

Sixty-ninth
Legislative Assembly
of North Dakota

**SENATE BILL NO. 2224
with Conference Committee Amendments**

SENATE BILL NO. 2224

Introduced by

Senators Myrdal, Luick

1 A BILL for an Act to amend and reenact section 53-06.1-01.1, subsection 3 of section
2 53-06.1-14, and section 53-06.1-15.1 of the North Dakota Century Code, relating to the gaming
3 commission, gaming stamp requirements, and the attorney general's regulation of gaming; to
4 provide a penalty; and to provide an appropriation.

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

6 **SECTION 1. AMENDMENT.** Section 53-06.1-01.1 of the North Dakota Century Code is
7 amended and reenacted as follows:

8 **53-06.1-01.1. Gaming commission.**

- 9 1. The state gaming commission consists of the chairman and four other members
10 appointed by the governor, with the consent of the senate. The members serve
11 three-year terms and until a successor is appointed and qualified. If the senate is not
12 in session when the term of a member expires, the governor may make an interim
13 appointment, and the interim appointee holds office until the senate confirms or rejects
14 the appointment. A member appointed to fill a vacancy arising from other than the
15 natural expiration of a term serves only for the unexpired portion of the term. The
16 terms of the commissioners must be staggered so no more than two terms expire
17 each July first.
- 18 2. ~~A person~~An individual is ineligible for appointment to the commission if ~~that person~~the
19 individual has not been a resident of this state for at least two years before the date of
20 appointment. ~~A person~~An individual is also ineligible if ~~that person~~the individual is not
21 of such character and reputation as to promote public confidence in the administration
22 of gaming in this state. ~~A person~~An individual is also ineligible if ~~that person~~the

1 individual has been convicted of a felony criminal offense or has pled guilty or been
2 found guilty of any violation of chapter 12.1-06, 12.1-08, 12.1-09, 12.1-10, 12.1-11,
3 12.1-12, 12.1-22, 12.1-23, 12.1-24, 12.1-28, 53-06.1, or 53-06.2, or has pled guilty or
4 been found guilty of any violation of section 6-08-16 or 6-08-16.2, or has pled guilty or
5 been found guilty of any offense or violation that has a direct bearing on the
6 ~~person's~~individual's fitness to be involved in gaming, or who has committed an
7 equivalent offense or violation of the laws of another state or of the United States. A-
8 ~~person~~An individual who has a financial interest in gaming or is an employee or a
9 member of the gaming committee of a licensed organization or distributor cannot be a
10 member of the commission. For the purpose of this subsection, a financial interest
11 includes the receiving of any direct payment from an eligible organization for property,
12 services, or facilities provided to that organization.

13 3. Commission members are entitled to ~~seventy-five dollars~~the amount under
14 subsection 1 of section 54-03-20 per day for compensation for each day spent on
15 commission duties and mileage and expense reimbursement as allowed to other state
16 employees. The commission shall meet at least quarterly. The commission may hold
17 an executive session under section 44-04-19.2.

18 4. The commission shall adopt rules in accordance with chapter 28-32, to administer and
19 regulate the gaming industry, including methods of conduct, play, and promotion of
20 games; minimum procedures and standards for recordkeeping and internal control;
21 requiring tax returns and reports from organizations or distributors; methods of
22 competition and doing business by distributors and manufacturers; acquisition and use
23 of gaming equipment; quality standards or specifications for the manufacture of pull
24 tabs, paper bingo cards, electronic pull tab devices, pull tab dispensing devices, bingo
25 card marking devices, and fifty-fifty raffle systems; to ensure that net proceeds are
26 used for educational, charitable, patriotic, fraternal, religious, or public-spirited uses; to
27 protect and promote the public interest; to ensure fair and honest games; to ensure
28 that fees and taxes are paid; and to prevent and detect unlawful gambling activity.

29 **SECTION 2. AMENDMENT.** Subsection 3 of section 53-06.1-14 of the North Dakota

30 Century Code is amended and reenacted as follows:

- 1 3. A licensed distributor shall affix a North Dakota gaming stamp to each deal of paper
2 pull tabs, raffle board, punchboard, sports pool board, calcutta board, and series of
3 paddlewheel ticket cards sold or otherwise provided to a licensed organization or
4 organization that has a permit and shall purchase the stamps from the attorney
5 general for thirty-five cents each. Ten cents of each stamp sold by the attorney
6 general, up to thirty-six thousand dollars per biennium, must be credited to the
7 attorney general's operating fund to defray the costs of issuing and administering the
8 gaming stamps. If an organization hosts an event with a raffle board and only sells
9 numbered squares on the day of event, the organization is exempt from the
10 requirements under this subsection.

11 **SECTION 3. AMENDMENT.** Section 53-06.1-15.1 of the North Dakota Century Code is
12 amended and reenacted as follows:

13 **53-06.1-15.1. Authority of the attorney general - Penalty - Hearing - Appeal.**

- 14 1. The attorney general may:
- 15 4- a. Inspect all sites in which gaming is conducted or inspect all premises where
16 gaming equipment is manufactured or distributed. The attorney general may
17 require a licensed manufacturer to reimburse the attorney general for the
18 reasonable actual cost of transportation, lodging, meals, and incidental expenses
19 incurred in inspecting the manufacturer's facility.
- 20 2- b. Inspect all gaming equipment and supplies.
- 21 3- c. Seize, remove, or impound any gaming equipment, supplies, games, or books
22 and records for the purpose of examination and inspection.
- 23 4- d. Demand access to and inspect, examine, photocopy, and audit all books and
24 records of applicants, organizations, lessors, manufacturers, distributors, and
25 affiliated companies concerning any income, expense, or use of net proceeds,
26 and determine compliance with this chapter or gaming rules.
- 27 5- e. Permit the commissioner or proper representative of the internal revenue service
28 of the United States to inspect a tax return or furnish a copy of the tax return, or
29 information concerning any item contained in the return, or disclosed by any audit
30 or investigation report of the gaming activity of any organization or player, or
31 recordkeeping information. However, information cannot be disclosed to the

1 extent that the attorney general determines that the disclosure would identify a
2 confidential informant or seriously impair any civil or criminal investigation.

3 Except when directed by judicial order, or for pursuing civil or criminal charges
4 regarding a violation of this chapter or a gaming rule, or as is provided by law, the
5 attorney general may not divulge nor make known, to any person, any income or
6 expense item contained in any tax return or disclosed by an audit or investigative
7 report of any taxpayer provided to the attorney general by the internal revenue
8 service.

9 ~~6.~~ f. Require a representative of a licensed organization or distributor to participate in
10 training or for good cause prohibit the person from being involved in gaming as
11 an employee or volunteer. The attorney general may for good cause prohibit a
12 person from providing personal or business services to an organization or
13 distributor.

14 ~~7.~~ g. Prohibit a person from playing games if the person violates this chapter, chapter
15 12.1-28 or 53-06.2, or a gaming rule.

16 ~~8.~~ h. Require or authorize an organization to pay or prohibit an organization from
17 paying a bingo, electronic quick shot bingo, or raffle prize to a player on a dispute
18 or based on a factual determination or a hearing by the attorney general.

19 ~~9.~~ i. Based on reasonable ground or written complaint, suspend, deny, or revoke an
20 organization's permit or an organization's, distributor's, or manufacturer's
21 application or license for violation, by the organization, distributor, or
22 manufacturer or any officer, director, agent, member, or employee of the
23 organization, distributor, or manufacturer, of this chapter or any gaming rule.

24 ~~10.~~ j. Impose a monetary fine on a licensed organization, organization that has a
25 permit, distributor, manufacturer, or third-party business operating gaming and
26 working as an agent of the charity for failure to comply with this chapter or any
27 gaming rule. The monetary fine for each violation by an organization is a
28 minimum of twenty-five dollars and may not exceed two percent of the
29 organization's average quarterly gross proceeds, or five thousand dollars,
30 whichever is greater. The monetary fine for each violation by a distributor is a
31 minimum of one hundred dollars and may not exceed five thousand dollars. The

1 monetary fine for each violation by a manufacturer is a minimum of five hundred
2 dollars and may not exceed two hundred fifty thousand dollars. This fine may be
3 in addition to or in place of a license suspension or revocation.

4 41. k. At any time within three years after any amount of fees, monetary fine, interest,
5 penalty, or tax required to be paid pursuant to this chapter becomes due, bring a
6 civil action to collect the amount due. However, if for any reason there is a
7 change in adjusted gross proceeds or tax liability by an amount which is in
8 excess of twenty-five percent of the amount of adjusted gross proceeds or tax
9 liability originally reported on the tax return, any additional tax determined to be
10 due may be assessed within six years after the due date of the tax return, or six
11 years after the tax return was filed, whichever period expires later. An action may
12 be brought although the person owing the fees or tax is not presently licensed.

13 42. l. Institute an action in any district court for declaratory or injunctive relief against a
14 person, whether or not the person is a gaming licensee, as the attorney general
15 deems necessary to prevent noncompliance with this chapter or gaming rules.

16 43. m. For good cause, require a licensed organization to use the attorney general's
17 recordkeeping system for any or all games.

18 n. Informally discuss a potential violation with a person or educate, negotiate, or
19 mediate to resolve a potential violation, including a violation under subdivision j.

20 2. If informal measures under subdivision n of subsection 1 do not resolve the matter,
21 based on evidence obtained by the attorney general demonstrating a person violated
22 this chapter or a gaming rule, which could result in the revocation or suspension of a
23 site authorization or an organization's gaming license or the imposition of a monetary
24 fine of one thousand dollars or more, the attorney general may hold a hearing to
25 determine whether a violation occurred. The hearing must be conducted in
26 accordance with section 28-32-35.

27 3. Within thirty days of the attorney general issuing an order under this section, a person
28 may appeal the order to the district court of the county where the person is domiciled
29 or Burleigh County district court. An order of the attorney general must be stayed
30 pending the time to appeal to the district court.

1 **SECTION 4. APPROPRIATION - ATTORNEY GENERAL - GAMING COMMISSION -**
2 **ONE-TIME FUNDING.** There is appropriated out of any moneys in the general fund in the state
3 treasury, not otherwise appropriated, the sum of \$25,000, or so much of the sum as may be
4 necessary, to the attorney general for the purpose of defraying the costs of operations of the
5 gaming commission, for the biennium beginning July 1, 2025, and ending June 30, 2027. The
6 appropriation in this section is considered a one-time funding item.