

Fifty-ninth
Legislative Assembly
of North Dakota

HOUSE BILL NO. 1509

Introduced by

Representatives Kasper, Dosch, Iverson, Thoreson, Weiler

Senator Schobinger

1 A BILL for an Act to create and enact a new chapter to title 53 of the North Dakota Century
2 Code, relating to the licensing and regulating of live poker; and to amend and reenact
3 subsection 1 of section 12.1-28-01 of the North Dakota Century Code, relating to the definition
4 of gambling.

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

6 **SECTION 1. AMENDMENT.** Subsection 1 of section 12.1-28-01 of the North Dakota
7 Century Code is amended and reenacted as follows:

- 8 1. "Gambling" means risking any money, credit, deposit, or other thing of value for
9 gain, contingent, wholly or partially, upon lot, chance, the operation of gambling
10 apparatus, or the happening or outcome of an event, including an election or
11 sporting event, over which the person taking the risk has no control. Gambling
12 does not include:
- 13 a. Lawful contests of skill, including internet live poker, or lawful contests of
14 speed, strength, or endurance in which awards are made only to entrants or
15 to the owners of entries; or
 - 16 b. Lawful business transactions, or other acts or transactions now or hereafter
17 expressly authorized by law.

18 **SECTION 2.** A new chapter to title 53 of the North Dakota Century Code is created and
19 enacted as follows:

20 **Definitions.** As used in this chapter, unless the context otherwise requires:

- 21 1. "Adjusted gross proceeds" means any sums wagered in an internet live poker hand
22 which may be retained by the licensed internet live poker establishment as
23 compensation.

2. "Internet live poker" means a card game played by players who are dealt cards by an online nonplayer dealer with the objective of each player betting the superiority of the player's own hand and winning the other players' bets by either making a bet no other player is willing to match or proving to hold the most valuable cards after the betting is over. The internet live poker games include Texas hold'em, Omaha high/low, Omaha high, draw, stud, low ball, any combination of these games, or any other similar poker game.

3. "Licensed internet live poker establishment" means any premises licensed by the attorney general pursuant to this chapter to conduct games of internet live poker.

Internet live poker authorized. Internet live poker games are authorized and may be operated by a licensed internet live poker establishment in accordance with this chapter. The attorney general shall license and regulate the playing of internet live poker at licensed internet live poker establishments in the state. The attorney general shall adopt rules for the licensure, regulation, and operation of internet live poker in the state.

Internet live poker sites - Tax.

1. The attorney general may contract with a private entity for the development and implementation of a program for the licensing and regulation of internet live poker sites in the state. The program must include a license fee for each person that operates an internet live poker site and an annual licensing fee of ten dollars for each player who plays internet live poker at a site. A single annual licensing fee entitles a player to play internet live poker at any site licensed under this chapter.
2. The following tax is imposed on the adjusted gross proceeds of internet live poker games for each establishment authorized under this chapter:
 - a. Eight percent on the first one million dollars;
 - b. Six percent on the second one million dollars;
 - c. Four percent on the third one million dollars;
 - d. Two percent on the next five million dollars;
 - e. One-half of one percent on the next fifty million dollars; and
 - f. One-fourth of one percent on any amount in excess of fifty-eight million dollars.

1 3. The licensed internet live poker establishment shall remit the tax to the attorney
2 general on a quarterly basis. The attorney general shall remit the tax, licensing
3 fees, and any other moneys collected under this chapter to the state treasurer for
4 deposit in the internet live poker proceeds fund.

5 **Internet live poker proceeds fund.** There is created in the state treasury an internet
6 live poker proceeds fund. The fund consists of the internet live poker tax, licensing fees, and
7 any other moneys collected under this chapter. Annually, all moneys in the fund must be
8 allocated for:

9 1. Annual transfer to the counties for direct property tax relief. The amount allocated
10 to a county must be subtracted from the county's base year levy under section
11 57-15-01.1 for the purpose of determining the county's maximum levy under
12 section 57-15-01.1 and subtracted from the maximum levy in dollars that would be
13 produced by the maximum levy in mills under section 57-15-06. Transfers under
14 this subsection must equal sixty percent of total annual transfers from the internet
15 live poker proceeds fund.

16 2. Annual transfers to the common schools trust fund to become a part of the
17 principal of that fund. Transfers under this subsection must equal twenty percent
18 of total annual transfers from the internet live poker proceeds fund.

19 3. Annual transfers to the general fund. Transfers under this subsection must equal
20 twenty percent of the total annual transfers from the internet live poker proceeds
21 fund.