

SPORTS AND AMUSEMENTS

CHAPTER 427

SENATE BILL NO. 2162

(Senators Vedaa, O. Larsen, Osland, J. Roers)
(Representatives M. Ruby, Vetter)

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.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

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.

SECTION 2. AMENDMENT. Subdivision a of subsection 1 of section 53-06.1-03 of the North Dakota Century Code is amended and reenacted as follows:

- a. An organization recognized as a public-spirited organization by the governing body of a city or county may apply for ~~a local permit~~ permits. A local permit may allow the organization to conduct only raffles, bingo, or sports pools, ~~or a charity-local. A restricted event permit may allow the organization~~ to conduct only raffles, bingo, sports pools, paddlewheels, twenty-one, and poker. The organization or closely related organizations as a whole may only award a primary prize that does not exceed ~~six~~ eight thousand dollars and total prizes of all games do not exceed ~~twelve~~ forty thousand dollars per year. These maximum prize amounts do not apply to raffles conducted under chapter 20.1-08. The determination of what is a "public-spirited organization" is within the sole discretion of the governing body. An organization shall disclose on the application its intended use of the net income from the gaming activity. A governing body may issue a permit for games to be held at designated times and places.

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-localrestricted~~ 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.

- I. 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.

Approved April 11, 2019

Filed April 12, 2019

CHAPTER 428

HOUSE BILL NO. 1394

(Representatives Grueneich, Dockter, D. Johnson, Nathe)
(Senators Schaible, Sorvaag)

AN ACT to amend and reenact subsection 5 of section 53-06.1-11 of the North Dakota Century Code, relating to rent limits for electronic pull tab devices.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Subsection 5 of section 53-06.1-11 of the North Dakota Century Code is amended and reenacted as follows:

5. For a site where bingo is not the primary game:
 - a. If twenty-one or paddlewheels is conducted, the monthly rent may not exceed two hundred dollars multiplied by the necessary number of tables based on criteria prescribed by gaming rule. For each twenty-one table with a wager greater than five dollars, an additional amount up to one hundred dollars may be added to the monthly rent. If pull tabs is also conducted involving only a jar bar, the monthly rent for pull tabs may not exceed an additional one hundred seventy-five dollars. If pull tabs is conducted involving only a dispensing device, ~~electronic pull tab device~~, or a jar bar and dispensing device ~~or electronic pull tab device~~, the monthly rent for pull tabs may not exceed an additional three hundred twenty-five dollars.
 - b. If twenty-one and paddlewheels are not conducted but pull tabs is conducted involving either a jar bar or dispensing device, ~~or electronic pull tab device, or any combination~~, the monthly rent may not exceed four hundred dollars.
 - c. If pull tabs is conducted using one or more electronic pull tab devices, the monthly rent may not exceed an additional one hundred dollars per machine for the first five machines in the same venue. For each additional machine in the same venue beyond five, the monthly rent may not exceed an additional fifty dollars per machine up to a maximum of one thousand one hundred twenty-five dollars per month for all electronic pull tab devices in a single venue.

Approved April 11, 2019

Filed April 12, 2019

CHAPTER 429

SENATE BILL NO. 2305

(Senator Poolman)

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

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Subsection 5 of section 53-12.1-01 of the North Dakota Century Code is amended and reenacted as follows:

5. "Ticket" means an original and acceptable tangible evidence of play prescribed by the lottery and produced by a lottery terminal or a properly and validly registered ~~subscription~~ online play to prove participation in a draw of a game for a chance to win a prize.

SECTION 2. AMENDMENT. Subdivision a of subsection 2 of section 53-12.1-03 of the North Dakota Century Code is amended and reenacted as follows:

- a. Employ those ~~persons~~ individuals deemed necessary to operate the lottery and provide secure facilities to house the lottery;

SECTION 3. AMENDMENT. Section 53-12.1-08 of the North Dakota Century Code is amended and reenacted as follows:

53-12.1-08. Purchase of ticket or payment of prize to certain ~~persons~~ individuals prohibited - Price of a ticket - Sale by retailer only - Second chance drawings - Prize paid to owner of a winning ticket - Prize subject to taxation - Discharge of liability - Penalty.

1. A North Dakota lottery ticket may not be bought by or otherwise provided to, and a prize may not be paid to, the following individuals or to a parent, stepparent, child, stepchild, spouse, or sibling who is a regular member of the same household of the following individuals:
 - a. A member of the lottery advisory commission or employee of the lottery, unless authorized in writing by the director; or
 - b. An officer or employee of the lottery's gaming system vendor.

A ~~person~~

2. An individual who knowingly violates ~~this subsection~~ 1 is guilty of a class B misdemeanor on the first offense and a class A misdemeanor on a subsequent offense.

- ~~2-3.~~ A retailer or employee of a retailer may buy a ticket and be paid a prize for a winning ticket.
- ~~3-4.~~ Only a retailer may sell a ticket. A retailer may sell a ticket only at the site stated on the license or at a temporary site for a special event authorized by the lottery. A retailer may not sell a ticket at a price greater than the price set by the lottery rules. A person convicted of violating this subsection is guilty of a class A misdemeanor on the first offense and a class C felony on a subsequent offense.
- ~~4-5.~~ A retailer may conduct a second chance drawing of entry forms or tickets to promote the sale of a ticket at that site provided that ~~a person~~ an individual is not required to purchase a ticket to participate.
- ~~5-6.~~ No ticket may be sold or given to a minor. A retailer, employee of a retailer, or any other person who knowingly violates this subsection is guilty of a class B misdemeanor on the first offense and a class A misdemeanor on a subsequent offense.
- ~~6-7.~~ The prize to be paid or awarded for a winning ticket must be paid to the ~~person~~ individual who the director determines is the owner of the ticket. However, the prize of a deceased winning player must be paid to the lawful representative of the estate. ~~No~~ prize may not be paid on a winning ticket that has been purchased by use of a stolen lottery gift certificate or acquired illegally.
- ~~7-8.~~ If an individual steals a ticket or lottery gift certificate from a retailer, the individual is guilty of a class A misdemeanor. However, if the total value of the tickets or gift certificates stolen exceeds five hundred dollars, the offense is a class C felony.
- ~~8-9.~~ A prize awarded is subject to state and federal income tax laws and rules.
9. ~~A person~~
10. An individual who, with intent to defraud, falsely makes, alters, forges, passes, or counterfeits a ticket or gift certificate issued by the lottery, regardless of the amount gained, is guilty of a class C felony.
- ~~10-11.~~ The state, members of the lottery advisory commission, and employees of the lottery are discharged of all further liability upon payment of a prize.

SECTION 4. AMENDMENT. Subsection 1 of section 53-12.1-11 of the North Dakota Century Code is amended and reenacted as follows:

1. The following information and records of the lottery are confidential:
 - a. Sales and income tax information, financial statements, and a credit report of a retailer applicant or person seeking or doing business with the lottery, and retailer application information other than the applicant's name and location;
 - b. Information related to a person owing a debt to the state or having a debt collected through a state agency that is made confidential by another state law or rule;

- c. Internal control and security procedures, security information on a winning ticket, and information on a bid or contractual data, the disclosure of which is harmful to the efforts of the lottery to contract for goods and services on favorable terms;
- d. Personal information on a player who purchases ~~a subscription~~ an online play or a player who wins a prize on a winning ticket unless the player authorizes, in writing, release of the information; and
- e. Lottery sales data, the disclosure of which is harmful to the competitive position of the lottery, retailer, or person seeking or doing business with the lottery. However, a retailer may authorize the lottery to release the retailer's lottery sales data.

SECTION 5. AMENDMENT. Subsections 1 and 7 of section 53-12.1-12 of the North Dakota Century Code are amended and reenacted as follows:

1. A claimant agency and the director shall cooperate on the setoff of a winning lottery ticket or promotional cash prize against a delinquent debt. A claimant agency is an agency of the state of North Dakota that ~~a person~~ an individual owes money to or that collects money on behalf of another party to satisfy a debt. The claimant agency and director shall share necessary information, including the ~~person's individual's~~ full name, social security number, and amount and type of debt, through a mutually convenient method to timely achieve a setoff of a prize.
7. If two or more claimant agencies make adverse claims to all or a part of a prize payment, upon receipt of written notice from the claimant agencies setting forth their claims, the director may deposit, in accordance with section 32-11-02, the contested amount of the prize payment with the clerk of court in the district in which an action pertaining to the contested amount is pending or with a court-authorized depository. If one of the claims is for child support, the director shall transfer the setoff amount to the state disbursement unit before depositing any remaining prize payment or award. Any review of this transfer to the state disbursement unit must be done pursuant to section 50-09-14. Upon making the deposit or transfer, the state and its officials and employees are discharged and relieved from further liability to any ~~person~~ individual or claimant agency related to the prize payment.

SECTION 6. AMENDMENT. Section 53-12.1-13 of the North Dakota Century Code is amended and reenacted as follows:

53-12.1-13. Rules.

The attorney general shall adopt rules governing the operation of the lottery. The attorney general may adopt emergency rules as necessary without the grounds otherwise required under section 28-32-03. The attorney general shall adopt rules to address any matters necessary for the efficient operation of the lottery or convenience of the public, including:

1. Type of retailer where a ticket may be sold;
2. Qualification for selecting a retailer and amount of application and license fees;
3. Licensing procedure;

4. Method used to sell a ticket, including a gift certificate and subscriptiononline play;
5. Financial responsibility of a retailer;
6. Retailer promotions;
7. Amount and method of commission to be paid to a retailer, including a special bonus or incentive;
8. Deadline for claiming a prize by the owner of a winning ticket, however, the deadline may not exceed one year;
9. Manner of paying a prize to the owner of a winning ticket; and
10. Setoff of a prize.

Approved March 28, 2019

Filed March 29, 2019