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2003 HOUSE JUDICIARY

HB 1282

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2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1282

House Judiciary Committee

Conference Committee

Hearing Date 2-4-03

Tape Number	Side A	Side B	Meter #
1	x		37.5-end
1		x	0-end
2	x	x	0-end & 0-38.4
Committee Clerk Signature <i>A. Penrose</i>			

**Minutes:** 13 members present.

**Chairman DeKrey:** We will open the hearing on HB 1282.

**Rep. Kretschmar:** Introduced the bill, wants Belcourt & other small towns to have horse racing.

(37.5-41)

**Rep. R. Kelsch:** Introduced the bill, feels that 5 years on the commission is long enough.

(41-44.3)

**Rep. Merle Boucher:** Support of bill. (44.3-end of Side A, 0-2.3 Side B)

**Rep. Delmore:** How much is invested in Fargo track at this time.

**Rep. Boucher:** Somewhere around \$2.5-4 million dollars.

**Rep. Delmore:** Have you seen the fiscal note.

**Rep. Boucher:** No.

**Rep. Bernstein:** How many days of racing at Chippewa Downs, Bottineau, Fessenden, how many days of racing do they actually hold, per year and do they hold them every year.

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**Rep. Boucher:** Fessenden has not held races for the last couple of years. Chippewa Downs holds 2 or 3 weekends of racing, and Bottineau, the trotters, generally that occurs during the Bottineau County Fair, one or two days of racing. The number of days is not very many days.

**Rep. Klemin:** The issue about the race tracks, requires Racing Commission to keep open the tracks that were in existence after December 2000. That would include the two tracks you talk about.

**Rep. Boucher:** Yes.

**Rep. Klemin:** Are there any other race tracks that would qualify.

**Rep. Boucher:** The two tracks are existing tracks. The real issue in this whole process, is that the law says that the Racing Commission is supposed to provide oversight and promote racing in North Dakota at race tracks. They have essentially granted a monopoly to one track.

**Chairman DeKrey:** Thank you. We will start with support? We will start with opposition?

**Paul Bollinger, Director of Racing for the Racing Commission:** Opposed (Side B 5.8-17)

**Chairman DeKrey:** Thank you.

**Randy Blaseg, Steward, Racing Commission:** Opposed (Side B 17-22.7).

**Chairman DeKrey:** Thank you.

**Ken Pawluk, President, ND Horse Park Association:** Opposed (Side B 22.7-28).

**Chairman DeKrey:** Thank you.

**Susan Bala, RIS, Inc.:** Opposed (Side B 28-37) We are the technical hub for simulcast racing.

**Chairman DeKrey:** Thank you.

**Jim Arthaud, Racing Commissioner:** Opposed (Side B 37-42.4)

**Chairman DeKrey:** Thank you.

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**Rep. Jim Boehm:** Opposed. (Side B 42.4-45.1).

**Chairman DeKrey:** Thank you.

**Kris Moen, Quarterhorse and Thoroughbred Breeder:** Opposed.

**Chairman DeKrey:** Thank you.

Tape 2, Side A

**Les Schmidt, Proj. Manager for Fargo Track:** Opposed (0.4-4.5).

**Chairman DeKrey:** Thank you.

**Paul Bollinger, Dir. of Racing:** All money comes from one fund. Other tracks can run - but shouldn't get dollars from the Racing Commission. (4.5-9) The other tracks can run meets.

They can run without paramutual. The problem is when you overlay paramutual (certificate), that brings the Racing Commission into it. It brings the gambling aspect into it. Bottineau and Chippewa Downs can run all the races they want, for whatever purses they want, raise all the money they want, just can't run on the paramutual system.

**Rep. Delmore:** I have no grudges against anyone on the commission, I supported the track in Fargo as well as the whole idea of betting process, I was recently appointed to the Drug and Alcohol Commission, I will be somewhat new to it; however, I think there is also a reason for setting term limits on Commissions, so we have people with experience and get new people. Would you agree that there is some benefit to some turnover on a commission.

**Mr. Bollinger:** Certainly.

**Rep. Delmore:** Other commissions are limited in how much money they can spend, and I understand that the money you have is not state money, but I would be willing to bet that if one of our university's had grants over \$24 million, someone would oversee it. There would be some

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legislative authority, and I guess we give you the authority to exist, why do you think you should be exempt from anybody looking at the money spent.

**Mr. Bollinger:** Ten years ago, we only had \$50,000 in the fund. If the money isn't there, you won't be able to move the equipment from one track to another. In 1997, we had \$50,000 to give away. I don't know the standards and practices of other agencies. We have no problem with people auditing us, with what we've done. Who could make a more informed decision on racing issues, how to spend the dollars, than the Racing Commission. I don't see how a supervisory group would be educated to know what we know.

**Rep. Delmore:** How many horse people are currently on the Commission.

**Mr. Bollinger:** By statute the Governor is forbidden from appointing anyone who has an interest in a horse, or has any income derived from horse racing. In answer to your question, none.

**Rep. Delmore:** If there is all this wealth of information, people on every commission are usually knowledgeable about the subject of their commission, why would it not be a good move to have people with that kind of knowledge on the commission.

**Mr. Bollinger:** I don't why. Other states require members to have knowledge, but it is the ND statute that no one can have an interest.

**Rep. Klemin:** How are the revenues taxed for the paramutual betting, does it make any difference if the race is at Belcourt, on the tax we receive.

**Mr. Bollinger:** The difference is that both simulcast and live racing, it's taxed on gross handle. You are taxed on the gross, not net.

**Rep. Onstad:** What would be the cost to upgrade the Belcourt track?

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**Mr. Bollinger:** The perimeter needs fencing, barn structure price is unknown, but would be a minimum of \$150,000-200,000 to bring it up to code.

**Rep. Onstad:** With upgrades to the Bottineau track and upgraded, could it get more financially stable, is there any consideration for that.

**Mr. Bollinger:** I think there has been a lot of consideration to that. But the fact is that the demographics don't support the handle. If you want to improve the infrastructure at Bottineau, why would you not want to improve the infrastructure at Pembina, or Fessenden, who have longer history.

**Rep. Onstad:** Why wouldn't you.

**Mr. Bollinger:** Because there is a limited amount of money, which we know is going to decline. If SB 2285 does not pass, then we are in danger of losing our source of funds, and if it does pass, we are going to have less money. The Racing Commission is looking at revenue-less, and I have given you the number on what Bottineau generates.

**Rep. Onstad:** If the Bottineau track was raised to standard level track, would it increase the number of people in stands. Was it just the assumption that it would be better to locate in Fargo.

**Mr. Bollinger:** I considered all of them, we want to give people a better place to run.

**Rep. Delmore:** How much money has been put into the Fargo Park to date.

**Mr. Bollinger:** The total commitment is \$2.5 million, with \$1 million from Fargo, plus the barn being built at NDSU.

**Rep. Klemin:** With the biennial audit of the 3 funds, you stated that those three funds already have an audit, the Breeders are audited every year.

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**Mr. Bollinger:** Yes. The Breeders fund is audited every year and then approved by the commission.

**Rep. Klemin:** The other two funds are already audited every two years.

**Mr. Bollinger:** My understanding is that they do an audit of that every year, but I have only been on the commission for two years, so I am not sure of that.

**Rep. Klemin:** I guess my question, why would they still require a biennial comprehensive audit if the funds are already being audited.

**Mr. Bollinger:** That is why our position is against it. Our books are open. I think it is a waste of money.

**Rep. Klemin:** Is this requiring an additional audit, or just putting it in statute a requirement for the audit you are already doing?

**Mr. Bollinger:** I don't know what the intent of the sponsors were.

**Rep. Maragos:** What happens if Fargo fails.

**Mr. Bollinger:** The question I am confronted with, is if one can't make it, how can three.

**Rep. Maragos:** How many tracks are in SD.

**Mr. Bollinger:** Two, Pierre and Aberdeen.

**Rep. Maragos:** Do they think it should go to Sioux Falls.

**Mr. Bollinger:** I didn't know they were thinking about combining them. Tracks in the old days were called feeder tracks. They are no longer feeder tracks, they are all competing for the same dollar. Coexistence is no longer there.

**Rep. Bernstein:** Would you be in favor of Fargo having a casino by the track to boost dollars.

**Mr. Bollinger:** I wouldn't venture a guess.



