

FISCAL NOTE
Requested by Legislative Council
01/19/2015

Bill/Resolution No.: HB 1448

- 1 A. **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.*

	2013-2015 Biennium		2015-2017 Biennium		2017-2019 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

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

	2013-2015 Biennium	2015-2017 Biennium	2017-2019 Biennium
Counties			
Cities			
School Districts			
Townships			

- 2 A. **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 increases the amount of monthly pull-tab rent which can be paid by a gaming organization from \$200 to \$325.

- 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.*

Since the rent is paid out of the allowable gaming expenses of the organization there is no impact on the gaming taxes paid to the state.

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.*

N/A

- 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 or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

N/A

Name: Kathy Roll

Agency: Office of Attorney General

Telephone: 701-328-3622

Date Prepared: 01/20/2015

2015 HOUSE JUDICIARY

HB 1448

2015 HOUSE STANDING COMMITTEE MINUTES

House Judiciary Committee
Prairie Room, State Capitol

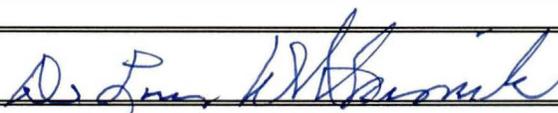
HB 1448

1/27/2015
22636

Subcommittee

Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

Relating to the monthly rent for games of chance sites.

Minutes:

Testimony #1

Chairman K.Koppelman: Opened the hearing with testimony in support.

Rep. Streyle: Introduced this bill on behalf of the ND Hospitality Association. Last session was passed what was allowed to pay for rent from \$200 roughly to \$400. I think that was an error. If you only had pull tabs it applied to. If you had pull tabs, a pig wheel and blackjack you weren't able to capture that. This is a fairness bill. It says if you have multiple services you can capture a higher rent.

Rudie Martinson: ND Hospitality Association: (See Testimony #1) (1:34-6:30) (mike not on)

Rep. Mary Johnson: So you think since the charities have less expense due to expensing devices they save on labor; the bars should get to charge more. Is that what I am hearing?

Rudie Martinson: It has less to do with their expense; someone still has to pay along with the utilities and labor. (mike not on)

Rep. Lois Delmore: Does each charity do a job of negotiating with the bar if they want to set up a site?

Rudie Martinson: Yes that is true. They negotiate with each site.

Rep. Lois Delmore: With the additional cost added do you know what the charity would pay to a bar for that space to the bar for renting that space?

Rudie Martinson: There is a ceiling but I don't have data on that.(mike not on)

Rep. Lois Delmore: I would like to see that data? I would assume since we all negotiate that there is a price range; there is not just one price.

Rudie Martinson: (mike not on).

Chairman K.Koppelman: It is a service or benefit to the charities but I assume it is also a benefit for the establishment to collect tickets for pay out winners or whatever else they are doing. At the same time I assume it is also a benefit to the establishment to have the charitable gambling there. Is that correct?

Rudie Martinson: (mike not on) That would vary with each bar owner.

Chairman K.Koppelman: Is the section of code we are looking at the same section that was amended last session with the unintentional issues?

Rudie Martinson: (mike not on)

Rep. L. Klemin: The \$200 to \$325; what did you say there that this was changed last session in an equitant amount or is this something new?

Rudie Martinson: (mike not on) It wasn't \$75 four years ago and the other section

Rep. L. Klemin: On line 6 it talks about paddlewheel tables and if you have been setting here a while you heard about this electronic paddlewheel. It seems there wouldn't be any reason to have more than one paddlewheel in a bar if they are electronic because they would all be doing exactly the same thing at the same time if they are run from a statewide server. Why have more than one paddlewheel table ever?

Rudie Martinson: It is more common to have more than one; there are more blackjack tables; (mike not on)

Rep. L. Klemin: It is set up so if you do have more than one paddlewheel table there would be rent times the number of paddlewheel tables.

Rudie Martinson: I don't know if there are more than (mike not on)

Rep. Mary Johnson: Bars with one liquor license have different parts of the bar so there are cases where it is not just a one room bar more than one paddlewheel in a larger bar wouldn't be uncommon, I wouldn't think.

Rudie Martinson: I don't know how common this is. (mike not on)

Chairman K. Koppelman: Do you see in your industry with technology a movement more concentration on that versus the analog for lack of a better term games and products and devices?

Rudie Martinson: We heard that in more rural areas (mike not on)

Rep. Brabandt: How do you handle situation whereby charitable organizations get behind on their rent.

Rudie Martinson: I don't know that answer.

Opposition: None

Neutral:

Deb McDaniel, Attorney General's office in the Gaming Division: We have a neutral stance on this product. I am here to provide you with in information you need. Those numbers I can get for you on rent. The electronic paddlewheel only sets six at the table at once. They may need more than one table.

Chairman K.Koppelman: Do you see a movement to electronic devices is bingo going away if these devices are around or is it just another way to do the same thing?

Deb McDaniel: I think it would bring in a different customer base.

Hearing closed.

Do Pass Motion Made by Rep. Maragos; Seconded by Rep. Brabandt:

Roll Call Vote: 12 Yes 1 No 0 Absent Carrier: Rep. G. Paur

**2015 HOUSE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL NO. HB 1338**

House JUDICIARY Committee

- Subcommittee Conference Committee

Amendment LC# or Description: _____

- Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations

Other Actions: Reconsider _____

Motion Made By Rep. Maragos Seconded By Rep. Brabandt:

Representative	Yes	No	Representative	Yes	No
Chairman K. Koppelman	X		Rep. Pamela Anderson	X	
Vice Chairman Karls	X		Rep. Delmore	X	
Rep. Brabandt	X		Rep. K. Wallman	X	
Rep. Hawken	X				
Rep. Mary Johnson	X				
Rep. Klemin	X				
Rep. Kretschmar	X				
Rep. D. Larson		X			
Rep. Maragos	X				
Rep. Paur	X				

Total (Yes) 12 No 1

Absent 0

Floor Assignment: Rep. G. Paur

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

REPORT OF STANDING COMMITTEE

HB 1448: Judiciary Committee (Rep. K. Koppelman, Chairman) recommends DO PASS
(12 YEAS, 1 NAYS, 0 ABSENT AND NOT VOTING). HB 1448 was placed on the
Eleventh order on the calendar.

2015 SENATE JUDICIARY

HB 1448

2015 SENATE STANDING COMMITTEE MINUTES

Judiciary Committee
Fort Lincoln Room, State Capitol

HB 1448

3/9/2015

24490

Subcommittee

Conference Committee

Committee Clerk Signature

A. Penrose

Minutes:

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Ch. Hogue: We will open the hearing on HB 1448.

Rep. Roscoe Streytle: Sponsor, support. This bill is to make the rental fees for all games in the charitable gaming arena be the same. Costs have increased; the rental rates were changed in the last session. The last increase was over 15 years ago. Obviously with increasing costs the rents need to keep up.

Ch. Hogue: Thank you. Further testimony in support.

Rudie Martinson, Exec. Director of the ND Hospitality Association: Support (see attached 1).

Sen. Casper: So we're raising the rents, so that the charity pays the rental rate for each game.

Rudie Martinson: The maximum is for the game of pull tabs. There are sections surrounding this that dictate how much can be charged for the Black Jack and the paddlewheel, etc.

Sen. Casper: This is just in regard to the pull tabs.

Rudie Martinson: Yes.

Ch. Hogue: When did the legislature start capping the amount that your organization members could charge for rent?

Rudie Martinson: I don't know that. Prior to last session, the last time that the statutory cap had been moved up for the game of pull tabs was 1999.

Ch. Hogue: Thank you. Further testimony in support. Testimony in opposition.

John Jorgenson, Gaming Manager for Sharehouse, Inc.: Opposed. This bill, essentially, could increase their rent up to \$1500/year if they were to have a jar bar and a pull tab machine. We're not necessarily opposed to the rent increase; it's more of a wording of the bill, possibly needing an amendment. Our concern is primarily that the bar would see that they could get extra monthly rents for an additional game. They might be tempted to look at other charities that might have more games; more games, more rent. We would like to see a minimum quarterly gross for that rent to have to be paid. Similar to black jack, if you have multiple tables, your second table would have to open 13 times a quarter for you to be able to pay your rent on that table, which prevents the situation where the bar says we'd like you to have three black jack tables so you can pay triple of the rent, even if you only use one table, we want more money for you to operate in our site (the bar). Even when the bar staff is operating on behalf of the charity, paying people for their winnings, if there is just a pull tab machine. The charities are still required that they have to visit that machine weekly, to refill it, handle the paperwork, etc. There are still costs to the charities associated with putting a pull tab dispensing device in a bar.

Ch. Hogue: I understand the dynamics in the small town. But in a large town, with lots of bars, why does the legislature need to tell the establishments how much they can charge in rent; is there no negotiation that goes on between the charity and the establishment.

J. Jorgenson: At times there can be negotiation. If you have gaming in a bar that doesn't do well, as far as gaming, you may be able to get your rent lowered, but that is a very rare situation where you are not paying the maximum rent. There are times when another charity might come in and say that they think they can do better than the present charity, we'll get you more rent because we will put in a machine which has happened in the past.

Ch. Hogue: Thank you. Further testimony in opposition. Neutral testimony. We will close the hearing.

2015 SENATE STANDING COMMITTEE MINUTES

Judiciary Committee
Fort Lincoln Room, State Capitol

HB 1448
3/10/2015
24551

- Subcommittee
 Conference Committee

Committee Clerk Signature *D. Penrose*

Minutes:

Ch. Hogue: We will take a look at HB 1448. What are the committee's wishes?

Sen. Armstrong: I move a Do Pass.

Sen. Grabinger: Second the motion.

6 YES 0 NO 0 ABSENT

DO PASS

CARRIER: Sen. Nelson

Date: 3/10/2015

Roll Call Vote #: 1

2015 SENATE STANDING COMMITTEE
ROLL CALL VOTE

BILL/RESOLUTION NO. 1448

Senate

JUDICIARY

Committee

Subcommittee

Amendment LC# or Description: _____

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar

Other Actions: Reconsider _____

Motion Made By Sen. Armstrong Seconded By Sen. Grabinger

Senators	Yes	No	Senators	Yes	No
Chairman Hogue	✓		Sen. Grabinger	✓	
Sen. Armstrong	✓		Sen. C. Nelson	✓	
Sen. Casper	✓				
Sen. Luick	✓				

Total (Yes) 6 No 0

Absent 0

Floor Assignment Sen. Nelson

REPORT OF STANDING COMMITTEE

HB 1448: Judiciary Committee (Sen. Hogue, Chairman) recommends DO PASS
(6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1448 was placed on the
Fourteenth order on the calendar.

2015 TESTIMONY

HB 1448

FF 1



ND's Restaurant, Lodging & Beverage Association



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 E-mail: NDhospitalityassn@gmail.com • www.ndhospitality.com



HB 1448

Testimony of Rudie Martinson
 Executive Director, ND Hospitality Association
 Before the House Judiciary Committee
 January 27, 2015

Chairman Koppelman and members of the committee,

Good morning. My name is Rudie Martinson and I am the Executive Director of the ND Hospitality Association. We are the trade association for the restaurant, lodging, and retail beverage industries.

I rise today in support of HB 1448.

As you may know, the amount of rent we are allowed to charge to a charitable gaming organization for the use of our facilities is capped by statute. HB 1448 seeks to raise that cap on the game of pull tabs.

By way of background, in 2013 we requested and the legislature passed a bill to increase this rent limit for pulltab machines. At the time, this rent limit had last been raised in 1999. During that time, the costs to the bar owner that rent was intended to cover have continued to rise. Utilities, janitorial services, the cost of labor, etc. have all gone up in the fourteen years since this cap had last been raised.

We looked specifically at pulltab machine sites for a rent increase in this bill. In pulltab machine sites, much of the actual work of operating that game falls on the staff of the bar. Our employees are responsible for handling the gaming bank, paying out winners, and covering any shortfalls in the gaming bank that may occur. This is in addition to our employees (or contracted janitorial services) having to clean up any mess created by the presence of pulltabs.

Unfortunately, last session's bill covered an increase for sites that had pulltab machines only. A site that has, for example, a pulltab machine and a blackjack table did not receive the increase for the pulltab machine. In a case like this, the bar employees are obligated to all of the same duties as a machine-only site, but the rent increase does not apply.

Mr. Chairman and members of the committee, we believe that the modest increase we're asking for in HB 1448 is a fair request to bring all pulltab machine sites in line with the increase we received last session. We ask for your favorable consideration of HB 1448.

Thank you.

#1-1

North Dakota Hospitality Association

ND Restaurant, Lodging & Beverage Association

ND's Restaurant, Lodging & Beverage Association



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Testimony of Rudie Martinson

Executive Director, ND Hospitality Association

In favor of HB 1448

Before the Senate Judiciary Committee

March 9, 2015

Chairman Hogue and members of the committee,

Good morning. My name is Rudie Martinson and I am the Executive Director of the ND Hospitality Association. We are the trade association for the restaurant, lodging, and retail beverage industries.

I rise today in support of HB 1448.

As you may know, the amount of rent we are allowed to charge to a charitable gaming organization for the use of our facilities is capped by statute. HB 1448 seeks to raise that cap on the game of pull tabs.

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Thank you.