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2007 HOUSE GOVERNMENT AND VETERANS AFFAIRS

HB 1180

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1180

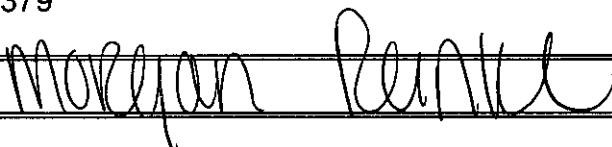
House Government and Veterans Affairs Committee

Check here for Conference Committee

Hearing Date: January 18, 2007

Recorder Job Number: 1379

Committee Clerk Signature



Minutes:

Rep. Haas: We have an unusual circumstance with this bill. The prime sponsor of the bill has asked me to postpone the hearing on this bill until next week Thursday because several of the people that he had to testify on the bill are not available. However, for those of you who have come to testify we will give you the option of either presenting your testimony today or next week.

Leigh Backhaus: *There are a lot of people that would be here but they went to a sale and they can't make it. This bill enacts many things that should have been done many years ago. I myself have stood in front of the commission and we might as well have talked to a wall. The commission has no representation from the industry. They don't care. In the past I have argued that they do not know anything about this industry at all. They take money out of our horse fund and where are they next year? They are gone. We need representation from the industry. No other board in the country has no representation. The horse racing industry in ND rates low. We have an Agricultural state and we have all the stuff that could support horse racing. We can raise these horses cheaper. Right now we have to foal the mares out in Minnesota because it is worth more. I have spent thousands of dollars in Winnipeg, Minneapolis, and South Dakota. I have to go out of state to support my industry. If we could*

change that, if we could get a committee that would try to change that, it would be helpful.

There is too many politics in this industry which gave it a bad name. The racing industry has never done anything wrong. I come from a dairy farm in New Salem. People would be raising horses if there was an industry for it. The economy that could be generated with an industry like this goes all the way down to a feedlot. It goes all the way down to the farmer raising the feed. Why not support it? Let's open this thing up and get it going. Right now we are going backwards. There are no checks and balances in this commission. We have had problems in the past few years. At least if we find someone who has knowledge of the industry they can police themselves a little bit.

Rep. Haas: Your primary concern is that there needs to be more representation from the industry on the commission?

Leigh Backhaus: We need somebody who wants to promote this industry instead of sit in a chair and waste their time.

Rep. Amerman: Can I get a background on people who sit on this committee? Where they come from, what they do?

Leigh Backhaus: There is one person on there that is from the horse industry but he won't listen. If we have a problem we should be able to go in there and work it out. We have a Vet on there. We need representation.

Rep. Wolf: You say you sit on the advisory board? What happens when you want to be placed on the agenda?

Leigh Backhaus: Usually we don't get on there, or it's like talking to a wall.

Senator Marcellais: Testimony Attached.

Marty Beard: *I am here strictly as a racing fan. I'm in favor of this bill because I have tried getting a lot of my friends and families to take their children to the races. There has been so*

much bad publicity for horse racing. Every time something bad happens its front page. We have \$99 million dollars in illegal bets and \$6.5 million worth or horseman's money missing. I think this recent commission has a dark cloud over it right now. We've got working horseman, working tracks, and if we had a working racing commission I think we could turn this around and make it a family activity. We live in a western state that is full of agriculture and everyone loves horses. I think if everyone had a fair shot we wouldn't have the bad publicity. Do we want illegal offshore betting in North Dakota racing?

Douglas Plummer: *I have been in the horse racing business for years raising and racing horses. I have been involved in what has been happening over the last ten years, and it has been terrible for our industry in North Dakota. I believe this bill is one small, bright spot for our horse racing if it is implemented. I know the legislatures have been wrestling with it for several sessions and don't know what to do with it. I have looked at it very carefully. I have written the Attorney General and gotten a response back. In 2000, things were going really bad. At that point the Attorney General wrote and essentially said that he didn't have much control over the racing commission. It was a line item in his budget. He didn't have much control. He did have an assistant Attorney General sitting in on every meeting. I looked at that and then I complained about rules not being enforced or followed in racing. The letter I get back from the racing commission is the only appeal we have to that is a fine or a license suspension. Adding two and two together, no one is really minding the racing commission. I don't think you guys are getting the information you need to make a good decision. A quote from October 16, 2001, Sandi Tabor from the attorney general's office appeared before the legislature in their interim budget committee and said there is no conflict between the horse racing enforcements and promotion. It also says they have ample oversight of the horse racing commission. That isn't what the Attorney General said. Since this time we have had the biggest fraud in ND history. I*

think this bill would let you guys have first hand information and have something to go forward with.

Rep. Kasper: The bill doesn't change the oversight does it?

Douglas Plummer: I hear there are rumors that there might be a bill coming up that will bring racing commission back under his authority. The Attorney General took the racing commission out of his office, and now it's sitting alone with no oversight.

Rep. Kasper: Would you be in favor of putting this bill back into the Attorney Generals office with stronger direction, with stronger direction of more involvement and oversight?

Douglas Plummer: I think there is a feeling that we are going to have to do something like that. I think his office dropped the ball the first time around, but they learned a little. Something has got do be done. Things are not being enforced right now. We are missing a lot of money.

The racing commission will not enforce it.

Rep. Froseth: What changes will this make? It replaces two members of the board with a member from each of the two licensed racing tracks in the state. What other changes does it make?

Douglas Plummer: You will have people on there that understand horse racing and horse breeding. We have people that are not involved with it. Things are getting out of control. That is a major deal because we will be getting major representation.

Rep. Potter: This bill changes the makeup of the board of the racing commission? I can see it taking care of a few problems, but it sounds as if there are so many other problems. I'm not quite sure how this one person can make huge changes.

Douglas Plummer: I think it has to be enforced. Four years ago we had a real problem with people coming in and discrimination, etc. They tried to close down the racing in Belcourt. We

have no chance to even train horses in Fargo. That is another broken promise by the commission. There are problems because things are not being enforced.

Rachelle Backhaus: As my husband has stated, there is no representation for the breeders or the racers. If we could get this commission to get a couple of members from the thoroughbred and quarter horse, at least we would have a say in something. We have no say in anything right now. Nobody listens; I think if we got members from our industry we would at least have a voice because there is none now.

Rep. Haas: Any additional testimony for HB 1180? Any opposition testimony against HB 1180? If not we will temporarily close the hearing on HB 1180.

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1180

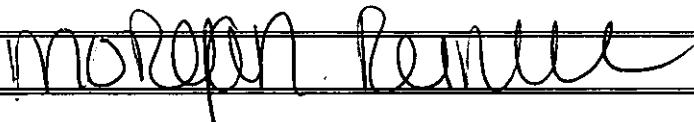
House Government and Veterans Affairs Committee

Check here for Conference Committee

Hearing Date: January 25, 2007

Recorder Job Number: 1922

Committee Clerk Signature



Minutes:

Rep. Haas: I would like to remind the folks that are here on this bill that this is actually a continuation from last Thursday. The sponsor of the bill asked me last Thursday to postpone the hearing on the bill because some of the people that wanted to testify were out of state. To accommodate that we did make the adjustment. Some did testify in favor last week. Today we are going to allow 30 min for each side of the bill.

Rep. Dekrey: *I want to thank you for accommodating me. I know that the racing commission has certainly been a hot topic in the last few years. I thought that this would be a good session to take a look at the makeup of the board and see if we should do some tweaking. That is basically what the bill does. I will let them represent their case to you.*

Randy Schwartz: *I am involved in horse racing. I am director of the ND Quarter horse Racing Association. I have also been breeding and raising race horses. I would like to express my support for this bill. In my personal observation that the learning is very steep. I think we have had a problem on the board of appointing people that have no background at all in horse racing. There are three legs that you have to be knowledgeable in which are the breeding, Para mutual end of it, and the racing. I have been involved in this since 1992. In all three aspects, especially the breeding, I am learning everyday. If you put someone on this*

commission that has no background in any of those three areas they are lost for quite a period of time. I have actually had a commission member say that it took 2 years to grasp the issues. This bill will find more knowledgeable people to serve on the board. I don't take any power away from the governor. It's just that we are going to be represented also. It will put us with a better board. The medical board doesn't put contractors on there. That is just my position on the bill and I would like to see this put into law.

Rep. Haas: Where is your business located at?

Randy Schwartz: Three miles south of Dickinson.

Leon Glasser: *I'm not here on behalf of the quarter horse association. I am President of that Association and a member. I'm also on the Racing Commissions Advisors. I'm in favor of this bill but not to the point where I had any major instances with the people on there now.*

However there is a knowledgeable aspect that is missing here and that is that there is no one on the horse industry that is actually involved in our own business. I don't think this bill is going to hurt the race track in Fargo because they will be represented. I don't think it will hurt the race track in Belcourt because they will be represented. Both sides will be represented. I don't think the horse men have been getting the acknowledgement that they should. It's been hard. I would just like to see the bill passed.

Rep. Weiler: You had said something at the start of your testimony that you are the president of the Quarter Horse Association in ND?

Leon Glasser: Yes.

Rep. Weiler: At the same time you said you're not here on behalf of them?

Leon Glasser: Correct. Our association is in favor but I thought I had to sign up as a lobbyist in order to speak for our association.

John Bubel: I am in favor of this bill passing as the previous people have stated. I raise horses and race them. It just seems like we don't always get fair representation. It is hard to get our point across. I think that this would be a very good thing for the industry.

Rep. Haas: Is there any opposition testimony?

Randy Blaseg: Testimony attached.

Rep. Haas: We have heard from people who support this bill last week and this morning that in some cases they don't feel that the voice of the breeders or the ones that raise horses is being heard by the commission. What is the basis of that controversy?

Randy Blaseg: I would have to say that they feel that they would want to be placed on the agenda basically so they can voice their opinions more often. There was a bill that was passed that would state that they would if they requested to be on the agenda. I have no objection to that. I think a lot of the issues that they are concerned about involving the numbers of races are issues that need to be dealt with. The regulations are very clear in that each track is to offer one quarter horse race, one thorough bred race each day. Now in that regulation if the races do not fill as that there would be entrance into that race, then the track is not going to have that race. This is a problem. Races many times are written and they can't get enough interest in, in order to utilize this. The horsemen love to see those races. We certainly don't have any objection to that. There needs to be more interest in order to have them. There is a specific requirement that if it receives 6 entrants it is considered a full gate and used. This is an issue that we have been dealing with for a long time. It is a racing issue. It's an issue that the commission does not have the ability to fix. We need to make more horses available to hold the races. That is one element. Another problem I would assume but I don't know is that I have not received one formal written request from these associations to be placed on the agenda.

Rep. Haas: When you say placed on the agenda you are talking about meetings of the racing

commission agenda?

Randy Blaseg: Correct. Now don't get mistaken. I have calls after we have created the agenda and they want to be on the agenda. On the last meeting we placed a lawyer on the agenda that was representing one of the associations. I would assume and correct me if I'm wrong for assuming this, if you wish to be placed on the agenda with the racing commission at a future date, would you not prepare a letter and mail it to the director saying that you want to be on the agenda? In this case they don't.

Rep. Haas: Have you established a set procedure for placing items on the agenda?

Randy Blaseg: No we haven't to place items on the agenda. If we are notified in advance so that I can inform my commissioners about all of this they will be on the agenda.

Rep. Boehning: This problem seems to be coming back over and over. One of the questions that always comes up is the minutes aren't up there and you are over six months behind on doing minutes on the meetings?

Randy Blaseg: I can't tell you that.

Rep. Boehning: I have heard from different sources that the minutes aren't out there, they don't know what's going on. I'm looking at it and saying that one thing we need to do with this bill is to appoint someone from the list.

Randy Blaseg: My own personal stance is that I firmly feel that the current statute is a good statute. I think that it is without a doubt as liberal as any statute that any state has. I contacted each of the directors personally. They informed me that the governor does not restrict in making this selection. Nebraska has been racing for a long time, South Dakota has been racing for a long time, Minnesota has not been in the industry as long as those two. There is a reason why the system is the way it is.

Rep. Kasper: On your second page you sighted some numbers. On the pension fund, can you tell me how those dollars come into those two funds?

Randy Blaseg: The way the tax structure is set up at this time, on the first \$11 million that is raised you have a tax of 2% which goes to the general fund. One half of 1% goes to the first promotion fund, $\frac{1}{2}$ of the 1% goes to the breeders fund, and $\frac{1}{2}$ of 1% goes to the purse fund. That is the source of revenue. After you have reached that our tax rate goes to a quarter of 1%. That $\frac{1}{4}$ of 1% is divided four ways equally between the general fund, the purse fund, the breeders fund, and the promotion fund. Those funds are replenished through the tax dollars.

Rep. Kasper: Are these numbers typical of what comes in on an annual basis? Since you've jumped to the \$74 million in 2006, are these numbers going to be a whole lot bigger?

Randy Blaseg: You mean the \$74 million that I was referring to earlier? That is the amount of money that was wagered in ND this past year. That is the total dollar figure that was wagered.

Rep. Kasper: Is that reflective then in those 2006 numbers? Are they requested then granted? There is a number missing to keep the fund balanced.

Randy Blaseg: The money that was requested was simply the funds that the associations asked for in order to operate. What they ask for has no bearing on what is being generated into the funds. That is what they needed to create structure and offset their expenses.

Rep. Kasper: So what amount annually goes into each of these funds about?

Randy Blaseg: If a handle remains where it is at, and if the structure that comes out of committee as a do pass recommendation, based on the calculations there will be approximately 500 of \$60,000 going into the general fund. There will be a little over \$1 million go into the other three funds combined and that is over the course of the biennium. That calculation did not take into account any revenue coming in from the providers which was just

licensed and is in the process of setting up in Fargo. Hopefully if they handle any money whatsoever it would be an addition to the dollar figures.

Rep. Kasper: What is the current balance in each of these funds now?

Randy Blaseg: I already gave you the one in the promotion fund.

Rep. Haas: The current balance is at \$873,000.

Randy Blaseg: The current balance of the breeders fund as 12-31-06 is \$1,327,611. The purse fund at this time as of 12-31-06 is \$1,355,274. The promotion fund has \$873,268.

Rep. Kasper: So if I may continue you have \$3.5 million going into your funds?

Randy Blaseg: You are right.

Rep. Kasper: With that balance who decides who much money will go out for prizes for this coming year?

Randy Blaseg: Requests are submitted by the racing association. They then have to evaluate what they feel would be suitable. If they have taken into account the past few years that we are attempting to rejuvenate our handles and replenish the funds.

Rep. Kasper: How often does your commission meet annually? Do you have requirements?

Randy Blaseg: Call of the chair.

Rep. Kasper: How often did you meet in 2006?

Randy Blaseg: I am going to say we had about 4 or 5 meetings.

Rep. Kasper: And can the public be informed of the minutes and so on?

Randy Blaseg: Yes they have. Those that have been through there.

Rep. Kasper: That is what I am trying to get to here. You had someone mention that you are behind in meetings. How many meetings have you actually published the minutes for?

Randy Blaseg: I will refer this to someone who works in the office.

Helen Tessman: You now see the complete staff of the racing commission. Rep. Kasper had a question on the minutes. At the time you are referring to I had gotten an email from a person who wanted to know why the majority of the minutes weren't top priority. At the time our agency has been a stand alone state agency. We haven't been granted an additional staff. You can imagine the work load that the racing commission has. At the same time frame, we are ending a biennium and beginning a biennium and did not have a director on board. During my three years with the racing commission, 9 months has been without a director. We remained a stand along state agency. You must be appalled by the person who helped this tiny agency do this in becoming a state agency. The horsemen themselves have priorities. The minutes at the time were being transcribed verbatim. One of the horsemen here did come into the office and ask to see the tape. He took the tapes, got through the first half hour, and didn't listen to the rest. The minutes are transcribed verbatim until a short time ago. Once the minutes are transcribed they are put on our website. Our website has the minutes of our meetings back to 2002. The minutes are there. We are behind 3 sets of minutes since December. We have an additional workload. I would be more than joyful if I could get them transcribed right after those meetings. Those horsemen have attended those very meetings. So you can see why that can't be a priority. If anyone wants their own copy they can get a tape. During that time period also, I think we had 37 requests for records. We had more requests than the Attorney General's office. We can't get those minutes done on time. I hope that answers your question about the minutes.

Rep. Kasper: With these huge dollar amounts in these funds, are any of these dollar amounts able to be used as an example, to hire an outside service to transcribe your minutes on a timely basis? Could you hire another person or are you limited by the FTE's that you're allowed to hire by ND Statute?

Randy Blaseg: We have one part time person that can help.

Rep. Kasper: The question is do you have the authority to go beyond that if you as the director so chose?

Randy Blaseg: I would have to have permission to do so.

Rep. Kasper: But it could be done?

Randy Blaseg: Yes.

Rep. Potter: In your testimony you talked about various groups or individuals and letting them on the commission would be giving them the opportunity to kind of grind an ax. Do you think they want on because they would have a voice? I don't understand that.

Randy Blaseg: In a nutshell all we intend to do is stay a commission that meets the rules and regulations that are before them when they are appointed to the board. They interpret those and make decisions based on everything they hear. What I hope to avoid is to have someone be a member of the commission who would possibly have restraints for a particular purpose. That is the sole reason why you see statutes written as they are in other jurisdictions.

Rep. Potter: I have heard various testimonies from people who raise quarter horses and show horses. They want to be a part of the commission.

Randy Blaseg: I have no idea on that one way or another. What I was simply quoting was a quote from a previous person in Kentucky. In dealing with the breeders fund in particular, that fund has been handled very carefully. I think it was a wise move to see that it would last a minimum of eight years, in allowing for an increase. It's a very serious responsibility that these commissioners have in deciding how these funds are allocated. On the one hand you have entities who want the money all at one time. I feel personally and as a director that being fiscally responsible is a wise move. I feel that buying time will hopefully provide an increase which is a wise move.

Rep. Dahl: This bill also provides for a member of the legislative assembly to sit on the board, do you have thoughts on that?

Randy Blaseg: I'm here providing you information on how several other jurisdictions feel. This should be formed ideally. The governor has made very wise choices in his selection. I think it is outstanding that we have a veterinarian, we have two lawyers, and they come from different varieties of backgrounds. You get various opinions on the matter when it comes to that point of view. I think that this is good. I like how the commission is made up.

Rep. Karls: In your testimony you mentioned that because the racing commissions are regulating gambling it is totally unbiased. Do you have any knowledge of the ND Gaming Commission? Is that a requirement of those boards also, that they not benefit personally from the industry?

Randy Blaseg: I've never seen any gaming commission?

Rep. Haas: The Attorney General's office is in control of that. It is my understanding that those people could never claim the winnings of the lottery ticket.

Rep. Karls: Is there not a ND gaming commission?

Rep. Haas: Yes there is.

Rep. Karls: I believe that they can't receive a direct monetary benefit.

Rep. Haas: They can't.

Rep. Schneider: I'm trying to get a better grasp on this. When the horsemen show up and want to be placed on the agenda, what happens if they want to be on there? Are they placed on there?

Randy Blaseg: Yes they are placed on our agenda.

Rep. Schneider: With regards to the minutes and the transcripts, do you think you could summarize the agenda?

Randy Blaseg: I don't know.

Rep. Kasper: I want to follow up on Rep. Schneider's area of questioning on the allowance of flexibility on your agenda. Is it your policy that if a constituent of yours calls, but doesn't send you a notice, and asks to be on the agenda. Will you allow that at all times or is it at your call, or could you say the meeting is tomorrow you are too late. What is your policy for a phone call request to be on the agenda.

Randy Blaseg: I have no objection to place someone on the agenda. What I would inform them of is that I want them to follow that up with something in writing so that I can have that placed on the agenda. I could then inform my commissioner on what topic they are going to be discussing.

Rep. Kasper: So therefore you do have a policy. A phone call is ok but send me a letter? So a phone call is not sufficient.

Randy Blaseg: A phone call is sufficient to initiate being put on the agenda. A follow up letter declaring what that is going to involve is needed.

Rep. Kasper: If someone walks into your meeting and hasn't called you, but wants to be heard, what is your policy on that regards?

Randy Blaseg: I would assume that if they wished to do so at a reasonable request, they would.

Rep. Kasper: So therefore you can make the decision. If you don't like the request you will deny it.

Randy Blaseg: We do have the authority.

Rep. Weiler: Do you have in your current bylaws a process for people being put on the agenda. I apologize but do you have a process to go through if someone wants to be put on

the agenda. Is this process written and published, or is it something that the other members hear?

Randy Blaseg: There are bi-laws. We publish our meetings.

Rep. Weiler: That is not my question. I'm not concerned about what you published. I'm concerned about what happens leading up to that. The people who want to be heard, do they understand the process that they need to go through. If not maybe you need to come up with something that is in writing and that they do understand.

Rep. Potter: You were asked about how many meetings that you had. How do people find out when your meetings are? If I wanted to come and sit in on one of your meetings, are they published in advance or how do folks find out?

Randy Blaseg: They would have to contact the office.

Rep. Potter: Ok. Are they not in a regular schedule?

Randy Blaseg: They are in one sense. Normally they are in January, April, and in the late fall. The reasons being is for the funds allocated.

Rep. Haas: Is there additional testimony on opposition of HB 1180?

Tom Seacrest: *I am a lawyer from Hettinger. In 1973 I started breeding and racing quarter horses and paint horses. I am a member of the commission. I raced in South Dakota, Montana, Wyoming, and in Oklahoma. The reason I went to Oklahoma is because the breeder stallions is located there and that is where I bred at. I got out of that business because I nearly went broke. I still raise horses but they are arena horses so I can control the expenses better. I have been familiar with breeding horses for quite some time. I applied to the commission two years before I got on there. The governor told me that there were too many from the west on the commission already. Then when a vacancy arose he called me in and asked me if I still wanted to be on the commission and I said yes. When he was appointing me he made some*

good points. He told me that they had problems on the commission and they now have a stable chairman. He is a business man. I wanted racing to be successful in ND. He wanted to know if I was a team player. He appointed me in December 2005. I have been on there a short period of time. The fist meeting I went to they hired Randy Blaseg as secretary. There are something's that I didn't know about racing when I was on the commission. The big thing was Para mutual betting. I was deficient in that area. I made it my business to learn as much as I could about that. Once people came in and proved to be authorized and licensed, I sat with them and learned. I'm not an expert but I do know a lot about the betting portion of things. Getting down to the last point, the overriding goal of all of us on the commission is making live racing successful in ND. You have all the elements on the racing commission to make this happen. You can't just worry about who wins or loses and how happy or unhappy you are. The point of it is that unless we get some money to put into this live racing, we are going to be out of business. There won't be racing because you need money to support it. In a way we have a chance of getting money to do that. We have 2 groups of betters now. Because that goes into live racing. That is where we are going to make the money. We need to make live racing successful in ND. There is one other element connected to this. It's not just live racing in ND. There is an economic development factor. I found out that when I went to Oklahoma to race, it is a multi billion dollar industry. There are many offshoots like vets, fees, and so forth. That is what the economy in ND needs. These are the primary goals that I have on the racing commission. The rest of that is minor. If we don't have money we won't have racing.

Rep. Kasper: I have the occasion to hear and be part of a testimony in legislation in the last number of years when we had that fiasco in Fargo. Whatever happened, happened. We won't point fingers but there is still thought that there is millions of dollars missing. I don't know if that is true or not. Because of the oversight not being there and the investigation not being

thorough enough. One of the things she came to our committee about was talking about these big betters. What she said in that committee was that if we reduce the tax to these big betters they will come and we are going to make multi millions of dollars. This legislator did do that. What we ended up having is the worst black eye in the history of racing in the United States. Now I hear the same thing that we are going to have big betting. What oversight is there right now in the commission to be sure that the unfortunate incident that happened won't happen again?

Tom Seacrest: You have to have a commission that knows that is going on and knows how to investigate. I wouldn't want to be connected with anything like that. I'm very concerned about that. As long as I am on the commission, that is going to be a priority.

Rep. Kasper: Does your commission now have the investigatory authority and the proper funds and expertise available to dig where you want to dig.

Tom Seacrest: You are in the process of this. There is no question in our mind that we won't have everyone involved. I have a lot of confidence in our chairperson. I think when you hear him you will have confidence too.

Rep. Haas: Is it also not true that if you would suspect criminal activity that you can involve BCI or the Attorney General's office in further investigation?

Tom Seacrest: Yes.

Rep. Wolf: Are you saying that by allowing breeder's on your commission that the integrity of the commission might be somewhat less.

Tom Seacrest: I'm not saying that at all. I know a lot of these breeders out here. I have nothing against them. I do think a balance on the commission is important.

Rep. Wolf: Then why are you opposing the bill?

Tom Seacrest: I'm opposing the bill because the governor is not given the free hand. The

governor should have the responsibility to set the policy of racing. He can best do that without restriction.

Jim Arthrod: I am the chairman of this commission. That doesn't mean I know everything. Some of the questions that have been asked are very concerning to me. One of them is about how horsemen do not have the opportunity to speak. I went back prior to this meeting and read every minute of 2003-2004. Every decision since I have been there has involved the horseman. They come in and ask to be on the meetings that day. We can't work that out. There is discussion all the time. Those guys attend every meeting. The meetings are open. I'll call up and say that we need a meeting for legislative purposes coming up. I call meetings to order. The meetings have always been very open. The way that I felt a responsibility is because of the open meeting laws. They need to be published. Sometimes we do not let people on the agenda last minute just because of fairness to the issue of the opposing party hasn't had a chance to be prepared. I'm in opposition to this bill. I think this bill is going to cause problems. In all reality the way it is set up, not having a horseman per say, allows the commission to go into each issue open minded. We felt that a need to have a very successful racing commission that it is unbiased. All the people in Fargo have asked for an additional race fee. Knowing the information we had was beneficial to the Trotters association. I think the governor takes this business very serious. He gives thoughts to everyone involved. Everyone is open minded. When we talk about the oversight of big betters, we have the possibility to inform the Attorney General's office and BCI. The Attorney General was given additional audit authority. The commission is very serious on how we do our business. I know we ran into the black eye. We are getting over that. Our director caught on and went straight to the Attorney General's office.

Rep. Grande: I wanted to just go over the makeup of the commission. I know that this is a listing of occupations in the testimony. It says that the current makeup is made up of nominated people from American Quarter horse Racing Commission, which member represents them?

Jim Arthrod: The way that statute is set up is that those associations as a whole come together. Those 4 groups did not come forward and have 4 representatives. Those 4 groups come together and come up with one nominee to do so.

Rep. Grande: So that group came together, and you were that person? So the rest are at large?

Jim Arthrod: Correct.

Les Schmidt: Testimony attached.

Rep. Schneider: I'm just trying to get a better graph on the makeup of the commission. The way I read it there are four members.

Jim Arthrod: Those groups come together and make a nomination for one person to serve on the commission. I was that nomination.

Rep. Schneider: Then who are the other three members?

Jim Arthrod: They represent the public at large.

Rep. Schneider: Then the proposed legislation would recommend a legislator and two representatives from the horse tracks? What opposition do you have to that?

Jim Arthrod: The opposition is just what we went through on our last budget process. They all have big requests. We have to look at the current funding we have. We have to make some really, really smart decisions on how we are going to allocate this money. The way I look at it is there is a representative of each track sit on the board, every time you come to their promotion

party there would be biased discussions. You need to be unbiased. When we come back in we would really have to amend the legislation. We feel like we are their representative.

Rep. Schneider: What objection do you have of putting a member of the legislative assembly on there?

Jim Arthrod: I guess I don't have any objection per say.

Rep. Boehning: I think some of your concern is that some people from the track are involved. Belcourt doesn't have a financial obligation to the track. The racing commission can not be a member of the commission if they are financially obligated to something.

Jim Arthrod: They scratched that.

Rep. Boehning: It says that a financial obligated person cannot be employed by the commission.

Jim Arthrod: The intent of the bill was to say that they can't have a financial interest. If you had a volunteer person on the staff that would work. They just can't have a direct financial link to that. There is a loyalty to that. I think that they should look at the past four years. We are coming back. If that legislation is passed we are going to start over. The money would directly benefit both tracks. I can tell you right now that the commissioners don't get a track benefit from that. Everything we do is a direct benefit to the track and the public in ND. It would be a lot easier if I was appointed by the race track.

Rep. Haas: Is there any additional testimony in opposition to HB 1180.

Bill Malding: *I am a horse breeder. I raise thorough breeds and I breed them. I believe the racing commission is doing a really good job. They are getting their finances straight. They are doing what they should do. I am definitely opposed to this. They just recently brought the state quite a lot of money. I really believe that this commission works together. That is my honest opinion. I think it's great. We need people that know something, we have those people.*

Dave Bernhart: *I train horses for a lot of people. I have a letter from one of my clients. I personally am also opposed to this.*

Scott Horst: *I am an owner, trainer, and breeder here in Mandan. I'm opposed to this bill and I just wanted to bring this to your attention. They are a good committee and they are unbiased. I am a horseman and it would be a part of me fighting topics for that reason.*

Rep. Haas: Is there any other testimony to HB 1180? If not we will close the hearing on HB 1180.

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1180

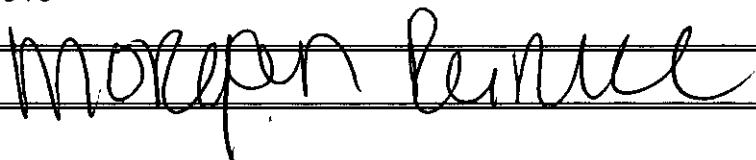
House Government and Veterans Affairs Committee

Check here for Conference Committee

Hearing Date: February 1, 2007

Recorder Job Number: 2519

Committee Clerk Signature



Minutes:

Rep. Weiler: I move a do not pass

Rep. Froseth: I Second that

Rep. Haas: Is there any discussion?

Rep. Kasper: This is like the first bill I heard in my first session. I sat in the IBL committee and I heard the pro's get up and testify and thought I'm 100% with them, and then I heard the cons get up and I said the same thing. I think this racing commission has some problems. I want that on record. They are remiss in their duties from number one, not publishing their minutes on a timely basis. Number two, not having their agenda put together and number three not being friendly to people who want to get on that agenda. I spent a lot of time with the horse people and they really do have some concerns that are being over looked. I'm also quite concerned about the fact that the constituents of this organization should be treated a whole lot better than they are. I'm concerned about how the duties of that office are being run. I want on the record those concerns so that if next session we have something coming back and we can look at the record. The lady that testified that said she was too busy to get the minutes done, I was told that the last minutes on the website are from May of last year, which is atrocious.

Excuses are like something all of us have, and we don't need them. This commission needs to pay attention to what they are doing.

Rep. Haas: Your point is well taken. Is there any additional discussion?

Rep. Boehning: I would have liked to have made an amendment to put one legislator on the board and take one of the at large members off. That would give us some oversight. It is starting to get a little bit drastic.

Rep. Weiler: A couple notes on this bill. First of all I spoke with a member in the governor's office about this particular board. I asked how many complaints they have had over the last two years. The answer was zero. She wouldn't lie to me because she's my wife. I also spoke with another member in the governor's office who also takes phone calls and she said that there have been no complaints over the last year and half, two years. There was a time when there was some serious issues with this board. IT lasted for about a year and a half. They have made great strides, they have done some things to shore up the problems, they are on the way back. Not one single complaint in the governor's office. I also asked the question to be fair on how many complaints do you get from other boards, etc. They said whenever they get a complaint, they call the governors office. That goes for any board or commission in the state. The racing commission is on the way back, they have fixed their own problems, lets leave them alone.

Rep. Haas: I would like to mention to the committee that some of the lingering bad feelings really stem from what the situation was several years ago. Although I agree with what some of the things Rep. Kasper said, I think the racing commission understands that they do have a few problems that need to be solved. I think Rep. Weiler is correct when he says that this commission has done a wonderful job of turning this stuff around. I would like to add that there are actually two other bills that are relevant to this. I think we need to let the commission work

at this time. I had a conversation with Rep. DeKrey and he felt confident that one of the bills was from the Judiciary committee.

Rep. Froseth: More of my concerns was the make up of the new board which included a member from the race tracks. I don't thin that that would help the next time.

Rep. Haas: That is correct. It is SB 2209.

Rep. Weiler: Just another follow up. I've spoken with one of the members. He assured me that they were going to make some internal changes and actually follow some of the way that South Dakota does it as far as meetings and minutes. Yes there is an issue as far as that goes, but we don't need to get involved with that. I have been assured that it is going to be handled. The biggest problem we have with this bill is that if we put these certain individuals on the commission, the problem would be that if they were responsible for voting when they are directly, financially involved.

Rep. Boehning: I was just looking at some of the other boards in ND. It seems like most of those boards are made up of people from within the industry. They all have financial implications to those industries.

Rep. Kasper: My comments on this bill are not with the board staying the way it is. My concerns are with how the office is being run. We went through that deal in Fargo. We can argue how that occurred and how it should have been handled. I'm not here to make that point. I'm here to say that it is a matter of fact that it did happen and things were not paid attention to very well. I'm just saying that based on what I've heard is that I have a concern on how the office is being run. I want it on the record that this commission needs to pay stricter attention on how the office is run.

Rep. Haas: I will ask for a roll call vote on a do not pass on HB 1180. The motion passes 8-3-

2. Is there a volunteer to carry the bill?

Rep. Kasper: I will.

FISCAL NOTE
Requested by Legislative Council
01/08/2007

Bill/Resolution No.: HB 1180

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.*

	2005-2007 Biennium		2007-2009 Biennium		2009-2011 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

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

2005-2007 Biennium			2007-2009 Biennium			2009-2011 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2A. Bill and fiscal impact summary: *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

This bill has no fiscal impact

B. Fiscal impact sections: *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

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.*

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.*

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

Name:	Randy Blaseg	Agency:	Racing Commission
Phone Number:	701-328-4633	Date Prepared:	01/11/2007

Date: 2-1-07
Roll Call Vote #: 1

2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. "Click here to type Bill/Resolution No."

House Government and Veterans Affairs Committee

Check here for Conference Committee

Legislative Council Amendment Number HB 1180

Action Taken Do not pass

Motion Made By Rep. Weiler Seconded By Rep. Flosseth.

Total (Yes) 8 No 3

Absent X 2

Floor Assignment Rep Kasper

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

REPORT OF STANDING COMMITTEE

HB 1180: Government and Veterans Affairs Committee (Rep. Haas, Chairman)
recommends **DO NOT PASS** (8 YEAS, 3 NAYS, 2 ABSENT AND NOT VOTING).
HB 1180 was placed on the Eleventh order on the calendar.

2007 TESTIMONY

HB 1180

Testimony

House Bill No. 1180 – North Dakota Racing Commission

House Government & Veterans Affairs Committee

Representative C.B. Haas, Chairman

January 18, 2007

Chairman Haas, members of the House Government & Veterans Affairs Committee, I am Richard Marcellais, Senator from District 9, of Belcourt I am here today to provide you with testimony on behalf of the Turtle Mountain Horse Racing Owners.

The Turtle Mountain Area horse racing owners request your support on House Bill 1180. The present North Dakota Racing Commission has demonstrated a total lack of understanding the issues that affect the horse racing industry. The North Dakota Racing Commission has supported the views of a limited group, with regard for the concerns of all other horse owners. With a different makeup of the North Dakota Racing Commission (recommend one (1) horse owner on the North Dakota Racing Commission) we feel that all horse racing owners will be heard on issues that affect the horse racing industry.

The following list of horse racing owners support House Bill 1180: Gilbert Champagne, Cora Champagne, Dennis Morin, Carl Baker, Mark Allery, Lloyd Davis, Pete Davis, Horsemen Advisory Board Member, Lloyd Davis Jr., Harlene Davis, Alice Davis, Edward Slater, Mary Ann Slater, Mark Slater, Pete Slater, Mary Rose Slater, Clayton Slater, Brian Slater, John Slater, Wayne Slater, Lance Slater, Ivan Slater, Joe Herman, Jamie Herman, Butch Herman, Martin Dejarlais, Chad Dejarlais, Rod Thomas, Dean Martin, Delia Martin.

Due to the limited amount of time the following horse racing owners were not contacted: DeCoteau's, Nelson's Trotiers's, Peltier's, Charbonneau's, Martell's, Parisien's Wilson's, Dean Martin Jr., Steve Herman, Steve Herman Jr., Chris Henry, Dale Henry, Dave Gourneau, Dave Gourneau Jr., Larry Gourneau, Larry Gourneau Jr., Billy Gourneau, Jason Gourneau, Jerry Gourneau, Lynn Blackburn, Steve Keplin.

Mr. Doug DeMontigny, Chairmen of the Belcourt Chippewa Downs race meets the last five (5) years. During those years has appreciated having a representative from the Turtle Mountain area on the Racing Commission. Continuing that representation is a matter of grave concern. House Bill 1180 serves to insure that continued representation with a horse owner. As term limits are realized a new commissioner could/would be named from a list of qualified candidates submitted by the respective racing jurisdictions. It should be noted that this does not preclude the reappointment of any commissioner with eligibility remaining. Request that you support House Bill No. 1180 as positive racing in the Turtle Mountain area and for the racing industry.

Thank you very much for the opportunity to appear in support of this bill today.

House Bill No. 1180

Government and Veterans Affairs Committee and Chairman Haas

January 25, 2007, 8:00 a.m.

Testimony of Randy Blaseg, Director of Racing, ND Racing Commission

I, Randy Blaseg, Director of Racing, am opposed to House Bill No. 1180.

Here is a quote from Keene Daringerfield who was the Chief Steward for the Kentucky Racing Commission. This gentleman was one of my instructors.

"Commission can only be successful if they are formed from individuals who do not have an axe to grind."

Racing is and always will be an emotional roller coaster for those involved with it. I was licensed in 1966 and I've been in it ever since.

My hand out of the Minnesota statute on the selection of racing commissioners will illustrate the governor's authority. In South Dakota, Iowa, Nebraska, Wyoming, Montana, Minnesota, the governor has total authority to appoint the commission and isn't required to make reference to any list.

That last statement tells me North Dakota's current statute is more liberal than any of the other states. Currently by statute the horsemen's associations are permitted to present a list of candidates for the governor's consideration for one appointee.

The horsemen's advisory committee which was created by the ND Racing Commission is comprised of members of the various associations. Currently the advisory committee, thorough membership in the other associations, has representation in selecting a candidate for the Governor's consideration. Racing commissions because they are regulating gambling must be totally unbiased and not have any direct or indirect financial interest over what they regulate. This prevents any conflicts of interest.

At the present time you have a commission of five which is comprised of one from Fargo who is an attorney, another who is an veterinarian from Mandan, another an attorney and past owner of race horses from Hettinger, a retired hospital administrator from Belcourt and lastly the chairman is a businessman from Medora who manages a large staff of employees. The chairman was on the list supplied to the Governor by the horsemen's associations.

I find it interesting that horsemen who race in and appear satisfied with other jurisdictions feel there is a need to change their own statute in such a radical manner. To emphasize another point the commissioners have to be fiscally responsible and the following is an example:

(In two years time period)

Purse & Breeders' Fund		Promotion Fund	
Requested	Granted	Requested	Granted
2006 \$ 810,500	\$ 625,000	\$ 838,900	\$ 415,000
2005 <u>\$ 780,100</u> \$ 1,590,600	<u>\$ 532,744</u> \$ 1,157,744	<u>\$ 681,100</u> \$ 1,520,000	<u>\$ 478,000</u> \$ 893,000
Not granted.....	\$432,856	\$ 627,000

(Had the requested amount been granted the Promotion Fund's balance would now only be \$246,268).

The current Promotion Fund balance is \$ 873,268. If the funds had been awarded as were requested we would not be able to race this year.

In an attempt to buy time until recovery could be made from the problems encountered a few years ago, the director at that time, Paul Bowlinger, initiated action to extend the Breeders Fund over a minimum of eight years. The commission has seen the handle climb from \$ 5.2 million in 2004 to \$74 million in 2006. That's what you call improvement.

When the new provider, Premier Turf Club, was considering setting up operation in North Dakota they wanted stability not uncertainty. In keeping with open objectivity, when the commission votes on an issue they are representing the best interests of the state of North Dakota not an organization that placed them on a list. There should never be an allegiance to any one separate entity. That's when a conflict of interest comes into play.

You have a system that in time tested in jurisdictions that have had pari-mutuel racing for many, many years. There is a reason why they have stuck with it. It works.

Commissioners not unlike stewards are sometimes the bearer of bad news and they must do so graciously.

JAN-19-2007 04:33P FROM: CURT ROHWEDER

7014522100

TO: 17013284280

P.1

HB 1180

Curt Rohweder
4075 Hwy 13
Wishak ND 58495

I, Curtis Rohweder, of Wishak, an owner of race horses in North Dakota
do fully support the current statute for the appointment of the ND Racing
Commission.

I have raced in West Virginia, Ohio, Iowa, South Dakota, Colorado,
Nebraska, Oklahoma, Minnesota, Illinois and Canada.

The racing industry needs to be regulated by a non bias body of racing
commissioners.

I am totally opposed to House Bill 1180.



1/19/07

COMMITTEE CHAIRMAN, MEMBERS OF THE COMMITTEE

MY NAME IS LES SCHMIDT. I HAVE BEEN CONNECTED WITH THE HORSE RACING INDUSTRY IN THE STATE OF NORTH DAKOTA FOR OVER 40 YEARS.

IN ALMOST EVERY CAPACITY, INCLUDING BEING ON THE RACING COMMISSION.

I PURCHASED MY FIRST RACE HORSE IN 1964, AND HAVE RACED IN THE DAKOTA'S SINCE THAT TIME.

I HAVE RACED BOTH THOROUGHBRED AND QUARTER HORSES.

I HAVE SEEN THE INDUSTRY EVOLVE INTO WHAT IT IS TODAY.

RACING IN NORTH DAKOTA HAS ADVANCED FROM A TRACK IN FESSADEN

WITH A 120 YD STRAGHTAWAY, AND A LESS THAN A 1/2 MILE OVAL WITH NO RAILS TO TWO RACE TRACKS, ONE BEING AT BELCOURT WITH A 350 YD STAGHTAWAY, AND A SOLID 1/2 MILE OVAL WITH BOTH INNER AND OUTER RAILS, AND A GOOD RACING SURFACE,

THE OTHER BEING A STATE OF THE ART RACE TRACK IN FARGO THAT TRAINERS FROM ALL OVER THE U.S. AND CANADA WANT TO RACE ON.

WHERE I AM GOING WITH THIS IS THIS DIDN'T JUST HAPPEN. NOTHING JUST HAPPENS.

THE REASON THAT WE HAVE WHAT WE HAVE TODAY IS BECAUSE OF THE FORSIGHT OF THE RACINCOMMISSION AS IT EXISTS TODAY.

HAVING BEEN IN THE RACING INDUSTRY FOR AS LONG AS I HAVE BEEN, I HAVE SEEN MANY COMMISSIONERS COME AND GO. THE RACING COMMISSIONS THAT HAVE BEEN APPOINTED BY GOV SCHAEFFER, AND HOEVEN ARE OF THE CALIBER THAT EVERY COMMISSION IN STATE GOVERNMENT SHOULD BE ENVIOUS OF.

THRU THEIR FORSIGHT AND ABILITY TO REGULATE RACING THE INDUSTRY HAS THRIVED AND SURVIVED SOME ROUGH BUMPS IN THE ROAD.

I CAN REMEMBER WHEN THE BREED REWARDS FOR WINNING A RACE WITH A ND BRED WAS LESS THAN \$50. TODAY IS APPROXIMATELY \$1,500., AND WINNING A STAKES RACE CAN BE AS HIGH AS \$4,500. THE FUTURITIES AND DERBYS IN FESSADEN HAD PURSES OF APRROXIMATELY \$2,000. IN 2006 THE SAME RACES HAD PURSES IN EXCESS OF \$22,000. THIS JUST DIDN'T HAPPEN. IT WAS THE FORESIGHT OF THE RACING COMMISSION AS IT STANDS TODAY THAT MADE IT HAPPEN.

WE ARE ON THE EDGE OF A BREAKTHRU THAT WILL MAKE THE RACING INDUSTRY ONE OF THE LEADING AGRCULTURIAL INDUSTRIES IN THE STATE. THIS DID NOT HAPPEN OVERNITE. THE RACING COMMISSION HAS REGULATED THE INDUSTRY IN THE PAST, AND WILL DO SO IN THE FUTURE IF GIVEN A CHANCE.

HAVING SAID ALL OF THAT, LET'S LOOK AT OUR EXISTING COMMISSION.

JIM ARTHAUD- A COUNTY COMMISSIONER AND A SUCCESSFUL BUSINESS MAN WHO PROBABLY EMPLOYS UPWARDS OF 40 EMPLOYEES, AND MANAGES MANY BUDGETS THRUOUT THE YEAR.

JIM KLEMENT- A SUCCESSFUL BUSINESS MAN AND VETERNARIAN WITH ONE OF THE MOST SUCCESSFUL PRACTICES IN THE STATE, JIM KNOWS WHAT IT IS TO MANAGE A BUDGET.

CLARENCE FREDRICKS- RETIRED HASPITAL ADMINISTRATER WHO I AM SURE HAD SUPERVISED NUMEROUS EMPLOYEES AND MANAGED MANY BUDGETS.

TOM SECREST- IF YOU DON'T KNOW THE QUALITY OF TOMS LEADERSHIP YOU HAVENOT BEEN AROUND ND. TOM HAS BEEN IN THE RACING INDUSTRY FOR MANY YEARS. HE ALSO IS A PAST CHAIRMAN OF THE

REPUBLICAN PARTY, AND A LONG TIME VERY
SUCCESSFUL ATTORNEY.

DEANN PLADSEN- ALTHOUGH A RELATIVE NEW COMER
TO THE RACING INDUSTRY SHE IS A DEFINATE ASSET
TO THE COMMISSION. SHE IS AN UP AND COMING
ATTORNEY.

TWO SUCCESSFUL BUSINESS MEN, A HOSPITAL
ADMINISTRATOR, A POLITICAL LEADER -ATTORNEY,
AND A YOUNG UP AND COMING ATTORNEY. THROW IN
THE FACT THAT MR. KLEMENT IS A PRACTICING VET.
WHAT MORE COULD YOU ASK OF A RACING
COMMISSION? I BET THERE ARE MANY JURISDICTIONS
THAT WOULD LOVE TO HAVE COMMISSIONERS OF THE
QUALITY THAT WE HAVE.

HAVING BEEN A MEMBER OF THE COMMISSION
MYSELF, I KNOW THE NEED FOR LEADERSHIP IN THE
INDUSTRY, AND THE CURRENT LEADERSHIP IS THE

BEST THAT I HAVE EVER WORKED WITH.

GOVERNORS SCHAEFFER AND HOVEN ARE TO BE
COMMENDED FOR THE CALIBER OF THEIR
APPOINTMENTS.

I HAVE WORKED WITH EVERY EXECUTIVE DIRECTOR
OF RACING THAT THE COMMISSION HAS HIRED. THE
CURRENT COMMISSION IS TO BE COMMENDED FOR
THEIR ABILITY TO HIRE A PERSON OF THE
QUALIFICATIONS THAT OUR EXSISTING DIRECTOR
HAS.

IN CLOSING, I CAN SEE NO BENEFIT TO THE
INDUSTRY WITH THIS BILL AS IT IS
WRITTEN.

THEREFORE I HIGHLY RECOMMEND THAT
THIS BILL BE DEFEATED IN IT'S ENTIRITY AS
I CAN SEE NO GOOD THAT IT WILL DO FOR
THE INDUSTRY.

RESOLUTION

Adopted by the
National Council of Legislators from Gaming States
Executive Committee Meeting
January 13, 2007

WHEREAS electronic wagering on horse and greyhound racing through the pari-mutuel wagering network currently employed in the United States is the only form of legalized electronic gambling that is not independently monitored by individual state racing commissions due to the interstate aspect of simulcast wagering; and,

WHEREAS no federal regulator of interstate wagering exists to adequately monitor such activity; and,

WHEREAS it has been the public policy of the states to require independent monitoring of electronic wagering as is now done with state lotteries, video lottery terminal programs, and slot machines; and,

WHEREAS the general public, racing fans, and the racing industry would benefit from an independently monitored, secure wagering system,

THEREFORE BE IT RESOLVED that the National Council of Legislators from Gaming States supports the efforts of state racing regulators through their national association – Racing Commissioners International – to independently monitor U.S. pari-mutuel wagering; and,

BE IT FURTHER RESOLVED that state racing commissions should encourage the voluntary participation of wagering system operators in such monitoring while at the same time move to require an orderly transition to such monitoring for wagering security and state auditing purposes within existing statutory authority as a necessary standard for the approval of a totalizator system and continued acceptance of pari-mutuel wagering by appropriately licensed entities.

#####

240.02 RACING COMMISSION.

Subdivision 1. **Commission.** A Minnesota Racing Commission is established with the powers and duties specified in this section. The commission consists of nine members appointed by the governor with the advice and consent of the senate. Not more than five of the members may belong to the same political party. The governor shall designate the chair of the commission. Appointments by the governor are for terms of six years. An appointment to fill a vacancy in an unexpired term is for the remainder of the term and is with the advice and consent of the senate.

Subd. 2. **Qualifications.** A member of the commission must have been a resident of Minnesota for at least five years before appointment, and must have a background and experience as would qualify for membership on the commission. A member must, before taking a place on the commission, file a bond in the principal sum of \$100,000 payable to the state, conditioned upon the faithful performance of duties. No commissioner, nor any member of the commissioner's immediate family residing in the same household, may hold a license issued by the commission or have a direct or indirect financial interest in a corporation, partnership, or association which holds a license issued by the commission.

Subd. 3. **Compensation.** The compensation of commission members for each day spent on commission activities, when authorized by the commission, shall be the same as compensation provided for other members of boards and commissions under section 15.0575, subdivision 3, plus expenses in the same manner and amount as provided in the commissioner's plan adopted according to section 43A.18, subdivision 2.

Subd. 4. **Removal; vacancies.** The removal of commission members is as provided in section 15.0575.