

FISCAL NOTE
Requested by Legislative Council
01/15/2019

Amendment to: SB 2162

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2017-2019 Biennium		2019-2021 Biennium		2021-2023 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$(88,800)	\$0	\$(88,800)	\$0
Expenditures	\$0	\$0	\$0	\$0	\$0	\$0
Appropriations	\$0	\$0	\$0	\$0	\$0	\$0

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

	2017-2019 Biennium	2019-2021 Biennium	2021-2023 Biennium
Counties			
Cities			
School Districts			
Townships			

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

The bill increases the primary prize an organization may award from \$6,000 to \$8,000. The total of prizes paid for all games changed from \$12,000 to \$40,000 per year.

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

There are currently 74 licensed gaming organizations that conducted activity where their prizes did not exceed \$40,000 per year during fiscal year 2018. These organizations would no longer need a state gaming license and could conduct games under a local permit.

These 74 licensed organizations (23% of current licensed organizations) paid gaming tax revenue totaling \$64,800 during the average of the last two years. Licensing fees collected from these organizations totaled \$24,000 for two years.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

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B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

N/A

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

N/A

Name: Kathy Roll

Agency: Office of Attorney General

Telephone: 701-328-3622

Date Prepared: 01/19/2019

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Date Prepared: 01/19/2019

2019 SENATE JUDICIARY

SB 2162

2019 SENATE STANDING COMMITTEE MINUTES

Judiciary Committee
Fort Lincoln Room, State Capitol

SB 2162
1/15/2019
#30782 (31:19)

- Subcommittee
 Conference Committee

Committee Clerk: Meghan Pegel

Explanation or reason for introduction of bill/resolution:

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

Minutes:

4 Attachments

Chair Larson opened the hearing on SB 2162.

Shawn Vedaa, District 6 Senator, testifies in favor (see attachment #1)

(1:42) **Vice Chairman Dwyer**: How did you pick \$40,000?

Senator Vedaa: It's getting more difficult to get enough prizes into that pool, so we raised that up. I look back to how much it cost us to run our baseball program for the summer-\$12,000 wasn't near enough. We were in that \$25-30,000 range to run all of those programs. I figured 5 benefits a year times \$8,000.

Senator Luick: Do you know why there's a limit on that at all?

Senator Vedaa: I don't know that. I assume so there's not a free for all, you just can't have these groups out raising hundreds of thousands of dollars. There is another level of gaming I think is limitless and that would be like black jack and pull tabs.

Senator Luick: The evolution would take care of the runaway because you would destroy your core in your community then nobody would contribute the next time around if that number was too high or there was no limit on how much a specific group was raising and or if they were squandering the money maybe. As far as the \$12,000, is that other groups that are having a problem or just the ones you're involved in?

Senator Vedaa: I haven't heard from other groups, but for us it wasn't enough. We had to buy a bus one year, so then we go out and ask our local gaming Fire Department to help out. Thankfully they bought the bus for us. By going up to \$40,000 it might alleviate going out to some of those groups and asking for money. When I was at the fire department meeting asking for money for a bus, there were senior citizens and cheerleaders asking for money as well. Many places go to those groups to ask for money. This allows other groups not to have to go to those places quite as often, but I understand the concern.

Senator Osland: Isn't \$8,000 even a modest number? I remember back in the day when a vehicle was up for raffle for \$10,000 or whatever. Now it's going to take \$30-40,000, and that would be the price. Why shouldn't we be at that level?

Senator Vedaa: It's \$8,000 per raffle. There are other levels that these groups can go to. Certain paperwork can be put in to bring them out of this group. This is for public, spirited organizations. It's controlled by the city and the county. Perhaps it's there so you're not putting that burden on the city council to approve a \$50,000 vehicle that has to be given away.

(9) D.J. Randolph, Velva Wildlife Club Board Member, testifies in favor (see attachment #2)

Randolph: This is limiting our fundraising because our cost of merchandising and doing business has gone up, yet our ability to raise money is limited by that \$12,000. You can get a state level gaming permit if you function under the permit under the attorney general, but you need strict record keeping. Many of us don't have volunteers in these clubs that have the ability to do that level of record keeping for those unlimited higher level permits.

Chair Larson: You talked about a banquet. Silent auctions and banquets are not raffles, so that amount that is raised would not be included in this \$40,000 limit in my understanding.

Randolph: If we have a banquet, anything that's done as an auction does not apply to the \$40,000, but anything that is considered a game of chance, those dollar values do apply.

Senator Luick: My concern is the addiction of gambling in this state. Is anyone in your organizations concerned about that at all?

Randolph: It's not something we've given great consideration to. Most of what we're doing is selling raffle tickets, not pull tabs or black jack. I've never personally ran across a situation where I felt someone was buying more raffle tickets than they should.

(13:42) Julie Schirado, Cofounder Furry Friends Rockin' Rescue, testifies in favor

Schirado: We are a 501c3 and an all-volunteer animal rescue that started back in 2015. Our goal was to alleviate all of the overcrowding and euthanizing that most of us don't even realize is going on. Our funding comes solely from donations, sponsorships, funding events and raffles. We saved about 938 animals in 2018 and we would like to double it because we could have hit that mark if we had the funding. All of those dollars go towards vetting, vaccines, vet bills, transportation, food and kennels. We need all the help and volunteers that we can get. Having this limit raised would help us immensely. Furry Friends stands behind this.

Vice Chairman Dwyer: Do you apply to the county or the city for a permit to do this?

Schirado: Our last raffle we applied to the city of Mandan. That's about the only one we do every year to the tune of about \$10-15,000.

Senator Myrdal: You're an independent, local rescue?

Schirado: Correct. It's amazing how we grew up thinking Central Dakota took care of everything- Humane Society. Then we start volunteering at the pound and realize one organization can't do it all. Back in 2015 we cried when we made \$10,000, now our bills every month to vets are between \$9-15,000.

(16:40) Percy Ottmar, Souris River Basin Longbeards, testifies in favor (see attachment #3)

(18:47) Deb McDaniel, Office of Attorney General Gaming Division Director, neutral party testimony (see attachment #4)

McDaniel: This may have a fiscal effect on the gaming tax.

(23:15) Vice Chairman Dwyer: There are 74 state licensed organizations?

McDaniel: Correct. We had a total of 318 licensed gaming organizations for the 2018 fiscal year. 74 of those 318 organizations would qualify to drop out of the state license section and now conduct their gaming under a local permit.

Vice Chairman Dwyer: Meaning they meet the definition?

McDaniel: The change in this permit part is if you want to give away a primary prize right now over \$6,000, you have to get a state gaming license. If you want to give out all prizes exceeding \$40,000 in a fiscal year, then you're going to have to get a state gaming license with the new one. Right now it's \$12,000

Chair Larson: How much is the state gaming license?

McDaniel: \$150 per jurisdiction

Vice Chairman Dwyer: What's the tax?

McDaniel: 1% on the gross

Vice Chairman Dwyer: The 318 are licensed.

McDaniel: They are licensed, that pay gaming tax, that report to the state, submit quarterly tax returns and are subject to audit by our office.

Vice Chairman Dwyer: Are there many others above the 318 that are local?

McDaniel: Correct. I wasn't able to get that information together to let you know how many local permits are issued during a fiscal year, but I can get that information to you.

Vice Chairman Dwyer: The 74 are ones that fall under the \$12,000?

McDaniel: the 74 are organizations who exceed the local permit levels right now and have to conduct under a gaming license. Should this bill pass, those 74 would not apply for the state gaming license. They would prefer to then conduct under a local permit.

Senator Myrdal: Those 74 would drop out to local control per say.

McDaniel: Correct.

Senator Myrdal: The taxation from them?

McDaniel: We would no longer receive that into the general fund.

Senator Bakke: Please repeat those fiscal impacts.

McDaniel: With just those 74, their gross proceeds, the wagers, is \$2.9M. The tax revenue, what they had to pay in taxes, was \$32,400. Total licensing fees that we collected from those 74 organizations was \$12,000. This is all for the 2018 fiscal year.

Ottmar: This is one reason we like our raffle system, is we can operate and sell raffle tickets anywhere. When you have a gaming license, you're restricted to a certain site of operation. Am I correct?

McDaniel: If you are conducting a raffle, you still have to report either to the city or county in which the drawing will take place. You have to report where that drawing is going to be. That's what's called a "site". Whether you're a local permit holder or a state licensed person, you still have to report to the city or county where you're going to have that activity. If you're a licensed organization, that gets forwarded to the state. If you're a local permit holder, the city or county regulates that.

Senator Osland: Moved a Do Pass

Senator Myrdal: Seconded.

Senator Myrdal: I understand the concern with taxation, but I think that's a minimal price. Volunteerism in these local communities are extremely important. Marketplace changes and those monies do better staying local with these organizations. That is why I support this.

Vice Chairman Dwyer: That's a good point in favor of the bill.

A Roll Call Vote Was Taken: 5 yeas, 1 nay, 0 absent. Motion carries.

Chair Larson: I always vote against gaming. I believe it creates more problems than it solves. I certainly am in favor of volunteer organizations and applaud you for what you do, but I prefer the money not be gained through gambling.

Senator Osland will carry the bill.

**2019 SENATE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. 2162**

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 Osland 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	X				

Total (Yes) 5 No 1

Absent 0

Floor Assignment Senator Osland

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

REPORT OF STANDING COMMITTEE

SB 2162: Judiciary Committee (Sen. D. Larson, Chairman) recommends DO PASS
(5 YEAS, 1 NAYS, 0 ABSENT AND NOT VOTING). SB 2162 was placed on the
Eleventh order on the calendar.

2019 HOUSE JUDICIARY

SB 2162

2019 HOUSE STANDING COMMITTEE MINUTES

Judiciary Committee
Prairie Room, State Capitol

SB 2162
3/4/2019
33098

- Subcommittee
 Conference Committee

Committee Clerk: DeLores D. Shimek

Explanation or reason for introduction of bill/resolution:

Relating to the local permit prize limits.

Minutes:

1, 2, 3

Chairman Koppelman: Opened the hearing on SB 2162.

Senator Vedaa: Introduced the bill. I have been involved in fund raising a large part of my adult life trying to keep youth sports and those teams going in my community. We have done raffles; 50-50 drawings to make ends meet and we often have to ask other groups in town to fill in any gaps during the year if we have a lack of funds. What this bill would do is allow those groups to raise more money in our communities. The bill will raise that primary prize to \$8000; with a total prize of all games of \$40,000. When it was in the Senate I had some people drive up for it. Our local wildlife is building a large facility outside of Velva. They got some funds from Game & Fish. When they testified they talked about an archery shoot for the youth and hunter's safety programs and fishing. They asked me to bring this up to see if we couldn't get those dollars raised up some. We are going to have an amendment on it.

Rep. Paur: If you are having a hard time raising funds; then how is raising the limits going to help?

Senator Vedaa: They can meet that cap where it is right now; but they would like to be able to raise that cap. That cap is \$25,000 right now and this would raise that cap to \$40,000. They are having trouble getting more money so this would help them get additional money.

Chairman K. Koppelman: It is raising the prize limit from \$6-\$8. But the total prizes of all games currently it says \$12,000 so now it raises it to \$40,000. Why the smaller jump for the per event limit and then the huge jump for the total?

Senator Vedaa: This would give them give opportunities throughout the year to do \$8000. Before they had two opportunities to do \$6000.

Deb McDaniels, State Gaming Commission: (Attachment 1,2,3) Went over the proposed amendment and gaming information. (5:00-12:15)

Rep. Rick Becker: Looking on how this differs from other sections of the century code; this is just public spirited and to be defined and at the sole discretion of the city or county. Then you no longer need to be an entity that says we want to raise money and apply it to something for betterment of the city or children of the city. With your section 3 that entity wouldn't have to go to the state and say we need a stamp; it is just all within the city? I like that.

Rep. Paur: Does paragraph 1 in your testimony have anything to do with the bill?

Deb McDaniel: There are physical notes that I was trying to explain. There are licensed organizations right now that wouldn't have to come to the state to be licensed any longer. They could just get a local permit and not have to pay the licensing fee to the state or submit quarterly tax returns. It would all be conducted under the local governing city or county. It does take away some gaming tax from the state. They wouldn't have to get a state license.

Chairman K. Koppelman: I don't see any change in licensing in the bill. Just a change in the dollar amount. Are you saying because these organizations do a larger volume of gambling business in a year that they now come to the state, but that they would be able to go to the local because of this change?

Deb McDaniel: No just the opposite. There are certain organizations right now that would comply with the new language in this bill so they would no longer have to come to the state. Yes, they could just do it locally.

Chairman K. Koppelman: You say that an organization that received a local charity permit may not also receive a local permit? Is that at the same time?

Deb McDaniel: Yes, that is why we want to change the charity local permit to a restricted event permit. If you get a charity local permit you can only have the one event during the year. Under a local permit you can do several events throughout the year as long as they don't exceed that prize limit.

Chairman K. Koppelman: A charity local permit currently is a one-time event permit. The lions club want to do a Vegas night so they get a permit for that event and then six months later they want to raffle off a shot gun; they can't do both within the same calendar year? Should that be changed.

Deb Daniels: No it doesn't and it is not meant to. Discussion on confusion on a charity permit issued for a local event.

Rep. Paur: Should that restriction be there? Then if they have it once; should that be in there?

Deb McDaniel: The advantage of having a charity local permit or restricted event permit is to have a one-time Vegas night at the Lions club or Elks.

Rep. Paur: Why exclude the raffles?

Deb McDaniel: You still do it but just one time.

Chairman K. Koppelman: Right now that if they get a general permit it is a one-time thing. The question is why?

Deb McDaniel: We have always done it that way. I would have to do some research on this and why it is there? I would have to do some research to see why it is done this way.

Vice Chairman Karls: Is there a difference in fees?

Deb McDaniel : No.

Rep. Rick Becker: What is a primary prize that does not exceed \$8000?

Deb McDaniel: A motorcycle or top winning prize.

Rep. Jones: The reasons are the limits on this of \$40,000. It is the dollar amount.

Rep. Paur: The prizes cannot exceed \$40,000, but they could receive proceeds of \$100,000 from the sales of tickets.

Opposition: None

Neutral: None

Hearing closed.

2019 HOUSE STANDING COMMITTEE MINUTES

Judiciary Committee
Prairie Room, State Capitol

SB 2162
3/4/2019
33151

- Subcommittee
 Conference Committee

Committee Clerk: DeLores D. Shimek

Explanation or reason for introduction of bill/resolution:

Relating to the local permit prize limits.

Minutes:

Chairman Koppelman: Opened the meeting on SB 2162. Went over the prize limit discussion that was earlier today. Deb McDaniel said there was an administrative rule out there if they get the one permit they can't get the other. We have never weighed in as a legislature in terms of policy making so it is something the Attorney General's Gaming division has taken upon themselves to codify. We have every right to overrule that if we chose to statutorily. Do we want to amend this bill to disallow that limit? I don't see any practical reason they can't do multiple events if they want to.

Rep. Rick Becker: I like the proposed amendment. I can see why they would have a rule because in the existing century code it does say that you can get one type of permit or the other type of permit. If we look at the amendment provided to us; halfway down the page 1, line 8 overstrike charity local; if we did an overstrike or a charity local; insert immediately thereafter "an/or a restricted event". I don't think we need to change any other language because it says the organization has the limits that would be set in this new amendment.

Motion Made to adopt the amendment provided to us with the changes page 1, line 8 overstrike charity local; insert and/or a restricted event by Rep. Rick Becker; Seconded by Rep. Vetter

Discussion:

Rep. Paur: I don't think that is right. They are trying to get rid of charity local and put restricted event.

Rep. Rick Becker: That is what we are doing; taking the charity out like they want.

Chairman K. Koppelman: the intern said a better explanation would be instead of saying overstrike; it should say replace or a charity local with "and/or a restricted event".

Voice vote carried.

Do Pass as Amended and Rerefer to Appropriations by Rep. Rick Becker; Seconded by Rep. Vetter

Discussion:

Rep. Jones: I like the way we are doing this.

Chairman K. Koppelman: The intent is not to overstep or supersede the increased limits that the bill replaces. If they were to apply for one of these event permits and later apply for a raffle the total would still would have to fall within those limits.

Roll Call Vote: 13 Yes 0 No 1 Absent Carrier: Rep. Vetter

Closed.

DO 3/6/19
1084

March 4, 2019

PROPOSED AMENDMENTS TO SENATE BILL NO. 2162

Page 1, line 1, replace "subdivision a" with "subsection 16 of section 53-06.1-01, subdivisions a and d"

Page 1, line 1, after "53-06.1-03" insert ", subsection 2 of section 53-06.1-11.1, and subsection 3 of section 53-06.1-14"

Page 1, line 2, replace "permit" with "permits and"

Page 1, after line 3, insert:

"SECTION 1. AMENDMENT. Subsection 16 of section 53-06.1-01 of the North Dakota Century Code is amended and reenacted as follows:

16. "Permit" means a local permit or ~~charity local~~ restricted event permit issued by a governing body of a city or county to a nonprofit organization or group of people domiciled in North Dakota."

Page 1, line 7, overstrike "a local permit" and insert immediately thereafter "permits. A local permit may allow the organization"

Page 1, line 8, overstrike ", or a charity local" and insert immediately thereafter ". A restricted event"

Page 1, line 8, after "permit" insert "may allow the organization"

Page 1, after line 17, insert:

"SECTION 3. AMENDMENT. Subdivision d of subsection 1 of section 53-06.1-03 of the North Dakota Century Code is amended and reenacted as follows:

- d. An organization that has a ~~charity local~~ restricted event permit is restricted to one event per year and:
 - (1) May not pay remuneration to employees for personal services;
 - (2) Shall use chips as wagers;
 - (3) Shall redeem a player's chips for merchandise prizes or cash;
 - (4) Shall disburse net income to eligible uses referenced by subsection 2 of section 53-06.1-11.1; and
 - (5) Shall file a report prescribed by the attorney general with the governing body and attorney general.

SECTION 4. AMENDMENT. Subsection 2 of section 53-06.1-11.1 of the North Dakota Century Code is amended and reenacted as follows:

2. A licensed organization or an organization that has a ~~charity local~~ restricted event permit shall disburse net proceeds within the period prescribed by rule and for only these educational, charitable, patriotic, fraternal, religious, or public-spirited uses:

DA 3/6/17
20FY

- a. Uses for stimulating and promoting state and community-based economic development programs within the state which improve the quality of life of community residents.
- b. Uses for developing, promoting, and supporting tourism within a city, county, or the state.
- c. Uses benefiting an indefinite number of persons by bringing them under the influence of education, cultural programs, or religion which include disbursements to provide:
 - (1) Scholarships for students, if the disbursement is deposited in a scholarship fund for defraying the cost of education to students and the scholarships are awarded through an open and fair selection process.
 - (2) Supplementary assistance to a public or private nonprofit educational institution registered with or accredited by any state.
 - (3) Assistance to libraries and museums.
 - (4) Assistance for the performing arts and humanities.
 - (5) Preservation of cultural heritage.
 - (6) Youth community, social welfare, and athletic activities.
 - (7) Adult amateur athletic activities within the state, including team uniforms and equipment.
 - (8) Maintenance of places of public worship or support of a body of communicants, gathered in common membership for mutual support and edification in piety, worship, or religious observances.
 - (9) Scientific research.
- d. Uses benefiting an indefinite number of persons by relieving them of disease, suffering, or constraint which include disbursements to provide:
 - (1) Assistance to an individual or family suffering from poverty or homelessness.
 - (2) Encouragement and enhancement of the active participation of the elderly in our society.
 - (3) Services to the abused.
 - (4) Services to persons with an addicted behavior toward alcohol, gambling, or drugs.
 - (5) Funds to combat juvenile delinquency and rehabilitate ex-offenders.
 - (6) Relief for the sick, diseased, and terminally ill and their physical well-being.
 - (7) Funds for emergency relief and volunteer services.

- (8) Funds to nonprofit nursing homes, nonprofit day care centers, and nonprofit medical facilities.
 - (9) Social services and education programs aimed at aiding emotionally and physically distressed, handicapped, elderly, and underprivileged persons.
 - (10) Funds for crime prevention, fire protection and prevention, and public safety.
 - (11) Funds to relieve, improve, and advance the physical and mental conditions, care and medical treatment, and health and welfare of injured or disabled veterans.
- e. Uses that perpetuate the memory and history of the dead.
 - f. Uses increasing comprehension of and devotion to the principles upon which the nation was founded, including disbursements to aid in teaching the principles of liberty, truth, justice, and equality. However, beauty pageants do not qualify.
 - g. The erection or maintenance of public buildings, facilities, utilities, or waterworks.
 - h. Uses lessening the burden of government which include disbursements to an entity that is normally funded by a city, county, state, or United States government and disbursements directly to a government entity or its agency.
 - i. Uses benefiting a definite number of persons who are the victims of loss of home or household possessions through explosion, fire, flood, or storm and the loss is not covered by insurance.
 - j. Uses benefiting a definite number of persons suffering from a seriously disabling disease or injury causing severe loss of income or incurring extraordinary medical expense which is not covered by insurance.
 - k. Uses, for community service projects, by chambers of commerce exempt from federal income tax under section 501(c)(6) of the Internal Revenue Code. A project qualifies if it develops or promotes public services, including education, housing, transportation, recreation, crime prevention, fire protection and prevention, safety, tourism, and health. Uses that directly benefit a chamber of commerce do not qualify.
 - l. Uses for or of benefit to efforts in support of the health, comfort, or well-being of the community which include disbursements to provide:
 - (1) Funds for adult bands, including drum and bugle corps.
 - (2) Funds for trade shows and conventions conducted in this state.
 - (3) Funds for nonprofit organizations that operate a humane society, zoo, or fish or wildlife reproduction and habitat enhancement program.

- (4) Funds for public transportation, community celebration, and recreation.
- (5) Funds for preservation and cleanup of the environment.
- m. To the extent net proceeds are used toward the primary purpose of a charitable, educational, religious, public safety, or public-spirited organization, or are used for a veterans or public cemetery by a veterans organization, that has obtained a final determination from the internal revenue service as qualifying for exemption from federal income tax under section 501(c)(3) or 501(c)(19) of the Internal Revenue Code, the organization may establish a special trust fund or foundation as a contingency for funding or maintaining the organization's future program services should the organization discontinue conducting games or dissolve.
- n. Uses for a fundraising activity unrelated to an organization's primary purpose provided that the gross revenue from the activity is disbursed to uses prescribed by this subsection.

SECTION 5. AMENDMENT. Subsection 3 of section 53-06.1-14 of the North Dakota Century Code is amended and reenacted as follows:

- 3. A licensed distributor shall affix a North Dakota gaming stamp to each deal of pull tabs, raffle board, punchboard, sports pool board, calcutta board, and series of paddlewheel ticket cards sold or otherwise provided to a licensed organization ~~or organization that has a permit~~ and shall purchase the stamps from the attorney general for thirty-five cents each. Ten cents of each stamp sold by the attorney general, up to thirty-six thousand dollars per biennium, must be credited to the attorney general's operating fund to defray the costs of issuing and administering the gaming stamps."

Renumber accordingly

**2019 HOUSE STANDING COMMITTEE
 ROLL CALL VOTES
 SB 2162**

House Judiciary Committee

Subcommittee

Amendment LC# or Description: 19.0110.01001 *Attach. #1* + changes page 1, line 8 overstrike
 charity local; insert and/or a restricted event

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. Becker Seconded By Rep. Vetter

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

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

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

**2019 HOUSE STANDING COMMITTEE
 ROLL CALL VOTES
 SB 2162**

House Judiciary Committee

Subcommittee

Amendment LC# or Description: 19.0110.01001.02000

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. Becker Seconded By Rep. Vetter

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	----				
Rep. Vetter	X				

Total (Yes) 13 No 0

Absent 1

Floor Assignment Rep. Vetter

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

REPORT OF STANDING COMMITTEE

SB 2162: Judiciary Committee (Rep. K. Koppelman, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** and **BE REREFERRED** to the **Appropriations Committee** (13 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). SB 2162 was placed on the Sixth order on the calendar.

Page 1, line 1, replace "subdivision a" with "subsection 16 of section 53-06.1-01, subdivisions a and d"

Page 1, line 1, after "53-06.1-03" insert ", subsection 2 of section 53-06.1-11.1, and subsection 3 of section 53-06.1-14"

Page 1, line 2, replace "permit" with "permits and"

Page 1, after line 3, insert:

"SECTION 1. AMENDMENT. Subsection 16 of section 53-06.1-01 of the North Dakota Century Code is amended and reenacted as follows:

16. "Permit" means a local permit or ~~charity local~~restricted event permit issued by a governing body of a city or county to a nonprofit organization or group of people domiciled in North Dakota."

Page 1, line 7, overstrike "a local permit" and insert immediately thereafter "permits. A local permit may allow the organization"

Page 1, line 8, overstrike ", or a charity local" and insert immediately thereafter ". A restricted event"

Page 1, line 8, after "permit" insert "may allow the organization"

Page 1, after line 17, insert:

"SECTION 3. AMENDMENT. Subdivision d of subsection 1 of section 53-06.1-03 of the North Dakota Century Code is amended and reenacted as follows:

- d. An organization that has a ~~charity local~~restricted event permit is restricted to one event per year and:
 - (1) May not pay remuneration to employees for personal services;
 - (2) Shall use chips as wagers;
 - (3) Shall redeem a player's chips for merchandise prizes or cash;
 - (4) Shall disburse net income to eligible uses referenced by subsection 2 of section 53-06.1-11.1; and
 - (5) Shall file a report prescribed by the attorney general with the governing body and attorney general.

SECTION 4. AMENDMENT. Subsection 2 of section 53-06.1-11.1 of the North Dakota Century Code is amended and reenacted as follows:

2. A licensed organization or an organization that has a ~~charity local~~restricted event permit shall disburse net proceeds within the period prescribed by rule and for only these educational, charitable, patriotic, fraternal, religious, or public-spirited uses:

- a. Uses for stimulating and promoting state and community-based economic development programs within the state which improve the quality of life of community residents.
- b. Uses for developing, promoting, and supporting tourism within a city, county, or the state.
- c. Uses benefiting an indefinite number of persons by bringing them under the influence of education, cultural programs, or religion which include disbursements to provide:
 - (1) Scholarships for students, if the disbursement is deposited in a scholarship fund for defraying the cost of education to students and the scholarships are awarded through an open and fair selection process.
 - (2) Supplementary assistance to a public or private nonprofit educational institution registered with or accredited by any state.
 - (3) Assistance to libraries and museums.
 - (4) Assistance for the performing arts and humanities.
 - (5) Preservation of cultural heritage.
 - (6) Youth community, social welfare, and athletic activities.
 - (7) Adult amateur athletic activities within the state, including team uniforms and equipment.
 - (8) Maintenance of places of public worship or support of a body of communicants, gathered in common membership for mutual support and edification in piety, worship, or religious observances.
 - (9) Scientific research.
- d. Uses benefiting an indefinite number of persons by relieving them of disease, suffering, or constraint which include disbursements to provide:
 - (1) Assistance to an individual or family suffering from poverty or homelessness.
 - (2) Encouragement and enhancement of the active participation of the elderly in our society.
 - (3) Services to the abused.
 - (4) Services to persons with an addicted behavior toward alcohol, gambling, or drugs.
 - (5) Funds to combat juvenile delinquency and rehabilitate ex-offenders.
 - (6) Relief for the sick, diseased, and terminally ill and their physical well-being.
 - (7) Funds for emergency relief and volunteer services.

- (8) Funds to nonprofit nursing homes, nonprofit day care centers, and nonprofit medical facilities.
 - (9) Social services and education programs aimed at aiding emotionally and physically distressed, handicapped, elderly, and underprivileged persons.
 - (10) Funds for crime prevention, fire protection and prevention, and public safety.
 - (11) Funds to relieve, improve, and advance the physical and mental conditions, care and medical treatment, and health and welfare of injured or disabled veterans.
- e. Uses that perpetuate the memory and history of the dead.
 - f. Uses increasing comprehension of and devotion to the principles upon which the nation was founded, including disbursements to aid in teaching the principles of liberty, truth, justice, and equality. However, beauty pageants do not qualify.
 - g. The erection or maintenance of public buildings, facilities, utilities, or waterworks.
 - h. Uses lessening the burden of government which include disbursements to an entity that is normally funded by a city, county, state, or United States government and disbursements directly to a government entity or its agency.
 - i. Uses benefiting a definite number of persons who are the victims of loss of home or household possessions through explosion, fire, flood, or storm and the loss is not covered by insurance.
 - j. Uses benefiting a definite number of persons suffering from a seriously disabling disease or injury causing severe loss of income or incurring extraordinary medical expense which is not covered by insurance.
 - k. Uses, for community service projects, by chambers of commerce exempt from federal income tax under section 501(c)(6) of the Internal Revenue Code. A project qualifies if it develops or promotes public services, including education, housing, transportation, recreation, crime prevention, fire protection and prevention, safety, tourism, and health. Uses that directly benefit a chamber of commerce do not qualify.
 - l. Uses for or of benefit to efforts in support of the health, comfort, or well-being of the community which include disbursements to provide:
 - (1) Funds for adult bands, including drum and bugle corps.
 - (2) Funds for trade shows and conventions conducted in this state.
 - (3) Funds for nonprofit organizations that operate a humane society, zoo, or fish or wildlife reproduction and habitat enhancement program.
 - (4) Funds for public transportation, community celebration, and recreation.
 - (5) Funds for preservation and cleanup of the environment.

- m. To the extent net proceeds are used toward the primary purpose of a charitable, educational, religious, public safety, or public-spirited organization, or are used for a veterans or public cemetery by a veterans organization, that has obtained a final determination from the internal revenue service as qualifying for exemption from federal income tax under section 501(c)(3) or 501(c)(19) of the Internal Revenue Code, the organization may establish a special trust fund or foundation as a contingency for funding or maintaining the organization's future program services should the organization discontinue conducting games or dissolve.
- n. Uses for a fundraising activity unrelated to an organization's primary purpose provided that the gross revenue from the activity is disbursed to uses prescribed by this subsection.

SECTION 5. AMENDMENT. Subsection 3 of section 53-06.1-14 of the North Dakota Century Code is amended and reenacted as follows:

- 3. A licensed distributor shall affix a North Dakota gaming stamp to each deal of pull tabs, raffle board, punchboard, sports pool board, calcutta board, and series of paddlewheel ticket cards sold or otherwise provided to a licensed organization ~~or organization that has a permit~~ and shall purchase the stamps from the attorney general for thirty-five cents each. Ten cents of each stamp sold by the attorney general, up to thirty-six thousand dollars per biennium, must be credited to the attorney general's operating fund to defray the costs of issuing and administering the gaming stamps."

Renumber accordingly

2019 HOUSE APPROPRIATIONS

SB 2162

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee
Roughrider Room, State Capitol

SB 2162
3/21/2019
34139

- Subcommittee
 Conference Committee

Committee Clerk: Risa Bergquist

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to amend and reenact subsection 16 of section 53-06.1-01, subdivisions a and d of subsection 1 of section 53-06.1-03, subsection 2 of section 53-06.1-11.1, and subsection 3 of section 53-06.1-14 of the North Dakota Century Code, relating to the local permits and prize limits.

Minutes:

Chairman Delzer: Called the meeting to order for SB 2162, this has a fiscal note of 88 thousand dollars. It increases the primary prize for an organization anywhere from 6-8 thousand and total prizes from 5 thousand to 40 thousand.

Representative K. Koppelman: This bill was heard in judiciary committee it came to us with the endorsement of the attorney general's gaming division. It basically deals with local raffles the and different types of permits that they give out to local charities. The reason for the fiscal note is for the reduction in the licensing that they would collect under this. I am not sure that there would be as much of a fiscal note indicated because the original fiscal note was prepared before we heard the bill. We did make a change to the bill that I think might add to the amount of licensing fees coming in. The change that we made was there was an understanding by the gaming division was that they could only do one of these per year. We clarified in the bill that that is not the case. The understood that if there was a charity and they do a casino night that would be the only permit for the year. They are changing the names of the permits they used to call them local charity permits and now they are going to call them restricted event permit and they are leaving the local permit language in as well.

Chairman Delzer: Did your committee add something back into this bill?

Representative K. Koppelman: The only change the committee made to the bill was to clarify that point that they could do this more often.

Chairman Delzer: Is it limited to two?

Representative K. Koppelman: Yes, it would be limited to two.

Chairman Delzer: Does this relate in any way to any of the other betting bills that we have passed? This have any effect on any of those bills?

Representative K. Koppelman: We don't believe so. This just deals with the local charities and the other bills are dealing with organizations that deal with gaming with an ongoing basis.

Representative Meier: These organizations would no longer need a gaming licenses?

Representative K. Koppelman: The reduction in permit fees was expected because of the increase in the prize levels, but with the ability to get two in a year I don't think that will be as much as first thought.

Chairman Delzer: When you read the fiscal note it says that there are 74 gaming organizations that conducted activity where the prizes did not exceed 40 thousand per year during 2018. These organizations would no longer need a gaming license and could conduct games under the local permit.

Representative K. Koppelman: They would have to get a state gaming license if they wanted the higher dollar amount, not they can do that at the local level.

Chairman Delzer: Did you raise the amount for the local permit? Are there ties to charities or can a local organization do this?

Representative K. Koppelman: No we didn't talk about raising the limits and I think the idea was that because the high prizes required them to go get a state permit and they should be able to do it at a local level. They do need to be local charitable organizations.

Brady Larson, Legislative Council: The black in the marked up bill means that is a new statutory section is being brought into the amendments and is being amended. The reason there is so much black on this one is because there was a change in definition from charity local permit to restricted event permit. That is the main change you'll see in all these other sections.

Representative K. Koppelman: The reason they changed the name was there was some confusion on what one permit was viruses the other permit.

Chairman Delzer: This isn't necessary a charity it could be a nonprofit?

Representative K. Koppelman: They would have to be nonprofit organizations, not necessarily a charity.

9:45 Representative Beadle: Section 3, "restricted event permit is restricted to one permit per year." There is no other section of code that I am reading that separates out the local event versus the restricted permit. Did they intend that they could have only one restricted event per year?

Representative K. Koppelman: They were not allowing more than one a year, the committee attempted to do is to clarify that you can have one of each permit.

Representative Beadle: I still think the reading is that it might still only be one a year.

Representative K. Koppelman: I will check on that before it gets to the floor.

Chairman Delzer: Representative Kempenich you carry the AG budget, is this going to affect our lottery fund?

Representative Kempenich: I don't think so but I can check on it.

Chairman Delzer: Any further discussion? Seeing none we will close this hearing.

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee
Roughrider Room, State Capitol

SB 2162
3/27/2019
SB 34289

- Subcommittee
 Conference Committee

Committee Clerk: Risa Bergquist

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to amend and reenact subsection 16 of section 53-06.1-01, subdivisions an and d of subsection 1 of section 53-06.1-03, subsection 2 of section 53-06.1-11.1, and subsection 3 of section 53-06.1-14 of the North Dakota Century Code, relating to the local permits and prize limits.

Minutes:

Chairman Delzer: Called the meeting to order for SB 2162, this is a change to the local charities and their permits. This allows them to ask for a local and a special event permit in the same year. The fiscal note is the possible loss of 88 thousand dollars because they won't have to licenses and much as they have been. The senate has killed most of the gaming bills so far, not sure why this one made it through.

Representative Beadle: Make a Motion for a Do Pass

Representative Howe: Second

Chairman Delzer: The fiscal note says it's a loss of 88 thousand the primary prize can go up to 8 thousand and total prizes for all games goes from 12 to 40 thousand. It's a pretty big expansion.

Representative Beadle: The fiscal note was done January 19th so it was done before they amended the bill as well. Due to how they are allowing the additional local permits it may actually bring in additional revenue and the fiscal note may be incorrect.

Chairman Delzer: Further discussion?

A Roll Call vote was taken. Yea: 5 Nay: 12 Absent: 4

Motion Fails

Representative Kempenich: Motion for a Do Not Pass

Representative Vigesaa: Second

Chairman Delzer: Any further discussion on the motion? Seeing none we will call the roll.

A Roll Call vote was taken. Yea: 12 Nay: 5 Absent: 4

Motion carries, Representative B. Anderson will carry the bill.

Date: 3/27/2019
 Roll Call Vote #: 1

**2019 HOUSE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. SB 2162**

House Appropriations Committee

Subcommittee

Amendment LC# or Description: _____

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

Motion Made By Representative Beadle Seconded By Representative Howe

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

Total (Yes) 5 No 12

Absent 4

Floor Assignment _____

Motion Fails

Date: 3/27/2019
 Roll Call Vote #: 2

**2019 HOUSE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. SB 2162**

House Appropriations Committee

Subcommittee

Amendment LC# or Description: _____

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

Motion Made By Representative Kempenich Seconded By Representative Vigesaa

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

Total (Yes) 12 No 5

Absent 4

Floor Assignment Representative B. Anderson

Motion Carries

REPORT OF STANDING COMMITTEE

SB 2162, as amended: Appropriations Committee (Rep. Delzer, Chairman) recommends **DO NOT PASS** (12 YEAS, 5 NAYS, 4 ABSENT AND NOT VOTING). SB 2162, as amended, was placed on the Fourteenth order on the calendar.

2019 TESTIMONY

SB 2162

|
SB 2162
1/15/2019

SB2162

Good morning Madam Chair and members of Judiciary committee, for the record I am Senator Veda District 6.

I have been involved with fund raising a large part of my adult life trying to keep youth sports teams going in my community. Our group would have raffles and 50/50 drawings to make the ends meet. We often had to ask other groups in our small town to fill in any gaps during the year due to lack of funds.

SB2162 will help those groups raise more money in our communities. This bill will raise the primary prize to \$8,000.00 and the total prizes of all games to \$40,000.00. I will allow the non-profits to give you an idea of what they are doing for their communities and why this bill would help them raise much needed monies to help our youth, wildlife, elderly and numerous others worthy causes.

Thank you for your consideration and I stand for any questions.



Velva Wildlife Club
4320 Trappers LN 17
Velva, ND 58790
velvawildlifeclub@gmail.com
701-720-2134

2
SB 2162
1/15
Page 1

January 14, 2019

North Dakota State Senate
Bismarck State Capital
Bismarck, ND 58505

RE: Senate Bill 2162.

Dear Senate Members,

The Velva Wildlife Club is one of the clubs that has asked for the amendment to raise the annual limit on local charitable gaming (Century Code 56-06.1-03). The limit was increased from \$6,000 to \$12,000 in an amendment in 2003. This law limits the total value of items that can be used for raffles annually. The \$12,000 limit was adequate in 2003 but has limited our ability to raise money as our costs have increased. Inflation calculations equate \$12,000 in 2003 to around \$16,500 in 2019 dollars.

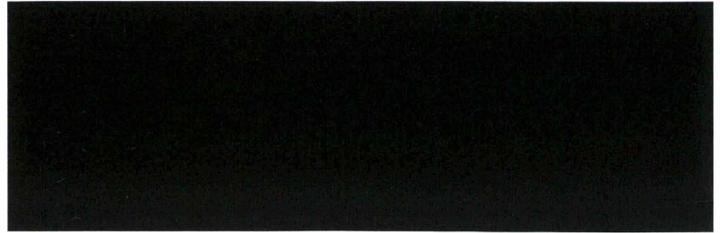
The Velva Wildlife Club (VWC) is a non-profit 501(c)(3) organization founded by Velva area sportsmen. VWC raises funds through an annual banquet and smaller events throughout the year. Our funds are used for our activities and to support our local community including:

- Support of a shooting complex we are developing in partnership with NG&F.
- Shooting programs for kids.
- Shooting programs for women.
- Fishing events for kids.
- Donations to local Dollars For Scholars program.
- Support of kid's baseball team.

Velva Wildlife Club would like to encourage you to pass SB2162. Passage of this bill will help our club and many others throughout North Dakota support our local communities.

Sincerely,

D.J. Randolph
Board Member - VWC
4562 Valley Road
Velva, ND 58790



2
SB 2162
1/15 page 2

January 14, 2019

North Dakota Senate
Bismarck State Capital
Bismarck, ND 58505-0601

RE: Senate Bill 2162, relating to the local permit prize limits.

Dear Senate members:

My name is Clint Lindemann and I am the president of the Enderlin-Sheldon Wildlife Club. I am writing to you on behalf of our club to urge you to raise the annual limit on local charitable gaming. The limit now is at \$12,000 per year and from what I gather, this equates to about \$16,500 in 2019. We are in support of raising the limit to \$40,000 per year with this bill.

The limit of \$12,000 per year was established in 2003. This number was adequate for most at that time. But like everything, the prices rise every year and if this bill is passed it would help clubs like ours fill our needs in our communities. The \$12,000 limit handcuffs wildlife clubs like ours when raising money for our numerous projects throughout the year.

The Enderlin-Sheldon Wildlife Club is a huge part of our communities in many ways. To name a few, we (1) support our local high school trap team, (2) host an annual youth pheasant hunt, (3) host our annual youth shoot for hunter safety graduates and (4) add improvements to our local shooting range, among others. We have two annual banquets to raise money for our yearly projects and with the \$12,000 limit, we are having a hard time raising enough money to fill our needs. Some of our projects that benefit our communities may not be held if this limit is not raised.

On behalf of our wildlife club, I urge you to pass this bill to help clubs like ours continue to benefit our local communities throughout the coming years.

Sincerely, 

Clint Lindemann, President
5068 133rd Ave SE
Enderlin, ND 58027

2
SB 2162
1/15 page 3



**National Wild Turkey Federation
North Dakota State Chapter**

Steve Meyer
President
205 7th Ave NW
Watford City ND 58854
701-570-4102

As President of the North Dakota State Chapter of the National Wild Turkey Federation (NWTF), I offer this letter of support for Senate Bill No. 2162 to amend subdivision a of subsection 1 of Section 53-06.1-03 of the North Dakota Century Code relating to the local permit prize limits.

The North Dakota State Chapter of the National Wild Turkey Federation (NWTF) is a non-profit 501(c)(3) conservation organization with 8 local Chapters throughout North Dakota. Since 1996 we have been a leader in promoting the hunting heritage and supporting projects for wild turkey and other wildlife habitat, Women in the Outdoors Program, Wheelin' Sportsman Program for the physically disabled, and our youth program for those individuals 17 years and younger. All our funds are raised by volunteers at our local conservation banquets throughout the state or through our local raffles in our chapter communities.

The proposed amendment to raise the primary and total prize limits on local chapter raffles will allow organizations like ours the potential to raise additional funds for well-needed projects in and around the local communities that actively support the mission of the NWTF. For example, the local Watford City Badlands Toms Chapter has used supplemental raffles to support McKenzie County Food Bank, the Bakken Ministry, Kid's fishing derby, and the McKenzie County 4-H Shooting.

In summary, the North Dakota State Chapter of the NWTF supports the proposed amendment which will allow our NWTF conservation chapters to continue to support our communities at a higher level than the current limits for local raffles and similar charitable gaming activities. Thank you for your consideration.

Sincerely,

Steve Meyer

Steve Meyer



#3 SB 2162 1/15

Souris River Basin Longbeards
5810 27TH AVE SE
Minot, ND 58701
NWTFminot@gmail.com
701-721-5546

January 14, 2019

North Dakota State Senate
Bismarck State Capital
Bismarck, ND 58505

RE: Senate Bill 2162.

Dear Senate Members,

The Souris River Basin Longbeards would encourage you to support raising the annual limit on local charitable gaming. The \$12,000 limit has been in effect for 15 years. This limit has started to reduce the amount of fundraising that we can do to support our club and local charities & events.

The Souris River Basin Longbeards is the Minot chapter of the National Wild Turkey Federation. We raise money through a banquet in Minot and other smaller events. The Longbeards are very involved in our local community. Some of the events we support are:

- Turkey giveaway (Turkey Hunters Care). In 2018 we gave away 675 turkeys to local food banks.
- Cancer rehabilitation fundraising. Every year we raise money for Tough Enough to Wear Pink and the Roger Maris Cancer center. Over the last 5 years we have raised over \$20,000.
- Kids shooting programs.
- Women's shooting Programs.
- Spring tree giveaway. Every May we giveaway 1500-2000 trees to be planted to benefit wildlife.
- Spring food plot seed giveaway.

We would like to encourage you to pass SB2162 to help charitable clubs such as ours continue to do the work we do in our communities.

Sincerely,

Percy Ottmar
Board Member – Souris River Basin Longbeards
5810 27TH AVE SE
Minot, ND 58701

#4
SB 2162
1/15
page 1

**Senate Judiciary Committee
Senate Bill No. 2162
Relating to the local permit prize limits
January, 15, 2019 10:00 a.m. Fort Lincoln Room**

There were seventy-four (74) gaming organizations that conducted gaming with prizes totaling less than \$40,000 during the 2018 fiscal year. That represents 23% of the total licensed gaming organizations. Gross proceeds received were \$2.9M, and gaming tax revenue from those organizations totaled \$32,400 during the fiscal year. Licensing fees collected from the organizations totaled \$12,000.

I have attached a history of changes to NDCC § 53-06.1-03. In the past 34 years the statute has changed four times. In 1985 the primary prize could not exceed \$1,000 and total of all prizes could not exceed \$2,000, today the statute states that a primary prize may not exceed \$6,000 and total prizes may not exceed \$12,000 in a year.

Local permit holders are not required to pay gaming tax, a license fee, and they are also allowed to forgo any reporting requirements to the state. The cities and counties receive a permit fee of \$25 and are to determine if the organization requesting the permit is a public-spirited organization which is within the sole discretion of the governing body.

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

History of North Dakota Century Code § 53-06.1-03

<u>Year</u>	<u>Primary Prize May Not Exceed</u>	<u>Total Prizes May Not Exceed</u>	<u>Notes</u>
1985	\$1,000	\$2,000	Raffle and bingo, sports pools in which total wagers do not exceed \$500 for each pool
1987	\$1,000	\$2,000	Raffle and bingo, sports pools in which total wagers do not exceed \$500 for each pool
1989	\$1,000	\$6,000	Raffle and bingo, sports pools in which total wagers do not exceed \$500 for each pool
1993	\$1,000	\$6,000	Raffle and bingo, sports pools in which total wagers do not exceed \$500 for each pool
1995	\$1,000	\$6,000	Raffle and bingo only, sports pools also allowed for professional sports only
1997	\$1,000	\$6,000	Raffle, bingo, and sports pools
1999	\$1,000	\$6,000	Raffle, bingo, and sports pools
2001	\$1,000	\$6,000	Raffle, bingo, and sports pools, Charity local permit added to allow raffles, bingo, sports pools, paddlewheels, twenty-one, & po
2003	\$2,500	\$12,000	Raffle, bingo, and sports pools, Charity local permit allows raffles, bingo, sports pools, paddlewheels, twenty-one, and poker
2005	\$2,500	\$12,000	Raffle, bingo, and sports pools, Charity local permit allows raffles, bingo, sports pools, paddlewheels, twenty-one, and poker
2007	\$2,500	\$12,000	Raffle, bingo, and sports pools, Charity local permit allows raffles, bingo, sports pools, paddlewheels, twenty-one, and poker
2009	\$6,000	\$12,000	Raffle single cash prize may not exceed \$4,000 and total cash prizes for raffle in one day may not exceed \$4,000
2011	\$6,000	\$12,000	Maximum prize amounts do not apply to raffles conducted under chapter 20.1-08
2013	\$6,000	\$12,000	Maximum prize amounts do not apply to raffles conducted under chapter 20.1-08
2015	\$6,000	\$12,000	Maximum prize amounts do not apply to raffles conducted under chapter 20.1-08
2017	\$6,000	\$12,000	Maximum prize amounts do not apply to raffles conducted under chapter 20.1-08

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PROPOSED AMENDMENTS TO SENATE BILL NO. 2162

Page 1, line 1, after "reenact" insert "subsection 16 of section 53-06.1-01,"

Page 1, line 1, replace "subdivision" with "subdivisions"

Page 1, line 1, after "a" insert "and d"

Page 1, line 1, after "53-06.1-03" insert ", subsection 2 of section 53-06.1-11.1, and subsection 3 of section 53-06.1-14"

Page 1, line 2, after "to" insert "permits and"

Page 1, after line 3, insert:

"SECTION 1. AMENDMENT. Subsection 16 of section 53-06.1-01 of the North Dakota Century Code is amended and reenacted as follows:

16. "Permit" means a local permit or ~~charity local~~ restricted event permit issued by a governing body of a city or county to a nonprofit organization or group of people domiciled in North Dakota."

Page 1, line 8, overstrike "charity local" and insert immediately thereafter "restricted event"

Page 1, after line 17, insert:

- "d. An organization that has a ~~charity local~~ restricted event permit is restricted to one event per year and:
- (1) May not pay remuneration to employees for personal services;
 - (2) Shall use chips as wagers;
 - (3) Shall redeem a player's chips for merchandise prizes or cash;
 - (4) Shall disburse net income to eligible uses referenced by subsection 2 of section 53-06.1-11.1; and
 - (5) Shall file a report prescribed by the attorney general with the governing body and attorney general.

SECTION 2. AMENDMENT. Subsection 2 of section 53-06.1-11.1 of the North Dakota Century Code is amended and reenacted as follows:

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2. A licensed organization or an organization that has a ~~local~~ charity restricted event permit shall disburse net proceeds within the period prescribed by rule and for only these educational, charitable, patriotic, fraternal, religious, or public-spirited uses:
 - a. Uses for stimulating and promoting state and community-based economic development programs within the state which improve the quality of life of community residents.
 - b. Uses for developing, promoting, and supporting tourism within a city, county, or the state.
 - c. Uses benefiting an indefinite number of persons by bringing them under the influence of education, cultural programs, or religion which include disbursements to provide:
 - (1) Scholarships for students, if the disbursement is deposited in a scholarship fund for defraying the cost of education to students and the scholarships are awarded through an open and fair selection process.
 - (2) Supplementary assistance to a public or private nonprofit educational institution registered with or accredited by any state.
 - (3) Assistance to libraries and museums.
 - (4) Assistance for the performing arts and humanities.
 - (5) Preservation of cultural heritage.
 - (6) Youth community, social welfare, and athletic activities.
 - (7) Adult amateur athletic activities within the state, including team uniforms and equipment.
 - (8) Maintenance of places of public worship or support of a body of communicants, gathered in common membership for mutual support and edification in piety, worship, or religious observances.
 - (9) Scientific research.

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- d. Uses benefiting an indefinite number of persons by relieving them of disease, suffering, or constraint which include disbursements to provide:
- (1) Assistance to an individual or family suffering from poverty or homelessness.
 - (2) Encouragement and enhancement of the active participation of the elderly in our society.
 - (3) Services to the abused.
 - (4) Services to persons with an addicted behavior toward alcohol, gambling, or drugs.
 - (5) Funds to combat juvenile delinquency and rehabilitate ex-offenders.
 - (6) Relief for the sick, diseased, and terminally ill and their physical well-being.
 - (7) Funds for emergency relief and volunteer services.
 - (8) Funds to nonprofit nursing homes, nonprofit day care centers, and nonprofit medical facilities.
 - (9) Social services and education programs aimed at aiding emotionally and physically distressed, handicapped, elderly, and underprivileged persons.
 - (10) Funds for crime prevention, fire protection and prevention, and public safety.
 - (11) Funds to relieve, improve, and advance the physical and mental conditions, care and medical treatment, and health and welfare of injured or disabled veterans.
- e. Uses that perpetuate the memory and history of the dead.
- f. Uses increasing comprehension of and devotion to the principles upon which the nation was founded, including disbursements to aid in teaching the principles of liberty, truth, justice, and equality. However, beauty pageants do not qualify.

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- g. The erection or maintenance of public buildings, facilities, utilities, or waterworks.
- h. Uses lessening the burden of government which include disbursements to an entity that is normally funded by a city, county, state, or United States government and disbursements directly to a government entity or its agency.
- i. Uses benefiting a definite number of persons who are the victims of loss of home or household possessions through explosion, fire, flood, or storm and the loss is not covered by insurance.
- j. Uses benefiting a definite number of persons suffering from a seriously disabling disease or injury causing severe loss of income or incurring extraordinary medical expense which is not covered by insurance.
- k. Uses, for community service projects, by chambers of commerce exempt from federal income tax under section 501(c)(6) of the Internal Revenue Code. A project qualifies if it develops or promotes public services, including education, housing, transportation, recreation, crime prevention, fire protection and prevention, safety, tourism, and health. Uses that directly benefit a chamber of commerce do not qualify.
- l. Uses for or of benefit to efforts in support of the health, comfort, or well-being of the community which include disbursements to provide:
 - (1) Funds for adult bands, including drum and bugle corps.
 - (2) Funds for trade shows and conventions conducted in this state.
 - (3) Funds for nonprofit organizations that operate a humane society, zoo, or fish or wildlife reproduction and habitat enhancement program.
 - (4) Funds for public transportation, community celebration, and recreation.
 - (5) Funds for preservation and cleanup of the environment.

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- m. To the extent net proceeds are used toward the primary purpose of a charitable, educational, religious, public safety, or public-spirited organization, or are used for a veterans or public cemetery by a veterans organization, that has obtained a final determination from the internal revenue service as qualifying for exemption from federal income tax under section 501(c)(3) or 501(c)(19) of the Internal Revenue Code, the organization may establish a special trust fund or foundation as a contingency for funding or maintaining the organization's future program services should the organization discontinue conducting games or dissolve.
- n. Uses for a fundraising activity unrelated to an organization's primary purpose provided that the gross revenue from the activity is disbursed to uses prescribed by this subsection.

SECTION 3. AMENDMENT. Subsection 3 of section 53-06.1-14 of the North Dakota Century Code is amended and reenacted as follows:

- 3. A licensed distributor shall affix a North Dakota gaming stamp to each deal of pull tabs, raffle board, punchboard, sports pool board, calcutta board, and series of paddlewheel ticket cards sold or otherwise provided to a licensed organization ~~or organization that has a permit~~ and shall purchase the stamps from the attorney general for thirty-five cents each. Ten cents of each stamp sold by the attorney general, up to thirty-six thousand dollars per biennium, must be credited to the attorney general's operating fund to defray the costs of issuing and administering the gaming stamps."

Renumber accordingly

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**House Judiciary Committee
Senate Bill No. 2162
Relating to the local permit prize limits
March 4, 2019, Prairie Room**

There were seventy-four (74) gaming organizations that conducted gaming with prizes totaling less than \$40,000 during the 2018 fiscal year. That represents 23% of the total licensed gaming organizations. Gross proceeds received were \$2.9M, and gaming tax revenue from those organizations totaled \$32,400 during the fiscal year. Licensing fees collected from the organizations totaled \$12,000.

Local Permit holders and Charity Local Permit holders are not required to pay gaming tax, a license fee, and they are also allowed to forgo any reporting requirements to the state. The cities and counties receive a permit fee of \$25 and are to determine if the organization requesting the permit is a public-spirited organization which is within the sole discretion of the governing body.

The Office of Attorney General would support a "Do Pass" for Senate Bill No. 2163 but would respectfully request an amendment to the bill. The amendment would change the name of a "Charity Local Permit" to "Restricted Event Permit". The reason for this proposed change is to reduce the numerous complaints that are received from the public and city/county auditors and to more clearly explain by the name change the difference between a "Local Permit" and a "Charity Local Permit". The name "Charity Local Permit" is confusing since any gaming activity is for charity therefore the confusion. A "Local Permit" holder may conduct raffles, sports pools, and bingo as often as they want throughout the year as long as the conduct under the prize limit stated in statute. A "Charity Local Permit" holder may conduct additional game types, paddlewheels, twenty-one, and poker, but only during one event during the year. An organization that receives a "Charity Local Permit" may not also receive a "Local Permit".

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In section 3, the removal of "or organization that has a permit" will remove the requirement that distributors must place a state gaming stamp on games for local permit holders. This will also help the Gaming Division with administration and regulation of the gaming stamps leaving it up to the local governing bodies who approve local permits to regulate those game types. Our office does not currently regulate the stamped games for local permits and so requiring stamps on the games is not efficient or affective.

The Office of Attorney General would request a Do Pass for Senate Bill No. 2163 with the proposed amendments.

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

Koppelman, Kim A.

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B.1

From: McDaniel, Deborah A.
Sent: Monday, March 4, 2019 11:59 AM
To: Koppelman, Kim A.
Subject: RE: SB 2162 - Question/Answer

Chairman Koppelman,

Please forgive me for the confusion. The restriction on not being able to have a "local" permit AND a "charity" local permit is in Administrative Rules.

NDAC 99-01.3-01-05(5) states:

An organization may receive one charity local permit to conduct a raffle, bingo, sports pool, paddlewheels, twenty-one, or poker from a city or county governing board during a year. If the organization has received a local permit or license during the fiscal year, it may not receive a charity local permit. If the organization received a charity local permit during the fiscal year, it may not receive a local permit. For a charity local permit an organization shall within thirty days of the event file a report on a prescribed form with the attorney general and governing body.

This office believes that it is for ease on the local governing body to monitoring the restricted number of times Poker could be conducted during these "Vegas" events.

Deb McDaniel
Director of Gaming
ND Office of Attorney General

Gaming Division
100 East Boulevard Avenue, Dept. 125
Bismarck, ND 58505-0040

Telephone: (701) 328-4849
Fax: (701) 328-3535
Email to: dmcdanie@nd.gov
www.attorneygeneral.nd.gov

From: Koppelman, Kim A. <kkoppelman@nd.gov>
Sent: Monday, March 4, 2019 11:43 AM
To: McDaniel, Deborah A. <dmcdanie@nd.gov>
Cc: NDLA, Intern 10 - Cummings, Beau <intern10@nd.gov>
Subject: RE: SB 2162 - Question/Answer

Ms. McDaniel,

Thank you for your email. I'm not sure, however, that it addresses the question of the Committee.

You stated, in the Committee hearing on the bill that if an organization obtained a Charity Local Permit, they were then not eligible to also obtain Local Permits (for raffles, for instance) within the same year. The Committee questioned why that is the case and where, in law, it says so. That is the question we were awaiting an answer upon.

If you could address that question for us, we'd appreciate it.

Thank you.

Sincerely,

Rep. Kim Koppelman

North Dakota

West Fargo, ND -- District 13

Chairman, Judiciary Committee

Co-Chairman, Shared State Legislation Committee of the Council of State Governments

Past Chairman, Administrative Rules Committee, Constitutional Revision Committee

Past National Chairman, The Council of State Governments (CSG)

Business Office: 701-492-7317; Capitol: 701-328-2916

Email: KKoppelman@nd.gov



From: McDaniel, Deborah A.

Sent: Monday, March 4, 2019 11:32 AM

To: Koppelman, Kim A. <kkoppelman@nd.gov>

Cc: NDLA, Intern 10 - Cummings, Beau <intern10@nd.gov>

Subject: SB 2162 - Question/Answer

Importance: High

Chairman Koppelman,

This email is to try and answer a question asked by the Committee during the hearing for SB 2162.

The question was the History of a "Local Permit" and a "Charity Local Permit"

A "Local Permit" has always been available to Charitable Organizations to conduct only the game types of Bingo, Raffle, and sports pools under certain prize limit restrictions. If an organization wished to conduct only those game types under the prize restrictions they could forgo applying for a State Gaming License and conduct under the approval of the Local governing body.

House Bill No. 1300, relating to charity events, was introduced during the 57th Legislative Assembly. A "Charity Local Permit" was created to enable charitable gaming organizations to conduct a "Vegas" style event. Along with Bingo, Raffle, and sports pools, additional game types of twenty-one, paddlewheels, and poker were allowed but were restricted to one event per year.

Our office believes that the reason to have these "Vegas" nights were so that local permit organizations could conduct poker activity during this one-time event. Poker by statute is limited to two occasions per year by any organization, licensed or permit, and thus our thoughts are that the limit to one time a year would be easy to regulate and not require the local governing body to have to expend too much time monitoring the restricted number of times Poker could be conducted during these "Vegas" events.

Thank you for your time,

Deborah McDaniel

Director of Gaming

ND Office of Attorney General

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