

2015 SENATE JUDICIARY

SB 2184

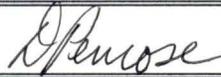
2015 SENATE STANDING COMMITTEE MINUTES

Judiciary Committee
Fort Lincoln Room, State Capitol

SB 2184
1/19/2015
22098

- Subcommittee
 Conference Committee

Committee Clerk Signature



Minutes:

1,2

Ch. Hogue: We will open the hearing on SB 2184.

Sen. Campbell: This bill is primarily to raise the limits from \$4,000 to \$25,000, which currently the colleges have the right to do unlimited. Also you can buy a credit card for \$25,000 limit; the only difference is that we are asking for cash from \$12,000 to \$25,000 limit for a charitable organization. These are local fire departments. This is their big fundraiser; this doesn't affect the addicted gamblers. It is a good charitable fundraiser.

Sen. Casper: Have you ever won said raffle.

Sen. Campbell: No I haven't, I'm not a gambler. The money raised goes toward trucks and equipment.

Sen. Grabinger: In that event, rather than giving prizes that can be over \$4,000, they just want to do the cash. Do they have a better opportunity to sell the tickets that way instead of having prizes that are worth more?

Sen. Campbell: I do not know.

Ch. Hogue: Thank you. Further testimony in support.

Brad Martinson, Grafton Volunteer Fire Dept.: Support (see attached #1).

Sen. Armstrong: Isn't one of the benefits of cash is that you don't have to buy prizes up front.

Brad Martinson: That's exactly one of the benefits. For instance, last year we asked one of our local stores if we could buy a Honda generator to give away. They were fine with that. We asked if it comes to that point where the interest in the raffles is no longer there, for some of our prizes we won't set up to have them raffled off. Would it be possible to return it? The store said "no way". Another business did allow us to do that, but sometimes you just feel out throughout the night as to what else do you have to raffle off to raise funds, to raise money. Right now we do a large amount of guns, because one of our gun dealers brings in a lot of them and at the end of the night he just takes back the ones that weren't raffled off. It's very tough to do that with electronics, with appliances, etc. The stores just aren't as accommodating. So the cash prizes are going out throughout the night. It just allows us to be able to add something else when people say, I still have some money and I want to give, what else do you have for me to bid on vs. just handing the money over to the group. How we handle a raffle right now due to the \$4,000 limit/day, we give out \$3500 at 10:30 pm on a Saturday night, and then the next day we give out \$1500, \$1000, \$750 and \$500 at 12:15 am. Right now we are circumventing it to be able to be within the law. Doing that just doesn't make it right either. We want to just make it so that it is just cut and dry, so we don't have to watch a clock. When we first started our raffles with the community, local permits and charity local permits, we were doing the \$10 or \$20 tickets, and we didn't even press those limits. Now, the first year we sold 532 tickets. The second year we sold 634 tickets. The third year we sold 840 tickets with 727 people attending. That's 87% attendance to a fundraiser. That is unheard of. Most of the time you are right around that 40-45%. There are a lot of people that are there for a specific reason; to raise funds for our fire department.

Ch. Hogue: You said you netted \$23,000, then \$32,000, and then \$48,000; is that because you sold more tickets.

Brad Martinson: It was a combination of both. We were hoping for a 2/3 attendance and we varied our prizes to that for the amount of chances that were available. It has increased and the merchandise prizes have increased, but we're to the point now where we want to set up some smaller mini-raffles within it so that we're going with the flow of the night.

Ch. Hogue: If we go to that \$48,000 that you netted last time. What is that in terms of the total budget?

Brad Martinson: Our total budget for the fire department, rural and city is \$94,000, plus a \$25,000 capital outlay which was raised up to about \$32,000 this year. We're looking at 50% of our budget increase and out of that we have been able to implement a couple different things. We bought the rescue truck from the ambulance service. We bought that truck fully loaded for \$35,000; all the rescue and extrication gear and equipment. The next year we were able to replace the outdated Jaws of Life and the cutters. Now, we've been able to implement a replacement schedule for the chief's vehicle, without adding any taxes to the people. Out of every year, we take \$17,000 out of the fundraiser and put it towards a new chief's vehicle and in three years, that chief's vehicle gets handed down to our rural fire department and becomes a rescue rig or a grass rig. Now we're into a 9 year rotation with our replacement of three different vehicles due to these fundraisers without adding new taxes. The people are a lot more willing and happy to hand you \$100.00 for a fundraiser than if you sent them a letter and said that your taxes are going to go up \$100.00. It is one of the biggest events in our area. We provide a supper, beverages and the drawings and then afterwards we have what is called a "safe driver program" where we give everybody a ride home in their vehicle and then someone comes and picks us up. We're keeping the community in mind when we are doing this. We are giving the community a way to remember the fire department without something bad happening. Whenever they see us out in public, they turn around and ask whose house is on fire, who got into an accident. Now, they ask for a raffle ticket.

Sen. Luick: Right now in law, is there a limit to the amount of merchandise that you can raffle off?

Brad Martinson: No there isn't a limit.

Sen. Luick: You had mentioned earlier about the exchange, let's say you have this vehicle, can you exchange the prize for the \$25,000 cash. Do you know what the tax consequences worked out on something like that?

Brad Martinson: I don't know. Anything over \$5,000 or \$6,000 has to be reported. When I talked to the IRS about how our reporting worked for our W-2g they mentioned that the winnings have to be 300 times the amount of the wager or \$5,000, whichever is less.

Sen. Luick: They would still owe the tax on the amount of the merchandise up to \$25,000.

Brad Martinson: Yes.

Sen. Armstrong: I was on the volunteer fire department in Dickinson for seven years. Just for the benefit of the committee, how much does one SEBA unit cost. When you say that it isn't in your budget for turn out gear, etc. how much does one unit cost.

Brad Martinson: To put a fireman into a fire, it is about \$12,000. That is about \$2,000 for the turn out gear, for the SEBA (air pack) that is roughly \$5,000. Then you add a couple of hundred dollars for boots, gloves, helmet and it keeps adding up. A thermos-imaging camera can range from \$2,000-15,000. In instances like that, our very first year that we had a calendar raffle, we had cleared \$26,500, for a \$20.00 ticket. It was a great raffle and we saw the possible potential of this venture and that's why we decided to continue with it.

Ch. Hogue: Thank you. Further testimony in support. Testimony in opposition. Neutral testimony.

Deb McDaniel, Director of Gaming Division, Office of AG: Neutral (see attached #2). I would like to point out that if SB 2184 is enacted, the Committee would need to consider an amendment to chapter 53-06.1-03, which refers back to the local permit and charity local permit holders. That regulates the charity and local charity permit holders and right now the section refers back to the chapter that we're changing. So it cites the \$4,000 cash prize limit. So if we strike the language that I have highlighted there in my testimony, this would increase the cash prize limits for charity local permit and local permit holders also. We just wanted to bring that to your attention. If this is not your intent and you do wish to put cash prize limits on local permit and charity local permit holders, language would need to be inserted in that section.

Sen. Armstrong: Would there be a benefit or policy reason as to our increasing the limit to have to make it go through the state, like keep the lower ones at the local level and the bigger ones at the state level.

Deb McDaniel: No, because in this section right here, it still states that a local permit and charity local permit holder is limited to a single primary prize of \$6,000 and they can't give away more than \$12,000 in a year. It still limits them, in a way, but it would increase their cash prize giveaway to \$6,000 instead of the \$4,000 that is current. We don't regulate local permit or charity local permit holders; the cities and counties do. We've only spoken with two

city auditors about this change. They both would have preferred if you do keep the language in that, but that's only two city auditors out of how many.

Ch. Hogue: What sort of enforcement issues, if any, have you had with these raffles.

Deb McDaniel: With the licensed organizations, none whatsoever. We had no problem with it as long as they keep the records and we have a lot of rules regulating that, we have no problem in regulating an increase like that.

Ch. Hogue: Thank you. Further neutral testimony on SB 2184. We will close the hearing.

2015 SENATE STANDING COMMITTEE MINUTES

Judiciary Committee
Fort Lincoln Room, State Capitol

SB 2184
1/19/2015
22146

- Subcommittee
 Conference Committee

Committee Clerk Signature

J. Penrose

Minutes:

|

Ch. Hogue: Let's take a look at SB 2184.

Sen. C. Nelson: During last session, we excluded collegiate from it; I know they have the 50/50 raffles. They sell tickets during the Bison games. Sometimes it is over \$5,000.

Ch. Hogue: We exclude collegiate athletics because it is collegiate athletics.

Sen. Armstrong: I move a do pass on the amendment.

Sen. Luick: Second the motion.

Ch. Hogue: Discussion of the proposed amendments of the Attorney General. We will take a voice vote on amendment 15.0517.03001 / Title 04000 (#1)

6 YES 0 NO 0 ABSENT MOTION CARRIED

Ch. Hogue: We now have the bill before us as amended.

Sen. Armstrong: I move a Do Pass as amended.

Sen. Casper: Second the motion.

6 YES 0 NO 0 ABSENT DO PASS AS AMENDED
CARRIER: Sen. Armstrong

January 19, 2015

JD
1/19/15

PROPOSED AMENDMENTS TO SENATE BILL NO. 2184

Page 1, line 1, after "reenact" insert "subdivision a of subsection 1 of section 53-06.1-03 and"

Page 1, after line 4, insert:

"SECTION 1. AMENDMENT. Subdivision a of subsection 1 of section 53-06.1-03 of the North Dakota Century Code is amended and reenacted as follows:

- a. An organization recognized as a public-spirited organization by the governing body of a city or county may apply for a local permit to conduct only raffles, bingo, or sports pools, or a charity local permit to conduct only raffles, bingo, sports pools, paddlewheels, twenty-one, and poker. The organization or closely related organizations as a whole may only award a primary prize that does not exceed six thousand dollars, ~~except that a raffle cash prize may not exceed the limits of section 53-06.1-10.1,~~ and total prizes of all games do not exceed twelve thousand dollars per year. These maximum prize amounts do not apply to raffles conducted under chapter 20.1-08. The determination of what is a "public-spirited organization" is within the sole discretion of the governing body. An organization shall disclose on the application its intended use of the net income from the gaming activity. A governing body may issue a permit for games to be held at designated times and places."

Renumber accordingly

Date: 1/19/2015
Voice Vote # 1

2015 SENATE STANDING COMMITTEE
VOICE VOTE
BILL/RESOLUTION NO. 2184

Senate Judiciary Committee

Subcommittee

Amendment LC# or Description: 15.0517.03001 / 04000

Recommendation:

Adopt Amendment

Do Pass

Do Not Pass

Without Committee Recommendation

As Amended

Rerefer to Appropriations

Place on Consent Calendar

Other Actions:

Reconsider

Seconded By

Motion Made By

Sen. Armstrong

Sen. Luick

Senators	Yes	No	Senators	Yes	No
Ch. Hogue	✓		Sen. Grabinger	✓	
Sen. Armstrong	✓		Sen. C. Nelson	✓	
Sen. Casper	✓			✓	
Sen. Luick	✓				

Total (Yes) 6 No 0

Absent 0

Floor Assignment _____

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

Date: 1/19/2015

Roll Call Vote #: 1

2015 SENATE STANDING COMMITTEE
ROLL CALL VOTE

BILL/RESOLUTION NO. SB 2184

Senate JUDICIARY Committee

Subcommittee

Amendment LC# or Description: _____

- Recommendation:
- Adopt Amendment
 - Do Pass Do Not Pass Without Committee Recommendation
 - As Amended Rerefer to Appropriations
 - Place on Consent Calendar

Other Actions: Reconsider _____

Motion Made By Sen. Armstrong Seconded By Sen. Casper

Senators	Yes	No	Senators	Yes	No
Chairman Hogue	✓		Sen. Grabinger	✓	
Sen. Armstrong	✓		Sen. C. Nelson	✓	
Sen. Casper	✓				
Sen. Luick	✓				

Total (Yes) 6 No 0

Absent 0

Floor Assignment Sen. Armstrong

REPORT OF STANDING COMMITTEE

SB 2184: Judiciary Committee (Sen. Hogue, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2184 was placed on the Sixth order on the calendar.

Page 1, line 1, after "reenact" insert "subdivision a of subsection 1 of section 53-06.1-03 and"

Page 1, after line 4, insert:

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Renumber accordingly

2015 HOUSE POLITICAL SUBDIVISIONS

SB 2184

2015 HOUSE STANDING COMMITTEE MINUTES

Political Subdivisions Committee

Prairie Room, State Capitol

SB 2184

3/6/2015

24449

Subcommittee

Conference Committee

Ammonda Muscha

Explanation or reason for introduction of bill/resolution:

Relating to prize limits for raffles

Minutes:

Testimony 1

Chairman Klemin: Opened hearing on SB 2184. Senator Campbell is out of town right now so he will not be here today.

Brad Martinson: Testimony 1

Representative Koppelman: I remember us changing the limit on athletic. Do you remember when that occurred?

Brad Martinson: That was last session.

Representative Koppelman: You are saying you are at a disadvantage now because public organizations can't do the same?

Bard Martinson: Correct. Right now at an NDSU or UND game I have seen where the prizes have been over 15,000 in cash on a 50/50. You take a local high school and they are running 4 games that night and they are running on the same license or permit they don't know what each other is raising. At some point through the night they could be over that 4,000. How do you regulate that other than raising the limits?

Representative Anderson: If you have 840 tickets and you have 700 some people coming, if the prize is 25,000 someone is coming in to buy 500 tickets?

Brad Martinson: We offer a steak or lobster meal for a \$100 ticket. Out of that ticket what we are doing is giving away 3500 cash, 1500 cash, 1000, 750, and 500, but what we do at 10:30 is give away the 3500 and at 12:05 (midnight) we give away the rest so we don't exceed the 4000 in one day. This eliminates the monkey business. The 25,000 is a single and cumulative cash prize for that day.

Chairman Klemin: It seems to me that the same argument may be made next session that the 25,000 limits it then. It may not happen to your organization but this is a state law that applies statewide.

Brad Martinson: True but this applies to the licensed organizations where anybody that gets the permits they are still going to be at the 12,000 limit.

Representative Maragos: I move a do pass

Representative Anderson: Second

A Roll Call Vote Was Taken: Yes 11, No 2, Absent 1 (Oversen)

Motion Carries

Representative Maragos will carry the bill

2015 HOUSE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. 2184

House Political Subdivisions Committee

- Subcommittee Conference Committee

Amendment LC# or Description: _____

- Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Other Actions: Reconsider _____

Motion Made By maragos Seconded By Anderson

Representative	Yes	No	Representative	Yes	No
Chairman Lawrence R. Klemin		X	Rep. Pamela Anderson	X	
Vice Chair Patrick R. Hatlestad	X		Rep. Jerry Kelsh	X	
Rep. Thomas Beadle	X		Rep. Kylie Oversen		
Rep. Rich S. Becker	X		Rep. Marie Strinden	X	
Rep. Matthew M. Klein	X				
Rep. Kim Koppelman		X			
Rep. William E. Kretschmar	X				
Rep. Andrew G. Maragos	X				
Rep. Nathan Toman	X				
Rep. Denton Zubke	X				

Total (Yes) 11 No 2

Absent 1 (Oversen)

Floor Assignment maragos

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

motion carries

REPORT OF STANDING COMMITTEE

SB 2184, as engrossed: Political Subdivisions Committee (Rep. Klemin, Chairman)
recommends **DO PASS** (11 YEAS, 2 NAYS, 1 ABSENT AND NOT VOTING).
Engrossed SB 2184 was placed on the Fourteenth order on the calendar.

2015 TESTIMONY

SB 2184

#1-1
1/19/2015



Grafton Volunteer Fire Department
5 East 4th Street
PO Box 189
Grafton, ND 58237
701-352-2278

- Senate Bill 2184
- Brad Martinson

- 12 year volunteer firefighter for Grafton Volunteer Fire Department, Grafton, ND
- Gaming manager for GVFD
- Amend section 53-06.1-10.1 of the North Dakota Century Code
 - Current

- 53-06.1-10.1. Raffles

A prize for a raffle may be cash or merchandise but may not be real estate. No single cash prize may exceed **four thousand** dollars and the total cash prizes in one day may not exceed **four thousand** dollars. However, on not more than two occasions per year a licensed organization may, at the request of a winning player, exchange a merchandise prize valued at not more than twenty-five thousand dollars for a cash prize. The maximum cash prize limits of this section do not apply to a public-spirited organization that supports amateur collegiate athletics.

- Amended
 - 53-06.1-10.1. Raffles

A prize for a raffle may be cash or merchandise but may not be real estate. No single cash prize may exceed **twenty - five thousand** dollars and the total cash prizes in one day may not exceed **twenty - five thousand** dollars. However, on not more than two occasions per year a licensed organization may, at the request of a winning player, exchange a merchandise prize valued at not more than twenty-five thousand dollars for a cash prize. The maximum cash prize limits of this section do not apply to a public-spirited organization that supports amateur collegiate athletics.

- Conflict
 - Winner can exchange merchandise prize for cash up to \$25,000.
 - No maximum cash prize limits on public-spirited organizations supporting collegiate athletics.
 - Eliminates confusion between maximum limits and of exemption to those limits and allows all organizations to operate at the same level.

- Impact on GVFD
 - Have utilized raffles to fund minor projects, such as gear, helmets, goggles and upgrades to trucks.
 - In 2011 GVFD took over rescue services in our area or else those services would have ceased. Rescue and auto extrication services increased from 199 square miles (the fire protection district) to 400 square miles (local ambulance service coverage area) with no additional funding.
 - Community is very generous in supporting these services through charitable gaming.
 - Three successful fundraisers including raffles.
 - 2012 \$23,000
 - 2013 \$32,000
 - 2014 \$48,000
 - 2015 projecting \$53,000-\$55,000 with changes to daily limits.
- Respectfully request a “do pass” recommendation from this committee on Senate Bill No 2184 and am happy to take any questions

Senate Judiciary Committee
Senate Bill No. 2184
Prize Limits for Raffles
1/19/15

Mr. Chairman and members of the Committee, my name is Deb McDaniel. I am the Director of the Gaming Division with the Office of Attorney General.

The Office of Attorney General takes a neutral stance on this bill.

However, if SB 2184 is enacted, the committee will need to consider an amendment to N.D.C.C. § 53-06.1-03(1)(a) (Permits, site authorization, and license)

- a. An organization recognized as a public-spirited organization by the governing body of a city or county may apply for a local permit to conduct only raffles, bingo, or sports pools, or a charity local permit to conduct only raffles, bingo, sports pools, paddlewheels, twenty-one, and poker. The organization or closely related organizations as a whole may only award a primary prize that does not exceed six thousand dollars, except that a raffle cash prize may not exceed the limits of section 53-06.1-10.1, and total prizes of all games do not exceed twelve thousand dollars per year. These maximum prize amounts do not apply to raffles conducted under chapter 20.1-08. The determination of what is a "public-spirited organization" is within the sole discretion of the governing body. An organization shall disclose on the application its intended use of the net income from the gaming activity. A governing body may issue a permit for games to be held at designated times and places.

Under Section 53-06.1-03(1)(a), Local and Charity Local permit holders are limited to awarding a primary prize that does not exceed six thousand dollars, cash prizes are limited to a single cash prize of \$4,000, total cash prizes in one day are limited also to \$4,000, and total prizes of all games cannot exceed \$12,000 per year.

Since permit holder prizes are limited to \$12,000 per year, section 53-06.1-10.1 could not be cited, it would contradict the prize yearly limit of \$12,000.

If the highlighted wording is struck it would be interpreted that Local and Charity Local permit holders would be able to give out a single cash prize of \$6,000 (increased from current \$4,000) and it would not address any limit to the total amount of cash prizes awarded in one day. Therefore, the committee may need to consider clarifying the limits for both a single cash prize and total cash prizes for Local and Charity Local permit holders.

#2-2
1/19/2015

Senate Judiciary Committee
Senate Bill No. 2184
History of Raffle Law Changes
1/19/15

1977

Raffles first legalized as a charitable game type for eligible organizations.

1983

Merchandise prizes for raffles restricted to any property which may be legally owned and possessed, but not real estate. Single cash prize limit for a raffle restricted to \$500 with an aggregate of no more than \$500 in total cash prizes awarded during any day.

1989

Single cash prize limit increased to \$1,000 per day and the daily cash prize aggregate for raffles was increased to \$3,000.

2005

A provision was added allowing a licensed organization on not more than one occasion per year, at the request of the winning player, to exchange a merchandise prize valued at not more than \$25,000 for a cash prize.

2007

The single cash prize limit of \$1,000 was increased to \$4,000 per day and the daily cash prize aggregate for raffles was also increased to \$4,000. A provision was added allowing organizations on not more than two occasions per year, at the request of the winning player, to exchange a merchandise prize valued at not more than \$25,000 for a cash prize.

2013

A provision was added allowing public-spirited organizations that support amateur collegiate athletics to be exempt from the cash prize limits.

1/19/2015 #17

PROPOSED AMENDMENTS TO SENATE BILL NO. 2184

Page 1, line 1, after "reenact" insert " subdivision a of subsection 1 of section 53-"

Page 1, line 2, before "section" insert "06.1-03 and"

Page 1, line 3, insert:

a. An organization recognized as a public-spirited organization by the governing body of a city or county may apply for a local permit to conduct only raffles, bingo, or sports pools, or a charity local permit to conduct only raffles, bingo, sports pools, paddlewheels, twenty-one, and poker. The organization or closely related organizations as a whole may only award a primary prize that does not exceed six thousand dollars, ~~except that a raffle cash prize may not exceed the limits of section 53-06.1-10.1,~~ and total prizes of all games do not exceed twelve thousand dollars per year. These maximum prize amounts do not apply to raffles conducted under chapter 20.1-08. The determination of what is a "public-spirited organization" is within the sole discretion of the governing body. An organization shall disclose on the application its intended use of the net income from the gaming activity. A governing body may issue a permit for games to be held at designated times and places.

SENATE BILL NO. 2184

1 A BILL for an Act to amend and reenact subdivision a of subsection 1 of section 53-
2 06.1-03 and section 53-06.1-10.1 of the North Dakota Century Code, relating to prize
3 limits for raffles.

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

5 **SECTION 1. AMENDMENT.** Subdivision a of subsection 1 of section 53-06.1-03
6 of the North Dakota Century Code is amended and reenacted as follows:

7 a. An organization recognized as a public-spirited organization by the
8 governing body of a city or county may apply for a local permit to conduct
9 only raffles, bingo, or sports pools, or a charity local permit to conduct
10 only raffles, bingo, sports pools, paddlewheels, twenty-one, and poker.
11 The organization or closely related organizations as a whole may only
12 award a primary prize that does not exceed six thousand dollars, ~~except~~
13 ~~that a raffle cash prize may not exceed the limits of section 53-06.1-10.1,~~
14 and total prizes of all games do not exceed twelve thousand dollars per
15 year. These maximum prize amounts do not apply to raffles
16 conducted under chapter 20.1-08. The determination of what is a "public-
17 spirited organization" is within the sole discretion of the governing body.
18 An organization shall disclose on the application its intended use of the
19 net income from the gaming activity. A governing body may issue a
20 permit for games to be held at designated times and places.

21 **SECTION 2. AMENDMENT.** Section 53-06.1-10.1 of the North Dakota Century
22 Code is amended and reenacted as follows:

23 **53-06.1-10.1. Raffles.**

24 A prize for a raffle may be cash or merchandise but may not be real estate. No
25 single cash prize may exceed ~~four~~ twenty - five thousand dollars
26 and the total cash prizes in one day may not exceed ~~four~~ twenty - five thousand
27 dollars. However, on not more than two occasions per year a licensed organization
28 may, at the request of a winning player, exchange a merchandise prize valued at not
29 more than twenty-five thousand dollars for a cash prize. The maximum cash prize
30 limits of this section do not apply to a public-spirited organization that supports
31 amateur collegiate athletics.

SB 2184
3/6/2015
1.1



Grafton Volunteer Fire Department

5 East 4th Street

PO Box 189

Grafton, ND 58237

701-352-2278

- Senate Bill 2184
- Brad Martinson
 - 12 year volunteer firefighter for Grafton Volunteer Fire Department, Grafton, ND
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 - Amended
 - 53-06.1-10.1. Raffles

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