

Fifty-eighth  
Legislative Assembly  
of North Dakota

## ENGROSSED 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  
8                   of cultural heritage, educational activities, educational public service, youth,  
9                   economic development, tourism, community medical care, community recreation,  
10                  or similar organization, which does not meet the definition of any other type of  
11                  eligible organization. However, a nonprofit organization or a group of people  
12                  recognized as a public-spirited organization by a governing body of a city or county  
13                  for 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  
28                  employment agency who provides services to a licensed organization, may  
29                  manage, control, or conduct any game. "Member" includes a member of an  
30                  auxiliary organization. In conducting pull tabs, prize boards, or bingo through a  
31                  dispensing device ~~or~~, selling raffle tickets, or conducting sports pools, the attorney

- 1                    general may allow an employee of an alcoholic beverage establishment to provide
- 2                    limited assistance to an organization.