

House Judiciary Committee

Wednesday, January 20, 2021

HB 1162 – Relating to Online Raffle

To conduct online raffles organizations will need to use tested and approved raffle systems. An electronic raffle system is computer software and related equipment used by the licensed organization to sell tickets, account for sales, determine winners through random selection, and to distribute prizes.

These systems must be able to ensure that any sales be received from only people within the state of North Dakota or the conduct would be in violation of the Federal Wire Act which states:

Whoever being engaged in the business of betting or wagering knowingly uses a wire communication facility for the transmission in interstate or foreign commerce of bets or wagers or information assisting in the placing of bets or wagers on any sporting event or contest, or for the transmission of a wire communication which entitles the recipient to receive money or credit as a result of bets or wagers, or for information assisting in the placing of bets or wagers, shall be fined under this title or imprisoned not more than two years, or both.

Geo-fencing must be used to ensure that only players within North Dakota are purchasing raffle tickets otherwise the organizations will be in violation of Federal wire act.

This office would like the committee to consider making it clear that, should this bill pass, only state licensed gaming organizations could conduct online raffles as it would be nearly impossible to regulate the 2,000 plus local permitted organizations.

Accepting wagers for raffle tickets by credit card or debit cards will require that an organization to utilize an online payment system and there will be costs associated with utilizing such a system.

The committee may wish to consider an age limit. At this time anyone of any age may sell or purchase a raffle ticket.

Another concern is that this bill opens up competition with the Lottery as the way the bill is currently written an organization could run a daily, weekly, monthly raffle. This office would suggest that a limit be placed on how many raffles can be conducted by an organization during a year.

Thank you for your time,

Deb McDaniel, Director of Gaming
Office of Attorney General