A BILL for an Act to create and enact section 53-06.1-10.3 of the North Dakota Century Code, relating to the authorization of sports betting as a game of chance; and to amend and reenact sections 53-06.1-03 and 53-06.1-12 of the North Dakota Century Code, relating to authorization of sports betting as a game of chance and the gaming tax imposed on games of chance.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 53-06.1-03 of the North Dakota Century Code is amended and reenacted as follows:

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

1. Except as authorized by the attorney general, an organization that has its license suspended or revoked, or has relinquished or not renewed its license and not disbursed its net proceeds, is ineligible for a license or permit. Only one of two or more closely related organizations may have a license or permit at one time. A college or university fraternity, sorority, or club is not closely related to an educational organization. An organization shall apply for a permit as follows:

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

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

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

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

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

(2) Shall use chips as wagers;

(3) Shall redeem a player’s chips for merchandise prizes or cash;

(4) Shall disburse net income to eligible uses referenced by subsection 2 of
section 53-06.1-11.1; and

(5) Shall file a report prescribed by the attorney general with the governing
body and attorney general.

2. An eligible organization shall apply for a license to conduct only bingo, electronic quick
shot bingo, raffles, calcuttas, pull tabs, punchboards, twenty-one, paddlewheels,
poker, or sports pools, or sports betting by:

a. First securing approval for a site authorization from the governing body of the city
or county in which the proposed site is located. Approval, which may be granted
at the discretion of the governing body, must be recorded on a site authorization
form that is to accompany the license application to the attorney general for final
approval. A governing body may not require an eligible organization to donate net
proceeds to the city, county, or related political subdivision or for community
programs or services within the city or county as a condition for receiving a site
authorization from the city or county. A governing body may limit the number of
tables for the game of twenty-one per site and the number of sites upon which a licensed organization may conduct games within the city or county. A governing body may charge a one hundred dollar fee for a site authorization; and

b. Annually applying for a license from the attorney general before July first on a form prescribed by the attorney general and remitting a one hundred fifty dollar license fee for each city or county that approves a site authorization. However, the attorney general may allow an organization that only conducts a raffle or calcutta in two or more cities or counties to annually apply for a consolidated license and remit a one hundred fifty dollar license fee for each city or county in which a site is located. An organization shall document that it qualifies as an eligible organization. If an organization amends its primary purpose as stated in its articles of incorporation or materially changes its basic character, the organization shall reapply for licensure.

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

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

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

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

b. Except for a temporary site authorized for fourteen or fewer consecutive days for not more than two events per quarter, a licensed organization may not have more than twenty-five sites unless granted a waiver by the attorney general. If the attorney general finds that there is no other licensed organization interested in conducting gaming at a site for which a waiver is being sought, the attorney general may approve the waiver for no more than five sites.
c. Games of electronic quick shot bingo, pull tabs, punchboards, twenty-one, paddlewheels, poker, and sports pools, and sports betting may be conducted only during the hours when alcoholic beverages may be dispensed according to applicable regulations of the state, county, or city.

d. An organization may not permit a person under twenty-one years of age to directly or indirectly play pull tabs, punchboards, twenty-one, calcuttas, sports pools, sports betting, paddlewheels, or poker. An organization may not permit an individual under eighteen years of age to directly or indirectly play electronic quick shot bingo. An organization may not permit an individual under eighteen years of age to directly or indirectly play bingo unless the individual is accompanied by an adult, bingo is conducted by an organization that has a permit, or the game’s prize structure does not exceed that allowed for a permit.

4. A permit, or site authorization and license, must be displayed at a site.

5. The attorney general may issue a conditional license to an eligible organization whose regularly issued license has expired or been suspended, revoked, or relinquished. The attorney general shall designate the time period for which the conditional license is valid and may impose any conditions.

6. A governing body or local law enforcement official may inspect a site’s gaming equipment and examine or cause to be examined any gaming-related books and records of a licensed organization or organization that has a permit.

SECTION 2. Section 53-06.1-10.3 of the North Dakota Century Code is created and enacted as follows:

53-06.1-10.3. Sports betting.

1. A licensed organization may conduct sports betting on a sport or athletic event. Sports betting is the activity of predicting sport or athletic event results by making a wager on the outcome of a particular sport or athletic event.

2. "Sport or athletic event" means a professional or collegiate event at which two or more individuals participate in a sport or athletic competition.

SECTION 3. AMENDMENT. Section 53-06.1-12 of the North Dakota Century Code is amended and reenacted as follows:
53-06.1-12. Gaming tax - Deposits and allocations.

1. A gaming tax is imposed on the total gross proceeds received by a licensed
organization in a quarter and it must be computed and paid to the attorney general on
a quarterly basis on the tax return. This tax must be paid from adjusted gross
proceeds and is not part of the allowable expenses. For a licensed organization with
gross proceeds:
   a. Not exceeding one million five hundred thousand dollars the tax is one percent of
gross proceeds.
   b. Exceeding one million five hundred thousand dollars the tax is fifteen thousand
dollars plus two and twenty-five hundredths one-half percent of gross proceeds
exceeding one million five hundred thousand dollars.

2. The tax must be paid to the attorney general at the time tax returns are filed.

3. Except as provided in subsection 4, the attorney general shall deposit gaming taxes,
monetary fines, and interest and penalties collected in the general fund in the state
treasury.

4. The attorney general shall deposit seven:
   a. An amount equal to one-fourth of one percent of gross proceeds exceeding one
      million five hundred thousand dollars, less refunds, collected under this section
      each quarter into the gambling disorder treatment and prevention fund.
   b. Seven percent of the total taxes, less refunds, collected under this section into a
gaming tax allocation fund.
   c. All remaining gaming taxes, monetary fines, and interest and penalties collected
      into the general fund in the state treasury.

4. Pursuant to legislative appropriation, moneys in the gaming tax allocation fund must
be distributed quarterly to cities and counties in proportion to the taxes collected under
this section from licensed organizations conducting games within each city, for sites
within city limits, or within each county, for sites outside city limits. If a city or county
allocation under this subsection is less than two hundred dollars, that city or county is
not entitled to receive a payment for the quarter and the undistributed amount must be
included in the total amount to be distributed to other cities and counties for the
quarter.