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ROLL NUMBER

DESCRIPTION

3006

2001 HOUSE JUDICIARY

HCR 3006

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 3006

House Judiciary Committee

Conference Committee

Hearing Date 01-17-01

Tape Number	Side A	Side B	Meter #
Tape I	x		01 to 6269
		x	01 to 202
Committee Clerk Signature <i>J. van Dier</i>			

Minutes: Chr DeKrey opened the hearing on HCR 3006.

Rep Maragos: District 3 of Minot. Introduced the resolution as a sponsor. Relating to participation by the state of North Dakota in a multistate lottery. As we gather information to make important decisions regarding our state, it is our duty to react and make those changes. We have a duty to let people of North Dakota express their wishes. The economic stakes are high and we need to let the people speak.

Rep L Thoreson: District 13 of West Fargo - I encourage a vote in favor on this resolution. Lots of people trek over to Moorhead to buy lottery tickets. This has an economic impact on the state as they purchase other things while they are there. I believe that this is a missed opportunity for the state.

Chr DeKrey: Anyone else wishing to speak in support of this resolution.

Ed Schultz: a resident of Fargo, North Dakota and a resident of the state of North Dakota for 25 years. I represent myself, I am a talk show host on radio. I reach over a quarter of a million people

every week. I hear from a lot of people on many issues. The job of the Legislature is to find new sources of revenue without creating new problems. The question is, why aren't we in on the lottery? We talk about the people who leave the state and buy lottery tickets and other goods. Those states are all reaping the benefit of the lottery. They are addressing the problem of social ill and the problem of gambling, better than North Dakota. Here is how I see that it has to play - we have to pass the lottery because of the money - well that won't fly. What has to happen in the long run, is the legislature has to have a plan. Minnesota - 10th year of the lottery - four hundred million dollars in gross sales and over 20 million dollars back to the state to do what they want to do with it. South Dakota - 100 million back to the state this past fiscal year. We have an opportunity to raise between 5 and 8 million dollars annually. Opportunity to bring the state together, as we have common problems all over the state. Economic development is on the lips of everyone across the state. Our needs are great, this is a progressive move to vote yes on this.

Chr DeKrey: Anyone else who wishes to testify in favor of HCR 3006, if there is no one else, those who wish to testify in opposition.

Her J Wilson: retired physician and a active on the board of compulsive gambling. The council exists to help people who get into trouble with gambling. He urged a no vote on HCR 3006.

Governor Link: Chairman of the North Dakota Council on Gambling Problems (see attached testimony)

Warren DeKrey: retired businessman and appearing in opposition of HCR 3006 (see attached testimony)

Bruce Brooks: resident of Minot. Testified in opposition of HCR 3006. The citizens have repeatedly rejected a lottery for the state. This is an attempt to bring about an issue to the voters

in the easiest possible way. If the question needs to be asked again, it should be done through the initiative process.

Dick Elefson: resident of Bismarck, spoke in opposition of HCR 3009. He brought figures from the national gambling impact commission. He cited the lack of resources to treat compulsive gamblers. Until the state can address the needs of the compulsive gambling, there is no justification to expand.

Christopher Dodson: Executive Director of the North Dakota Catholic Conference. (see attached testimony). (also attached testimony of the North Dakota Conference of Churches)

Stephen Wisthoff: Pastor of the First Baptist Church of Bismarck: (see testimony attached) (also attached the STATEMENT ON GAMBLING - North Dakota Conference of Churches)

Warren Wenzel: Pastor of Methodist Church of Fairmont, North Dakota. I would oppose this resolution, gambling has grown, every year the legislature has been asked to expand the gambling issue. Business people who attended a gambling seminar stated that gambling has cost business and banks also state their cost of business has risen. Bad credit ratings effect car dealers and grocery stores. Gambling take money out of the businesses. Money Magazine had a study on the money for education that is supposed to be raised by gambling and the states come out losers.

Chr DeKrey: Any further testimony in opposition to HCR 3006? If not then we are going to start taking questions I have a question of Mr Schultz, the legislature is here to safe guard the people how do you answer the charge that the lottery is an unfair tax to the poor..

Edward Schultz: The money is already being spent, we are quoting figures from 1992, how much has business and attitudes changed in the last eight years in the country? Most of the people who buy lottery tickets, they don't spend thousand of dollars, they spend one to two dollars for

entertainment. That is well over 95% of the people do it. To label this a tax on the poor, is not correct.

Rep Mahoney: People are doing this already, you are aware that people can do a lot of things outside of the state we can't do here. That we have a limited amount of gambling revenue, is there some maximum that people are going to spend.

Edward Schultz: This is not a question about putting it in concrete and never revisiting it, gambling is being revisited and they are putting money in rehabilitation. This state is doing nothing, the habit of the people is already there. Opportunity for North Dakota to get more funds.

Rep Klemin: Power ball, the odds are one in eight million, about 1/3 of the population of the United States, so the odds aren't all that great. How does the winning in Moorhead compare with the nation wide winning of the lottery?

Edward Schultz: I believe those people are crossing the border for cheap entertainment. Newscast carry the outcome of the lottery in their newscast because people are interested.

Rep Klemin: We know they are selling a lot of tickets there, but how many are winning?

Edward Schultz: I can't tell you who is winning. When you have 6 of the top 10 places that are selling lottery tickets are in the Red River Valley. There is a demand for this in the state.

Rep Klemin: what is the cost of the state to be involved in a multistate lottery?

Edward Schultz: You mean administrative costs?

Rep Klemin: I don't think that a state can just jump into a power ball lottery, don't they have to be allowed to participate?

Edward Schultz: There are administrative costs that is true.

Rep Eckre: People can win two dollars to \$100,000 not just the big prize. This is not a one shot at one prize issue. There are lots of prizes available.

Rep Mahoney: Who are the people buying the tickets?

Edward Schultz: Are we willing to buy into an opportunity. The state of Minnesota has statistics of how the people of North Dakota effect their lottery.

Rep L Thoreson: From personal experience, I have seen people from all walks of life, it covers the whole spectrum of the population. It is not fair to focus in on one group.

Rep Disrud: I have a question of Dick Elefson, I would like a copy of that 1997 study, can we get a copy of that?

Dick Elefson: No I have a copy of that study, the study I have not seen is the repeat study that was conducted in the state of North Dakota.

Rep Disrud: I would be interested in seeing both studies.

Dick Elefson: I could make a copy of the 39 points but not the whole study as it is 4 to 5 inches thick.

Rep Kretschmar: In your work as a counselor, have you come across any one in our state who needs counseling as a result of buying lottery tickets?

Dick Elefson: No I have not.

Rep Mahoney: There is really one group missing and that is the charitable gaming organization. Are they on board with this?

Rep Maragos: I did not solicit anyone's support, only the interest of the people of North Dakota, deciding if they want this.

Todd Crands: lobbyist for the charitable gaming association of North Dakota. We do not take a formal position on this resolution.

Rep Mahoney: Isn't this designed to bring tax to the state.

Rep Maragos: I have never thought getting past the point of allowing people to answer the question with their vote, whether we have been right or wrong on the issue of purchasing the tickets. I have not even contemplated its passage, we have to take one step at a time.

TAPE I SIDE B

Rep Maragos continues testifying.

Chr DeKrey: A question for either Keith or Chuck, do you know what it would cost the state to set up this lottery.

Keith Lauer: Office of the Attorney General. Two years we contacted the multistate lottery association, they did give us some statistics, but they said we would have to put in a computer system in order to select the numbers. We really don't know at this time what it would cost for the state to go into this at this time.

Chr DeKrey: Do the state purchase the computer system or does the business that sell tickets.

Keith Lauer: The state would buy the computer system.

Chr DeKrey: So it could get quite costly if we have to buy computers for every little place that wants to sell tickets.

Keith Lauer: There would be a central computer system with phone dial up system. It would work through the phone lines.

Chr DeKrey: Are there any other questions from either side. If not we are going to close the hearing on HCR 3006.

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HCR 3006a

House Judiciary Committee

Conference Committee

Hearing Date 02-06-01

Tape Number	Side A	Side B	Meter #
TAPE I	x		01 to 829
Committee Clerk Signature <i>Joan Diers</i>			

Minutes: Chairman DeKrey called the committee to order.

COMMITTEE ACTION

Vice Chr Kretschmar moved a DO PASS on HCR 3006, seconded by Rep Delmore.

DISCUSSION

The clerk will call the roll on a DO PASS on HCR 3006. The motion failed with a vote of 7

YES, 8 NO and 0 ABSENT

REP Klemin moved a DO NOT PASS, seconded by Rep Grande. This motion passes with a vote of 8 YES and 7 No 0 ABSENT

Carrier of the bill Chairman DeKrey.

FISCAL NOTE

Requested by Legislative Council

01/17/2001

Bill/Resolution No.: HCR3006

Amendment to:

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		
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			

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

The concurrent resolution is a proposed amendment to the Constitution of North Dakota. The proposed amendment would be voted on in the 2002 primary election. If the voters approve the amendment, the 2003 Legislative Assembly may pass legislation to have the state of North Dakota participate in a multistate lottery.

The resolution is a proposed amendment to the Constitution of North Dakota that, if passed by the 57th Legislative Assembly and approved by the voters, would allow the legislative assembly to pass a law for the state to participate in a multi-state lottery.

There are two multi-state national lottery associations that North Dakota may join. The Multi-State Lottery Association has twenty states and the District of Columbia as members. This association features Powerball, an on-line national lotto game, as its main product and offers three independent secondary multi-state products. The other association is Multi-State Big Game that has seven states as members and features one multi-state lotto product.

Based on an analysis of the United States lottery industry and Multi-State Big Game, and consultation with the Multi-State Lottery Association and several lottery states, there is no generally accepted model for forecasting lottery revenue, prizes, administrative and operating expenses, and net income with precision. States have unique laws on the structure, management, and control of their lottery operations and have

