

2019 SENATE JUDICIARY COMMITTEE

SB 2348

2019 SENATE STANDING COMMITTEE MINUTES

Judiciary Committee
Fort Lincoln Room, State Capitol

SB 2348
1/29/2019
#31625 (33:23)

- Subcommittee
 Conference Committee

Committee Clerk: Meghan Pegel

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to amend and reenact section 53-06.1-10.1 of the North Dakota Century Code, relating to guidelines for fifty-fifty raffles.

Minutes:

No Attachments

Chair Larson opens the hearing on SB 2348.

Kristin Roers, District 27 Senator, testifies in favor

Senator Roers: This bill introduces electronic fifty-fifty raffles. I brought this bill forward on behalf of organizations at both UND and NDSU.

(1:28) Jody Hodgson, General Manager and President of Grand Forks Ralph Engelstad Arena, Gaming Manager, testifies in favor

Hodgson: We're primarily involved in the electronic fifty-fifty at the arena for UND home athletic events. The beneficiary of those activities is the UND athletic department. We run the electronic fifty-fifty where in real time we're able to watch that jackpot grow on video boards and TV screens. People pay a fee based on a predetermined price per ticket. Then a random number generator is used to select that winning ticket late in the 3rd period of a hockey game. The holder of that ticket takes 50% of the total jackpot and the other 50% is retained for the charitable organization as well as to pay the administrative expenses, raffle expenses, gaming tax and that type of thing.

This bill primarily modifies three things. One of those would be a change from a single to multiple day event. In the past we used to do a multiple day event, but in the last legislative session, that language was actually changed and was limited to a single day event. I'm not sure how or why that came to be, but certainly we had run very successful multiple day events in the past so we would like that back. In the last two years, our average total jackpot has been about \$12,000, so on an average hockey game in the last two years, our winner would walk away with about a \$6,000 prize. We generated net for UND athletics about \$115,000 a year from the fifty-fifty. In the past when we did a two-day event, we would start on a Friday

night and pull that winning ticket on Saturday night. We did an average of \$116,000 for those two days, so in an effort to try and maximize that benefit for UND athletics, we would seek to return to a multiple day event. Those electronic fifty-fifty raffles are rather neat in that when it goes big, it fuels people's participation on site and we think that is to the benefit of the UND athletic program.

The second part would be to try and offer online sales. Many of our colleagues and counterparts around the country are utilizing online sales to aid in their fundraising efforts and we would seek to implement an online system as well. When you look at UND's specific situation, the market for our game really is the UND alumni and our UND fans and supporters. With an alumni base of approximately 90,000 people, we think there is a very good opportunity to allow people to take part in our fundraising activities in a fun and interactive way with our game, even if they can't physically make it to the games. We would seek to add the online portion.

The third part is somewhat tied to the online portion in that credit cards and debit cards would be necessary to allow the online portion. To clarify we would seek to allow for participants to utilize debit and credit cards both in the online portion of that game but also on site. When we look at our building and places like our concession operation, our Sioux shop, our ticket office, and all other places where transactions occur, it's obvious that debit and credit payments are the most significant payment methods that our fans choose to use. Many people don't even carry cash anymore. We certainly see in terms of the number of transactions and how those are occurring, cards are a majority for us and we would seek to align our fifty-fifty raffle opportunity with those other services that we provide.

(6:50) Chair Larson: With online sales, that's someone who is watching the game on TV and call it in?

Hodgson: Yes, they wouldn't call it in, but instead enter through an online portal. We would communicate to our alumni base and let them know when the raffle will open through that portal. It's much like they do today where they make charitable donations to UND. Our foundation and fundraising are heavily promoting and involved in online charitable gifts and donations and it would be very similar in nature to that. They would go online, buy fifty-fifty tickets and be part of the game, even when they're not sitting in the Ralph.

Senator Myrdal: Where on the premises do you sell these raffles?

Hodgson: It's on the concourse, both main and upper. We have 4 or 5 locations per game where we have UND student athletes selling them to make money for their athletic program.

Senator Myrdal: and they're only cash right now?

Hodgson: Correct.

Vice Chairman Dwyer: On the one hand, people should be responsible for themselves and if they want to ring up a big credit card bill for this then they can do so and on the other hand with the other services they're buying merchandise or making a donation. Here it's easy to get a little carried away with credit card giving; you might get a little emotional and buy a bunch of tickets that you can't afford. With cash obviously you can afford it because you have it. Is there a concern about that?

Hodgson: Yes, there is. It's logical to me that there would be some type of balance in there between our fundraising efforts and maybe some regulations or restrictions that would be placed upon it by the Gaming Division. I believe even in the state lottery system with the pick

and click, citizens of North Dakota have the ability to take part in the lottery online. I think there are restrictions with regards to how much or how often they can do it. The technology does exist within the system to cap and/or limit transactions. That is certainly a concern and it makes sense to me that there would be some type of balance there between protection of the players and our fundraising efforts.

Vice Chairman Dwyer: Should those limits be in this bill?

Hodgson: They certainly could be.

Senator Osland: Looking at the bill, we're talking about \$25,000 for each prize.

Hodgson: There is no limit for the Spirit organizations that support intercollegiate athletic programs, so both the UND and NDSU are actively involved in a no-limit electronic fifty-fifty. I believe there's reference further in the bill there where it talks about Spirit organizations for intercollegiate athletic programs. That currently exists.

Chair Larson: Right, number 2.

(11:12) Rick Stenseth, NDSU Team Makers Club, testifies in favor

Stenseth: We raise money for our student athletes and scholarships. We've been doing the fifty-fifty for a very long time, and the legislature has been really good in working with us as it has grown. 13 years ago, the first one we did, we lost money. We worked session by session as it grew, we had the limits changed and now we're at that point we're in the same \$1.2M that we've raised so far over the last 12 years for our student athletes.

The online portion is to help us reach out to people who can't attend the games. North Dakota is a broad state and our stadiums only hold so many people, but there are a lot of people who want to participate. We've had a lot of queries about it regarding can we do that and why can't we do that? That would help us on game days when we're at home, but also it can help us on game days when we're not at home. We would be able to work with the administrative rules to makes sure any of those things that are different for an away game could be permitted so that we can have fundraising efforts on away games which we don't currently have. Our actual concourse locations in the Fargo Dome are positioned next to the ATMs because so many people just use plastic. There's a lot of call for that and it would help us in the arena as well as online.

As far as the security of the cards, all of those things are secure. The system does not retain any information on an individual; it's a one-time thing and it goes away. Unless we set it up with a specific request for them to keep that information on the file to use it in the future, it doesn't do it. the security concerns are well addressed in the regular merchant accounts in how credit and debit cards are handled. As far as the amount of money a person can spend, I believe there's already a limit with the ATM on how much you can spend. I believe that can be transferred into the system. If not, we will set a limit and our systems can certainly do that internally to our software. We have a good vehicle that we can raise good money for; people seem to love it and it's the best payback of any of the gambling games- 50% going back in prizes to the player. We're just looking for another opportunity to work with this already successful tool and grow it to the next step.

(14:50) Vice Chairman Dwyer: Are the tickets a certain price and people can buy as many tickets as they want? Do you have different prices of tickets?

Stenseth: Currently I believe we have a different pricing structure, but there's four tiers. For \$1 dollar you get one ticket which allows everyone to play it at the \$1 minimum we've always had. Sometimes \$2 and \$3 is possible as well because there's no minimum requirement for the lowest level. We jump from there to \$5 which would get you 7 numbers. \$10 gets you 20 numbers and \$20 gets you 60 numbers. People buy all kinds of different things. Some go together to maximize their opportunity. Some just drop by a dollar. There is no limit on the cap; the only limit is time. How long does it take to print those tickets and how long to make all those transactions happen? It certainly is limited unless we add more staff and equipment. Printers only print so fast. Officially there is no limit.

Deb McDaniel, Gaming Division Director, Attorney General Office, neutral party

Chair Larson: Is there an age limit to be able to buy a ticket?

McDaniel: not for raffles

Stenseth: We do set an 18 and over age limit by choice but not by rule.

Vice Chairman Dwyer: Does the Gaming Commission have limits that would apply to this or would we have to add them to this?

McDaniel: We would have to add them. There are currently no limits; anybody can buy a ticket for any amount.

Stenseth: We would rather have that be an Administrative rule rather than put it into law.

Senator Bakke: Motions for a Do Pass.

Chair Larson: Seconds.

(18:50) Vice Chairman Dwyer: I'm not ready to vote no, but I am concerned about opening it up to credit cards. I don't know if that's a real concern.

Senator Myrdal: The hesitation is there. This is an expansion of gambling. That's where many of us find it difficult to vote on. Personally I have a conviction not to help expand gambling. I see the need and understand what the proponents are saying, but it's difficult to vote for.

Chair Larson: I am all for fundraising, but I worry this goes too far in justifying the means. They want to have the money for their events, which is understandable- I am a definite UND hockey fan. However, I worry that this not only expands gaming for people who have gaming addictions but also we have huge credit card debt problems. This is feeding into two things that are tearing people apart. I will not be able to support this measure. It's a philosophical difference with me and I think some of my other committee members. I don't like any charitable gaming for any reason. I was in the legislature in 1989 and Art Link came and testified against all of the gaming bills because of the dangers he saw moving forward. I think a lot of that has come to pass; we have more people in more trouble with this. This method is one I cannot vote for.

Senator Luick: I echo that. We have a problem in the state with gaming. It's the anticipation and desire of people that don't understand the odds of winning and losing. Now if we attach to that the availability with credit cards, this has got my no vote all over it. I'm sorry.

Senator Bakke: Being from Grand Forks and going to several hockey games, I will buy a fifty-fifty not thinking in terms of gambling but instead it's my way contributing to the athletic department because I know I have no chance of winning. My son was an athlete at UND and it helped with his programming and scholarships. But I definitely understand- we do have people that have gambling addictions. However, I think those are the people sitting in the casinos and doing online play. This usually is more in the spirit of the athletic event and most people aren't purchasing it really thinking they're going to win; they're doing it as a way to donate to the athletes.

Vice Chairman Dwyer: How much do you bring in with these things?

Stenseth: In our circumstance our jackpots are between \$40-50,000 in sales on a game day and they're for the payout to the players \$20-25,000.

Vice Chairman Dwyer: How about yearlong?

Stenseth: We have 6 home games and if we make the playoffs and continue through, it can add up to 9 or 10 games so it would be approximately \$450,000 annually.

Hodgson: For UND our average gross is about \$230,000 in total for the year of to which about \$115 ends up being the net then.

Hodgson: Is there any willingness to consider the multiple day event if there is resistance against credit card and the online portion?

Senator Myrdal: Why was that taken away last session?

McDaniel: It wasn't taken away necessarily. Fifty-fifty raffles are intended to be at an event on the day that it happens. That's how it's always been played before. With the advent of the electronic fifty-fifty, we never expanded that to make it longer of an event. When the Ralph asked for a 3-day event, we did a waiver that allowed them to do a 3-day event but never changed the language.

(28:00) Senator Myrdal: Is that waiver still standing?

McDaniel: No because in the last session when we did the random number generator, the language was put into the statute that it is on the day of the event and that it is a one-day event.

Senator Myrdal: By asking for a multiple day event, the jackpot of course gets higher, but as it stands currently without a multiple day event, you can still do each of those days separately?

McDaniel: Correct.

Senator Myrdal: The intent is attracting fans when the number gets higher?

McDaniel: Correct.

Senator Myrdal: That would require an amendment if anyone is willing to amend it.

Chair Larson: Yes, if someone wanted to amend the other portions out of the bill and leave just the multiple day expansion, that would be an amendment. Or if people feel like this bill will pass as is on the floor and you'd rather have it all taken to the floor for a vote, that's an

option as well. This comes out of committee either way, and the debate can happen on the floor as well.

Senator Bakke: In this day and time, everything is done electronically. By limiting their ability to use the online and card sales, we are tying their hands. It would hamper their efforts to raise money for the athletes.

Senator Myrdal: I understand that, but I wouldn't support it being online.

A Roll Call Vote Was Taken: 2 yeas, 4 nays, 0 absent. Motion fails.

Vice Chairman Dwyer: Is the only advantage of a multiple day event is just the growth of the pot and the excitement of winning more?

Chair Larson: Correct.

Senator Luick: Motions for a Do Not Pass.

Senator Myrdal: Seconds.

A Roll Call Vote Was Taken: 4 yeas, 2 nays, 0 absent. Motion carries.

Chair Larson will carry the bill.

**2019 SENATE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. 2348**

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 Bakke Seconded By Chair Larson

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) 2 No 4

Absent 0

Floor Assignment _____

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

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 ROLL CALL VOTES
 BILL/RESOLUTION NO. 2348**

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Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
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 Place on Consent Calendar

Other Actions: Reconsider _____

Motion Made By Senator Luick 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) 4 No 2

Absent 0

Floor Assignment Chair Larson

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

REPORT OF STANDING COMMITTEE

SB 2348: Judiciary Committee (Sen. D. Larson, Chairman) recommends DO NOT PASS
(4 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING). SB 2348 was placed on the
Eleventh order on the calendar.