

HOUSE BILL NO. 1389

Introduced by

Representatives Cory, Kasper, Louser, Mock, M. Ruby

1 A BILL for an Act to create and enact a new chapter to title 53 of the North Dakota Century
2 Code, relating to the licensing and regulating of live poker; to amend and reenact subsection 1
3 of section 12.1-28-01 of the North Dakota Century Code, relating to the definition of gambling;
4 and to provide a contingent effective date.

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

6 **SECTION 1. AMENDMENT.** Subsection 1 of section 12.1-28-01 of the North Dakota
7 Century Code is amended and reenacted as follows:

- 8 1. "Gambling" means risking any money, credit, deposit, or other thing of value for gain,
9 contingent, wholly or partially, upon lot, chance, the operation of gambling apparatus,
10 or the happening or outcome of an event, including an election or sporting event, over
11 which the person taking the risk has no control. Gambling does not include:
- 12 a. Lawful contests of skill, including internet live poker, or lawful contests of speed,
13 strength, or endurance in which awards are made only to entrants or to the
14 owners of entries;
 - 15 b. Lawful business transactions, or other acts or transactions now or hereafter
16 expressly authorized by law; or
 - 17 c. Use of gaming equipment and devices that may not otherwise be lawful in the
18 state when the equipment or devices are used by any institution under the control
19 of the state board of higher education which awards degrees of bachelor's or
20 higher for the purpose of conducting scientific research in a controlled
21 environment on the campus of that institution.

22 **SECTION 2.** A new chapter to title 53 of the North Dakota Century Code is created and
23 enacted as follows:

1 **Definitions.**

2 As used in this chapter, unless the context otherwise requires:

- 3 1. "Adjusted gross proceeds" means any sums wagered in an internet live poker hand
4 which may be retained by the licensed internet live poker establishment as
5 compensation.
- 6 2. "Internet live poker" means a card game played by players who are dealt cards by an
7 online nonplayer dealer with the objective of each player betting the superiority of the
8 player's own hand and winning the other players' bets by either making a bet no other
9 player is willing to match or proving to hold the most valuable cards after the betting is
10 over. The internet live poker games include Texas hold'em, Omaha high/low, Omaha
11 high, draw, stud, low ball, any combination of these games, or any other similar poker
12 game.
- 13 3. "Licensed internet live poker establishment" means a premises licensed by the
14 attorney general pursuant to this chapter to conduct games of internet live poker.

15 **Internet live poker authorization and licensing.**

16 Internet live poker games may be operated by a licensed internet live poker establishment
17 in accordance with this chapter. The attorney general shall license and regulate the playing of
18 internet live poker at licensed internet live poker establishments in the state. The attorney
19 general shall adopt rules for the licensure, regulation, and operation of internet live poker in the
20 state.

21 **Internet live poker sites - Tax.**

- 22 1. The attorney general may contract with a private entity for the development and
23 implementation of a program for the licensing and regulation of internet live poker sites
24 in the state. The program must include a license fee for each person that operates an
25 internet live poker site and an annual licensing fee of ten dollars for each player who
26 plays internet live poker at a site. A single annual licensing fee entitles a player to play
27 internet live poker at any site licensed under this chapter.
- 28 2. The following tax is imposed on the adjusted gross proceeds of internet live poker
29 games for each establishment authorized under this chapter:
- 30 a. Eight percent on the first one million dollars;
- 31 b. Six percent on the second one million dollars;

- 1 c. Four percent on the third one million dollars;
- 2 d. Two percent on the next five million dollars;
- 3 e. One-half of one percent on the next fifty million dollars; and
- 4 f. One-fourth of one percent on any amount in excess of fifty-eight million dollars.
- 5 3. The licensed internet live poker establishment shall remit the tax to the attorney
- 6 general on a quarterly basis. The attorney general shall remit the tax, licensing fees,
- 7 and any other moneys collected under this chapter to the state treasurer for deposit in
- 8 the internet live poker proceeds fund.

9 **Internet live poker proceeds fund.**

10 There is created in the state treasury an internet live poker proceeds fund. The fund
11 consists of the internet live poker tax, licensing fees, and any other moneys collected under this
12 chapter. Annually, all moneys in the fund must be allocated for:

- 13 1. Annual transfer to the counties for direct property tax relief. The amount allocated to a
- 14 county must be subtracted from the county's base year levy under section 57-15-01.1
- 15 to determine the county's maximum levy under section 57-15-01.1 and subtracted
- 16 from the maximum levy in dollars that would be produced by the maximum levy in mills
- 17 under section 57-15-06. Transfers under this subsection must equal sixty percent of
- 18 total annual transfers from the internet live poker proceeds fund.
- 19 2. Annual transfers to the common schools trust fund to become a part of the principal of
- 20 that fund. Transfers under this subsection must equal twenty percent of total annual
- 21 transfers from the internet live poker proceeds fund.
- 22 3. Annual transfers to the general fund. Transfers under this subsection must equal
- 23 twenty percent of the total annual transfers from the internet live poker proceeds fund.

24 **SECTION 3. CONTINGENT EFFECTIVE DATE.** This Act becomes effective on the date the
25 secretary of state certifies to the legislative council that House Concurrent Resolution No. 3012,
26 as adopted by the sixty-seventh legislative assembly, has been approved by the voters.