

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

15003

2005 HOUSE JUDICIARY

HB 1503

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1503

House Judiciary Committee

Conference Committee

Hearing Date 2/1/05

| Tape Number | Side A | Side B | Meter # |
|---|--------|--------|-----------|
| 3 | xx | | 2.6-29.10 |
| | | | |
| | | | |
| Committee Clerk Signature <i>A. Penrose</i> | | | |

Minutes: 13 members present, 1 member absent (Rep. Zaiser).

Chairman DeKrey: We will open the hearing on HB 1503.

Rep. Randy Boehning: I am the sponsor of this bill (explained the bill). This would enable charitable gaming to offer games like the Indian casinos.

Chairman DeKrey: Thank you. Further testimony in support of HB 1503.

Todd Kranda, CGAND: Support (see written testimony).

Chairman DeKrey: Basically, what you are saying is if they aren't doing it now, then they wouldn't be able to do it.

Todd Kranda: Right, charities need to be in operation prior to January 1, 2004, to be eligible.

So we wouldn't have new organizations running in and filing and saying, we're going to create an organization, become eligible. This bill wouldn't allow the springboard of other entities.

Those organizations that have been here and are here for the long haul, that have been operating and are approved. This is a tax relief bill, if you look at how many dollars you are looking at,

property taxes in your local communities, 60% of that which is raised, would go back to the home communities and the counties. There is a 40% remainder, which goes to the General Fund; and there are additional funds for compulsive gambling addiction treatment, up to \$500,000 per biennium. The amendments I've attached to my testimony again, are just clean up language. I explained them in my bottom paragraph of my testimony, that again after review of the bill for the Gaming Division of the AG's office, specifically at the recommendation of Keith Lauer, the term excise was never actually used in the bill. Even though it was referred to as gaming and excise tax throughout the bill, the gaming tax is what we are dealing with, not an excise tax. So to clean up, we would ask this committee to adopt the amendments, which removes "an excise" throughout the bill generally. That's the amendment that is attached. I will be around and available later to further any questions.

Chairman DeKrey: Thank you. Further testimony in support.

Rick Stenseth, Charitable Gaming Association of ND: Support (see written testimony). I would like to clarify something that Chairman DeKrey asked Mr. Kranda. The operators that would be allowed are organizations that are currently registered with the Secretary of State's office as non-profits. Not necessarily those with gaming licenses today. So an organization that exists and fundraises, but is not in gaming, would be eligible to conduct these games under this bill. It is not limited to those that hold gaming licenses.

Chairman DeKrey: Thank you. Further testimony in support.

Tracy LaDourcier: Support. NDAD relies primarily on charitable gaming to fund our program.

Representative Maragos: Are you in favor of casinos going off reservations for gaming.

Tracy LaDourcier: We are in favor of increasing charitable gaming.

Representative Maragos: I asked if you were in favor of casinos going off reservations for gaming.

Tracy LaDourcier: No, we're in favor of increasing charitable gaming to be able to provide some of the games that are provided by tribal casinos.

Chairman DeKrey: Thank you. Further testimony in support.

Sharon Weber: We support this bill, working with the public I do work directly on site and work with all my customers and the comments have been, instead of letting someone else come in and monopolize, why can't you guys stay here with us. They would also like to see us keeping it in our own bars and not have to go down in our charities, because that would happen with off-reservation; although, I think off reservation should be under the same rules as the state makes us abide by.

Chairman DeKrey: Thank you. Further testimony in support of HB 1503. Testimony in opposition.

Warren DeKrey, ND Council on Gambling Problems: Opposed (see written testimony).

Chairman DeKrey: Thank you. Further testimony in opposition.

Kurt Luger, Executive Director, Indian Gaming: Opposed. We went out of our way to keep a balance with the charitables. I see the Grand Forks situation as a smoke-screen. This is the Grand Forks Herald's newest way to sell newspapers, they have been told, even though we weren't reported in the editorial, by former Gov. Link, former Gov. Sinner, former Gov. Schaeffer, existing Gov. Hoeven, the past AG Heitkamp, and current AG Stenehjem, that this is not a possibility. This is not going to happen. Secondly, because the tribes have signed off on

this Compact in 1999, this bugaboo certainly concerning Turtle Mountain, and some of its representation about them having the horse market, is just that. It's false, erroneous. Anyone who has ever driven to New Town, ND would laugh at that. All of a sudden we have a relationship based on aboriginal claim. The tribes have aboriginal claim from here to Timbuktu. The Standing Rock Sioux Tribe has aboriginal claims that go from Winnipeg, through North Dakota and down into Wyoming. The reason that the state of ND, in my opinion, correctly stated the compact and the language they did, is so that we wouldn't have these arguments and these discussions. All five tribes signed on to have their sites on reservation, including Turtle Mountain, to deal with unemployment. The whole theme of this whole venture was employment, and it's worked. What we're talking about today, when we came into the renewals, the charitables came in for increases. We sat back and supported it. The language they used then, was the same language they are using today, "level playing field". Where was the unleveling of the playing field between then and now. We haven't changed anything. We've created 2,224 jobs, we've stuck \$285 million dollars worth of infrastructure in this state. This is a big thing for us; \$37 million dollars in payroll were spent in 93 communities in ND from our employees. We purchased goods and services at the clip of \$52 million dollars in these cities and towns in ND, 93 communities were written checks to. Then we come up against, back to a level playing field. Again, the smoke screen that I heard several times was Grand Forks. I think Representative Maragos' question was revealing. What would you feel if they moved off reservation. We're not moving off reservation. Not only will the state compact, keep that from happening, there is a federal law that some in this room are aware of, it's called "adverse impact". If another tribe tries to go 200 miles on an aboriginal claim, and Spirit Lake Nation is only 50 miles away, Spirit

Lake has some say so of whether that operation can take place on a federal claim. The purpose was to keep us from the argument that we would have about Grand Forks right now. There is a term for this in Indian Country, called reservation shopping. We want no part of that. We came and struck our deal with the state of ND, we've supported the lottery situation, we've supported the increases in the charitables when they came, but the playing field is not necessarily unlevel, it's constantly wanting to change. At this point, we're in a situation to be forced to oppose this bill. I want to clearly state for this committee's sake that there will be no off reservation gambling done in Grand Forks. The four tribes have already spoken, the state has already spoken, and there is a long, tough road and discussion that will take place, and I suggest to you that the people promulgating it, the representatives, the developers who are never mentioned that are in the middle of this, will be the only people that will do any good during this conversation. Because this controversy is not going to take place if the federal government, the state of ND, and the other four tribes have anything to say about it, and I believe those three entities do. I hate to see that being used as a smoke screen. I would be happy to answer any questions. Thank you for your time.

Chairman DeKrey: Thank you.

Representative Charging: I am here to testify in opposition to this bill. I am an enrolled member of the Three Affiliated Tribes. Today, a lot of discussion has been brought in regarding gambling in ND. You need to understand the reasoning behind the Tribal Indian Gaming Casinos, and nobody can do it better than Mr. Luger. It's an amazing economic reality. We can go into the history of it, and I think people to be reminded briefly of that history. The government had a trust responsibility to the Tribes, and I will speak of my tribe, The Three

Affiliated, located up on Lake Sakakawea. We were inundated by the building of the Garrison Dam, we suffered economic losses that could not possibly be tallied. Somewhere down the way, this one promise came through, it was through the Indian Gaming Regulatory Act, that allowed the Tribes and the state to go into a compact agreement to build casinos. Much like Mr. Luger said, it provided 2,000 jobs across ND. On my reservation, we took people that had been on welfare, never had opportunity for employment, that now have jobs. The charitable gaming, I can't argue with that. My brother is a quadriplegic, it happened when he was 19. Those monies do go to well intended places, but the gaming on the reservations go to an entire tribe of people. The monies that have come off of our tribe, we have rampant disease on our reservation called diabetes. Those monies helped build a dialysis center that treats not only Natives, but non-Natives. We have one of the poorest health care systems in the United States, it is on record. On our Tribal Colleges, we're just now making some headway. Sen. Dorgan made a reference in Congress, in committee, that did you know that the burro population of the US sees more money per burro than Indian students do in college. I'd just like the committee to think really deeply about the history and why gaming was allowed, and why gaming is working on the reservation. I'm glad that Mr. Luger was able to dispel the myth regarding the Turtle Mountain Tribe. There are some more myths. Our reservations, tribal casinos are not the eastern seaboard casinos, we are not making money hand over fist. Sure, we're employing people, the money is going out, going into the communities surrounding us. New Town, ND does not have a K-Mart, Wal-Mart, large dealerships, etc. The money goes out, it goes out into the non-Indian community, where we're mostly from. I can't tell you passionately enough, that as each legislative session has come, there has been more want and more take toward gaming. I think we need to remember the

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House Judiciary Committee

Bill/Resolution Number HB 1503

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real reason why they were established, and why it's allowed. The benefits that it is bringing to a group of people, an entire nation of people, who have been struggling to rebuild their economy.

Chairman DeKrey: Thank you. We are going to recess for the day.

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1503

House Judiciary Committee

Conference Committee

Hearing Date 2/2/05

| Tape Number | Side A | Side B | Meter # |
|---|--------|--------|---------|
| 3 | | xx | 47-end |
| 4 | xx | | 0-1.7 |
| Committee Clerk Signature <i>Dawn Penrose</i> | | | |

Minutes: 13 members present, 1 member present (Rep. Maragos).

Chairman DeKrey: What are the committee's wishes in regard to HB 1503.

Representative Charging: I move the amendments.1

Representative Delmore: Seconded.

Chairman DeKrey: Motion carried.

Representative Charging: I move a Do Not Pass as amended.

Representative Onstad: Seconded.

12 YES 1 NO 1 ABSENT DO NOT PASS AS AMENDED CARRIER: Rep. Charging

FISCAL NOTE

Requested by Legislative Council
02/07/2005

Amendment to: HB 1503

1A. State fiscal effect: *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

| | 2003-2005 Biennium | | 2005-2007 Biennium | | 2007-2009 Biennium | |
|-----------------------|--------------------|-------------|--------------------|-------------|--------------------|-------------|
| | General Fund | Other Funds | General Fund | Other Funds | General Fund | Other Funds |
| Revenues | \$0 | \$0 | \$4,300,000 | \$500,000 | \$9,100,000 | \$500,000 |
| Expenditures | \$0 | \$0 | \$2,339,041 | \$500,000 | \$1,835,743 | \$500,000 |
| Appropriations | \$0 | \$0 | \$2,339,041 | \$500,000 | \$1,835,743 | \$500,000 |

1B. County, city, and school district fiscal effect: *Identify the fiscal effect on the appropriate political subdivision.*

| 2003-2005 Biennium | | | 2005-2007 Biennium | | | 2007-2009 Biennium | | |
|--------------------|--------|------------------|--------------------|-------------|------------------|--------------------|--------------|------------------|
| Counties | Cities | School Districts | Counties | Cities | School Districts | Counties | Cities | School Districts |
| \$0 | \$0 | \$0 | \$576,000 | \$6,624,000 | \$0 | \$1,152,000 | \$13,248,000 | \$0 |

2. Narrative: *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

This bill would enable organizations eligible for licensure as of January 1, 2004, under NDCC chapter 53-06.1 (Games of Chance Laws), to conduct all games not otherwise specifically provided, which are allowed pursuant to the tribal-state gaming compacts. The total number of electronic gaming machines for the new authorized game types may not exceed 50 machines per gaming site. A 10% gaming tax is imposed on the adjusted gross proceeds earned on the new game types allowed, with 60% of new taxes allocated to property tax relief. The property tax relief must be distributed to cities and counties on a quarterly basis based on the proportionate share of the taxes collected. An additional 5% of the taxes, not to exceed \$500,000 per biennium, must be deposited in the compulsive gambling prevention and treatment fund.

3. State fiscal effect detail: *For information shown under state fiscal effect in 1A, please:*

A. Revenues: *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

General fund revenues represent the estimated increase in gaming tax collections attributed to the use of coin-operated gaming devices in the charitable gaming industry starting January 1, 2006.

Other funds revenue represents five percent of the gaming device tax, with a maximum of \$500,000 per biennium, to be transferred to the compulsive gambling prevention and treatment fund.

The county and city fiscal effect relates to the sixty percent of the taxes collected on the new game types which are allocated to a property tax relief fund. The funds from this property tax relief fund are distributed on a quarterly basis to the cities and counties based a proportionate share of the total new taxes collected.

Qualification: If two or more bills propose to increase gaming activity, each of the bills may impact each other and reduce the combined fiscal effect of the two or more bills.

B. Expenditures: *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

It is estimated that 6 FTE positions, along with administrative expenses, contractual services, vendor fees,

telecommunications, computer equipment and software, and one-time start-up costs, will be required to carry out the requirements of this bill.

C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

The Office of Attorney General's budget would need to be increased by an estimated \$2,339,041 from the general fund to carry out the requirements of this bill.

| | | | |
|----------------------|--------------------------|-----------------------|----------------------------|
| Name: | Keith Lauer / Kathy Roll | Agency: | Office of Attorney General |
| Phone Number: | 328-3234 328-3622 | Date Prepared: | 02/08/2005 |

FISCAL NOTE

Requested by Legislative Council
01/18/2005

Bill/Resolution No.: HB 1503

1A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

| | 2003-2005 Biennium | | 2005-2007 Biennium | | 2007-2009 Biennium | |
|-----------------------|--------------------|-------------|--------------------|-------------|--------------------|-------------|
| | General Fund | Other Funds | General Fund | Other Funds | General Fund | Other Funds |
| Revenues | \$0 | \$0 | \$4,300,000 | \$500,000 | \$9,100,000 | \$500,000 |
| Expenditures | \$0 | \$0 | \$2,339,041 | \$500,000 | \$1,835,743 | \$500,000 |
| Appropriations | \$0 | \$0 | \$2,339,041 | \$500,000 | \$1,835,743 | \$500,000 |

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

| 2003-2005 Biennium | | | 2005-2007 Biennium | | | 2007-2009 Biennium | | |
|--------------------|--------|------------------|--------------------|-------------|------------------|--------------------|--------------|------------------|
| Counties | Cities | School Districts | Counties | Cities | School Districts | Counties | Cities | School Districts |
| \$0 | \$0 | \$0 | \$576,000 | \$6,624,000 | \$0 | \$1,152,000 | \$13,248,000 | \$0 |

2. **Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

This bill would enable organizations eligible for licensure as of January 1, 2004, under NDCC chapter 53-06.1 (Games of Chance Laws), to conduct all games not otherwise specifically provided, which are allowed pursuant to the tribal-state gaming compacts. The total number of electronic gaming machines for the new authorized game types may not exceed 50 machines per gaming site. A 10% gaming tax is imposed on the adjusted gross proceeds earned on the new game types allowed, with 60% of new taxes allocated to property tax relief. The property tax relief must be distributed to cities and counties on a quarterly basis based on the proportionate share of the taxes collected. An additional 5% of the taxes, not to exceed \$500,000 per biennium, must be deposited in the compulsive gambling prevention and treatment fund.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

General fund revenues represent the estimated increase in gaming tax collections attributed to the use of coin-operated gaming devices in the charitable gaming industry starting January 1, 2006.

Other funds revenue represents five percent of the gaming device tax, with a maximum of \$500,000 per biennium, to be transferred to the compulsive gambling prevention and treatment fund.

The county and city fiscal effect relates to the sixty percent of the taxes collected on the new game types which are allocated to a property tax relief fund. The funds from this property tax relief fund are distributed on a quarterly basis to the cities and counties based a proportionate share of the total new taxes collected.

Qualification: If two or more bills propose to increase gaming activity, each of the bills may impact each other and reduce the combined fiscal effect of the two or more bills.

B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

It is estimated that 6 FTE positions, along with administrative expenses, contractual services, vendor fees, telecommunications, computer equipment and software, and one-time start-up costs, will be required to carry out the requirements of this bill.

C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

The Office of Attorney General's budget would need to be increased by an estimated \$2,339,041 from the general fund to carry out the requirements of this bill.

| | | | |
|----------------------|------------------------|-----------------------|----------------------------|
| Name: | Keith Lauer/Kathy Roll | Agency: | Office of Attorney General |
| Phone Number: | 328-3234/328-3622 | Date Prepared: | 01/24/2005 |

House Amendments to HB 1503 - Judiciary Committee 02/03/2005

Page 1, line 20, remove "and excise"

Page 1, line 22, remove "total"

House Amendments to HB 1503 - Judiciary Committee 02/03/2005

Page 2, line 4, remove "and excise"

Page 2, line 7, remove "and excise"

Page 2, line 8, remove "and excise"

Renumber accordingly

Date: 2/2/05
 Roll Call Vote #: 1

2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES
 BILL/RESOLUTION NO. 1503

HOUSE JUDICIARY COMMITTEE

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Not Pass as Amended

Motion Made By Rep. Charging Seconded By Rep. Onstad

| Representatives | Yes | No | Representatives | Yes | No |
|---------------------------|-----|----|------------------------|-----|----|
| Chairman DeKrey | ✓ | | Representative Delmore | ✓ | |
| Representative Maragos | A | | Representative Meyer | ✓ | |
| Representative Bernstein | ✓ | | Representative Onstad | ✓ | |
| Representative Boehning | | ✓ | Representative Zaiser | ✓ | |
| Representative Charging | ✓ | | | | |
| Representative Galvin | ✓ | | | | |
| Representative Kingsbury | ✓ | | | | |
| Representative Klemin | ✓ | | | | |
| Representative Koppelman | ✓ | | | | |
| Representative Kretschmar | ✓ | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

Total (Yes) 12 No 1

Absent 1

Floor Assignment Rep. Charging

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

HB 1503: Judiciary Committee (Rep. DeKrey, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends **DO NOT PASS** (12 YEAS, 1 NAY, 1 ABSENT AND NOT VOTING). HB 1503 was placed on the Sixth order on the calendar.

Page 1, line 20, remove "and excise"

Page 1, line 22, remove "total"

Page 2, line 4, remove "and excise"

Page 2, line 7, remove "and excise"

Page 2, line 8, remove "and excise"

Renumber accordingly

2005 TESTIMONY

HB 1503

**Testimony in Support of
House Bill No. 1503
House Judiciary Committee
February 1, 2005**

Chairman DeKrey, House Judiciary Committee members, my name is Todd D. Kranda. I am an attorney with the Kelsch Law Firm in Mandan and I appear before you today as a lobbyist on behalf of the Charitable Gaming Association of North Dakota (CGAND) to express support for HB 1503.

CGAND is a statewide association of charitable gaming organizations. CGAND has a diverse membership varying from clubs to small organizations in all regions of the state and represents about 70% of the charitable gaming in North Dakota.

HB 1503 would allow eligible organizations as of January 1, 2004 to conduct all games not otherwise specified which are allowed to be conducted pursuant to the state-tribal gaming compacts. There is a limitation established for the number of gaming machines per site. Also, a 10% gaming tax is imposed on the adjusted gross proceeds of these new games with 40% remaining in the general fund and 60% allocated for property tax relief distributed proportionately to the local communities. Also, there is a fund of 5% up to \$500,000 per biennium created for compulsive gambling addiction treatment similar to the fund established when the lottery went into effect. The Fiscal Note shows the substantial funds that would be captured for use as indicated within the state.

HB 1503 would allow the charitable organizations to conduct gaming that is currently being played in the state. The new revenues generated would directly benefit the local charities, the local communities for property tax relief, the treatment facilities and the state general fund for North Dakota programs and projects.

Finally, I have included a set of proposed amendments which were suggested by the Gaming Division of the Attorney General's office to clarify the bill. The use of the term "excise" when dealing with the gaming tax is unnecessarily confusing and is being deleted.

Accordingly, I would urge a DO PASS recommendation for HB 1503.

**PROPOSED AMENDMENTS TO
HOUSE BILL NO. 1503**

Page 1, line 20, remove "and excise"

Page 1, line 22, remove "total"

Page 2, line 4, remove "and excise"

Page 2, line 7, remove "and excise"

Page 2, line 8, remove "and excise"

Renumber accordingly

Honorable Senators and Representatives of the 2005 Legislative Session:

The Charitable Gaming Association of North Dakota presents some facts concerning gaming in North Dakota and what Charitable Gaming means to the citizens and our State. Hopefully these will be of value as you consider any bills that come before you concerning our industry.

Just before the 2002 vote on the lottery, CGAND commissioned a survey to obtain information that would provide a better understanding of North Dakota residents' opinions toward various gaming-related issues. This was a quite inclusive, statistically random, survey with some very interesting results.

In measuring general gaming habits, the survey concluded:

- Nearly 8 of 10 have gambled, 6 of 10 in the past year (65% in a 2000 survey).
- A large majority have played charitable games or been to a ND casino (3 of 4).
 - ✓ 6 of 10 reported buying a Powerball ticket in another state.
- Charitable games received better satisfaction ratings than other types of gaming.
- The largest share feel charitable gaming should be expanded.
 - ✓ 50% feel charitable gaming sites should be allowed to provide most, or all of the games currently available at reservation casinos.
- If machines are allowed in ND, 60% feel they should be in bars or clubs only.
- Residents oppose casinos operated by private businesses. If laws are changed, the largest proportion would most prefer to see the state and charitable gaming organizations operate and benefit from expanded gaming. The respondents least prefer having private business or reservations operate and benefit from expanded gaming.
- A majority said they are more likely to support efforts to expand gaming if it keeps money in the state and benefits worthy causes.
- Respondents see many reasons for increasing the revenue that charities receive by expanding charitable gaming. They are also cognizant of the social and moral concerns related to this issue.
- Efforts to support expanded charitable gaming may not be detrimental to legislators. 6 of 10 are much more likely to vote for a candidate that supports Powerball. 5 of 10 are more likely to vote for a candidate who supports charitable gaming sites operating electronic gaming.
- A majority of respondents said they would vote in favor of several different proposals to expand gaming (7 of 10 would vote for a multi-state lottery, over 50% would vote in favor of expanding charitable gaming.).

The overwhelming support citizens gave the lottery measure certainly legitimizes the results of this survey. The results show a major change in the general feelings of North Dakotans towards gaming that has been upheld by more recent polling data. We are hopeful that the opinions stated as to charitable gaming will result in our industry being better able to generate the much needed revenue that supports so many worthwhile programs and services that would not otherwise exist.

TESTIMONY IN FAVOR OF HOUSE BILL 1503

My name is Rick Stenseth and I am the Legislative Committee Chair of the Charitable Gaming Association of North Dakota. CGAND supports this legislation.

Revenue projections are very favorable and would be of great benefit to many worthy and important organizations providing programs and services in our state. Charitable gaming supports youth groups, veterans organizations, programs for the handicapped and disabled, fire departments, ambulance services, Lions, Eagles, arts organizations, schools, sports groups, and seniors to name a few.

Polls of North Dakotans over the last few years show very solid support for our charitable gaming operators to offer the same type of games that the tribes conduct.

Property taxes in many areas of our state are quite high and increasing regularly. This legislation would provide relief by distributing a majority of the taxes collected to cities and counties based on a proportionate share of the taxes collected. The fiscal note shows expected distributions to be over \$7 million in year one, \$14 plus million in the first full biennium.

Forty percent of taxes collected go into the General Fund and up to \$500,000 per biennium is allocated to the compulsive gambling prevention and treatment fund.

Organizations in existence and eligible for licensure as of January 1, 2004 would be able to conduct games. This would prevent the development of new organizations formed just to take advantage, while allowing charitable organizations in existence today to conduct games, even if they are not doing so now.

Games would be allowed in any site authorized to conduct gaming as of January 1, 2004. New sites would not be allowed to locate within 1,000 feet of another gaming site. This is intended to prevent a situation such as Deadwood where games are offered at each store front down a main street.

Recently, members of the Turtle Mountain Tribe have been in talks with people in Grand Forks on the possibility of tribal gaming being offered in Grand Forks. Charitable Gaming is ready and willing to provide games to the public through an industry that is already established, closely monitored, regulated, and taxed for the benefit of all North Dakotans.

While the sovereign status of our State's Native American Tribes supports and guarantees certain rights, it does not allow a monopoly on any type of business. Passage of this legislation will truly level the playing field between tribal interests and charitable gaming for the funding gaming dollars provide.

Chrm. DeKrey & members of the Judiciary Committee

My name is Warren DeKrey, Chrm. ND Council on Gambling Problems

I appear in opposition to HB 1503

This bill would essentially open ND to most forms of gambling. At the present time only the Tribes have these.

The most likely result of this bill would be a large increase of Electronic Slot Machines.

Presently the Tribal Casinos have about 3000 such machines

This bill would allow Charitable Gambling about 6000 machines or a 3 fold increase in Electric Slots.

Whether we like it or not this would be tremendous competition to the Tribes.

Gambling creates no new wealth – merely a re-distribution of wealth – money not spent on Main Street

Businesses can conservatively expect a 3.5 multiplier – gambling none. Gambling is reverse economic development.

There has not been a decrease in money spent on Charitable Gaming since introduction of lottery – the logical conclusion is that some of this money has come from savings or delayed purchases. The introduction of more gambling will certainly start to come from these sources and make this assumption a reality.

We seem to have crossed the line from the citizen being more important to where the State is now more important when it comes to gambling.

I urge a no vote on HB 1503

**House Bill 1461 & 1503 - House Judiciary Committee
February 1, 2005**

**Presented by Traci LaDouceur, CFO
North Dakota Association for the Disabled**

- Popularity of poker and other game types have increased.
- Charitable gaming in North Dakota is on a decline.
- 2003 Survey conducted by the Bureau of Governmental Affairs showed 79% of people surveyed support an initiated measure to allow charitable organizations to have the same gaming options that reservations have.
- Since 1982 NDAD has spent over \$26 million dollars assisting North Dakotans with disabilities.
- Since 1982 NDAD has paid over \$23 million dollars to the state in sales, gaming and excise tax.
- Approval of these bills would give charities more leverage to compete with the tribal casinos and other competitors.
- Approval of these bills could increase gaming revenues generating increased tax dollars and charitable use expenditures.