

NORTH DAKOTA RACING COMMISSION

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

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PARI-MUTUEL TAX BILL RENEWAL

by Winston Satran, Director

The 2009 Legislature created new legislation for the taxation of account deposit wagering and the allocation of funding for the designated racing funds. This pari-mutuel law will expire on June 30, 2013; therefore, the Racing Commission is submitting a draft of revision to the current law to the Legislature for their consideration and approval.

The draft contains changes that are pertinent to the present generation of taxes and continuing to build for future financial stability. Simulcast wagering in the present law is taxed at the same rate as live racing which is 2 percent of the amount wagered. Racing experts nationally are focusing on technology to provide access to those who wish to wager. Kiosks have been developed that will allow public exposure to these sites. If this bill passes into law, North Dakota will have an acceptable tax rate for companies to conduct wagering through kiosk operations.

The draft also contains language that will limit the amount of taxes paid by account deposit wagering companies to the racing funds but not to the general fund. When a company reaches a threshold of \$400,000 paid in taxes, the racing taxes will be suspended for the remainder of the year. The threshold will increase at a rate of 5 percent per year. Currently none of the account deposit wagering

companies come close to reaching the threshold, but the Racing Commission has had inquiries from large racing entities that would attain the threshold. This change in law would be an incentive for those companies to seriously consider North Dakota for their license.

The final revision of the current law will return 100 percent of breakage payments to the promotion fund. The promotion fund is used to support the operations of live racing at Belcourt and Fargo. Without the full funding of the breakage payments to promote live racing, horse racing is dramatically limited.

It is the intent of the Racing Commission to strengthen the funding base for live horse racing and the changes in this draft are fully intended to provide those assets.

AND THE OUTSTANDING INDIVIDUAL VOLUNTEER AWARD GOES TO..... CHAIRMAN JIM OZBUN!

National Philanthropy Day was celebrated on November 15th with the recognition of those citizens of our state who give of themselves and their time to better our society. Racing Commission Chairman Jim Ozbun received this year's award for outstanding individual volunteer in the State of North Dakota.

Chairman Jim has not only been involved with the Racing Commission, but also the Boy Scouts, St. Joseph's Hospital in Dickinson, St. Luke's Home in Dickinson, Rotary International, the Theodore Roosevelt Medora Foundation Board of Directors, and many other organizations to which he has given his time and expertise in moving our state forward.

We want to congratulate Jim and thank him for his many hours of dedication to making North Dakota the place to live.

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PROBLEM GAMBLING PREVENTION

The Racing Commission has entered into preliminary talks with Lutheran Social Services to explore the designing of a problem gambling prevention and treatment program. A think tank committee has been designed to begin to identify issues with problem gambling related to horse racing and other types of wagering.

The members of the committee are Robert Sanderson, President of Lutheran Social Services; Lisa Vig, LSS Program Director Gamblers Choice; Dr. Jack Lind, Psychiatrist; Ray Branstiter, Lutheran Pastor; WooMi Phillips, NDSU Professor; and Winston Satran, Director, NDRC. The committee will begin to draft a program that will diagnose and treat problem gamblers. This program will have emphasis on training those involved in providing gambling outlets with steps in referring individuals who have demonstrated problems with gaming. It will also focus funding on the treatment aspect of gambling addictions.

This new endeavor by the Racing Commission is recognizing horse racing's responsibility in becoming a partner in identifying and treating those who have significant life problems due to gaming.

CANTERBURY DOWNS UPDATE

On November 16th Chairman Jim Ozburn and Director Winston Satran met with the Canterbury Downs executive staff to begin to explore cooperation between the racing entities. There are mutual advantages that will be discussed over the coming months.

The North Dakota Racing Commission has interest in bringing professional management to assist in conducting the race meet at Horse Race North Dakota. In order to accomplish this goal, a dialogue will have to begin between the Board of Directors from Horse Race ND, Canterbury Downs Management, and the ND Racing Commission. The goal will be to provide a regional venue for races and a stronger presence in the Fargo area.

Canterbury's goal will be to broaden the interest in the racing conducted at their track and strengthen the tourism aspect of horse racing.

Both parties were encouraged and will begin working out a plan to accomplish their respective goals.

BREATHING ROOM FOR HORSE RACE ND

The Fargo City Commission voted to defer payments owed for the tax increment financing of the Fargo race track. The current balance is \$1,111,107 and the first payment on this debt is due in February, 2015. The bonds that provided the money that developed the race track infrastructure were to be paid down by the tax increment district that was designated as the benefiting area.

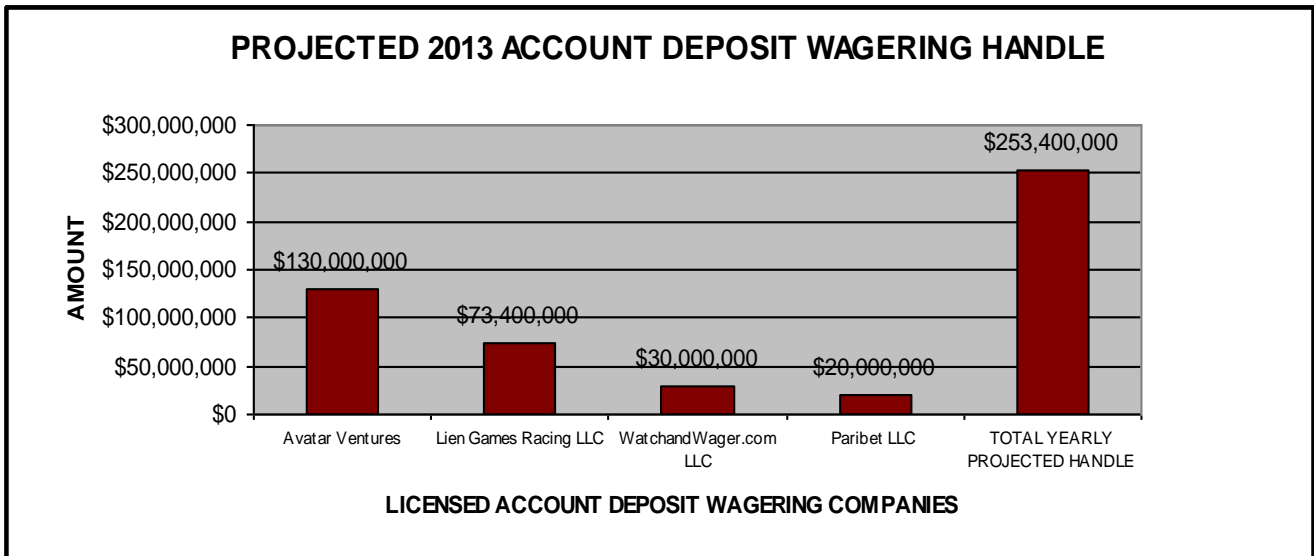
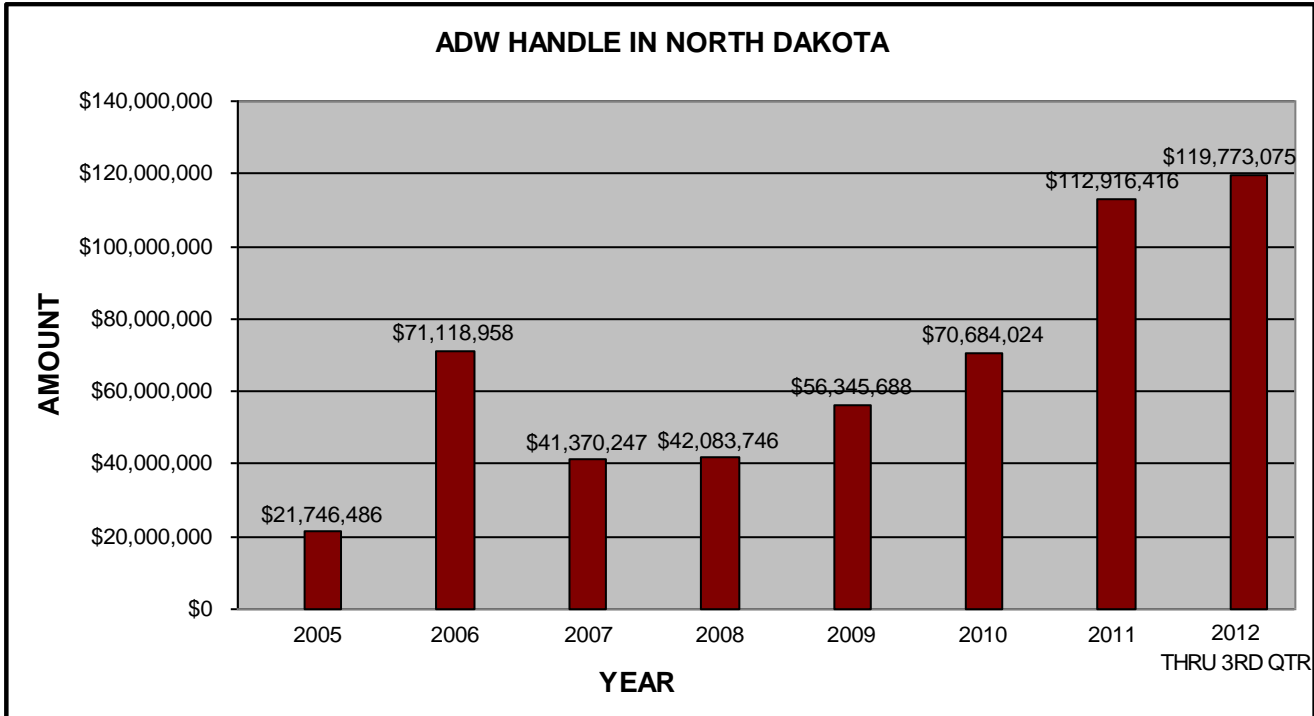
Due to slow growth in this area, the funds owed have not been reduced. The City of Fargo is anticipating further development in the near future but Horse Race North Dakota needs to develop a repayment plan within this time period. There is the potential that the facility will be closed to racing by 2018 if the payments are not made.

This financial obligation will have to be remedied through a cooperative agreement between Horse Race North Dakota and the City of Fargo, with input from the Racing Commission. The positive step forward is that there is time to put together a payment plan.

RECENT LICENSES GRANTED BY THE RACING COMMISSION

- 2013 eBet Technologies, Inc.
- 2013 Sportech Racing, LLC

Pending License:
2013 1 2 3 Gaming, Inc.



*Great thoughts speak only to the thoughtful mind,
but great actions speak to all mankind.*

Theodore Roosevelt

*Wisdom, compassion, and courage
are the three universally recognized moral qualities of men.*

Confucious

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*Wishing you a
Happy
Holiday Season!*



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