

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2381

2001 SENATE JUDICIARY

SB 2381

2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2381

Senate Judiciary Committee

Conference Committee

Hearing Date February 7th, 2001

Tape Number	Side A	Side B	Meter #
1		x	33.1-end
2	x		0-11.4
Committee Clerk Signature			

Minutes: **Senator Traynor** opened the hearing on SB 2381: A BILL FOR AN ACT TO AMEND AND REENACT SECTION 53-06.2-10.1 OF THE NORTH DAKOTA CENTURY CODE, RELATING TO SIMULCAST WAGERING.

Representative Mahoney, representing district 33, testifies in favor of SB 2381. This bill is designed to bring simulcast company into ND. Changes technology by having these accounts. Will help bring in more tax revenues for the state. **Bob Benette** said something about constitutional problems. We think we can get past them. Some proposed amendments, for making accounts to established in ND (see amendments).

Susan Balla, President of the Racing Commission, (Bullet points attached) testifies in support of SB 2381. Language is for clarity purposes, line 5 page 2, after "wager," An account wager, insert, made on an account established in ND may only be made through the licensed simulcast service provider authorized by the commission. This is language awarded by a licenses. There are comments in support of the bill. There are licenses which provide for technical services to

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charitable organizations involved in paramutual wagering. Model that was set up in 1989 was economic, we designed a model to help this industry. Portion of money would be sent to the state. In last 10 years we have generated 6.1 to 6 million dollars. It is a self funding. These funds are used to fund the horse commission. Asking to do is what other states are doing. Adding an account, which is telebanking. Allow us to be competitive with other states. If someone from Fargo uses telebanking in New York they are taxed in that New York not ours. However if they come from outside the state into ours, we get the tax money. Who benefits? Charities involved, state of ND. The racing commission supports this bill.

Senator Traynor, would you handle accounts for nonresidents?

Susan Balla, yes.

Senator Traynor, I heard there will be a track in Fargo. How will that impact you?

Susan Balla, we that as a benefit. This would allow us to keep funds going year round.

Senator Nelson, you alluded to NDSU, is the growth of horse racing attached to NDSU?

Susan Balla, yes, in the animal range science.

Senator Traynor, the fiscal note says its impossible to predict the impact. What would the revenues be?

Susan Balla, it is impossible to guess. We can have a positive effect if we allow revenues to come in.

Senator Watne, it also points out an enforcement issue. You are audited each week.

Susan Balla, yes. We can be audited to the key stroke. We can provide an audit trail.

Loren Schmidt, President of the Horse Racing Association. Supports bill. Will enhance our state.

Senator Watne, you will be able to fix your building?

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Loren Schmidt, yes.

Lance Haagen, representing the racing commission, supports SB 2381.

Tracy Potter, neutral, the impacts on our charity is not certain. We will have a positive impact for the state. We would rather have people come to the site and gamble, rather than over computers. However, they do be over the phone already. We lost 11,000 dollars at Capital Lanes.

Senator Nelson, if this went through, if you set up an account would it be delegated to a charity?

Tracy Potter, that would be determined by the racing commission.

Senator Traynor, closed the hearing on SB 2381.

SENATOR WATNE MOTIONED TO AMEND THE BILL, SECONDED BY SENATOR NELSON. VOTE INDICATED 6 YEAS, 0 NAYS AND 1 ABSENT AND NOT VOTING. SENATOR WATNE MOTIONED TO DO PASS AS AMENDED, SECONDED BY SENATOR TRENBEATH. VOTE INDICATED 6 YEAS, 0 NAYS AND 1 ABSENT AND NOT VOTING. SENATOR WATNE VOLUNTEERED TO CARRY THE BILL.

FISCAL NOTE

Requested by Legislative Council
01/29/2001

Bill/Resolution No.: SB 2381

Amendment to:

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.*

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

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

1999-2001 Biennium			2001-2003 Biennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2. Narrative: *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

Account wagering is being used in other jurisdictions, and assuming the licensed North Dakota Service Provider would initiate account wagering, the potential revenue to the General Fund, and Racing Fund administered by the Racing Commission would most likely be positive. If account wagering is allowed, potentially more people will open wagering accounts in addition to those people that already attend simulcast locations. If there were simply a transfer of people from the simulcast locations to account wagering, the effect would be revenue neutral. However, in a competitive marketplace, and in a marketplace that is progressively becoming more electronically sophisticated, account wagering may result in an increase of wagering handle in North Dakota. Obviously, if the handle goes up, the percentage that by statute is deposited in the General Fund, as well as the Racing Fund administered by the Racing Commission office would increase. However, it is impossible to project with any accuracy what that increase in handle might be. The revenue aspect as it effects the operations of the Racing Commission would be neutral, since the Racing Commission is funded directly from appropriations, and therefore there is no correlation between simulcast handle and the appropriation to the Racing Commission.

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.*

As stated above, it is impossible to accurately predict the amounts of any revenue with the implementation of this bill. However, theoretically, the revenues could only be positive. The funds that would be affected would be the General Fund through the parimutuel tax assessed and the Racing fund as provided for in

