

**FISCAL NOTE**  
**Requested by Legislative Council**  
**02/06/2019**

Amendment to: HB 1254

- 1 A. **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.*

	2017-2019 Biennium		2019-2021 Biennium		2021-2023 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
<b>Revenues</b>	\$0	\$0	\$0		\$0	\$0
<b>Expenditures</b>	\$0	\$0	\$1,257,816		\$570,113	\$0
<b>Appropriations</b>	\$0	\$0	\$1,257,816		\$570,113	\$0

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

	2017-2019 Biennium	2019-2021 Biennium	2021-2023 Biennium
<b>Counties</b>	\$0	\$0	\$0
<b>Cities</b>	\$0	\$0	\$0
<b>School Districts</b>	\$0	\$0	\$0
<b>Townships</b>	\$0	\$0	\$0

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

This bill would allow betting on all sports events.

- 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.*

Section 1 provides for betting on professional and collegiate sports. This is estimated to result in additional revenues and expenditures/appropriations.

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.*

The Office of Attorney General estimates this bill will significantly increase revenues for both the 2019-21 and 2021-23 biennia however is unable to provide a reasonable estimate.

Currently the political subdivisions (cities and counties) receive 7% of the gaming tax for gaming enforcement at the local level. The current appropriation for this purpose is \$510,000.

- 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.*

The Office of Attorney General estimates it will need at least two auditor FTEs, an estimated \$532,816 for the 2019-21 biennium - \$397,176 in salaries and wages and \$135,640 in operating expenses. For the 2021-23 biennium the estimated cost of the 2 FTEs is estimated at \$570,113, \$424,978 in salaries and wages and \$145,135 in operating expenses.

Additionally, a new computerized gaming system will be needed to accommodate auditing and tracking sports betting. A new system is estimated to cost between \$450,000 and \$1,000,000. The expenditures and appropriations above include the average of the range.

- 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 or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

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The Executive Recommendation did not anticipate this change.

**Name:** Kathy Roll

**Agency:** Office of Attorney General

**Telephone:** 7013283622

**Date Prepared:** 02/08/2019

**FISCAL NOTE**  
**Requested by Legislative Council**  
**01/07/2019**

Revised  
 Bill/Resolution No.: HB 1254

- 1 A. **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.*

	2017-2019 Biennium		2019-2021 Biennium		2021-2023 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
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<b>Expenditures</b>	\$0	\$0	\$1,257,816		\$570,113	\$0
<b>Appropriations</b>	\$0	\$0	\$1,257,816		\$570,113	\$0

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

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<b>Counties</b>	\$0	\$0	\$0
<b>Cities</b>	\$0	\$0	\$0
<b>School Districts</b>	\$0	\$0	\$0
<b>Townships</b>	\$0	\$0	\$0

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

This bill would allow betting on all sports events.

- 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.*

Section 1 provides for sports betting. This is estimated to result in additional revenues and expenditures/appropriations.

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.*

The Office of Attorney General estimates this bill will significantly increase revenues for both the 2019-21 and 2021-23 biennia however is unable to provide a reasonable estimate.

Currently the political subdivisions (cities and counties) receive 7% of the gaming tax for gaming enforcement at the local level. The current appropriation for this purpose is \$510,000.

- 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.*

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The Executive Recommendation did not anticipate this change.

**Name:** Kathy Roll

**Agency:** Office of Attorney General

**Telephone:** 7013283622

**Date Prepared:** 01/24/2019

**FISCAL NOTE**  
**Requested by Legislative Council**  
**01/07/2019**

Revised  
 Bill/Resolution No.: HB 1254

- 1 A. **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.*

	2017-2019 Biennium		2019-2021 Biennium		2021-2023 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
<b>Revenues</b>	\$0	\$0	\$0	\$924,000	\$0	\$924,000
<b>Expenditures</b>	\$0	\$0	\$1,257,816	\$924,000	\$570,113	\$924,000
<b>Appropriations</b>	\$0	\$0	\$1,257,816	\$924,000	\$570,113	\$924,000

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

	2017-2019 Biennium	2019-2021 Biennium	2021-2023 Biennium
<b>Counties</b>	\$0	\$924,000	\$924,000
<b>Cities</b>	\$0	\$0	\$0
<b>School Districts</b>	\$0	\$0	\$0
<b>Townships</b>	\$0	\$0	\$0

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

This bill would allow betting on all sports events.

- 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.*

Section 1 provides for sports betting. This is estimated to result in additional revenues and expenditures/appropriations.

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.*

The Office of Attorney General estimates this bill will significantly increase revenues for both the 2019-21 and 2021-23 biennia however is unable to provide a reasonable estimate.

Currently the political subdivisions (cities and counties) receive 7% of the gaming tax for gaming enforcement at the local level. The current appropriation for this purpose is \$510,000. The estimated increase in revenues from sports betting will result in an additional \$924,000 in revenues to the political subdivisions based on the current 7% split.

- 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.*

The Office of Attorney General estimates it will need at least two auditor FTEs, an estimated \$532,816 for the 2019-21 biennium - \$397,176 in salaries and wages and \$135,640 in operating expenses. For the 2021-23 biennium the estimated cost of the 2 FTEs is estimated at \$570,113, \$424,978 in salaries and wages and \$145,135 in operating expenses.

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**Name:** Kathy Roll

**Agency:** Office of Attorney General

**Telephone:** 7013283622

**Date Prepared:** 01/23/2019

**FISCAL NOTE**  
**Requested by Legislative Council**  
**01/07/2019**

Bill/Resolution No.: HB 1254

- 1 A. **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.*

	2017-2019 Biennium		2019-2021 Biennium		2021-2023 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
<b>Revenues</b>	\$0	\$0	\$12,276,000	\$924,000	\$12,276,000	\$924,000
<b>Expenditures</b>	\$0	\$0	\$1,257,816	\$924,000	\$570,113	\$924,000
<b>Appropriations</b>	\$0	\$0	\$1,257,816	\$924,000	\$570,113	\$924,000

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

	2017-2019 Biennium	2019-2021 Biennium	2021-2023 Biennium
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- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

This bill would allow betting on all sports events.

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Section 1 provides for sports betting. This is estimated to result in additional revenues and expenditures/appropriations.

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.*

The Office of Attorney General estimates this bill will increase revenues by approximately \$ 13.2 million dollars for both the 2019-21 and 2021-23 biennia.

Currently the political subdivisions (cities and counties) receive 7% of the gaming tax for gaming enforcement at the local level. The current appropriation for this purpose is \$510,000. The estimated increase in revenues from sports betting will result in an additional \$924,000 in revenues to the political subdivisions based on the current 7% split.

- 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.*

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The Executive Recommendation did not anticipate this change.

**Name:** Kathy Roll

**Agency:** Office of Attorney General

**Telephone:** 7013283622

**Date Prepared:** 01/19/2019

**2017 HOUSE JUDICIARY**

**HB 1254**

# 2019 HOUSE STANDING COMMITTEE MINUTES

**Judiciary Committee**  
Prairie Room, State Capitol

HB 1254  
1/28/2019  
31615

- Subcommittee  
 Conference Committee

Committee Clerk: DeLores D. Shimek by Caitlin Fleck
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## **Explanation or reason for introduction of bill/resolution:**

Relating to authorization of sports betting as a game of chance.

## **Minutes:**

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**Chairman Koppelman:** Opened the hearing on HB 1254.

Supportive Testimony.

**Rep. Dockter:** Introduced the bill. This bill would allow you to do sports betting for college and professional games. They would like to put a third party vender and they would put out bids and figure out how much of the fees would go to charity. You could go to a bar and bet on the games and it would go to your local charities. A lot of people are already doing this on the internet, so we already have gaming in the state and it goes to charity.

**Rep. Roers Jones:** The way it is written it could be open to high school athletics, I assume that wasn't your intent?

**Rep. Dockter:** You are correct, after speaking with others, we decided we would put in an amendment that would clarify it would only be for college or professional sport. I officiate now at games and I did not want it to be high school.

**Chairman K. Koppelman;** Your intent would be then any college, semi pro, and professional sports, anything excluding high school?

**Rep. Dockter:** That is where that third party vender would come into play because they would run it and only do betting lines that people would be in Vegas.

**Chairman K. Koppelman:** Some of the informal comments that I have heard is that there are a lot of interests in things that I just mentioned, is there anything in the bill that would prohibit that?

**Rep. Dockter:** No, how it is written in Section 2 is pretty open. I can bring amendments tomorrow.

**Rep. McWilliams:** Is there a conflict of interest between the state as they provide scholarships to that sports team and as they also tax that sports team?

**Rep. Dockter:** I have no thought about that. This just gives an opportunity for people to bet on sports teams.

**Todd Kranda, Attorney with Kelsch Ruff Kranda Nagel & Ludwig Law Firm: (Attachment #1)**

**Chairman K. Koppelman:** The supreme court you referenced; what was the basis of that.

**Mr. Kranda:** New Jersey was the one that initiated that action, they found that the 1992 Professional Sportsman Protection Act to be invalid. It opened up beyond the 4 states that were already grandfathered in.

**Chairman K. Koppelman:** Most of this revolved around the supreme court decision on the Wire Act which I thought was another one, is that a separate decision?

**Mr. Kranda:** No that is another one, the Federal Wire Act is also involved in litigation, it's from 1961 which was in advance of any sports betting opportunities since then.

**Vice Chairman Karls:** How much will charitable organizations actually benefit from this?

**Mr. Kranda:** I don't have that information. We would like to have our state get the money from this.

**Chairman K. Koppelman:** What about off-shore betting? What supreme court decisions that we're talking about, what impact they had on that issue?

**Mr. Kranda:** I can't answer that.

**Lisa Vig, Director of Gambler's Choice: (Attachment #2)**

Opposition Testimony.

**Mark Jorritsma, Executive Director of Family Policy Alliance of ND: (Attachment #3)**

**Christopher Dobson, ND Catholic Conference:** We oppose this bill, we are opposed to expansion of gambling because of the impact on the greater good, we believe that there needs to be an increase in dollars that are permitted for those that have a gambling addiction, and we are concerned that this shift away from true games of chance to betting on sports games and the person themselves takes away from the true nature of sports games and the dignity of the person.

Neutral Testimony.

**James "Phil" Wisecup, Vice Chancellor for the ND University system:** We want to make the committee aware that there is some anxiety from some of the campuses on the unknown

effects that this sports betting may have. There are unknowns in the bill, but I wanted to make the committee aware of that?

**Chairman Koppelman:** Do you want to expand on what some of the anxiety is?

**Mr. Wisecup:** It's the unknowns, it's the things that we haven't heard of yet, such as that there is no intention of putting high school in, but collegiate for sure. Now we really have to figure out the impact that it will have on the sports.

**Vice Chairman Karls:** Last session we had a bill for 50/50 raffle. Is this going to compete with the ones you do in-house? All these NFL teams are franchised, and I think you even have to get special permission to even broadcast the scores on news casts. How are they going to feel about the states getting more money off of them and they get no cut?

**Representative Roers Jones:** There was a bill last session about 50/50 raffle, and it had certain requirements.

**Chairman K. Koppelman:** So a 50/50 raffle is not sports betting? Do you have any sense of the effect on athletics and student athletes if betting is occurring and they are aware of it going on?

**Mr. Wisecup:** Correct. As I recall one other witness had talked about the integrity and athlete protection within the sports. That is the kind of anxiety that we do have, but we have not put our heads together on that yet.

Hearing closed.

# 2019 HOUSE STANDING COMMITTEE MINUTES

**Judiciary Committee**  
Prairie Room, State Capitol

HB 1254  
2/4/2019  
32143

- Subcommittee  
 Conference Committee

Committee Clerk: DeLores D. Shimek by Caitlin Fleck

## **Explanation or reason for introduction of bill/resolution:**

Relating to authorization of sports betting as a game of chance.

## **Minutes:**

**Chairman Koppelman:** Opened the hearing on HB 1254. Discussing the amendment and what it will do.

**Representative Roers Jones:** I move the amendment.

**Representative Vetter:** Seconded.

**Chairman Koppelman:** This bill and HB1295 will be very similar and I'm trying to remember the difference.

**Rep. Roers Jones:** Representative Beadle's bill is only for professional sports, Representative Dockter's is for collegiate and professional sports. I have a feeling that we will not pass both, is this an either or kind of thing?

**Chairman Koppelman:** I don't think that there is any reason to pas both. We don't want to pass a duplicative bill because it will cost us extra money to put it through the bill process and over to the Senate.

**Representative Hanson:** HB1295 is only for professional sports?

**Chairman Koppelman:** Correct, so if we look at the 2 bills, I think really then we have the amendment moved on HB1254 to make it strictly professional or collegiate. Let's take a vote on that then.

**Voice Vote: amendment adopted.**

**Representative Roers Jones:** Move for a do pass as amended on HB1254.

**Representative Satrom:** I would like to make another amendment if that is possible. This came as a concern about the amount of money that would be set aside for the prevention and treatment. We want to add 2.5% to the tax brackets and add language to establish as an ongoing set aside funds. Right now it is 2.25% and we would want to turn it into 2.5%.

**Chairman Koppelman:** Because it is a fiscal note bill, we do need to deal with these today. If we gave you some time, would you be able to run down to your desk and find the amendment?

**Representative Satrom:** Yes.

**Chairman K. Koppelman:** I was just reminded that we do have an extension on the bills so we do not have to get them done today. So because of that, why don't we go ahead and take an action on the proposed amendment in front of us, and we will add yours in later.

**Representative Roers Jones:** I would like to have a discussion about this bill today.

**Chairman Koppelman:** Ok I think Representative Satrom would like to amend the bill so that a larger % goes into the prevention and treatment fund.

**Representative Roers Jones:** I think that is unnecessary. I actually had a hard time with the testimony proposed by Ms. Vig.

**Chairman Koppelman:** I know we have a provision in the lottery law that gives a percent of the earnings to the prevention and treatment fund.

**Representative Vetter:** Seconded. Are we discussing the bill too?

**Chairman Koppelman:** We have the motion and the second, so I don't want to entertain a discussion out of respect for everyone.

**Representative Satrom:** I don't want to sabotage this either, I want to make it so that we don't have to make up the money in a different area because we have come up short for the treatment program.

**Representative Roers Jones:** I would have to disagree with Representative Satrom's last statement because Ms. Vig came in in support of the bill at the rate that it was funded currently.

**Representative Satrom:** This came in after the fact and she felt that the number was light.

**Chairman Koppelman:** I would refer you to Ms. Vig's testimony is you still have a copy of that. On page 4 of her testimony we recommend that the language utilized in SB221, be recognized in HB1443. It would be amended to establish an ongoing fund for the prevention and treatment fund. She did sort of propose an amendment there, that being said, I would prefer to have an amendment drafted that we could look at and vote on there. I would then ask the committee if we were to go forward with this and allow Representative Satrom to

bring that amendment forward tomorrow, would that be agreeable for everyone? Or do you want to push it forward and do something with the bill today?

**Representative Roers Jones:** Would the amendment be enough to satisfy you to vote in favor of the bill?

**Representative Satrom:** Let me just say that I would be violently opposed to it without it, but I would just tolerate it if I do get the amendment in. We are creating costs, and this is a way for us to compensate some of those costs.

**Representative Roers Jones:** Is the wait going to benefit the committee, I appreciate the concern that Representative Satrom has.

**Chairman Koppelman:** I do believe that it would be good consideration to allow that. So, we will finish this tomorrow then.

Meeting closed.

# 2019 HOUSE STANDING COMMITTEE MINUTES

**Judiciary Committee**  
Prairie Room, State Capitol

HB 1254  
2/5/2019  
32228

- Subcommittee  
 Conference Committee

Committee Clerk: DeLores D. Shimek by Caitlin Fleck

## **Explanation or reason for introduction of bill/resolution:**

Relating to authorization of sports betting as a game of chance.

## **Minutes:**

**Chairman Koppelman:** Opened the hearing on HB 1254.

**Rep. Satrom** discussed proposed amendment. Made a motion to adopt amendment.

**Representative Hanson:** Seconded:

**Representative Vetter:** I will be a no on this. I don't know why there needs to be a separation between just the sports betting stuff? Or is this all charitable gaming now?

**Representative Satrom:** I believe some of our other stuff has similar restrictions. This is just to help defray. The objective is that the more people that use it, the more money goes into the account.

**Representative Vetter:** There is something like this in there already, but this is just for sports better?

**Representative Satrom:** I believe that horse racing has a similar notion too.

**Representative Vetter:** What percent?

**Representative Satrom:** Similar to this one, but I'm not sure on the exact percent.

**Representative Vetter:** There will be a very small percentage in sports betting. We will also use Vegas bookies, so that will decrease our cost here.

**Chairman Koppelman:** We heard the other day a person discuss this issue, and whether or not there are dollars that are designated to this in other ways. We know that there are through the lottery. There are little to no other dollars appropriate to there, so it is what we put into statute that goes into there.

**Representative McWilliams:** Is there a process in place for collecting and setting aside the money?

**Chairman Koppelman:** Yes.

**Representative McWilliams:** I support this amendment.

**Chairman Koppelman:** That presents another topic to discuss. As gambling has increased, the discussion of addiction has increased as well. If we are going to continue to broaden gambling, we as a state should start to look at the addiction side of it too. The discussion now is about the other things that we already do for the money there.

**Representative Satrom:** On paragraph 1, it goes from 2.25% to 2.50%.

**Representative Magrum:** I agree with the dollar amount, but I would resist this amendment because under subsection 4A, the third line says disorder. I personally don't believe that gambling is a disorder. It is a bad habit, but it shouldn't be classified as a disorder.

**Chairman Koppelman:** That is the name of the fund, nothing is being classified as a disorder in this amendment.

**Representative Magrum:** Well I still don't agree with that either. It's not a disorder.

**Chairman Koppelman:** We can argue that, but that is the only place to put money in for the fund.

**Voice Vote: amendment adopted.**

**Representative Hanson:** Motion for a do pass as amended.

**Representative Becker:** Seconded.

**Representative Satrom:** Is this the one that includes college sports?

**Chairman Koppelman:** As amended, it includes professional and collegiate sports. So we will need to look at both of the bills.

**Roll Call Vote: 9 Yes, 5 No, 0 Absent.**

Motion Carries.

Floor Assignment: **Representative Magrum.**

**Chairman Koppelman:** The motion is a do pass as amended with rereferal to appropriations.

Hearing Closed.

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1254

Page 4, line 24, replace "certain sports" with "a sport"

Page 4, line 24, replace "events" with "event"

Page 4, line 27, replace "an" with "a professional or collegiate"

Renumber accordingly

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1254

Page 1, line 3, replace "section" with "sections"

Page 1, line 3, after "53-06.1-03" insert "and 53-06.1-12"

Page 1, line 4, after "chance" insert "and the gaming tax imposed on games of chance"

Page 4, after line 28, insert:

**"SECTION 3. AMENDMENT.** Section 53-06.1-12 of the North Dakota Century Code is amended and reenacted as follows:

**53-06.1-12. Gaming tax - Deposits and allocations.**

1. A gaming tax is imposed on the total gross proceeds received by a licensed organization in a quarter and it must be computed and paid to the attorney general on a quarterly basis on the tax return. This tax must be paid from adjusted gross proceeds and is not part of the allowable expenses. For a licensed organization with gross proceeds:
  - a. Not exceeding one million five hundred thousand dollars the tax is one percent of gross proceeds.
  - b. Exceeding one million five hundred thousand dollars the tax is fifteen thousand dollars plus two and ~~twenty-five hundredths~~ one-half percent of gross proceeds exceeding one million five hundred thousand dollars.
2. The tax must be paid to the attorney general at the time tax returns are filed.
3. ~~Except as provided in subsection 4, the attorney general shall deposit gaming taxes, monetary fines, and interest and penalties collected in the general fund in the state treasury.~~
4. ~~The attorney general shall deposit seven:~~
  - a. An amount equal to one-fourth of one percent of gross proceeds exceeding one million five hundred thousand dollars, less refunds, collected under this section each quarter into the gambling disorder treatment and prevention fund.
  - b. Seven percent of the total taxes, less refunds, collected under this section into a gaming tax allocation fund.
  - c. All remaining gaming taxes, monetary fines, and interest and penalties collected into the general fund in the state treasury.
4. Pursuant to legislative appropriation, moneys in the gaming tax allocation fund must be distributed quarterly to cities and counties in proportion to the taxes collected under this section from licensed organizations conducting games within each city, for sites within city limits, or within each county, for

sites outside city limits. If a city or county allocation under this subsection is less than two hundred dollars, that city or county is not entitled to receive a payment for the quarter and the undistributed amount must be included in the total amount to be distributed to other cities and counties for the quarter."

Renumber accordingly

February 5, 2019

DA 2/3/19  
10/2

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1254

Page 1, line 3, replace "section" with "sections"

Page 1, line 3, after "53-06.1-03" insert "and 53-06.1-12"

Page 1, line 4, after "chance" insert "and the gaming tax imposed on games of chance"

Page 4, line 24, replace "certain sports" with "a sport"

Page 4, line 24, replace "events" with "event"

Page 4, line 27, replace "an" with "a professional or collegiate"

Page 4, after line 28, insert:

**"SECTION 3. AMENDMENT.** Section 53-06.1-12 of the North Dakota Century Code is amended and reenacted as follows:

**53-06.1-12. Gaming tax - Deposits and allocations.**

1. A gaming tax is imposed on the total gross proceeds received by a licensed organization in a quarter and it must be computed and paid to the attorney general on a quarterly basis on the tax return. This tax must be paid from adjusted gross proceeds and is not part of the allowable expenses. For a licensed organization with gross proceeds:
  - a. Not exceeding one million five hundred thousand dollars the tax is one percent of gross proceeds.
  - b. Exceeding one million five hundred thousand dollars the tax is fifteen thousand dollars plus two and ~~twenty-five hundredths~~ one-half percent of gross proceeds exceeding one million five hundred thousand dollars.
2. The tax must be paid to the attorney general at the time tax returns are filed.
3. ~~Except as provided in subsection 4, the attorney general shall deposit gaming taxes, monetary fines, and interest and penalties collected in the general fund in the state treasury.~~
4. The attorney general shall deposit ~~seven~~:
  - a. An amount equal to one-fourth of one percent of gross proceeds exceeding one million five hundred thousand dollars, less refunds, collected under this section each quarter into the gambling disorder treatment and prevention fund.
  - b. Seven percent of the total taxes, less refunds, collected under this section into a gaming tax allocation fund.
  - c. All remaining gaming taxes, monetary fines, and interest and penalties collected into the general fund in the state treasury.

DA 2/3/14  
2 of 2

4. Pursuant to legislative appropriation, moneys in the gaming tax allocation fund must be distributed quarterly to cities and counties in proportion to the taxes collected under this section from licensed organizations conducting games within each city, for sites within city limits, or within each county, for sites outside city limits. If a city or county allocation under this subsection is less than two hundred dollars, that city or county is not entitled to receive a payment for the quarter and the undistributed amount must be included in the total amount to be distributed to other cities and counties for the quarter."

Renumber accordingly

Date: 2-4-2019  
Roll Call Vote # 1

2019 HOUSE STANDING COMMITTEE  
ROLL CALL VOTES  
HB 1254

House Judiciary Committee

Subcommittee

Amendment LC# or Description: 19.0604.02001

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 Rep. Roers Jones Seconded By Rep. Vetter

Representatives	Yes	No	Representatives	Yes	No
Chairman Koppelman			Rep. Buffalo		
Vice Chairman Karls			Rep. Karla Rose Hanson		
Rep. Becker					
Rep. Terry Jones					
Rep. Magrum					
Rep. McWilliams					
Rep. B. Paulson					
Rep. Paur					
Rep. Roers Jones					
Rep. Satrom					
Rep. Simons					
Rep. Vetter					

*Voice Vote*

Total (Yes) \_\_\_\_\_ No \_\_\_\_\_

Absent \_\_\_\_\_

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

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

*Amendment Adopted.*

Date: 2-4-2019  
Roll Call Vote # 2

2019 HOUSE STANDING COMMITTEE  
ROLL CALL VOTES  
HB 1254

House 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 Rep. Roers Jones Seconded By Rep. Vetter

Representatives	Yes	No	Representatives	Yes	No
Chairman Koppelman			Rep. Buffalo		
Vice Chairman Karls			Rep. Karla Rose Hanson		
Rep. Becker					
Rep. Terry Jones					
Rep. Magrum					
Rep. McWilliams					
Rep. B. Paulson					
Rep. Paur					
Rep. Roers Jones					
Rep. Satrom					
Rep. Simons					
Rep. Vetter					

Total (Yes) \_\_\_\_\_ No \_\_\_\_\_

Absent \_\_\_\_\_

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

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

\* Decided to hold off on voting until further amended.

**2019 HOUSE STANDING COMMITTEE  
 ROLL CALL VOTES  
 HB 1254**

House Judiciary Committee

Subcommittee

Amendment LC# or Description: 19.0604.02002

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 Rep. Satrom Seconded By Rep. Hanson

Representatives	Yes	No	Representatives	Yes	No
Chairman Koppelman			Rep. Buffalo		
Vice Chairman Karls			Rep. Karla Rose Hanson		
Rep. Becker					
Rep. Terry Jones					
Rep. Magrum					
Rep. McWilliams					
Rep. B. Paulson					
Rep. Paur					
Rep. Roers Jones					
Rep. Satrom					
Rep. Simons					
Rep. Vetter					

*Vote*

Total (Yes) \_\_\_\_\_ No \_\_\_\_\_

Absent \_\_\_\_\_

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

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

*motion carries, amendment adopted.*

2019 HOUSE STANDING COMMITTEE  
 ROLL CALL VOTES  
 HB 1254

House 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 Rep. Hanson Seconded By Rep. Becker

Representatives	Yes	No	Representatives	Yes	No
Chairman Koppelman		X	Rep. Buffalo		X
Vice Chairman Karls	X		Rep. Karla Rose Hanson	X	
Rep. Becker	X				
Rep. Terry Jones	X				
Rep. Magrum	X				
Rep. McWilliams	X				
Rep. B. Paulson		X			
Rep. Paur		X			
Rep. Roers Jones	X				
Rep. Satrom		X			
Rep. Simons	X				
Rep. Vetter	X				

Total (Yes) 9 No 5

Absent 0

Floor Assignment Rep. Magrum

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

Motion Carries.

**REPORT OF STANDING COMMITTEE**

**HB 1254: Judiciary Committee (Rep. K. Koppelman, Chairman)** recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** and **BE REREFERRED** to the **Appropriations Committee** (9 YEAS, 5 NAYS, 0 ABSENT AND NOT VOTING). HB 1254 was placed on the Sixth order on the calendar.

Page 1, line 3, replace "section" with "sections"

Page 1, line 3, after "53-06.1-03" insert "and 53-06.1-12"

Page 1, line 4, after "chance" insert "and the gaming tax imposed on games of chance"

Page 4, line 24, replace "certain sports" with "a sport"

Page 4, line 24, replace "events" with "event"

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Page 4, after line 28, insert:

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  - a. Not exceeding one million five hundred thousand dollars the tax is one percent of gross proceeds.
  - b. Exceeding one million five hundred thousand dollars the tax is fifteen thousand dollars plus two and ~~twenty-five hundredths~~ one-half percent of gross proceeds exceeding one million five hundred thousand dollars.
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4. The attorney general shall deposit ~~seven:~~
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  - b. Seven percent of the total taxes, less refunds, collected under this section into a gaming tax allocation fund.
  - c. All remaining gaming taxes, monetary fines, and interest and penalties collected into the general fund in the state treasury.

4. Pursuant to legislative appropriation, moneys in the gaming tax allocation fund must be distributed quarterly to cities and counties in proportion to the taxes collected under this section from licensed organizations conducting games within each city, for sites within city limits, or within each county, for sites outside city limits. If a city or county allocation under this subsection is less than two hundred dollars, that city or county is not entitled to receive a payment for the quarter and the undistributed amount must be included in the total amount to be distributed to other cities and counties for the quarter."

Renumber accordingly

**2019 HOUSE APPROPRIATIONS**

**HB 1254**

# 2019 HOUSE STANDING COMMITTEE MINUTES

**Appropriations Committee**  
Roughrider Room, State Capitol

HB 1254  
Feb. 14<sup>th</sup> 2019  
32732

- Subcommittee  
 Conference Committee

Committee Clerk: Risa Bergquist by Caitlin Fleck

## **Explanation or reason for introduction of bill/resolution:**

Relating to the authorization of sports betting as a game of chance; relating to authorization of sports betting as a game of chance and the gaming tax imposed on games of chance.

## **Minutes:**

**Chairman Delzer:** When will that hit the floor, have you signed it yet? HB 1254?

**Representative K. Koppelman:** Yes, I have signed it. We originally had 2 identical bills, so we amended the one to include both professional and collegiate sports betting. The fiscal note says how much it should project it to be.

**Chairman Delzer:** The last one we have is 206 and it doesn't say anything about any revenue.

**Representative Koppelman:** We do have some money set aside in there for the prevention and treatment of the addiction side of gambling. We were told that the lottery already has this in it, but that it is the least addictive form of gambling because you don't get the instant gratification unlike some of the other forms of gambling. The committee felt that it was important that we have some dollars going towards the main types of gambling that would cause and addiction.

**Chairman Delzer:** Do you have an updated fiscal note?

**Representative Koppelman:** I don't think I do.

**Chairman Delzer:** I see you put I in there at 1.44.

**Representative Koppelman:** I would assume that that is how it would be then.

**Chairman Delzer:** So this is professional and collegiate, and you are messing with the tax side too. What does the 1.5% do?

**Representative Koppelman:** I don't believe that was a change that the committee made.

**Chairman Delzer:** According to this it is, because it is in green.

**Representative Koppelman:** I can't recall the discussion on that. I believe ....

**Chairman Delzer:** And then you took a line out on subsection 4. A ¼ of 1%, but that could be a big number.

**Representative Koppelman:** I don't believe that they projected that either.

**Chairman Delzer:** What is the gaming tax allocation fund?

**Representative K. Koppelman:** That is from the attorney general's office as an amendment that we adopted. The main changes we made as a committee was the limit it to college and professional sports and we added a small amount for treatments.

**Chairman Delzer:** So when it came in it was all sports? Have you thought about having some kind of cap on how much goes into the charitable gaming fund?

**Representative K. Koppelman:** It was amateur sports. I wouldn't have an objection to a cap. I think the thinking of the committee is that because the only place that designates funds for the prevention and treatment is in the lottery that we would add it here too. We were told that there are other areas that included it, and when we looked into that we found that little or no money is appropriate now.

**Chairman Delzer:** How much is the gambling addiction fund being used?

**Representative K. Koppelman:** We did receive testimony from the people that do the services.

**Chairman Delzer:** Who handles that?

**Representative Koppelman:** It's through Lutheran Social Services.

**Representative Meier:** Do you know how much money is in that fund?

**Chairman Delzer:** I think we need to think about some kind of a cap on this.

**Representative K. Koppelman:** The discussion from the committee was that there should be something from all forms of gambling.

**9:00 Representative Beadle:** The lottery statutes give 80,000 to the state treasurer, and 105,625 be transferred to the multidistrict gaming fund.

No further questions. Meeting closed.

# 2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee  
Roughrider Room, State Capitol

HB 1254  
2/15/2019  
32844

- Subcommittee  
 Conference Committee

Committee Clerk: Parker Oswald

## Explanation or reason for introduction of bill/resolution:

A BILL for an Act to create and enact section 53-06.1-10.3 of the North Dakota Century Code, relating to the authorization of sports betting as a game of chance; and to amend and reenact section 53-06.1-03 of the North Dakota Century Code, relating to authorization of sports betting as a game of chance.

## Minutes:

**Chairman Jeff Delzer:** Opens meeting on HB 1254 and begins to read the title of the bill.

**Chairman Jeff Delzer:** I am not sure if we should either have a cap on it or reporting for the next two years so we know how much is going into a fund that is a continuing appropriations. The committee vote was a do pass of 9 yes and 5 nays.

**(2:10) Chairman Jeff Delzer:** It adjusts sports betting and how much gross proceeds go to the tax. The attorney general deposits amount equal to  $\frac{1}{4}$  of 1% of gross proceeds exceeding \$1.5M to the gambling treatment and prevention fund. Of the total taxes into gaming tax allocation fund and all remaining gaming taxes, fines and interests into the state treasure. The fiscal note shows a cost of \$1.257M. There is a need for 2 audit FTE (full time employee) and \$532,000 with part being salaries and other being operating costs.

**(4:15) Chairman Jeff Delzer:** It is an idea about the cap and I suppose it is up to us to see how much would be going into that fund and where the money would go. I think it is just up to us if we want sports betting.

**(4:55) Representative Mike Nathe:** I make a motion of do pass on HB 1254, seconded by Representative Randy Schobinger. Roll call vote is taken. Motion does not carry with 8 yes, 12 nays and 1 absent.

**(7:20) Chairman Jeff Delzer:** A motion of do not pass is made by Representative Keith Kempenich and seconded by Representative Lisa Meier. Roll call vote is taken. Motion of do not pass on HB 1254 carries with 12 yes, 7 nays and 2 absent.

**(9:15) Chairman Jeff Delzer:** I will not defend this on the floor. I will turn it over to the other carrier to explain the bill.

**Representative Bob Martinson:** This is a good example of why we are not well liked. We change a do pass and do not pass it. If we are not going to change something, it should go back to the committee.

**(10:30) Chairman Jeff Delzer:** We will hang onto this one and discuss with people on how to change this. **List me as the carrier.**

Date: 2/15/2019  
 Roll Call Vote #: 1

**2019 HOUSE STANDING COMMITTEE  
 ROLL CALL VOTES  
 BILL/RESOLUTION NO. HB 1254**

House Appropriations 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 Representative Nathe Seconded By Representative Schobinger

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer		X			
Representative Kempenich	X				
Representative Anderson		X	Representative Schobinger	X	
Representative Beadle	X		Representative Vigesaa		X
Representative Bellew		X			
Representative Brandenburg		X			
Representative Howe	X		Representative Boe		X
Representative Kreidt		X	Representative Holman		X
Representative Martinson	X		Representative Mock	X	
Representative Meier		X			
Representative Monson		X			
Representative Nathe	X				
Representative J. Nelson	A				
Representative Sanford	X				
Representative Schatz		X			
Representative Schmidt		X			

Total (Yes) 8 No 12

Absent 1

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

**Motion Fails**

Date: 2/15/2019  
 Roll Call Vote #: 2

**2019 HOUSE STANDING COMMITTEE  
 ROLL CALL VOTES  
 BILL/RESOLUTION NO. HB 1254**

House Appropriations 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 Representative Kempenich Seconded By Representative Meier

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer	X				
Representative Kempenich	X				
Representative Anderson	X		Representative Schobinger		X
Representative Beadle		X	Representative Vigesaa	X	
Representative Bellew	X				
Representative Brandenburg	X				
Representative Howe		X	Representative Boe	X	
Representative Kreidt	X		Representative Holman	A	
Representative Martinson		X	Representative Mock		X
Representative Meier	X				
Representative Monson	X				
Representative Nathe		X			
Representative J. Nelson	A				
Representative Sanford		X			
Representative Schatz	X				
Representative Schmidt	X				

Total (Yes) 12 No 7

Absent 2

Floor Assignment Representative Delzer

**Motion Carries**

**REPORT OF STANDING COMMITTEE**

**HB 1254, as engrossed: Appropriations Committee (Rep. Delzer, Chairman)**  
recommends **DO NOT PASS** (12 YEAS, 7 NAYS, 2 ABSENT AND NOT VOTING).  
Engrossed HB 1254 was placed on the Eleventh order on the calendar.

**2019 SENATE GOVERNMENT AND VETERANS AFFAIRS**

**HB 1254**

# 2019 SENATE STANDING COMMITTEE MINUTES

## Government and Veterans Affairs Committee Sheyenne River Room, State Capitol

HB1254  
3/7/2019  
#33379

- Subcommittee  
 Conference Committee

Committee Clerk: Pam Dever

### Explanation or reason for introduction of bill/resolution:

Relating to authorization of sports betting as a game of chance and the gaming tax imposed on games of chance.

### Minutes:

Att # 1-Mark Hagerott; Att #2 – Mark Jorritsma; Att #3 – Collette Brown; Att # 4- #5- Todd Kranda

**Chairman Davison:** Let's open hearing for HB1254.

**Rep Jason Dochter, Dist. 7, Bismarck:** I am here to introduce this bill. This is to allow charities to get into sports betting. The Supreme Court ruled in New Jersey vs somebody in the spring of 2018. It said that charities can now do sports gaming. Some constituents said they bet on sports on line. Some legal and some illegal. This would give the charities another venue to get money. I thought this would work for college and professional events. The House put an amendment to take out high school and semi-pro. The committee also put something in for gaming addition funds. I talked to Attorney General and he said if this bill passes it would go to administrative rules and put in a third party vender. They would have a contract and an RFP. This vender would pay a percentage to charities and take care of all the administrative duties. The vender would be taxed by the state. (.35—3.55) This is an expansion. Any questions?

**Chairman Davison:** Do you envision that we will have bookies on the street or people in kiosks?

**Rep Dochter:** There will be kiosks and also handheld and you pick your own charity. (5.43) March Madness if a big thing.

**Sen. Kristin Roers:** Is there a reason you were so selective with your sponsors? I see only Sen. Meyer. Which side are you on with Packers vs Vikings?

**Rep. Dochter:** Vikings.

**Vice Chair Meyer:** I was the only one courageous to join you. Have you seen results from other state that have sports betting? (6.38)

**Rep. Dochter:** No. New Jersey started while back and have been very successful. We passed electronic pull tabs last session. Over \$81 million since Sept. 2018 that has been played. Hard to put a number.

**Vice Chair Meyer:** Can Tribes put this in as well?

**Rep. Dochter:** They could already do if they wanted. Ours has to be through legislation, but they are different.

**Vice Chair Meyer:** Gives the charities the option to do this. Do you know any start-up costs?

**Rep. Dochter:** I talked to gaming commission. I think the third party vendor takes care of costs. Not much involved for charities. The vendor takes some of the risk, also.

**Sen. Richard Marcellais:** You mentioned charities. How many do we have in the state?

**Rep. Dochter:** I do not. People behind me may know.

**Sen. Richard Marcellais:** You said it already is in the state. I was listening to radio in the morning and they said to put in your picks for March Madness and win a million dollars. It was one of the radio stations. (10.01) Are they doing it illegally?

**Rep. Dochter:** There are some who are betting illegally in sports gaming. (10.42) We have appropriations in the budget to help out with gambling addiction.

**Sen. Richard Marcellais:** So the federal government is OK with this since we are crossing lines? The regulation of it? The Tribes have regulations they have to follow with the federal government.

**Rep. Dochter:** In N.D. we have to pass legislation. They had the Supreme Court ruling so we are OK. I don't know about casinos.

**Chairman Davison:** We could do an emergency clause for those people who are doing that on the radio. (12.12) Testimony in favor of HB1254? Agencies?

**Deb McDaniel, Director for Charitable Gaming, AG Office:** I am here to answer questions.

**Chairman Davison:** Can you tell me how the percentage is worked out. I know it's a guess.

**Deb:** In Nevada where it is legal, their take is between 1 and 3%. N.D. get 10%. 40% of their nets goes to the charity uses. Sports betting isn't a money maker (14.39) for state or charity. I can't give you a guess. We have 760,000 people in N.D. Not all of them can bet on games. This is a people driven type. You need the people to make money. Only 8 states that have it legal as of 2018. Those states have at least one million populations. They are in state run casinos or state run lottery. Now, none are state run charities. I cannot compare or guess.

**Chairman Davison:** If we go to a third party vendor, so say on line app. Would the charities or the state negotiate the percent that could go to charitable gambling? We are not setting percentage in law this bill.

**Deb:** No, not in this bill. We are trying to see how this would work for the charities. This has never been done before. We don't want the charities to have the risk. (17.43)

**Chairman Davison:** Would that be by administrative rules process?

**Deb:** The bill is ambiguous. It just says sports betting. (17.51) I assume it would all be in administrative rules since it is not in this bill. It would be up to the Gaming Commission to decide those rules. We have a 5-member commission. It would go through open hearings.

**Sen. Richard Marcellais:** How many charities are there in N.D.?

**Deb:** 320.

**Chairman Davison:** Thank you for coming. We really appreciate it. Any more agencies? Any against?

**Mark Hagerott, Chancellor of University System:** (see att #1) We are mainly concerned with the inclusion of college in the bill. We are opposed. All 11 presidents are opposed to this bill. It would put the safety of college students and families at risk. In state who have allowed this, students have been exposed to illicit agreements and financial benefits that challenge the integrity and purity of sporting events. What is you see the NDSU kicker limping? You decide to bet against because of what you saw in Fargo. There would be many examples. Please think about this. We urge a DO NOT PASS. (22.54) Any questions?

**Vice Chair Meyer:** If we remove the word 'college' would you think the bill is OK? (23.03)

**Mark:** Yes, take it out. See what happens in other states and study.

**Mark Jorritsma, Family Policy Alliance, N.D.:** (see att # 2) We are opposed to HB1254. (25.30-31.37)

**Collette Brown, Ex. Director Gaming Regulations & Compliance Depart. Spirit Lake Casino:** (32.00-) (see att #3) We are opposed to this bill. We don't need another game of chance. Any questions?

**Lisa Vig, Lutheran Social Services of North Dakota:** I am neutral. I am the program director of Gambler Choice. I just want you to know about the set aside funds that are out there to help. Any opportunity to expand needs funds to help addicts, also.

**Sen. Richard Marcellais:** How many people do you have in your gamblers anonymous group?

**Lisa:** We have 3 part-time counselors. It's about 150 per year. Lots do not know we exist so many are not served.

**Sen. Richard Marcellais:** Is there still funding coming from the casinos for your services?

**Lisa:** Yes, we do receive volunteer funds from four of our native American casinos on a regular basis. We receive some funds from the lottery. We get nothing from charitable gaming. We have received a small amount from the Racing Commission. (37.08)

**Sen. Shawn Vedaa:** Are you OK with this bill as long as you have funds for counseling?

**Lisa:** I do not take a stand. My concern is advocacy is those who are impacts by expansion of gambling. Insurance does not pay for gambling addiction like it does for substance abuse. (38.04)

**Chairman Davison:** Any more testimony? Hearing is closed. (38.29)

Att #4 and #5 – Todd Kranda, for the bill, did not speak but dropped testimony off.

# 2019 SENATE STANDING COMMITTEE MINUTES

## Government and Veterans Affairs Committee Sheyenne River Room, State Capitol

HB1254  
3/22/2019  
#34166

- Subcommittee  
 Conference Committee

Committee Clerk: Pam Dever

### Explanation or reason for introduction of bill/resolution:

Relating to authorization of sports betting as a game of chance & the gaming tax imposed on games of chance.

### Minutes:

Att # 1 – Sen Oban

**Chairman Davison:** Take out HB1254.

**Sen. Erin Oban:** I am passing out an amendment. (see att #1) It removed the word 'collegiate' on page 4 line 27. (1.02) They are not paid to do the sport.

**Sen. Erin Oban:** I move amendment 19.0604.03001.      **Sen. Shawn Vedaa:** I second.

**Chairman Davison:** Discussion?

**Sen. Shawn Vedaa:** I have never had a problem betting on dogs and horses. I hate betting on human beings. I have kids too close to this age and they could be manipulated. (2.46)

**Vice Chair Meyer:** Here are some statistics. Forbes put out on sports betting on March madness estimates \$8.5 billion.

**Sen. Richard Marcellais:** I have to oppose this bill. The amendment too. There is a gaming compact with the 5 nations. No one has consulted or advised them on any of this before the bill came forward. (3.45)

**Chairman Davison:** Call the roll: **YES -- 2 NO -- 5 FAILED.**

**Sen. Erin Oban:** Was the other bill in the House that was defeated, lay out more regulation and more taxes?

**Vice Chair Meyer:** I was not on that bill.

**Sen. Shawn Vedaa:** There are states out there that are taxing sports betting 10%. We are at 1%. (6.28)

**Chairman Davison:** I think it should be higher.

**Sen. Shawn Vedaa:** I was a bit disturbed that Gambler's Choice was neutral on this bill.

**Chairman Davison:** That's because they were getting money. Funny how that works.

**Vice Chair Meyer:** I move a DO PASS and refer to Appropriations.

**Sen. Kristin Roers:** I second.

**Chairman Davison:** Take the roll: **YES -- 3 NO -- 4 FAILS**

**Sen. Shawn Vedaa:** I move a DO NOT PASS.

**Sen. Richard Marcellais:** I second.

Chairman Davison: Call the roll: **Yes -- 4 NO - 3 -0-absent**

The **DO NOT PASS – passed.**

**Sen. Richard Marcellais will carry the bill.**

Done (10.10)

19.0604.03001  
Title.

Prepared by the Legislative Council staff for  
Senator Oban

March 18, 2019

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1254

Page 4, line 27, remove "or collegiate"

Renumber accordingly



3-22-19

Date:  
Roll Call Vote #: 2

2019 SENATE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. HB 1254

Senate Government and Veterans Affairs 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. Meyer Seconded By Sen Roers

Senators	Yes	No	Senators	Yes	No
Chairman Davison	/		Senator Marcellais		/
Vice Chairman Meyer	/		Senator Oban		/
Senator Elkin		/			
Senator Roers	/				
Senator Vedaa		/			

Total (Yes) 3 No 4

Absent 0

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

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

3-22-19

Date:  
Roll Call Vote #:

3

2019 SENATE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. HB 1254

last vote

Senate Government and Veterans Affairs Committee

Subcommittee

Amendment LC# or Description: \_\_\_\_\_

- Recommendation:
- Adopt Amendment
  - Do Pass  Do Not Pass
  - As Amended
  - Place on Consent Calendar
  - Reconsider
- Other Actions:
- Without Committee Recommendation
  - Rerefer to Appropriations
  - \_\_\_\_\_

Motion Made By Sen. Vedaq Seconded By Sen. Marcellais

Senators	Yes	No	Senators	Yes	No
Chair Davison		/	Sen. Oban	/	
Vice Chair Meyer		/	Sen. Marcellais	/	
Sen. Elkin	/				
Sen. K. Roers		/			
Sen. Vedaq	/				

Total (Yes) 4 No 3

Absent 0

Floor Assignment Sen. Marcellais

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

**REPORT OF STANDING COMMITTEE**

**HB 1254, as engrossed: Government and Veterans Affairs Committee (Sen. Davison, Chairman)** recommends **DO NOT PASS** (4 YEAS, 3 NAYS, 0 ABSENT AND NOT VOTING). Engrossed HB 1254 was placed on the Fourteenth order on the calendar.

**2017 TESTIMONY**

**HB 1254**

**Testimony in Support of  
HOUSE BILL NO. 1254  
House Judiciary Committee**

**January 28, 2019**

#1  
HB 1254  
1-28-19  
PJ1

Chairman Koppelman, House Judiciary Committee members, for the record my name is Todd D. Kranda. I am an attorney with the Kelsch Ruff Kranda Nagle & Ludwig Law Firm in Mandan. I appear before you today as a lobbyist on behalf of the Northern Prairie Performing Arts (NPPA) also known as Fargo Moorhead Community Theatre to support HB 1254.

NPPA is a North Dakota non profit entity that has a stated mission to provide live theatrical and education opportunities which enrich and engage the greater community. Programs supported by NPPA include theatre performances and children's instruction courses in live theatre, main stage productions, children's productions, senior adult theatre and workshops.

NPPA is in support of HB 1254 which modifies Section 53-06.1-03 NDCC and adds a new Section 53-06.1-10.3 NDCC regarding the types of games allowed by licensed charitable gaming organizations to include sports betting on professional and college events. An amendment might be appropriate to clarify that this applies as intended.

Recently, there was a May 2018 US Supreme Court decision issued that overturned a 1992 federal law, namely the Professional and Amateur Sports Protection Act, that while it did not directly ban sports betting but indicated that states that did not already offer it were not allowed to permit it. Four states were grand-fathered in, namely Delaware, Nevada, Montana and Oregon, as being exempt. Now, several states across the country have implemented laws or are in the process of doing so to regulate and permit sports betting.

Based on a recent review of activity, it appears that 8 states currently allow sports betting, 2 states recently passed sports betting, 27 states including DC have sports betting bills introduced and 14 states have no legislation activity so far.

HB 1254 would allow the ND licensed charitable gaming organizations to offer and participate in sports betting for professional and college sports and athletic events.

In conclusion, NPPA urges your support for **HB 1254** and respectfully requests a **Do Pass** recommendation. Thank you and I would be happy to try to answer any questions.

User: DMCDANIE

North Dakota Office of Attorney General  
Summary of Eligible Use Contributions

HB 1254  
1/28/2019  
i

Fiscal Year: 2018  
Quarter: All

Eligible Code	Description	Check Amount	% of Grand Total
A-02	THE ABUSED	135,773	0.6
A-03	ALCOHOL AND DRUG ABUSE	3,468	0.0
A-04	ANIMAL PROTECTION	13,374	0.1
A-05	ALZHEIMERS	1,750	0.0
A-07	THE BLIND	15,616	0.1
A-08	CANCER	111,735	0.5
A-11	CYSTIC FIBROSIS	281,192	1.3
A-12	DIABETES	9,990	0.0
A-15	THE DISABLED	1,340,466	6.2
A-18	HEART DISEASE	2,600	0.0
A-20	LEARNING DISABILITIES	151,350	0.7
A-24	MENTAL HEALTH	422,033	1.9
A-25	MULTIPLE SCLEROSIS	1,750	0.0
A-26	MUSCULAR DYSTROPHY	4,550	0.0
A-27	THE NEEDY	173,904	0.8
A-28	PARALYSIS	3,200	0.0
A-29	DEVELOPMENTALLY DISABLED CITIZENS	877,778	4.0
A-30	SENIOR CITIZENS	224,576	1.0
A-32	TERMINALLY ILL	32,415	0.1
A-36	WILDLIFE	700,518	3.2
A-37	YOUTH ACTIVITIES	4,937,136	22.7
A-46	ADULT ACTIVITIES	190,325	0.9
A-47	HEAD INJURIES	1,150	0.0
A-58	HOME ON THE RANGE	24,792	0.1
A-61	MARCH OF DIMES	300	0.0
A-64	MEALS ON WHEELS	19,832	0.1
A-65	MEDICAL FACILITIES NON-PROFIT	132,635	0.6
A-67	MEMORIAL FUNDS	13,501	0.1
A-70	NURSING HOMES NON-PROFIT	48,834	0.2
A-75	DAYCARE FACILITIES NON-PROFIT	36,018	0.2
A-80	RONALD MCDONALD HOUSE	11,375	0.1
A-81	RED CROSS	3,250	0.0
A-82	SALVATION ARMY	58,200	0.3
A-88	SPECIAL OLYMPICS	73,278	0.3
A-90	DISASTER RELIEF ORGANIZATIONS	8,750	0.0
A-91	UNITED FUND/UNITED WAY	15,100	0.1
A-94	YMCA/YWCA	882	0.0
A-97	VOLUNTEER SERVICES	7,345	0.0
A-99	OTHER	23,576	0.1

Subtotal Of Contributions: \$10,114,317

Percent to Grand Total: 46.5%

User: DMCDANIE

North Dakota Office of Attorney General  
Summary of Eligible Use Contributions

431254  
1/28/2019  
1

Fiscal Year: 2018  
Quarter: All

Eligible Code	Description	Check Amount	% of Grand Total
B-10	RELIGIOUS USES	238,638	1.1
Subtotal Of Contributions:		\$238,638	Percent to Grand Total: 1.1%

Eligible Code	Description	Check Amount	% of Grand Total
C-10	AGRICULTURE	75,057	0.3
C-20	THE ARTS	1,279,042	5.9
C-25	EDUCATIONAL PUBLIC SERVICES	706,016	3.2
C-30	SAFETY	61,959	0.3
C-40	4-H ACTIVITIES	61,126	0.3
C-50	EDUCATIONAL INSTITUTIONS AND A	984,932	4.5
C-75	PERSERVATION OF CULTURAL HERIT	305,504	1.4
C-80	SCHOLARSHIPS	1,480,446	6.8
C-90	VOCATIONAL WORKSHOPS	7,668	0.0
C-99	OTHER	8,051	0.0
Subtotal Of Contributions:		\$4,969,801	Percent to Grand Total: 22.9%

Eligible Code	Description	Check Amount	% of Grand Total
D-10	CAMP GRASSICK	17,281	0.1
D-20	FRATERNAL FOUNDATIONS	38,476	0.2
D-30	LEGION BASEBALL	375,821	1.7
D-40	VETERAN'S CEMETARY	17,933	0.1
D-50	DISABLED OR INJURED VETERANS A	160,934	0.7
D-60	MILITARY FAMILY SUPPORT	33,200	0.2
D-70	VETERANS FACILITY IMPROVEMENTS	173,391	0.8
D-99	OTHER	108,478	0.5
Subtotal Of Contributions:		\$925,514	Percent to Grand Total: 4.3%

User: DMCDANIE

North Dakota Office of Attorney General  
Summary of Eligible Use Contributions

HB1254  
1/28/2019  
1

Fiscal Year: 2018  
Quarter: All

Eligible Code Description	Check Amount	% of Grand Total
E-10 SCOUTING ACTIVITIES AND BOYS O	85,013	0.4
E-30 COMMUNITY BANDS, COLOR AND HONOR GUARDS, FLAG	308,578	1.4
E-99 OTHER	4,264	0.0
Subtotal Of Contributions:	\$397,855	Percent to Grand Total: 1.8%

Eligible Code Description	Check Amount	% of Grand Total
F-10 ERECTION OR MAINTENANCE OF PUB	298,132	1.4
Subtotal Of Contributions:	\$298,132	Percent to Grand Total: 1.4%

Eligible Code Description	Check Amount	% of Grand Total
G-10 COMMUNITY EMERGENCY SERVICES	1,438,583	6.6
G-15 DISBURSEMENTS DIRECTLY TO A CI	319,551	1.5
G-25 IMPROVEMENT OF PUBLIC AREAS	116,208	0.5
G-50 PARKS AND RECREATION	557,827	2.6
G-60 LAW ENFORCEMENT	27,473	0.1
G-99 OTHER	5,250	0.0
Subtotal Of Contributions:	\$2,464,892	Percent to Grand Total: 11.3%

Eligible Code Description	Check Amount	% of Grand Total
H-00 LOSS OF THE HOME VICTIMS	12,300	0.1
Subtotal Of Contributions:	\$12,300	Percent to Grand Total: 0.1%

#1 HB1254  
1-28-19

User: DMCDANIE

North Dakota Office of Attorney General  
Summary of Eligible Use Contributions

Page: 4  
01/28/19 12:54:15

Fiscal Year: 2018  
Quarter: All

Eligible Code Description	Check Amount	% of Grand Total
I-00 SUFFERERS OF SERIOUS DISABLING	705,224	3.2
Subtotal Of Contributions: \$705,224	Percent to Grand Total: 3.2%	

Eligible Code Description	Check Amount	% of Grand Total
K-10 ECONOMIC DEVELOPMENT	432,765	2.0
K-30 TOURISM	871,521	4.0
K-65 COMMUNITY FACILITY IMPROVEMENTS	116,558	0.5
K-99 OTHER	185,827	0.9
Subtotal Of Contributions: \$1,606,671	Percent to Grand Total: 7.4%	

Total Of All Contributions: \$21,733,344

--- End of Report ---

#2  
HB1254  
1-28-19  
Pg 1

HOUSE JUDICIARY COMMITTEE

TESTIMONY FOR HB 1254  
Sports Betting with set aside funding for  
Gambling Addiction Prevention and Treatment

**Chairman Koppelman and Committee Members.** My name is Lisa Vig, and I am the Director of the Gamblers Choice and Free Through Recovery programs for Lutheran Social Services of North Dakota. I am here to support HB1254 with the addition of set aside funding for the **Compulsive Gambling Treatment and Prevention Fund.**

Legal gambling options continue to increase in North Dakota. This recreational activity can be safely enjoyed by most people who participate, particularly if effective public messaging about responsible gambling is widely available, and if treatment is available to those who develop compulsive gambling behaviors (ranging from problem gambling to gambling addiction).

When the Lottery was established in 2002, the Attorney General recommended, and the State Legislature agreed that, to counter-balance the concern that people would be harmed by the expansion of legalized gambling, it was important for North Dakota to adopt a “responsible gambling” approach. This approach is rooted in the knowledge that legalized gambling is entertainment for the vast majority of people but turns into a life-altering addiction for some (approximately 2-3% of people struggle with problem gambling, according to prevalence data in DSM-V).

A “Responsible Gambling” philosophy is about two things: **addiction prevention** and **addiction treatment.**

Addiction prevention requires a consistent, thoughtful, evidence-informed approach to how we talk to people about responsible recreational gambling behaviors. This type of messaging requires consistency if it is going to be effective. Consistency requires funding. With today's funding levels, the size and scope of the public awareness campaign in North Dakota is extremely limited. However, the messaging that has been developed is solid; it's the distribution and reach of that messaging that could increase with additional resources, including greater outreach to youth across the state as this is an area of growing risk and concern.

Without investment in sound public health-oriented messaging around problem gambling, people who engage in gambling of one type or another may be less likely to recognize signs of distress in their own behavior, or in the behavior of others they know. And process addiction is a behavioral addiction. It is when an otherwise harmless activity (ex. shopping, gaming, gambling, internet use) becomes harmful because the "rewards" from the behavior have activated a mal-adjusted brain chemistry that mutates the "normal" sense of pleasure one receives from an activity to something that triggers addictive physical responses.

**Recognizing signs of trouble is essential to a person being able to maintain a healthy relationship with gambling as an activity.**

As a state, we also want to ensure that addiction treatment is available for those who need it. Given the fact that gambling addiction is an equal opportunity disease (i.e., there is no particular type of gambling that is more likely than another to result in addiction), it makes sense that all forms of legal gambling should share in the responsibility to ensure that recovery is possible for problem and compulsive gamblers.

To offset the risk gambling poses to individuals and families, a portion of the net proceeds of state Lottery revenues have always been set aside to support public awareness campaigns around problem gambling, and treatment options for people whose lives are negatively affected by gambling addiction. The lottery currently allocates \$100,000 per quarter to this fund for treatment and awareness; this represents approximately the first 1.2-1.5% of annual net proceeds from the ND Lottery.

These funds are collected by the Attorney General's office, directed to the Department of Human Services Behavioral Health Division for oversight, and put to work across the state by a private entity with expertise in treating the process addiction of problem gambling. The program I oversee at Lutheran Social Services has been providing this service across the state since 1997.

As of 2018, it is only the Lottery that has a statutory set-aside for addiction treatment and public awareness. Both casinos and the Racing Commission voluntarily contribute some funds to support public awareness and treatment. To date, charitable gambling has not contributed to the effort to mitigate the negative impact that gambling can have on individuals and families.

The requirement for set-aside funds to support treatment and public awareness could be implemented across all forms of legalized gambling and channeled through the existing state mechanism for ensuring access to this specialized form of addiction treatment.

**A consistently applied Responsible Gambling philosophy would suggest that, whenever the legislature considers new forms of legalized gambling in North Dakota, the authorizing legislation should include a provision for prevention and treatment set-aside funds.**

We recommend that the language utilized in SB2221, the historic horse racing bill from the 2017 legislative session, be recognized in HB1443. The ND Century Code (NDCC 53-06.1-12) would be amended to establish an ongoing set-aside of funds to support treatment and prevention.

*“Of the amount wagered, One-fourth of one percent to be deposited in the compulsive gambling prevention and treatment fund under 50-06-22.”*

Research indicates that problem gambling behaviors do not discriminate between types of gambling. Gambling is gambling is gambling. A person is as likely to develop a gambling addiction from casino-based gambling as they are from online sports betting as they are from electronic pull tabs in their local bar and grill.

**The method of gambling is not the determinant of the addiction. It is the act of gambling itself that is the cause of the addiction.**

We know that the number of people who will find themselves on the compulsive gambling continuum (from early-stage problem gambling to late-stage addiction), will increase as the availability of gambling options increase. (see attached graphical representation of gambling progression)

**It follows that, as we increase gambling options in North Dakota, we must at the same time increase the availability of prevention and treatment services.**

The good news is that we know treatment works.

Mike is a 58-year old single man who has worked at his current job in Fargo for 30 years. Mike was defaulting on bank loans and had recently obtained a high interest (24%) rate loan to try and make ends meet. Mike went to the casino every time he got a promotional coupon in the

mail, spending all of his available money. He had been overdrawn in his checking account and late on nearly all of his monthly expenses for over a year when he started attending group. Mike has not gambled since April 1, 2018. He completed outpatient programming and attends GA every Saturday morning. Because of his demonstrated financial stability, he was able to move the high interest loan back to his regular bank. He is current on all monthly expenses and should have his gambling debt completely paid off in two years.

Brandon is a 38-year old man from Grand Forks. His wife is active duty in the Air Force. During her most recent deployment, Brandon's online sports betting became out of control. He was suicidal, unable to function at work and with parenting responsibilities at home. His employer allowed a leave of absence so that he could begin treatment. He's been gamble free since October, is gainfully employed and pursuing a Master's degree. Brandon is expected to graduate from the treatment program in February.

Richard came to Gamblers Choice in January 2017 after having been convicted of embezzlement from his place of employment. He worked in downtown Fargo in the hospitality industry and spent considerable time playing blackjack at the local bars with friends and co-workers. He is making restitution on the money stolen, has been gamble free since December 2017, and recently completed the Peer Specialist Training Program offered by the Free Through Recovery Program. Richard is anxious to mentor and inspire others to seek recovery.

Kevin is currently serving a sentence in prison for embezzlement. Kevin played pull tabs daily at several bars in the Bismarck/Mandan area completely unbeknownst to his friends or family. He successfully completed treatment but will need to serve the remainder of his prison term. He is currently writing a book and wants to share his experiences; addiction and recovery, in the hopes that others will seek help.

H/B/254  
1/28/2019  
#2

Gambling is a popular recreational activity in North Dakota. It can be enjoyed responsibly, especially if well-designed public messaging on responsible gambling behaviors is part of our culture.

We also know that while it will not turn into an addiction for most people, gambling addiction is devastating for the individuals and families who are affected by this disease. But recovery is possible with appropriate treatment.

As legalized gambling options continue to increase in our state, it is more important than ever to ensure that we have a consistent and serious commitment to mitigating the potentially negative impacts of this particular form of recreation.

Creating designated set-asides for problem gambling prevention and gambling addiction treatment will help ensure that the positives generated by the expansion of this activity will not be outweighed by the negative impact on the people who are responsible for generating the revenue – those who gamble.

Thank you for the opportunity to speak to you today, and for considering ways to enhance the State's commitment to a Responsible Gambling philosophy. I would be happy to answer any questions you have for me.

*Lisa Vig, Director, Gambler's Choice  
Lutheran Social Services of North Dakota  
ND Lobbyist #233  
Email: lisav@lssnd.org  
Phone: 701-271-3279*

## Testimony Opposing House Bill 1254

Mark Jorritsma, Executive Director  
Family Policy Alliance of North Dakota  
January 28, 2019

Good morning Chairman Koppelman and honorable members of the House Judiciary Committee. My name is Mark Jorritsma and I am the Executive Director of Family Policy Alliance of North Dakota. I am testifying in opposition to House Bill 1254 and respectfully request that you render a "DO NOT PASS" on this bill.

As we all know by now, in May 2018, the Supreme Court struck down a 1992 federal law that effectively banned commercial sports betting in most states. As a result, many states, including ours, are looking at potentially legalizing sports betting. But at what cost?

### ROOT FOR THE HOME TEAM

The first issue we have with legalized sports betting is devaluation of sports for its own sake. In other words, fundamentally changing the meaning of American sports. As write David Blankenhorn eloquently summarizes, "Betting on games subtly but profoundly shifts our focus away from the game itself — the sport for the sake of the sport — and instead encourages us to experience the game as a means of measuring and grasping for money. In doing so, it violates everything that, as children, drew us to sports in the first place."

Another author puts it this way. "If you want to magnify the attention paid to the lowest and most cynical motives of the audience rather than emphasizing the skill, hard work and integrity of the athletes, just legalize betting on people the way we now bet on horses and dogs."

### JUST ONE MORE BET AND THEN I'LL STOP

The second problem we have with this bill is associated with compulsive gambling and gambling addiction. There are an estimated 10 million individuals in our country with some form of gambling addiction or compulsion to gamble which harms them or their family. That represents 2.6 percent of the United States population, and many sources place the incidence significantly higher.

I am not going to go into detail about the harms gambling addition – we've all heard them many times – but I ask you to please take this into serious account when considering this bill. If sports gambling becomes both legal and encouraged, more people are likely to gamble. It's a fact.

1515 Burnt Boat Drive, Suite C148  
Bismark, ND 58530

P 866.655.4545

UNLEASHING CITIZENSHIP  
FamilyPolicyAlliance.com/NorthDakota

And as more people gamble, more are likely to hurt themselves, their families and their communities through excessive gambling. Any law is about tradeoffs, and this is a big one.

### SHOW ME THE MONEY

And now we come to the crux of the issue for many; additional revenue to the state of North Dakota from taxation of sports betting. The states that have legalize sports betting have seen very small percentage increases in their state budgets as a result of legalized sports betting, as shown in the following table.

#### Percentage Increase in Annual State Budget Revenues from Sports Betting

<i>State</i>	<i>Percentage Increase</i>
<i>Nevada</i>	0.5%
<i>New Jersey</i>	0.1%
<i>Rhode Island</i>	0.25%
<i>Mississippi</i>	<1%
<i>West Virginia</i>	<1%

Sports betting is not some sort of financial panacea. Yes, the state of North Dakota will gain more revenue, but remember that with last May’s ruling, we are not the only ones eyeing sports betting. These numbers are not going to go higher, but if anything, lower.

Also on the topic of money, gambling has always been a regressive tax on those with lower incomes. It is correctly noted that, “Studies show that the less money you have, the more tempting it is to try to win some by gambling. You’re already down, so what’s the big risk if you tap out? A bet is cheap but also fake ‘hope.’”

Source: *Sports betting not a financial home run for states.* The State Journal-Register. Jan 2, 2019.

### THE BIG TRADEOFF

Let me leave you with this. With roughly 755,000 residents in our state and using the previously noted average statistic of 2.6 percent of people with gambling addiction, that means 19,630 North Dakotans already have problems with gambling, which are only going to be made worse if this bill passes. This estimate does not even include those who don’t have problems now but would be added to this number from sports betting.

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HB1254  
1/28/2019  
#3



On the flip side, let's assume that sports betting will bring in a very optimistic 0.5% additional revenues to the state budget, or approximately \$67.5 million. That equates to approximately \$3,440 for each of those North Dakotans with a gambling problem.

So, there is the tradeoff. It is morally justifiable to earn \$3,440 off of someone with a gambling problem for the sake of state coffers? We at Family Policy Alliance of North Dakota certainly don't think so.

### CONCLUSION

Sports betting is bad social policy, it is bad economic policy, and it is bad governmental policy. For these reasons, I respectfully ask that you please vote House Bill 1254 out of committee with a "DO NOT PASS" recommendation.

Thank you for the opportunity to testify and I am now happy to stand for any questions.

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Bismark, ND 58530

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**HB1254**

Senate Government and Veterans Affairs

March 7, 2019

Mark Hagerott, Chancellor, NDUS

701.328.2963 | [mark.hagerott@ndus.edu](mailto:mark.hagerott@ndus.edu)

Chair Davison and Committee Members: My name is Mark Hagerott, and I am the Chancellor of the North Dakota University System. I'd like to provide this written testimony on House Bill 1254, as the NDUS and its institutions have concerns surrounding the effects of sports betting as they would affect our student-athletes, and opposed this HB1254.

Last week, I convened a meeting of the eleven campus presidents and all eleven were adamantly oppose to this bill and requested that I carry this information to you.

Why, in general, do campus presidents pass on their concerns?

We believe that opening the door to college sports betting in our state could have massive negative implications to our students that put the safety and welfare of our students and even their families at risk. In states that have allowed this, students have been exposed to illicit agreements and financial benefits that not only put them at risk, but challenged their integrity and the purity of those sporting events.

On the face of it, sports betting potentially undermines the integrity of the game and renders unpaid athletes vulnerable to money flowing through their respective games and contingent on their performance.

On behalf of the NDUS college presidents and myself, I respectfully recommend a "do not pass" on HB1254 and stand for questions from the Committee.

## Testimony Opposing House Bill 1254

Mark Jorritsma, Executive Director  
Family Policy Alliance of North Dakota  
March 7, 2019

Good morning Chairman Davison and honorable members of the Senate Government and Veterans Affairs Committee. My name is Mark Jorritsma and I am the Executive Director of Family Policy Alliance of North Dakota. I am testifying in opposition to House Bill 1254 and respectfully request that you render a "DO NOT PASS" on this bill.

As we all know by now, in May 2018, the Supreme Court struck down a 1992 federal law that effectively banned commercial sports betting in most states. As a result, many states, including ours, are looking at potentially legalizing sports betting. But at what cost?

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The first issue our organization has with legalized sports betting is devaluation of sports for its own sake. In other words, fundamentally changing the meaning of American sports. As write David Blankenhorn eloquently summarizes, "Betting on games subtly but profoundly shifts our focus away from the game itself — the sport for the sake of the sport — and instead encourages us to experience the game as a means of measuring and grasping for money. In doing so, it violates everything that, as children, drew us to sports in the first place."

Another author puts it this way. "If you want to magnify the attention paid to the lowest and most cynical motives of the audience rather than emphasizing the skill, hard work and integrity of the athletes, just legalize betting on people the way we now bet on horses and dogs."

### JUST ONE MORE BET AND THEN I'LL STOP

The second problem we have with this bill is associated with compulsive gambling and gambling disorders. There are an estimated 10 million individuals in our country with some form of gambling addiction or compulsion to gamble which harms them or their family. That represents 2.6 percent of the United States population, and many sources place the incidence significantly higher.

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FamilyPolicyAlliance.com/NorthDakota

And as more people gamble, more are likely to hurt themselves, their families and their communities through excessive gambling. Any law is about tradeoffs, and this is a big one.

## SHOW ME THE MONEY

And now we come to the crux of the issue for many; additional revenue to the state of North Dakota from taxation of sports betting. The states that have legalized sports betting and for which reliable information exists, have seen very small percentage increases in their state budgets from legalized sports betting tax revenues, as shown in the following table.

### Percentage Increase in Annual State Budget Revenues from Sports Betting

<i>State</i>	<i>Percentage Increase</i>
<i>Nevada</i>	0.5%
<i>New Jersey</i>	0.1%
<i>Rhode Island</i>	0.25%
<i>Mississippi</i>	<1%
<i>West Virginia</i>	<1%

Sports betting is not some sort of financial panacea. Yes, the state of North Dakota will gain more revenue, but remember that with last May’s ruling, we are not the only ones eyeing sports betting. These numbers are not going to go higher, but if anything, lower.

Also on the topic of money, gambling has always been a regressive tax on those with lower incomes. It is correctly noted that, “Studies show that the less money you have, the more tempting it is to try to win some by gambling. You’re already down, so what’s the big risk if you tap out? A bet is cheap but also fake ‘hope.’”

Source: *Sports betting not a financial home run for states.* The State Journal-Register. Jan 2, 2019.

## THE BIG TRADEOFF

Let me leave you with this. With roughly 755,000 residents in our state and using the previously noted average statistic of 2.6 percent of people with gambling addiction, that means 19,630 North Dakotans already have problems with gambling, which are only going to be made worse if this bill passes. This estimate does not even include those who don’t have problems now but would be added to this number because of sports betting.

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UNLEASHING CITIZENSHIP  
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HB 1254  
3-7-19  
AH #2  
Pg 3



On the flip side, let's look at the anticipated revenues. Based on economic analysis using a very generous interpretation of section 53-06.1-12 of the bill and a well-respected study by Oxford Economics forecasting state-level sports betting gaming proceeds, it is estimated that sports betting will bring in, under a best-case scenario, approximately \$1,353,000 per year to the State of North Dakota. This represents .02% of additional revenues to the state budget, a percentage significantly lower than every state in the above table. It also equates to approximately \$68.93 for each of those North Dakotans with a gambling problem.

So, there is the tradeoff. It is morally justifiable to earn \$68.93 off of someone with a gambling problem for the sake of state coffers? We at Family Policy Alliance of North Dakota certainly don't think so.

### CONCLUSION

Sports betting is bad social policy, it is bad economic policy, and it is bad governmental policy. For these reasons, Family Policy Alliance of North Dakota respectfully asks that you please vote House Bill 1254 out of committee with a "DO NOT PASS" recommendation.

Thank you for the opportunity to testify and I am now happy to stand for any questions.

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A Public Policy Partner of Focus on the Family

Oppositions Testimony for HB 1254  
March 7, 2019-Collette Brown

HB 1254  
3-7-19  
Call #3  
ps!

Chairman Davison and members of the committee, for the record my name is Collette Brown, Gaming Commission Executive Director of the Gaming Regulations and Compliance Department at the Spirit Lake Casino and Resort, located 7miles south of Devils Lake, ND.

This bill is authorizing **sports betting as a game of chance without any type of explanation of regulations .**

Minnesota has introduced a bill as well that will allow sports betting, a short description of what is included in the bill is as follows:

***“Sports wagering commission establishment; sports wagering licensing requirement; mobile and electronic ports licenses establishments; sports conduct regulations; sports wagering participation restrictions; excise tax on sports wagers in lieu of corporate tax.”***

Minnesota’s bill has definitions, requirements, regulations and it does reference the Internal Revenue Service (IRS), which should be in this bill as well not just an explanation of gaming tax and the word sports betting added throughout the bill.

Last year, the State of North Dakota authorized electronic pull tab machines for the charitable community. They have been a success for charities, thus far. Naturally, there is an economic impact on overall gaming throughout the state and we are not sure on the exact extent of the economic impact on the overall gaming industry, so the State Legislature should study the electronic pull-tab machines before introducing another game of chance.

In conclusion I am encouraging you to send a **DO NOT** pass vote on HB 1254, as it has not been thoroughly investigated.

Thank you for listening. Hau, Mitakuye Oyasin. God Bless You.

*didn't speak  
dropped testimony off*

**Testimony in Support of  
ENGROSSED HOUSE BILL NO. 1254**

**Senate Government & Veterans Affairs Committee**

**March 7, 2019**

*HB 1254  
3-7-19  
For  
NPA #4*

Chairman Davison, Senate Government & Veterans Affairs Committee members, for the record my name is Todd D. Kranda. I am an attorney with the Kelsch Ruff Kranda Nagle & Ludwig Law Firm in Mandan. I appear before you today as a lobbyist on behalf of the Northern Prairie Performing Arts (NPPA) also known as Fargo Moorhead Community Theatre to support HB 1254.

NPPA is a North Dakota non profit entity that has a stated mission to provide live theatrical and education opportunities which enrich and engage the greater community. Programs supported by NPPA include theatre performances and children's instruction courses in live theatre, main stage productions, children's productions, senior adult theatre and workshops.

NPPA is in support of HB 1254 which modifies Section 53-06.1-03 NDCC and adds a new Section 53-06.1-10.3 NDCC regarding the types of games allowed by licensed charitable gaming organizations to include sports betting on professional and college events. Also, HB 1254 was amended to increase the gaming tax by 0.25% (2.50%) for > \$1.5M gross proceeds which extra funds are directed to a gambling disorder treatment and prevention fund.

Recently, there was a May 2018 US Supreme Court decision issued that overturned a 1992 federal law, namely the Professional and Amateur Sports Protection Act, that while it did not directly ban sports betting but indicated that states that did not already offer it were not allowed to permit it. Four states were grand-fathered in, namely Delaware, Nevada, Montana and Oregon, as being exempt. Now, several states across the country have implemented laws or are in the process of doing so to regulate and permit sports betting.

Based on a recent review of legislative activity, it appears that 8 states currently allow sports betting, 2 states recently passed sports betting, 27 states including DC have sports betting bills introduced and 14 states have no legislative activity so far.

HB 1254 would allow the ND licensed charitable gaming organizations to offer and participate in sports betting for professional and college sports and athletic events.

In conclusion, NPPA urges your support for **HB 1254** and respectfully requests a **Do Pass** recommendation. Thank you and I would be happy to try to answer any questions.

User: DMCDANIE

North Dakota Office of Attorney General  
Summary of Eligible Use Contributions

*Pranda*  
3-7-19  
Att #5  
pg 1

Fiscal Year: 2018  
Quarter: All

Eligible Code	Description	Check Amount	% of Grand Total
A-02	THE ABUSED	135,773	0.6
A-03	ALCOHOL AND DRUG ABUSE	3,468	0.0
A-04	ANIMAL PROTECTION	13,374	0.1
A-05	ALZHEIMERS	1,750	0.0
A-07	THE BLIND	15,616	0.1
A-08	CANCER	111,735	0.5
A-11	CYSTIC FIBROSIS	281,192	1.3
A-12	DIABETES	9,990	0.0
A-15	THE DISABLED	1,340,466	6.2
A-18	HEART DISEASE	2,600	0.0
A-20	LEARNING DISABILITIES	151,350	0.7
A-24	MENTAL HEALTH	422,033	1.9
A-25	MULTIPLE SCLEROSIS	1,750	0.0
A-26	MUSCULAR DYSTROPHY	4,550	0.0
A-27	THE NEEDY	173,904	0.8
A-28	PARALYSIS	3,200	0.0
A-29	DEVELOPMENTALLY DISABLED CITIZENS	877,778	4.0
A-30	SENIOR CITIZENS	224,576	1.0
A-32	TERMINALLY ILL	32,415	0.1
A-36	WILDLIFE	700,518	3.2
A-37	YOUTH ACTIVITIES	4,937,136	22.7
A-46	ADULT ACTIVITIES	190,325	0.9
A-47	HEAD INJURIES	1,150	0.0
A-58	HOME ON THE RANGE	24,792	0.1
A-61	MARCH OF DIMES	300	0.0
A-64	MEALS ON WHEELS	19,832	0.1
A-65	MEDICAL FACILITIES NON-PROFIT	132,635	0.6
A-67	MEMORIAL FUNDS	13,501	0.1
A-70	NURSING HOMES NON-PROFIT	48,834	0.2
A-75	DAYCARE FACILITIES NON-PROFIT	36,018	0.2
A-80	RONALD MCDONALD HOUSE	11,375	0.1
A-81	RED CROSS	3,250	0.0
A-82	SALVATION ARMY	58,200	0.3
A-88	SPECIAL OLYMPICS	73,278	0.3
A-90	DISASTER RELIEF ORGANIZATIONS	8,750	0.0
A-91	UNITED FUND/UNITED WAY	15,100	0.1
A-94	YMCA/YWCA	882	0.0
A-97	VOLUNTEER SERVICES	7,345	0.0
A-99	OTHER	23,576	0.1

Subtotal Of Contributions: \$10,114,317      Percent to Grand Total: 46.5%

*APB 12524*  
3-7-19  
Att #5  
pg 1

User: DMCDANIE

North Dakota Office of Attorney General  
Summary of Eligible Use Contributions

Page: 2  
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Fiscal Year: 2018  
Quarter: All

Eligible Code Description	Check Amount	% of Grand Total
B-10 RELIGIOUS USES	238,638	1.1
Subtotal Of Contributions:	\$238,638	Percent to Grand Total: 1.1%

Eligible Code Description	Check Amount	% of Grand Total
C-10 AGRICULTURE	75,057	0.3
C-20 THE ARTS	1,279,042	5.9
C-25 EDUCATIONAL PUBLIC SERVICES	706,016	3.2
C-30 SAFETY	61,959	0.3
C-40 4-H ACTIVITIES	61,126	0.3
C-50 EDUCATIONAL INSTITUTIONS AND A	984,932	4.5
C-75 PERSERVATION OF CULTURAL HERIT	305,504	1.4
C-80 SCHOLARSHIPS	1,480,446	6.8
C-90 VOCATIONAL WORKSHOPS	7,668	0.0
C-99 OTHER	8,051	0.0
Subtotal Of Contributions:	\$4,969,801	Percent to Grand Total: 22.9%

Eligible Code Description	Check Amount	% of Grand Total
D-10 CAMP GRASSICK	17,281	0.1
D-20 FRATERNAL FOUNDATIONS	38,476	0.2
D-30 LEGION BASEBALL	375,821	1.7
D-40 VETERAN'S CEMETARY	17,933	0.1
D-50 DISABLED OR INJURED VETERANS A	160,934	0.7
D-60 MILITARY FAMILY SUPPORT	33,200	0.2
D-70 VETERANS FACILITY IMPROVEMENTS	173,391	0.8
D-99 OTHER	108,478	0.5
Subtotal Of Contributions:	\$925,514	Percent to Grand Total: 4.3%

*ppp*  
*Att #5*  
*3-7-19*  
*HHS*

User: DMCDANIE

North Dakota Office of Attorney General  
Summary of Eligible Use Contributions

Fiscal Year: 2018  
Quarter: All

Eligible Code Description	Check Amount	% of Grand Total
E-10 SCOUTING ACTIVITIES AND BOYS O	85,013	0.4
E-30 COMMUNITY BANDS, COLOR AND HONOR GUARDS, FLAG	308,578	1.4
E-99 OTHER	4,264	0.0
Subtotal Of Contributions: \$397,855	Percent to Grand Total: 1.8%	

Eligible Code Description	Check Amount	% of Grand Total
F-10 ERECTION OR MAINTENANCE OF PUB	298,132	1.4
Subtotal Of Contributions: \$298,132	Percent to Grand Total: 1.4%	

Eligible Code Description	Check Amount	% of Grand Total
G-10 COMMUNITY EMERGENCY SERVICES	1,438,583	6.6
G-15 DISBURSEMENTS DIRECTLY TO A CI	319,551	1.5
G-25 IMPROVEMENT OF PUBLIC AREAS	116,208	0.5
G-50 PARKS AND RECREATION	557,827	2.6
G-60 LAW ENFORCEMENT	27,473	0.1
G-99 OTHER	5,250	0.0
Subtotal Of Contributions: \$2,464,892	Percent to Grand Total: 11.3%	

Eligible Code Description	Check Amount	% of Grand Total
H-00 LOSS OF THE HOME VICTIMS	12,300	0.1
Subtotal Of Contributions: \$12,300	Percent to Grand Total: 0.1%	

*Handwritten notes:*  
ps  
3-7-19  
DB 1254

User: DMCDANIE

North Dakota Office of Attorney General  
Summary of Eligible Use Contributions

Page: 4  
01/28/19 12:54:15

Fiscal Year: 2018  
Quarter: All

pg 4  
3-7-19  
A14 A5  
ALB 12-57

Eligible Code Description	Check Amount	% of Grand Total
I-00 SUFFERERS OF SERIOUS DISABLING	705,224	3.2
Subtotal Of Contributions: \$705,224	Percent to Grand Total: 3.2%	

Eligible Code Description	Check Amount	% of Grand Total
K-10 ECONOMIC DEVELOPMENT	432,765	2.0
K-30 TOURISM	871,521	4.0
K-65 COMMUNITY FACILITY IMPROVEMENTS	116,558	0.5
K-99 OTHER	185,827	0.9
Subtotal Of Contributions: \$1,606,671	Percent to Grand Total: 7.4%	

Total Of All Contributions: \$21,733,344

--- End of Report ---

19.0604.03001  
Title.

Prepared by the Legislative Council staff for  
Senator Oban

March 18, 2019

HB 1254  
3-22-19  
Att #1  
pg 1

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1254

Page 4, line 27, remove "or collegiate"

Renumber accordingly