

# MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER
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DESCRIPTION

1264

2007 HOUSE JUDICIARY

HB 1264

## 2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1264

House Judiciary Committee

Check here for Conference Committee

Hearing Date: 1/29/07

Recorder Job Number: 2104

Committee Clerk Signature

*R. Penrose*

Minutes:

**Chairman DeKrey:** We will open the hearing on HB 1264.

**Rep. Randy Boehning:** Sponsor of the bill, explained the bill.

**Todd Kranda, Charitable Gaming Association of ND:** Support (see attached testimony).

**Rep. Griffin:** What is the breakdown of organizations where they have poker.

**Todd Kranda:** I don't know. Licensed organizations can conduct various games, including poker with the limitation that they can play 2x/year. This allows the individuals sites to have those two occasions. I'm not sure in terms of any other breakdown between the licensed organizations as to the availability of this type of game.

**Rep. Klemin:** So this is a per site change. There are some charitable organizations that have a number of sites. Can you give us some idea of the maximum number of sites of an organization.

**Todd Kranda:** My understanding is that you can license up to 25 sites per organization. I'm not sure how many are. I believe there were 300+ of licensed organizations. As to the number of licensed sites, I don't know.

**Rep. Klemin:** Let's say there are 300 sites, for example, out there altogether. Right now they can do this twice a year no matter where they do it, is that right.

**Todd Kranda:** That's correct. Any licensed organization can only operate poker twice a year, and so if they have more than two sites, those other site locations wouldn't be available for this type of game.

**Rep. Klemin:** Under this change, every one of those sites could do it twice a year.

**Todd Kranda:** That's correct. Line 7, adding the per site allows each of those locations to be treated equally throughout the year, so that they can have the opportunity to conduct them.

**Rep. Klemin:** The next change is the rake, how do they do that, it's \$2 per half hour of play. This would be every hand they would have to kick in \$2 to the house.

**Todd Kranda:** That's my understanding and it's my understanding also that that's a common way of collecting and playing the game of poker. I don't have that much experience in the game of poker myself.

**Rep. Klemin:** I still don't quite understand the last change here, talking about the prize, that the prize might be donated to the organization. Can you explain this a little bit more.

**Todd Kranda:** I certainly can try to do that. I think Mr. Stenseth gave you the example. If a donation is made of a prize, and the value of the donation is set, then you have a difference between what you have to retain at 90% or pay out 90%, whereas prizes cost zero to the organization. Let's assume you get a 4-wheeler, and it's a few thousand dollars. So when you provide that prize the amount of the prize may not exceed 90%, you'd have to make the additional amount up over and above that to be legally able to provide the prize, even though it cost you nothing. I think Mr. Stenseth has a better example in his testimony which can give you some concrete numbers on that.

**Chairman DeKrey:** Thank you. Further testimony in support.

**Rick Stenseth, CGAND:** (see attached testimony). It basically comes down to three sections. Section 1 was briefly discussed, the number of times a site can have a poker

tournament. As an operator of an organization that has multiple sites, I think basically five casino sites, and I have bar owners that all want to have poker tournaments, but as an operator I can only have two a year. That is the thrust of the change, to allow each individual site to have two opportunities a year for poker. The second section concerning the live games, with the \$4 wager and the rake. A rake is not where a player has to kick in \$2 each hand. Right now, if we were all playing, you'd all be paying the per half hour charge to play the game. If we were able to change to the rake option, the house might take 5% rake, for instance. If we play a pot, the pot is \$100, the house would receive \$5 out of the \$100 pot. So the house's revenue comes from the wagers made by the player, not by someone just sitting there. So someone who is sitting there that doesn't play a lot of hands, isn't paying the same rate as someone who plays a lot of hands and makes a lot of wagers. It is industry standard for these live games. The last section involving the changes, it seems like it's unnecessary because it seems 90% and 10% is all the same. And it is; however, the problem we face is, if we run a poker tournament with a \$50 entry fee, with a hundred players, we have a \$5,000 pot. Out of that, we are allowed to pay out 90% maximum, so that's \$4,500. If we were to have a donated prize given to us that was a \$5,000 prize we could not give that prize out and retain all of the profits. We were only allowed to give out \$4,500 in value in prizes. So if we run it cash like it is now, the organization makes \$500.00. If I get that donated prize from a local business, someone who supports my organization in exchange for using their name in our promotional materials, I can give that prize away, now my organization can make \$5,000. That's the reason for the change. Certainly there are things that the Gaming Commission would take out in reference to how these prizes are, in fact, handled. I'm sure the AG's office would have a say in that as well, because we are concerned about making sure that the charities are protected. That's the reason for the requested change from 90% of gross proceeds for prizes,

to a minimum of 10% retention of gross proceeds. All of these things, in and of themselves, will help make the poker game fair to the bar owners, more opportunity for the organizations, and certainly more profitable for us.

**Rep. Onstad:** When the limit goes up, does the number of participants go up.

**Rick Stenseth:** We believe so, With a \$1 game, it's not very desirable as a player. With the higher limit, there certainly would be more interest.

**Rep. Onstad:** You talk about providing your industry with another tool. The question has been posed to me, how did charities survive before we had charitable gaming.

**Rick Stenseth:** They all struggled to find dollars, through the generosity of people, through much smaller fundraising sources, such as bake sales and I'm sure raffles and other things that weren't technically legal under the gaming statutes that we have now. They still do that.

Rules are in place as far as who much provide for net proceeds, what we can spend for expenses, if we exceed those limits, we are required to come up with funding from other sources. So much of the statute and rule that applies to our industry protects us as far as getting away from them and relying on gaming entirely. Certainly gaming has taken over as the primary funding source for many, many organizations and if it were to go away or continue to decline as it has, those other efforts are going to redoubled yet again. But it has become an integral part, an important part of many organizations across the state.

**Rep. Klemin:** I'm still not sure about the fee for the rake. Let's say you have 4 players, do I understand that each, that the money comes out of the pot, but  $\$2 \times 4$  would be \$8 a bet, would be the amount.

**Rick Stenseth:** No there isn't a set amount. The amount of the rake is a % amount that's set by the organization to a maximum of \$2 per hand. If there were 4 of us sitting around playing, and we all had \$4 or \$5 in the pot, so it was a \$20 pot, and the house had a 5% rate, then we

would get 5% of the \$20 as our fee for conducting that hand. That comes after the players have all made their wagers. You may have \$10 in the pot, so we may get a little more money from your pocket on that particular hand, unless from another player that didn't play that hand, but it offers another option for the organization to get their revenue from the monies wagered, not by a time fee for someone just sitting in the chair.

**Rep. Klemin:** This doesn't say anything about percentages.

**Rick Stenseth:** That's true, that is something that would have to be addressed by Administrative Rule. It could be put in here, but the devil is in the details. This proposed language doesn't limit it to \$2 per hand. So even if the pot were to grow to \$200, we would not get that \$5 that I suggested earlier, it would be capped at \$2.

**Rep. Klemin:** In the situation where there are four players, how much of the total from each pot, is the house going to take.

**Rick Stenseth:** \$2; not \$8. It would be \$2 from the pot, not from each player, regardless of the number of players.

**Rep. Kretschmar:** What was the reason to go to \$4, not \$5.

**Rick Stenseth:** I proposed \$5 in my part in the discussions on this, but as an association, our body voted on \$4, \$5 would certainly be acceptable.

**Rep. Kretschmar:** If an organization has 2 sites, could they have 4 tournaments at one site, or do they have to have 2 each.

**Rick Stenseth:** According to the statute, I think you could probably have four, but I do believe that the Administrative Rule will likely disallow that.

**Rep. Griffin:** How common is the non-tournament style poker. Is it occurring and where.

**Rick Stenseth:** There isn't much of that type of game being played now. To my knowledge, the only time that the live game, or the traditional poker game is implemented as part of a lead-

up to a satellite tournament to a traditional tournament. It really isn't a viable game as far as fundraising for the organizations.

**Chairman DeKrey:** Thank you. Further testimony in support. Testimony neutral.

**Keith Lauer, AG's Office, Director of Gaming Division:** We are neutral, (see attached history). There are a couple of things that I should point out, that according to the Administrative Rules which are adopted by the State Gaming Commission, they have interpreted the two occasions per year, as being multiple locations provided they are on the same days and the State Gaming Commission has said that's up to three consecutive days of poker play in a tournament. With the broad language of two occasions per year in the current statute, just keep in mind that the State Gaming Commission has interpreted that that it includes multiple sites, because like the city of Fargo has a two site limitation. I think there are possibilities where you could have three sites in Fargo. I think here in Bismarck, the city restricts organizations to five sites. You could, in fact, have poker on the same day at all five of those sites with a lead-up to a final showdown at one of the five sites, something like that. I do believe that the \$1 bet limit for non-tournament play pretty much makes it a dead game in the state of ND, with the exception of some poker runs. Occasionally, we'll have people have a motorcycle or snowmobile poker run, that will be done under a non-tournament play. With the ante and a blind bet, and then the maximum of a \$1, with not more than 3 raises of not more than \$1 each, with a 5 card game, you have a maximum of \$18; with a 7 card game, you have a maximum of \$26, with a maximum entry fee in those types of poker runs that are occasionally done by organizations. Hopefully that answers some questions.

**Rep. Boehning:** With all the Texas Hold 'Em tournaments going on, do you regulate them too. Or is that something that is being put on at two places in Fargo that are putting it together

and have a trip to the World Championships in Vegas as a prize. Is that something you regulate and is that regulated by the number of times per year.

**Keith Lauer:** Those groups that I'm familiar with, which is called a poker lease, they don't charge the players at all to play in the tournaments. What they are doing is going to the bar owner, charging him a fee to come in and set up those weekly poker tournaments at the various locations. Most state attorney's have said that is not gambling, so our office does not get involved in those particular events, because the players are not actually paying anything to participate in it, so therefore it is not gambling to them. They pay per point, so whoever at the end of the season has the most points, is awarded a prize, and there's nothing with that, but they have never paid anything. The bar owner can't have a minimum drink purchase, and can't have a cover charge to get those people in.

**Chairman DeKrey:** Thank you. Further testimony in support.

**Lance Hagen, ND Hospitality Association:** We do support CGAND in this bill.

**Chairman DeKrey:** Thank you. Further testimony in support. Testimony in opposition.

**Warren DeKrey, ND Council on Gambling Problems:** I appear in opposition to this bill. But there are three things that I want to mention. The bill as it reads changes the per year per site. If you look at the number of sites that are available to some of these charitable organizations, they can be 25. So if the two occasions, each can be 3 days long, that's 6 days x 25 sites, would equal 150 days that they could play poker. This is a definite expansion. That's one of the reason I oppose it. We also are opposed to raising it from \$1 to \$4. As has been testified, is strictly competition. As one organization raises their fees and another does the same thing. It is competing again for the same dollars that are in the gambling area.

**Rep. Onstad:** Over the last several years, gambling addiction problems, are we seeing any increases to that.

**Warren DeKrey:** I have not been able to come up with any specific changes in that. I'm told that as we increase the places or opportunities for gambling, the addiction begins to grow after people have been in it for a series of years. We can definitely expect this to be the same as other states that have had gambling, much more than we have.

**Rep. Charging:** Can you explain to me, so under the present definition of number of times to play poker at one site, is what.

**Warren DeKrey:** One organization can have two occasions per year as I understand the law. Each occasion is three days. Then the charitable organization can have up to 25 sites around the state. In each one of those, under this bill, would be able to have those two occasions or 6 days.

**Chairman DeKrey:** Thank you. Further testimony in opposition to HB 1264. We will close the hearing.

## 2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1264

House Judiciary Committee

Check here for Conference Committee

Hearing Date: 2/5/07

Recorder Job Number: 2843

Committee Clerk Signature

*D. Amose*

Minutes:

**Chairman DeKrey:** We will take a look at HB 1264.

**Rep. Kretschmar:** I move the amendments 78272.0101 and further amend line 8 to remove one dollar.

**Rep. Delmore:** Second.

**Chairman DeKrey:** We will hold off on this until we have the reworked amendment before us.

# 2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1264

House Judiciary Committee

Check here for Conference Committee

Hearing Date: 2/6/07

Recorder Job Number: 2908

Committee Clerk Signature



Minutes:

**Chairman DeKrey:** We will take a look at HB 1264.

**Rep. Kretschmar:** Explained his amendment, 78272.0102. I move the amendment.

**Rep. Griffin:** Second.

**Chairman DeKrey:** We will take a voice vote. Motion carried.

**Rep. Kretschmar:** I move a Do Pass as amended.

**Rep. Griffin:** Second.

**Rep. Klemin:** Well what we have now is a bill that takes us from two occasions per year, to two occasions per year per site. As I understand it then, an organization can have up to 25 sites and each occasion can run for three days and have two occasions and that's per site, which would mean that one organization could have poker for 150 days per year.

**Rep. Charging:** I share the concern. We have 365 organizations, with total sites that could offer poker are 1,092, allowed with 2 occasions per site would be 2,184 additional for a total of 6,562 games in addition to what is presently done. That is a big step.

**Rep. Kretschmar:** In the current law, I don't think there are 1,092 poker games in ND, the way the law is now. What is happening in ND is the increase in people and groups that are playing Texas Hold 'Em and what organizations are doing now, they are usually having a one

day tournament. There is a company here in Bismarck that helps put these tournaments on. I haven't heard of any that last three days. I would guess that if this bill passes and became law, there wouldn't be 2,000 poker tournaments in ND, but that's a possibility, of course. There are a lot of organizations that have sites in more than one city and they want to have a tournament in those sites. I really don't think this is going to be a big increase in poker playing in ND.

**Rep. Boehning:** I guess I'm going to support the bill. I think our charities are looking for ways to increase the revenue. Taxes have been increased, they are losing funds to the casinos where they can have poker, at any level they want. I think we have to give the charities a little bit of leeway here. I don't think we are going to have 6,000 games of poker a year in the state of ND. We do have Texas Hold 'Em in the state, at a local bar in my district, has poker one or two nights a week.

**Rep. Klemin:** You said there is a bar in your district that has poker 1 or 2 nights a week.

**Rep. Boehning:** They have Texas Hold 'Em. The Texas Hold 'Em is the same tournament that is going on around the state at any number of given places, there are two tournaments going on in Fargo currently that are going to be coming to the national tournament in Las Vegas to play in the Texas Hold 'Em tournament.

**Rep. Klemin:** How do they do that when they can only have two occasions per year.

**Rep. Boehning:** I think if there isn't any money involved, they may have to pay an entry fee. This is not a charitable event. I don't know how they do the entry fee, or no entry fee, they give away a free trip.

**Rep. Kretschmar:** They do this in my district as well in a bar in a local town. There isn't any wagering with money. You play with chips which are like monopoly money and you play for a prize, like a trip.

**Rep. Klemin:** Players don't pay anything.

**Rep. Kretschmar:** The players may pay an entry fee.

**Rep. Charging:** Today is gambling day at the legislature. I will give my little speech. We remember that in ND that are legal forms of gaming, one being charitable and the other being Indian Gaming. The main reason for Indian gaming was to help the Indians, to help regulate which would allow for the Indian tribes because of their social, economic, and opportunity to better their communities. Gaming historically has been a part of the culture, we take that back as far as it goes. For example, our casino at Four Bears, employs 500 people each month, does it mean that we need 500 people to run the place; no. They only need about 300 a month. The reason they do that is because it provides jobs. That is the goal of the casinos. The income from the casinos goes back into social services. That's what we're up against. As we open the door to more charitable gaming, which I feel is our obligation as a public body and as a legislative organization to help those because they are going to appropriate places that need that help.

**Chairman DeKrey:** The clerk will call the roll on a Do Pass motion as amended.

**4 YES 9 NO 1 ABSENT DO PASS MOTION FAILS**

**Chairman DeKrey:** Do Pass motion fails. What are the committee's wishes.

**Rep. Charging:** I move a Do Not Pass as amended.

**Rep. Klemin:** Second.

**9 YES 4 NO 1 ABSENT DO NOT PASS AS AMENDED CARRIER: Rep. Dahl**

**FISCAL NOTE**  
 Requested by Legislative Council  
 02/08/2007

Amendment to: HB 1264

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.*

	2005-2007 Biennium		2007-2009 Biennium		2009-2011 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues			\$10,000		\$10,000	
Expenditures						
Appropriations						

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

2005-2007 Biennium			2007-2009 Biennium			2009-2011 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

Allows licensed organizations to conduct poker and poker tournaments on 2 occasions per year per site.

B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

The bill increases the number of sites able to offer poker.

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.*

General fund revenues would increase with more sites able to offer poker games.

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.*

N/A

C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

N/A

<b>Name:</b>	Kathy Roll / Keith Lauer	<b>Agency:</b>	Office of Attorney General
<b>Phone Number:</b>	328-3622 / 328-3234	<b>Date Prepared:</b>	02/08/2007

**FISCAL NOTE**  
 Requested by Legislative Council  
 01/10/2007

Bill/Resolution No.: HB 1264

**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.*

	2005-2007 Biennium		2007-2009 Biennium		2009-2011 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
<b>Revenues</b>			\$12,000		\$12,000	
<b>Expenditures</b>						
<b>Appropriations</b>						

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

2005-2007 Biennium			2007-2009 Biennium			2009-2011 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

**2A. Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

Allows licensed organizations to conduct poker and poker tournaments on 2 occasions per year per site. The bet limit is increased to \$4 per hand in nontournament events and the organization can collect a rake of up to \$2 per hand.

**B. Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

The bill allows poker tournaments in addition to offering poker games, increases the number of sites that can offer poker or poker tournaments, and increases the poker hand limit by \$3.

**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.*

General fund revenues would increase because the adjusted gross proceeds, on which gaming taxes are computed, would increase with more sites able to offer poker games and poker tournaments and the increase in the single hand bet limit.

**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.*

N/A

**C. Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

N/A

<b>Name:</b>	Kathy Roll	<b>Agency:</b>	Office of Attorney General
<b>Phone Number:</b>	328-3622	<b>Date Prepared:</b>	01/16/2007

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1264

Page 1, line 7, remove the overstrike over "~~one dollar~~"

Page 1, line 8, remove "four dollars"

Renumber accordingly

**House Amendments to HB 1264 (78272.0102) - Judiciary Committee 02/06/2007**

Page 1, line 7, remove the overstrike over "~~one dollar~~"

Page 1, line 8, remove the first "four dollars", remove the overstrike over "~~one dollar~~", and remove the second "four dollars"

Page 1, line 11, remove ", or collect a rake of up to two dollars per hand"

Page 1, line 12, remove the overstrike over "~~amount of prizes may not exceed~~"

Page 1, line 13, remove the overstrike over "~~ninety percent~~" and remove "organization must retain adjusted gross proceeds of at least ten percent"

Re-number accordingly

Date: 2/6/07  
Roll Call Vote #: 1

2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 1264

House JUDICIARY Committee

Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken Do Pass as Amended

Motion Made By Rep. Kretschmar Seconded By Rep. Griffin

Representatives	Yes	No	Representatives	Yes	No
Chairman DeKrey		✓	Rep. Delmore	✓	
Rep. Klemin		✓	Rep. Griffin		✓
Rep. Boehning	✓		Rep. Meyer	✓	
Rep. Charging		✓	Rep. Onstad		✓
Rep. Dahl		✓	Rep. Wolf		✓
Rep. Heller		✓			
Rep. Kingsbury	✓				
Rep. Koppelman		✓			
Rep. Kretschmar	✓				

Total (Yes) 4 No 9

Absent 1

Floor Assignment \_\_\_\_\_

If the vote is on an amendment, briefly indicate intent:

Fails

Date: 2/6/07  
Roll Call Vote #: 2

2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 1264

House JUDICIARY Committee

Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken Do Not Pass as Amended

Motion Made By Rep. Charging Seconded By Rep. Klemin

Representatives	Yes	No	Representatives	Yes	No
Chairman DeKrey	✓		Rep. Delmore		✓
Rep. Klemin	✓		Rep. Griffin	✓	
Rep. Boehning		✓	Rep. Meyer		✓
Rep. Charging	✓		Rep. Onstad	✓	
Rep. Dahl	✓		Rep. Wolf	✓	
Rep. Heller	✓				
Rep. Kingsbury		✓			
Rep. Koppelman	✓				
Rep. Kretschmar		✓			

Total (Yes) 9 No 4

Absent 1

Floor Assignment Rep. Dahl

If the vote is on an amendment, briefly indicate intent:

**REPORT OF STANDING COMMITTEE**

**HB 1264: Judiciary Committee (Rep. DeKrey, Chairman) recommends AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO NOT PASS** (9 YEAS, 4 NAYS, 1 ABSENT AND NOT VOTING). HB 1264 was placed on the Sixth order on the calendar.

Page 1, line 7, remove the overstrike over "~~one dollar~~"

Page 1, line 8, remove the first "four dollars", remove the overstrike over "~~one dollar~~", and remove the second "four dollars"

Page 1, line 11, remove ", or collect a rake of up to two dollars per hand"

Page 1, line 12, remove the overstrike over "~~amount of prizes may not exceed~~"

Page 1, line 13, remove the overstrike over "~~ninety percent~~" and remove "organization must retain adjusted gross proceeds of at least ten percent"

Renumber accordingly

2007 TESTIMONY

HB 1264

**Testimony in Support of  
HOUSE BILL NO. 1264  
House Judiciary Committee  
January 29, 2007**

Chairman DeKrey, House Judiciary Committee members, my name is Todd D. Kranda. I am an attorney with the Kelsch Law Firm in Mandan and I appear before you today as a lobbyist on behalf of the Charitable Gaming Association of North Dakota (CGAND) to express support for HB 1264.

CGAND is a statewide association of charitable gaming organizations. CGAND has a diverse membership varying from clubs to small organizations in all regions of the state and represents about 70% of the charitable gaming in North Dakota. The mission of CGAND is to "Preserve gaming as a funding source for charitable purposes."

Under current law, poker is available but cannot be conducted more than twice a year. Last session a poker bill was introduced to allow poker to be conducted year round and variations of poker which was not approved. Instead, CGAND has decided not to increase the twice a year limitation but instead to allow the different gaming sites to conduct poker twice a year which treats all locations fair and equitably.

Accordingly, HB 1264 would not change the twice a year restriction but instead would provide an opportunity for conducting poker at each gaming site during the year. HB 1264 would continue to allow a licensed gaming organization to conduct poker, including a poker tournament, only two times a year but it would allow it to occur at each gaming site during the year.

HB 1264 also increases the bet limit from one dollar to four dollars. Other games such as 21 allows a maximum of \$25, paddlewheel has a maximum of \$20 and there are

\$5 wagers on sports boards.

Also, there is an additional opportunity created in HB 1264 for an organization to collect a rake of up to two dollars per hand which is the common method of charging for poker which option is added as an alternative to collecting a fee per one half hour of play.

In addition, HB 1264 requires that an organization must retain adjusted gross proceeds of ten percent as compared with the current provision that limits prizes not exceeding ninety percent of gross proceeds. This is an important change for situations in which a prize might be donated to an organization.

HB 1264 will help the allow fairness between the different sites operated by charitable gaming organizations and as a result the many worthwhile charities that depend upon gaming for financial support.

In conclusion, on behalf of CGAND I ask for your favorable consideration of this legislation and in doing so, I also ask for your support of the local charities that would benefit from this legislation.

Accordingly, I would urge a DO PASS recommendation for HB 1264.

## TESTIMONY IN FAVOR OF HOUSE BILL 1264

My name is Rick Stenseth and I am a part of the Legislative Committee representing the Charitable Gaming Association of North Dakota. I am also a gaming manager that conducts poker. CGAND supports HB1264.

Charitable gaming in North Dakota provides thousands of jobs, both full and part-time. Gaming funds many worthwhile and necessary programs, while keeping the doors open for many who have little other funding.

Poker is one of the most popular table games available around the world. Our industry has attempted to make rule changes in order for us to take advantage of this popularity under the current statute and there is very little room for us to operate.

HB1264 gives North Dakota Charitable Gaming operators more flexibility in conducting the most current and popular games of poker.

This bill would allow charitable gaming operators to hold two tournaments per year at each site they operate. Currently organizations that conduct gaming at multiple sites can only hold two poker events per year.

This causes conflict when bar owners want events and cannot have them due to the current limitation. This change would apply the limit equally to all sites that have gaming, not by organization.

The change to a four dollar maximum wager is making the "live" game financially viable for organizations. The one dollar maximum in place now does not allow for enough revenue to make the game profitable.

Adding a "rake" option is updating the statute to allow what is the industry standard method of the house collecting fees. These funds come from each pot in play and there is a maximum amount allowed for each pot.

The amended language concerning retention of adjusted gross proceeds better defines the application of the statute. Organizations will continue to be required to maintain at least 10% of the gross proceeds, but will also be able to involve donated prizes in order to increase revenue from a poker event.

Adopting HB1264 will provide our industry with another tool we can use to benefit our programs and services by taking advantage of a very popular game already legal in our state.

Thank you for your attention, consideration, and support of HB1264.

House Bill No. 1264 and 1440  
History of Poker Law Changes  
January 29, 2007

Prepared by the Office  
of Attorney General

**1987**

Draw and stud poker were first authorized on not more than two occasions per year. Four conditions were established as follows:

1. The eligible organization may supply a dealer;
2. The maximum single bet was \$1.00;
3. Not more than 3 raises, of not more than \$1.00 each, made among all players in each round of bets; and
4. The eligible organization shall assess the players \$10.00 per player, or for games with a pot of at least \$10.00, 2% of the pot in each game. For games with a pot of less than \$10.00, an assessment was not required.

**1989**

The organization's assessment (item 4. above) was modified to assess each player a fee not to exceed \$2.00 per half hour of playing time, collected in advance. A fee was also allowed to be charged each player for entry into a tournament for prizes.

**1991**

The organization's assessment for entry into a tournament for prizes was clarified to allow a fee which could be in lieu of or in addition to the fee assessable at one-half hour intervals.

**1995**

The reference to draw or stud poker was eliminated to allow additional variations of poker games.

**2001**

The assessment of a fee to each player not to exceed \$2.00 per one-half hour of playing time was qualified for nontournament play only. For tournament play, organizations were required to charge each player an entry fee and prizes could not exceed 90% of the gross proceeds.