
AGENCY OVERVIEW**670 ND Horse Racing Commission****Date:** 12/07/2012**Time:** 14:01:06

Statutory Authority

North Dakota Century Code 53-06.2-01 to 53-06.2-16.

Agency Description

The North Dakota Racing Commission is the regulatory agency in charge of regulating live and simulcast racing, and account deposit wagering. The Commission administers four special funds for the benefit of the horse racing industry in North Dakota. The Commission is made up of five members appointed by the Governor and has an office staff of a Director and an Administrative Staff Officer.

Agency Mission Statement

The mission of the North Dakota Racing Commission is to ensure pari-mutuel wagering and live horse racing are viable and productive within North Dakota.

Agency Performance Measures

A formal performance measures system is not utilized by this agency.

Major Accomplishments

1. Regulated live, simulcast, and account deposit wagering industry in North Dakota.
2. Promoted and supported live horse racing.
3. Assisted in support of the monthly operation at Horse Race North Dakota and provided support and guidance to re-establish live horse racing in Fargo in 2012.
4. Responded to issues related to live horse racing and account deposit wagering.
5. Drafted rule change to assess a 0.125 percent fee for the use of the Mad Scramble wager, which was adopted into law effective July 1, 2011. Initiated the process to revise the regulations for live horse racing.
6. Executed the duties required by the North Dakota Century Code.
7. Approved and licensed live racing via licenses provided to tracks, associations, owners, trainers and jockeys.
8. Approved and licensed simulcast racing, including account deposit wagering companies, totalizators, service providers, site operators, and simulcast employees.
9. Monitored live racing by contracting to provide veterinarians, stewards, compliance investigator, and other individuals required to assure compliance with the Administrative Code.
10. Administered the promotion fund monies to promote live racing and provided oversight to ensure compliance with promotion awards.
11. Approved and disbursed the purse fund grants to live horse racing associations.
12. Contracted with an independent contractor to administer the North Dakota Breeders' Fund Horse Registry and licensing at live race meets.
13. Contracted with an independent accounting agency to provide oversight, evaluate and review all pari-mutuel activities.

Future Critical Issues

The continued appropriation of adequate general fund dollars for the Racing Commission in the 2013-15 biennium to conduct statutory responsibilities and to grow the industry in order that it may become financially self-sufficient.

The Commission must continue to receive legislative support and the necessary financial resources to protect North Dakota from criminal activity, fraud, and money laundering in the racing industry; particularly, with the growth of pari-mutuel wagering.

The Commission must have the continued ability to recruit and retain account deposit wagering companies to underwrite the Breeders, Purse, Promotion, and Horse Racing Operating Funds to support the racing industry in the state.

Chapter 53-06.2 Pari-Mutuel Horse Racing section 53-06.2-11 Bet payoff formulas - Uses by licensee of funds in excess of expenses - Payment to general fund - is effective through June 30, 2013. The re-writing of tax requirements for live horse racing, simulcast wagering, and account deposit wagering will have to be drafted and

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submitted to the 2013 Legislative Session for approval. The new tax provision will not only have to support horse racing but also remain advantageous to the companies engaged in simulcast and account deposit wagering.

The Racing Commission must also have continued resources through racing taxation to contract for services to assist in the administration of live racing and the auditing of the wagering process.

The continued upgrading of the regulations of live racing is a primary effort by the Racing Commission to elevate the standards of horse racing in North Dakota and to remain in compliance with national regulating requirements.

The implementation of wagering procedures for the Mad Scramble wager which was passed into administrative law effective July 1, 2011, is in progress and is to be completed in 2013.

REQUEST SUMMARY

670 ND Horse Racing Commission
Biennium: 2013-2015

Bill#: SB2023

Date: 12/07/2012

Time: 14:01:06

Description	Expenditures 2009-2011 Biennium	Present Budget 2011-2013	Budget Request Change	Requested Budget 2013-2015 Biennium	Optional Budget Request
By Major Program					
Horse Racing Administration	390,597	447,501	42,303	489,804	(9,702)
Total Major Program	390,597	447,501	42,303	489,804	(9,702)
By Line Item					
Racing Commission	390,597	447,501	42,303	489,804	(9,702)
Total Line Items	390,597	447,501	42,303	489,804	(9,702)
By Funding Source					
General Fund	294,894	317,501	5,897	323,398	(9,702)
Federal Funds					
Special Funds	95,703	130,000	36,406	166,406	0
Total Funding Source	390,597	447,501	42,303	489,804	(9,702)
Total FTE	2.00	2.00	0.00	2.00	0.00

REQUEST DETAIL670 ND Horse Racing Commission
Biennium: 2013-2015

Bill#: SB2023

Date: 12/07/2012

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Description	Expenditures 2009-2011 Biennium	Present Budget 2011-2013	Budget Request Change	Requested Budget 2013-2015 Biennium	Optional Budget Request
Racing Commission					
Salaries - Permanent	100,219	188,856	37,161	226,017	0
Temporary Salaries	88,064	59,080	(35,496)	23,584	0
Overtime	5,923	2,702	(2,702)	0	0
Fringe Benefits	44,125	85,833	1,840	87,673	0
Travel	21,508	17,642	5,000	22,642	0
Supply/Material-Professional	52	0	0	0	0
Office Supplies	5,752	3,000	500	3,500	0
Postage	515	500	0	500	0
Printing	2,143	1,600	0	1,600	0
IT Equip Under \$5,000	0	2,200	1,000	3,200	0
Office Equip & Furn Supplies	8,643	0	0	0	0
Insurance	608	3,206	1,500	4,706	0
Rentals/Leases-Equip & Other	11	0	0	0	0
Rentals/Leases - Bldg/Land	18,126	16,696	1,000	17,696	0
Repairs	1,734	1,478	0	1,478	0
IT - Data Processing	7,660	7,000	0	7,000	0
IT - Communications	4,615	4,800	500	5,300	0
Professional Development	10,687	13,000	10,000	23,000	(9,702)
Operating Fees and Services	16,961	18,000	0	18,000	0
Fees - Professional Services	53,251	21,908	22,000	43,908	0
Total	390,597	447,501	42,303	489,804	(9,702)
Racing Commission					
General Fund	294,894	317,501	5,897	323,398	(9,702)
Federal Funds	0	0	0	0	0
Special Funds	95,703	130,000	36,406	166,406	0
Total	390,597	447,501	42,303	489,804	(9,702)
Funding Sources					
General Fund	294,894	317,501	5,897	323,398	(9,702)
Federal Funds	0	0	0	0	0
Special Funds	95,703	130,000	36,406	166,406	0
Total Funding Sources	390,597	447,501	42,303	489,804	(9,702)

CHANGE PACKAGE SUMMARY

670 ND Horse Racing Commission
 Biennium: 2013-2015

Bill#: SB2023

Date: 12/07/2012

Time: 14:01:06

Description	Priority	FTE	General Fund	Federal Funds	Special Funds	Total Funds
<u>Base Budget Changes</u>						
Ongoing Budget Changes						
A-A 1 Expenditure Adjustments		0.00	0	0	41,500	41,500
Base Payroll Change		0.00	5,897	0	(5,094)	803
Total Ongoing Budget Changes		0.00	5,897	0	36,406	42,303
Total Base Budget Changes		0.00	5,897	0	36,406	42,303
<u>Optional Savings Changes</u>						
A-G 2 Governor's Reduction Mandate	1	0.00	(9,702)	0	0	(9,702)
Total Optional Savings Changes		0.00	(9,702)	0	0	(9,702)

BUDGET CHANGES NARRATIVE

670 ND Horse Racing Commission

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Change Group: A	Change Type: A	Change No: 1	Priority: 1
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Expenditure Adjustments

Base Budget Change: Redistribution of expenses to reflect activity in 2013-2015 under restrictions of reducing general fund budget will be met by a redistribution of revenue sources. An increase in licensing fees is projected. These fees will be used to meet the general fund budget request.

Salary changes are required to employ a full-time Director. The current Director works as a full-time temporary employee under an agreement with the Racing Commission.

Change Group: A	Change Type: G	Change No: 2	Priority: 1
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Governor's Reduction Mandate

To meet the budget requirements for a 3% cut in general fund dollars, the Racing Commission will no longer retain its membership in the Association of Racing Commissioners International.

Change Group: R	Change Type: A	Change No: 1	Priority:
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Permanent Director Salary

Provides \$39,469 from the general fund for additional salary and benefit dollars to transition from a temporary director to a full-time permanent director.

Change Group: R	Change Type: A	Change No: 100	Priority:
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Executive Compensation Package Adjustment

This budget change provides funding for recommended 2013-15 compensation adjustments. Compensation adjustments for each agency were calculated following the recommendations of the Hay Group developed through the 2011 study of the state's classified employee compensation system. Pursuant to those recommendations, compensation adjustments were calculated to provide funding to allow for both performance-based salary adjustments and market-based salary adjustments. This funding allows for increases of 2% to 4% for employees in the first quartile of the pay range and 1% to 2% for those in the second quartile of the range. For employees in the third and fourth quartiles, which are above the market policy position, no market policy increase is funded. Performance-based increases are assumed to be 3% for employees meeting performance standards and up to 5% for employees exceeding performance standards. No performance-based increases are provided for employees that fail to meet performance standards.