

**HOUSE BILL NO. 1331**

Introduced by

Representatives Cory, Dockter, Headland

Senator Kreun

1 A BILL for an Act to amend and reenact sections 53-06.2-01, 53-06.2-10.1, and 53-06.2-11 of  
2 the North Dakota Century Code, relating to the racing commission, account deposit wagering,  
3 and bet payoff formulas.

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

5 **SECTION 1. AMENDMENT.** Section 53-06.2-01 of the North Dakota Century Code is  
6 amended and reenacted as follows:

7 **53-06.2-01. Definitions.**

8 As used in this chapter:

- 9 1. "Account deposit wagering" means a form of gambling in which the bettor shall fund  
10 the bettor's account before being allowed to place bets.
- 11 2. "Breeders' fund" means a fund, administered by the commission, established to  
12 financially reward breeders or owners of North Dakota-bred horses to be paid in  
13 accordance with rules as approved by the commission.
- 14 2-3. "Certificate system" means the system of betting described in section 53-06.2-10.
- 15 3-4. "Charitable organization" means a nonprofit organization operated for the relief of  
16 poverty, distress, or other conditions of public concern in this state and has been so  
17 engaged in this state for at least two years.
- 18 4-5. "Civic and service club" means a branch, lodge, or chapter of a nonprofit national or  
19 state organization that is authorized by its written constitution, charter, articles of  
20 incorporation, or bylaws to engage in a civic or service purpose in this state and has  
21 so existed in this state for at least two years. The term includes a similar local  
22 nonprofit organization, not affiliated with a state or national organization, which is so  
23 recognized by a resolution adopted by the governing body of the local jurisdiction in

1           which the organization conducts its principal activities, and which has existed in this  
2           state for at least two years.

3     ~~5-6.~~ "Commission" means the North Dakota racing commission.

4     ~~6-7.~~ "Executive director" means the executive director of the commission.

5     ~~7-8.~~ "Fraternal organization" means a nonprofit organization in this state, which is a  
6           branch, lodge, or chapter of a national or state organization and exists for the common  
7           business, brotherhood, or other interests of its members, and has so existed in this  
8           state for two years. The term does not include a college or high school fraternity.

9     ~~8-9.~~ "Local jurisdiction" means, with respect to a site inside the city limits of a city, that city,  
10           and with respect to a site not inside the city limits of a city, the county in which the site  
11           is located.

12    ~~9-10.~~ "Other public-spirited organization" means a nonprofit organization recognized by the  
13           governing body of the appropriate local jurisdiction by resolution as public-spirited and  
14           eligible under this chapter.

15    ~~10-11.~~ "Purse fund" means a fund, administered by the commission, established to  
16           supplement and improve purses offered at racetracks within the state.

17    ~~11-12.~~ "Racing" means live or simulcast ~~horse racing under the certificate system or~~  
18           ~~simulcast dog racing under the certificate system~~ racing in accordance with this  
19           chapter.

20    ~~12-13.~~ "Racing promotion fund" means a fund administered by the commission established to  
21           assist in improving and upgrading racetracks in the state, promoting ~~horse~~ racing in  
22           the state, and developing new racetracks in the state as necessary and approved by  
23           the commission.

24    ~~13-14.~~ "Religious organization" means a nonprofit organization, church, body of  
25           communicants, or group gathered in common membership for mutual support and  
26           edification in piety, worship, and religious observances, and which has been so  
27           gathered or united in this state for at least two years.

28    ~~14-15.~~ "Veterans' organization" means a congressionally chartered organization in this state,  
29           or a branch, lodge, or chapter of a nonprofit national or state organization in this state,  
30           the membership of which consists of individuals who were members of the armed

1 services or forces of the United States, and which has so been in existence in this  
2 state for at least two years.

3 **SECTION 2. 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 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 deposit  
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. ~~Any~~An organization qualified  
10 under section 53-06.2-06 to conduct racing may ~~make written application~~ apply to the  
11 commission for the conduct of simulcast pari-mutuel and account deposit wagering on races  
12 held at licensed racetracks inside the state or racetracks outside the state, or both. Licensure of  
13 service providers, totalizator companies, site operators, or organizations applying to conduct or  
14 conducting simulcast or account deposit wagering must be approved by the attorney general.  
15 The attorney general may not grant a license denied by the commission. Notwithstanding any  
16 other provision of this chapter, the commission may authorize any licensee to participate in  
17 interstate or international combined wagering pools with one or more other racing jurisdictions.  
18 Anytime ~~that~~ a licensee participates in an interstate or international combined pool, the licensee,  
19 as prescribed by the commission, may adopt the take-out of the host jurisdiction or facility. The  
20 commission may permit a licensee to use one or more of its races or simulcast programs for an  
21 interstate or international combined wagering pool at locations outside its jurisdiction and may  
22 allow pari-mutuel pools in other states to be combined with pari-mutuel pools in its jurisdiction  
23 for the purpose of establishing an interstate or international combined wagering pool. The  
24 participation by a licensee in a combined interstate or international wagering pool does not  
25 cause that licensee to be considered to be doing business in any jurisdiction other than the  
26 jurisdiction in which the licensee is physically located. Pari-mutuel taxes or commissions may  
27 not be imposed on any amounts wagered in an interstate or international combined wagering  
28 pool other than amounts wagered within this jurisdiction. The certificate system also permits  
29 pari-mutuel wagering to be conducted through account deposit wagering. ~~As used in this~~  
30 ~~section, "account wagering" means a form of pari-mutuel wagering in which an individual~~  
31 ~~deposits money in an account and uses the account balance to pay for pari-mutuel wagers. An~~

1 account deposit wager made on an account established in this state may ~~only~~ be made only  
2 through the licensed simulcast service provider approved by the attorney general and  
3 authorized by the commission to operate the simulcast pari-mutuel wagering system under the  
4 certificate system. The attorney general may not grant a license denied by the commission. An  
5 account deposit wager may be made in person, by direct telephone communication, or through  
6 other electronic communication in accordance with rules adopted by the commission. Breakage  
7 for interstate or international combined wagering pools must be calculated in accordance with  
8 the statutes or rules of the host jurisdiction and must be distributed among the participating  
9 jurisdictions in a manner agreed to among the jurisdictions.

10 **SECTION 3. AMENDMENT.** Section 53-06.2-11 of the North Dakota Century Code is  
11 amended and reenacted as follows:

12 **53-06.2-11. Bet payoff formulas - Uses by licensee of funds in excess of expenses -**  
13 **Payment to general fund.**

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

- 1           c. For the fiscal year commencing July 1, ~~2013~~2023, the licensee may not pay more  
2           than ~~four~~five hundred thousand dollars. For the fiscal year commencing July 1,  
3           ~~2014~~2024, and thereafter, the licensee may not pay more than ~~four~~five hundred  
4           twenty thousand dollars.
- 5           3. For all pari-mutuel wagering the licensee shall pay to the commission the amount due  
6           for all unclaimed tickets ~~and all breakage on the first twenty million dollars~~ wagered in  
7           each fiscal year with each service provider. The amount received must be deposited in  
8           the racing promotion fund.
- 9           4. The licensee conducting wagering on live racing, simulcast wagering, or account  
10          deposit wagering shall retain all other money in the pari-mutuel pool and pay it to  
11          bettors holding winning tickets as provided by rules adopted by the commission.
- 12          5. A licensee may not use any of the portion deducted for expenses under subsections 1  
13          and 2 for expenses not directly incurred by the licensee in conducting pari-mutuel  
14          racing under the certificate system. After paying qualifying expenses, the licensee  
15          shall use the remainder of the amount so withheld only for eligible uses allowed to  
16          charitable gambling organizations under section 53-06.1-11.1.
- 17          6. The commission shall deposit the moneys received pursuant to subsections 1, 2, and  
18          3 and from the North Dakota horse racing foundation pursuant to subsection 5 of  
19          section 53-06.2-05 in the breeders' fund, the purse fund, and the racing promotion  
20          fund. Moneys, and any earnings on the moneys, in the breeders' fund, purse fund, and  
21          racing promotion fund are appropriated to the commission on a continuing basis to  
22          carry out the purposes of those funds under this chapter and must be administered  
23          and disbursed in accordance with rules adopted by the commission. The commission  
24          may not transfer money among the funds. The commission shall distribute in-state  
25          awards and payment supplements from the breeders' fund in the same calendar year  
26          the money was earned by the recipient. The commission shall distribute out-of-state  
27          awards and payment supplements from the breeders' fund, if made available by the  
28          commission, within two months of the end of the calendar year the money was earned  
29          by the recipient. The commission shall distribute payments awarded to qualified  
30          owners and breeders from the breeders' fund without requiring owners and breeders  
31          to apply for the payments. The commission may receive twenty-five thousand dollars

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- 1 per year or ~~twenty-five~~thirty-five percent per year, whichever is greater, from the racing
- 2 promotion fund for the payment of the commission's operating expenses.