

**Testimony in Support of
Engrossed HB 1212
Senate Appropriations Committee
(March 25, 2021)**

Chairman Holmberg and Senate Appropriations Committee Members:

My name is Rick Stenseth, a Gaming Manager for two organizations in Fargo that both conduct charitable gaming (Northern Prairie Performing Arts (NPPA) aka Fargo-Moorhead Community Theatre & Team Makers Club). I am submitting this testimony through our NPPA lobbyist, Todd D. Kranda, an attorney with the Kelsch Ruff Kranda Nagle & Ludwig Law Firm in Mandan.

I have been involved in the charitable gaming industry since 1983 and have worked with the Legislature on many different gaming topics in past sessions.

HB 1212 is an extremely important bill for all charitable organizations that conduct gaming in North Dakota. HB 1212 provides significant and immediate positive impact to the programs and services supported by gaming. Many of the charitable organizations rely on gaming revenues as the largest fund raising tool they have to meet their organizations purpose and mission. Attached for your reference is a copy of the **2020 Summary of Eligible Use Contributions** report compiled by the Attorney General Gaming Division showing the various charitable purposes benefitting from charitable gaming in North Dakota.

HB 1212 changes the basis on which gaming tax is applied using an adjusted gross proceeds rather than gross proceeds. The charitable gaming industry supports the change as proposed within HB 1212 and maintains that the costs associated with the regulation

and administration of the laws and rules necessary to ensure the integrity of our charitable gaming industry through the Attorney General's Office and local jurisdictions should be covered by the tax revenues from the industry. Additionally, the charitable gaming industry has always recognized that there is a need to make help available for those who may have a problem with their gaming activity. HB 1212 addresses both of these items.

Historically the industry began with what was termed "Gaming Tax" and it went to the Attorney General's budget to use as necessary. At that time the basis for taxation was Adjusted Gross Proceeds. AGP is what remains after all prizes are paid out to players. For the quarter ending June 30, 2020 players received 88.3% of wagers back in prizes.

Charitable gaming organizations currently pay taxes based on Gross Proceeds (the total dollar value of wagers). The industry should not be taxed with this gross proceeds formula as the basis. Changing this aspect of the tax code for charitable gaming is the proper way to handle the tax formula. Taxes for gaming should be applied based on the revenue after all prizes are paid. For many game types every actual dollar that is taken in by the organization results in \$3 or more wagers (Gross), with over 80% of that amount going back out in prizes.

There are costs involved which need to be covered by the taxes collected on gaming. Total taxes collected should be calculated to maintain the activity in the Gaming Division of the Attorney General's office that is responsibility to police the industry by enforcing regulations and administering laws and rules governing it.

Designating those tax dollars to a fund which is directed by statute to be used for

the purposes defined ensures that regardless of any other budgeting concerns, the AG will be able to maintain the necessary funds to meet their responsibilities.

HB 1212 establishes a fair and adequate tax that will be used for appropriate oversight expenses, while helping each organization significantly. Your Senate Finance and Taxation committee supported HB 1212 with a Do Pass recommendation by a vote of 6-1. Accordingly, I would strongly encourage and ask for a **Do Pass** recommendation and appreciate your support for the passage of **HB 1212**.

Thank you for your time and I am available for any questions. Rick Stenseth

User: PWONDRA

Fiscal Year: 2020

Quarter: All

North Dakota Office of Attorney General
Summary of Eligible Use Contributions

Page: 1
01/26/21 10:04:39

Eligible Code	Description	Check Amount	% of Grand Total
A-02	THE ABUSED	183,811	0.7
A-03	ALCOHOL AND DRUG ABUSE	9,044	0.0
A-04	ANIMAL PROTECTION	37,738	0.1
A-05	ALZHEIMERS	1,725	0.0
A-07	THE BLIND	33,453	0.1
A-08	CANCER	119,112	0.4
A-11	CYSTIC FIBROSIS	349,299	1.2
A-12	DIABETES	10,150	0.0
A-15	THE DISABLED	1,198,008	4.3
A-18	HEART DISEASE	7,850	0.0
A-20	LEARNING DISABILITIES	176,880	0.6
A-24	MENTAL HEALTH	254,796	0.9
A-25	MULTIPLE SCLEROSIS	1,915	0.0
A-26	MUSCULAR DYSTROPHY	4,072	0.0
A-27	THE NEEDY	359,654	1.3
A-28	PARALYSIS	6,700	0.0
A-29	DEVELOPMENTALLY DISABLED CITIZENS	1,315,312	4.7
A-30	SENIOR CITIZENS	334,748	1.2
A-32	TERMINALLY ILL	5,330	0.0
A-36	WILDLIFE	755,429	2.7
A-37	YOUTH ACTIVITIES	6,120,069	21.9
A-46	ADULT ACTIVITIES	212,605	0.8
A-47	HEAD INJURIES	2,350	0.0
A-58	HOME ON THE RANGE	52,029	0.2
A-61	MARCH OF DIMES	300	0.0
A-64	MEALS ON WHEELS	13,900	0.0
A-65	MEDICAL FACILITIES NON-PROFIT	155,524	0.6
A-67	MEMORIAL FUNDS	30,968	0.1
A-70	NURSING HOMES NON-PROFIT	81,399	0.3
A-75	DAYCARE FACILITIES NON-PROFIT	62,298	0.2
A-80	RONALD MCDONALD HOUSE	15,805	0.1
A-82	SALVATION ARMY	18,650	0.1
A-88	SPECIAL OLYMPICS	51,758	0.2
A-90	DISASTER RELIEF ORGANIZATIONS	4,450	0.0
A-91	UNITED FUND/UNITED WAY	137,900	0.5
A-94	YMCA/YWCA	9,500	0.0
A-97	VOLUNTEER SERVICES	9,200	0.0
A-98	GAMBLING ADDICTION	1,000	0.0
A-99	OTHER	228,292	0.8

Subtotal of Contributions: \$12,373,023 Percent to Grand Total: 44.3%

User: PWONDRA

Fiscal Year: 2020
Quarter: All

North Dakota Office of Attorney General
Summary of Eligible Use Contributions

Page: 2
01/26/21 10:04:39

Eligible Code Description	Check Amount	% of Grand Total
B-10 RELIGIOUS USES	245,177	0.9
Subtotal Of Contributions:	\$245,177	Percent to Grand Total: 0.9%

Eligible Code Description	Check Amount	% of Grand Total
C-10 AGRICULTURE	85,412	0.3
C-20 THE ARTS	1,787,549	6.4
C-25 EDUCATIONAL PUBLIC SERVICES	932,663	3.3
C-30 SAFETY	40,902	0.1
C-40 4-H ACTIVITIES	70,545	0.3
C-50 EDUCATIONAL INSTITUTIONS AND A	1,254,178	4.5
C-75 PRESERVATION OF CULTURAL HERIT	394,964	1.4
C-80 SCHOLARSHIPS	1,621,007	5.8
C-90 VOCATIONAL WORKSHOPS	5,018	0.0
C-99 OTHER	54,132	0.2
Subtotal Of Contributions:	\$6,246,370	Percent to Grand Total: 22.4%

Eligible Code Description	Check Amount	% of Grand Total
D-10 CAMP GRASSICK	14,960	0.1
D-20 FRATERNAL FOUNDATIONS	115,802	0.4
D-30 LEGION BASEBALL	276,328	1.0
D-40 VETERAN'S CEMETARY	42,903	0.2
D-50 DISABLED OR INJURED VETERANS A	130,950	0.5
D-60 MILITARY FAMILY SUPPORT	46,823	0.2
D-70 VETERANS FACILITY IMPROVEMENTS	227,921	0.8
D-99 OTHER	67,932	0.2
Subtotal Of Contributions:	\$923,619	Percent to Grand Total: 3.3%

User: PWONDRA

Fiscal Year: 2020

Quarter: All

North Dakota Office of Attorney General
Summary of Eligible Use Contributions

Page: 3
01/26/21 10:04:39

Eligible Code Description	Check Amount	% of Grand Total
E-10 SCOUTING ACTIVITIES AND BOYS O	84,443	0.3
E-30 COMMUNITY BANDS, COLOR AND HONOR GUARDS, FLAG	325,800	1.2
E-99 OTHER	30,769	0.1
Subtotal Of Contributions:	\$441,012	Percent to Grand Total: 1.6%

Eligible Code Description	Check Amount	% of Grand Total
F-10 ERECTION OR MAINTENANCE OF PUB	661,469	2.4
Subtotal Of Contributions:	\$661,469	Percent to Grand Total: 2.4%

Eligible Code Description	Check Amount	% of Grand Total
G-10 COMMUNITY EMERGENCY SERVICES	2,278,143	8.2
G-15 DISBURSEMENTS DIRECTLY TO A CI	431,632	1.5
G-25 IMPROVEMENT OF PUBLIC AREAS	270,049	1.0
G-50 PARKS AND RECREATION	871,594	3.1
G-60 LAW ENFORCEMENT	85,568	0.3
G-99 OTHER	4,224	0.0
Subtotal Of Contributions:	\$3,941,210	Percent to Grand Total: 14.1%

Eligible Code Description	Check Amount	% of Grand Total
H-00 LOSS OF THE HOME VICTIMS	20,126	0.1
Subtotal Of Contributions:	\$20,126	Percent to Grand Total: 0.1%

User: PWONDRA

Fiscal Year: 2020
Quarter: All

North Dakota Office of Attorney General
Summary of Eligible Use Contributions

Page: 4
01/26/21 10:04:39

Eligible Code Description	Check Amount	% of Grand Total
I-00 SUFFERERS OF SERIOUS DISABLING	774,925	2.8
Subtotal Of Contributions:	\$774,925	Percent to Grand Total: 2.8%

Eligible Code Description	Check Amount	% of Grand Total
K-10 ECONOMIC DEVELOPMENT	476,685	1.7
K-30 TOURISM	1,043,163	3.7
K-65 COMMUNITY FACILITY IMPROVEMENTS	213,067	0.8
K-99 OTHER	587,899	2.1
Subtotal Of Contributions:	\$2,320,814	Percent to Grand Total: 8.3%

Eligible Code Description	Check Amount	% of Grand Total
V-00 VOIDED CHECK	0	0.0
Subtotal Of Contributions:	\$0	Percent to Grand Total: 0.0%

Total Of All Contributions: \$27,947,745

--- End of Report ---