

**2019 HOUSE JUDICIARY**

**HB 1532**

# 2019 HOUSE STANDING COMMITTEE MINUTES

**Judiciary Committee**  
Prairie Room, State Capitol

HB 1532  
2/5/2019  
32189

- Subcommittee  
 Conference Committee

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

Relating to pull tabs and electronic pull tab devices.

## **Minutes:**

1,2,3,4,5
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**Chairman Koppelman:** Opened the meeting on HB 1532.

**Rep. Dockter, District 7:** Introduced the bill. (Attachment #1) Went over the amendment proposed. Stopped 5:35.

**Chairman K. Koppelman:** The intent was to upgrade or modernize the process. What are these devices and what will they be?

**Rep. Dockter:** I have someone in the industry that will explain them.

**Janelle Mitzel, Charitable Gaming Association of North Dakota (CGAND):** In support of HB 1532. (Attachment #2) Went over the testimony. We urge a do pass with the amendments on HB 1532. Stopped 10:40

**Rep. Jones:** These handheld devices are devices owned by the establishment that they pass out to people that want to use them. This isn't the young people using their own devices and downloading the app to do it?

**Janelle Mitzel:** You are correct. It would not be allowed on an I phone or anything like that.

**Chairman K. Koppelman:** What is the difference between a punch board punch and a pull tab?

**Janelle Mitzel:** A punch board punch is a small board with tiny punches, you buy a punch. You punch it and open up and may win a prize. They are similar products.

**Chairman K. Koppelman:** You mention this to keep up with Minnesota but the expansion I see in the bill is the \$2 to \$5, in current law both are limited to \$2. This would increase only pull tabs, is there a reason you don't increase both?

**Janelle Mitzel:** We have not discussed it.

**Chairman K. Koppelman:** What about the amount the charities receive from this, is that addressed in this bill or is that not a concern?

**Janelle Mitzel:** Yes, we are concerned about it. We are looking at some tax issues. The product is very new in North Dakota. It was just rolled out in August of 2018. Currently there are 4 manufacturers coming in and we think we will have a better chance of negotiating.

**Representative Simons:** If you go to Applebees, you can slide your card and play a game, is that similar to what you are trying to do?

**Janelle Mitzel:** That wasn't what we were envisioning, more like an I Pad size.

**Representative Simons:** Will these be at the table already or do you have to ask for these?

**Janelle Mitzel:** Handhelds right now are at a point of sale so you have to go directly to staff to receive the unit and also to purchase credits to go on to the device.

**Rep. Satrom:** Are there restrictions on as far as you put the credits into the device and is there any restriction, can you do it with cash or credit cards?

**Janelle Mitzel:** Currently in North Dakota by statute we are not allowed to take credit cards. It is cash or check only.

**Rudie Martinson, North Dakota Hospitality Association:** In support of HB 1532. (Attachment #3) 15:27-17:15

**Chairman K. Koppelman:** The change from \$2 to \$5 question and in the suggested amendments that credit cards aren't accepted for charitable gambling. It appears from the amendment that they would be in these devices?

**Rudie Martinson:** I am not sure.

**Don Santer, Chief Executive Officer of NDAD:** In support of HB 1532. (Attachment #4) Went over the testimony. Stopped 23:10

**Rep. Paur:** Currently you are allowed ten pull tab machines and how many sites use them?

**Don Santer:** Yes we are limited to 10 kiosk machines and based on the numbers I saw from the Attorney General's office I calculated about 11% across the state had more than five machines the rest had 5 or less of the kiosk machines.

**Rep. Paur:** So this bill would probably enable all the sites to have 10 machines and increase the business considerably?

**Don Santer:** There is no limits on the hand held machines in combination with the kiosks. Typically speaking you don't have more than 5-8 of the hand held at any location. Can we add five more hand held if I only have 5. The answer is yes.

**Chairman K. Koppelman:** I thought this bill applied to credit cards but it is only credit vouchers?

**Don Santer:** Yes that is right. We are not asking to use credit cards.

**Chairman K. Koppelman:** How are things going for the sites that have these activities?

**Don Santer:** Depends on the sites. Overall it is looking good.

**Chairman K. Koppelman:** How long has Minnesota had this ability to do this?

**Don Santer:** Maybe four or five years.

**Rep. Jones:** I was pretty sure on the first testimony the limit was going to be 10 machines at a location, that would mean if they had five kiosk machines they would be able to have 5 hand held?

**Don Santer:** I am not aware these amendments put a limit on the handhelds, we do have a limit on the kiosk machines.

**Chairman K. Koppelman:** You are saying this has no limit to handhelds?

**Don Santer:** I am not aware of a limit on hand held. The limit on kiosk machines was because of their draw and visual implications to the players.

**Todd Kranda, Attorney with Kelsch Ruff Kranda Nagel & Ludwig: Appearing for the Northern Prairie Performing Arts:** In support of HB 1532. Looking at the amendment that was handed out we have one concern. If you look at page 2 line 2 in the amendment there is language that talks about a separate credit redemption device the ATM kiosk where you cash out. We would ask you to consider to remove the last 5 words of that sentence "other than a credit voucher. That would allow the players to still use the ATM to cash out and the ATM's can vary on the costs. That would allow the charities the flexibility to allow the high end ATM's but would give them the choice.

**Chairman K. Koppelman:** If you remove other than a credit voucher, do they dispense a credit voucher and how would it work if you don't allow that to occur?

**Todd Kranda:** if you do this and don't change that language then you might have to use only the high cost machines that do have coin coming out. A separate credit device may disperse the dollars and a credit voucher for the coins. To keep the cost for the charitable organizations cost down.

Opposition:

**Deb McDaniel, Director of Gaming Division, Office of Attorney General:** In opposition to HB 1532. (Attachment #5) Went over testimony. Stopped 39:30. I have not seen the amendments so this testimony is on the original bill.

**Rep. Roers Jones:** Do you have to be 21 to play all pull tabs and is there a reason we couldn't make the pull tabs for age 18 versus making the bingo 21?

**Deb McDaniel:** No. Currently in statute you have to be 21 years or older to play any game type except raffles and bingo. Yes, you could raise the bingo up to 21 or pull the other games to age 18.

**Rep. McWilliams:** What are the winnings on average on pull tabs and with 10 or more machines how many winnings per night would there be? I was trying to figure out how much cash would actually be issued.

**Deb McDaniel:** It depends on the game. It is undeterminable. Discussed how the machines work. The amount of cash in a machine currently is just what players are putting into it.

**Rep. McWilliams:** Currently if I win a pull tabs game do I just go to a bar and they pay it out of the cash register?

**Deb McDaniel:** Bar owners have a cash bank that the organization pays to the bar owner to pay out pull tabs.

**Rep. McWilliams:** So anyone who is working there can pay out of that cash bank.

**Chairman K. Koppelman:** When you talk about the issues that lead up to that legislation, is that similar to the lottery advertising when the pot is growing?

**Deb McDaniel:** No it is not the same. In a jar there are 1000 pull tabs and there are several winners in there. Once you start selling them down there are only about 4-5 tickets left and there might be a \$500 winner in there. The lottery you don't know how many people are buying these tickets.

**Chairman K. Koppelman:** The attorney general's office was notified about these amendments. Can you check on this with your office and see if that is true? If you have any amendments you wish to bring in and get back to us.

**Rep. Jones:** Is there the same access to the electronic to have it monitored and see how many wins came out of each play roll?

**Deb McDaniel:** No, because we have in our regulations that the electronic devices cannot give out any identifying information until the game is closed. We don't have the same issue with electronics and we would with paper.

**Chairman K. Koppelman:** In the last session with the electronic pull tab that was passed there was a late amendment in the Senate giving the authority to the Attorney General for

administrative rules and that is what lead to this whole process during the interim. One of the things that came out of that is the limit on devices. There was a limit on the devices and now there is no limit on the handhelds? If this bill would pass is that a concern?

**Deb McDaniel:** The limit is addressed in the administrative rules. It states right now that an electronic pull tab device is limited to 10. It doesn't say a hand held electronic device I would think it would be a combination total of 10.

**Chairman K. Koppelman:** That might need to be clarified. Any further testimony? Neutral? Seeing none.

Hearing closed.

# 2019 HOUSE STANDING COMMITTEE MINUTES

**Judiciary Committee**  
Prairie Room, State Capitol

HB 1532  
2/11/2019  
32520

- Subcommittee  
 Conference Committee

Committee Clerk: DeLores D. Shimek by Donna Whetham

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

Relating to pull tabs and electronic pull tab devices.

## **Minutes:**

Attachment 1

**Chairman Koppelman:** Opened the meeting on HB 1532. This includes the maximum Sales price per and they are changing the term “pull tab” to “punch board punch” the maximum is \$2 and the price for pull tabs is \$5. It increases the per incident betting limit as I read it. It also deletes the line that the “game of pull tabs may only be conducted by commingling deals”. On page 2 is where that credit ticket voucher comes in and there was an amendment requested by the bill sponsor. (Attachment 1)

**Rep. Jones:** On line 8 and 9 they are introducing our hand held portable electronic devices.

**Vice Chairman Karls:** I am looking over my notes and Deb McDaniel from the Attorney General’s office was opposed to this.

**Chairman K. Koppelman:** We had a discussion on we had conflicting information from some of the proponents of the bill who had met with the Deputy Attorney General and the indication as they were fine with the bill as long as the amendments were on it. They have contacted me and said that was an error in that being opposing testimony.

**Rep. Vetter:** I move the amendment 19.1011.01001 to HB 1532.

**Rep. Roers Jones:** Seconded.

**Rep. Karls:** Does the address the problem, the issue of commingling?

**Rep. Hanson:** In the middle of the amendment on page 1 line 18 it says remove the overstrike on the commingling.

**Chairman Koppelman:** Any further discussion on the amendment? Seeing none.

**Voice vote taken:** Motion carries to amend HB 1532.

**Rep. Roers Jones:** I make a motion to further amend HB 1532 with removing the words “other than a credit voucher” at the end of the amendment we just adopted.

**Rep. McWilliams:** Seconded.

**Chairman Koppelman:** Any further discussion on the amendment?

**Rep. Jones:** If I understood the testimony correctly they wanted to be able to dispense cash or the credit voucher. They want to give out the cash but they don't want the machine to handle the coin so they are going to give you a voucher to go to the counter to get your change. The way we have this written it will dispense cash or that ticket and I think it needs and/or.

**Chairman Koppelman:** Any further discussion on the amendment? Seeing none.

**Voice Vote taken:** Motion carries to amend HB 1532.

**Rep. McWilliams:** I move as a Do Pass as amended on HB 1532.

**Rep. Roers Jones:** Seconded.

**Chairman Koppelman:** Any further discussion on the amendment? Seeing none.

**Roll Call vote:** Yes 8 No 6 Absent 0. Motion carries.

**Rep. Mc Williams:** Will carry the bill.

Hearing closed.

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1532

Page 1, line 1, after "53-06.1-01" insert ", subsection 4 of section 53-06.1-01.1,"

Page 1, after line 9, insert:

**"SECTION 2. AMENDMENT.** Subsection 4 of section 53-06.1-01.1 of the North Dakota Century Code is amended and reenacted as follows:

4. The commission shall adopt rules in accordance with chapter 28-32, to administer and regulate the gaming industry, including methods of conduct, play, and promotion of games; minimum procedures and standards for recordkeeping and internal control; requiring tax returns and reports from organizations or distributors; methods of competition and doing business by distributors and manufacturers; acquisition and use of gaming equipment; quality standards or specifications for the manufacture of pull tabs, paper bingo cards, electronic pull tab devices, hand-held portable electronic pull tab devices, pull tab dispensing devices, bingo card marking devices, and fifty-fifty raffle systems; to ensure that net proceeds are used for educational, charitable, patriotic, fraternal, religious, or public-spirited uses; to protect and promote the public interest; to ensure fair and honest games; to ensure that fees and taxes are paid; and to prevent and detect unlawful gambling activity."

Page 1, line 16, remove the overstrike over "~~pull tab and~~"

Page 1, line 16, after "per" insert "electronic"

Page 1, line 18, after "The" insert "With the exception of electronic pull tabs, the"

Page 1, line 18, remove the overstrike over "~~game of pull tabs may only be conducted by commingling deals.~~"

Page 1, line 23, after the period insert "A device with a currency validator must accept United States paper currency or a credit ticket voucher through the device's currency validator."

Page 1, line 23, remove the overstrike over "~~net~~"

Page 2, line 1, remove the overstrike over "~~directly~~"

Page 2, line 1, remove the overstrike over "~~coins,~~"

Page 2, line 1, remove the overstrike over "~~tokens,~~"

Page 2, line 1, remove the overstrike over "~~anything else of value other than~~"

Page 2, line 2, after the period insert "A separate credit redemption device may directly dispense coins, cash, tokens, or anything else of value other than a credit voucher."

Renumber accordingly

DA 2/11/19

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1532

Page 1, line 1, after "53-06.1-01" insert ", subsection 4 of section 53-06.1-01.1,"

Page 1, after line 9, insert:

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Page 2, line 1, remove the overstrike over "~~anything else of value other than~~"

Page 2, line 2, after the period insert "A separate credit redemption device may directly dispense coins, cash, tokens, or anything else of value."

Re-number accordingly

**2019 HOUSE STANDING COMMITTEE  
 ROLL CALL VOTES  
 BILL/RESOLUTION NO. <sup>HB</sup> 1532**

House   Judiciary   Committee

Subcommittee

Amendment LC# or Description:   19.1011.01001  

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. Vetter   Seconded By   Rep. Roers Jones  

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:

**Voice Vote: Motion Carried.**

**2019 HOUSE STANDING COMMITTEE  
 ROLL CALL VOTES  
 BILL/RESOLUTION NO. <sup>HB</sup> 1532**

House   **Judiciary**   Committee

Subcommittee

Amendment LC# or Description:   Further amend remove on page 2 line 2 "other than a credit voucher.

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. McWilliams  

<b>Representatives</b>	<b>Yes</b>	<b>No</b>	<b>Representatives</b>	<b>Yes</b>	<b>No</b>
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:

**Voice Vote: Motion Carried.**

**2019 HOUSE STANDING COMMITTEE  
 ROLL CALL VOTES  
 BILL/RESOLUTION NO. HB 1532**

House Judiciary Committee

Subcommittee

Amendment LC# or Description: 19.1011.01002

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. McWilliams Seconded By Rep. Roers Jones

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) 8 No 6

Absent 0

Floor Assignment Rep. McWilliams

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

**REPORT OF STANDING COMMITTEE**

**HB 1532: Judiciary Committee (Rep. K. Koppelman, Chairman)** recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (8 YEAS, 6 NAYS, 0 ABSENT AND NOT VOTING). HB 1532 was placed on the Sixth order on the calendar.

Page 1, line 1, after "53-06.1-01" insert ", subsection 4 of section 53-06.1-01.1,"

Page 1, after line 9, insert:

**"SECTION 2. AMENDMENT.** Subsection 4 of section 53-06.1-01.1 of the North Dakota Century Code is amended and reenacted as follows:

4. The commission shall adopt rules in accordance with chapter 28-32, to administer and regulate the gaming industry, including methods of conduct, play, and promotion of games; minimum procedures and standards for recordkeeping and internal control; requiring tax returns and reports from organizations or distributors; methods of competition and doing business by distributors and manufacturers; acquisition and use of gaming equipment; quality standards or specifications for the manufacture of pull tabs, paper bingo cards, electronic pull tab devices, hand-held portable electronic pull tab devices, pull tab dispensing devices, bingo card marking devices, and fifty-fifty raffle systems; to ensure that net proceeds are used for educational, charitable, patriotic, fraternal, religious, or public-spirited uses; to protect and promote the public interest; to ensure fair and honest games; to ensure that fees and taxes are paid; and to prevent and detect unlawful gambling activity."

Page 1, line 16, remove the overstrike over "~~pull tab and~~"

Page 1, line 16, after "per" insert "electronic"

Page 1, line 18, after "The" insert "With the exception of electronic pull tabs, the"

Page 1, line 18, remove the overstrike over "~~game of pull tabs may only be conducted by commingling deals.~~"

Page 1, line 23, after the period insert "A device with a currency validator must accept United States paper currency or a credit ticket voucher through the device's currency validator."

Page 1, line 23, remove the overstrike over "~~not~~"

Page 2, line 1, remove the overstrike over "~~directly~~"

Page 2, line 1, remove the overstrike over "~~coins,~~"

Page 2, line 1, remove the overstrike over "~~, tokens,~~"

Page 2, line 1, remove the overstrike over "~~anything else of value other than~~"

Page 2, line 2, after the period insert "A separate credit redemption device may directly dispense coins, cash, tokens, or anything else of value."

ReNUMBER accordingly

**2019 SENATE JUDICIARY**

**HB 1532**

# 2019 SENATE STANDING COMMITTEE MINUTES

**Judiciary Committee**  
Fort Lincoln Room, State Capitol

HB 1532  
3/12/2019  
#33562 (39:10)

- Subcommittee  
 Conference Committee

Committee Clerk: Meghan Pegel
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## Explanation or reason for introduction of bill/resolution:

A BILL for an Act to amend and reenact subsection 7 of section 53-06.1-01, subsection 4 of section 53-06.1-01.1, and sections 53-06.1-08 and 53-06.1-08.2 of the North Dakota Century Code, relating to pull tabs and electronic pull tab devices.

## Minutes:

5 Attachments
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**Chair Larson** opens the hearing on HB 1532.

## Jason Dockter, District 7 Representative, testifies in favor

**Representative Dockter:** In the 2017 session, we passed a bill allowing electronic pull tabs. It took administrative rules until September 24<sup>th</sup> of 2018 to actually enact this legislation. After getting in the industry, we found out that there are a few things we had in law that was lacking to help the industry and charities become more efficient. Section 2 allows a handheld device to play the pull tabs. In current law, they allow that for bingo, but they didn't have anything for pull tabs, and that's why this language is in. Everything is portable and handheld these days. Sales price for electronic pull tabs went from \$2 to \$5. That would be consistent with like a punchboard and other games that we already have in statute. Another item is the validation currency. If there are multiple games, you can press a button to get a ticket and go to the next machine that will allow you to play. You won't have to go to the staff to get the money. The other item is a machine that the charity provides where you can put your ticket in to receive your money. That would also help these charities because a lot of these establishments you have to go up someone to exchange the money. It also helps charities for liability issues; there's less human error with money with these machines. With the standard paper tabs, you have to have so many deals and has to be comingled. However, here because they're electronic, they're automatically doing it already, so that's why they have an exception for electronic pull tabs.

**Chair Larson:** The last line says the machine can dispense coins, cash, tokens, or anything else of value. Does that mean you can get puppies?

**Representative Dockter:** Someone from the industry can answer what that entails.

**Senator Luick:** Last session we approved electronic pull tab machines. What's the difference between what we passed last session from this bill?

**Representative Dockter:** This is handheld. Bingo specifically says they can use handhelds in the law, but it doesn't make it clear in the electronic pull tabs law we passed last session. The other items we have are things that would make it easier, and they do that in other states.

**(6:50) Janelle Mitzel, Charitable Gaming Association of ND, testifies in favor (see attachment #1)**

**(10:30) Rusty Steffen, Grand Forks Listen Gaming Manager, testifies in favor**

**Steffen:** It's basically a cleanup bill. The one issue that I want to concentrate on is the redemption device. The redemption device is an ATM that allows the player to get their cash and go back and play. The only thing the ATM does not do is dispense coin. Instead it would reproduce another voucher that the individual could use for the coin.

**Chair Larson:** The bill says it may directly dispense coins.

**Steffen:** It can or an additional voucher for the coin. The single game would help the smaller charities who have issues with the electronic pull tabs. When the machines have comingled tickets, two games into the machines at the same time, the smaller charities in smaller cities don't have the amount of play that would regenerate the money coming through the machines to pay for the winners. With the single game in there instead of a duo game, that would give them a better chance of rotating that game.

**(12:45) Traci LaDouceur, Chief Financial Officer for ND Association for the Disabled, testifies in favor (see attachment #2)**

**Vice Chairman Dwyer:** The previous speakers said this was a cleanup bill except for the increase from the \$2 to the \$5.

**LaDouceur:** Correct.

**(16:15) Blair Thoreson, ND Hospitality Association, testifies in favor (see attachment #3)**

**Chair Larson:** Do you know why that last part is on there saying "or anything else of value"? If it's just for the voucher, then why wouldn't that already be taken care of?

**Thoreson:** I'm not sure; that would be a question perhaps for legislative counsel.

**Vice Chairman Dwyer:** Do you know what South Dakota and Montana have?

**Thoreson:** South Dakota's market allows for electronic game types. Some of theirs are charitable and some are operated by the state. I'm not sure the various different types they have, and I'm not certain of how they operate gaming in Montana.

**Senator Luick:** How big is the redemption device?

**Thoreson:** I believe it's a device cabinet style similar in design to an automated teller machine. It would probably be a stand-alone device, not something on the counter.

**Senator Luick:** Large enough so someone couldn't walk off the premise with it?

**Thoreson:** In full disclosure, I am a proprietor and own a hospitality venue in West Fargo. We have an ATM in our facility that is securely anchored to our floor. We've actually had attempts from people trying to access that, but it's been safely secured. I would assume it would be similarly secured on site.

**Senator Luick:** Who's liable for that machine if it were to disappear?

**Thoreson:** That would be something that would perhaps be directed to the charities if something were to happen on site. We did have a situation at my facility where our charities had someone break in and get into the safe when we had live gaming. In that situation, our insurance deemed that we were not liable for it, but that was a long process between ourselves and the charity. This was almost a decade ago when that took place.

**Steffen:** "anything else of value" is in there because of the second voucher that would print for the coin. When a person goes up to the ATM to redeem their initial voucher from the electronic pull tab machines, if there was coin on that voucher, the ATM redemption does not distribute coin. There are machines on the market that do dispense coin, but they're rather expensive, and the one that was developed that looks identical to a regular ATM, would not dispense coin. Therefore, the charities would be able to afford them a lot easier than those that do dispense coin.

**(22:45) Collette Brown, Spirit Lake Casino and Resort Gaming Commission Executive Director of the Gaming Regulations and Compliance Department, testifies in opposition (see attachment #4)**

**Senator Luick:** The manipulation of the machines themselves, is it programming?

**Brown:** Yes, onto software.

**Senator Luick:** It can manipulate the program on site?

**Brown:** Yes.

**Vice Chairman Dwyer:** You are opposed to the tablets?

**Brown:** Yes.

**Vice Chairman Dwyer:** Are you also opposed to the ticket in/ticket out machines?

**Brown:** We have three of our devices on our property. They cost us \$80,000 to purchase, and software updates are about \$20,000 every two years. I don't know if there was a fiscal note attached. We have requirements when someone tries to feed tickets into the machine, that it locks up. They have to contact a guard as to asking them why they are feeding the tickets into the machine because we have to make sure they're not trying to make dirty money clean money basically- illegal services by sex trafficking or drug deals.

**(30) Lisa Vig, Director of Gamblers Choice program for Lutheran Social Services of ND, neutral party (see attachment #5)**

**Vice Chairman Dwyer:** Do you see this bill as expanding gaming?

**Vig:** It is an enhancement of current gaming any time you raise the betting limit and having a handheld device as opposed to going up to a machine. If you have eight machines in your facility, that's a limit of eight participants. If you offer a handheld device, that's all the more individuals that might be available to participate. It means more people have the potential of being impacted because they are participating. The more people gamble, the more likely there is of having a problem.

**Senator Luick:** How many counselors are there in the state today?

**Vig:** We currently have three counselors statewide with Lutheran Social Services. We are the only agency that is really participating in providing treatment for compulsive gamblers at this point. Part of the issue with that is insurance reimbursement; there isn't insurance coverage for this addiction. It's imperative that we have subsidy dollars available to make the treatment affordable. Gamblers do not have money to pay for treatment out of their pocket.

**(36:30) Deb McDaniel, Director of the Charitable Gaming Division for the Office of Attorney General, neutral party**

**Vice Chairman Dwyer:** It has been stated that this is a cleanup bill because handheld was intended but wasn't included in the previous law.

**McDaniel:** Currently the law states that an electronic pull tab device is a device approved by the attorney general. When we were putting together the rules for this game type, the attorney general decided that the cabinet style is what he wanted to go with at first.

**Vice Chairman Dwyer:** Did he base that on what he thought the intent of the legislation was?

**McDaniel:** Correct. The testimony was that they are just like current paper pull tab dispensing devices, only in electronic form. He wanted to keep it to that definition precisely.

**Senator Luick:** If we were to not approve this bill, would the attorney general have the authority to override us and include handheld devices back into existence?

**McDaniel:** I believe he could because it states that an electronic pull tab device is approved by the attorney general. Whatever he approves I believe would work.

**Vice Chairman Dwyer:** However, he made his decision based on what he thought the intent of the legislature was, so the answer would be no. He wouldn't circumvent what he thought the legislature meant when they passed this in 2017.

**McDaniel:** I won't speak for him, but possibly.

**Chair Larson** closes the hearing on HB 1532.

# 2019 SENATE STANDING COMMITTEE MINUTES

**Judiciary Committee**  
Fort Lincoln Room, State Capitol

HB 1532  
3/12/2019  
#33594 (9:53)

- Subcommittee  
 Conference Committee

Committee Clerk: Meghan Pegel
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## Explanation or reason for introduction of bill/resolution:

A BILL for an Act to amend and reenact sections 53-06.1-08 and 53-06.1-08.2 of the North Dakota Century Code, relating to pull tabs and electronic pull tab devices.

## Minutes:

No attachments
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**Chair Larson** begins discussion on HB 1532.

**Senator Bakke:** After the hearing, the charitable gaming and the opposing casino testifier conversed and came to an agreement. They will remove handheld devices, the redemption devices and leave the price at \$2. They want to keep line 9 and would like to keep the currency validator device. I sent this up to legislative council and asked them to make those amendments.

**Chair Larson:** I think that's a better bill. Basically they want to be able to use the voucher in/ voucher out.

**Senator Bakke:** One of their biggest concerns is that they're dealing with a lot of cash. With this voucher device, they don't have to deal with as much physical cash.

**Chair Larson:** I thought that's what redemption device took care of.

**Senator Bakke:** No, that is what's on line 16 and 17.

## (4) Traci LaDouceur, Chief Financial Officer for ND Association for the Disabled

**LaDouceur:** The first thing they're taking out is the handhelds. Then we're leaving it at \$2. We want to leave line 9. With paper pull tabs, we have to put two deals in at one time. In electronics, they're having to do that now, and it becomes a big game count. It would be good for smaller charities. We'll have the option to comingle or we won't need to in the electronics only, not paper. The last one is leaving in lines 15-17. If you have two or three machines and think you're unlucky on the one you're on, currently you have to take it to the bar and get your cash to put your cash in the machine next to it. This allows them to put cash out and put

that voucher into the machine, so we don't have to be cashing out so many vouchers. Lines 18-19 is a separate credit redemption device that can dispense only cash. You would put your voucher into that ATM, and cash would come out. The tribes were opposed to that because of the money laundering. You could put money in an e-tab machine, hit cash out and not ever bet anything, then take it over there and put it in that voucher.

**Vice Chairman Dwyer:** Was that the machine that she said cost \$80,000?

**LaDouceur:** It's the last machine, and those dispense coins. The currency validator machines will cost nothing to the charities. The manufacturer will put that in.

**Vice Chairman Dwyer:** You backed way off on this bill.

**LaDouceur:** We knew the \$2 to \$5 was going to be concern. We hadn't thought about some of the things she brought up either.

**Chair Larson:** We'll wait on those amendments from Legislative Council.

**Senator Luick:** What then does this bill do?

**LaDouceur:** The biggest thing is reducing the cash we have on site with that ticket in/ticket out. This will help with security for our staff and the bars. With the non-comingling, it gives the charities more option for the play of the game. It's very simple.

**Chair Larson ends the discussion on HB 1532.**

# 2019 SENATE STANDING COMMITTEE MINUTES

**Judiciary Committee**  
Fort Lincoln Room, State Capitol

HB 1532  
3/18/2019  
#33834 (10:00)

- Subcommittee  
 Conference Committee

Committee Clerk: Meghan Pegel
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## Explanation or reason for introduction of bill/resolution:

A BILL for an Act to amend and reenact sections 53-06.1-08 and 53-06.1-08.2 of the North Dakota Century Code, relating to pull tabs and electronic pull tab devices.

## Minutes:

1 Attachment
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**Chair Larson** begins discussion on HB 1532.

**Senator Bakke:** (see attachment #1) When I met with the testifying individuals, they showed me exactly what they wanted.

**Chair Larson:** I was told that all of those machines have lots of cameras and safeguards, and the industry wanted to retain the ATM machines on lines 18-19.

**Senator Luick:** The machines are less expensive if they don't dispense coin, so they get down to the \$20-30,000 cost per machine. What happens then is you get another voucher for your coins, or you just forget about it. The concern is with all these machines, that could be a lot of extra coin left in the machines for the particular businesses. Is that even legal? You can do the voucher to take up to the cashier, but then it isn't even doing what it's supposed to be doing in the first place unless it comes out even.

**Senator Bakke:** They took the redemption machines out because of the concerns brought forth from the tribes.

**Senator Luick:** There was concern about the ability of manipulating the machine so that it is paying out more than what it is supposed to. I asked the attorney general's office about that. They said it is easy to do on any of those machines if they are in any place where they are not observed constantly and/or they run a security program through those machines. They can have their software manipulated pretty easily.

**Chair Larson:** It seems like we should keep it amended out of the bill. I will vote no either way.

**(5) Senator Bakke:** If you look at my amendments, everything they had added to the bill is taken out with the exception of line 9 with handheld devices and line 15 with the vouchers in different machines. It took everything else out.

**Senator Bakke: Motions to adopt amendment 19.1011.02001**  
**Senator Myrdal: Seconds.**

**Senator Luick:** Then what do we have left in this bill?

**Chair Larson:** You can take the voucher from one machine to the next without having to handle cash in between. The other thing is it would electronically comingle. Those are the two changes this bill would do.

**A Roll Call Vote Was Taken: 5 yeas, 0 nays, 1 absent. Amendment is adopted.**

**Senator Bakke: Motions for a Do Pass as Amended.**  
**Senator Myrdal: Seconds.**

**Vice Chairman Dwyer:** With line 16 and 17, if you don't do this, you have to get cash.

**Chair Larson:** Correct.

**Vice Chairman Dwyer:** You don't have to do comingling with the electronic pull tabs.

**Chair Larson:** Correct.

**A Roll Call Vote Was Taken: 1 yea, 4 nays, 1 absent. Motion fails.**

**Senator Luick: Do Not Pass as Amended.**  
**Vice Chairman Dwyer: Seconds.**

**A Roll Call Vote Was Taken: 4 yeas, 1 nay, 1 absent. Motion carries.**

**Chair Larson will carry the bill.**

March 12, 2019

SK 3/18  
125

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1532

Page 1, line 1, remove "subsection 7 of section 53-06.1-01, subsection 4 of"

Page 1, line 2, remove "section 53-06.1-01.1, and"

Page 1, remove lines 5 through 23

Page 2, line 7, remove "The maximum sales price per electronic pull"

Page 2, line 8, remove "tab is five dollars."

Page 2, line 18, remove "A separate credit redemption device"

Page 2, remove line 19

Renumber accordingly

**2019 SENATE STANDING COMMITTEE  
 ROLL CALL VOTES  
 BILL/RESOLUTION NO. 1532**

Senate Judiciary Committee

Subcommittee

Amendment LC# or Description: 19.1011.02001

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 Senator Bakke    Seconded By Senator Myrdal

Senators	Yes	No	Senators	Yes	No
Chair Larson	X		Senator Bakke	X	
Vice Chair Dwyer	X				
Senator Luick	X				
Senator Myrdal	X				
Senator Osland	AB				

Total    (Yes) 5    No 0

Absent 1

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

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

**2019 SENATE STANDING COMMITTEE  
 ROLL CALL VOTES  
 BILL/RESOLUTION NO. 1532**

Senate Judiciary Committee

Subcommittee

Amendment LC# or Description: 19.1011.02001

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 Senator Bakke    Seconded By Senator Myrdal

Senators	Yes	No	Senators	Yes	No
Chair Larson		X	Senator Bakke	X	
Vice Chair Dwyer		X			
Senator Luick		X			
Senator Myrdal		x			
Senator Osland	AB				

Total    (Yes) 1    No 4

Absent 1

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

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

**2019 SENATE STANDING COMMITTEE  
 ROLL CALL VOTES  
 BILL/RESOLUTION NO. 1532**

Senate Judiciary Committee

Subcommittee

Amendment LC# or Description: 19.1011.02001

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 Senator Luick Seconded By Vice Chairman Dwyer

Senators	Yes	No	Senators	Yes	No
Chair Larson	X		Senator Bakke	X	
Vice Chair Dwyer	X				
Senator Luick	X				
Senator Myrdal	X				
Senator Osland	AB				

Total (Yes) 4 No 1

Absent 1

Floor Assignment Chair Larson

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

**REPORT OF STANDING COMMITTEE**

**HB 1532, as engrossed: Judiciary Committee (Sen. D. Larson, Chairman)** recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO NOT PASS** (4 YEAS, 1 NAYS, 1 ABSENT AND NOT VOTING). Engrossed HB 1532 was placed on the Sixth order on the calendar.

Page 1, line 1, remove "subsection 7 of section 53-06.1-01, subsection 4 of"

Page 1, line 2, remove "section 53-06.1-01.1, and"

Page 1, remove lines 5 through 23

Page 2, line 7, remove "The maximum sales price per electronic pull"

Page 2, line 8, remove "tab is five dollars."

Page 2, line 18, remove "A separate credit redemption device"

Page 2, remove line 19

Re-number accordingly

**2019 TESTIMONY**

**HB 1532**

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1532

Page 1, line 1, after "53-06.1-01" insert ", subsection 4 of section 53-06.1-01.1,"

Page 1, after line 9, insert:

**"SECTION 2. AMENDMENT.** Subsection 4 of section 53-06.1-01.1 of the North Dakota Century Code is amended and reenacted as follows:

4. The commission shall adopt rules in accordance with chapter 28-32, to administer and regulate the gaming industry, including methods of conduct, play, and promotion of games; minimum procedures and standards for recordkeeping and internal control; requiring tax returns and reports from organizations or distributors; methods of competition and doing business by distributors and manufacturers; acquisition and use of gaming equipment; quality standards or specifications for the manufacture of pull tabs, paper bingo cards, electronic pull tab devices, hand-held portable electronic pull tab devices, pull tab dispensing devices, bingo card marking devices, and fifty-fifty raffle systems; to ensure that net proceeds are used for educational, charitable, patriotic, fraternal, religious, or public-spirited uses; to protect and promote the public interest; to ensure fair and honest games; to ensure that fees and taxes are paid; and to prevent and detect unlawful gambling activity."

Page 1, line 16, remove the overstrike over "~~pull tab and~~"

Page 1, line 16, after "per" insert "electronic"

Page 1, line 18, after "~~The~~" insert "With the exception of electronic pull tabs, the"

Page 1, line 18, remove the overstrike over "~~game of pull tabs may only be conducted by commingling deals.~~"

Page 1, line 23, after the period insert "A device with a currency validator must accept United States paper currency or a credit ticket voucher through the device's currency validator."

Page 1, line 23, remove the overstrike over "~~net~~"

Page 2, line 1, remove the overstrike over "~~directly~~"

Page 2, line 1, remove the overstrike over "~~coins,~~"

Page 2, line 1, remove the overstrike over "~~, tokens,~~"

Page 2, line 1, remove the overstrike over "~~anything else of value other than~~"

Page 2, line 2, after the period insert "A separate credit redemption device may directly dispense coins, cash, tokens, or anything else of value other than a credit voucher."

Re-number accordingly

#2  
HB1532  
2-5-19

**HOUSE BILL 1532**  
**House Judiciary Committee**  
**Submitted by Janelle Mitzel, CGAND**  
**February 5<sup>th</sup>, 2019**

The Charitable Gaming Association of North Dakota (CGAND) requests a Do Pass on HB 1532. This bill is a clean-up and enhancement bill for the charitable electronic pull tab machines legalized in the 2017 legislative session.

**Handheld Devices:**

- Allows for the adoption of rules by the Gaming Commission for the use of portable handheld electronic pull tab devices.
- Offers another instrument for the play of electronic pull tabs.
- Charities with limited space will have the ability to utilize electronic pull tabs through a point of sale option while gaming staff are present.
- Currently bingo electronic handheld devices and electronic quick shot bingo handheld devices are in use, as authorized by North Dakota Century Code and the North Dakota Gaming Administrative Rules.

**Pull Tab Price of \$5:**

- Increases sales price for pull tabs from \$2 to \$5 per ticket.
- Allows charities to compete with Minnesota. Minnesota electronic pull tab maximum price is \$5. Minnesota paper pull tab maximum is \$5.

**Ticket-in/Ticket-out:**

- Currently a credit ticket is dispensed (ticket-out) when a player is finished playing. Only cash is accepted into the currency validator. This amendment allows for the credit voucher also to be accepted into the currency validator on the device.
- Limits the necessary cash requirements on charitable location premises.
- Reduces security risks for bar establishments and charities at site locations.
- Lessens the cash shortages by limiting the number of actual money exchanges.

**Credit Redemption Device:**

- Allows for a credit redemption device to dispense coins and/or cash when redeeming electronic pull tab device credit vouchers.
- It is a cost savings to charities by reducing employee staffing costs.
- Limits the cash shortages due to employee error by limiting cash handling.
- Reduces security risks for bar establishments and charities at site locations by securing cash in a device rather than at a cashier.

**Commingling Electronic Pull Tabs:**

- Eliminates requirement of electronic pull tabs to be commingled, or intermixed with multiple pull tab deals.
- Lessens difficulties and burden of end of quarter closing of deals, tracking and reporting.
- North Dakota is the only state in the entire US requiring commingling, creating a hardship for the North Dakota charitable industry.

CGAND is an organization comprised of representatives from the charitable gaming industry of North Dakota. Our mission is dedicated to the preservation of gaming as a funding source for charitable purposes. We urge a Do Pass on HB 1532 with proposed amendments.

Testimony of the North Dakota Hospitality Association

House Judiciary Committee – HB 1532

# 3

HB 1532

2/5/19

Chairman Koppelman and members of the committee,

The North Dakota Hospitality Association joins charitable organizations in supporting the technical corrections and tangible improvements to electronic pull tabs presented in HB 1532. Our members partner with charities at hundreds of hospitality venues throughout the state to offer multiple types of charitable gaming, including electronic pull tabs, and the proposed changes outlined in this legislation will make for a more secure and efficient game for staff of both charitable organizations and hospitality venues as well as a more enjoyable game for patrons and players.

Specifically, this bill will reduce security risks for bar establishments and charities alike by allowing venues to secure cash in an ATM ticket redemption device rather than at a cashier cage. This is a common-sense provision that, along with the provision to allow machines to accept a ticket voucher in addition to cash, minimizes the chance for human error in currency tabulation as well as the potential for cash shortages on site.

Lastly, this bill addresses inconsistencies between how electronic pull tabs are operated for our communities bordering Minnesota such as Fargo, Wahpeton, and Grand Forks by updating the bet limit to be more consistent with both our neighboring state as well as other charitable game types. Requesting that the Gaming Commission issue rules relating to handheld devices will also address an obvious inconsistency between the North Dakota market and others that have successfully implemented this digital version of classic paper pull tabs.

Again, on behalf of the North Dakota Hospitality Association we ask that you support HB 1533 to clean-up a few outstanding items from last session's bill legalizing electronic pull tabs and am happy to answer any questions from the standpoint of North Dakota's Hospitality Industry.

Thank you.

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HB1532  
2-5-19  
p.l.

**HOUSE BILL 1532**  
**HOUSE JUDICIARY COMMITTEE**  
**TESTIMONY SUBMITTED BY DON SANTER**  
**February 5, 2019**

**Testimony in support of HB 1532**

My name is Don Santer and I am the Chief Executive Officer for NDAD (North Dakota Association for the Disabled, Inc.). I am here today to speak in support of House Bill 1532. NDAD is a non-profit, charitable organization that serves individuals with health concerns and disabilities across the state of North Dakota. We have locations in Grand Forks, Fargo, Bismarck, Minot, and Williston. In 2018, NDAD provided over \$2 million in services assisting over 2,483 North Dakota residents. NDAD works diligently to not duplicate services provided by other state or local entities, so we truly are a last resort for many individuals. As part of our services NDAD paid for the majority of the following items with charitable gaming funds:

- 385 prescriptions for covered medications
- 2,888 out of town medical travel trips
- 2,649 accessible rides for employment, shopping, and community events
- 8,083 hours of personal attendant care expenses
- Each year 25-50 individuals are assisted with adaptive recreational activities
- Our **Healthcare Equipment Loan Program (HELP)** served 2032 people with 4,095 pieces of equipment equating to a savings of more than \$ \$416,669.77 for North Dakota residents.

Additionally, NDAD administers the North Dakota Transplant Fund, provides program services for independent living and behavioral health issues in the Williston area, as well as providing information, referral and public awareness to North Dakota residents. NDAD has served the people of North Dakota for the past 43 years.

HB 1532 with amendments will help NDAD save money and utilize electronic pull tab devices (etabs) more efficiently and with diversity suitable to our varying locations.

**Handheld Devices:**

- Will allow NDAD the ability to offer a more convenient device for both the player and location.
- In locations with limited space we will gain the ability to utilize etabs where space requirement or bar owner resistance is a barrier.
- In other locations with only a few machines it will allow us to offer the game type to a larger number of players at a time.
- Currently electronic quick shot bingo handheld devices are in use, as authorized by North Dakota Century Code and the North Dakota Gaming Administrative Rules. So handheld gaming devices are not a new concept.

#4  
HB 1532  
2/5/19  
P.2

**Pull Tab Price of \$5:**

- NDAD has 6 sites near the Minnesota border. Minnesota electronic and paper pull tab maximum price is \$5. Raising the limit will help those locations as well as other boundary organizations compete.

**Ticket-in/Ticket-out:**

- This feature would allow NDAD to lower the amount of cash on the premises thus reducing security risks for our gaming sites
- This feature would also reduce the cash shortages we experience by limiting the number of actual cash redemptions.

**Credit Redemption Device:**

- The device limits the potential cash shortages due to employee error by reducing cash handling.
- It reduces theft risks for bar assist sites and active gaming employee sites by securing cash in a device rather than complete reliance on a cashier.

**Commingling Electronic Pull Tabs:**

- Eliminates requirement of electronic pull tabs to be commingled, or intermixed with multiple pull tab deals.
- Lessens difficulties and burden of end of quarter closing of deals, tracking and reporting.
- North Dakota is the only state in the entire US that requires commingling, creating a hardship for the North Dakota charitable industry.

With your help, we can improve the operation of this game type saving operating costs for charitable gaming organizations allowing the savings to be used to help an even greater number of North Dakotans.

NDAD is asking you to consider a DO PASS on HB 1532

Respectfully,

Don Santer, CEO  
NDAD  
2660 South Columbia Road  
Grand Forks, ND 58201

#5  
HB 1532  
2-5-19  
P 91

House Judiciary  
House Bill No. 1532  
Relating to Pull Tabs & Electronic Pull Tab Devices  
February 5, 2019 10:30 a.m. Prairie Room

The Office of Attorney General is here in opposition of HB 1532 due to regulatory concerns. Section 1 of the bill would allow electronic pull tabs to be played on handheld, portable electronic devices. We have no issue with portable handheld devices as Quick Shot Bingo handheld devices are already approved. However, Quick Shot Bingo handheld devices may be played by a person who is eighteen years of age or older whereas pull tabs can only be played by persons twenty-one years of age or older. Should this bill pass, we are concerned with differentiating pull tab handheld devices from the Quick Shot Bingo handheld devices. In order to ensure appropriate game and/or age usage, a very distinctive identifiable difference is required to distinguish between a Quick Shot Bingo handheld device and an Electronic pull tab handheld device. As an alternative, increasing the age of play for Quick Shot Bingo to twenty-one years of age or older would alleviate the issue.

Section 2 of the bill deletes the requirement for pull tab games to be commingled. Commingling occurs when an organization takes two or more different serial numbered bags of pull tabs and puts them into play by mixing them to ensure the serial numbers/pull tabs are thoroughly intermixed. A pull tab game that is not commingled would only have 1 serial number in play at a time. There is a storied history in the reason that pull tab deals were required to be commingled in statute during the 55<sup>th</sup> Legislative Assembly in House Bill No. 1167. In the early 1990's an investigation by the IRS and the Bureau of Criminal Investigation was conducted on individuals and organizations. It was found that individuals were not reporting pull tab winnings and that dealers of organizations were alerting friends and family members when large pull tab winners were still in play and the pull tab game was about to be played out. The dealer could

#5  
HB 1532  
2-5-19  
Pg 2

obtain this information by noting the winning pull tabs remaining in the game by the game information sheets. Dealers are now required to continue to commingle pull tab games by adding additional deals or serial numbers to the jar when a predetermined number or range of winning pull tabs remain in the game. By requiring the games to be commingled, inside information is much harder to obtain and thus the sharing of that insider information is minimal.

In Section 3, should the bill pass, it would allow electronic pull tab devices to dispense cash. Gaming is a cash based industry. Strict internal controls over cash handling is essential in the accounting of the activity. This change would be very detrimental to the regulation of this game. It would mean relying on the device to accurately dispense cash prizes, not being able to verify the amount of cash issued, let alone verifying the actual winner. This would open up the organizations to new ways for employees and customers to have access to an organization's cash. For example, if a device runs out of cash, who would fill the device and when would the device be refilled. There would be thousands of dollars housed in these devices overnight with minimal security on premise.

For these reasons the Office of Attorney General must request a "Do not Pass" on HB 1532.

Deb McDaniel, Director,  
Gaming Division, Office of Attorney General

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1532

Page 1, line 1, after "53-06.1-01" insert ", subsection 4 of section 53-06.1-01.1,"

Page 1, after line 9, insert:

**"SECTION 2. AMENDMENT.** Subsection 4 of section 53-06.1-01.1 of the North Dakota Century Code is amended and reenacted as follows:

4. The commission shall adopt rules in accordance with chapter 28-32, to administer and regulate the gaming industry, including methods of conduct, play, and promotion of games; minimum procedures and standards for recordkeeping and internal control; requiring tax returns and reports from organizations or distributors; methods of competition and doing business by distributors and manufacturers; acquisition and use of gaming equipment; quality standards or specifications for the manufacture of pull tabs, paper bingo cards, electronic pull tab devices, hand-held portable electronic pull tab devices, pull tab dispensing devices, bingo card marking devices, and fifty-fifty raffle systems; to ensure that net proceeds are used for educational, charitable, patriotic, fraternal, religious, or public-spirited uses; to protect and promote the public interest; to ensure fair and honest games; to ensure that fees and taxes are paid; and to prevent and detect unlawful gambling activity."

Page 1, line 16, remove the overstrike over "~~pull tab and~~"

Page 1, line 16, after "per" insert "electronic"

Page 1, line 18, after "The" insert "With the exception of electronic pull tabs, the"

Page 1, line 18, remove the overstrike over "~~game of pull tabs may only be conducted by commingling deals.~~"

Page 1, line 23, after the period insert "A device with a currency validator must accept United States paper currency or a credit ticket voucher through the device's currency validator."

Page 1, line 23, remove the overstrike over "~~net~~"

Page 2, line 1, remove the overstrike over "~~directly~~"

Page 2, line 1, remove the overstrike over "~~coins,~~"

Page 2, line 1, remove the overstrike over "~~, tokens,~~"

Page 2, line 1, remove the overstrike over "~~anything else of value other than~~"

Page 2, line 2, after the period insert "A separate credit redemption device may directly dispense coins, cash, tokens, or anything else of value other than a credit voucher."

Renumber accordingly

**HOUSE BILL 1532**  
**Senate Judiciary Committee**  
**Submitted by Janelle Mitzel, CGAND**  
**March 12<sup>th</sup>, 2019**

#1  
HB 1532  
3-12-19

The Charitable Gaming Association of North Dakota (CGAND) is comprised of representatives from charitable gaming organizations from across the state of North Dakota. CGAND requests a Do Pass on HB 1532. This bill is a clean-up and enhancement bill for the charitable electronic pull tab machines legalized in the 2017 legislative session.

**Handheld Devices:**

- Allows for the adoption of rules by the Gaming Commission for the use of portable handheld electronic pull tab devices.
- Charities with limited space will have the ability to utilize electronic pull tabs through a point of sale option while gaming staff are present.
- Currently bingo electronic handheld devices and electronic quick shot bingo handheld devices are in use, as authorized by North Dakota Century Code and the North Dakota Gaming Administrative Rules.

**Ticket-in/Ticket-out:**

- Currently a credit ticket is dispensed (ticket-out) when a player is finished playing. Only cash is accepted into the currency validator. This bill allows for the credit voucher also to be accepted into the currency validator on the device.
- Limits the necessary cash requirements on charitable location premises.
- Reduces security risks for bar establishments and charities at site locations.
- Lessens the cash shortages by limiting the number of actual money exchanges.

**Credit Redemption Device:**

- Allows for a credit redemption device to dispense coins and/or cash when redeeming electronic pull tab device credit vouchers.
- It is a cost savings to charities by reducing employee staffing costs.
- Limits the cash shortages due to employee error by limiting cash handling.
- Reduces security risks for bar establishments and charities at site locations by securing cash in a device rather than at a cashier.

**Commingling Electronic Pull Tabs:**

- Eliminates requirement of electronic pull tabs to be commingled, or intermixed with multiple pull tab deals.
- Lessens difficulties and burden of end of quarter closing of deals, tracking and reporting.
- North Dakota is the only state in the entire US requiring commingling, creating a hardship for the North Dakota charitable industry.

**Pull Tab Price of \$5:**

- Increases sales price for pull tabs from \$2 to \$5 per ticket.
- Allows charities to compete with Minnesota. Minnesota electronic pull tab maximum price is \$5. Minnesota paper pull tab maximum is \$5.

The mission of CGAND is dedicated to the preservation of gaming as a funding source for charitable purposes. Those purposes range from support for veterans, educational services, support for vulnerable citizens with emotional, physical, and disabling health issues, and youth activities to name a few. We urge a Do Pass on HB 1532 as currently written.

HOUSE BILL 1532  
SENATE JUDICIARY COMMITTEE  
TESTIMONY SUBMITTED BY TRACI LA DOUCEUR  
March 12, 2019

# 2  
HB 1532  
3.12.19

**Testimony in support of HB 1532**

My name is Traci LaDouceur and I am the Chief Financial Officer for NDAD (North Dakota Association for the Disabled, Inc.). I am here today to speak in support of House Bill 1532. NDAD is a non-profit, charitable organization that serves individuals with health concerns and disabilities across the state of North Dakota. We have locations in Grand Forks, Fargo, Bismarck, Minot, and Williston. In 2018, NDAD provided over \$2 million in services assisting over 2,483 North Dakota residents. NDAD works diligently to not duplicate services provided by other state or local entities, so we truly are a last resort for many individuals. As part of our services NDAD paid for the majority of the following items with charitable gaming funds:

- 385 prescriptions for covered medications
- 2,888 out of town medical travel trips
- 2,649 accessible rides for employment, shopping, and community events
- 8,083 hours of personal attendant care expenses
- Each year 25-50 individuals are assisted with adaptive recreational activities
- Our **Healthcare Equipment Loan Program (HELP)** served 2032 people with 4,095 pieces of equipment equating to a savings of more than \$ 416,669.77 for North Dakota residents.

Additionally, NDAD administers the North Dakota Transplant Fund, provides program services for independent living and behavioral health issues in the Williston area, as well as providing information, referral and public awareness to North Dakota residents. NDAD has served the people of North Dakota for the past 43 years.

HB 1532 with amendments will help NDAD save money and utilize electronic pull tab devices (E-tabs) more efficiently and with diversity suitable to our varying locations.

**Handheld Devices:**

- Will allow NDAD the ability to offer a more convenient device for both the player and location.
- In locations with limited space we will gain the ability to utilize E-tabs where space requirement or bar owner resistance is a barrier.
- In other locations with only a few machines it will allow us to offer the game type to a larger number of players at a time.
- Handheld gaming devices are not a new concept. Currently NDAD has sites that offer electronic quick shot bingo handheld devices, as authorized by North Dakota Century Code and the North Dakota Gaming Administrative Rules.

**Pull Tab Price of \$5:**

- NDAD has 6 sites near the Minnesota border. Minnesota electronic and paper pull tab maximum price is \$5. Raising the limit will help those locations as well as other boundary organizations compete.
- Currently the maximum price of a bingo card on the electronic quick shot bingo handheld device is \$5.

**Ticket-in/Ticket-out:**

- This feature would allow NDAD to lower the amount of cash on the premises thus reducing security risks for our gaming sites.
- This feature would also reduce the cash shortages we experience by limiting the number of actual cash redemptions.

**Elimination of Commingling Electronic Pull Tabs:**

- Eliminates requirement of electronic pull tabs to be commingled, or intermixed with multiple pull tab deals.
- Lessens difficulties and burden of end of quarter closing of deals, tracking and reporting.
- North Dakota is the only state in the entire US that requires commingling.

With your help, we can improve the operation of this game type saving operational costs for charitable gaming organizations allowing the savings to be used to help an even greater number of North Dakotans.

NDAD is asking you to consider a DO PASS on HB 1532

Respectfully,  
Traci LaDouceur, CFO  
NDAD  
2660 South Columbia Road  
Grand Forks, ND 58201

Testimony of the North Dakota Hospitality Association

Senate Judiciary Committee – HB 1532

#3  
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Chairman Larson and members of the committee,

The North Dakota Hospitality Association joins charitable organizations in supporting the technical corrections and tangible improvements to electronic pull tabs presented in HB 1532. Our members partner with charities at hundreds of hospitality venues throughout the state to offer multiple types of charitable gaming, including electronic pull tabs, and the proposed changes outlined in this legislation will make for a more secure and efficient game for staff of both charitable organizations and hospitality venues as well as a more enjoyable game for patrons and players.

Specifically, this bill will reduce security risks for bar establishments and charities alike by allowing venues to secure cash in an ATM ticket redemption device rather than at a cashier cage. This is a common-sense provision that, along with the provision to allow machines to accept a ticket voucher in addition to cash, minimizes the chance for human error in currency tabulation as well as the potential for cash shortages on site.

Lastly, this bill addresses inconsistencies between how electronic pull tabs are operated for our communities bordering Minnesota such as Fargo, Wahpeton, and Grand Forks by updating the bet limit to be more consistent with both our neighboring state as well as other charitable game types. Requesting that the Gaming Commission issue rules relating to handheld devices will also address an obvious inconsistency between the North Dakota market and others that have successfully implemented this digital version of classic paper pull tabs.

Again, on behalf of the North Dakota Hospitality Association we ask that you support HB 1532 to clean-up a few outstanding items from last session's bill legalizing electronic pull tabs and am happy to answer any questions from the standpoint of North Dakota's Hospitality Industry.

Thank you.

Oppositions Testimony for HB 1532  
March 12, 2019-Collette Brown

#4  
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3.12.19

Chairwoman Larson 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. I have over 20 years of casino gaming experience only in regulating and ensuring compliance of the Federal, State and Tribal laws.

Spirit Lake Dakota reservation was established by Treaty between the United States Government and the Sisseton Wahpeton Sioux Bands in 1867. The reservation is located in East Central North Dakota, covers 405 square miles.

Spirit Lake Nation has 7,256 enrolled members the total population on the reservation is 4,238 that generate a demand for local goods and services.

The Indian Gaming Regulatory Act was enacted in 1988. Tribes could operate full-scale casino gambling on reservations in any state that allowed such gambling anywhere within its boundaries, provided the details of the operation were set forth under a tribal-state compact.

The federal government has stated a vested interest in seeing these particular facilities protected via the Indian Gaming Regulatory Act of 1988 which states: to provide a statutory basis for the operation of gaming by Indian tribes as a means of promoting tribal economic development, self-sufficiency, and strong tribal governments;

The Spirit Lake Casino & Resort has been in operation since 1988; it is owned and operated by the Spirit Lake Nation. The casino is located 7 miles south of the city of Devils Lake, ND. The Spirit Lake Marina and Grocery store are located directly on the south shores of Devils Lake, the largest natural body of water in North Dakota and top notch fishery. The Spirit Lake Tribe has contributed 40 million to the State of North Dakota in goods and services, last year we sent out \$90,000 for Independent Regulating, Auditing, and Inspecting of the Spirit lake Casino.

Bill 1532 is authorizing the electronic pull tab machines to be expanded to hand held electronic devices which are like a tablet a 5 year old has. We have similar devices at our casino that require a lot of regulations on shipping and receiving which is like a slot machine, we have to notify the attorney general 48 hours prior to receiving a machine or software, we have to verify software in each 100 tablets and we have auditing, and inspections of these tablets frequently.

When we audit and conduct our inspection is to ensure that those devices have not been manipulated with the software inside of them; we have requirements in place when a tablet has a malfunctions, when the tablets has a variance, we have many steps in place to ensure that the tablet was not manipulated, we involve surveillance, security, the manager, employees, and customer are all involved. We also have to ensure the network connections are tested to try to see if we can access those tablets remotely.

Oppositions Testimony for HB 1532  
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Lately we had a software manipulation with ex-employees that were having their friend buy a small amount on their device and then the employee would then load the tablet with more games than purchased, this was discovered by the variances that we review daily.

There needs to be more laws in place on the current electronic pull tab machines in place in regards to title 31 requirements, surveillance and security for paying out a customer; all currency is tracked at our casinos, we have laws in places to help us to find people who try to circumvent our title 31 requirements and thresholds...

Naturally there should be an economic impact study on overall gaming throughout the state of North Dakota... Now I can only speak to the economic impact for the first fiscal quarter of 2019 with the over 70 electronic pull tab machines surrounding our reservation. To date Spirit Lake has seen a 15% decrease in our gaming revenues from last year, that was just the 1<sup>st</sup> quarter what will it be for the whole year?

These electronic pull tab machines are AFFECTING our casino and our tribe financially. I am respectfully requesting that you DO NOT expand their reach to tablet like devices, research the current machines audits and the impact its making on the North Dakota Tribes, our casino is OUR ONLY Economic source of income for all of our enrolled members that are being affected by these current electronic pull tab machines.

In conclusion I am encouraging you to send a **DO NOT** pass vote on HB 1532, as it has not been thoroughly investigated.

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

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SENATE JUDICIARY COMMITTEE

TESTIMONY FOR HB 1532  
Pull Tabs and Electronic Pull Tab Devices with set aside funding for  
Gambling Addiction Prevention and Treatment

**Chairman Larson and Committee Members.** My name is Lisa Vig, and I am the Director of the Gamblers Choice program for Lutheran Social Services of North Dakota. I am here to ask for support for an amendment to HB 1532 to set aside funding for the **Compulsive Gambling Treatment and Prevention Fund** which is held by the Office of Attorney General.

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, 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

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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 HB 1532. 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 expand 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.

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.

Nikki is a current client of Gamblers Choice, a 32 year old single female who began gambling on video lottery terminals in SD. Her move to ND 8 years ago, was heavily influenced by the fact that we did not have those machines available here. In the summer of 2018, she saw an ad on her Facebook account announcing that her favorite spot to play darts with friends and family would be getting a new electronic pull tab machine. She won \$500 right away on the Great American Buffalo game. Soon, she was gambling her entire paycheck every week. Two weeks ago, her vehicle was repossessed as she had not made a payment in 4 months and last week she was terminated from her employment of 6 years because she had missed so many days; a direct result of depression and lack of sleep after losing paychecks from gambling activity. Nikki's involvement in outpatient treatment is now complicated by the fact that she no longer has a vehicle and is not employed, which could jeopardize her housing situation if not rectified quickly. She feels that withdrawing funds from her 401K may be her only option, which only creates additional negative consequences for her long-term interests. She has a long road ahead of her, but today, she is committed to finding a better way to live her life and is making every effort to participate in treatment groups.

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.

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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](mailto:lisav@lssnd.org)  
Phone: 701-271-3279*

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Title.

Prepared by the Legislative Council staff for  
Senator Bakke

March 12, 2019

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3-18-19

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1532

Page 1, line 1, remove "subsection 7 of section 53-06.1-01, subsection 4 of"

Page 1, line 2, remove "section 53-06.1-01.1, and"

Page 1, remove lines 5 through 23

Page 2, line 7, remove "The maximum sales price per electronic pull"

Page 2, line 8, remove "tab is five dollars."

Page 2, line 18, remove "A separate credit redemption device"

Page 2, remove line 19

Renumber accordingly