

2019 SENATE JUDICIARY COMMITTEE

SB 2305

2019 SENATE STANDING COMMITTEE MINUTES

Judiciary Committee
Fort Lincoln Room, State Capitol

SB 2305
1/23/2019
#31252 (8:03)

- Subcommittee
 Conference Committee

Committee Clerk Signature: Meghan Pegel

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to amend and reenact subsection 5 of section 53-12.1-01, subdivision a of subsection 2 of section 53-12.1-03, section 53-12.1-08, subsection 1 of section 53-12.1-11, subsections 1 and 7 of section 53-12.1-12, and section 53-12.1-13 of the North Dakota Century Code, relating to individuals eligible to play the North Dakota lottery and claim prizes and lottery online play; and to provide a penalty

Minutes:

1 Attachment

Chair Larson opens the hearing on SB 2305.

Nicole Poolman, District Senator, testifies in favor of the bill

Senator Poolman: I'm here to introduce what is a very simple bill. There are two simple changes on behalf of the lottery. We're changing the word "person" to "individual" because of the way they are defined in the Century Code and changing the word "subscription" to "online play" because that's the terminology used within administrative rules. We're really just making words they are using a bit more specific and appropriate to what is happening at the lottery.

Chair Larson: "Person" in Century Code doesn't necessarily mean a person. When we say "individual" we're really talking about a person.

(2:40) Randy Miller, ND Lottery Director, testifies in favor (see attachment #1)

Senator Luick: You can remain anonymous to receive a prize?

Miller: The current law states that a winner is confidential. This reflects that they would be able to bypass going through the debt set up process.

Senator Luick: You still have the anonymity of winning a prize, whether person or individual?

Miller: Correct.

Senator Myrdal: Moves a Do Pass.

Senator Luick: Seconds.

A Roll Call Vote Was Taken: 6 yeas, 0 nays, 0 absent. Motion carries.

Senator Luick will carry the bill.

**2019 SENATE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. 2305**

Senate Judiciary Committee

Subcommittee

Amendment LC# or Description: _____

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

Motion Made By Senator Myrdal Seconded By Senator Luick

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

Total (Yes) 6 No 0

Absent 0

Floor Assignment Senator Luick

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

REPORT OF STANDING COMMITTEE

SB 2305: Judiciary Committee (Sen. D. Larson, Chairman) recommends **DO PASS**
(6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2305 was placed on the
Eleventh order on the calendar.

2019 HOUSE JUDICIARY

SB 2305

2019 HOUSE STANDING COMMITTEE MINUTES

Judiciary Committee
Prairie Room, State Capitol

SB 2305
3/13/2019
33632

- Subcommittee
 Conference Committee

Committee Clerk: DeLores D. Shimek

Explanation or reason for introduction of bill/resolution:

Relating to individuals eligible to play the ND lottery and claim prizes and lottery online play; and to provide a penalty.

Minutes:

1

Chairman Koppelman: Opened the hearing on SB 2305.

Senator Poolman: This bill is simple language change for the lottery. They are minor changes.

Randy Miller, Director of the ND Lottery: (Attachment #1) Went over testimony.

Vice Chairman Karls: Can you describe a situation where someone would set up a lottery? Has it ever been done in our state?

Randy Miller: No it has not been done in our state. The Attorney General looked at the language and said this is the best route because we are required with the debt setoff to try to collect the debt from an individual winner if they are able to set up a corporation the individual winners based on a social security number where the corporation would an employee identification number such so there would not be the liability against that individual, which is avoiding the debt setoff, which we collect for approximately 25 state agencies and divisions of the agencies around ND.

Vice Chairman Karls: What is debt setoff?

Randy Miller: Debt setoff is when a winner comes in with \$600 or more we conduct a debt setoff, which we gather their social security number, their full name and address and information and submit that to DHS because of child support and then we have a list of other agencies that we email and we give them approximately fifteen minutes to respond back to say yes we have a claim against this individual that they owe us for human services like the hospital, tax department etc. then we can collect that money on behalf of the agency or division and we hold that money for 30 days; and if it is determined that individual owes that money after 30 days then we are required to submit that to that individual agency or division.

Chairman K. Koppelman: When you say debt set off it is agencies of government. It is not personal debt or liability in some other fashion if there is a judgement on something like that?

Randy Miller: We have not had anything like that. I don't believe we would be looking at the judgement side of it.

Chairman K. Koppelman: What about taxes? Do you withhold for the IRS or state tax department?

Randy Miller: Yes we withhold for \$5001 or more. We are required by law to withhold 24% for federal and roughly 2% for state tax.

Chairman K. Koppelman: You talked about the reason from changing person to individual, I am looking at section 2; Subsection 2 a says; it says employer those individuals deemed necessary to operate the lottery and provides secure facilities to house the lottery. That refers to the lottery's employees?

Randy Miller: That would be the lottery's employees and if we have to work with other businesses to be able to work through the process the work that we conduct.

Chairman K. Koppelman: So it is a different issue that the rest of this which deals with the prize winner? It would restrict you to employing only individuals for these purposes; it would bar you from employing a public security company for example where is person would allow you to do that.

Randy Miller: There is another section that references the director can work with other organization to hire for scientific games; our on line vender so I would say my statement earlier for those individuals deemed necessary to operate the lottery would be myself and other employees and provide secure facilities to house the lottery. We are within the state agencies and so we are all working with ITD or whatever the case would be. I would retract that that is not referencing the other businesses or entities that we might work with.

Chairman K. Koppelman: ITD is not an individual it is a person. This seems to specifically deal with facilities and security. There could be s time where you might say we are going to outsource this or even pay another entity in government to provide some security. I am wondering about that.

Randy Miller: I will have our legal look at that and respond back.

Opposition: None

Neutral: None

Hearing closed.

2019 HOUSE STANDING COMMITTEE MINUTES

Judiciary Committee
Prairie Room, State Capitol

SB 2305
3/19/2019
33945

- Subcommittee
 Conference Committee

Committee Clerk: DeLores D. Shimek

Explanation or reason for introduction of bill/resolution:

Relating to individuals eligible to play the ND lottery and claim prizes and lottery online pay; and to provide a penalty.

Minutes:

Chairman Koppelman: Opened the meeting on SB 2305. This is the one Senator Poolman introduced and Mr. Miller from the lottery testified and it is the one deals with those that are eligible to play a lottery and insure that it is a human being so that a company cannot be formed to shield assets when they are obligated somewhere else in state government.

Rep. Satrom: Did we hear anything negative about this?

Chairman K. Koppelman: No. What happens is when there is a lottery winning they check to see if there is money owed by that individual to another state agency. It might be child support or something like that. The concern was some people; because they could form an organization or personal entity and purchase the lottery tickets by that entity and shield themselves maybe from what they owe in child support if they happen to win the lottery.

Do Pass Motion Made by Rep. Satrom; Seconded by Rep. Roers Jones

Discussion:

Roll Call Vote: 10 Yes 3 No 1 Absent Carrier: Rep. Paur

Closed.

Date: 3-19-19
 Roll Call Vote #: J

**2019 HOUSE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. SB2305**

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 Satrom _____ Seconded By 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) 10 No 3

Absent 1

Floor Assignment Rep. Paur

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

REPORT OF STANDING COMMITTEE

SB 2305: Judiciary Committee (Rep. K. Koppelman, Chairman) recommends **DO PASS** (10 YEAS, 3 NAYS, 1 ABSENT AND NOT VOTING). SB 2305 was placed on the Fourteenth order on the calendar.

2019 TESTIMONY

SB 2305

#1
SB 2305
1/23

TESTIMONY ON SENATE BILL NO. 2305

By Randy Miller, Director, North Dakota Lottery

Senate Judiciary Committee

January 23, 2019

Madam Chairman, and members of the Judiciary Committee, my name is Randy Miller. I am the director of the North Dakota Lottery, a division of the Office of Attorney General. The Lottery supports Senate Bill 2305 because it would ensure the intent of the debt setoff laws were met, ensure only an individual may play the lottery and claim a prize, and provide language consistent with the administrative rules related to Article 10-16 (Multi-State Lottery) of the North Dakota Administrative Code.

North Dakota Century Code section 53-12.1-12 (Setoff of prize) and North Dakota Administrative Code section 10-16-01-03 (Debt setoff of prize) require the North Dakota Lottery to conduct the debt setoff process. Under the current laws and rules, a lottery winner could set up an organization prior to claiming a prize, ensure they are the controlling manager or partner of that organization, and have that organization claim the prize without any debt setoff conducted against their winnings. The winner essentially avoids the personal liability of paying their debt by using an organization to claim the prize.

“Individual” is defined in subsection 3 of North Dakota Century Code section 01-01-49 as “a human being.” “Person” is defined in subsection 8 of North Dakota Century Code section 01-01-49 as “an individual, organization, government, political subdivision, or government agency or instrumentality.” Senate Bill 2305 would not allow organizations such as corporations or business entities to play the lottery and claim a prize, avoiding a situation where a debt setoff could not be properly assessed against the individual lottery winner. Senate Bill 2305 would ensure the intent of the debt setoff laws are met and only allow an individual to play the lottery and claim a prize.

1
SB 2305

1/23

Senate Bill 2305 also addresses changes related to online play.

In May 2018, the North Dakota Lottery amended the Administrative Rules related to Article 10-16 (Multi-State Lottery). Reference to “subscription” was changed to “online play”. Senate Bill 2305 would provide consistent language in the North Dakota Century Code chapter 53-12.1 and the North Dakota Administrative Code Article 10-16.

The North Dakota Lottery is currently in the process of amending rules related to Article 10-16 (Multi-State Lottery). Changes referencing “person” to “individual” are proposed to be effective July 1, 2019.

This completes my testimony. Thank you for the opportunity to appear before the Committee in support of Senate Bill 2305.

If there are any other questions, I would be happy to answer them at this time.

#1
SB2305
3-13-19
P. 1

TESTIMONY ON SENATE BILL NO. 2305

By Randy Miller, Director, North Dakota Lottery

House Judiciary Committee

March 13, 2019

Mr. Chairman, and members of the Judiciary Committee, my name is Randy Miller. I am the director of the North Dakota Lottery, a division of the Office of Attorney General. The Lottery supports Senate Bill 2305 because it would ensure the intent of the debt setoff laws were met, ensure only an individual may play the lottery and claim a prize, and provide language consistent with the administrative rules related to Article 10-16 (Multi-State Lottery) of the North Dakota Administrative Code.

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#1
SB 2305
3-13-19
P. 2

Senate Bill 2305 also addresses changes related to online play.

In May 2018, the North Dakota Lottery amended the Administrative Rules related to Article 10-16 (Multi-State Lottery). Reference to “subscription” was changed to “online play”. Senate Bill 2305 would provide consistent language in the North Dakota Century Code chapter 53-12.1 and the North Dakota Administrative Code Article 10-16.

The North Dakota Lottery is currently in the process of amending rules related to Article 10-16 (Multi-State Lottery). Changes referencing “person” to “individual” are proposed to be effective July 1, 2019.

This completes my testimony. Thank you for the opportunity to appear before the Committee in support of Senate Bill 2305.

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