



## Benefiting North Dakota Communities through Charitable Gaming

**January 31, 2023**

### **Testimony in OPPOSITION of Senate Bill 2304**

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 2304.

ND Gaming Alliance represents all facets of the charitable gaming industry. Veteran and Fraternal Organizations, Charities, Hospitality, Manufacturers, and Distributors. When charitable gaming was authorized by the State, the intent was to benefit the *charities and nonprofits* in our local communities. In the last biennium more than \$73 million has been disbursed into North Dakota's community causes because of charitable gaming. That revenue, injected directly into our communities, offsets the need to rely on other sources of income including property taxes, to meet the charity's stated mission and benefits the citizens and communities.

Senate Bill 2304's intent is to define and limit where a charity may place gaming, specifically electronic pull tabs. This is a result of the Gaming Commission's interpretation of current Century Code and their administrative overreach aimed to limit charitable gaming. 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 appears to be multiple attempts to reign in those who have been successful – even though the rules set forth have been followed.

The minute this body begins to insert definitions into Century Code, the process never ends. Attempting to define what a "bar" is or isn't will lead to more exemptions, more carve outs, and more confusion. Since the State ultimately gives local political subdivisions the authority to approve a gaming site and charity, why not allow those local elected officials to decide when and where charitable gaming may be conducted in their community? There is a bill in House, HB



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1484, which does exactly this. If the charity and the proposed host site are properly licensed, shouldn't that decision be local? The local governing bodies know the uniqueness of their communities; the businesses, the organizations, and the culture that make up their community. After all, it is the local charity that provides the direct benefit to its local community. This bill as written removes the local governing body from these decisions. These elected leaders best know the impact of their decisions that affect their community on a myriad of items, and they do so every day. This local autonomy should also apply to charitable gaming.

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, yet when applied in blanket fashion across the state merely hinder those charities who work to improve our communities, those organizations this activity is designed to support.

There is a process in place to license and approve suitable sites for charitable gaming. In fact, there are already several communities in North Dakota, who have elected to not allow electronic pull tab machines in their jurisdiction. That is their choice, and we ask you to allow the rest of North Dakota's communities to decide for themselves the appropriate locations where charitable gaming should be conducted. Case in point, after almost six years of electronic pull tab machines in North Dakota, there are exactly four convenience stores/gas stations that are a gaming site. Four. It was the local governing body that ultimately decided this was appropriate for their community, and we ask that this remain the case going forward.

The North Dakota Gaming Alliance respectfully asks that you reject SB 2304 and give the bill a DO NOT PASS recommendation from this Committee.

Thank you.

## WHERE DOES THE MONEY GO?



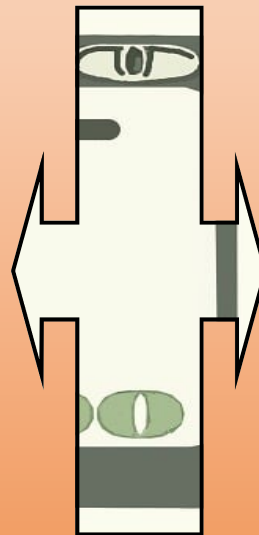
When a player inserts \$100 into a machine, on average, that \$100 is churned over 3.3 times for a total wagers of \$330 on the original \$100.

**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***