

FISCAL NOTE
Requested by Legislative Council
12/19/2014

Bill/Resolution No.: SB 2078

- 1 A. **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.*

	2013-2015 Biennium		2015-2017 Biennium		2017-2019 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures			\$6,072		\$6,072	
Appropriations					\$6,072	

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

	2013-2015 Biennium	2015-2017 Biennium	2017-2019 Biennium
Counties			
Cities			
School Districts			
Townships			

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

A measure to increase the compensation for members of the North Dakota Racing Commission. The rate of compensation would be tied to that of legislators.

- 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.*

The measure would increase the pay of Racing Commissioners from the current \$75 per day to the \$167 received by the legislature for an increase of \$92. The total additional cost of the increase is estimated at \$6,072 per biennium which assumes six Commission meetings per year as well as the attendance of one Commissioner at Racing Commission related events three times a year.

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.*

No revenue expected.

- 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.*

Pursuant to the description in 2B of this form, it is anticipated that the Racing Commissions budget will have to support an additional \$6,072 per biennium.

- 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 or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

The Racing Commission believes it can support this increase through the 2015-2017 biennium without additional appropriation from the General Fund. However, due to the Commission's anticipated increases in operating costs, the Commission will most likely include this additional compensation as an increase in its 2017-2019 budget request.

Name: Gunner laCour

Agency: ND Racing Commission

Telephone: 701-328-4290

Date Prepared: 12/29/2014

2015 SENATE GOVERNMENT AND VETERANS AFFAIRS

SB 2078

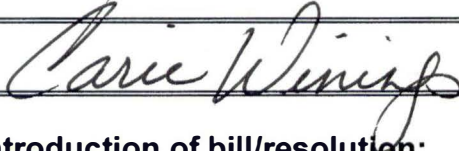
2015 SENATE STANDING COMMITTEE MINUTES

Government and Veterans Affairs Committee Missouri River Room, State Capitol

SB 2078
1/8/2015
Job # 21765

- Subcommittee
 Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

Relating to the compensation of North Dakota racing commission members.

Minutes:

Attachment 1

Chairman Dever: Opened the hearing on SB 2078.

Gunner laCour, Director of the Racing Commission: See Attachment #1 for testimony in support of the bill.

(4:53) **Chairman Dever:** I should have mentioned that there is a fiscal note along with this of \$6072 as the biennial cost?

Gunner laCour: Yes sir.

Chairman Dever: Asked if the racing commission members are state employees.

Gunner laCour: They are appointed by the Governor and would be state employees for that purpose.

Chairman Dever: The reason that caught my attention is because the fiscal note indicates general fund dollars.

Gunner laCour: This is my first time dealing with fiscal notes so if I have not properly prepared them; I am trying to get them right. (Clarified that it would take about \$6000 from then budget to cover the cost associated with the bill.) I have not asked for an additional appropriation if the bill passes.

Senator Nelson: Do you know how many other commissions get the legislative rate and how many get the \$65?

Gunner laCour: I don't know the exact number. When I went to the AG to ask them about moving forward with this, they said that there was a wide variation. However there are a number of committees who actually receive more than the legislative rate and many at the rate

and so forth. This issue was brought to my attention because we have a number of small business owners and a couple of them in particular lose quite a bit of money having to be off the job. I know that this doesn't begin to pay for that but I didn't think that going anywhere above the legislative rate was appropriate. I believe the 6 to 8 times a year that they would meet with me or have a meeting, as well as the substantial amount of time that they spend would recognize that their contributions are important.

Senator Flakoll: Are they paid for a reading day?

Gunner laCour: No.

Senator Flakoll: Are the 6 to 8 meetings a year set meeting that you have quarterly plus?

Gunner laCour: Most likely there are 6 meetings with some of our members coming to the race meets to attend in their official capacity and that was factored into my calculations.

Chairman Dever: Is the racing commission under the Attorney General still?

Gunner laCour: No, we are the smallest independent entity.

Senator Cook: You are indicating that if a commissioner goes to the race that it is a pay day?

Gunner laCour: Yes, I have promoted getting commissioners to the race meets because they need to have direct interaction with our horsemen to see exactly what is occurring in ND and to see how the race meets are put. This is a very specific set of knowledge and it is an educational day. I don't have them there so that they can go and wager and have fun. I promote having at least one commissioner or so up to each race meet every year.

Senator Cook: When I think of getting paid for a meeting, I think of commissioners sitting around and conducting business. There are minutes for the meeting and business is conducted. I think that we go through these things with different boards. I would like to see the rate of pay for all such people on the different boards. I think when you get on these boards there is a certain amount of public service spirit.

Chairman Dever: We will get that checked out.

Senator Cook: I am on a board that we volunteer all of our time and there is no pay. It is part of your service to the community. I would think that all of these people that have an interest in the racing commission would be at the races either way. I do find it challenging that they get paid to go to the race.

Senator Marcellais: When it comes to attending the races, is there going to be some accountability from these commissioners to report back to entire commission on what they found?

Gunner laCour: Usually I file a report at the end of each race season for both tracks detailing what I have found. During their time at the race meets they are generally with me and seeing

the same issues that I am seeing. I am reporting directly to that commissioner as we are there. Anything that they would see would be in my report that I compile.

Senator Marcellais: Is this a place where the horsemen can bring out their complaints to the commissioners?

Gunner laCour: It certainly is and that is what they spend most of their doing. Our horsemen have a number of issues that are important to them and they bring those directly to the commissioners at that time. I find that we often get more of the issues out on the table in person at the race meets then we do at a more formal meeting. That is why it is so important for the commissioners to have first-hand knowledge. It is a good learning experience for them.

Chairman Dever: Do they all do that?

Gunner laCour: In my year and a half, I have had 3 of my 4 that have come. I have another one that just came on that has not had the chance. There are 5 members.

Senator Nelson: We don't get paid unless we write a report on every meeting we go to so I do not see why your people are not reporting on the questions that they get asked and you have a file of those.

Chairman Dever: Some kind of an evaluation.

A brief discussion occurred concerning the effective date and how it would affect the appropriation and a new fiscal note could be requested because it would reduce the fiscal impact.

(17:08)Senator Marcellais: Asked a question directly related to some issues that were brought to him by some of his constituents and it was discussed with Gunner laCour briefly. The discussion continued into the policies of drug testing of horses and as well as jockey policies, procedures and fines and whether it has been explained to the horsemen. Gunner laCour explained the process of what happens to the samples for testing.

(25:10)Chairman Dever: How long has the pay been at its current rate?

Gunner laCour: I believe from the beginning or at least for a good period of time.

Chairman Dever: Is it correct that you have two employees?

Gunner laCour: Yes, myself and my administrative assistant.

Chairman Dever: Is this an inter-state kind of thing?

Gunner laCour: Yes, a number of our horses come from in state because our purses are not some of the highest around. Certainly not any more that some of the gaming things have come to fruition in other western states. However, our jockeys do come from out of state with the exception of a few that come from the Turtle Mountain Band of Chippewa Reservation. Some horses and jockeys come from Canada as well. It varies based on what we are offering.

Chairman Dever: How many different stake holder groups do you interact with in the state?

Gunner laCour: Formal groups; there is the Quarter horse Racing Association, the Thoroughbred Association, and then each track I would refer to as a group, Horserace ND in Fargo, and a few of others as well as the groups within groups.

Chairman Dever: Do commissioners come to an appointment with any background/interest in any segment of those?

Gunner laCour: Some of them do, some do not. We do have one commission member that is a member of the Turtle Mountain Band of Chippewa Tribe. We have one member that used to have thoroughbred horse that he raced those for a short amount of time.

Senator Cook: Do these commissioners when they go to a race get paid expenses?

Gunner laCour: Yes, they do.

Senator Cook: How long do they stay?

Gunner laCour: Usually one day.

Chairman Dever: Closed the hearing on SB 2078.

We will take some time to look at information and possible consideration of an amendment.

Senator Cook: It did catch my eye that this has a general fund appropriation on it. I was always under the impression that the racing commission ran under the revenue that the racing commission raised from the betting sites. Can we look at their budget and see what general fund appropriation is needed to augment their budget?

Chairman Dever: What is the bill number for your budget?

Gunner laCour: HB 1023.

Chairman Dever: Are you a special funded agency?

Gunner laCour: **Yes, we have** three special funds. By the end of this biennium we will have returned tax revenue to the general fund.

Chairman Dever: Closed the discussion.

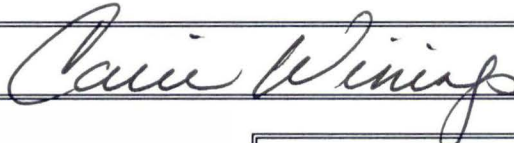
2015 SENATE STANDING COMMITTEE MINUTES

Government and Veterans Affairs Committee Missouri River Room, State Capitol

SB 2078
1/16/2015
Job # 22054

- Subcommittee
 Conference Committee

Committee Clerk Signature



Minutes:

No Attachments

Chairman Dever: Opened SB 2078 for committee discussion. Mentioned to the committee that in testimony it was said that they would be paid for attending race meets, and then later an e mail was received that said that it was in error.

Senator Cook: I think the e mail also stated that they would adjust the fiscal note.

Chairman Dever: Were they asking us to delay it then?

Senator Cook: I do not think they asked us for anything. It has been a while since I read it, but I believe it was stated that it would decrease the fiscal note.

Chairman Dever: If it goes below \$5000 we would not need to rerefer it to Appropriations.

Senator Davison: I understood the e mail to say that there was a lack of communication between him and his assistant. When he was counting the days, he was counting the race days as those days that they were getting paid. So, when he figured out the fiscal note, he added those in. I did have the same interpretation that he was going to change the fiscal note too. I thought Senator Flakoll had a good suggestion in our discussion; that if we wanted to keep the fiscal note below \$5000 that we could not start the increase until the 2016-2017 biennium.

Chairman Dever: In the fiscal note he indicates that the total additional cost of the increase is estimated at \$6072 per biennium which assumes 6 commission meetings per year as well as the attendance of one commissioner at racing commission related events 3 times a year.

Senator Nelson: So take 2/3 of that amount.

Chairman Dever: Basically, it would be \$500 times 3 - \$1500 for those 3 events. But, I am not sure if that is how it would be figured.

Senator Flakoll: I seems as though we should formally request a new fiscal note and then we don't have to send it down the hall.

Senator Poolman: During the testimony I thought we had asked for a list of what others are paid that serves on different commissions. Did we ever see that list?

Chairman Dever: Asked the intern if that list had been made. The intern stated that all the commissions are all different.

Senator Poolman: So it would be easy for us to say that most of them don't get paid the legislative rate then? There was not a consistent list?

Chairman Dever: I think most of are probably paid less. I think there probably are some that are higher like the Board of Medical Examiners.

Senator Poolman: I think some of this work is important to the people who are on the commission and that it is public service for a reason and the idea that we are going to more than double the pay does not sit well with me.

Senator Poolman: Moved a Do Not Pass.

Senator Cook: Seconded.

A Roll Call Vote Was Taken: 4 yeas, 3 nays, 0 absent.

Motion Passed.

Senator Poolman Carrier.

**2015 SENATE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. 2078**

Senate Government and Veterans Affairs Committee

Subcommittee

Amendment LC# or Description: _____

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
 Other Actions: Reconsider _____

Motion Made By Podman Seconded By Cook

Senators	Yes	No	Senators	Yes	No
Chairman Dever	✓		Senator Marcellais		✓
Vice Chairman Poolman	✓		Senator Nelson		✓
Senator Cook	✓				
Senator Davison	✓				
Senator Flakoll		✓			

Total (Yes) 4 No 3

Absent 0

Floor Assignment Poolman

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

REPORT OF STANDING COMMITTEE

SB 2078: Government and Veterans Affairs Committee (Sen. Dever, Chairman)
recommends **DO NOT PASS** (4 YEAS, 3 NAYS, 0 ABSENT AND NOT VOTING).
SB 2078 was placed on the Eleventh order on the calendar.

2015 TESTIMONY

SB 2078

1
1/8/15

Senate Bill 2078
ND Racing Commission
Gunner laCour, Director
January 8, 2015

64th Legislative Assembly
Senate Government and Veterans Affairs Committee
Senator Dick Dever, Chairman

Over the past two bienniums the North Dakota Racing Commission has made a number of important improvements to its operations. This includes initiatives such as engaging a preeminent pari-mutuel auditor to audit wagering activity, contracting with the Thoroughbred Racing Protective Bureau to perform extensive background checks on all regulated companies, and the passage of the Association of Racing Commissioners International Uniform Medication Rules. These and other activities have garnered the Commission a reputation both nationally and internationally as a leading regulatory body focused on transparency and best practices in the equine industry.

None of these changes would have been possible without the support and commitment of the members of the Racing Commission. While the Director drives the daily activities, it is the Commissioners who make the final decisions on policy changes and who are ultimately responsible for the positive progress we have achieved.

In my tenure as Director, I have seen the significant efforts put forth by the Commissioners individually to ensure that they are thoroughly informed before making any decision. As an attorney, I know how important clear and thorough examination of information is to the decision making process. Each Commissioner receives a packet from the Director prior to every Commission meeting which contains all pertinent documentation to be reviewed or used as support. These packets are sometimes hundreds of pages in length. Yet, at the meeting I always see that each of the Commissioners has reviewed the documentation and prepared insightful questions and comments.

The Commission is currently comprised of a diverse group of individuals, including a former NDSU president, small business owners and a former college professor. Despite this diversity of their backgrounds, the Commissioners are all similarly intelligent, hard-working, and committed to what is best for racing as a whole. I see the bill before you not so much as an effort to compensate Commissioners for their hard work both in and out of the meetings; but rather, I see it as an acknowledgement of their importance to the Racing Commission and racing as a whole. This acknowledgement is not only for current Commission members, but also for future members as the Commission continues to cultivate a group of people who share these same positive attributes.

Having moved away from many problems that plagued previous Racing Commissions, it is imperative that the Commission continue to move down this more positive and beneficial path. The Commissioners can never be truly compensated for the time they put into their positions. However, with the passage of this bill the state can signal to current and future Commissioners that having members who share the best attributes of the broader North Dakota community is recognized as an invaluable asset to the betterment of racing in this state.

For these reasons the North Dakota Racing Commission put forward and supports this bill.