

HOUSE BILL NO. 1205

Introduced by

Representatives Maragos, D. Anderson, Porter

Senator Armstrong

1 A BILL for an Act to amend and reenact subsection 7 of section 53-06.1-01 and section
2 53-06.1-03 of the North Dakota Century Code, relating to raffle permit requirements.

3 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

4 **SECTION 1. AMENDMENT.** Subsection 7 of section 53-06.1-01 of the North Dakota
5 Century Code is amended and reenacted as follows:

6 7. "Eligible organization" means a veterans, charitable, educational, religious, fraternal,
7 civic and service, public safety, or public-spirited organization domiciled in North
8 Dakota or authorized by the secretary of state as a foreign corporation under chapter
9 10-33, incorporated as a nonprofit organization, and which has been regularly and
10 actively fulfilling its primary purpose within this state during the two immediately
11 preceding years. However, an educational organization does not need to be
12 incorporated or be in existence for two years. An organization's primary purpose may
13 not involve the conduct of games. The organization may be issued a license by the
14 attorney general. ~~For purposes of this section, a foreign corporation authorized under~~
15 ~~chapter 10-33 is not an eligible organization unless authorized to conduct a raffle~~
16 ~~under chapter 20.1-04 or 20.1-08 and may not conduct a game other than a raffle~~
17 ~~under chapter 20.1-04 or 20.1-08.~~

18 **SECTION 2. AMENDMENT.** Section 53-06.1-03 of the North Dakota Century Code is
19 amended and reenacted as follows:

20 **53-06.1-03. Permits, site authorization, and licenses.**

21 1. Except as authorized by the attorney general, an organization that has its license
22 suspended or revoked, or has relinquished or not renewed its license and not
23 disbursed its net proceeds, is ineligible for a license or permit. Only one of two or more
24 closely related organizations may have a license or permit at one time. A college or

1 university fraternity, sorority, or club is not closely related to an educational
2 organization. An organization shall apply for a permit as follows:

3 a. An organization recognized as a public-spirited organization by the governing
4 body of a city or county may apply for a local permit to conduct only raffles, bingo,
5 or sports pools, or a charity local permit to conduct only raffles, bingo, sports
6 pools, paddlewheels, twenty-one, and poker. The organization or closely related
7 organizations as a whole may only award a primary prize that does not exceed
8 six thousand dollars and total prizes of all games do not exceed twelve thousand
9 dollars per year. These maximum prize amounts do not apply to raffles conducted
10 under chapter 20.1-08. The determination of what is a "public-spirited
11 organization" is within the sole discretion of the governing body. An organization
12 shall disclose on the application its intended use of the net income from the
13 gaming activity. A governing body may issue a permit for games to be held at
14 designated times and places.

15 b. An organization exempt from federal income tax under section 501(c)(3) of the
16 United States Internal Revenue Code may apply for a local permit or a charity
17 permit to conduct a raffle. An organization shall disclose the intended use of any
18 net income from the raffle on the permit application. The governing body may
19 issue a permit for a raffle to be held at a designated time and place.

20 c. An organization shall apply to the governing body of the city or county in which
21 the proposed site is located. Application must be made on a form prescribed by
22 the attorney general. Approval may be granted at the discretion of the governing
23 body. A governing body may establish a fee not to exceed twenty-five dollars for
24 each permit. A permit must be on a fiscal year basis from July first to June
25 thirtieth or on a calendar-year basis.

26 e.d. Except for the restriction of subsection 1 of section 53-06.1-11.1, an organization
27 that has a local permit may use the net income from the gaming activity for any
28 purpose that does not violate this chapter or gaming rules.

29 d.e. An organization that has a charity local permit is restricted to one event per year
30 and:

31 (1) May not pay remuneration to employees for personal services;

- 1 (2) Shall use chips as wagers;
- 2 (3) Shall redeem a player's chips for merchandise prizes or cash;
- 3 (4) Shall disburse net income to eligible uses referenced by subsection 2 of
- 4 section 53-06.1-11.1; and
- 5 (5) Shall file a report prescribed by the attorney general with the governing
- 6 body and attorney general.
- 7 2. An eligible organization shall apply for a license to conduct only bingo, raffles,
- 8 calcuttas, pull tabs, punchboards, twenty-one, paddlewheels, poker, or sports pools
- 9 by:
- 10 a. First securing approval for a site authorization from the governing body of the city
- 11 or county in which the proposed site is located. Approval, which may be granted
- 12 at the discretion of the governing body, must be recorded on a site authorization
- 13 form that is to accompany the license application to the attorney general for final
- 14 approval. An eligible organization that is exempt from federal income tax under
- 15 section 501(c)(3) of the United States Internal Revenue Code which conducts a
- 16 raffle as part of a fundraising banquet or similar event is exempt from the
- 17 requirements of this subsection. A governing body may not require an eligible
- 18 organization to donate net proceeds to the city, county, or related political
- 19 subdivision or for community programs or services within the city or county as a
- 20 condition for receiving a site authorization from the city or county. A governing
- 21 body may limit the number of tables for the game of twenty-one per site and the
- 22 number of sites upon which a licensed organization may conduct games within
- 23 the city or county. A governing body may charge a one hundred dollar fee for a
- 24 site authorization; and
- 25 b. Annually applying for a license from the attorney general before July first on a
- 26 form prescribed by the attorney general and remitting a one hundred fifty dollar
- 27 license fee for each city or county that approves a site authorization. An
- 28 organization that is exempt under subdivision a shall remit a one hundred fifty
- 29 dollar license fee for each city or county in which a raffle is to be conducted for
- 30 fundraising purposes. However, the attorney general may allow an organization
- 31 that only conducts a raffle or calcutta in two or more cities or counties to annually

1 apply for a consolidated license and remit a one hundred fifty dollar license fee
2 for each city or county in which a site is located. An organization shall document
3 that it qualifies as an eligible organization. If an organization amends its primary
4 purpose as stated in its articles of incorporation or materially changes its basic
5 character, the organization shall reapply for licensure.

6 3. A licensed organization or organization that has a permit shall conduct games as
7 follows:

8 a. Only one licensed organization or organization that has a permit may conduct
9 games at an authorized site on a day, except that a raffle may be conducted for a
10 special occasion by another licensed organization or organization that has a
11 permit when one of these conditions is met:

12 (1) When the area for the raffle is physically separated from the area where
13 games are conducted by the regular organization.

14 (2) Upon request of the regular organization and with the approval of the
15 alcoholic beverage establishment, the regular organization's license or
16 permit is suspended for that specific time of day by the attorney general.

17 b. Except for a temporary site authorized for fourteen or fewer consecutive days for
18 not more than two events per quarter, a licensed organization may not have more
19 than twenty-five sites unless granted a waiver by the attorney general. If the
20 attorney general finds that there is no other licensed organization interested in
21 conducting gaming at a site for which a waiver is being sought, the attorney
22 general may approve the waiver for no more than five sites.

23 c. Games of pull tabs, punchboards, twenty-one, paddlewheels, poker, and sports
24 pools may be conducted only during the hours when alcoholic beverages may be
25 dispensed according to applicable regulations of the state, county, or city.

26 d. An organization may not permit a person under twenty-one years of age to
27 directly or indirectly play pull tabs, punchboards, twenty-one, calcuttas, sports
28 pools, paddlewheels, or poker. An organization may not permit a person under
29 eighteen years of age to directly or indirectly play bingo unless the person is
30 accompanied by an adult, bingo is conducted by an organization that has a
31 permit, or the game's prize structure does not exceed that allowed for a permit.

- 1 4. A permit, or site authorization and license, must be displayed at a site.
- 2 5. The attorney general may issue a conditional license to an eligible organization whose
- 3 regularly issued license has expired or been suspended, revoked, or relinquished. The
- 4 attorney general shall designate the time period for which the conditional license is
- 5 valid and may impose any conditions.
- 6 6. A governing body or local law enforcement official may inspect a site's gaming
- 7 equipment and examine or cause to be examined any gaming-related books and
- 8 records of a licensed organization or organization that has a permit.