

Fifty-ninth
Legislative Assembly
of North Dakota

ENGROSSED 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; to provide a penalty; and to provide
3 an effective date.

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

5 **SECTION 1.** A new chapter to title 53 of the North Dakota Century Code is created and
6 enacted as follows:

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

- 8 1. "Adjusted gross proceeds" means any sums wagered in an internet live poker
9 hand which may be retained by the licensed internet live poker establishment as
10 compensation.
- 11 2. "Internet live poker" means a card game played by players who are dealt cards by
12 an online nonplayer dealer with the objective of each player betting the superiority
13 of the player's own hand and winning the other players' bets by either making a bet
14 no other player is willing to match or proving to hold the most valuable cards after
15 the betting is over. The internet live poker games include Texas hold'em, Omaha
16 high/low, Omaha high, draw, stud, low ball, any combination of these games, or
17 any other similar poker game.
- 18 3. "Licensed internet live poker establishment" means any premises licensed by the
19 attorney general pursuant to this chapter to conduct games of internet live poker.

20 **Internet live poker authorized.** Internet live poker games are authorized and may be
21 operated by a licensed internet live poker establishment in accordance with this chapter. The
22 attorney general shall license and regulate the playing of internet live poker at licensed internet
23 live poker establishments in the state. The attorney general shall adopt rules for the licensure,
24 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.
3. The licensed internet live poker establishment shall remit the tax to the attorney general on a quarterly basis. The attorney general shall remit the tax, licensing fees, and any other moneys collected under this chapter to the state treasurer for deposit in the internet live poker proceeds fund.

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

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

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

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

**Internet live poker advisory commission - Duties - Compensation - Restrictions -
Penalty.**

1. The North Dakota internet live poker advisory commission is composed of five members, three of whom are selected by the chairman of the legislative council and two of whom are selected by the attorney general. The term of office is three years, expiring on December thirty-first with no more than two terms expiring in any one year. Of the first members appointed, one must be appointed for a term of one year, two must be appointed for terms of two years, and two must be appointed for terms of three years. No member may be appointed to more than two consecutive terms. Each member of the commission must be a citizen of the United States and a resident of this state. A chairman of the commission must be chosen annually from the membership of the commission by a majority of its members at the first meeting of the commission each year.

2. The commission shall meet at least once a quarter and any additional meetings as the chairman determines necessary. Special meetings may be called by the chairman upon the written request of the director or any three members of the commission.

3. The commission shall advise the attorney general in the establishment of policy for the operation of internet live poker.

4. Members of the commission who are not state employees are entitled to be compensated at a rate of seventy-five dollars per day and are entitled to mileage and expenses as provided by law for state officers and employees. A state employee who is a member of the commission must receive that employee's regular salary and is entitled to mileage and expenses, to be paid by the employing agency.

- 1 5. No member of the advisory commission or any individual residing in the same
2 household as the member may directly or indirectly, individually, as a member of a
3 partnership or other association, or as a stockholder, director, or officer of a
4 corporation, have an interest in a business that contracts for the operation or
5 promotion of internet live poker establishments regulated and licensed under this
6 chapter. A knowing violation of this section is a class B misdemeanor.

7 **Penalty.**

- 8 1. Any person who willfully operates an internet live poker establishment or site
9 without a license as required by this chapter or who willfully operates a licensed
10 internet poker establishment or site in violation of this chapter or of rules adopted
11 by the attorney general to implement this chapter is guilty of a class C felony.
12 2. Any individual playing internet live poker at any site licensed under this chapter
13 who willfully violates this chapter or rules adopted by the attorney general to
14 implement this chapter or who plays without first obtaining a license from the
15 attorney general in that individual's name is guilty of a class B misdemeanor.

16 **Internet live poker records - Confidential.** All records and information with respect to
17 the licensure and operation of internet live poker establishments and with respect to the identity
18 of live internet poker players are confidential. The records and information may be disclosed
19 within the attorney general's office or to authorized persons in the proper administration of this
20 chapter or in accordance with a judicial order.

21 **SECTION 2. EFFECTIVE DATE.** This Act becomes effective on the date the secretary
22 of state certifies to the legislative council that House Concurrent Resolution No. 3035, as
23 adopted by the fifty-ninth legislative assembly, has been approved by the voters.