

HOUSE BILL NO. 1416

Introduced by

Representatives Mahoney, Carlson, Delmore, Wald

Senators Cook, D. Mathern

1 A BILL for an Act to amend and reenact section 53-06.1-01 of the North Dakota Century Code,
2 relating to games of chance definitions.

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

4 **SECTION 1. AMENDMENT.** Section 53-06.1-01 of the North Dakota Century Code is
5 amended and reenacted as follows:

6 **53-06.1-01. Definitions.** As used in this chapter:

- 7 1. "Adjusted gross proceeds" means gross proceeds less cash prizes, and cost of
8 merchandise prizes, ~~sales tax on bingo cards, pull tab excise tax, and federal~~
9 ~~excise tax imposed under section 4401 of the Internal Revenue Code [26 U.S.C.~~
10 ~~4401]~~.
- 11 2. "Charitable organization" means an organization whose primary purpose is for
12 relief of poor, distressed, underprivileged, diseased, elderly, or abused persons,
13 prevention of cruelty to children or animals, or similar condition of public concern.
- 14 3. "Civic and service organization" means an organization whose primary purpose is
15 to promote the common good and social welfare of a community as a sertoma,
16 lion, rotary, jaycee, kiwanis, or similar organization.
- 17 4. "Closely related organization" means an organization that controls, is controlled by,
18 or is under common control with another organization. Control exists when an
19 organization has the authority or ability to elect, appoint, or remove a majority of
20 the officers or directors of another organization or, by policy, contract, or otherwise,
21 has the authority or ability to directly or indirectly direct or cause the direction of the
22 management or policies of another organization.

- 1 5. "Compulsive gambler" means an individual who is chronically and progressively
- 2 preoccupied with gambling and the urge to gamble and with gambling behavior that
- 3 compromises, disrupts, or damages personal, family, or vocational pursuits.
- 4 6. "Distributor" means a person that sells, markets, or distributes equipment usable in
- 5 the conduct of games.
- 6 7. "Educational organization" means a nonprofit public or private elementary or
- 7 secondary school, two-year or four-year college, or university.
- 8 8. "Eligible organization" means veterans, charitable, educational, religious, fraternal,
- 9 civic and service, public safety, or public-spirited organization domiciled in North
- 10 Dakota, incorporated as a nonprofit organization, and which has been actively
- 11 fulfilling its primary purpose within this state during the two immediately preceding
- 12 years. However, an educational organization does not need to be incorporated.
- 13 An organization's primary purpose may not involve the conduct of games. The
- 14 organization may be issued a license by the attorney general.
- 15 9. "Fraternal organization" means an organization, except a school fraternity, which is
- 16 a branch, lodge, or chapter of a national or state organization and exists for the
- 17 common business, brotherhood, or other interests of its members. The
- 18 organization must have qualified for exemption from federal income tax under
- 19 section 501(c)(8) or 501(c)(10) of the Internal Revenue Code.
- 20 10. "Games" means games of chance.
- 21 11. "Gross proceeds" means all cash and checks received from conducting games,
- 22 sales tax on bingo cards, and admissions.
- 23 12. "Licensed organization" means an eligible organization licensed by the attorney
- 24 general.
- 25 13. "Local permit" means a permit issued to a nonprofit organization or group of people
- 26 domiciled in North Dakota by a governing body of a city or county.
- 27 14. "Manufacturer" means, for a pull tab or bingo card, a person who designs, prints,
- 28 assembles, or produces the product. For a pull tab or bingo card dispensing
- 29 device, a manufacturer means the person who directly controls and manages
- 30 development of and owns the rights to the proprietary software encoded on a
- 31 processing chip that enables the device to operate.

- 1 15. "Net proceeds" means adjusted gross proceeds less allowable expenses ~~and,~~
2 gaming tax, sales tax on bingo cards, pull tab excise tax, and federal excise tax
3 imposed under section 4401 of the Internal Revenue Code [26 U.S.C. 4401].
- 4 16. "Person" means any person, partnership, corporation, limited liability company,
5 association, or organization.
- 6 17. "Public safety organization" means an organization whose primary purpose is to
7 provide firefighting, ambulance service, crime prevention, or similar emergency
8 assistance.
- 9 18. "Public-spirited organization" means an organization whose primary purpose is for
10 scientific research, amateur sports competition, safety, arts, agriculture,
11 preservation of cultural heritage, educational activities, educational public service,
12 youth, economic development, tourism, community recreation, or similar
13 organization, which does not meet the definition of any other type of eligible
14 organization. However, a nonprofit organization or a group of people recognized
15 as a public-spirited organization by a governing body of a city or county for
16 obtaining a local permit does not need to meet this definition.
- 17 19. "Qualified treatment service provider" means an entity based in North Dakota
18 which is experienced in and capable of delivering compulsive gambling education,
19 prevention, awareness, crisis intervention, rehabilitation, and financial counseling
20 and mental health treatment services as defined by the department of human
21 services.
- 22 20. "Religious organization" means a church, body of communicants, or group
23 gathered in common membership whose primary purpose is for advancement of
24 religion, mutual support and edification in piety, worship, and religious
25 observances.
- 26 21. "Total adjusted gross proceeds" means adjusted gross proceeds less sales tax on
27 bingo cards, pull tab excise tax, and federal excise tax imposed under section 4401
28 of the Internal Revenue Code [26 U.S.C. 4401].
- 29 22. "Veterans organization" means any congressionally chartered post organization, or
30 any branch or lodge or chapter of a nonprofit national or state organization whose
31 membership consists of individuals who are or were members of the armed

- 1 services or forces of the United States. The organization must have qualified for
- 2 exemption from federal income tax under section 501(c)(19) of the Internal
- 3 Revenue Code.