

SENATE BILL NO. 2304

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 an establishment
13 where alcoholic beverages are sold and dispensed under an on-sale license and
14 patrons must be twenty-one years of age or older to enter. The term, and consumed.
15 This does not include a an off-sale liquor store, gas station, grocery store, or
16 convenience store. An alcoholic beverage establishment must be licensed under
17 chapter 5-02 and be devoted to the service of alcoholic beverages for consumption by
18 guests on the premises. The term includes a bar located within a hotel, bowling center,
19 golf course, or restaurant.
- 20 3. "Charitable organization" means an organization whose primary purpose is for relief of
21 poor, distressed, underprivileged, diseased, elderly, or abused persons, prevention of
22 cruelty to children or animals, or similar condition of public concern.

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- 1 ~~3-4.~~ "Civic and service organization" means an organization whose primary purpose is to
2 promote the common good and social welfare of a community as a sertoma, lion,
3 rotary, jaycee, kiwanis, or similar organization.
- 4 ~~4-5.~~ "Closely related organization" means an organization that controls, is controlled by, or
5 is under common control with another organization. Control exists when an
6 organization has the authority or ability to elect, appoint, or remove a majority of the
7 officers or directors of another organization or, by policy, contract, or otherwise, has
8 the authority or ability to directly or indirectly direct or cause the direction of the
9 management or policies of another organization.
- 10 ~~5-6.~~ "Distributor" means a person that sells, markets, or distributes equipment designed for
11 use in the conduct of games.
- 12 ~~6-7.~~ "Educational organization" means a nonprofit public or private elementary or
13 secondary school, two-year or four-year college, or university.
- 14 ~~7-8.~~ "Electronic pull tab device" means a device, approved by the attorney general, which
15 electronically displays pull tabs.
- 16 ~~8-9.~~ "Eligible organization" means a veterans, charitable, educational, religious, fraternal,
17 civic and service, public safety, or public-spirited organization domiciled in North
18 Dakota or authorized by the secretary of state as a foreign corporation under chapter
19 10-33, incorporated as a nonprofit organization, and which has been regularly and
20 actively fulfilling its primary purpose within this state during the two immediately
21 preceding years. However, an educational organization does not need to be
22 incorporated or be in existence for two years. An organization's primary purpose may
23 not involve the conduct of games. The organization may be issued a license by the
24 attorney general. For purposes of this section, a foreign corporation authorized under
25 chapter 10-33 is not an eligible organization unless authorized to conduct a raffle
26 under chapter 20.1-04 or 20.1-08 and may not conduct a game other than a raffle
27 under chapter 20.1-04 or 20.1-08.
- 28 ~~9-10.~~ "Fraternal organization" means an organization, except a school fraternity, which is a
29 branch, lodge, or chapter of a national or state organization and exists for the common
30 business, brotherhood, or other interests of its members. The organization must have

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- 1 qualified for exemption from federal income tax under section 501(c)(8) or 501(c)(10)
2 of the Internal Revenue Code.
- 3 ~~40-11.~~ "Games" means games of chance.
- 4 ~~41-12.~~ "Gross proceeds" means all cash and checks received from conducting games.
- 5 ~~42-13.~~ "Licensed organization" means an eligible organization licensed by the attorney
6 general.
- 7 ~~43-14.~~ "Manufacturer" means, for a pull tab or bingo card, a person who designs, prints,
8 assembles, or produces the product. For a pull tab dispensing device, bingo card
9 marking device, or a fifty-fifty raffle system, a manufacturer means the person who
10 directly controls and manages development of and owns the rights to the proprietary
11 software encoded on a processing chip that enables the device to operate.
- 12 ~~44-15.~~ "Net income" means gross proceeds less cash prizes, cost of merchandise prizes, and
13 expenses to conduct the gaming activity.
- 14 ~~45-16.~~ "Net proceeds" means adjusted gross proceeds less allowable expenses and gaming
15 tax.
- 16 ~~46-17.~~ "Permit" means a local permit or restricted event permit issued by a governing body of
17 a city or county to a nonprofit organization or group of people domiciled in North
18 Dakota.
- 19 ~~47-18.~~ "Person" means any person, partnership, corporation, limited liability company,
20 association, or organization.
- 21 ~~48-19.~~ "Prize board" means a board used with pull tabs to award cash or merchandise prizes.
- 22 ~~49-20.~~ "Public safety organization" means an organization whose primary purpose is to
23 provide firefighting, ambulance service, crime prevention, or similar emergency
24 assistance.
- 25 ~~20-21.~~ "Public-spirited organization" means an organization whose primary purpose is for
26 scientific research, amateur sports competition, safety, literary, arts, preservation of
27 cultural heritage, educational activities, educational public service, youth, economic
28 development, tourism, community medical care, community recreation, or similar
29 organization, which does not meet the definition of any other type of eligible
30 organization. However, a nonprofit organization or a group of people recognized as a

1 public-spirited organization by a governing body of a city or county for obtaining a
2 permit does not need to meet this definition.

3 ~~21-22.~~ "Pull tab" means a folded or banded ticket or jar ticket, a pull tab card with break-open
4 tabs, or an electronic pull tab displaying concealed numbers or symbols or
5 combinations of concealed numbers and symbols which are exposed by a player to
6 determine the outcome. The terms "pull tab" and "jar ticket" are used interchangeably
7 unless otherwise stated. A winning pull tab contains certain symbols, numbers, or
8 combinations of symbols and numbers and may contain multiple winning symbols,
9 numbers, or combinations of symbols and numbers which have been previously
10 designated as winning symbols or numbers.

11 ~~22-23.~~ "Religious organization" means a church, body of communicants, or group gathered in
12 common membership whose primary purpose is for advancement of religion, mutual
13 support and edification in piety, worship, and religious observances.

14 ~~23-24.~~ "Veterans organization" means any congressionally chartered post organization, or
15 any branch or lodge or chapter of a nonprofit national or state organization whose
16 membership consists of individuals who are or were members of the armed services
17 or forces of the United States. The organization must have qualified for exemption
18 from federal income tax under section 501(c)(19) of the Internal Revenue Code.

19 ~~SECTION 2. AMENDMENT. Subsection 2 of section 53-06.1-03 of the North Dakota~~
20 ~~Century Code is amended and reenacted as follows:~~

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

24 ~~a. First securing approval for a site authorization from the governing body of the city~~
25 ~~or county in which the proposed site is located. Approval, which may be granted~~
26 ~~at the discretion of the governing body, must be recorded on a site authorization~~
27 ~~form that is to accompany the license application to the attorney general for final~~
28 ~~approval. A governing body may not require an eligible organization to donate net~~
29 ~~proceeds to the city, county, or related political subdivision or for community~~
30 ~~programs or services within the city or county as a condition for receiving a site~~
31 ~~authorization from the city or county. A governing body may limit the number of~~

1 ~~tables for the game of twenty one per site and the number of sites upon which a~~
2 ~~licensed organization may conduct games within the city or county. A governing~~
3 ~~body may charge a one hundred dollar fee for a site authorization. A governing~~
4 ~~body may approve site authorization only for an alcoholic beverage~~
5 ~~establishment or a bingo hall; and~~
6 ~~b. Annually applying for a license from the attorney general before July first on a~~
7 ~~form prescribed by the attorney general and remitting a one hundred fifty dollar~~
8 ~~license fee for each city or county that approves a site authorization. However,~~
9 ~~the attorney general may allow an organization that only conducts a raffle or~~
10 ~~ealcutta in two or more cities or counties to annually apply for a consolidated~~
11 ~~license and remit a one hundred fifty dollar license fee for each city or county in~~
12 ~~which a site is located. An organization shall document that it qualifies as an~~
13 ~~eligible organization. If an organization amends its primary purpose as stated in~~
14 ~~its articles of incorporation or materially changes its basic character, the~~
15 ~~organization shall reapply for licensure.~~