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 This fiscal note has not been filed with the Leg. Council.
 It will be filed later today.
FISCAL NOTE

(Return in triplicate)

Bill/Resolution No.: SB 2512 Amendment to: _____

Requested by Legislative Council Date of Request: 1-26-93

1. Please estimate the fiscal impact (in dollar amounts) of the above measure for state general or special funds, counties, and cities.

Narrative: The bill legalizes the conduct of games of chance through electronic video gaming devices. The bill places the video system under the management and control of the State Gaming Commission. The bill establishes a special video gaming operating fund; requires manufacturing standards and testing and approval of video gaming devices; and requires a computer telecommunications and management information system. The bill requires licensing of manufacturers, distributors, operators or devices, and gaming sites; requires background investigations of applicants; and assigns the actual ownership, placement, and operation of video gaming devices at gaming devices to operators, rather than licensed gaming organizations. The bill allocates adjusted gross proceeds between the gaming tax, gaming sites, operators, and gaming organizations; distributes the gaming tax to fund several state programs and the general fund; and funds a reimbursable appropriation of \$500,000 for start-up costs.

2. State fiscal effect in dollar amounts:

	<u>1991-93</u> <u>Biennium</u>		<u>1993-95</u> <u>Biennium</u>		<u>1995-97</u> <u>Biennium</u>	
	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Funds</u>	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Funds</u>	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Funds</u>
Revenues:	-0-	-0- (\$758,000)	\$8,219,000	(\$2,797,000)	\$16,333,000	
Expenditures:	-0-	-0-	-0-	\$2,009,000	-0-	\$ 2,296,000

3. What, if any, is the effect of this measure on the appropriation for your agency or department:

- a. For rest of 1991-93 biennium: -0-
- b. For the 1993-95 biennium : \$2,009,000
- c. For the 1995-97 biennium : \$2,296,000

4. County and City fiscal effect in dollar amounts:

<u>1991-93</u> <u>Biennium</u>		<u>1993-95</u> <u>Biennium</u>		<u>1995-97</u> <u>Biennium</u>	
<u>Counties</u>	<u>Cities</u>	<u>Counties</u>	<u>Cities</u>	<u>Counties</u>	<u>Cities</u>
-0-	-0-	(\$2,000)	(\$56,000)	(\$8,000)	(\$144,000)

If additional space is needed, attach a supplemental sheet.

Signed Charles W. Keller
 Typed Name Charles W. Keller
 Department Attorney General's Office
 Phone Number 4482

Date Prepared: February 10, 1993

SB 2512 2/10/93

This info was never
officially filed with the
Legislative Council. It was
hand delivered to Chairman
of Senate Judiciary.

FISCAL EFFECT - PROPOSED AMENDMENTS TO SENATE BILL 2512

	<u>1993-95 Biennium</u>		<u>1995-97 Biennium</u>	
	<u>General Fund</u>	<u>Special Fund</u>	<u>General Fund</u>	<u>Special Fund</u>
Revenues	\$7,485,000	-0-	\$10,401,000	-0-
Expenditures	\$2,000,000	-0-	\$ 1,160,000	-0-

The county and city fiscal effect is:

	<u>1993-95 Biennium</u>		<u>1995-97 Biennium</u>	
	<u>Counties</u>	<u>Cities</u>	<u>Counties</u>	<u>Cities</u>
Revenues	(\$4,000)	(\$67,000)	(\$6,000)	(\$106,000)

OFFICE OF ATTORNEY GENERAL
STATE OF NORTH DAKOTA

Heidi Heitkamp
ATTORNEY GENERAL

MEMORANDUM

CAPITOL TOWER

State Capitol
600 East Boulevard
Bismarck, ND 58505-0040
701-224-2210
FAX 701-224-2226

**Consumer Fraud
and Antitrust Section**
701-224-3404 (V/TDD)
800-472-2600 (V/TDD)
Toll Free in North Dakota

Gaming Section
701-224-4848

Licensing Section
701-224-2210

Racing Commission
701-224-4290

CAPITOL COMPLEX
State Office Building

900 East Boulevard
Bismarck, ND 58505-0040
FAX 701-224-4300

Civil Litigation
701-224-3640

Natural Resources
701-224-3640

Child Sexual Abuse Team
701-224-2729

**Bureau of Criminal
Investigation**
P.O. Box 1054
Bismarck, ND 58502-1054
701-221-6180
800-472-2185
Toll Free in North Dakota
FAX 701-221-6158

Fire Marshal
1835 Bismarck Expressway
Bismarck, ND 58504-6708
701-221-5390
FAX 701-221-5363

TO: Senator Jim Maxson
1993 Legislative Assembly

FROM: Charles W. Keller, Chief Auditor, Gaming Section

RE: Fiscal Effect -- Senate Bill No. 2512
(Legalization of Video Gaming Devices)

DATE: February 18, 1993

As requested, this memo conveys the fiscal effect to Senate Bill No. 2512 of the amendments adopted by the Senate Judiciary Committee on Monday, February 15, 1993. The amendments replaced the original text of Senate Bill No. 2512 with the text of House Bill No. 1213, and, the amendments made substantive changes to House Bill No. 1213 as proposed by the Sinner Administration. These changes were:

1. The game of paper charitable gaming tickets conducted through jar bars, rather than pull tab dispensing devices, is not phased out effective June 30, 1994.
2. The gaming tax rates on presently legalized games of chance are not doubled.
3. Other than at a gaming site where bingo is the primary game of chance conducted, if a licensed organization operates video gaming devices, the organization is required to first discontinue conducting all other games of chance at that site. This amendment would replace a gaming site's present games of chance with video gaming devices, at the organization's discretion.

These three particular amendments materially affect the fiscal effect of the original House Bill No. 1213 in relation to the proposed amendments to Senate Bill No. 2512.

If Senate Bill No. 2512 is amended as proposed, the bill legalizes the conduct of games of chance through electronic video gaming devices. The bill sets a limit on site

rental; allows gaming organizations to operate up to seven video gaming devices at licensed alcoholic beverage establishments and gaming sites where bingo is the primary game of chance; requires manufacturing standards and testing and approval of video gaming devices; and requires a computer telecommunications and management information system. Except at a site where bingo is the primary game of chance conducted, if a gaming organization operates video gaming devices at a site, the organization is prohibited from conducting other games of chance at that site. The bill allocates adjusted gross proceeds (gross proceeds less prizes) between gaming tax, expenses, and charitable uses; requires licensing of manufacturers, distributors, and video gaming devices; and requires background investigations of applicants. The bill provides an appropriation of \$2,000,000 and five full-time equivalent positions to the Attorney General's office.

The state and county and city fiscal effects are represented on the attached document.

The calculated fiscal effect is conservative. The positive general fund revenue is based on a projected diversion of consumer disposable income from presently legalized games of chance to video gaming devices. Only the dollars presently forecast for the North Dakota charitable gaming industry for the 1993-95 and 1995-97 bienniums were used in the compilation of the fiscal effect.

If you have any questions, please call me at 4482.

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Attachment