

Sixty-sixth  
Legislative Assembly  
of North Dakota

**ENGROSSED HOUSE BILL NO. 1254**

Introduced by

Representatives Dockter, Howe

Senator Meyer

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

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

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

8 **53-06.1-03. Permits, site authorization, and licenses.**

- 9 1. Except as authorized by the attorney general, an organization that has its license  
10 suspended or revoked, or has relinquished or not renewed its license and not  
11 disbursed its net proceeds, is ineligible for a license or permit. Only one of two or more  
12 closely related organizations may have a license or permit at one time. A college or  
13 university fraternity, sorority, or club is not closely related to an educational  
14 organization. An organization shall apply for a permit as follows:
- 15 a. An organization recognized as a public-spirited organization by the governing  
16 body of a city or county may apply for a local permit to conduct only raffles, bingo,  
17 or sports pools, or a charity local permit to conduct only raffles, bingo, sports  
18 pools, paddlewheels, twenty-one, and poker. The organization or closely related  
19 organizations as a whole may only award a primary prize that does not exceed  
20 six thousand dollars and total prizes of all games do not exceed twelve thousand  
21 dollars per year. These maximum prize amounts do not apply to raffles conducted  
22 under chapter 20.1-08. The determination of what is a "public-spirited  
23 organization" is within the sole discretion of the governing body. An organization  
24 shall disclose on the application its intended use of the net income from the

1 gaming activity. A governing body may issue a permit for games to be held at  
2 designated times and places.

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

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

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

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

15 (2) Shall use chips as wagers;

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

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

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

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

24 a. First securing approval for a site authorization from the governing body of the city  
25 or county in which the proposed site is located. Approval, which may be granted  
26 at the discretion of the governing body, must be recorded on a site authorization  
27 form that is to accompany the license application to the attorney general for final  
28 approval. A governing body may not require an eligible organization to donate net  
29 proceeds to the city, county, or related political subdivision or for community  
30 programs or services within the city or county as a condition for receiving a site  
31 authorization from the city or county. A governing body may limit the number of

- 1 tables for the game of twenty-one per site and the number of sites upon which a  
2 licensed organization may conduct games within the city or county. A governing  
3 body may charge a one hundred dollar fee for a site authorization; and
- 4 b. Annually applying for a license from the attorney general before July first on a  
5 form prescribed by the attorney general and remitting a one hundred fifty dollar  
6 license fee for each city or county that approves a site authorization. However,  
7 the attorney general may allow an organization that only conducts a raffle or  
8 calcutta in two or more cities or counties to annually apply for a consolidated  
9 license and remit a one hundred fifty dollar license fee for each city or county in  
10 which a site is located. An organization shall document that it qualifies as an  
11 eligible organization. If an organization amends its primary purpose as stated in  
12 its articles of incorporation or materially changes its basic character, the  
13 organization shall reapply for licensure.
- 14 3. A licensed organization or organization that has a permit shall conduct games as  
15 follows:
- 16 a. Only one licensed organization or organization that has a permit may conduct  
17 games at an authorized site on a day, except that a raffle may be conducted for a  
18 special occasion by another licensed organization or organization that has a  
19 permit when one of these conditions is met:
- 20 (1) When the area for the raffle is physically separated from the area where  
21 games are conducted by the regular organization.
- 22 (2) Upon request of the regular organization and with the approval of the  
23 alcoholic beverage establishment, the regular organization's license or  
24 permit is suspended for that specific time of day by the attorney general.
- 25 b. Except for a temporary site authorized for fourteen or fewer consecutive days for  
26 not more than two events per quarter, a licensed organization may not have more  
27 than twenty-five sites unless granted a waiver by the attorney general. If the  
28 attorney general finds that there is no other licensed organization interested in  
29 conducting gaming at a site for which a waiver is being sought, the attorney  
30 general may approve the waiver for no more than five sites.

- 1 c. Games of electronic quick shot bingo, pull tabs, punchboards, twenty-one,  
2 paddlewheels, poker, and sports pools, and sports betting may be conducted  
3 only during the hours when alcoholic beverages may be dispensed according to  
4 applicable regulations of the state, county, or city.
- 5 d. An organization may not permit a person under twenty-one years of age to  
6 directly or indirectly play pull tabs, punchboards, twenty-one, calcuttas, sports  
7 pools, sports betting, paddlewheels, or poker. An organization may not permit an  
8 individual under eighteen years of age to directly or indirectly play electronic  
9 quick shot bingo. An organization may not permit an individual under eighteen  
10 years of age to directly or indirectly play bingo unless the individual is  
11 accompanied by an adult, bingo is conducted by an organization that has a  
12 permit, or the game's prize structure does not exceed that allowed for a permit.
- 13 4. A permit, or site authorization and license, must be displayed at a site.
- 14 5. The attorney general may issue a conditional license to an eligible organization whose  
15 regularly issued license has expired or been suspended, revoked, or relinquished. The  
16 attorney general shall designate the time period for which the conditional license is  
17 valid and may impose any conditions.
- 18 6. A governing body or local law enforcement official may inspect a site's gaming  
19 equipment and examine or cause to be examined any gaming-related books and  
20 records of a licensed organization or organization that has a permit.

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

23 **53-06.1-10.3. Sports betting.**

- 24 1. A licensed organization may conduct sports betting on a sport or athletic event. Sports  
25 betting is the activity of predicting sport or athletic event results by making a wager on  
26 the outcome of a particular sport or athletic event.
- 27 2. "Sport or athletic event" means a professional or collegiate event at which two or more  
28 individuals participate in a sport or athletic competition.

29 **SECTION 3. AMENDMENT.** Section 53-06.1-12 of the North Dakota Century Code is  
30 amended and reenacted as follows:

1       **53-06.1-12. Gaming tax - Deposits and allocations.**

2       1. A gaming tax is imposed on the total gross proceeds received by a licensed  
3       organization in a quarter and it must be computed and paid to the attorney general on  
4       a quarterly basis on the tax return. This tax must be paid from adjusted gross  
5       proceeds and is not part of the allowable expenses. For a licensed organization with  
6       gross proceeds:

7       a. Not exceeding one million five hundred thousand dollars the tax is one percent of  
8       gross proceeds.

9       b. Exceeding one million five hundred thousand dollars the tax is fifteen thousand  
10       dollars plus two and ~~twenty-five hundredths~~one-half percent of gross proceeds  
11       exceeding one million five hundred thousand dollars.

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

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

16       4. The attorney general shall deposit ~~seven~~:

17       a. An amount equal to one-fourth of one percent of gross proceeds exceeding one  
18       million five hundred thousand dollars, less refunds, collected under this section  
19       each quarter into the gambling disorder treatment and prevention fund.

20       b. Seven percent of the total taxes, less refunds, collected under this section into a  
21       gaming tax allocation fund.

22       c. All remaining gaming taxes, monetary fines, and interest and penalties collected  
23       into the general fund in the state treasury.

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