

2011 HOUSE JUDICIARY

HB 1238

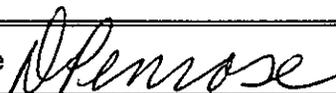
2011 HOUSE STANDING COMMITTEE MINUTES

House Judiciary Committee
Prairie Room, State Capitol

HB 1238
January 19, 2011
13024 & 13103

Conference Committee

Committee Clerk Signature



Minutes:

Chairman DeKrey: We will open the hearing on HB 1238.

Rep. Kretschmar: Sponsor, support. This bill was introduced for one of the communities in my district. They use what is called a charity local permit and those type permits are obtained from the city council or the county commission as the case may be. This came from the city of Kulm. They wanted to have two poker games during the year at one of their clubs. Under the charity permit, they can only have one. With this amendment to the statute, it would allow them to have two poker games during a year under the charity local permit. Then there are other games under a charity local permit. They wouldn't be unlimited under this amendment because there is a restriction that they can't give out more than \$6,000 a year in prizes, so it would not increase gaming in ND to any real extent, but would allow local towns to hold more than one event. They would then have the same rights that organizations that are licensed through the AG's office to have two poker games during the year. Under a charity local permit, basically you could go from one poker during the year to two. Then you can do these other games too, but you're still under that monetary limit. It does not increase gaming in any substantial manner.

Rep. Klemin: Point of clarification on the provided language on line 11, provided the organization does not exceed the prize limits in subdivision a, does the provided language apply both to two poker occasions and to unlimited other games, or does it only apply to the unlimited other games.

Rep. Kretschmar: That requirement, as I understand it, I requested that the bill be drafted so that it would apply to poker and the other games all together.

Chairman DeKrey: Thank you. Further testimony in support. Testimony in opposition. Neutral testimony.

Keith Lauer, Director, Gaming Division, AG's office: I have a handout that details the local permit option (see attached). For the new members of the committee, if you're not familiar with charitable gaming, there are two ways you can do it; under a state

license or a local permit or charity local permit. The charity local permit that this bill deals with, has the same fee as the local permit, which is \$25. There is no actual tax reporting to our office, there are no taxes paid by the charities. On the handout that I passed out, it gives you the features of the local permit and the charity local permit. The charity local permit first came around in 2001. Rep. Wald introduced HB 1300 and that created the charity local permit. The difference between that and a local permit is that it added three game types: paddlewheels, twenty-one and poker. Then it also restricted the charity local permit to one event per year. Under both types of permits the prizes can't exceed \$12,000 per year; that can be either a calendar year or fiscal year. The primary prizes under a charity local permit and the local permit are the same. There is some additional reporting responsibility with a charity local permit which is given both to our office and to the local jurisdiction that approved it, but it's more on how much did you make from this event, what did you pay in prizes, what did you do with the money you made from the activity afterwards; but no taxes are paid at all. There are about 2,000 of these that are used each year, these charity local permits or local permits, where you have small organizations, PTO, fire departments, could be a lot of different groups. They are organizations that don't have ongoing gaming like with pull tabs on an ongoing basis. They've got one time raffles, they want to raise some money, maybe get some donated prizes and it's your small time gaming where even if they were taxed, our office wouldn't make enough money on it to make it worth the processing time. This bill increases the number of times you can do poker under a charity local permit to two occasions, which is the same as a state license, and then it makes the other game types unlimited that they could do under a charity local permit; any of those six game types that are listed under the features of a charity local permit, other than poker. The rest of those could be done an unlimited number of times until you got to that \$12,000 in prizes per year.

Chairman DeKrey: Thank you. We will close the hearing. What are the committee's wishes in regard to HB 1238.

Rep. Maragos: I move a Do Pass on HB 1238.

Rep. Beadle: Second.

Rep. Kretschmar: Basically I put this bill in for small communities in ND, particularly in my district. I think that allowing them to play poker twice a year, like the AG licensed organization do currently, really isn't going to be too harmful.

11 YES 2 NO 1 ABSENT

DO PASS

CARRIER: Rep. Maragos

FISCAL NOTERequested by Legislative Council
01/11/2011

Bill/Resolution No.: HB 1238

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.*

	2009-2011 Biennium		2011-2013 Biennium		2013-2015 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

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

2009-2011 Biennium			2011-2013 Biennium			2013-2015 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

This bill allows organizations which obtain a charity local permit from a city or county to conduct up to two poker occasions rather than just one event and unlimited other gaming activity up to the \$12,000 per year prize amount.

B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Neither local permits nor charity local permit holders pay any gaming taxes to the state of ND so there no fiscal impact.

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.*

Neither local permits nor charity local permit holders pay any gaming taxes to the state of ND so there no fiscal impact.

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.*

N/A

C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

N/A

Name:	Kathy Roll	Agency:	Office of Attorney General
Phone Number:	328-3622	Date Prepared:	01/14/2011

FISCAL NOTE

Requested by Legislative Council
01/11/2011

Bill/Resolution No.: HB 1242

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.*

	2009-2011 Biennium		2011-2013 Biennium		2013-2015 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures				\$0		\$0
Appropriations				\$0		\$0

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

2009-2011 Biennium			2011-2013 Biennium			2013-2015 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
			\$0	\$0		\$0	\$0	

2A. Bill and fiscal impact summary: *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

This bill requires NDDOT to develop a four - lane alternate when it develops the environmental document for the next major reconstruction of US 85 between Watford City & Williston, & give primary consideration to selection and construction of the alternative if environmental clearance is obtained.

B. Fiscal impact sections: *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

This bill should not have a significant fiscal impact for many years.

US Highway 85 from Watford City to Williston will be new in 2011 if construction proceeds as anticipated. Therefore, we do not anticipate a fiscal impact from this bill during the 2011-2013 or 2013-2015 bienniums.

When US Highway 85 from Watford City to Williston is reconstructed in the future, if the 4-lane alternative is selected and environmental clearance obtained, we estimate the costs to 4-lane that stretch of highway will be approximately \$180 million dollars (in terms of 2011 dollars). This includes costs for engineering, right-of-way acquisition, and bridges.

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.*

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.*

We do not anticipate a fiscal impact from this bill during the 2011-2013 or 2013-2015 bienniums.

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and*

appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.

We do not anticipate a fiscal impact from this bill during the 2011-2013 or 2013-2015 bienniums.

Name:	Robert Fode	Agency:	NDDOT
Phone Number:	328-1937	Date Prepared:	01/12/2011

Date: 4/19/11
Roll Call Vote # 1

2011 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1238

House JUDICIARY Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken: Do Pass Do Not Pass Amended Adopt Amendment
 Rerefer to Appropriations Reconsider

Motion Made By Rep. Maragos Seconded By Rep. Beadle

Representatives	Yes	No	Representatives	Yes	No
Ch. DeKrey	✓		Rep. Delmore	✓	
Rep. Klemin	✓		Rep. Guggisberg	✓	
Rep. Beadle	✓		Rep. Hogan		✓
Rep. Boehning	✓		Rep. Onstad		
Rep. Brabandt	✓				
Rep. Kingsbury		✓			
Rep. Koppelman	✓				
Rep. Kretschmar	✓				
Rep. Maragos	✓				
Rep. Steiner	✓				

Total (Yes) 11 No 2

Absent 1

Floor Assignment Rep. Maragos

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

REPORT OF STANDING COMMITTEE

HB 1238: Judiciary Committee (Rep. DeKrey, Chairman) recommends DO PASS
(11 YEAS, 2 NAYS, 1 ABSENT AND NOT VOTING). HB 1238 was placed on the
Eleventh order on the calendar.

2011 SENATE JUDICIARY

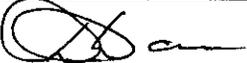
HB 1238

2011 SENATE STANDING COMMITTEE MINUTES

Senate Judiciary Committee
Fort Lincoln Room, State Capitol

HB1238
3/22/11
Job #16030

Conference Committee

Committee Clerk Signature 

Explanation or reason for introduction of bill/resolution:

Relating to authorized charitable gaming under a charity local permit

Minutes:

There is an attachment

Senator Nething – Chairman

Representative Kretschmar – Introduces the bill and explains the bill is for a small Lions Club in his town. He explains that this bill allows them to put on 2 poker events a year making it like the statewide permits that allow statewide groups to put on 2 poker events a year.

Senator Nething – Asks about other games and how many people get involved in his small town event.

Senator Nelson – Asks if he is raising it one poker game and when you combine those two poker games and everything else they are currently doing they can't exceed more than \$12,000.

Rep. Kretschmar – Replies, that is current law and that stays the same.

Senator Sitte – Asks what other games he envisions.

Rep. Kretschmar – Those that are listed in the statute.

Opposition

Warren DeKrey – ND Council on Gambling Problems – He says this is not a huge change and won't make a huge difference but is an example of what happens when we pass a law and the next thing you know someone asks for more games, more prizes, so he opposes this bill.

Keith Lauer – Attorney General's Office, Gaming Division – Provides a handout on local permit options. Explains local permits and charity local permits. He said this bill basically

eliminates the one event per year and provides up to two poker occasions which is the current limit for licensed organizations and unlimited other game types. He says there are about 2000 local permits that are issued each year.

Senator Olafson – Says he has seen raffles with prizes well in excess of \$12,000 and asks if they are operating under some different permit.

Lauer – Answers they would be doing it under a state license if it exceeds \$12,000. They would also have to get a site authorization from the city which is \$100 fee and a \$150 license from the Attorney General's office. He said for merchandise there is no limit but for cash it is \$4000 for a single day.

Senator Nelson – Gives examples of a state license.

Lauer – Says this bill is for small organizations. In the city of Bismarck they won't issue a permit unless you're a non-profit.

Senator Sitte – Asks if this just abolishes the local permit.

Lauer – Replies no because you still have 3 game types that are not allowed under a local permit. He explains again the difference between local and charity permits.

Senator Nelson – Asks how strict they are on little bridge pools, or sport game pools.

Lauer – Responds as long as you're not wagering more \$25 there is no penalty. It is not legal but there is no penalty as long as it is on private premises.

Committee work

Senator Olafson moves a do pass

Senator Lyson seconded

Roll call vote – 2 yes, 4 no

Motion fails

Senator Sitte moves a do not pass

Senator Sorvaag seconded

Discussion

Senator Olafson said he is supporting this because he thinks it could be beneficial to non profits and small towns in ND. He doesn't see it as a dramatic expansion of gaming laws. Senator Nething sees it as an expansion of gaming.

Roll call vote – 3 yes, 3 no

Motion fails

Discussion

Senator Nelson explains that she thinks this is the kind of bill that should go without recommendation.

Senator Nelson moves without committee recommendation

Senator Olafson seconded

Roll call vote – 6 yes, 0 no

Motion carries

Senator Nelson will carry

Date: 3/23/11
Roll Call Vote # 2

2011 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1238

Senate Judiciary Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken: Do Pass Do Not Pass Amended Adopt Amendment
 Rerefer to Appropriations Reconsider

Motion Made By Senator Sitte Seconded By Senator Sorvaag

Senators	Yes	No	Senators	Yes	No
Dave Nething - Chairman	X		Carolyn Nelson		X
Curtis Olafson - V. Chairman		X			
Stanley Lyson		X			
Margaret Sitte	X				
Ronald Sorvaag	X				

Total (Yes) 3 No 3

Absent _____

Floor Assignment Senator

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

Date: 3/23/11
Roll Call Vote # 3

2011 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1238

Senate Judiciary Committee

Check here for Conference Committee *without committee recommendation*

Legislative Council Amendment Number _____

Action Taken: Do Pass Do Not Pass Amended Adopt Amendment
 Rerefer to Appropriations Reconsider

Motion Made By Senator Nelson Seconded By Senator Olafson

Senators	Yes	No	Senators	Yes	No
Dave Nething - Chairman	X		Carolyn Nelson	X	
Curtis Olafson - V. Chairman	X				
Stanley Lyson	X				
Margaret Sitte	X				
Ronald Sorvaag	X				

Total (Yes) 6 No 0

Absent _____

Floor Assignment Senator Nelson

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

REPORT OF STANDING COMMITTEE

HB 1238: Judiciary Committee (Sen. Nething, Chairman) recommends BE PLACED ON THE CALENDAR WITHOUT RECOMMENDATION (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1238 was placed on the Fourteenth order on the calendar.

2011 TESTIMONY

HB 1238

Local Permit Option Available for Smaller Organizations

Charitable gaming organizations that only conduct limited games of chance should consider the Local Permit or Charity Local Permit as an option to maximize their profit potential.

Annually about 2,000 small organizations or groups of people conduct limited games of chance under Local Permits or Charity Local Permits. Listed below are some of the features of Local Permits and Charity Local Permits:

Features of Local Permits

- Game types restricted to raffles, bingo, and sports pools.
- Unlimited number of occasions provided the total prizes don't exceed \$12,000 for a calendar or fiscal year (July 1 – June 30).
- The primary prize offered under a local permit can't exceed \$6,000. However, raffle cash prizes can't exceed \$4,000.
- The governing body of a city or county may establish a fee not to exceed \$25 for each permit issued. No site authorization or license fees are required.
- Approval is granted at the discretion of the governing body and may include any nonprofit organization or group of people recognized as being public spirited.
- No tax reporting requirements.

Features of Charity Local Permits

- Game types restricted to raffles, bingo, sports pools, paddlewheels, twenty-one, and poker.
- Limit of one event per year with total prizes not exceeding \$12,000 for a calendar or fiscal year (July 1 – June 30). No additional gaming activity may be conducted during the remainder of the year.
- The primary prize offered under a charity local permit can't exceed \$6,000. However, raffle cash prizes can't exceed \$4,000.
- The governing body of a city or county may establish a fee not to exceed \$25 for a permit. No site authorization or license fees are required.
- Approval is granted at the discretion of the governing body and may include any nonprofit organization or group of people recognized as being public spirited.
- Employees must be volunteers and can't be paid remuneration for services provided.
- Chips must be used for waging with the appropriate game types and are redeemable for merchandise or cash.
- Limited reporting of gaming activity to the Attorney General's office and local governing body.

A small organization should consider these local permit options prior to applying for a state gaming license in order to maximize its profit from charitable games of chance.