

**2021 SENATE GOVERNMENT AND VETERANS AFFAIRS**

**SB 2158**

# 2021 SENATE STANDING COMMITTEE MINUTES

Government and Veterans Affairs Committee  
Room JW216, State Capitol

SB 2158  
1/22/2021

<b>A BILL relating to pari-mutuel horse racing; relating to the appointment of a director of racing.</b>
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**Chair Vedaa** opened the hearing at 9:01 a.m. with Sen Vedaa, Sen Meyer, Sen Elkin, Sen K Roers, Sen Wobbema, Sen Weber, and Sen Marcellais present.

**Discussion Topics:**

- Appointing a leader.

**Senator Myrdal** introduced the bill.

**Senator Marcellais** testified opposed to the bill #2174, #1515

**Linda Bata – ND Racing Commissioner** testified opposed

**Jack Schulz – Director of ND Racing Commission** testified opposed

**Scott Horst – President, ND Thoroughbred Association** testified opposed

**Leigh Buckhouse – testified** opposed to the bill

**Leon Glasser** - testified opposed

**Doug DeMontigny** testified opposed

**John Bubel** testified opposed

**Additional written testimony:**

**Mr. Morman - opposed #2187**

Meeting adjourned at 10:25 AM

*Pam Dever, Committee Clerk*

NORTH DAKOTA HORSE PARK

#2174



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# CURRENT CHIPPEWA DOWNS BELCOURT





# AGENCY, CUSTOMERS AND PROGRAMS

The North Dakota Racing Commission is comprised of the following positions:

1. 5 Commissioners appointed by the Governor
2. 1 Executive Director and 1 Administrative Officer (2FTE)
3. Breed Fund Administrator (PT Contracted)
4. Summer Race Meetings (1 Veterinarian, 1 Steward, 1 Safety Steward/Investigator, 3 Interns/Licensing Staff)

# AGENCY, CUSTOMERS AND PROGRAMS

What we do:

## 1. Live Race Meets

- a. Regulation, Inspection Licensing
- b. Provide Funding through the Promotion, Breed & Purse Funds.
- c. 2 Current Tracks N.D. Horse Park in Fargo & Chippewa Downs Turtle Mountains Belcourt, N.D.

# AGENCY, CUSTOMERS AND PROGRAMS

## 2. Licensing and Taxes

- a. ADW's (15), Site Operator's (4), Totalizators (7), Racetrack's (2)
- b. Taxes to General, Promotion, Purse & Breed Funds
- c. License & Administrative Fee's to Operating Fund
- d. Wagering Handle and Tax numbers were down in 2019 and increased significantly in 2020.

# REINVENTING GOVERNMENT

- Leverage New Technologies
- We currently have 2 FTE. Director & Administrative Officer. We are looking at combining 2 or more contracted positions into temporary part-time staff.
- More oversight and flexibility.
- Stay current on emerging technologies
- Go paperless



# BEHAVIORAL HEALTH & ADDICTION

- Lutheran Social Services Gamblers Choice Program
  - Provided \$40 thousand in grants over 5 years
  - Work with LSS to develop targeted advertising and teaching products
  - Pro-active approach by the Commission
  - Very low incidence of problem gambling involving Pari-mutuel Wagering in LSS Programs

# TRIBAL ENGAGEMENT

- Significant improvements in Tribal relationships
  - Last several the years the NDRC has developed much better working relationship with the Tribal Community and has provided equal support to both Chippewa Downs & the NDHP. The last 3 years temporary licensing staff have been hired from the Turtle Mountain area.
  - Operate Chippewa Downs 4-5 weekends a year and looking to expand race days
- Traditionally one Commissioner from Tribe
  - Current: Shane Martin

# TRIBAL ENGAGEMENT

- Turtle Mountain Band of Chippewa
  - Roughly 60% of horsemen from the reservation and race and work at both tracks
  - Operate Chippewa Downs 4-5 weekends a year and looking to expand race days
  - Unique activity with many ways to become involved
- Over \$2.5 Million in grants to tribe in last 7 years
  - \$210 thousand to facilities and equipment

# TRANSFORMING EDUCATION

- Partnering with our Universities
  - Student Internship program with the NDRC
  - Student Internship Program with ORDA and HRND
  - Learn/Partner with Rillito Park and University of Arizona. The sponsor of this program is a licensed ADW in N.D. (PariBet). They are willing to assist as well.
  - Partner with DSU AG Department, TMCC, NDSU using the N.D. State Government Student Internship Program.
  - Hands-on Internship



# MAIN STREET INITIATIVE

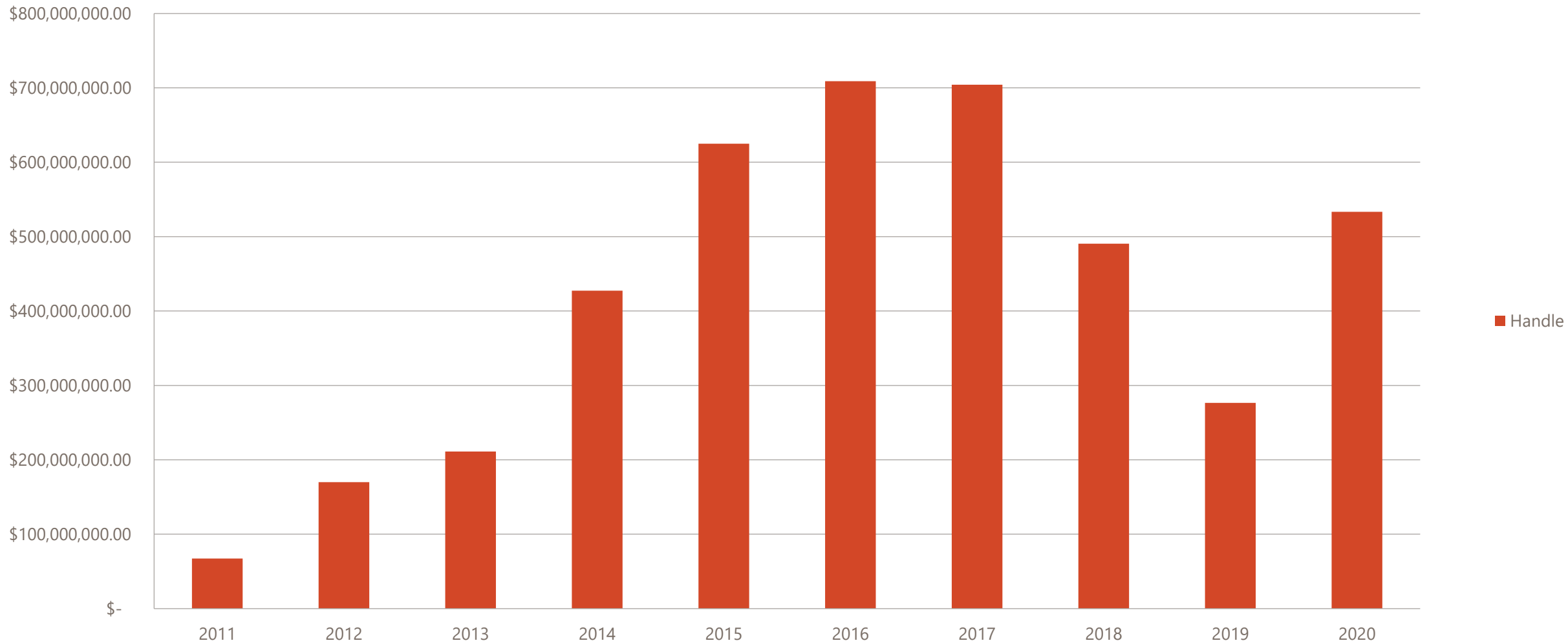
- Racetracks provide alternative entertainment venues
  - Provides for both tourism and local community interest. Revitalize County Fair Races and possibly a new Track location.
  - Very family friendly outdoor events
  - Unique activity with many ways to become involved
- Underserved Communities
  - In Belcourt, provides much needed jobs and economic impact through purses and breed fund.
- Economic Impact
  - \$25 Million per year in economic impact per NDSU 2016 Study

# PAST



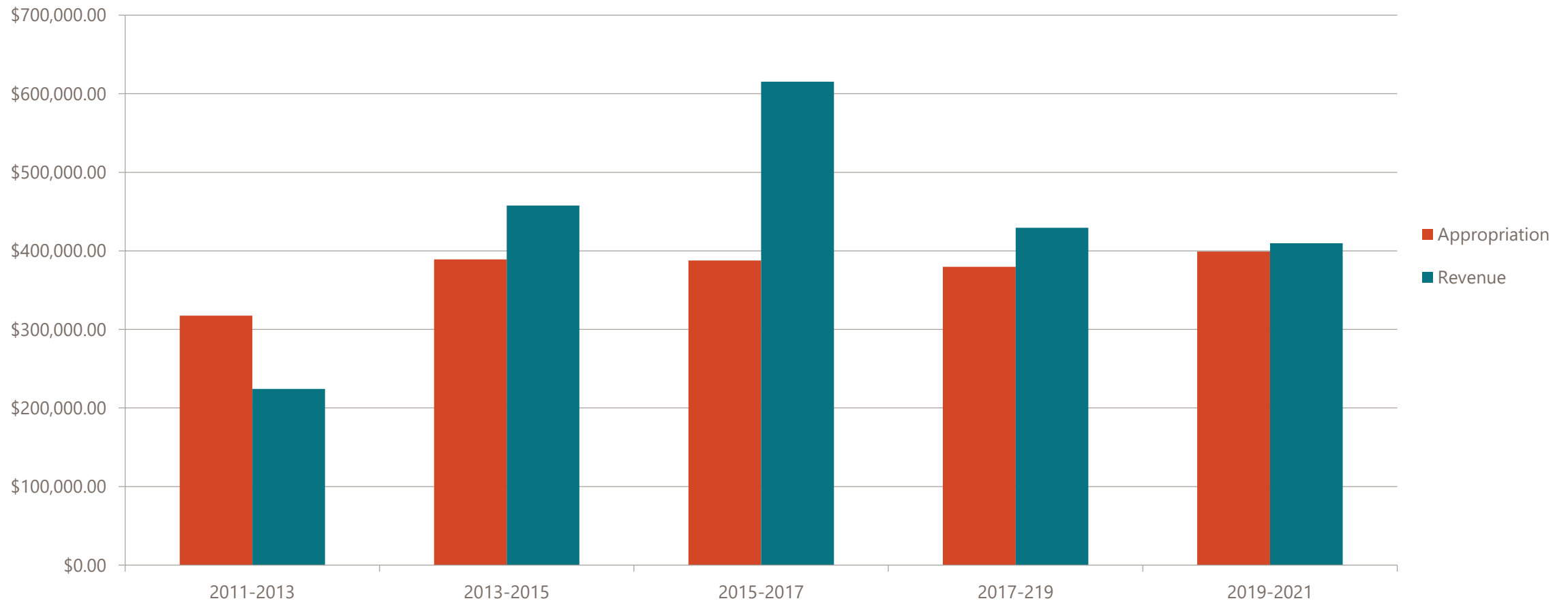
# HISTORICAL CONTEXT

**ADW HANDLE**



# HISTORICAL CONTEXT

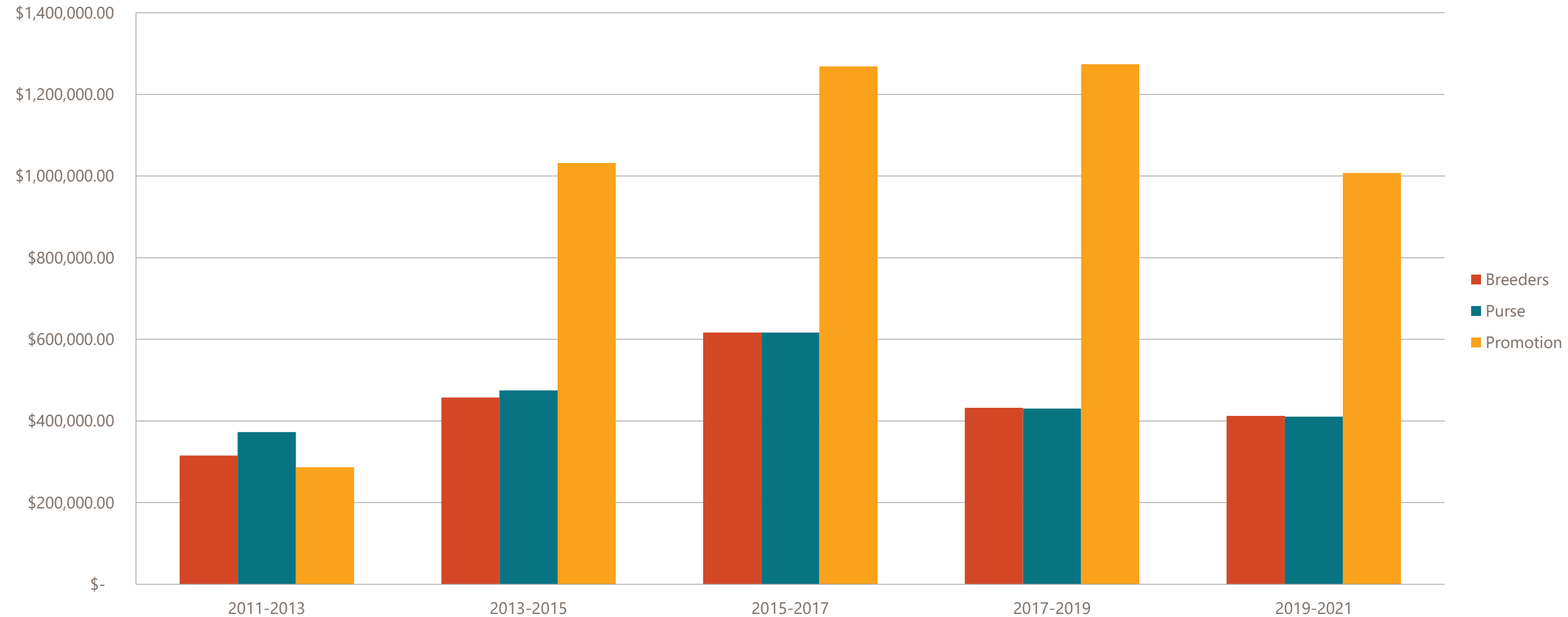
**General Fund Appropriation and Revenue**





# HISTORICAL CONTEXT

Revenue Generation to Horsemen's Funds



# FUTURE



# GOALS AND OUTCOMES

1. Maintain/Increase ADW Licensees
2. Use Current & Emerging Technologies
3. Increase funding for Promotion, Purse and Breed Funds
4. Maintain General Fund Balance
5. Continue to improve Racetrack quality and safety
6. Combine workforce

# RESOURCES AND CONSTRAINTS

1. Losing the financial battle with other jurisdictions
  - Drawing away Horsemen & ADW's for better opportunities.
  - Consolidation of ADW's
  - In current environment the long-term financial outlook is not positive despite past short-term success
  - Additional private & public support to the Horse Parks



# OTHER CHALLENGES AND ISSUES

## 1. N.D. Horse Park Viability

- TIF Taxes an issue for long term success
- Unbalanced in their make-up from horse breeds.

## 1. Chippewa Downs Viability

- Infrastructure Expansion Needed
- Roads, Parking, Jockey Quarters, Restrooms, Barns, Track Expansion

# OTHER CHALLENGES AND ISSUES

## 1. Expanding the Horse Racing Industry Base

- Internship Programs
- Creating Environment for young Horsemen and Women to enter the Horse Racing Industry.

# 2021 LEGISLATIVE SESSION AND 2021-23 BUDGET

- During the next legislative session, we intend on submitting a clean-up bill to update language and practices being conducted in Horse Racing in N.D.

# 2021 LEGISLATIVE SESSION AND 2021-23 BUDGET

- Funding Increase Request: Goal is to Maintain Self-funding
  - Office Relocation- ADA Compliance, Parking, Customer Access, AG Request
  - Internship Sponsorship
  - Marketing
  - Combine contracted positions to FTE's (Breed Fund Administrator, Licensing, Investigations, Steward)
- Positioning ourselves for success.
  - Emerging Technologies and expanded opportunities.
  - Marketing/Branding
  - Expanding Live Racing in State (New Track(s), County Fairs, Indian Relays)



# NORTH DAKOTA RACING COMMISSION



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## NORTH DAKOTA SENATE

STATE CAPITOL  
600 EAST BOULEVARD  
BISMARCK, ND 58505-0360



### Senator Richard Marcellais

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### COMMITTEES:

Education  
Government and Veterans Affairs

### Senate Bill 2158

*Chairmen Vedaa members of the Senate Government Veteran Affairs Committee, my name is Richard Marcellais, Senator from District 9 Rolette County.*

#### **Horse Race Commission:**

- a. Regulates, inspection licensing*
- b. Provide funding through the promotion, breed & purse funds.*
- c. 2 current tracks N.D. Horse Park in Fargo & Chippewa Downs Turtle Mountains Belcourt, North Dakota*

#### **License & Taxes:**

- a. ADW's (15), Site Operator's (4), Totalizators (7), Racetrack's (2)*
- b. Taxes to general, promotion, purse & breed funds*
- c. License & administrative Fee's to operating fund*
- d. Wagering handle and tax numbers were down in 2019 and increased significantly in 2020*

#### **Reinventing Government:**

- a. Leverage New Technologies*
- b. Currently 2 FTE, Director & Administrative Officer. Looking at combining 2 or more contracted position into temporary part-time staff.*
- c. More oversight and flexibility*
- d. Stay current on emerging technologies*
- e. Go paperless*

***Behavioral Health & Addition:***

***Lutheran Social Services Gamblers Choice Program***

- a. Provided \$40,000 in grants over 5 years***
- b. Work with Lutheran Social Services to develop targeted adverting and teaching products***
- c. Pro-action approach by the Commission***
- d. Very low incidence of problem gambling involving Pari-mutual Wagering in Lutheran Social Service Programs***

***Tribal Engagement:***

***Significant improvements in Tribal relationships***

***Last several years the North Dakota Racing Commission has developed much better working relationship with the Tribal Community and has provided equal support to both Chippewa Downs & the North Dakota Horse Park. The last 3 years temporary licensing staff have been hired from the Turtle Mountain area.***

***Operate Chippewa Downs 4-5 weekends a year and looking to expand race days.***

***Traditionally one Commissioner from Tribe Current: Dr. Shane Martin***

***Tribal Engagement:***

***Turtle Mountain Band of Chippewa***

***Roughly 60% of horsemen from the reservation and race and work at both tracks***

***Unique activity with many ways to become involved.***

***Over \$2.5 million grants to tribe in last 7 years***

***\$210 thousand to facilities and equipment***

***Transforming Education:***

- Partnering with our Universities***
- Student Internship program with the North Dakota Racing Commission***
- Student Internship Program with Outdoor Recreation Development Association (ORDA) and Horse Racing North Dakota***
- Learn/Partner with Rillito Park and University of Arizona. The sponsor of this program is a licensed Advance Deposit Wagering (ADW) in North Dakota (PariBet).***

*PariBet works to strengthen the racing industry through Educational partnerships providing real world experience for students. They are willing to assist as well.*

- *Partner with Dickinson State University Agriculture Department, Turtle Mountain Community College, North Dakota State University using the North Dakota State Government Student Internship Program.*
- *Hands-on Internship.*

#### ***Main Street Initiative:***

***Racetracks provide alternative entertainment venues***

- *Provides for both tourism and local community interest. Revitalize County Fair Races and possibly a new Track location*
- *Very family friendly outdoor events*
- *Unique activity with many ways to become involved*

#### ***Underserved Communities***

***In Belcourt, provides much needed jobs and economic impact through purses and breed fund***

#### ***Economic Impact***

- *\$25 Million per year in economic impact per NDSU 2016 Study*

#### ***FUTURE:***

1. *Maintain/Increase ADW Licensees*
2. *Use Current & Emerging Technologies*
3. *Increase funding for Promotion, Purse and Breed Funds*
4. *Maintain General Fund Balance*
5. *Continue to improve Racetrack quality and safety*
6. *Combine workforce.*

#### ***Resources and Constraints:***

1. *Losing the financial battle with other jurisdictions*
  - *Drawing away Horsemen & ADW's for better opportunities*
  - *Consolidation of ADW's*

- *In current environment the long-term financial outlook is not positive despite past short-term success*
- *Additional private & public support to the Horse Parks*

***Other Challenges and Issues:***

***1. N.D. Horse Park Viability***

- *Tax Increment Financing (TIF) Taxes an issue for long term success*
- *Unbalanced in their make-up from horse breeds*

***1. Chippewa Downs Viability***

- *Infrastructure Expansion Needed*
- *Roads, Parking, Jockey Quarters, Restrooms, Barns, Track Expansion*

***2. Expanding the Horse Racing Industry Base***

- *Internship Programs*
- *Creating Environment for young Horsemen and Women to enter the Horse Racing Industry*

***2021 Legislative Session and 2021-23 Budget:***

*During the next legislative session, we intend on submitting a clean-up bill to update language and practices being conducted in Horse Racing in North Dakota*

- *Funding Increase Request: Goal is to Maintain Self-funding*
- *Office Relocation- ADA Compliance, parking, customer access, AG Request*
- *Internship Sponsorship*
- *Marketing*
- *Combine contracted positions to FTE's (Breed Fund Administrator, Licensing, Investigations, Steward)*
- *Positioning ourselves for success*
- *Emerging Technologies and expanded opportunities*
- *Marketing/Branding*
- *Expanding Live Racing in State (New Track(s), County Fairs, Indian Relays)*

*Thank You very much for the opportunity to appear in opposition of Senate Bill 2158. If there are any questions, I will try and answer them.*



Ladies and Gentlemen

I am writing today in opposition of SB 2158.

It is very concerning to me to hear that the senate is attempting to remove the Director of Horse Racing in the State of North Dakota.

This would mean the end of horse racing in our state. The director is a very important position and requires someone with a working knowledge of the industry. The director must have direct, important daily contacts throughout the nation. Our current director has built the ND horse industry up substantially in his time, and if that position is cut, it would immediately go backwards and very shortly thereafter cease to exist all together.

The SD lawmakers have basically destroyed their live horse racing industry when they intervened with what were thriving meets in Aberdeen and Ft. Pierre. The economic impacts are being felt by both cities.

As horse breeders, in the industry for 45 years, our family purchases hay, grain, and supplies from local farmers and vendors. We keep our local veterinarians very happy as well.

The ramifications of losing this industry are more far reaching than you can imagine.

We have supported both the Belcourt and Fargo racetracks throughout the years. Last year during a nationwide pandemic, the average daily attendance was 1,000 spectators per day. These people are not just horse people they are your average Joe constituent, that loves coming out for a day of entertainment at the horse park. We have met with now Senator John Hoeven at the track and would love for more of our government servants to come out and see how enjoyable the sport of Kings can be in ND.

While it may seem like a trivial matter to those of you sitting in this room today, this is years of blood, sweat, tears and passion for many horse breeders, trainers, and owners in this state. You are deciding today if we will continue to carry on with the horse industry.

# 2021 SENATE STANDING COMMITTEE MINUTES

## Government and Veterans Affairs Committee Room JW216, State Capitol

SB 2158  
1/28/2021

<b>Relating to the appointment of a director of racing.</b>
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**Chair Vedaa** called to order at 11:33 a.m. with Sen Vedaa, Meyer, Elkin, K Roers, Wobbema, Weber, and Marcellais present.

**Discussion Topics:**

- Committee Work

**Sen K Roers:** I move a **Do Not Pass**

**Sen Meyer:** I second.

**Roll Call Vote:** 6 -- YES    1 -- NO    -0-ab    **Motion Passed**

Senators	Vote
Senator Shawn Vedaa	Y
Senator Scott Meyer	Y
Senator Jay R. Elkin	Y
Senator Richard Marcellais	Y
Senator Kristin Roers	Y
Senator Mark F. Webber	Y
Senator Michael A. Wobbema	N

**Sen Marcellais will carry the bill.**

Adjourned at 11:45 a.m.

*Pam Dever, Committee Clerk*

**REPORT OF STANDING COMMITTEE**

**SB 2158: Government and Veterans Affairs Committee (Sen. Vedaa, Chairman)**  
recommends **DO NOT PASS** (6 YEAS, 1 NAY, 0 ABSENT AND NOT VOTING). SB  
2158 was placed on the Eleventh order on the calendar.