish the period of time for which licenses issued under this chapter are valid.

6. Subject to legislative appropriation, the attorney general may spend the fees for operating costs of the attorney general.

SECTION 8. AMENDMENT. Section 53-06.2-10 of the North Dakota Century Code is amended and reenacted as follows:

53-06.2-10. Certificate system - Rules. The certificate system allows a licensee to receive money from any ~~person~~ individual present at a live horse race, simulcast horse race, or simulcast dog race, or account wagering facility who desires to bet on any entry in that race. ~~A person~~ An individual betting on an entry to win acquires an interest in the total money bet on all entries in the race, in proportion to the amount of money bet by that ~~person~~ individual, under rules adopted by the ~~commission~~ attorney general. The licensee shall receive the bets and for each bet shall issue a certificate to the bettor on which is at least shown the number of the race, the amount bet, and the number or name of the entry selected by the bettor. The ~~commission~~ attorney general may adopt rules for place, show, quinella, combination, or other types of betting usually connected with racing.

SECTION 9. AMENDMENT. Section 53-06.2-10.1 of the North Dakota Century Code is amended and reenacted as follows:

53-06.2-10.1. Simulcast wagering. In addition to racing under the certificate system, as authorized by this chapter, and conducted upon the premises of a racetrack, simulcast pari-mutuel wagering may be conducted in accordance with this chapter or rules adopted by the ~~commission~~ attorney general to implement this chapter ~~in accordance with chapter~~

1 ~~28-32.~~ Any organization qualified under section 53-06.2-06 ~~to conduct racing~~ may make
2 written application to the ~~commission~~ attorney general for the conduct of simulcast pari-mutuel
3 wagering on races held at licensed racetracks inside the state or racetracks outside the state,
4 or both. ~~Licensure of service~~ Service providers, totalizator companies, site operators, or
5 organizations applying to conduct or conducting simulcast or account wagering must ~~be~~
6 ~~approved~~ obtain a license approved by the attorney general. ~~The attorney general may not~~
7 ~~grant a license denied by the commission.~~ Notwithstanding any other provision of this chapter,
8 the ~~commission~~ attorney general may authorize any licensee to participate in interstate or
9 international combined wagering pools with one or more other racing jurisdictions. Anytime that
10 a licensee participates in an interstate or international combined pool, the licensee, as
11 prescribed by the ~~commission~~ attorney general, may adopt the take-out of the host jurisdiction
12 or facility. The ~~commission~~ attorney general may permit a licensee to use one or more of its
13 races or simulcast programs for an interstate or international combined wagering pool at
14 locations outside its jurisdiction and may allow pari-mutuel pools in other states to be combined
15 with pari-mutuel pools in its jurisdiction for the purpose of establishing an interstate or
16 international combined wagering pool. The participation by a licensee in a combined interstate
17 or international wagering pool does not cause that licensee to be considered to be doing
18 business in any jurisdiction other than the jurisdiction in which the licensee is physically located.
19 Pari-mutuel taxes or commissions may not be imposed on any amounts wagered in an
20 interstate or international combined wagering pool other than amounts wagered within this
21 jurisdiction. The certificate system also permits pari-mutuel wagering to be conducted through
22 account wagering. As used in this section, "account wagering" means a form of pari-mutuel
23 wagering in which an individual deposits money in an account and uses the account balance to
24 pay for pari-mutuel wagers. An account wager made on an account established in this state
25 may only be made through the licensed simulcast service provider approved by the attorney
26 general ~~and authorized by the commission~~ to operate the simulcast pari-mutuel wagering
27 system under the certificate system. ~~The attorney general may not grant a license denied by~~
28 ~~the commission.~~ An account wager may be made in person, by direct telephone
29 communication, or through other electronic communication in accordance with rules adopted by
30 the ~~commission~~ attorney general. Breakage for interstate or international combined wagering
31 pools must be calculated in accordance with the statutes or rules of the host jurisdiction and

1 must be distributed among the participating jurisdictions in a manner agreed to among the
2 jurisdictions.

3 **SECTION 10. AMENDMENT.** Section 53-06.2-11 of the North Dakota Century Code is
4 amended and reenacted as follows:

5 **53-06.2-11. Bet payoff formulas - Uses by licensee of funds in excess of**
6 **expenses - Payment to general fund.**

7 1. For wagering on live horse racing and simulcast wagering:

8 a. In win, place, and show pari-mutuel pools, the licensee may deduct no more
9 than twenty percent of the amount wagered. Of the amount wagered, the
10 licensee shall pay:

11 (1) ~~Two~~ One-half of one percent to the state treasurer to be deposited in
12 the general fund.

13 (2) One-half of one percent to the commission to be deposited in the
14 breeders' fund.

15 (3) One-half of one percent to the commission to be deposited in the purse
16 fund.

17 (4) One-half of one percent to the commission to be deposited in the racing
18 promotion fund.

19 b. In daily double, quinella, exacta, trifecta, or other combination pari-mutuel
20 pools, the licensee may deduct no more than twenty-five percent of the
21 amount wagered. Of the amount wagered, the licensee shall pay:

22 (1) ~~Two and one-half~~ One-half of one percent to the state treasurer to be
23 deposited in the general fund.

24 (2) One-half of one percent to the commission to be deposited in the
25 breeders' fund.

26 (3) One-half of one percent to the commission to be deposited in the purse
27 fund.

28 (4) One-half of one percent to the commission to be deposited in the racing
29 promotion fund.

30 2. For account wagering:

a. In win, place, and show pari-mutuel pools, the licensee may deduct no more than twenty percent of the amount wagered.

~~(1) Before eleven million dollars is wagered in all pari-mutuel wagering in each biennium, of the amount wagered by account wagering in win, place, and show pari-mutuel pools, the licensee shall pay:~~

~~(a) Two percent to the state treasurer to be deposited in the general fund.~~

~~(b) One-half of one percent to the commission to be deposited in the breeders' fund.~~

~~(c) One-half of one percent to the commission to be deposited in the purse fund.~~

~~(d) One-half of one percent to the commission to be deposited in the racing promotion fund.~~

~~(2) After eleven million dollars is wagered in all pari-mutuel wagering in each biennium, of~~ Of the amount wagered by account wagering in win, place, and show pari-mutuel pools, the licensee shall pay:

~~(a)~~ (1) One-sixteenth of one percent to the state treasurer to be deposited in the general fund.

~~(b)~~ (2) One-sixteenth of one percent to the commission to be deposited in the breeders' fund.

~~(c)~~ (3) One-sixteenth of one percent to the commission to be deposited in the purse fund.

~~(d)~~ (4) One-sixteenth of one percent to the commission to be deposited in the racing promotion fund.

b. ~~In daily double, quinella, exacta, trifecta, or other combination pari-mutuel pools, the licensee may deduct no more than twenty five percent of the amount wagered.~~

~~(1) Before eleven million dollars is wagered in each biennium, of the amount wagered by account wagering in daily double, quinella, exacta, trifecta, or other combination pari-mutuel pools, the licensee shall pay:~~

- 1 (a) ~~Two and one half percent to the state treasurer to be deposited~~
2 ~~in the general fund.~~
- 3 (b) ~~One half of one percent to the commission to be deposited in the~~
4 ~~breeders' fund.~~
- 5 (c) ~~One half of one percent to the commission to be deposited in the~~
6 ~~purse fund.~~
- 7 (d) ~~One half of one percent to the commission to be deposited in the~~
8 ~~racing promotion fund.~~
- 9 (2) ~~After eleven million dollars is wagered in all pari-mutuel wagering in~~
10 ~~each biennium, of~~ Of the amount wagered by account wagering in daily
11 double, quinella, exacta, trifecta, or other combination pari-mutuel
12 pools, the licensee shall pay:
- 13 (a) (1) One-sixteenth of one percent to the state treasurer to be deposited in
14 the general fund.
- 15 (b) (2) One-sixteenth of one percent to the commission to be deposited in the
16 breeders' fund.
- 17 (c) (3) One-sixteenth of one percent to the commission to be deposited in the
18 purse fund.
- 19 (d) (4) One-sixteenth of one percent to the commission to be deposited in the
20 racing promotion fund.
- 21 3. For all pari-mutuel wagering the licensee shall pay to the commission the amount
22 due for all unclaimed tickets and all breakage of which twenty percent is to be
23 deposited in the racing promotion fund, thirty percent is to be deposited in the
24 breeders' fund, and fifty percent is to be deposited in the purse fund.
- 25 4. The licensee conducting wagering on live racing, simulcast wagering, or account
26 wagering shall retain all other money in the pari-mutuel pool and pay it to bettors
27 holding winning tickets as provided by rules adopted by the commission.
- 28 5. A licensee may not use any of the portion deducted for expenses under
29 subsections 1 and 2 for expenses not directly incurred by the licensee in
30 conducting pari-mutuel racing under the certificate system. After paying qualifying
31 expenses, the licensee shall use the remainder of the amount so withheld only for

eligible uses allowed to charitable gambling organizations under section
53-06.1-11.1.

6. The commission shall deposit the moneys received pursuant to subsections 1, 2, and 3 and from the North Dakota horse racing foundation pursuant to subsection 5 of section 53-06.2-05 in the breeders' fund, the purse fund, and the racing promotion fund. Moneys, and any earnings on the moneys, in the breeders' fund, purse fund, and racing promotion fund are appropriated to the commission on a continuing basis to carry out the purposes of those funds under this chapter and must be administered and disbursed in accordance with rules adopted by the commission. The commission may not transfer money among the funds. The commission shall distribute awards and payment supplements from the breeders' fund in the same calendar year the money was earned by the recipient. The commission shall distribute payments awarded to qualified owners and breeders from the breeders' fund without requiring owners and breeders to apply for the payments. The commission, upon approval of the emergency commission, may receive no more than twenty-five percent of the racing promotion fund for the payment of the commission's operating expenses.

SECTION 11. AMENDMENT. Section 53-06.2-12 of the North Dakota Century Code is amended and reenacted as follows:

53-06.2-12. Audits and investigations by state auditor. On request of the commission or attorney general, the state auditor shall conduct audits and investigate the operations of any licensee. The commission or attorney general shall reimburse the state auditor for all services rendered.

SECTION 12. AMENDMENT. Section 53-06.2-13 of the North Dakota Century Code is amended and reenacted as follows:

53-06.2-13. Duty of attorney general to participate in certain hearings and to conduct investigations ~~—Employment of private counsel by commission.~~

1. The attorney general shall represent the state in all hearings ~~before the commission~~ and shall prosecute all criminal proceedings arising from violations of this chapter. The attorney general may require payment for any services rendered to the ~~racing~~ commission. Payment for the services must be deposited in the

attorney general's operating fund. ~~The commission may employ private counsel for adoption of rules and to ensure that its hearings are conducted fairly. All~~ hearings under this chapter must be conducted by the office of administrative hearings under chapter 28-32.

2. ~~a.~~ The attorney general may audit and investigate service providers, totalizator companies, site operators, or organizations applying to conduct or conducting pari-mutuel wagering. The attorney general may:

(1) a. Inspect all sites in which pari-mutuel wagering is conducted.

(2) b. Inspect all pari-mutuel wagering equipment and supplies.

(3) c. Seize, remove, or impound any pari-mutuel equipment, supplies, or books and records for the purpose of examination and inspection.

(4) d. Inspect, examine, photocopy, and audit all books and records.

~~b. The commission shall reimburse the attorney general for auditing and investigation. Payment for auditing and investigation must be deposited in the attorney general's operating fund.~~

SECTION 13. AMENDMENT. Section 53-06.2-14 of the North Dakota Century Code is amended and reenacted as follows:

53-06.2-14. Denial, suspension, and revocation of licenses - Reasons. The commission or attorney general may deny, suspend, or revoke licenses ~~under the certificate system and privileges granted by it, and it may terminate racing privileges~~ issued by each respective official for just cause. Actions constituting just cause include:

1. Any action or attempted action by a person contrary to any law.

2. Corrupt practices, which include:

a. Prearranging or attempting to prearrange the order of finish of a race.

b. Failing to properly pay winnings to a bettor or to properly return change to a bettor purchasing a ticket.

c. Falsifying or manipulating the odds on any entrant in a race.

3. Any violation of the rules of racing adopted by the commission or attorney general under this chapter.

4. Willful falsification or misstatement of fact in an application for racing or pari-mutuel privileges.

5. Material false statement to a racing official, the attorney general, or to the commission.
6. Willful disobedience of ~~a commission~~ an order of the commission or attorney general or of a lawful order of a racing official other than a commission member.
7. Continued failure or inability to meet financial obligations ~~connected with racing meets~~.
8. Failure or inability to properly maintain a racetrack.

SECTION 14. AMENDMENT. Section 53-06.2-15 of the North Dakota Century Code is amended and reenacted as follows:

53-06.2-15. Revocation, suspension, fine - Procedure. The commission or attorney general, on proof of violation by a licensee, its agents or employees, of this chapter or any rule adopted by the commission ~~may~~ or attorney general to implement this chapter, on reasonable notice to the licensee and after giving the licensee an opportunity to be heard, may fine the licensee or revoke or suspend the license. If the license is revoked, the licensee is not eligible to receive another license within twelve months from the date of revocation. Every decision or order of the commission or attorney general must be made in writing and filed ~~with the director~~ for preservation as a permanent record of the commission or attorney general. ~~The decision must be signed by the chairman, attested by the director, and dated.~~

SECTION 15. AMENDMENT. Section 53-06.2-16 of the North Dakota Century Code is amended and reenacted as follows:

53-06.2-16. Prohibited acts - Penalties.

1. No person may conduct a pari-mutuel ~~horse-race~~ wagering or racing unless that person is licensed by the commission or attorney general. Violation of this subsection is a class A misdemeanor.
2. No person may prearrange or attempt to prearrange the order of finish of a race. Violation of this subsection is a class C felony.

SECTION 16. REPORT TO LEGISLATIVE COUNCIL. The racing commission, in its biennial report to the legislative council under section 53-06.2-04, shall include information and recommendations for legislation which address the issue of the liability of charitable organizations that receive and disburse moneys handled through account wagering.

1 **SECTION 17. TRANSITION.** Any member of the North Dakota racing commission who
2 is a member of the commission as of June 30, 2011, and whose term expires after July 1,
3 2011, may serve the remainder of that member's unexpired term.

4 **SECTION 18. EFFECTIVE DATE.** Sections 2, 3, 4, 5, 6, 7, 8, 9, 11, 12, 13, 14, and 15
5 of this Act become effective on July 1, 2011.