

Sixty-sixth
Legislative Assembly
of North Dakota

ENGROSSED HOUSE BILL NO. 1443

Introduced by

Representatives Headland, Beadle, Blum, Howe, Lefor, Mitskog, Nathe

Senators Davison, Heckaman, Meyer, Poolman, Wanzek

1 A BILL ~~for an Act to create and enact a new subsection to section 53-06.1-11 and section~~
2 ~~53-06.2-10.2 of the North Dakota Century Code, relating to historic horse race wagering and~~
3 ~~rent limits; and to amend and reenact sections 53-06.2-01, 53-06.2-04, 53-06.2-05, and~~
4 ~~53-06.2-06, subsection 1 of section 53-06.2-08, and sections 53-06.2-10, 53-06.2-10.1, and~~
5 ~~53-06.2-11 of the North Dakota Century Code, relating to the regulation of historic horse~~
6 ~~racing~~ for an Act to provide for a legislative management study of charitable gaming and racing
7 laws.

8 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

9 ~~—~~ **SECTION 1.** ~~A new subsection to section 53-06.1-11 of the North Dakota Century Code is~~
10 ~~created and enacted as follows:~~

11 ~~For a site where historic horse racing is conducted, the total monthly rent may not~~
12 ~~exceed one hundred fifty dollars per machine for the first five machines in the same~~
13 ~~venue. For each additional machine in the same venue beyond five, the monthly rent~~
14 ~~may not exceed an additional seventy five dollars per machine up to a maximum of~~
15 ~~three thousand dollars per month.~~

16 ~~—~~ **SECTION 2. AMENDMENT.** ~~Section 53-06.2-01 of the North Dakota Century Code is~~
17 ~~amended and reenacted as follows:~~

18 ~~—~~ **53-06.2-01. Definitions.**

19 ~~—~~ As used in this chapter:

20 ~~—~~ 1. ~~"Breeder's fund" means a fund, administered by the commission, established to~~
21 ~~financially reward breeders or owners of North Dakota-bred horses to be paid in~~
22 ~~accordance with rules as approved by the commission.~~

23 ~~—~~ 2. ~~"Certificate system" means the system of betting described in section 53-06.2-10.~~

1 ~~3.~~ "Charitable organization" means a nonprofit organization operated for the relief of
2 poverty, distress, or other conditions of public concern in this state and has been so
3 engaged in this state for at least two years.

4 ~~4.~~ "Civic and service club" means a branch, lodge, or chapter of a nonprofit national or
5 state organization that is authorized by its written constitution, charter, articles of
6 incorporation, or bylaws to engage in a civic or service purpose in this state and has
7 so existed in this state for at least two years. The term includes a similar local
8 nonprofit organization, not affiliated with a state or national organization, which is so
9 recognized by a resolution adopted by the governing body of the local jurisdiction in
10 which the organization conducts its principal activities, and which has existed in this
11 state for at least two years.

12 ~~5.~~ "Commission" means the North Dakota racing commission.

13 ~~6.~~ "Director" means the director of the commission.

14 ~~7.~~ "Eligible organization" means an organization eligible to conduct pari-mutuel wagering
15 under this chapter.

16 ~~8.~~ "Fraternal organization" means a nonprofit organization in this state, which is a
17 branch, lodge, or chapter of a national or state organization and exists for the common
18 business, brotherhood, or other interests of its members, and has so existed in this
19 state for two years. The term does not include a college or high school fraternity.

20 ~~8.9.~~ "Historic horse race" means any horse race previously conducted by a licensed
21 pari-mutuel facility, concluded with official results, and concluded without scratches,
22 disqualifications, and dead-heat finishes.

23 ~~10.~~ "Local jurisdiction" means, with respect to a site inside the city limits of a city, that city,
24 and with respect to a site not inside the city limits of a city, the county in which the site
25 is located.

26 ~~9.11.~~ "Other public-spirited organization" means a nonprofit organization recognized by the
27 governing body of the appropriate local jurisdiction by resolution as public-spirited and
28 eligible under this chapter.

29 ~~10.12.~~ "Purse fund" means a fund, administered by the commission, established to
30 supplement and improve purses offered at racetracks within the state.

1 ~~11.13.~~ "Racing" means live or, simulcast, or historic horse racing under the certificate system
2 or simulcast dog racing under the certificate system.

3 ~~12.14.~~ "Racing promotion fund" means a fund administered by the commission established to
4 assist in improving and upgrading racetracks in the state, promoting horse racing in
5 the state, and developing new racetracks in the state as necessary and approved by
6 the commission.

7 ~~13.15.~~ "Religious organization" means a nonprofit organization, church, body of
8 communicants, or group gathered in common membership for mutual support and
9 edification in piety, worship, and religious observances, and which has been so
10 gathered or united in this state for at least two years.

11 ~~14.16.~~ "Service provider" means a person engaged in providing simulcasting, account
12 wagering services, or historic horse race wagering services directly to a site operator
13 and engaged in establishing, operating, and maintaining the combined pari-mutuel
14 pool. The term does not include:

15 ~~a.~~ Persons authorized by the federal communications commission to provide
16 telephone service or space segment time on satellite transponders; and

17 ~~b.~~ Sending tracks.

18 ~~17.~~ "Site operator" means an eligible organization licensed by the commission to offer,
19 sell, cash, redeem, or exchange pari-mutuel tickets on races being simulcast from a
20 sending track, to conduct account wagering, or to offer wagers on historic horse races.

21 ~~18.~~ "Veterans' organization" means a congressionally chartered organization in this state,
22 or a branch, lodge, or chapter of a nonprofit national or state organization in this state,
23 the membership of which consists of individuals who were members of the armed
24 services or forces of the United States, and which has so been in existence in this
25 state for at least two years.

26 ~~SECTION 3. AMENDMENT.~~ Section 53-06.2-04 of the North Dakota Century Code is
27 amended and reenacted as follows:

28 ~~53-06.2-04. Duties of commission.~~

29 ~~The commission shall:~~

30 ~~1. Provide for racing and wagering under the certificate system.~~

31 ~~2. Set racing dates.~~

- ~~1 — 3. — Adopt rules for effectively preventing the use of any substance, compound items, or~~
- ~~2 combinations of any medicine, narcotic, stimulant, depressant, or anesthetic which~~
- ~~3 could alter the normal performance of a racehorse, unless specifically authorized by~~
- ~~4 the commission.~~
- ~~5 — 4. — Supervise and check the making of pari-mutuel pools, pari-mutuel machines, and~~
- ~~6 equipment at all races held for all wagering under the certificate system.~~
- ~~7 — 5. — Adopt rules governing, restricting, or regulating bids on licensees' concessions and~~
- ~~8 leases on equipment and governing historic horse race wagering.~~
- ~~9 — 6. — Consider all proposed extensions, additions, or improvements to the buildings,~~
- ~~10 stables, or tracks on property owned or leased by a licensee.~~
- ~~11 — 7. — Exclude from racetracks or simulcast pari-mutuel wagering facilities any person who~~
- ~~12 violates any rule of the commission or any law.~~
- ~~13 — 8. — Determine the cost of inspections performed under subsection 3 of section 53-06.2-05~~
- ~~14 and require the licensee to pay that cost.~~
- ~~15 — 9. — Report biennially to the legislative council regarding the operation of the commission.~~
- ~~16 — 10. — Provide notice to the North Dakota horsemen's council of meetings held by the~~
- ~~17 commission and permit the North Dakota horsemen's council to participate in the~~
- ~~18 meetings through placement of items on the agenda.~~
- ~~19 — 11. — Complete, distribute, and post on the commission's website the minutes of each~~
- ~~20 commission meeting within thirty days of that meeting or before the next meeting of~~
- ~~21 the commission, whichever occurs first.~~
- ~~22 — **SECTION 4. AMENDMENT.** Section 53-06.2-05 of the North Dakota Century Code is~~
- ~~23 amended and reenacted as follows:~~
- ~~24 — **53-06.2-05. Powers of commission.**~~
- ~~25 — The commission may:~~
- ~~26 — 1. — Compel the production of all documents showing the receipts and disbursements of~~
- ~~27 any licensee and determine the manner in which such financial records are to be kept.~~
- ~~28 — 2. — Investigate the operations of any licensee and enter any vehicle or place of business,~~
- ~~29 residence, storage, or racing of any licensee on the grounds of a licensed association~~
- ~~30 to determine whether there has been compliance with the provisions of this chapter~~

- 1 and rules adopted under this chapter, and to discover and seize any evidence of
2 noncompliance.
- 3 ~~3. Request appropriate state officials to perform inspections necessary for the health and~~
4 safety of spectators, employees, participants, and horses that are lawfully on a
5 racetrack.
- 6 ~~4. License all participants in the racing and, simulcast, advance deposit wagering, and~~
7 historic horse race pari-mutuel wagering industry and require and obtain information
8 the commission deems necessary from license applicants. Licensure of service
9 providers, totalizator companies, site operators, and organizations applying to conduct
10 or conducting pari-mutuel wagering must be approved by the attorney general. The
11 attorney general may not grant a license denied by the commission. The commission
12 may obtain a statewide and nationwide criminal history record check from the bureau
13 of criminal investigation for the purpose of determining suitability or fitness for a
14 license. The nationwide check must be conducted in the manner provided in section
15 12-60-24. All costs associated with obtaining a background check are the
16 responsibility of the applicant for a license. The commission shall use its best efforts to
17 ensure a robust and competitive marketplace of service providers to ensure a fair
18 marketplace for site operators and eligible organizations.
- 19 ~~5. Receive moneys from the North Dakota horse racing foundation for deposit in the~~
20 purse fund, breeders' fund, or racing promotion fund in accordance with subsection 6
21 of section 53-06.2-11.
- 22 ~~6. Adopt~~Establish fees and adopt additional rules for the administration, implementation,
23 and regulation of activities conducted pursuant to this chapter. The commission shall
24 deposit any fees collected under authority of this subsection in the racing commission
25 operating fund. Subject to legislative appropriation, the commission may spend the
26 fees for operating costs of the commission. For historic horse race wagering, the
27 commission shall impose a per machine fee for operating costs related to the
28 regulation and oversight of historic horse race wagering. The amount collected from
29 this fee may be used only for the regulation and oversight of historic horse race
30 wagering and may not exceed six hundred twenty five thousand dollars per biennium.

1 — ~~**SECTION 5. AMENDMENT.** Section 53-06.2-06 of the North Dakota Century Code is~~
2 ~~amended and reenacted as follows:~~

3 — ~~**53-06.2-06. Organizations eligible to conduct racing and, simulcast, advance deposit**~~
4 ~~**wagering, and historic horse race pari-mutuel wagering.**~~

5 — ~~Civic and service clubs; charitable, fraternal, religious, and veterans' organizations; and~~
6 ~~other public-spirited organizations may be licensed to conduct racing and, simulcast, advance~~
7 ~~deposit wagering, and historic horse race pari-mutuel wagering as authorized by this chapter.~~

8 — ~~**SECTION 6. AMENDMENT.** Subsection 1 of section 53-06.2-08 of the North Dakota~~
9 ~~Century Code is amended and reenacted as follows:~~

10 — ~~1. — Each license issued under the certificate system must describe the place, track, or~~
11 ~~racecourse at which the licensee may hold races. Every license must specify the~~
12 ~~number of days the licensed races may continue, the hours during which racing may~~
13 ~~be conducted, and the number of races that may be held each day. Races authorized~~
14 ~~under this chapter may be held during the hours approved by the commission and~~
15 ~~within the hours permitted by state law. Wagering on historic horse races may be~~
16 ~~conducted on any day, regardless of whether live racing or simulcasting also is taking~~
17 ~~place.~~

18 — ~~**SECTION 7. AMENDMENT.** Section 53-06.2-10 of the North Dakota Century Code is~~
19 ~~amended and reenacted as follows:~~

20 — ~~**53-06.2-10. Certificate system -- Rules.**~~

21 — ~~The certificate system allows a licensee to receive money from any person present at on a~~
22 ~~live horse race, simulcast horse race, or simulcast dog race who desires to bet on any entry in~~
23 ~~that, or historic horse race. A person betting on an entry to win acquires an interest in the total~~
24 ~~money bet on all entries in the race less any amounts deducted as permitted by law, inclusive of~~
25 ~~any guaranteed pool minimum as specified in advance by the licensee, in proportion to the~~
26 ~~amount of money bet by that person, under rules adopted by the commission. The licensee~~
27 ~~shall receive the bets and for each bet on a live or simulcast race shall issue a certificate to the~~
28 ~~bettor on which is at least shown the number of the race, the amount bet, and the number or~~
29 ~~name of the entry selected by the bettor. A certificate may not be issued for a wager on a~~
30 ~~historic horse race. The commission may adopt rules for place, show, quinella, combination, or~~

1 ~~other types of betting usually connected with racing wagering on live, simulcast, or historic horse~~
2 ~~faces.~~

3 ~~— **SECTION 8. AMENDMENT.** Section 53-06.2-10.1 of the North Dakota Century Code is~~
4 ~~amended and reenacted as follows:~~

5 ~~— **53-06.2-10.1. Simulcast wagering.**~~

6 ~~— 1. In addition to racing under the certificate system, as authorized by this chapter, and~~
7 ~~conducted upon the premises of a racetrack, simulcast pari-mutuel and account~~
8 ~~wagering may be conducted in accordance with this chapter or rules adopted by the~~
9 ~~commission under this chapter in accordance with chapter 28-32.~~

10 ~~— 2. Any organization qualified under section 53-06.2-06 to conduct racing may make~~
11 ~~written application to the commission for the conduct of simulcast pari-mutuel and~~
12 ~~account wagering on races held at licensed racetracks inside the state or racetracks~~
13 ~~outside the state, or both.~~

14 ~~— 3. Licensure of service providers, totalizator companies, site operators, or organizations~~
15 ~~applying to conduct or conducting simulcast or account wagering must be approved by~~
16 ~~the attorney general. The attorney general may not grant a license denied by the~~
17 ~~commission.~~

18 ~~— 4. Notwithstanding any other provision of this chapter, the commission may authorize any~~
19 ~~licensee to participate in interstate or international combined wagering pools with one~~
20 ~~or more other racing jurisdictions. Anytime that~~

21 ~~— a. If a licensee participates in an interstate or international combined pool, the~~
22 ~~licensee, as prescribed by the commission, may adopt the take-out of the host~~
23 ~~jurisdiction or facility.~~

24 ~~— b. The commission may permit a licensee to use one or more of its races or~~
25 ~~simulcast programs for an interstate or international combined wagering pool at~~
26 ~~locations outside its jurisdiction and may allow pari-mutuel pools in other states to~~
27 ~~be combined with pari-mutuel pools in its jurisdiction for the purpose of~~
28 ~~establishing an interstate or international combined wagering pool.~~

29 ~~— c. The participation by a licensee in a combined interstate or international wagering~~
30 ~~pool does not cause that licensee to be considered to be doing business in any~~
31 ~~jurisdiction other than the jurisdiction in which the licensee is physically located.~~

1 ~~_____ d. Pari-mutuel taxes or commissions may not be imposed on any amounts wagered-~~
2 ~~in an interstate or international combined wagering pool other than amounts-~~
3 ~~wagered within this jurisdiction.~~

4 ~~_____ e. Breakage for interstate or international combined wagering pools must be~~
5 ~~calculated in accordance with the statutes or rules of the host jurisdiction and~~
6 ~~must be distributed among the participating jurisdictions in a manner agreed to~~
7 ~~among the jurisdictions.~~

8 ~~_____ 5. The certificate system also permits pari-mutuel wagering to be conducted through-~~
9 ~~account wagering.~~

10 ~~_____ a. As used in this section, "account wagering" means a form of pari-mutuel~~
11 ~~wagering in which an individual deposits money in an account and uses the~~
12 ~~account balance to pay for pari-mutuel wagers.~~

13 ~~_____ b. An account wager made on an account established in this state may only be~~
14 ~~made through the licensed simulcast service provider approved by the attorney~~
15 ~~general and authorized by the commission to operate the simulcast pari-mutuel~~
16 ~~wagering system under the certificate system. The attorney general may not~~
17 ~~grant a license denied by the commission.~~

18 ~~_____ c. An account wager may be made in person, by direct telephone communication,~~
19 ~~or through other electronic communication in accordance with rules adopted by~~
20 ~~the commission. Breakage for interstate or international combined wagering~~
21 ~~pools must be calculated in accordance with the statutes or rules of the host~~
22 ~~jurisdiction and must be distributed among the participating jurisdictions in a~~
23 ~~manner agreed to among the jurisdictions.~~

24 ~~_____ 6. Any organization licensed to conduct simulcast pari-mutuel and account wagering may~~
25 ~~conduct wagering on historic horse racing at its simulcast facility in accordance with~~
26 ~~section 53-06.2-10.2.~~

27 ~~_____ **SECTION 9.** Section 53-06.2-10.2 of the North Dakota Century Code is created and~~
28 ~~enacted as follows:~~

29 ~~_____ **53-06.2-10.2. Historic horse race wagering.**~~

30 ~~_____ 1. In accordance with pari-mutuel wagering under the certificate system, and if~~
31 ~~conducted at a simulcast facility, pari-mutuel wagering on historic horse races may be~~

1 ~~conducted in accordance with this chapter or rules adopted by the commission. Any~~
2 ~~service provider licensed to conduct simulcast pari-mutuel and account wagering~~
3 ~~under this chapter may offer wagering on historic horse races on electronic gaming~~
4 ~~devices if:~~

5 ~~a. The wagers are offered in conjunction with simulcast wagering at a simulcast~~
6 ~~facility;~~

7 ~~b. All wagers use the pari-mutuel method of wagering;~~

8 ~~c. A licensee at all times maintains at least two terminals offering the same type of~~
9 ~~wager on historic horse races;~~

10 ~~d. The terminal makes available true and accurate past performance information on~~
11 ~~each historic horse race before a patron makes selections;~~

12 ~~e. The terminal displays the official results of each race;~~

13 ~~f. The identity of each race is revealed to the patron after the patron has placed a~~
14 ~~wager;~~

15 ~~g. The software residing on the terminals has been tested by an independent~~
16 ~~testing laboratory to ensure integrity and proper working order; and~~

17 ~~h. Each terminal has the ability to display the pari-mutuel pool amounts or the~~
18 ~~guaranteed minimum pool amounts as specified by the licensee in advance;~~

19 ~~i. A single wager does not exceed twenty-five dollars.~~

20 ~~2. The terminal may display the wager and its outcome as part of an entertaining display~~
21 ~~or game, provided the wager functions according to the pari-mutuel wagering pool~~
22 ~~specifications as approved by the commission. The outcome of any wager presented~~
23 ~~as part of an entertaining display or game must be determined solely by the outcome~~
24 ~~of the historic horse race or races associated with the wager placed by the bettor.~~

25 ~~3. The terminal used for conducting a historic horse race must display a photographic~~
26 ~~recording or digital simulation or recreation of a portion of the race. The terminal must~~
27 ~~display the official results of each race.~~

28 ~~4. Notwithstanding any other provision of this chapter, in addition to any bond provided to~~
29 ~~the commission as security for other licensed activity pursuant to section 53-06.2-08,~~
30 ~~each licensed service provider approved by the commission to offer wagering on~~
31 ~~historic horse races shall post a bond of five hundred thousand dollars payable to the~~

1 ~~state. A licensed service provider posting a bond under this section may not be~~
2 ~~required to post more than one bond in the amount of five hundred thousand dollars,~~
3 ~~regardless of the number of simulcast facilities at which it offers wagers on historic~~
4 ~~horse races.~~

5 ~~5. a. A licensee shall provide to the racing commission the rules of each historic horse~~
6 ~~race wager that the licensee seeks to offer, which may include:~~

7 ~~(1) The mathematical model, configuration of pools, and pool payout~~
8 ~~methodology described in game specification documentation;~~

9 ~~(2) A detailed breakdown of the amounts wagered into the pools;~~

10 ~~(3) Which games, denominations, and networked terminals constitute a~~
11 ~~commingled pool;~~

12 ~~(4) The amount retained for commissions;~~

13 ~~(5) Seed pool contributions; and~~

14 ~~(6) The full distribution of winnings across major and minor consolation payouts~~
15 ~~from each respective pool.~~

16 ~~b. A licensee shall identify any confidential information contained in the~~
17 ~~documentation and mark the documentation with appropriate references to~~
18 ~~section 44-04-17.1.~~

19 ~~6. Historic horse race wagering may be conducted only during the hours alcoholic~~
20 ~~beverages may be dispensed in accordance with applicable state, county, or city~~
21 ~~regulations.~~

22 ~~**SECTION 10. AMENDMENT.** Section 53-06.2-11 of the North Dakota Century Code is~~
23 ~~amended and reenacted as follows:~~

24 ~~**53-06.2-11. Bet payoff formulas -- Uses by licensee of funds in excess of expenses --**~~

25 ~~**Payment to general fund.**~~

26 ~~1. For wagering on live horse racing:~~

27 ~~a. In win, place, and show pari-mutuel pools, the licensee may deduct no more than~~
28 ~~twenty percent of the amount wagered. Of the amount wagered, the licensee~~
29 ~~shall pay:~~

30 ~~(1) One half of one percent to the state treasurer to be deposited in the general~~
31 ~~fund.~~

- 1 ~~————— (2) One half of one percent to the commission to be deposited in the breeders'~~
2 ~~fund.~~
- 3 ~~————— (3) One half of one percent to the commission to be deposited in the purse~~
4 ~~fund.~~
- 5 ~~————— (4) One half of one percent to the commission to be deposited in the racing~~
6 ~~promotion fund.~~
- 7 ~~————— b. In daily double, quinella, exacta, trifecta, or other combination pari-mutuel pools,~~
8 ~~the licensee may deduct no more than twenty-five percent of the amount~~
9 ~~wagered. Of the amount wagered, the licensee shall pay:~~
- 10 ~~————— (1) One half of one percent to the state treasurer to be deposited in the general~~
11 ~~fund.~~
- 12 ~~————— (2) One half of one percent to the commission to be deposited in the breeders'~~
13 ~~fund.~~
- 14 ~~————— (3) One half of one percent to the commission to be deposited in the purse~~
15 ~~fund.~~
- 16 ~~————— (4) One half of one percent to the commission to be deposited in the racing~~
17 ~~promotion fund.~~
- 18 ~~————— 2. For simulcast and account wagering:~~
- 19 ~~————— a. In win, place, and show pari-mutuel pools, the licensee may deduct no more than~~
20 ~~twenty percent of the amount wagered. Except as limited in subdivision c, of the~~
21 ~~amount wagered by simulcast and account wagering in win, place, and show~~
22 ~~pari-mutuel pools, the licensee shall pay:~~
- 23 ~~————— (1) One sixteenth of one percent to the state treasurer to be deposited in the~~
24 ~~general fund.~~
- 25 ~~————— (2) One sixteenth of one percent to the commission to be deposited in the~~
26 ~~breeders' fund.~~
- 27 ~~————— (3) One sixteenth of one percent to the commission to be deposited in the~~
28 ~~purse fund.~~
- 29 ~~————— (4) One sixteenth of one percent to the commission to be deposited in the~~
30 ~~racing promotion fund.~~

1 ~~_____ b. Except as limited in subdivision c, of the amount wagered by simulcast and~~
2 ~~_____ account wagering in daily double, quinella, exacta, trifecta, or other combination-~~
3 ~~_____ pari-mutuel pools, the licensee shall pay:~~

4 ~~_____ (1) One-sixteenth of one percent to the state treasurer to be deposited in the~~
5 ~~_____ general fund.~~

6 ~~_____ (2) One-sixteenth of one percent to the commission to be deposited in the~~
7 ~~_____ breeders' fund.~~

8 ~~_____ (3) One-sixteenth of one percent to the commission to be deposited in the~~
9 ~~_____ purse fund.~~

10 ~~_____ (4) One-sixteenth of one percent to the commission to be deposited in the~~
11 ~~_____ racing promotion fund.~~

12 ~~_____ c. For the fiscal year commencing July 1, 2013, the licensee may not pay more than~~
13 ~~_____ four hundred thousand dollars. For the fiscal year commencing July 1, 2014, and~~
14 ~~_____ thereafter, the licensee may not pay more than four hundred twenty thousand-~~
15 ~~_____ dollars.~~

16 ~~_____ 3. For historic horse race wagering:~~

17 ~~_____ a. For wagers on historic horse races the licensee may deduct no more than twelve-~~
18 ~~_____ percent of the amount wagered. Of the amount wagered, the licensee shall pay:~~

19 ~~_____ (1) Three-tenths of one percent to the state treasurer to be deposited in the~~
20 ~~_____ general fund.~~

21 ~~_____ (2) One percent must be allocated in the following manner:~~

22 ~~_____ (a) One-third to be deposited in the breeders' fund;~~

23 ~~_____ (b) One-third to be deposited in the purse fund; and~~

24 ~~_____ (c) One-third to be deposited in the racing promotion fund.~~

25 ~~_____ (3) An additional two-tenths of one percent to the commission to be deposited~~
26 ~~_____ in the purse fund, the full amount of such deposits to be distributed no later-~~
27 ~~_____ than the last day of each calendar year in the following manner:~~

28 ~~_____ (a) One-half distributed equally between the North Dakota quarter horse~~
29 ~~_____ racing association and the North Dakota thoroughbred association;~~

30 ~~_____ and~~

31 ~~_____ (b) One-half distributed equally between live racing licensees in the state.~~

1 ~~————— (4) — One twentieth of one percent to be deposited in the gambling disorder~~
2 ~~prevention and treatment fund.~~

3 ~~— 4. — For all pari-mutuel wagering, except on historic horse racing, the licensee shall pay to~~
4 ~~the commission the amount due for all unclaimed tickets and all breakage on the first~~
5 ~~twenty million dollars wagered in each fiscal year with each service provider. The~~
6 ~~amount received must be deposited in the racing promotion fund.~~

7 ~~— 4.5. — For all pari-mutuel wagering on historic horse racing, the licensee shall pay to the~~
8 ~~commission the amount due for all breakage for deposit in the racing promotion fund.~~
9 ~~The deposits must be distributed no later than the last day of each calendar year to a~~
10 ~~live racing association whose property is subject to special assessment districts~~
11 ~~established before January 1, 2020, by a municipality with a population of not less~~
12 ~~than one hundred thousand as of the last federal decennial census, to the extent~~
13 ~~necessary to satisfy, in whole or in part, the special assessments. Distributions under~~
14 ~~this subsection must cease at the time the live racing association certifies to the~~
15 ~~commission that all special assessments assigned to the property before January 1,~~
16 ~~2020, have been paid.~~

17 ~~— 6. — The licensee conducting wagering on live racing, simulcast wagering, historic horse~~
18 ~~racess, or account wagering shall retain all other money in the pari-mutuel pool and pay~~
19 ~~it to bettors holding winning tickets as provided by rules adopted by the commission.~~

20 ~~— 5.7. — A licensee may not use any of the portion deducted for expenses under subsections 1~~
21 ~~and 2 for expenses not directly incurred by the licensee in conducting pari-mutuel~~
22 ~~racingwagering under the certificate system. After paying qualifying expenses, the~~
23 ~~licensee shall use the remainder of the amount so withheld only for eligible uses~~
24 ~~allowed to charitable gambling organizations under section 53-06.1-11.1.~~

25 ~~— 6.8. — The commission shall deposit the moneys received pursuant to subsections 1, 2, and~~
26 ~~3, and 4 and from the North Dakota horse racing foundation pursuant to subsection 5~~
27 ~~of section 53-06.2-05 in the breeders' fund, the purse fund, and the racing promotion~~
28 ~~fund. Moneys, and any earnings on the moneys, in the breeders' fund, purse fund, and~~
29 ~~racing promotion fund are appropriated to the commission on a continuing basis to~~
30 ~~carry out the purposes of those funds under this chapter and must be administered~~
31 ~~and disbursed in accordance with rules adopted by the commission. The commission~~

1 ~~may not transfer money among the funds. The commission shall distribute in-state~~
2 ~~awards and payment supplements from the breeders' fund in the same calendar year~~
3 ~~the money was earned by the recipient. The commission shall distribute out-of-state~~
4 ~~awards and payment supplements from the breeders' fund, if made available by the~~
5 ~~commission, within two months of the end of the calendar year the money was earned~~
6 ~~by the recipient. The commission shall distribute payments awarded to qualified~~
7 ~~owners and breeders from the breeders' fund without requiring owners and breeders~~
8 ~~to apply for the payments. The commission may receive twenty-five thousand dollars~~
9 ~~per year or twenty-five percent per year, whichever is greater, from the racing~~
10 ~~promotion fund for the payment of the commission's operating expenses.~~

11 **SECTION 1. LEGISLATIVE MANAGEMENT STUDY - CHARITABLE GAMING AND**
12 **RACING LAWS.** During the 2019-20 interim, the legislative management shall consider
13 studying the state's charitable gaming and racing laws. The study must include an evaluation of:
14 1. Whether historic horse racing could provide funding for charitable causes when
15 combined with existing forms of charitable gaming;
16 2. The effect implementing historic horse racing has had on other forms of charitable
17 gaming in other states;
18 3. Whether potential laws regarding taxation, limitations, conduct, and play for historic
19 horse racing are fair, adequate, and appropriate;
20 4. Whether an administrative agency can adequately and effectively provide oversight of
21 historic horse racing;
22 5. The potential economic impact of historic horse racing on the state and tribes; and
23 6. The viability of the state horse racing industry, with or without the support of historic
24 horse racing.
25 The legislative management shall report its findings and recommendations, together with any
26 legislation required to implement the recommendations, to the sixty-seventh legislative
27 assembly.