

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION
SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2209

2007 SENATE JUDICIARY

SB 2209

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. **SB 2209**

Senate Judiciary Committee

Check here for Conference Committee

Hearing Date: January 24, 2007

Recorder Job Number: 1837

Committee Clerk Signature

Mona L. Solberg

Minutes: Relating to the attorney general's approval of licensing and auditing of pari-mutuel wagering.

Senator David Nething, Chairman called the Judiciary committee to order. All Senators were present. The hearing opened with the following testimony:

Testimony In Support of Bill:

Keith Lauer, Gaming Division of the Attorney Generals Office, (meter 0:25) Introduced the bill – Att. #1.

Sen Nething stated (meter 4:50) this bill is limited to simulcast and parimutual wagering? Yes with the exception of the approval of the races in Sec. 2. it does not include the live race.

What happens if we do not pass this bill? (meter 4:49) This legislation is introduced by the former legal council for the governor. If it does not get pass it is less work for me. For the tax payers of ND this will add protection so that the service provider situation that happened in Fargo does not happen again. The audit, is a "may" (meter 7:50) "tote" of tracking process was reviewed. Gave definition of "paripmutual" from Dictionary (meter 8:00) comparing it to other types of gambling. Discussion of a "totalizer" (meter 9:29) tracking company for the amount wagered out of state, does not I.D. the person only the dollar amount.

Sen. Fiebinger questioned that other than Fargo are there any other incidents? Not that I am aware of. (meter10:34) Discussion of the question above.

Rep Froelich, Dist. #31 Stated (meter 12:06) that this bill is a good start. Spoke of how the committee was elected and its structure. He stated that the lottery has full-time staff but we do not. The issue in Fargo gave our industry a "black" eye. The Attorney Generals office has a large work load and does not want the additional work, but who better to do this then them.

Ryan Bernstein, Legal Counsel for the Governor (meter 14:26) Gave Testimony – Att. #2 He also spoke of the power of the governor and the audit process. Sen. Nelson and Mr. Bernstein discussed that if the Governor made too many veto's perhaps this is a hint to replace the racing commission? Discussed the connection between the Governors office and the Attorney general office ant the lack of man power.

Testimony in Opposition of the Bill:

Joe Citchy, Premier Turf Club (meter 19:00) stated that this is one more layer we will have to go through. Spoke of the concern of the timelines this bill would add to an already length process. Referred to a study resolution, being introduced, that would be more appropriate and all conclusive way to solve these concerns.

Sen. Nething reviewed with Mr. Citchy the current licensing process and the possibility of making the bill have a sunset clause to do the study and have the law become active in two years. Spoke of the A.G.'s office having a time limit.

Sen. Fiebiger questioned the length of current process (meter 20:40) 4-6 months. Discussed (meter 24:29) audit provision.

Sen. Olafson stated that would Mr. Citchy not welcome this bill to help there industries image to put in place this bill? No a study would be more effective

Testimony Neutral to the Bill:

None

Senator David Nething, Chairman closed the hearing. Putting himself on a committee of one to review the bill and to come back to the committee with a recommendation.

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. **SB 2209**

Senate Judiciary Committee

Check here for Conference Committee

Hearing Date: January 31, 2007

Recorder Job Number: 2424

Committee Clerk Signature *Mona L Solbey*

Minutes: Relating to the attorney general's approval of licensing and auditing of parimutual wagering.

Senator David Nething, Chairman called the Judiciary committee to order. All Senators were present. The hearing opened with the following:

Sen. Nething reviewed bill for the committee stating the bill does two things; allows the Attorney General to audit, the second is the over site.

Joe Citchy – (meter 1:00) spoke of his objection to the over site of the bill. Stating that if this bill was to keep something that happened in the past (Susan Bahla situation) from happening again-it would not do this. You can not catch a crook, until they have committed the crime and this legislation would not do this. **Sen. Nething** spoke of his conversation in the A.G.'s office and how they did not think timelines would not be an issue.

Sen. Nelson asked **Mr. Citchy** if he had any problem with the rest of the bill. He responded that he did not any problems with audits, "the more the better". Spoke of having the act on the bill due to the appropriations. The committee discussed the passing the bill would still give them the option to make the changes in the house.

Sen. Fiebinger spoke of **Mr. Citchy** licensing time frame already taking several months.

Senator David Nething, Chairman closed the hearing.

Sen. Lyson stated that while he did not think the A.G.'s office does not need the extra work, they thought this was important. If we are missing something they have another house to work on it.

Sen. Lyson made the motion to Do Pass and **Sen. Marcellais** seconded the motion. All members were in favor and the motion passes, and the bill would be forwarded to appropriations.

Carrier: **Sen. Nething**

Senator David Nething, Chairman closed the hearing.

FISCAL NOTE
 Requested by Legislative Council
 01/16/2007

Bill/Resolution No.: SB 2209

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			\$60,988	\$60,987	\$62,862	\$62,863
Appropriations			\$60,988	\$60,987	\$62,862	\$62,863

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).*

Requires approval by the Attorney General of racing licenses and provides for the Attorney General to audit racing service providers.

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.*

This bill will require one auditor position and associated expenses.

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.*

This bill will require one auditor position and associated expenses.

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.*

This bill will require one auditor position and associated expenses.

Name:	Kathy Roll	Agency:	Office of Attorney General
Phone Number:	328-3622	Date Prepared:	01/19/2007

REPORT OF STANDING COMMITTEE (410)
January 31, 2007 4:43 p.m.

Module No: SR-21-1715
Carrier: Nething
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2209: Judiciary Committee (Sen. Nething, Chairman) recommends DO PASS and BE REREFERRED to the Appropriations Committee (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2209 was rereferred to the Appropriations Committee.

2007 SENATE APPROPRIATIONS

SB 2209

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2209

Senate Appropriations Committee

Check here for Conference Committee

Hearing Date: 02-07-07

Recorder Job Number: 3043

Committee Clerk Signature

Alice Delger

Minutes:

Chairman Holmberg opened the hearing on SB 2209 on February 7, 2007 relating to the attorney general's approval of licensing and auditing of pari-mutuel wagering.

Keith Lauer, Director of the Gaming Division of Attorney General's Office presented written testimony (1) and oral testimony in support of SB 2209. He explained the different sections of the bill. He stated that during the last legislative session SB 2340 totally removed the racing commission from the supervision and direction of the Attorney General. This bill provides some limited oversight in the licensing of companies involved in simulcast and pari-mutuel wagering and allows the Office of Attorney General to audit these companies rather than only being involved in the investigation of service providers and affiliated companies.

Senator Krebsbach asked if there is a fiscal note related to this in another bill. She was told by Chairman Holmberg the fiscal note is attached to this bill. Discussion followed regarding the fiscal note and a certain dollar amount would be for one auditor position. Chairman Holmberg asked if half was from general fund and half from special funds.

Kathy Roll, OMB stated Chairman Holmberg is correct. Half is from the general fund.

Senator Robinson asked why this was not in the Attorney General's budget. Kathy Roll stated that the subcommittee is reviewing this.

Discussion amongst the committee members indicated that several of the Senators did not have copies of the bill or the fiscal note. Copies of both were made and distributed to the committee at this time.

Senator Mathern had questions regarding auditing procedures.

Keith Lauer stated he thought the reason for this bill was because of the RSI in Fargo and licensing. We work with a lot of charities in the gaming industry that are involved in this industry, this would just give us some oversight in the service providers, the people that actually take the count wagering. This is a result of the situation that occurred in Fargo with Susan and

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2209

Senate Appropriations Committee

Check here for Conference Committee

Hearing Date: 02/12/07

Recorder Job Number: 3366

Committee Clerk Signature



Minutes:

Chairman Holmberg opened the hearing on SB 2209.

Senator Fischer moved a **DO NOT PASS** on SB 2209, **Senator Bowman** seconded. There was no further discussion. A roll call vote was taken resulting in 14 yes 0 no and 0 absent. The motion passed for a **DO NOT PASS** on SB 2209. **Senator Fischer** will carry the bill.

Chairman Holmberg closed the hearing on SB 2209.

Date: 2/12/07
Roll Call Vote #: 1

2007 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2209

Senate Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do NOT Pass

Motion Made By Fischer Seconded By Bowman

Senators	Yes	No	Senators	Yes	No
Senator Ray Holmberg, Chrm	✓		Senator Aaron Krauter	✓	
Senator Bill Bowman, V Chrm	✓		Senator Elroy N. Lindaas	✓	
Senator Tony Grindberg, V Chrm	✓		Senator Tim Mathern	✓	
Senator Randel Christmann	✓		Senator Larry J. Robinson	✓	
Senator Tom Fischer	✓		Senator Tom Seymour	✓	
Senator Ralph L. Kilzer	✓		Senator Harvey Tallackson	✓	
Senator Karen K. Krebsbach	✓				
Senator Rich Wardner	✓				

Total (Yes) 14 No 0

Absent 0

Floor Assignment Fischer

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

Mathern asked to carry then Fischer

REPORT OF STANDING COMMITTEE (410)
February 12, 2007 9:37 a.m.

Module No: SR-29-2875
Carrier: Fischer
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2209: Appropriations Committee (Sen. Holmberg, Chairman) recommends DO NOT PASS (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2209 was placed on the Eleventh order on the calendar.

2007 TESTIMONY

SB 2209

Att # 1
1-24-07

TESTIMONY ON SENATE BILL NO. 2209

By Keith Lauer, Gaming Division, Office of Attorney General

Senate Judiciary Committee
January 24, 2007

Sume given to Senate approps -

Mr. Chairman and members of the Senate Judiciary Committee my name is Keith Lauer. I am Director of the Gaming Division of the Attorney General's Office. I am testifying on behalf of the Attorney General's Office in support of Senate Bill No. 2209, and will describe the provisions of this bill.

1. Section 1 of this bill (page 1 line 6) amends subsection 4 of section 53-06.2-05 (Powers of commission) requiring the Office of Attorney General to approve all Racing Commission licensed service providers, totalizator (tote) companies, site operators, and organizations applying to conduct parimutuel wagering prior to issuance of a license. However, our office is restricted from granting approval for a license that is denied by the commission. Currently, the Racing Commission licenses about six simulcast wagering sites and one account wagering site.
2. Section 2 of this bill (page 1 line 16) amends subsection 1 of section 53-06.2-07 (Issuance of licenses – Applications) requiring the Office of Attorney General to approve all license applications to conduct races. Again, our office is restricted from granting approval for a license that is denied by the commission.
3. Section 3 of this bill (page 1 line 21) amends subsection 4 of section 53-06.2-08 (License authorization and fees) requiring the Office of Attorney General to approve all Racing Commission licenses for service providers, tote companies, site operators, and organizations applying to conduct parimutuel wagering. Our office is restricted from approving the license of a company denied by the commission. However, the Office of Attorney General is not required to approve licenses under

this section for individuals involved in live horse races including but not limited to horse owners, jockeys, trainers, and veterinarians.

4. Section 4 of this bill (page 2 line 7) amends section 53-06.2-10.1 (Simulcast wagering) requiring the Office of Attorney General to approve the licensure of service providers, tote companies, site operators, or organizations applying to conduct simulcast or account wagering. As outlined previously, our office may not grant a license denied by the commission.
5. And finally, section 5 of this bill (page 3 line 13) amends subsection 2 of section 53-06.2-13 (Duty of attorney general to participate in certain hearings and to conduct investigations – Employment of private counsel by commission) allowing the Office of Attorney General to audit the service providers, tote companies, site operators, or organizations applying to conduct parimutuel wagering. This subsection allows the inspection of all sites, parimutuel equipment, seizing and removing any parimutuel equipment or records for purpose of examination, and auditing of all books and records. The commission is required to reimburse our office for the cost of auditing and investigation.

You may recall that during the last legislative session Senate Bill No. 2340 totally removed the racing commission from the supervision and direction of the Attorney General. The five-member Racing Commission is appointed by the Governor. In summary, what this bill does is provide some limited oversight in the licensing of companies involved in simulcast and parimutuel wagering and allows the Office of Attorney General to audit these companies rather than only being involved in the investigation of service providers and affiliated companies.

I would be happy to answer any questions.

Real Choices Attendee List - ATTENDEES - all meetings								
First Name	Last Name	Organization	Address	City	State	Zip Code	Phone #	Email Address
Thelma	Winters	Elderly Protection Team	(none given)	Fort Yates	ND	58538	(701) 854-7555	
Linda	Wright	D.H.S. - Aging Services	[inside mail]	Bismarck	ND	58504	(701) 328-8909	sowril@state.nd.us
Juanita	Yellow Wolf	Standing Rock Community Middle School	PO Box 643	Fort Yates	ND	58538	(701) 854-7021	
Toni	Young	Cankdeska Cikana Community College	PO Box 517	Fort Totten	ND	58335	(701) 766-1343	antonette_young@littlehoop.cc
Mavis	Young Bear	Three Affiliated Tribes Vocational Rehabilitation	404 Frontage Road	New Town	ND	58763	(701) 627-2688	mavisyb@mhanation.com

[T]he term "Indian country," is a legal term...meaning all land within the limits of any reservation under the jurisdiction of the United States government,...(b) all dependent Indian communities within the borders of the United States....and (c) all Indian allotments, the Indian titles to which have not been extinguished. Utter, 1993.

Att #2
1-24-07

SB 2209
Senate Judiciary
January 24, 2007

Mr. Chairman, members of the committee. My name is Ryan Bernstein, and I am legal counsel for the Governor.

I am here to support Senate Bill 2209. This bill provides more oversight of licensures while maintaining a meaningful rule for both the Attorney General's Office and the Racing Commission.

Under this bill, the Racing Commission would receive a license application and decide whether to approve or deny the application, just as the Commission does now. If the Commission approved the application, the Attorney General's Office would review the application and give the final approval or deny the application. The Attorney General could not grant a license if the Commission denied the application.

This dual role makes sense because the Commission currently reviews the applications after obtaining, if it requests, a criminal history record from the bureau of criminal investigation. By allowing the Racing Commission and Attorney General's Office to both review the applications with the ability to deny, all interested parties have a say in who receives a license.

This bill also gives the power to the Attorney General's Office to audit service providers. The Attorney General's Office already has the power and people to investigate licensed service providers, this would allow the AG's office to more easily and fully inspect, without a full blown investigation, service providers.

This bill makes sense and is supported by all of the interested parties. Mr. Chairman and members of the committee, I would be happy to answer any of your questions.