

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 3M



ROLL NUMBER

DESCRIPTION

1416

2001 HOUSE JUDICIARY

HB 1416

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1416

House Judiciary Committee

Conference Committee

Hearing Date 02-05-01

Tape Number	Side A	Side B	Meter #
TAPE III	X		1105 to 6252
TAPE III		X	01 to 391
Committee Clerk Signature <i>Joan Diers</i>			

Minutes: Chairman DeKrey opened the hearing on HB 1416. Relating to games of chance definitions.

Rep Mahoney: District 33, Center. This small bill has an impact of seven to eight million. It is a simple solution for expenses for charitable organizations. (he gave out a report form for charitable gaming). The organizations aren't getting 50 per cent, it is fifty pr cent after taxes, this reduces the adjusted gross. What we can do to change the adjusted gross is to take out the taxes before. This would help smaller organizations. We want you to consider to leave the bingo tax in, and that would bring that figure down quite a bit. This bill would have zero effect on the taxes to the state.

Chairman DeKrey: The seven to eight million shift, whose pocket does this come out of?

Rep Mahoney: It would come out of the charitable purposes, where the net proceeds would go.

Chuck Keller: Attorney Generals Office, Chief Auditor of the Gaming Division. The impact on the gaming industry would be to provide addition allowable expenses, (he gives out three handouts). He then goes on to explain the three handouts. (see attached)

Rep Delmore: What happens when an organization has an under expense?

Chuck Keller: They can use it anyway not prohibited by law. Handout three explains that.

Rep Delmore: Is there a pattern that certain organizations either under or over expenses.

Chuck Keller: The trend is for under expenses. On page three of the bill I would have some amendments and I will prepare them for your consideration.

Rep Mahoney: Asks for an explanation of the proposed amendments.

Chuck Keller: explains the amendments that he had a question on.

Rep Klemin: asks for a clarification of another part of the amendments.

Chuck Keller: again explains for clarification.

Rep Klemin: asks for the name of the organization in question.

Chuck Keller: Responds with North Dakota Association for the Disabled.

Rep Klemin: That excess expense is what you are talking about or is this an additional one.

Chuck Keller: It was a one time expense.

Rep Klemin: Had a question on the tax return on line 15a.

Chuck Keller: That is an error on the return.

Chairman DeKrey: If there are no further questions, thank you for appearing.

Rick Stenseth: Charitable Gaming Association, we would stand behind this bill.

Rep Klemin: There is a nine point three million shift from the charitable purposes towards the expenses, so there is an effect.

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House Judiciary Committee

Bill/Resolution Number HB 1416

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Riek Stenseth: That is correct, but even with the shift the end result would be the same.

Rep Klemm: Aren't we going on a line, that the industry is its own reason for being.

Riek Stenseth: It is a grave concern.

Rep Delmore: The percentage of money going to the state is going up.

Riek Stenseth: Yes.

Chairman DeKrey: Are there any more questions, if not thank you for appearing.

Vickie Wagner: I started working in the gaming industry in 1979 and have seen all the changes, and she spoke in support of the bill and gave her reasons for her position. She gave a handout with items circled that would make a difference.

Rep Klemm: Your club is in good shape.

Vickie Wagner: Yes.

Joan Harmer: Gaming manager of the Bismarek Moose also a board member of the State Council, spoke in support of HB 1416.

Chairman DeKrey: Are there any questions, if not thank you for appearing.

Joseph Dirk: spoke in support of HB 1416.

Chairman DeKrey: Are there any questions, if not thank you for appearing.

James Schiele: from the Lake Region Heritage Center, spoke in support.

TAPE III SIDE B

James Schiele continues his testimony.

Chairman DeKrey: Are there any questions, if not thank you for appearing.

Bob Hanson: President of the council of Clubs and the Veterans council. spoke in support of this bill

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Chairman DeKrey: Are there any questions, if not thank you for appearing. Is there anyone

wishing to testify either in support or opposition of HB 1416, if not we will close the hearing on

HB 1416.

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1416a

House Judiciary Committee

Conference Committee

Hearing Date 02-14-01

Tape Number	Side A	Side B	Meter #
TAPE 1	X		1840 to 4898
Committee Clerk Signature <i>[Handwritten Signature]</i>			

Minutes: Chairman DeKrey called the committee to order on HB 1416.

Rep Mahoney: I worked with Chuck Keller, would be doing something for the charities, if we did anything, do something on the per centage of the first \$200,00.00. I had Chuck run these at the different per cents and I will let him explain those.

Chuck Keller: Chief Auditor of the Gamin Division of the Attorney Generals Office. (see attached testimony).

Mr Keller was asked various questions to clarify the amendment and the amounts that he came up with. He went over the charts again so that the committee could understand where the figures were and how he came up with the percentages.

DISCUSSION

Rep Mahoney: this bill needs to be amend, so I will move the amendment to change the per centage by 1%. Seconded by Rep Wrangham.

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House Judiciary Committee
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Chairman DeKrey asked for a voice vote on the amendments. Motion carries. What are the wishes of the committee? Rep Wrangham move a DO PASS as amend, seconded by Rep Muragos.

DISCUSSION

Chairman DeKrey: The clerk will call the roll on a DO PASS as amend. The motion passes with 10 YES, 5 NO and 0 ABSENT. Carrier Rep Muhoney.

FISCAL NOTE
 Requested by Legislative Council
 04/12/2001

Bill/Resolution No.:

Amendment to: Engrossed
 HB 1416

1A. 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.*

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	\$0	\$0	\$0	\$0
Appropriations	\$0	\$0	\$0	\$0	\$0	\$0

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

1999-2001 Biennium			2001-2003 Biennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

2. Narrative: *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

The engrossed bill with conference committee amendments would increase the allowable expense limit for licensed gaming organizations. The limit would increase from the present fifty percent, to fifty-one percent, of adjusted gross proceeds (gross proceeds less prizes), and, up to an additional two percent of adjusted gross proceeds for those organizations that actually need the extra allowance. Since the gaming tax is computed on adjusted gross proceeds before the deduction of allowable expenses, there would be no fiscal effect.

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.*

Not applicable.

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.*

Not applicable.

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, of the effect*

on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.

Not applicable.

Name:	Charles Keller/Kathy Roll	Agency:	Office of Attorney General
Phone Number:	328-4482	Date Prepared:	04/12/2001

FISCAL NOTE
 Requested by Legislative Council
 03/23/2001

Bill/Resolution No :

Amendment to: Engrossed
 HB 1416

1A. **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.*

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	\$0	\$0	\$0	\$0
Appropriations	\$0	\$0	\$0	\$0	\$0	\$0

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

1999-2001 Biennium			2001-2003 Biennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

2. **Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

The bill would increase the amount of allowable expenses that licensed gaming organizations deduct on their quarterly gaming tax returns. The allowable expense limit would increase from the present fifty percent, to "fifty-three" percent, of the first two hundred thousand dollars of adjusted gross proceeds (gross proceeds less prizes). Since the gaming tax is computed on the amount of "adjusted gross proceeds" that is not affected by the bill, there would be no fiscal effect.

For the gaming industry, there would be an increase of about \$2.2 million in allowable expenses for the organizations and a decrease of about \$2.2 million in net proceeds that organizations would disburse for charitable uses for the 2001-03 biennium.

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.*

Not applicable

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.

Not applicable

C. **Appropriations:** Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.

Not applicable

Name:	Charles Keller/Kathy Roll	Agency:	Office of Attorney General
Phone Number:	328-4482	Date Prepared:	03/26/2001

FISCAL NOTE
 Requested by Legislative Council
 02/20/2001

Bill/Resolution No.:

Amendment to: HB 1416

1A. **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.*

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	\$0	\$0	\$0	\$0
Appropriations	\$0	\$0	\$0	\$0	\$0	\$0

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

1999-2001 Biennium			2001-2003 Biennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

2. **Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

The bill would increase the amount of allowable expenses that licensed gaming organizations deduct on their quarterly gaming tax returns. The allowable expense limit would increase from the present fifty percent, to "fifty-one" percent, of adjusted gross proceeds (gross proceeds less prizes). Since the gaming tax is computed on the amount of "adjusted gross proceeds" that is not affected by the bill, there would be no fiscal effect.

For the gaming industry, there would be an increase in the amount of allowable expenses for the organizations and a corresponding decrease in the amount of net proceeds that organizations would disburse for charitable uses.

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.*

Not applicable

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.*

Not applicable

C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

Not applicable

Name:	Charles Keller/Kathy Roll	Agency:	Office of Attorney General
Phone Number:	328-4482	Date Prepared:	02/21/2001

