

HOUSE BILL NO. 1239

Introduced by

Representatives Porter, Delmore, Wrangham

Senators Krebsbach, Trenbeath

1 A BILL for an Act to amend and reenact section 53-06.1-01 and subsection 1 of section
2 53-06.1-06 of the North Dakota Century Code, relating to the selling of prize boards.

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, 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.
- 23 5. "Distributor" means a person that sells, markets, or distributes equipment usable in
24 the conduct of games.

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

1 16. "Prize board" means a board used with pull tabs to award cash or merchandise
2 prizes.

3 17. "Public safety organization" means an organization whose primary purpose is to
4 provide firefighting, ambulance service, crime prevention, or similar emergency
5 assistance.

6 ~~47.~~ 18. "Public-spirited organization" means an organization whose primary purpose is for
7 scientific research, amateur sports competition, safety, literary, arts, preservation of
8 cultural heritage, educational activities, educational public service, youth, economic
9 development, tourism, community medical care, community recreation, or similar
10 organization, which does not meet the definition of any other type of eligible
11 organization. However, a nonprofit organization or a group of people recognized
12 as a public-spirited organization by a governing body of a city or county for
13 obtaining a local permit does not need to meet this definition.

14 ~~48.~~ 19. "Religious organization" means a church, body of communicants, or group
15 gathered in common membership whose primary purpose is for advancement of
16 religion, mutual support and edification in piety, worship, and religious
17 observances.

18 ~~49.~~ 20. "Veterans organization" means any congressionally chartered post organization, or
19 any branch or lodge or chapter of a nonprofit national or state organization whose
20 membership consists of individuals who are or were members of the armed
21 services or forces of the United States. The organization must have qualified for
22 exemption from federal income tax under section 501(c)(19) of the Internal
23 Revenue Code.

24 **SECTION 2. AMENDMENT.** Subsection 1 of section 53-06.1-06 of the North Dakota
25 Century Code is amended and reenacted as follows:

- 26 1. No person, except a member, volunteer, an employee of a licensed organization or
27 an organization that has a local permit, or an employee of a temporary employment
28 agency who provides services to a licensed organization, may manage, control, or
29 conduct any game. "Member" includes a member of an auxiliary organization. In
30 conducting pull tabs or bingo through a dispensing device or selling raffle tickets or

- 1 prize boards, the attorney general may allow an employee of an alcoholic beverage
- 2 establishment to provide limited assistance to an organization.