



## **Benefiting North Dakota Communities through Charitable Gaming**

**January 31, 2023**

### **Testimony in OPPOSITION of Senate Bill 2245**

Madame Chair Larson and Members of the Senate Judiciary Committee:

I'm Scott Meske, representing the North Dakota Gaming Alliance and on behalf of the 152 Members of the NDGA, we stand in opposition to Senate Bill 2245.

ND Gaming Alliance represents all facets of the charitable gaming industry, including Veteran and Fraternal Organizations, Charities, Hospitality, Manufacturers, and Distributors. In the last biennium more than \$73 million has been disbursed into North Dakota's community causes because of charitable gaming.

Senate Bill 2245 would cap the amount of rent allowed to be collected by gaming sites to \$750 per month in total for electronic gaming devices, E-pull tab machines. The rent paid by the charity helps compensate the establishment for electricity, internet, and assistance to support the gaming choices. On the surface, this bill looks to help smaller charities from being pushed out of sites by larger organizations. However as we interpret the bill, it is nothing more than an attempt to shut down charitable gaming in North Dakota.

If passed, the results of the bill will result in:

1. Gaming sites will reevaluate the benefit of hosting charitable gaming.
2. When permits are up for renewal, they will make a business decision to not have charitable gaming.
3. Smaller charities, especially in smaller communities, will then begin to lose sites.
4. The charitable gaming industry comes to a halt, or is consolidated into a handful of large organizations.



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We surmise this is the intent of this bill and other legislation offered this session. There is no other explanation. There is a bill working its way through the House, HB 1387, which actually raises the maximum allowable rent for electronic pull tab machines to the host gaming sites. A bill that has support across the industry.

The Legislature and the Gaming Commission have set rules for the conduct of charitable gaming in North Dakota. Organizations have employed those rules. Now, there seems to be repeated attempts to reign in those who have been successful – just because they followed the rules.

Madame Chair and Members of the Committee, you will have several bills before you this session that while on the surface look reasonable in their regulatory intent to some, do nothing except hinder charities who work to improve our communities. The 319 licensed charitable organizations contributed more \$73 million the last biennium to local charitable endeavors, and another \$43 million to the state coffers in taxes. That revenue, injected directly into our communities, offsets the need to rely on other sources of income to meet the charity's stated mission and provides valuable benefits to the residents and communities.

The North Dakota Gaming Alliance respectfully asks that you reject SB 2245 and give the bill a DO NOT PASS recommendation from this Committee.

Thank you.

## WHERE DOES THE MONEY GO?



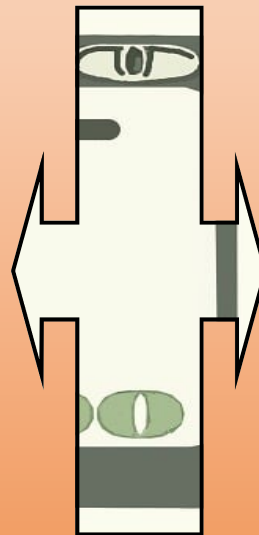
When a player inserts \$100 into a machine, on average, that \$100 is churned over 3.3 times for a total wagers of \$330 on the original \$100.

**Using \$330 as a baseline...**

**PROFIT (10%) after prize pay-outs)** \$33.00 (10% of \$330)

**STATE TAX (12%)** \$3.96 Goes directly to the State Treasury

**ADJUSTED GROSS** - \$29.04



**Allowable expenses (60%)** \$17.42 of the Adjusted Gross for the charity to conduct gaming at that site including:

- ♦ Salaries, Tickets, Equipment, Rent

**Net proceeds (40%)** \$11.62 of the Adjusted Gross goes to the Charity for eligible uses as defined by Century Code

***Last biennium Charitable gaming generated:  
\$43 million in tax revenue and \$73 million to local charitable causes***