

2023 HOUSE JUDICIARY

HCR 3032

2023 HOUSE STANDING COMMITTEE MINUTES

Judiciary Committee
Room JW327B, State Capitol

HCR 3032
3/8/2023

To consider studying the feasibility and desirability of consolidating the administration of racing, sports, and gaming activities into a single office, whether as a division of the Attorney General's office or a separate agency, and the feasibility and desirability of creating a sports and gaming commission to expand or replace the North Dakota Racing Commission to include oversight of sports and gaming activities, including mixed martial arts, boxing, and live combative sports; charitable gaming, including licensing and permits; sports betting and other permitted games of chance; the lottery; live and simulcast racing; and other similar activities

2:30 PM Chairman Klemin opened the hearing. Members present: Chairman Klemin, Vice Chairman Karls, Rep. Christensen, Rep. Cory, Rep. Henderson, Rep. S. Olson, Rep. Rios, Rep. S. Roers Jones, Rep. Satrom, Rep. Schneider, Rep. VanWinkle, and Rep. Vetter. Absent: Rep. Bahl

Discussion Topics:

- Review regulatory agencies.
- Sports betting.
- Secretary of State gaming oversight.
- Tribal gaming.

Rep. Mock: Introduced the bill. Testimony # 22818, #22819

Scott Horst: ND Horse Racing Association: No written testimony.

Hearing closed at 3:06 PM.

Rep. Shannon Roers Jones moved a Do Pass

Seconded by Rep. Vetter

Representatives	Vote
Representative Lawrence R. Klemin	N
Representative Karen Karls	N
Representative Landon Bahl	A
Representative Cole Christensen	N
Representative Claire Cory	Y
Representative Donna Henderson	N
Representative SuAnn Olson	N
Representative Nico Rios	N
Representative Shannon Roers Jones	Y
Representative Bernie Satrom	N
Representative Mary Schneider	Y
Representative Lori VanWinkle	N
Representative Steve Vetter	Y

Roll call vote: 4 Yes 8 No 1 Absent; Motion failed

Rep Henderson moved a Do Not Pass;
Seconded by Rep. S. Olson

Representatives	Vote
Representative Lawrence R. Klemin	Y
Representative Karen Karls	Y
Representative Landon Bahl	A
Representative Cole Christensen	Y
Representative Claire Cory	N
Representative Donna Henderson	Y
Representative SuAnn Olson	Y
Representative Nico Rios	Y
Representative Shannon Roers Jones	N
Representative Bernie Satrom	Y
Representative Mary Schneider	N
Representative Lori VanWinkle	Y
Representative Steve Vetter	N

Roll call vote: 8 Yes 4 No 1 Absent. Motion carried
Carrier: Rep. Rios

The meeting closed at 3:19 PM.

Delores Shimek, Committee Clerk

REPORT OF STANDING COMMITTEE

HCR 3032: Judiciary Committee (Rep. Klemin, Chairman) recommends **DO NOT PASS** (8 YEAS, 4 NAYS, 1 ABSENT AND NOT VOTING). HCR 3032 was placed on the Eleventh order on the calendar.

TESTIMONY

HCR 3032



North Dakota House of Representatives

STATE CAPITOL
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BISMARCK, ND 58505-0360



Representative Corey Mock

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COMMITTEES:
Appropriations

March 8, 2023

Chairman Larry Klemin and House Judiciary Committee
North Dakota State Capitol Building – Room JW 327B
RE: HCR 3032 – Racing, Sports, and Gaming Regulation Study

Chairman Klemin and Members of the House Judiciary Committee,

North Dakota has a rich history of agencies, boards, and other governing entities. Some – like our Legislative Assembly, Office of the Governor, and Supreme Court – have existed since statehood. Others were born of necessity. Change varies but is inevitable; some governing entities modify to meet evolving needs, merge with others when redundancies are found, or dissolve when found to be superfluous.

House Concurrent Resolution 3032 is a study resolution that may be the prologue for regulatory evolution.

Charitable gaming, combative sports, horse racing, lottery, sports betting, and tribal-operated casinos are each controversial matters in their own right. HCR 3032 is not a resolution to study the merits, existence, expansion, or discontinuation of any of these activities. Instead, it is a practical, logistical, and legal review of their respective regulatory agencies.

In short: HCR 3032 ensures we are regulating and administering combative sports, games of chance, pari-mutuel horse racing, lottery, and Tribal-State gaming compacts the most efficient and effective way possible.

Within my testimony you will find a current summary of regulatory appropriations and FTEs for each existing entity (as of February 27, 2023).

Note: *Combative Sports within the Secretary of State's office does not have a specific FTE allocation but 1 individual dedicates part of their time overseeing combative sports operations.*

Also in my testimony is a summarized history of sports, gaming, and racing regulation within North Dakota, with hyperlink citations to Session Law and Congressional Act references. There is a separate spreadsheet laying out entities responsible for each activity. Acronyms are defined as an inset within the chart.

While the fate of sports betting in North Dakota remains unknown – and sports betting itself remains a point of division – we can all agree that any legal activity that carries financial risks should be properly regulated. Sports betting, if permitted in the future, would be considered within a broad study of sports, gaming, and racing regulation.

There are no assumptions or preconceived conclusions with HCR 3032. Distributing oversight of 5 activities across 4 distinct agencies may prove to be the most effective and efficient method. But we also may discover unnecessary duplication and inefficiencies with licensing, auditing, inspections, and enforcement. Recommendations may range from minor adjustments to wholesale consolidation.

If the latter proves to be true, North Dakota may join Iowa, Kansas, Michigan, Wyoming, and many others who have consolidated their sports, gaming, and racing administration under a single agency.

As stewards of public resources and developers of public policy, we owe it to all North Dakotans to ensure our sports, gaming, and racing management is as efficient as it is effective.

Agency/Division	FTE Positions	General Fund	Other Funds	Total
Secretary of State – Competitive sports ¹	N/A	N/A	N/A	N/A
Attorney General – Lottery ²	10.00	\$0	\$5,433,446	\$5,433,446
Attorney General – Gaming ³	16.00	\$0	\$6,445,666	\$6,445,666
Racing Commission ⁴	2.00	\$474,329	\$172,062	\$646,391

¹The Secretary of State, pursuant to NDCC Chapter 53-01, charges a fee equal to the actual cost incurred to regulate all boxing, kickboxing, mixed fighting style exhibitions, and sparring exhibitions held in the state. Revenue from this fee, estimated at \$15,000 per biennium, is deposited in the athletic commission fund, from which \$15,000 per biennium is expended pursuant to continuing appropriation authority to regulate these combative sports, including the expenses of the Commission of Combative Sports. The Commission of Combative Sports consists of nine members appointed by the Secretary of State and supports the Secretary of State in the administration of all professional mixed fighting style contests within the state, including approval of licenses, matches, weigh-ins, and gloves. Commission members are not entitled to compensation, except for reimbursement for actual and necessary expenses at the same rate as allowed for state employees in performing their official duties.

²The amount shown for other funds is from the lottery fund.

³The amount shown for other funds is from the charitable gaming operating fund. Of the \$6,445,666, \$750,100 is considered one-time funding.

⁴The amount shown for the general fund includes \$20,000 of one-time funding.

ND Sports, Gaming, and Racing Regulatory History

Commissioner of Combative Sports

The 1935 Legislative Assembly created the State Athletic Commission ([S.L. 1935, ch. 91](#)).

In 1971, the Legislative Assembly required the Secretary of State to Act as State Athletic Commissioner ([S.L. 1971, ch. 484](#)).

The 1991 Legislative Assembly authorized the Secretary of State to appoint an athletic advisory board to assist and advise the Secretary of State in matters relating to boxing, kickboxing, and sparring ([S.L. 1991, ch. 543](#)).

In 2005, the Legislative Assembly authorized the Secretary of State to also appoint a mixed fighting style advisory board, whose members may include one or more members of the athletic advisory board ([S.L. 2005, ch. 464](#)).

The Legislative Assembly, in 2011, changed the title of the State Athletic Commissioner to the State Commissioner of Combative Sports and authorized the Secretary of State to appoint a Commission of Combative Sports to assist and advise the Secretary of State in matters relating to the regulation of boxing, kickboxing, mixed fighting style competition, and sparring ([S.L. 2011, ch. 377](#)).

Games of Chance

A 1976 constitutional amendment permitted the Legislative Assembly to authorize bona fide nonprofit veterans', charitable, educational, religious, or fraternal organizations, civic and service clubs, or such other public-spirited organizations as it may recognize, to conduct games of chance when the entire net proceeds of the games are devoted to educational, patriotic, fraternal, religious, or other public-spirited uses ([S.L. 1977, ch. 600](#)).

The 1981 Legislative Assembly enacted legislation to allow nonprofit veterans, charitable, educational, religious, and fraternal organizations, civic and service clubs, and public-spirited organizations to conduct certain games of chance and provided for licensure through the Attorney General ([S.L. 1981, ch. 514](#)).

In 1991, the Legislative Assembly created the State Gaming Commission ([S.L. 1991, ch. 28, § 21](#)).

Pari-Mutuel Horse Racing

The 1987 Legislative Assembly established the North Dakota Racing Commission in the Secretary of State's Office and required it to appoint a director of racing ([S.L. 1987, ch. 618](#)).

The 1989 Legislative Assembly moved the Racing Commission from the Office of the Secretary of State to that of the Attorney General ([S.L. 1989, ch. 624](#) and [S.L. 1989, ch. 625](#)).

In 2005, the Legislative Assembly removed the Racing Commission from the Office of the Attorney General ([S.L. 2005, ch. 467](#)).

Lottery

The 2003 Legislative Assembly established the North Dakota Lottery as a division of the Attorney General's Office, required a director to administer the lottery under the supervision of the Attorney General, and created the North Dakota Lottery Advisory Commission ([S.L. 2003, ch. 454](#)).

In 2005, the Legislative Assembly repealed North Dakota Century Code Chapter 53-12 and enacted Chapter 53-12.1. This new chapter again established the North Dakota Lottery as a division of the Attorney General's Office, required a director to administer the lottery under the supervision of the Attorney General, and created the Lottery Advisory Commission ([S.L. 2005, ch. 470](#)).

Tribal-State Gaming Compact

In 1988, the 100th Congress passed the Indian Gaming Regulatory Act ([Pub. L. 100-497](#)).

In 1997, the North Dakota Legislative Assembly passed legislation providing a tribal-state gaming compact is a duly executed agreement between the state and a federally recognized Indian tribe as approved by the Secretary of the Department of Interior of the United States pursuant to the Indian Gaming Regulatory Act of 1988 [Pub. L. 100-497; 102 Stat. 2467; 25 U.S.C. 2701 et seq.] and authorizing the Governor or the Governor's designee to represent the state in any gaming negotiation in which the state is required to participate pursuant to 25 U.S.C. 2701 et seq. by any federally recognized Indian tribe, and on behalf of the state to execute a gaming compact between the state and a federally recognized Indian tribe subject to certain conditions ([S.L. 1997, ch. 470](#)).

Year	Combative Sports	Games of Chance	Pari-Mutuel Horse Racing	Lottery	Tribal-State Gaming Compacts	Sports Betting
1935	SAC					
1937	SAC					
1939	SAC					
1941	SAC					
1943	SAC					
1945	SAC					
1947	SAC					
1949	SAC					
1951	SAC					
1953	SAC					
1955	SAC					
1957	SAC					
1959	SAC					
1961	SAC					
1963	SAC					
1965	SAC					
1967	SAC					
1969	SAC					
1971	SOS					
1973	SOS					
1975	SOS					
1977	SOS	**				
1979	SOS	**				
1981	SOS	AG				
1983	SOS	AG				
1985	SOS	AG				
1987	SOS	AG	NDRC + SOS			
1989	SOS	AG	NDRC + AG		**	
1991	SOS + AAB	AG + SGC	NDRC + AG		**	
1993	SOS + AAB	AG + SGC	NDRC + AG		**	
1995	SOS + AAB	AG + SGC	NDRC + AG		**	
1997	SOS + AAB	AG + SGC	NDRC + AG			
1999	SOS + AAB	AG + SGC	NDRC + AG		GOV	
2001	SOS + AAB	AG + SGC	NDRC + AG		GOV	
2003	SOS + AAB	AG + SGC	NDRC + AG	AG + LAC	GOV	
2005	SOS + AAB + MFS	AG + SGC	NDRC	AG + LAC	GOV	
2007	SOS + AAB + MFS	AG + SGC	NDRC	AG + LAC	GOV	
2009	SOS + AAB + MFS	AG + SGC	NDRC	AG + LAC	GOV	
2011	SOS + CCS	AG + SGC	NDRC	AG + LAC	GOV	
2013	SOS + CCS	AG + SGC	NDRC	AG + LAC	GOV	
2015	SOS + CCS	AG + SGC	NDRC	AG + LAC	GOV	
2017	SOS + CCS	AG + SGC	NDRC	AG + LAC	GOV	
2019	SOS + CCS	AG + SGC	NDRC	AG + LAC	GOV	
2021	SOS + CCS	AG + SGC	NDRC	AG + LAC	GOV	
2023	SOS + CCS	AG + SGC	NDRC	AG + LAC	GOV	
2025	SOS + CCS	AG + SGC	NDRC	AG + LAC	GOV	???

Acronym	Meaning
SAC	State Athletic Commission
SOS	Secretary of State
AAB	Athletic Advisory Board
MFS	Mixed Fighting Style Advisory Board
CCS	Commission of Combative Sports
AG	Attorney General
SGC	State Gaming Commission
NDRC	North Dakota Racing Commission
LAC	Lottery Advisory Commission
GOV	Governor
**	Permitted Activity, Not-Yet-Regulated / State Authorized