

Introduced by

Senators Klein, Hogue, Luick

Representatives Karls, Kempenich, Nathe

1 A BILL for an Act to amend and reenact section 53-06.1-01 and subsection 2 of section
2 53-06.1-03 of the North Dakota Century Code, relating to gaming licenses for alcoholic
3 beverage establishments and bingo halls.

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

5 **SECTION 1. AMENDMENT.** Section 53-06.1-01 of the North Dakota Century Code is
6 amended and reenacted as follows:

7 **53-06.1-01. Definitions.**

8 As used in this chapter:

- 9 1. "Adjusted gross proceeds" means gross proceeds less cash prizes, cost of
10 merchandise prizes, gaming tax, and federal excise tax imposed under section 4401
11 of the Internal Revenue Code [26 U.S.C. 4401].
- 12 2. "Alcoholic beverage establishment" means the licensed premises where alcoholic
13 beverages are sold and dispensed under an on-sale license and patrons must be
14 twenty-one years of age or older to enter. The term does not include a gas station,
15 grocery store, or convenience store.
- 16 3. "Charitable organization" means an organization whose primary purpose is for relief of
17 poor, distressed, underprivileged, diseased, elderly, or abused persons, prevention of
18 cruelty to children or animals, or similar condition of public concern.
- 19 3.4. "Civic and service organization" means an organization whose primary purpose is to
20 promote the common good and social welfare of a community as a sertoma, lion,
21 rotary, jaycee, kiwanis, or similar organization.
- 22 4.5. "Closely related organization" means an organization that controls, is controlled by, or
23 is under common control with another organization. Control exists when an
24 organization has the authority or ability to elect, appoint, or remove a majority of the

1 officers or directors of another organization or, by policy, contract, or otherwise, has
2 the authority or ability to directly or indirectly direct or cause the direction of the
3 management or policies of another organization.

4 ~~5-6.~~ "Distributor" means a person that sells, markets, or distributes equipment designed for
5 use in the conduct of games.

6 ~~6-7.~~ "Educational organization" means a nonprofit public or private elementary or
7 secondary school, two-year or four-year college, or university.

8 ~~7-8.~~ "Electronic pull tab device" means a device, approved by the attorney general, which
9 electronically displays pull tabs.

10 ~~8-9.~~ "Eligible organization" means a veterans, charitable, educational, religious, fraternal,
11 civic and service, public safety, or public-spirited organization domiciled in North
12 Dakota or authorized by the secretary of state as a foreign corporation under chapter
13 10-33, incorporated as a nonprofit organization, and which has been regularly and
14 actively fulfilling its primary purpose within this state during the two immediately
15 preceding years. However, an educational organization does not need to be
16 incorporated or be in existence for two years. An organization's primary purpose may
17 not involve the conduct of games. The organization may be issued a license by the
18 attorney general. For purposes of this section, a foreign corporation authorized under
19 chapter 10-33 is not an eligible organization unless authorized to conduct a raffle
20 under chapter 20.1-04 or 20.1-08 and may not conduct a game other than a raffle
21 under chapter 20.1-04 or 20.1-08.

22 ~~9-10.~~ "Fraternal organization" means an organization, except a school fraternity, which is a
23 branch, lodge, or chapter of a national or state organization and exists for the common
24 business, brotherhood, or other interests of its members. The organization must have
25 qualified for exemption from federal income tax under section 501(c)(8) or 501(c)(10)
26 of the Internal Revenue Code.

27 ~~10-11.~~ "Games" means games of chance.

28 ~~11-12.~~ "Gross proceeds" means all cash and checks received from conducting games.

29 ~~12-13.~~ "Licensed organization" means an eligible organization licensed by the attorney
30 general.

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- 1 ~~13-14.~~ "Manufacturer" means, for a pull tab or bingo card, a person who designs, prints,
2 assembles, or produces the product. For a pull tab dispensing device, bingo card
3 marking device, or a fifty-fifty raffle system, a manufacturer means the person who
4 directly controls and manages development of and owns the rights to the proprietary
5 software encoded on a processing chip that enables the device to operate.
- 6 ~~14-15.~~ "Net income" means gross proceeds less cash prizes, cost of merchandise prizes, and
7 expenses to conduct the gaming activity.
- 8 ~~15-16.~~ "Net proceeds" means adjusted gross proceeds less allowable expenses and gaming
9 tax.
- 10 ~~16-17.~~ "Permit" means a local permit or restricted event permit issued by a governing body of
11 a city or county to a nonprofit organization or group of people domiciled in North
12 Dakota.
- 13 ~~17-18.~~ "Person" means any person, partnership, corporation, limited liability company,
14 association, or organization.
- 15 ~~18-19.~~ "Prize board" means a board used with pull tabs to award cash or merchandise prizes.
- 16 ~~19-20.~~ "Public safety organization" means an organization whose primary purpose is to
17 provide firefighting, ambulance service, crime prevention, or similar emergency
18 assistance.
- 19 ~~20-21.~~ "Public-spirited organization" means an organization whose primary purpose is for
20 scientific research, amateur sports competition, safety, literary, arts, preservation of
21 cultural heritage, educational activities, educational public service, youth, economic
22 development, tourism, community medical care, community recreation, or similar
23 organization, which does not meet the definition of any other type of eligible
24 organization. However, a nonprofit organization or a group of people recognized as a
25 public-spirited organization by a governing body of a city or county for obtaining a
26 permit does not need to meet this definition.
- 27 ~~21-22.~~ "Pull tab" means a folded or banded ticket or jar ticket, a pull tab card with break-open
28 tabs, or an electronic pull tab displaying concealed numbers or symbols or
29 combinations of concealed numbers and symbols which are exposed by a player to
30 determine the outcome. The terms "pull tab" and "jar ticket" are used interchangeably
31 unless otherwise stated. A winning pull tab contains certain symbols, numbers, or

1 combinations of symbols and numbers and may contain multiple winning symbols,
2 numbers, or combinations of symbols and numbers which have been previously
3 designated as winning symbols or numbers.

4 ~~22-23.~~ "Religious organization" means a church, body of communicants, or group gathered in
5 common membership whose primary purpose is for advancement of religion, mutual
6 support and edification in piety, worship, and religious observances.

7 ~~23-24.~~ "Veterans organization" means any congressionally chartered post organization, or
8 any branch or lodge or chapter of a nonprofit national or state organization whose
9 membership consists of individuals who are or were members of the armed services
10 or forces of the United States. The organization must have qualified for exemption
11 from federal income tax under section 501(c)(19) of the Internal Revenue Code.

12 **SECTION 2. AMENDMENT.** Subsection 2 of section 53-06.1-03 of the North Dakota
13 Century Code is amended and reenacted as follows:

14 2. An eligible organization shall apply for a license to conduct only bingo, electronic quick
15 shot bingo, raffles, calcuttas, pull tabs, punchboards, twenty-one, paddlewheels,
16 poker, or sports pools by:

17 a. First securing approval for a site authorization from the governing body of the city
18 or county in which the proposed site is located. Approval, which may be granted
19 at the discretion of the governing body, must be recorded on a site authorization
20 form that is to accompany the license application to the attorney general for final
21 approval. A governing body may not require an eligible organization to donate net
22 proceeds to the city, county, or related political subdivision or for community
23 programs or services within the city or county as a condition for receiving a site
24 authorization from the city or county. A governing body may limit the number of
25 tables for the game of twenty-one per site and the number of sites upon which a
26 licensed organization may conduct games within the city or county. A governing
27 body may charge a one hundred dollar fee for a site authorization. A governing
28 body may approve site authorization only for an alcoholic beverage
29 establishment or a bingo hall; and

30 b. Annually applying for a license from the attorney general before July first on a
31 form prescribed by the attorney general and remitting a one hundred fifty dollar

1 license fee for each city or county that approves a site authorization. However,
2 the attorney general may allow an organization that only conducts a raffle or
3 calcutta in two or more cities or counties to annually apply for a consolidated
4 license and remit a one hundred fifty dollar license fee for each city or county in
5 which a site is located. An organization shall document that it qualifies as an
6 eligible organization. If an organization amends its primary purpose as stated in
7 its articles of incorporation or materially changes its basic character, the
8 organization shall reapply for licensure.