

**FIRST ENGROSSMENT
with Senate Amendments**

Fifty-sixth
Legislative Assembly
of North Dakota

ENGROSSED HOUSE BILL NO. 1041

Introduced by

Legislative Council

(Judiciary Committee)

1 A BILL for an Act to create and enact a new section to chapter 53-06.1 of the North Dakota
2 Century Code, relating to posting games of chance rules; and to amend and reenact sections
3 53-06.1-03, 53-06.1-06, 53-06.1-07.3, 53-06.1-07.4, 53-06.1-10, and subsection 5 of section
4 53-06.1-14 of the North Dakota Century Code, relating to games of chance.

5 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

6 **SECTION 1. AMENDMENT.** Section 53-06.1-03 of the 1997 Supplement to the North
7 Dakota Century Code is amended and reenacted as follows:

8 **53-06.1-03. Local permits, site authorization, and licenses.**

9 1. An organization that has its license suspended or revoked, or has relinquished its
10 license and not disbursed its net proceeds is ineligible for a local permit. An
11 organization shall apply for a local permit as follows:

12 a. A nonprofit organization recognized as a public-spirited organization by the
13 governing body of a city or county may apply for a local permit to conduct only
14 raffles, bingo, or sports pools in which a primary prize does not exceed one
15 thousand dollars, and the total prizes of all games do not exceed six thousand
16 dollars per year. The determination of what is a "public-spirited organization"
17 is within the sole discretion of the governing body which should in its
18 determination consider the definition of a public-spirited organization under
19 section 53-06.1-01 and eligible uses of net proceeds under section
20 53-06.1-11.1. A governing body may issue a local permit for the games to be
21 held at designated times and places.

22 b. An eligible organization shall apply to the governing body of the city or county
23 in which the site where the gaming activity to be conducted is located.

24 ~~Application for a local permit must be made on a form prescribed by the~~

~~attorney general. If the nonprofit organization is a North Dakota college or university fraternity, sorority, or club, the organization shall provide a signed acknowledgment by the administration of the college or university that the applicant is a recognized fraternity, sorority, or club. Approval may be granted at the discretion of the governing body. A governing body may establish a fee not to exceed twenty-five dollars for each local permit. A local permit must be on a fiscal year basis from July first to June thirtieth or on a calendar-year basis.~~

2. An eligible organization shall apply for a license to conduct only bingo, raffles, calcuttas, pull tabs, punchboards, twenty-one, paddlewheels, poker, or sports pools by:
 - a. First securing approval for a site authorization from the governing body of the city or county in which the proposed site is located. Approval, which may be granted at the discretion of the governing body, must be recorded on a site authorization form that is to accompany the license application to the attorney general for final approval. A governing body may not require an eligible organization to donate net proceeds to the city, county, or related political subdivision or for community programs or services within the city or county as a condition for receiving a site authorization from the city or county. A governing body may limit the number of tables for twenty-one per site and the number of sites upon which a licensed organization may conduct games within the city or county. A governing body may charge a one hundred dollar fee for a site authorization; and
 - b. Annually applying for a license from the attorney general before July first on a form prescribed by the attorney general and including with the application a one hundred fifty dollar license fee. An organization shall sufficiently document that it qualifies as an eligible organization. If a licensed organization amends its primary purpose as stated in its articles of incorporation or changes its basic character in a material manner, the organization shall reapply for licensure.
3. A licensed organization may conduct games only on an authorized site as follows:

- 1 a. Only one licensed organization or organization that has a local permit ~~at a~~
2 ~~time~~ may conduct games at an authorized site at a time, except that a raffle
3 may be conducted for a special occasion by a second licensed organization
4 or organization that has a local permit when ~~one of these~~ conditions is set by
5 the commission are met:
- 6 (1) ~~When the area for the raffle is physically separated from the area~~
7 ~~where games are conducted by the regular licensee.~~
- 8 (2) ~~Upon request of the regular licensee and with the approval of the~~
9 ~~alcoholic beverage establishment, the licensee's license is suspended~~
10 ~~for that specific time of day by the attorney general.~~
- 11 b. Except for a temporary site authorized for fourteen or fewer consecutive days
12 for not more than two events per quarter, a licensed organization may not
13 have more than twenty-five sites unless granted a waiver by the attorney
14 general. If the attorney general finds that there is no other licensed
15 organization interested in conducting gaming at a site for which a waiver is
16 being sought, the attorney general may approve the waiver for no more than
17 five sites. Only one of two or more closely connected organizations may have
18 a license at one time. Closely connected organizations are two or more
19 organizations which have an interdependent relationship, based on the
20 presence and degree of unitary attributes. These attributes may include
21 common primary purposes, members on boards of directors, officers,
22 management, administrative and operating services, membership, program
23 services, integrations of gaming activities, and shared facilities.
- 24 c. Games of pull tabs, punchboards, twenty-one, paddlewheels, and sports
25 pools may be conducted only during the hours when alcoholic beverages may
26 be dispensed according to applicable regulations of the state, county, or city.
- 27 d. An organization may not permit a person under twenty-one years of age to
28 directly or indirectly play pull tabs, punchboards, twenty-one, calcuttas, sports
29 pools, paddlewheels, or poker. An organization may not permit a person
30 under eighteen years of age to directly or indirectly play bingo unless the
31 person is accompanied by an adult, bingo is conducted by an organization

1 that has a local permit, or the game's prize structure does not exceed that
2 allowed for a local permit.

3 4. A local permit, site authorization, and license must contain information prescribed
4 by the attorney general or local governing body and must be displayed at a site.

5 5. The attorney general shall license an eligible organization that complies with this
6 chapter and may issue a conditional license to an eligible organization whose
7 regularly issued license has expired or been suspended, revoked, or relinquished.
8 The attorney general shall designate the time period for which the conditional
9 license is valid and may impose any conditions.

10 6. A governing body or local law enforcement official may inspect a site's gaming
11 equipment, and examine or cause to be examined the books and records of a
12 licensed organization or organization that has a local permit to the extent that the
13 books and records relate to any transaction involving the direct or indirect conduct
14 of games.

15 **SECTION 2. AMENDMENT.** Section 53-06.1-06 of the 1997 Supplement to the North
16 Dakota Century Code is amended and reenacted as follows:

17 **53-06.1-06. Persons permitted to conduct games - Equipment.**

18 1. No person, except a member, an employee of a licensed organization or an
19 organization that has a local permit, or an employee of a temporary employment
20 agency who provides services to a licensed organization, may conduct any game.
21 "Member" includes a member of an auxiliary organization. In conducting pull tabs
22 or bingo through a dispensing device, the attorney general may allow an employee
23 of an alcoholic beverage establishment to provide limited assistance to an
24 organization.

25 2. Except when authorized by the attorney general or allowed by the gaming rules, an
26 eligible organization shall procure gaming equipment only from a licensed
27 distributor. No equipment or prizes may be purchased at an excessive price.

28 3. An organization shall maintain complete, accurate, and legible accounting records
29 in North Dakota for all gaming activity and establish an adequate system of internal
30 control. The governing board of an eligible organization is primarily responsible

and may be held accountable for the proper determination and distribution of net proceeds.

4. ~~The value of a merchandise prize awarded in a game is its retail price.~~

5. A person is restricted from being involved in gaming and the attorney general shall conduct criminal history record check as follows:

- a. A person who has pled guilty to or been found guilty of a felony offense as defined by the laws of this state, other states, or the federal government, or has pled guilty to or been found guilty of a violation of this chapter, a gaming rule, chapter 12.1-28 or 53-06.2, or offenses of other states or the federal government equivalent to offenses defined in these chapters may not be a licensed distributor, may not be employed by a licensed distributor to sell or distribute gaming equipment, and may not be employed by a licensed organization to conduct games on a site for five years from the date of conviction, release from incarceration, or expiration of parole or probation, whichever is the latest.
- b. A person who has pled guilty to or been found guilty of a misdemeanor offense in violation of section 6-08-16.2 or chapter 12.1-06, 12.1-23, or 12.1-24 or offenses of other states, the federal government, or a municipality equivalent to these offenses may not be a licensed distributor, may not be employed by a licensed distributor to sell or distribute gaming equipment, and may not be employed by a licensed organization to conduct games on a site for two years from the date of conviction, release from incarceration, or expiration of parole or probation, whichever is the latest.
- c. The attorney general shall conduct a criminal history record check of each potential employee of a licensed organization and charge a fee of twenty dollars per record check in accord with section 12-60-16.9. The fee may be waived in part or in whole by the attorney general if a federal agency or local law enforcement agency has done a record check. The attorney general may require payment of any additional fee necessary to defray the actual cost of a background check of a person for whom adequate background information sources are not readily available, including a person who has not resided in

North Dakota for the previous five years. The attorney general may require payment of the estimated additional fee in advance as a condition precedent to beginning the background check. The attorney general shall notify the person when a determination is made that an additional fee is necessary and shall notify the person of the best estimate of the amount of the additional fee. In lieu of paying the additional cost, a person may cancel the background check. The estimated cost must be placed in the attorney general's refund fund for use to defray the actual expenses of the background check. The remainder of the funds must be returned to the person within thirty days of the conclusion of the background check. The attorney general shall notify the organization and the person of the result of the background check. The attorney general shall hold the information confidential except in the proper administration of this chapter or any gaming rule, or to an authorized law enforcement agency.

~~6.~~ 5. A licensed organization may not pay bingo prizes in which the total bingo prizes exceeds total bingo gross proceeds for a period prescribed by gaming rule. However, a bingo prize that equals or exceeds ten thousand dollars is excluded from the total of the bingo prizes.

~~7.~~ 6. A city or county may require a person conducting games to obtain a local work permit, charge a fee, and conduct a criminal history record check. A fee may not exceed the actual expense of processing an application.

SECTION 3. AMENDMENT. Section 53-06.1-07.3 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

53-06.1-07.3. Calcuttas. A calcutta may only be conducted for a professional or amateur sporting event held in this state, but not for elementary, secondary, or postsecondary education sports events. ~~An organization shall post at the site all rules affecting the conduct and play of calcuttas.~~ An organization may not have an interest in the outcome of the calcutta. ~~A player must place a wager in the calcutta auction pool at the site. No more than one wager per competitor may be allowed in any calcutta pool.~~ The amount of prizes may not exceed ninety percent of the gross proceeds. A player may not place a wager on a competitor in a calcutta sporting event unless the competitor is eighteen years of age or older.

1 **SECTION 4. AMENDMENT.** Section 53-06.1-07.4 of the 1997 Supplement to the
2 North Dakota Century Code is amended and reenacted as follows:

3 **53-06.1-07.4. Paddlewheels.** ~~An organization shall post at the site rules relating to~~
4 ~~paddlewheels.~~ A paddlewheel is a mechanical vertical wheel marked off into equally spaced
5 sections that contain numbers or symbols, and which after being spun, uses a pointer to
6 indicate the winning number or symbol. The maximum price per wager is two dollars. No
7 money may be used to bet on the table. A table must be used to register a player's wager
8 when a prize is a variable multiple of the wager. A paddlewheel ticket must be used to register
9 a player's wager when a prize is not a variable multiple of the wager. A player may not place
10 wagers valued at more than twenty dollars on each spin of the paddlewheel. Cash, chips, or
11 merchandise prizes may be awarded. No single cash prize, value of chips, or the retail value of
12 the merchandise prize to be awarded for a winning wager may exceed one hundred dollars.

13 **SECTION 5. AMENDMENT.** Section 53-06.1-10 of the 1997 Supplement to the North
14 Dakota Century Code is amended and reenacted as follows:

15 **53-06.1-10. Twenty-one.** No money may be allowed on the table as a wager. The
16 organization shall provide playing chips of various denominations to players. Chips must be
17 redeemed by the organization for their full value. The maximum limit per wager may be set by
18 the organization at not more than five dollars and wagers in increments of one dollar must be
19 accepted up to the maximum limit. ~~A player may not play more than two hands at the same~~
20 ~~time. Only the player actually playing a hand may place a wager on any hand. Each player~~
21 ~~plays the player's hand against the dealer's hand. To remain in the hand being dealt, neither~~
22 ~~the player nor the dealer may play a hand with a count greater than twenty one. A count of~~
23 ~~twenty one obtained with two cards is a natural twenty one and is an automatic payout except~~
24 ~~in a tie count with the dealer. Players may double down on a natural twenty one. For a tie~~
25 ~~count between the player and the dealer, no winner is declared and the player keeps the~~
26 ~~player's wager. An organization may allow pooling of tips received by dealers at a site. Any~~
27 ~~requirement to pool tips is within the sole discretion of each the organization. An organization~~
28 ~~shall post rules relating to twenty one.~~ Except for a site that has twenty-one gross proceeds
29 averaging less than ten thousand dollars per quarter, an organization may not conduct
30 twenty-one at the site with wagers exceeding two dollars unless the organization has first

1 installed video surveillance equipment as required by rules of, and the equipment is approved
2 by, the attorney general.

3 **SECTION 6. AMENDMENT.** Subsection 5 of section 53-06.1-14 of the 1997

4 Supplement to the North Dakota Century Code is amended and reenacted as follows:

5 5. In addition to the license fee, the attorney general may require payment of any
6 additional fee necessary to defray the actual cost of a background check of an
7 applicant by following the procedures prescribed by subdivision c of subsection ~~5~~ 4
8 of section 53-06.1-06.

9 **SECTION 7.** A new section to chapter 53-06.1 of the 1997 Supplement to the North
10 Dakota Century Code is created and enacted as follows:

11 **Posting rules.** An organization shall post at the site all rules relating to the conduct
12 and play of any games conducted at the site.