

House Bill 1331
ND Racing Commission
John Hanson, Chairman NDRC
Jack K Schulz, Ex. Director (Ret.)
January 17, 2023

68th Legislative Assembly
House Industry, Business, and Labor Committee
Representative Scott Louser, Chairman

To the Honorable Chairman Louser and other Honorable members of the House Industry, Business, and Labor Committee. Thank you for the opportunity to appear before you to present our testimony for HB 1331, relating to the racing commission, account deposit wagering and bet payoff formulas.

The N.D. Racing Commission is the Agency that Regulates all Parimutuel Wagering and live horse racing in accordance with Chapter 53-06.2. This is the regulatory body for all live racing and pari-mutuel wagering. The ND Racing Commission does not own or operate any live racetracks nor any parimutuel gaming site.

53-06.2-01. Definitions.

1. Page 1, line 9-10. Adding a definition for Account Deposit Wagering (ADW's) to definitions section the statute.
2. Page 2, line 17-19. Amends the definition of racing to follow the definitions in sections 53-06.2-10 and 53-06.2-10.1 to clearly define what live racing is allowed in N.D. and that ADW's can accept wagers on live parimutuel racing in other States and Countries outside of the State of N.D. where those jurisdictions allow parimutuel wagering to occur. Examples include Hong Kong Horse Racing, Europe Horse Racing and Drone Racing, Japan allows

wagering on boats and bicycle racing. This would allow our ADW's to accept wagers on these events, pay the tax to N.D. and yet not allow an expansion of racing within the state. The additional taxes collected would be allocated under the proposed split between General, Promotion, Breeders, and Purse Funds as is currently set by state law. The bulk of these funds pay back directly to our Agricultural Community through grants, purses, and awards.

53-06.2-10.1. Simulcast Wagering

1. Page 3 lines 7, 9, 10, 11, 14, 18, Page 7, lines 1, 5, Page 5, lines 7, 10. The first changes include grammatical changes to coincide with definitions and grammar.
2. Page 3, Lines 29-31 are deleted as the definition is now placed in the definitions.

53-06.2-11. Bet payoff formulas.

1. Page 5, Lines 18, 29, amend the tax to promotional fund from 1/16 of one percent to 1/8 of one percent. This is to correct the offset of tax collections in number 3.
2. Page 6, Line 1-3 amend the dates and amounts that each licensee will pay in taxes each fiscal year starting in 2023. This increases from \$420,000 to \$500,00 and in 2024 raising the cap to \$520,000. These increases will offset the elimination of the breakage collected in line 6.
3. Page 6, line 6 eliminates the requirement for all breakage to be paid to the commission. The lost revenues are recouped in the two previous comments. This change was requested by several of the ADW's to help simplify their tax structure.
4. Page 7 line 1 raises the percentage that the NDRC may receive from the promotion fund for expenses from 25% to 35%. This change is needed as

expenses have increased substantially over the years and the increase is needed to keep providing qualified personnel at the track to oversee the regulations and safety of all animals and personnel. These funds are used to fund such positions as the State Stewards, State Veterinarian, Licensing Staff, and expenses associated with each. Additionally, we use these funds for the Audit firm CHRIMS that audits all ADW financial activity and maintains reports for all tax collections.