

NORTH DAKOTA RACING COMMISSION

*“Committed to strengthening North Dakota's horse racing industry
through regulation and support”*

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A DAY AT THE RACES----- NORTH DAKOTA STYLE

*by Steve Erban
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On Saturday, July 21, 2012, I decided to drive to Fargo, ND and experience North Dakota's revised attempt to provide professional horse racing. The four hour drive provided me with many preconceived thoughts about my up and coming experience. Will there be a crowd? What will the horses look like? Will the races be professionally presented? How long will I stand in a betting line? When I turned north on Interstate 29, my first thought was how to find the North Dakota Horse Park without a GPS? This minor worry was eliminated in less than sixty seconds when I saw the sign, North Dakota Horse Park EXIT 69.

While approaching the Horse Park from the east on 19th Avenue, I could see the parking lot was completely full. A full parking lot is a North Dakota response to an event well received. I parked and proceeded to the main entrance where I was given a genuine North Dakota welcome from two lovely ladies who took my three dollars and told me to have a great day.

I proceeded into a fabric-covered enclosure where my preconceived thoughts started to dissipate. The space

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HORSE RACE NORTH DAKOTA'S RESURGENCE

Two hot, sultry July weekends at Horse Race North Dakota in Fargo brought thundering approval to the resurgence of horse racing in the eastern part of our state. Over 7,000 fans braved the near 100 degree heat to watch thoroughbreds and quarter horse vie for the valued purses.

Volunteers, Horse Race ND Board of Directors, account deposit wagering companies, and the Racing Commission all worked in cooperation to provide four days of thrilling racing. It was thoroughly a North Dakota effort. Volunteers such as Glen Thompson and Buel Sonderland worked 12 to 14 hour days to prepare the track, grand stand and grounds for the two weekends. They supervised detainees from the Cass County Jail to restore the grounds to a sparkling setting for all the fans to enjoy.

Horsemen from across the state, South Dakota, and Montana brought their horses to compete under the guiding hand of the jockeys. One new star rose from the ranks of the North Dakota jockeys. Tiffany Mosset from Lincoln made her debut as a jockey and crossed the finish line for her first victory.

This pretty, petite, daring rider appears to have all the makings of a great jockey. She is patient and places her horses in a position to win. Horse Park provided her a venue to launch her career. All of North Dakota should be pulling for this future star of horse racing.

The Racing Commission looks forward to supporting this valuable emerging sport to enhance the image of our great state!



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**A DAY AT THE RACES-----
NORTH DAKOTA STYLE**

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was filled with smiles of anticipation from people moving between the betting windows and ice tubs filled with cold refreshments. In line for food, there were moms, dads, and kids enticed by the smell of those burgers cooking on the grill. Yes, these people were enjoying a day at the horse races.

In this crowd, I was fortunate to find an area to observe the betting lines and the tote operators. It appeared that the tote operators were experienced as the lines moved with ease. I do believe more race handicapping information was being exchanged through friendly conversation from the people standing in line as somebody knew somebody with a race horse.

After making a bet, I walked out of the enclosure toward the race track finish line and to my surprise there were bleachers filled with fans, tents on each end of the bleachers, hundreds of lounge chairs lining the race track and wood cable spools tipped on their side providing gathering places for groups of ten or more. Obviously, horse racing was being well received in Fargo, North Dakota.

I then went to the saddling paddock and found a small hill with a vantage point that allowed me to observe the saddling activities. The paddock fence was lined three deep with fans viewing the horses and the advertising placed in each saddling stall. The competing horses with their shiny coats and defined conditioning were a good representation of professional race horses. Many Native Americans imprinted the thighs of their horses as an expression of pride for their local entries.

As the horses and their riders were being lead around the paddock, I thought that the fascia of the saddling stalls could be a great place for a welcome sign "WELCOME TO HORSE RACING, NORTH DAKOTA STYLE." A good horse racing interest indicator is when hundreds of people depart the saddling paddock to watch the horses step foot on the race track. This North Dakota fan base left the paddock like a flock of geese departing a pond.

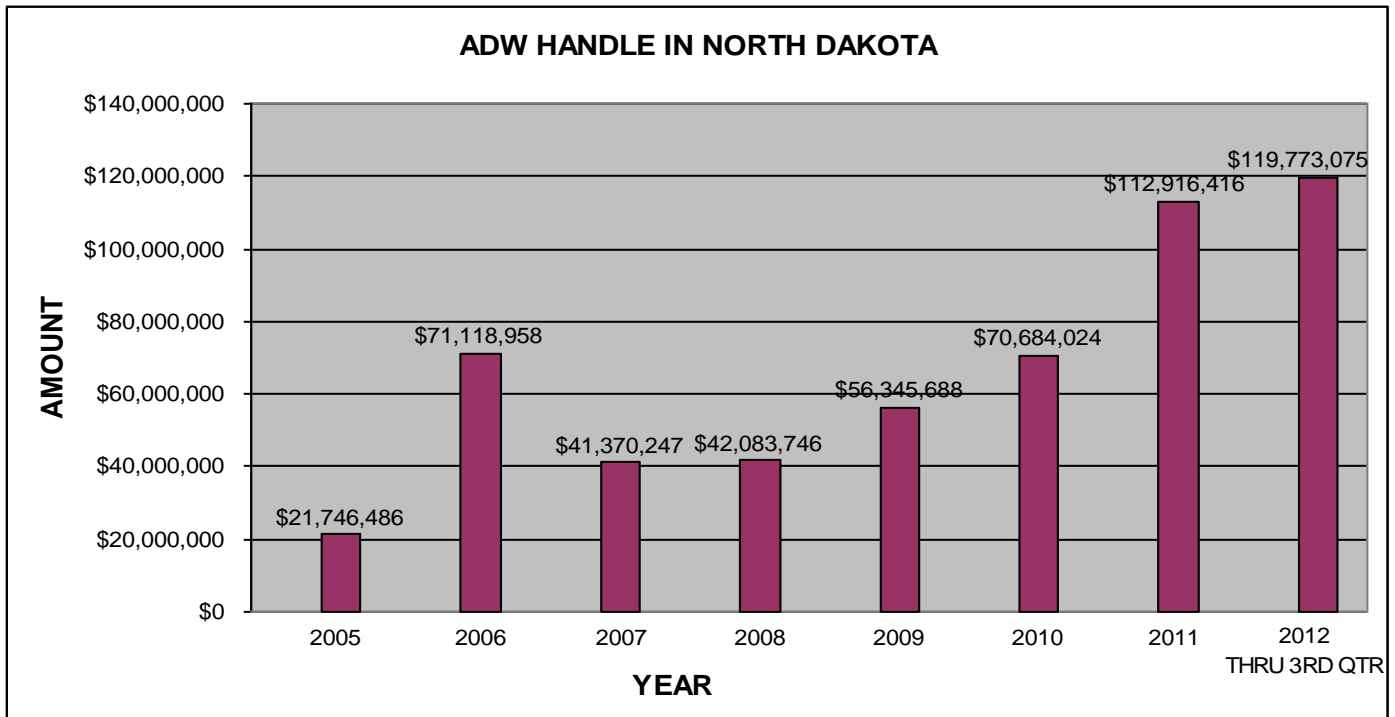
During the post parade, the track announcer passed on the usual race introductions maintaining a high level of fan interest. As the horses loaded into the starting gate, the anticipation of a victory rippled through the crowd. At this moment every race fan

holding a ticket is still a winner and the true test for the horse racing fan is moments away. Once the horses were off and running, the noise increased to a level of one of those coal trains from Center. When the horses appeared at the top of the stretch, two thousand people started jumping; screaming, shouting and some appeared to be in a jockey position mentally riding their horse to the wire. Smiles, high fives and hugs were the order of the moment after the race. This race was successful as each breeder, owner, trainer, groom, jockey, official and fan did their job. It was the final click of the winners circle camera that allows me to say "Horse racing North Dakota Style is off and running!"

The fourth race was a bit special when a young lady by the name of Tiffany Mosset from Lincoln, North Dakota won her first professional race aboard a chestnut called Striker's Chance. While watching Tiffany being interviewed in the winner's circle after the race, I could only ask myself, "Is Tiffany Mosset North Dakota's female answer to Dean Kutz? Will Tiffany ever ride at Canterbury Park, Churchill Downs or Santa Anita?" Only time will tell, but without North Dakota horse racing, she would have never gotten out of the gate.

Does North Dakota horse racing have a future? You might jump on the "yes" bandwagon as the results indicate there was over \$190,000 in total pari-mutuel handle, crowds pushing 2,000 per day and over a \$33 per person daily betting average during the Fargo race meet. Before you jump, look further. The horse racing industry has gone through major changes since 1990 when North Dakota started pari-mutuel horse racing. The key to a successful horse racing entertainment industry in North Dakota is a simple word – opportunity. Unfortunately, opportunity cannot stand alone; it needs to be complemented with sound financial and industry support. The success of North Dakota horse racing will be in the hands of leaders who can develop a creative response to the present and future industry options.

A day of horse racing at the North Dakota Horse Park indicated to me that horse racing North Dakota style has a supportive fan base and can be run in a professional manner. While passing St. Cloud on my way back to Stillwater, Minnesota, I asked myself a good question. "Would I spend time and go to Fargo for the races again, alone?" The answer is "NO, I would bring more friends."



*Coming together is a beginning; keeping together is progress;
working together is success.*

Henry Ford

*Always bear in mind that your own resolution to succeed
is more important than any other.*

Abraham Lincoln

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Proposed Revision to Tax Law

The Conference Committee met during the 2009 Legislative Session to address the issue of tax law changes for Account Deposit Wagering. At the conclusion of the Conference Committee meeting, one of the members approached then Racing Commission Chairman Patrick Weir and Commission Member Winston Satran and stated "you guys have four years to get this Commission back on its feet and working." That declaration established a sunset clause on the 2009 tax changes to ND Century Code Chapter 53-06.2 Pari-Mutuel Horse Racing.

On June 30, 2013, that law expires and will have to be replaced by a new law if horse racing is going to continue in North Dakota. The Racing Commission is submitting changes to the present law to the 2013-2015 Legislature. The new provisions will be designed to encourage more account deposit wagering companies to be licensed in North Dakota. The state with the largest volume of wagering done through their licensing is Oregon. Oregon has a limit on taxes paid by wagering companies. Once the companies achieve a tax threshold, they are no longer obligated to pay state taxes.

The Racing Commission is proposing a version of the Oregon tax exemption. An account deposit wagering company that pays \$400,000 in taxes in one year would be exempt from paying any more taxes to the three horse racing operating funds. The company would continue to pay the General Fund tax. At the present time there are no ADW companies that come close to this threshold, but there has been interest expressed in North Dakota by one of the largest racing organizations in the U.S. This company would exceed the \$400,000 limit in taxes in a year's period of time. It is with this interest that the Racing Commission would like to present an incentive to attract companies with large volumes to do business in North Dakota.

The second change is a reduction on the tax for simulcast wagering. Simulcast wagering is presently taxed at the same rate as live horse racing. This activity is taxed at 2% and it will be requested to lower the simulcast rate to that equivalent with the account deposit wagering companies. That rate is one quarter of one percent.

The reason for this change is with the development of stand-alone kiosks that provide internet wagering in public venues, there is the potential that this would

Proposed Revision to Tax Law

continued

provide revenue as the machines get placed throughout different states where it is legal to wager.

Minnesota Horse Racing Picture Changes

The Minnesota Racing Commission recently approved an agreement between Canterbury Park race track and the casino located a few furlongs away that will change horse racing in Minnesota for the next decade. The Shakopee Mdewakanton Sioux signed a marketing partnership that will contribute 75 million dollars into the purses at Canterbury Park over the next decade. This financial boon is expected to draw top horses from all across the country to race in Minnesota.

The question to the horse racing community in North Dakota is--does this financial windfall in Minnesota affect horse racing in Fargo? As horses pour into Minnesota from around the country will they have enough race days to accommodate the lesser class of horses that have normally run at Canterbury? Does Horse Race North Dakota have the potential to provide horse racing on a larger scale to test horses that are looking for a track to run?

This issue will occupy the planning of the ND Racing Commission in its attempt to provide a wider racing agenda in Fargo. As a Legislator, how do you feel about an expanded racing venue in North Dakota? It would appear that there is an opportunity--what steps are needed to take advantage of a wider racing agenda? If you have a comment, please share it with the Racing Commission.



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