

HOUSE BILL NO. 1525

Introduced by

Representatives Koppelman, Grueneich, Hauck, Louser, M. Ruby, Vetter, D. Ruby

Senators Magrum, Cory, Meyer, Castaneda

1 A BILL for an Act to create and enact a new section to chapter 53-06.1 of the North Dakota
2 Century Code, relating to the creation of the executive director of the state gaming commission;
3 to amend and reenact sections 53-01-02, 53-01-03, 53-01-07, 53-01-09, 53-01-19, 53-06.1-01,
4 53-06.1-01.1, 53-06.1-03, 53-06.1-06, 53-06.1-10, 53-06.1-11 53-06.1-11.2, 53-06.1-12,
5 53-06.1-12.3, 53-06.1-12.4, 53-06.1-14, 53-06.1-15.1, 53-06.2-01, 53-06.2-04, 53-06.2-04.1,
6 53-06.2-07, 53-06.2-10.1, 53-12.1-01, 53-12.1-02, 53-12.1-03, 53-12.1-04, 53-12.1-09,
7 53-12.1-11, and 53-12.1-13 of the North Dakota Century Code, relating to the structure of the
8 state gaming commission and the administration and regulation of games of chance, combative
9 sports, pari-mutuel horse racing, and the lottery; and to repeal sections 53-06.2-02 and
10 53-06.2-03 of the North Dakota Century Code, relating to the pari-mutuel horse racing
11 commission and pari-mutuel horse racing executive director.

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

13 **SECTION 1. AMENDMENT.** Section 53-01-02 of the North Dakota Century Code is
14 amended and reenacted as follows:

15 **53-01-02. Administration by ~~secretary of state~~ – Appointment of commission of
16 combative sports~~the executive director of the gaming commission.~~**

17 ~~The secretary of state shall act as state commissioner of combative sports and executive~~
18 ~~director of the gaming commission shall~~ administer this chapter. ~~The secretary of state may~~
19 ~~appoint a commission of combative sports to assist and advise the secretary of state in matters~~
20 ~~relating to the regulation of boxing, kickboxing, mixed fighting style competition, and sparring.~~
21 ~~The secretary of state shall define the duties of the commission. Commission members are not~~
22 ~~entitled to compensation, except for reimbursement for actual and necessary expenses at the~~
23 ~~same rate as allowed state employees incurred in performing their official duties.~~

1 **SECTION 2. AMENDMENT.** Section 53-01-03 of the North Dakota Century Code is
2 amended and reenacted as follows:

3 **53-01-03. Restrictions.**

4 The ~~secretary of state~~executive director of gaming may not promote, directly or indirectly,
5 any boxing, kickboxing, mixed fighting style competition, or sparring exhibition, engage in the
6 managing of any boxer, kickboxer, or mixed style fighter, or be interested in any manner in the
7 proceeds from any boxing, kickboxing, mixed fighting style competition, or sparring exhibition.

8 **SECTION 3. AMENDMENT.** Section 53-01-07 of the North Dakota Century Code is
9 amended and reenacted as follows:

10 **53-01-07. Duties of ~~state commissioner of combative sports~~the executive director of**
11 **gaming.**

12 The ~~secretary of state~~executive director of gaming shall supervise all boxing, kickboxing,
13 mixed fighting style competitions, or sparring exhibitions held in the state and may:

- 14 1. Adopt rules governing the conduct of boxing, kickboxing, mixed fighting style
15 competitions, and sparring exhibitions.
- 16 2. Establish license fees for all boxers, kickboxers, mixed style fighters, boxing,
17 kickboxing, and mixed fighting style competition promoters, managers, judges,
18 timekeepers, cornerpersons, knockdown counters, matchmakers, and referees or
19 other participants.
- 20 3. Charge a fee equal to the actual cost incurred to regulate the competitions and
21 exhibitions.
- 22 4. Adopt rules ~~allowing the secretary of state~~ to perform screening tests for controlled
23 substances, as defined in section 19-03.1-01, on boxers, kickboxers, and mixed style
24 fighters participating in a competition or an exhibition.

25 **SECTION 4. AMENDMENT.** Section 53-01-09 of the North Dakota Century Code is
26 amended and reenacted as follows:

27 **53-01-09. Fees paid into special fund - Continuing appropriation.**

28 All fees collected by the ~~secretary of state~~executive director of gaming pursuant to this
29 chapter must be deposited in a special fund maintained in the state treasury. All money
30 deposited in the fund is appropriated as a continuing appropriation to the ~~secretary of~~

1 ~~state executive director of gaming~~ for administering this chapter and for the compensation and
2 expenses of members of the ~~state gaming commission of combative sports~~.

3 **SECTION 5. AMENDMENT.** Section 53-01-19 of the North Dakota Century Code is
4 amended and reenacted as follows:

5 **53-01-19. Penalty.**

6 A person who violates this chapter or any rule adopted ~~by the secretary of state~~ under this
7 ~~chapter~~ is guilty of a class B misdemeanor.

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

10 **53-06.1-01. Definitions.**

11 As used in this chapter:

- 12 1. "Adjusted gross proceeds" means gross proceeds less cash prizes, cost of
13 merchandise prizes, gaming tax, and federal excise tax imposed under section 4401
14 of the Internal Revenue Code [26 U.S.C. 4401].
- 15 2. "Alcoholic beverage establishment" means an establishment licensed under chapter
16 5-02 where alcoholic beverages are sold, dispensed, and consumed by guests on the
17 premises. The term does not include a liquor store, gas station, grocery store, or
18 convenience store.
- 19 3. "Charitable organization" means an organization whose primary purpose is for relief of
20 poor, distressed, underprivileged, diseased, elderly, or abused persons, prevention of
21 cruelty to children or animals, or similar condition of public concern.
- 22 4. "Civic and service organization" means an organization whose primary purpose is to
23 promote the common good and social welfare of a community as a sertoma, lion,
24 rotary, jaycee, kiwanis, or similar organization.
- 25 5. "Closely related organization" means an organization that controls, is controlled by, or
26 is under common control with another organization. Control exists when an
27 organization has the authority or ability to elect, appoint, or remove a majority of the
28 officers or directors of another organization or, by policy, contract, or otherwise, has
29 the authority or ability to directly or indirectly direct or cause the direction of the
30 management or policies of another organization.

- 1 6. "Distributor" means a person that sells, markets, or distributes equipment designed for
2 use in the conduct of games.
- 3 7. "Educational organization" means a nonprofit public or private elementary or
4 secondary school, two-year or four-year college, or university.
- 5 8. "Electronic pull tab device" means a device, approved by the ~~attorney-~~
6 ~~general~~executive director, which electronically displays pull tabs.
- 7 9. "Eligible organization" means a veterans, charitable, educational, religious, fraternal,
8 civic and service, public safety, or public-spirited organization domiciled in North
9 Dakota or authorized by the secretary of state as a foreign corporation under chapter
10 10-33, incorporated as a nonprofit organization, and which has been regularly and
11 actively fulfilling its primary purpose within this state during the two immediately
12 preceding years. However, an educational organization does not need to be
13 incorporated or be in existence for two years. An organization's primary purpose may
14 not involve the conduct of games. The organization may be issued a license by the
15 ~~attorney-general~~executive director. For purposes of this section, a foreign corporation
16 authorized under chapter 10-33 is not an eligible organization unless authorized to
17 conduct a raffle under chapter 20.1-04 or 20.1-08 and may not conduct a game other
18 than a raffle under chapter 20.1-04 or 20.1-08.
- 19 10. "Executive director" means the executive director of the gaming commission.
- 20 11. "Fraternal organization" means an organization, except a school fraternity, which is a
21 branch, lodge, or chapter of a national or state organization and exists for the common
22 business, brotherhood, or other interests of its members. The organization must have
23 qualified for exemption from federal income tax under section 501(c)(8) or 501(c)(10)
24 of the Internal Revenue Code.
- 25 ~~11-12.~~ "Games" means games of chance.
- 26 ~~12-13.~~ "Gross proceeds" means all cash and checks received from conducting games.
- 27 ~~13-14.~~ "Licensed organization" means an eligible organization licensed by the ~~attorney-~~
28 ~~general~~executive director.
- 29 ~~14-15.~~ "Manufacturer" means, for a pull tab or bingo card, a person who designs, prints,
30 assembles, or produces the product. For a pull tab dispensing device, electronic pull
31 tab device operating system, bingo card marking device, or electronic raffle system, a

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

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

3 ~~23-24.~~ "Religious organization" means a church, body of communicants, or group gathered in
4 common membership whose primary purpose is for advancement of religion, mutual
5 support and edification in piety, worship, and religious observances.

6 ~~24-25.~~ "Veterans organization" means any congressionally chartered post organization, or
7 any branch or lodge or chapter of a nonprofit national or state organization whose
8 membership consists of individuals who are or were members of the armed services
9 or forces of the United States. The organization must have qualified for exemption
10 from federal income tax under section 501(c)(19) of the Internal Revenue Code.

11 **SECTION 7. AMENDMENT.** Section 53-06.1-01.1 of the North Dakota Century Code is
12 amended and reenacted as follows:

13 **53-06.1-01.1. Gaming commission - Rules - Games of chance - Combative sports -**
14 **Pari-mutuel horse racing - Lottery.**

- 15 1. The state gaming commission shall administer and control games of chance,
16 combative sports, pari-mutuel horse racing, and the lottery. The commission consists
17 of the:
- 18 a. The lieutenant governor, who shall serve as chairman and four other;
 - 19 b. Six members appointed by the governor, with the consent of the senate,
20 including:
 - 21 (1) Three members who are directly associated with the charitable gaming
22 industry but not employees of an organization conducting charitable gaming;
 - 23 (2) One member with expert knowledge of the lottery; and
 - 24 (3) One member with expert knowledge of pari-mutuel horse racing; and
 - 25 c. Two members, one appointed by the speaker of the house of representatives and
26 one appointed by the president pro tempore of the senate.
- 27 2. The appointed members serve ~~three-year~~two-year terms and until a successor is
28 appointed and qualified. If the senate is not in session when the term of a member
29 expires, the governor may make an interim appointment, and the interim appointee
30 holds office until the senate confirms or rejects the appointment. A member appointed
31 to fill a vacancy arising from other than the natural expiration of a term serves only for

1 the unexpired portion of the term. The terms of the commissioners must be staggered
2 so no more than two terms expire each July first.

3 ~~2.3.~~ A person is ineligible for appointment to member of the commission if that person has
4 not been:

5 a. Must be a resident of this state for at least two years before the date of
6 appointment. A person is also ineligible if that person is not

7 b. Must be of such character and reputation as to promote public confidence in the
8 administration of gaming in this state. A person is also ineligible if that person has

9 c. May not have been convicted of a felony criminal offense or has pled guilty or
10 been found guilty of any violation of chapter 12.1-06, 12.1-08, 12.1-09, 12.1-10,
11 12.1-11, 12.1-12, 12.1-22, 12.1-23, 12.1-24, 12.1-28, 53-06.1, or 53-06.2, or has
12 pled guilty or been found guilty of any violation of section 6-08-16 or 6-08-16.2, or
13 has pled guilty or been found guilty of any offense or violation that has a direct
14 bearing on the ~~person's~~individual's fitness to be involved in gaming, or who has
15 committed an equivalent offense or violation of the laws of another state or of the
16 United States. A person who has a financial interest in gaming or is an employee
17 or a member of the gaming committee of a licensed organization or distributor
18 cannot be a member of the commission. For the purpose of this subsection, a
19 financial interest includes the receiving of any direct payment from an eligible
20 organization for property, services, or facilities provided to that organization.

21 ~~3.4.~~ Commission members are entitled to seventy-five dollars per day for compensation for
22 each day spent on commission duties and mileage and expense reimbursement as
23 allowed to other state employees.

24 ~~4.5.~~ The commission shall adopt rules in accordance with chapter 28-32, to administer and
25 regulate the:

26 a. The gaming industry, including methods of conduct, play, and promotion of
27 games; minimum procedures and standards for recordkeeping and internal
28 control; requiring tax returns and reports from organizations or distributors;
29 methods of competition and doing business by distributors and manufacturers;
30 acquisition and use of gaming equipment; quality standards or specifications for
31 the manufacture of pull tabs, paper bingo cards, electronic pull tab devices, pull

- 1 tab dispensing devices, bingo card marking devices, and fifty-fifty raffle systems;
2 to ensure that net proceeds are used for educational, charitable, patriotic,
3 fraternal, religious, or public-spirited uses; to protect and promote the public
4 interest; to ensure fair and honest games; to ensure that fees and taxes are paid;
5 and to prevent and detect unlawful gambling activity.
- 6 b. Combative sports, as required under section 53-01-07.
7 c. Pari-mutuel horse racing, as required under section 53-06.2-04.
8 d. The operation of the lottery, as required under section 53-12.1-13.

9 **SECTION 8.** A new section to chapter 53-06.1 of the North Dakota Century Code is created
10 and enacted as follows:

11 **Executive director of gaming - Appointment - Duties - Other personnel.**

- 12 1. The state gaming commission shall appoint an executive director of gaming. The
13 commission shall establish the executive director's qualifications and salary.
14 2. The executive director shall carry out the duties assigned under this chapter and
15 chapters 53-01, 53-06.2, and 53-12.1.
16 3. The executive director may employ other individuals as authorized by the commission.

17 **SECTION 9. AMENDMENT.** Section 53-06.1-03 of the North Dakota Century Code is
18 amended and reenacted as follows:

19 **53-06.1-03. Permits, site authorization, and licenses - Organization requirements -**
20 **Site inspection.**

- 21 ~~1. Except as authorized by the attorney general, an organization that has its license-~~
22 ~~suspended or revoked, or has relinquished or not renewed its license and not~~
23 ~~disbursed its net proceeds, is ineligible for a license or permit. Only one of two or more-~~
24 ~~closely related organizations may have a license or permit at one time. A college or~~
25 ~~university fraternity, sorority, or club is not closely related to an educational-~~
26 ~~organization. An organization shall apply for a permit as follows:~~
- 27 a. An organization recognized as a public-spirited organization by the governing
28 body of a city or county may apply for permits. A local permit may allow the
29 organization to conduct only raffles, bingo, or sports pools. A restricted event
30 permit may allow the organization to conduct only raffles, bingo, sports pools,
31 paddlewheels, twenty-one, and poker. The organization or closely related

1 organizations as a whole may only award a primary prize that does not exceed
2 eight thousand dollars and total prizes of all games do not exceed forty thousand
3 dollars per year. These maximum prize amounts do not apply to raffles conducted
4 under chapter 20.1-08. The determination of what is a "public-spirited
5 organization" is within the sole discretion of the governing body. An organization
6 shall disclose on the application its intended use of the net income from the
7 gaming activity. A governing body may issue a permit for games to be held at
8 designated times and places.

9 b. An organization shall apply to the governing body of the city or county in which
10 the proposed site is located. Application must be made on a form prescribed by
11 the ~~attorney general~~executive director. Approval may be granted at the discretion
12 of the governing body. A governing body may establish a fee not to exceed
13 twenty-five dollars for each permit. A permit must be on a fiscal year basis from
14 July first to June thirtieth or on a calendar-year basis.

15 c. An organization that has a local permit or a restricted event permit may use the
16 net income from the gaming activity for any purpose that does not violate this
17 chapter or gaming rules, unless the organization is a state political party or
18 legislative district party committee, the organization may use the net income from
19 a raffle for a political purpose. For purposes of this subdivision, a public-spirited
20 use includes a political purpose.

21 d. An organization that has a restricted event permit is restricted to one event per
22 year and:

- 23 (1) May not pay remuneration to employees for personal services;
24 (2) Shall use chips as wagers;
25 (3) Shall redeem a player's chips for merchandise prizes or cash;
26 (4) Shall disburse net income to eligible uses referenced in subdivision c, if
27 applicable, and in section 53-06.1-11.1; and
28 (5) Shall file a report prescribed by the ~~attorney general~~executive director with
29 the governing body and ~~attorney general~~executive director.

1 2. Except as authorized by the executive director, an organization that has its license
2 suspended or revoked, or has relinquished or not renewed its license and not
3 disbursed its net proceeds, is ineligible for a license or permit.

4 3. Only one of two or more closely related organizations may have a license or permit at
5 one time. A college or university fraternity, sorority, or club is not closely related to an
6 educational organization.

7 ~~2.4.~~ An eligible organization shall apply for a license to conduct only bingo, electronic quick
8 shot bingo, raffles, calcuttas, pull tabs, punchboards, twenty-one, paddlewheels,
9 poker, or sports pools by:

10 a. First securing approval for a site authorization from the governing body of the city
11 or county in which the proposed site is located. Approval, which may be granted
12 at the discretion of the governing body, must be recorded on a site authorization
13 form that is to accompany the license application to the ~~attorney-~~
14 ~~general~~executive director for final approval. An eligible organization may request
15 a specific site location on the site authorization form.

16 (1) A governing body:

17 (a) May not require an eligible organization to donate net proceeds to the
18 city, county, or related political subdivision or for community programs
19 or services within the city or county as a condition for receiving a site
20 authorization from the city or county;

21 (b) May not deny a site authorization solely because the eligible
22 organization has not conducted gaming at the site;

23 (c) May not require that an eligible organization be located at a specific
24 site as a condition of site authorization;

25 (d) May limit the type of games and the number of electronic pull tab
26 devices or tables for the game of twenty-one per site, and the number
27 of sites upon which a licensed organization may conduct games within
28 the city or county; and

29 (e) May charge a one hundred dollar fee for a site authorization.

30 (2) This subsection may not be construed to prohibit a governing body from:

- 1 (a) Creating and enforcing rules that are more stringent than state law
2 regarding charitable gaming as otherwise permitted in code; or
3 (b) Denying a site authorization for just cause, including, after
4 consultation with the attorney general, a violation of state law or local
5 rules.
- 6 b. Annually applying for a license from the ~~attorney general~~executive director before
7 July first on a form prescribed by the ~~attorney general~~executive director and
8 remitting a one hundred seventy-five dollar license fee for each city or county that
9 approves a site authorization. An organization shall document that it qualifies as
10 an eligible organization. If an organization amends its primary purpose as stated
11 in its articles of incorporation or materially changes its basic character, the
12 organization shall reapply for licensure. The attorney general shallexecutive
13 director:
- 14 (1) Shall deposit twenty-five dollars of this fee into the charitable gaming
15 technology fund under section 53-06.1-12.4. ~~However, the attorney general~~
16 ~~may~~
- 17 (2) May allow an organization that only conducts a raffle or calcutta in two or
18 more cities or counties to annually apply for a consolidated license and
19 remit a one hundred seventy-five dollar license fee for each city or county in
20 which a site is located. ~~The attorney general shall~~
- 21 (3) Shall deposit twenty-five dollars of this fee into the charitable gaming
22 technology fund under section 53-06.1-12.4. ~~An organization shall document~~
23 ~~that it qualifies as an eligible organization. If an organization amends its~~
24 ~~primary purpose as stated in its articles of incorporation or materially~~
25 ~~changes its basic character, the organization shall reapply for licensure. The~~
26 ~~attorney general may~~
- 27 (4) May deny issuance of a license or deny renewal of a license to an eligible
28 organization that has obtained approval of site authorization under
29 subdivision a, if the organization or site is not in compliance with applicable
30 laws and rules.

- 1 ~~3-5.~~ A licensed organization or organization that has a permit shall conduct games as
2 follows:
- 3 a. Only one licensed organization or organization that has a permit may conduct
4 games at an authorized site on a day, except a raffle or a sports pool conducted
5 under a local permit may be conducted for a special occasion by another
6 licensed organization or organization that has a permit when one of these
7 conditions is met:
- 8 (1) When the area for the raffle or a sports pool is physically separated from the
9 area where games are conducted by the regular organization.
- 10 (2) Upon request of the regular organization and with the approval of the
11 alcoholic beverage establishment, the regular organization's license or
12 permit is suspended for that specific time of day by the attorney general.
- 13 b. Except for a temporary site authorized for fourteen or fewer consecutive days for
14 not more than two events per quarter or a licensed organization authorized on or
15 before January 1, 2023, to conduct gaming at more than fifteen sites, a licensed
16 organization, including a closely related organization, may not have more than
17 fifteen sites.
- 18 c. Games of electronic quick shot bingo, electronic pull tabs, pull tabs,
19 punchboards, twenty-one, paddlewheels, poker, and sports pools may be
20 conducted only during the hours when alcoholic beverages may be dispensed
21 according to applicable regulations of the state, county, or city. Electronic pull
22 tabs must be conducted in a designated area where patrons must be twenty-one
23 years of age or older to enter.
- 24 d. An organization may not permit a person under twenty-one years of age to
25 directly or indirectly play pull tabs, punchboards, twenty-one, calcuttas, sports
26 pools, paddlewheels, or poker. An organization may not permit an individual
27 under eighteen years of age to directly or indirectly play electronic quick shot
28 bingo. An organization may not permit an individual under eighteen years of age
29 to directly or indirectly play bingo unless the individual is accompanied by an
30 adult, bingo is conducted by an organization that has a permit, or the game's
31 prize structure does not exceed that allowed for a permit.

- 1 e. An organization may not install more than ten electronic pull tab devices at a site.
2 f. An organization with more than fifteen licensed sites under subdivision b may not
3 increase its number of sites beyond the number of sites licensed as of January 1,
4 2023.
5 g. An organization conducting gaming at an authorized site on January 1, 2023,
6 may continue to operate gaming, including as provided under subsection 1 of
7 section 53-06.1-06, at the authorized site regardless of whether the authorized
8 site is an alcoholic beverage establishment as defined under section 53-06.1-01.
9 h. For a raffle board, an organization permitted to conduct raffles shall sell the
10 numbered squares on the board for the same price and may sell squares at a site
11 thirty days before the drawing.

12 4.6. A permit, or site authorization and license, must be displayed at a site.

13 5.7. The ~~attorney general~~ may executive director:

- 14 a. May issue a conditional license to an eligible organization whose regularly issued
15 license has expired or been suspended, revoked, or relinquished. ~~The attorney-~~
16 ~~general shall~~
17 b. Shall designate the time period for which the conditional license is valid and may
18 impose any conditions.

19 6.8. A governing body or local law enforcement official may inspect a site's gaming
20 equipment and examine or cause to be examined any gaming-related books and
21 records of a licensed organization or organization that has a permit.

22 **SECTION 10. AMENDMENT.** Section 53-06.1-06 of the North Dakota Century Code is
23 amended and reenacted as follows:

24 **53-06.1-06. Persons permitted to conduct games - Equipment.**

- 25 1. No person, except a member, volunteer, an employee of a licensed organization or an
26 organization that has a permit, or an employee of a temporary employment agency
27 who provides services to a licensed organization, may manage, control, or conduct
28 any game. "Member" includes a member of an auxiliary organization. In conducting
29 pull tabs or prize boards through a dispensing device, selling pull tabs through a
30 pull-tab device, selling raffle tickets, or conducting sports pools, the ~~attorney-~~

- 1 ~~general~~executive director may allow an employee of an alcoholic beverage
2 establishment to provide limited assistance to an organization.
- 3 2. Except when authorized by the ~~attorney general~~executive director or allowed by the
4 gaming rules, an eligible organization shall procure gaming equipment only from a
5 licensed distributor. No equipment or prizes may be purchased at an excessive price.
- 6 3. An organization and distributor shall maintain complete, accurate, and legible bank
7 and accounting records in North Dakota for all gaming activity and establish a system
8 of internal control as prescribed by rule. The governing board of an eligible
9 organization is primarily responsible and may be held accountable for the proper
10 determination and use of net proceeds. If an organization does not renew its license or
11 its license is denied, relinquished, or revoked and it has not disbursed all of its net
12 proceeds, the organization shall file an action plan as prescribed by the gaming rules
13 with the attorney general.
- 14 4. The value of a merchandise prize awarded in a game is its retail price, excluding sales
15 tax.
- 16 5. A person is restricted from being involved in gaming and the ~~attorney general~~executive
17 director shall conduct a criminal history record check as follows:
- 18 a. (1) A person who has pled guilty to or been found guilty of a felony offense as
19 defined by the laws of this state, other states, or the federal government, or
20 has pled guilty to or been found guilty of a violation of this chapter, a gaming
21 rule, chapter 12.1-28 or 53-06.2, or offenses of other states or the federal
22 government equivalent to offenses defined in these chapters, regardless of
23 whether the person has completed or received a deferred imposition of
24 sentence or suspended sentence, may not be a licensed distributor, be an
25 investor in or board member or consultant to a licensed distributor, or be
26 employed by a licensed distributor, and may not be employed by a licensed
27 organization to conduct games, for five years from the date of conviction,
28 release from incarceration, or expiration of parole or probation, whichever is
29 the latest.
- 30 (2) Paragraph 1 does not apply if the offense to which the person pled guilty or
31 has been found guilty is a misdemeanor and the person has received a

1 deferred imposition of sentence and has fully complied with the terms of the
2 deferral.

3 b. A person who has pled guilty to or been found guilty of a misdemeanor offense in
4 violation of section 6-08-16.1 or chapter 12.1-06, 12.1-23, or 12.1-24 or offenses
5 of other states, the federal government, or a municipality equivalent to these
6 offenses, regardless if the person has completed or received a suspended
7 sentence, may not be a licensed distributor or be employed by a licensed
8 distributor, and may not be employed by a licensed organization to conduct
9 games, for two years from the date of conviction, release from incarceration, or
10 expiration of parole or probation, whichever is the latest, unless the person has
11 received a deferred imposition of sentence and has fully complied with the terms
12 of the deferral.

13 c. Unless an employee is exempt by the gaming rules or ~~attorney general~~executive
14 director, the ~~attorney general~~executive director shall conduct a criminal history
15 record check of each employee of a licensed organization or distributor and
16 charge a fee prescribed by section 12-60-16.9. The fee may be waived ~~by the~~
17 ~~attorney general~~ if a federal agency or local law enforcement agency has done a
18 record check. The ~~attorney general~~executive director may require advance
19 payment of any additional fee necessary to pay the cost of a record check of a
20 person for whom adequate background information sources are not readily
21 available. The advance payment must be placed in ~~the attorney general's refund~~a
22 dedicated fund. The unused funds must be returned to the person within thirty
23 days of the conclusion of the record check. Unless a federal or local law
24 enforcement agency conducts the record check, the ~~attorney general~~executive
25 director shall notify the organization or distributor of the result. The ~~attorney~~
26 ~~general~~executive director shall keep the information confidential except in the
27 proper administration of this chapter or any gaming rule or to provide to an
28 authorized law enforcement agency.

29 6. For a site where bingo is the primary game or a site that is leased by a licensed
30 organization, the organization may not pay bingo prizes in which the total bingo prizes
31 exceed total bingo gross proceeds for a period prescribed by gaming rule. However, if

1 bingo is the primary game at the site, a bingo prize that equals or exceeds ten
2 thousand dollars is excluded from the total of the bingo prizes.

3 7. A city or county may require a person conducting games to obtain a local work permit,
4 charge a reasonable fee, and conduct a criminal history record check.

5 **SECTION 11. AMENDMENT.** Section 53-06.1-10 of the North Dakota Century Code is
6 amended and reenacted as follows:

7 **53-06.1-10. Twenty-one.**

8 The organization shall provide playing chips of various denominations to players although
9 the organization may use a metal coin rather than a fifty-cent chip. The organization may set the
10 minimum limit for the original wager at not more than three dollars on one active table. If there is
11 more than one active table at a site, the organization may set a higher minimum wager on
12 additional tables. The maximum limit per wager may be set by the organization at not more than
13 twenty-five dollars. Wagers in increments of one dollar must be accepted between the posted
14 minimum and the posted maximum limit. A player may not play more than two hands at the
15 same time. Only the player actually playing a hand may place a wager on that hand. Each
16 player plays the player's hand against the dealer's hand. Any requirement to pool tips is within
17 the sole discretion of each organization. Except for a site that has twenty-one gross proceeds
18 averaging less than ten thousand dollars per quarter, an organization may not conduct
19 twenty-one at the site with wagers exceeding two dollars unless the organization has first
20 installed video surveillance equipment as required by rules and the equipment is approved by
21 the ~~attorney general~~executive director.

22 **SECTION 12. AMENDMENT.** Section 53-06.1-11 of the North Dakota Century Code is
23 amended and reenacted as follows:

24 **53-06.1-11. Gross proceeds - Allowable expenses - Rent limits.**

25 1. All money received from games must be accounted for according to the gaming rules.
26 Gaming activity for a quarter must be reported on a tax return form prescribed by the
27 ~~attorney general~~executive director. Unless otherwise authorized by the ~~attorney-~~
28 ~~general~~executive director, the purchase price of a merchandise prize must be paid
29 from a gaming bank account by check. A cash prize paid by check must be paid from a
30 gaming bank account. No check drawn from a gaming or trust bank account may be

- 1 payable to "cash" or a fictitious payee. A cash prize that exceeds an amount set by
2 rule must be accounted for by a receipt prescribed by the gaming rules.
- 3 2. Allowable expenses may be deducted from adjusted gross proceeds. The allowable
4 expense limit is sixty percent of the adjusted gross proceeds per quarter.
- 5 3. Cash shorts incurred in games and interest and penalty are classified as expenses.
- 6 4. For a site where bingo is conducted:
- 7 a. If bingo is the primary game, the monthly rent must be reasonable.
- 8 b. If bingo is not the primary game, but is conducted with twenty-one, paddlewheels,
9 or pull tabs, no additional rent is allowed.
- 10 5. For a site where bingo is not the primary game:
- 11 a. If twenty-one or paddlewheels is conducted, the monthly rent may not exceed
12 two hundred dollars multiplied by the necessary number of tables based on
13 criteria prescribed by gaming rule. For each twenty-one table with a wager
14 greater than five dollars, an additional amount up to one hundred dollars may be
15 added to the monthly rent. If pull tabs is also conducted involving only a jar bar,
16 the monthly rent for pull tabs may not exceed an additional one hundred
17 seventy-five dollars. If pull tabs is conducted involving only a dispensing device
18 or a jar bar and dispensing device, the monthly rent for pull tabs may not exceed
19 an additional three hundred twenty-five dollars.
- 20 b. If twenty-one and paddlewheels are not conducted but pull tabs is conducted
21 involving either a jar bar or dispensing device, the monthly rent may not exceed
22 four hundred dollars.
- 23 c. If pull tabs is conducted using one or more electronic pull tab devices, the
24 monthly rent may not exceed one hundred seventy-five dollars per machine for
25 the first five machines in the same venue. For each additional machine in the
26 same venue beyond five, the monthly rent may not exceed seventy-five dollars
27 per machine up to a maximum of one thousand two hundred fifty dollars per
28 month for all electronic pull tab devices in a single venue.

29 **SECTION 13. AMENDMENT.** Section 53-06.1-11.2 of the North Dakota Century Code is
30 amended and reenacted as follows:

1 **53-06.1-11.2. Charitable gaming operating fund - Attorney general - State treasurer -**
2 **Allocations - Transfer to the general fund.**

- 3 1. There is created in the state treasury the charitable gaming operating fund. The fund
4 consists of all gaming taxes, monetary fines, and interest and penalties collected
5 under this chapter.
- 6 2. Excluding moneys in the charitable gaming operating fund appropriated by the
7 legislative assembly for administrative and operating costs associated with charitable
8 gaming, the ~~attorney general~~executive director shall allocate remaining moneys in the
9 charitable gaming operating fund on a quarterly basis as follows:
- 10 a. Ten thousand dollars to the gambling disorder prevention and treatment fund.
- 11 b. Subject to legislative appropriations, five percent of the total moneys deposited in
12 the charitable gaming operating fund to cities and counties in proportion to the
13 taxes collected under section 53-06.1-12 from licensed organizations conducting
14 games within each city, for sites within city limits, or within each county, for sites
15 outside city limits. If a city or county allocation is less than two hundred dollars,
16 that city or county is not entitled to receive a payment for the quarter and the
17 undistributed amount must be included in the total amount to be distributed to
18 other cities and counties for the quarter.
- 19 3. On or before June thirtieth of each odd-numbered year, the ~~attorney general~~executive
20 director shall certify to the state treasurer the amount of accumulated funds in the
21 charitable gaming operating fund which exceed the amount appropriated by the
22 legislative assembly for administrative and operating costs associated with charitable
23 gaming for the subsequent biennium. The state treasurer shall transfer the certified
24 amount from the charitable gaming operating fund to the general fund prior to the end
25 of each biennium.

26 **SECTION 14. AMENDMENT.** Section 53-06.1-12 of the North Dakota Century Code is
27 amended and reenacted as follows:

28 **53-06.1-12. Gaming tax - Deposits. (Retroactive application - [See note](#))**

- 29 1. Except as provided in subsection 2, a gaming tax is imposed on the total adjusted
30 gross proceeds received by a licensed organization in a quarter and the tax must be
31 computed and paid to the ~~attorney general~~executive director on a quarterly basis on

- 1 the tax return. This tax must be paid from adjusted gross proceeds and is not part of
2 the allowable expenses. For a licensed organization with adjusted gross proceeds:
- 3 a. Not exceeding fifty thousand dollars the tax is one percent of adjusted gross
4 proceeds.
 - 5 b. Exceeding fifty thousand dollars the tax is five hundred dollars plus twelve
6 percent of adjusted gross proceeds exceeding fifty thousand dollars.
- 7 2. For a licensed organization permitted to conduct raffles in this state with adjusted
8 gross proceeds exceeding fifty thousand dollars, a gaming tax of one percent of gross
9 proceeds is imposed on the total gross proceeds received by the licensed organization
10 from raffles in a quarter. The tax must be computed and paid to the ~~attorney-~~
11 ~~general~~executive director on a quarterly basis on the tax return. The tax must be paid
12 from adjusted gross proceeds and is not part of the allowable expenses.
- 13 3. The tax must be paid to the ~~attorney-general~~executive director at the time tax returns
14 are filed.
- 15 4. The ~~attorney-general~~executive director shall deposit gaming taxes, monetary fines,
16 and interest and penalties collected in the charitable gaming operating fund.

17 **SECTION 15. AMENDMENT.** Section 53-06.1-12.3 of the North Dakota Century Code is
18 amended and reenacted as follows:

19 **53-06.1-12.3. Interest, penalty, and estimated tax.**

- 20 1. Assessment of interest. If a licensed organization does not pay tax due by the original
21 date of a tax return, or if additional tax is due based on an audit or math verification of
22 the return and it is not paid by the original due date of the return, the organization shall
23 pay interest on the tax at the rate of twelve percent per annum computed from the
24 original due date of the return through the date the tax is paid.
- 25 2. Assessment of penalty. If a licensed organization does not pay tax due on a tax return
26 by the original or extended due date of the return, or if additional tax is due based on
27 an audit or math verification of the return and it is not paid by the original or extended
28 due date of the return, the organization shall pay a penalty of five percent of the tax, or
29 twenty-five dollars, whichever is greater. If an organization does not file a tax return by
30 the original or extended due date of the return, the organization shall pay a penalty of
31 five percent of the tax, or twenty-five dollars, whichever is greater, for each month or

1 fraction of a month during which the return is not filed, not exceeding a total of
2 twenty-five percent.

3 3. The ~~attorney general~~executive director may require a licensed organization to make
4 monthly estimated gaming tax payments if the ~~attorney general~~executive director
5 determines that the organization is in poor financial condition. If an organization fails to
6 pay any tax or estimated tax, interest, or penalty by the original due date or date set by
7 the ~~attorney general, the attorney general~~executive director, the executive director
8 may bring court action to collect it and may suspend the organization's license. The
9 ~~attorney general~~executive director may for good cause waive all or part of any interest
10 or penalty and may waive any minimal tax.

11 4. If a licensed organization has failed to file a tax return, has been notified by the
12 ~~attorney general~~executive director of the delinquency, and refuses or neglects within
13 thirty days after the notice to file a proper return, the ~~attorney general~~executive director
14 shall determine the adjusted gross proceeds and gaming tax due according to the best
15 information available and assess the tax at not more than double the amount. Interest
16 and penalty also must be assessed.

17 5. The ~~attorney general~~executive director may authorize a licensed organization to pay
18 any delinquent tax, interest, or penalty on an installment plan and may set any
19 qualifying conditions.

20 **SECTION 16. AMENDMENT.** Section 53-06.1-12.4 of the North Dakota Century Code is
21 amended and reenacted as follows:

22 **53-06.1-12.4. Charitable gaming technology fund - Continuing appropriation.**

23 There is created in the state treasury a special fund known as the charitable gaming
24 technology fund. The fund consists of all moneys deposited in the fund pursuant to this chapter.
25 Moneys in the fund are appropriated to the ~~attorney general~~executive director on a continuing
26 basis and may be used only for contracting for and purchasing equipment and software for a
27 charitable gaming technology system, training employees to operate the system, and
28 maintaining and updating the system.

29 **SECTION 17. AMENDMENT.** Section 53-06.1-14 of the North Dakota Century Code is
30 amended and reenacted as follows:

1 **53-06.1-14. Distributors and manufacturers.**

2 1. A manufacturer of pull tabs, bingo cards, electronic quick shot bingo systems and
3 devices, or bingo card marking devices shall apply annually for a license and pay a
4 license fee of five thousand five hundred dollars. A manufacturer of electronic pull tab
5 systems and devices shall apply annually for a license and pay a license fee of ten
6 thousand dollars. The ~~attorney general~~executive director shall deposit one thousand
7 five hundred dollars of these fees into the charitable gaming technology fund under
8 section 53-06.1-12.4. A manufacturer of paper pull tab dispensing devices shall apply
9 annually for a license and pay a license fee of one thousand five hundred dollars. The
10 ~~attorney general~~executive director shall deposit five hundred dollars of this fee into the
11 charitable gaming technology fund under section 53-06.1-12.4. A manufacturer of
12 electronic raffle systems shall apply annually for a license and pay a license fee of one
13 thousand dollars. The ~~attorney general~~executive director shall deposit five hundred
14 dollars of this fee into the charitable gaming technology fund under section
15 53-06.1-12.4. A distributor shall apply annually for a license and pay a license fee of
16 two thousand dollars. The ~~attorney general~~executive director shall deposit five
17 hundred dollars of this fee into the charitable gaming technology fund under section
18 53-06.1-12.4. Application must be made before the first day of April in each year on a
19 form prescribed by the ~~attorney general~~executive director.

20 2. A licensed distributor may not sell, market, or distribute gaming equipment except to a
21 licensed distributor, licensed organization, organization that has a permit, or other
22 person authorized by gaming rule or the ~~attorney general~~executive director. A
23 manufacturer of a pull tab dispensing device, pull tab, electronic pull tab device, bingo
24 card marking device, bingo card, or fifty-fifty raffle system may only sell, market, or
25 distribute the manufacturer's pull tab dispensing device and processing chip encoded
26 with proprietary software, pull tab, electronic pull tab device, bingo card marking
27 device, bingo card, or fifty-fifty raffle system to a licensed distributor. A licensed
28 distributor may purchase or acquire a pull tab dispensing device and processing chip
29 encoded with proprietary software, pull tab, electronic pull tab device, bingo card
30 marking device, bingo card, or fifty-fifty raffle system only from a licensed
31 manufacturer or licensed distributor. However, a distributor may purchase or acquire a

1 used pull tab dispensing device or electronic pull tab device from a licensed
2 organization. A distributor may not duplicate a manufacturer's processing chip
3 encoded with proprietary software. No gaming equipment or prize may be sold or
4 leased at an excessive price.

- 5 3. A licensed distributor shall affix a North Dakota gaming stamp to each deal of pull
6 tabs, raffle board, punchboard, sports pool board, calcutta board, and series of
7 paddlewheel ticket cards sold or otherwise provided to a licensed organization or
8 organization that has a permit and shall purchase the stamps from the ~~attorney-~~
9 ~~general~~executive director for thirty-five cents each. Ten cents of each stamp sold by
10 the ~~attorney-general~~executive director, up to thirty-six thousand dollars per biennium,
11 must be credited to the ~~attorney-general's~~executive director's operating fund to defray
12 the costs of issuing and administering the gaming stamps. If an organization hosts an
13 event with a raffle board and only sells numbered squares on the day of event, the
14 organization is exempt from the requirements under this subsection.
- 15 4. A licensed organization, organization that has a permit, licensed manufacturer, or
16 North Dakota wholesaler of liquor or alcoholic beverages may not be a distributor or
17 stockholder of a distributor. A distributor may not be a stockholder of a manufacturer.
- 18 5. In addition to the license fee, the ~~attorney-general~~executive director may require
19 advance payment of any fee necessary to pay the cost of a record check of an
20 applicant according to subdivision c of subsection 5 of section 53-06.1-06.
- 21 6. A licensed manufacturer may not refuse to sell deals of pull tabs, paper bingo cards, or
22 gaming equipment to a licensed distributor unless:
- 23 a. A specific deal of pull tabs is sold on an exclusive basis;
- 24 b. The manufacturer does not sell deals of pull tabs, paper bingo cards, or gaming
25 equipment to any distributor in the state;
- 26 c. A gaming law or rule prohibits the sale;
- 27 d. The distributor has not provided the manufacturer with proof of satisfactory credit
28 or is delinquent on any payment owed to the manufacturer; or
- 29 e. The distributor has not met the manufacturer's standard minimum order quantity
30 and freight terms.

1 **SECTION 18. AMENDMENT.** Section 53-06.1-15.1 of the North Dakota Century Code is
2 amended and reenacted as follows:

3 **53-06.1-15.1. Authority of the ~~attorney general~~executive director.**

4 The ~~attorney general~~executive director may:

- 5 1. Inspect all sites in which gaming is conducted or inspect all premises where gaming
6 equipment is manufactured or distributed. The ~~attorney general~~executive director may
7 require a licensed manufacturer to reimburse the ~~attorney general~~executive director
8 for the reasonable actual cost of transportation, lodging, meals, and incidental
9 expenses incurred in inspecting the manufacturer's facility.
- 10 2. Inspect all gaming equipment and supplies.
- 11 3. Seize, remove, or impound any gaming equipment, supplies, games, or books and
12 records for the purpose of examination and inspection.
- 13 4. Demand access to and inspect, examine, photocopy, and audit all books and records
14 of applicants, organizations, lessors, manufacturers, distributors, and affiliated
15 companies concerning any income, expense, or use of net proceeds, and determine
16 compliance with this chapter or gaming rules.
- 17 5. Permit the commissioner or proper representative of the internal revenue service of
18 the United States to inspect a tax return or furnish a copy of the tax return, or
19 information concerning any item contained in the return, or disclosed by any audit or
20 investigation report of the gaming activity of any organization or player, or
21 recordkeeping information. However, information cannot be disclosed to the extent
22 that the ~~attorney general~~executive director determines that the disclosure would
23 identify a confidential informant or seriously impair any civil or criminal investigation.
24 Except when directed by judicial order, or for pursuing civil or criminal charges
25 regarding a violation of this chapter or a gaming rule, or as is provided by law, the
26 ~~attorney general~~executive director may not divulge nor make known, to any person,
27 any income or expense item contained in any tax return or disclosed by an audit or
28 investigative report of any taxpayer provided to the ~~attorney general~~executive director
29 by the internal revenue service.
- 30 6. Require a representative of a licensed organization or distributor to participate in
31 training or for good cause prohibit the person from being involved in gaming as an

- 1 employee or volunteer. The ~~attorney general~~executive director may for good cause
2 prohibit a person from providing personal or business services to an organization or
3 distributor.
- 4 7. Prohibit a person from playing games if the person violates this chapter, chapter
5 12.1-28 or 53-06.2, or a gaming rule.
- 6 8. Require or authorize an organization to pay or prohibit an organization from paying a
7 bingo, electronic quick shot bingo, or raffle prize to a player on a dispute or based on a
8 factual determination or a hearing by the ~~attorney general~~executive director.
- 9 9. Based on reasonable ground or written complaint, suspend, deny, or revoke an
10 organization's permit or an organization's, distributor's, or manufacturer's application
11 or license for violation, by the organization, distributor, or manufacturer or any officer,
12 director, agent, member, or employee of the organization, distributor, or manufacturer,
13 of this chapter or any gaming rule.
- 14 10. Impose a monetary fine on a licensed organization, organization that has a permit,
15 distributor, manufacturer, or third-party business operating gaming and working as an
16 agent of the charity for failure to comply with this chapter or any gaming rule. The
17 monetary fine for each violation by an organization is a minimum of twenty-five dollars
18 and may not exceed two percent of the organization's average quarterly gross
19 proceeds, or five thousand dollars, whichever is greater. The monetary fine for each
20 violation by a distributor is a minimum of one hundred dollars and may not exceed five
21 thousand dollars. The monetary fine for each violation by a manufacturer is a minimum
22 of five hundred dollars and may not exceed two hundred fifty thousand dollars. This
23 fine may be in addition to or in place of a license suspension or revocation.
- 24 11. At any time within three years after any amount of fees, monetary fine, interest,
25 penalty, or tax required to be paid pursuant to this chapter becomes due, bring a civil
26 action to collect the amount due. However, if for any reason there is a change in
27 adjusted gross proceeds or tax liability by an amount which is in excess of twenty-five
28 percent of the amount of adjusted gross proceeds or tax liability originally reported on
29 the tax return, any additional tax determined to be due may be assessed within six
30 years after the due date of the tax return, or six years after the tax return was filed,

1 whichever period expires later. An action may be brought although the person owing
2 the fees or tax is not presently licensed.

3 12. Institute an action in any district court for declaratory or injunctive relief against a
4 person, whether or not the person is a gaming licensee, as the ~~attorney-~~
5 ~~general~~executive director deems necessary to prevent noncompliance with this
6 chapter or gaming rules.

7 13. For good cause, require a licensed organization to use the ~~attorney general's~~executive
8 director's recordkeeping system for any or all games.

9 **SECTION 19. AMENDMENT.** Section 53-06.2-01 of the North Dakota Century Code is
10 amended and reenacted as follows:

11 **53-06.2-01. Definitions.**

12 As used in this chapter:

13 1. "Breeders' fund" means a fund, administered by the commission, established to
14 financially reward breeders or owners of North Dakota-bred horses to be paid in
15 accordance with rules as approved by the commission.

16 2. "Certificate system" means the system of betting described in section 53-06.2-10.

17 3. "Charitable organization" means a nonprofit organization operated for the relief of
18 poverty, distress, or other conditions of public concern in this state and has been so
19 engaged in this state for at least two years.

20 4. "Civic and service club" means a branch, lodge, or chapter of a nonprofit national or
21 state organization that is authorized by its written constitution, charter, articles of
22 incorporation, or bylaws to engage in a civic or service purpose in this state and has
23 so existed in this state for at least two years. The term includes a similar local
24 nonprofit organization, not affiliated with a state or national organization, which is so
25 recognized by a resolution adopted by the governing body of the local jurisdiction in
26 which the organization conducts its principal activities, and which has existed in this
27 state for at least two years.

28 5. "Commission" means the ~~North Dakota racing~~gaming commission.

29 6. "Executive director" means the executive director of the gaming commission.

30 7. "Fraternal organization" means a nonprofit organization in this state, which is a
31 branch, lodge, or chapter of a national or state organization and exists for the common

- 1 business, brotherhood, or other interests of its members, and has so existed in this
2 state for two years. The term does not include a college or high school fraternity.
- 3 8. "Local jurisdiction" means, with respect to a site inside the city limits of a city, that city,
4 and with respect to a site not inside the city limits of a city, the county in which the site
5 is located.
- 6 9. "Other public-spirited organization" means a nonprofit organization recognized by the
7 governing body of the appropriate local jurisdiction by resolution as public-spirited and
8 eligible under this chapter.
- 9 10. "Purse fund" means a fund, administered by the commission, established to
10 supplement and improve purses offered at racetracks within the state.
- 11 11. "Racing" means live or simulcast horse racing under the certificate system or
12 simulcast dog racing under the certificate system.
- 13 12. "Racing promotion fund" means a fund administered by the commission established to
14 assist in improving and upgrading racetracks in the state, promoting horse racing in
15 the state, and developing new racetracks in the state as necessary and approved by
16 the commission.
- 17 13. "Religious organization" means a nonprofit organization, church, body of
18 communicants, or group gathered in common membership for mutual support and
19 edification in piety, worship, and religious observances, and which has been so
20 gathered or united in this state for at least two years.
- 21 14. "Veterans' organization" means a congressionally chartered organization in this state,
22 or a branch, lodge, or chapter of a nonprofit national or state organization in this state,
23 the membership of which consists of individuals who were members of the armed
24 services or forces of the United States, and which has so been in existence in this
25 state for at least two years.

26 **SECTION 20. AMENDMENT.** Section 53-06.2-04 of the North Dakota Century Code is
27 amended and reenacted as follows:

28 **53-06.2-04. Duties of ~~commission~~the executive director.**

29 The ~~commission~~executive director shall:

- 30 1. Provide for racing under the certificate system.
31 2. Set racing dates.

- 1 3. Adopt rules for effectively preventing the use of any substance, compound items, or
- 2 combinations of any medicine, narcotic, stimulant, depressant, or anesthetic which
- 3 could alter the normal performance of a racehorse, unless specifically authorized by
- 4 the commission.
- 5 4. Supervise and check the making of pari-mutuel pools, pari-mutuel machines, and
- 6 equipment at all races held under the certificate system.
- 7 5. Adopt rules governing, restricting, or regulating bids on licensees' concessions and
- 8 leases on equipment.
- 9 6. Consider all proposed extensions, additions, or improvements to the buildings,
- 10 stables, or tracks on property owned or leased by a licensee.
- 11 7. Exclude from racetracks or simulcast pari-mutuel wagering facilities any person who
- 12 violates any rule of the commission or any law.
- 13 8. Determine the cost of inspections performed under subsection 3 of section 53-06.2-05
- 14 and require the licensee to pay that cost.
- 15 9. Report biennially to the legislative council regarding the operation of the commission.
- 16 10. Provide notice to the North Dakota horsemen's council of meetings held by the
- 17 commission and permit the North Dakota horsemen's council to participate in the
- 18 meetings through placement of items on the agenda.
- 19 11. Complete, distribute, and post on the commission's website the minutes of each
- 20 commission meeting within thirty days of that meeting or before the next meeting of
- 21 the commission, whichever occurs first.

22 **SECTION 21. AMENDMENT.** Section 53-06.2-04.1 of the North Dakota Century Code is
23 amended and reenacted as follows:

24 **53-06.2-04.1. North Dakota-bred registry.**

25 The ~~commission~~executive director shall provide for registration of a North Dakota-bred
26 horse for qualification for breeders' fund awards or purse supplements. The administrative cost
27 must be paid from the breeders' fund.

28 **SECTION 22. AMENDMENT.** Section 53-06.2-07 of the North Dakota Century Code is
29 amended and reenacted as follows:

1 **53-06.2-07. Issuance of licenses - Applications.**

- 2 1. On compliance by an applicant with this chapter and the approval of the ~~attorney-~~
3 ~~general~~executive director, the commission may issue a license to conduct races. The
4 ~~attorney-general~~executive director may not grant a license denied by the commission.
- 5 2. An application for a license to conduct a racing meet must be signed under oath and
6 filed with the commission. The application must contain at least the following:
- 7 a. The name and post-office address of the applicant.
- 8 b. The location of the racetrack and whether it is owned or leased. If the racetrack is
9 leased, a copy of the lease must be included.
- 10 c. A statement of the applicant's previous history and association sufficient to
11 establish that the applicant is an eligible organization.
- 12 d. The time, place, and number of days the racing meet is proposed to be
13 conducted.
- 14 e. The type of racing to be conducted.
- 15 f. Other information the commission requires.
- 16 3. At least thirty days before the commission issues or renews a license to conduct
17 races, the applicant shall deliver a complete copy of the application to the local
18 jurisdiction governing body. The application to the commission must include a
19 certificate verified by a representative of the applicant, indicating delivery of the
20 application copy to the governing body. If the governing body of the local jurisdiction
21 adopts a resolution disapproving the application for license or renewal and so informs
22 the executive director within thirty days of receiving a copy of the application, the
23 license to conduct races may not be issued or renewed.

24 **SECTION 23. AMENDMENT.** Section 53-06.2-10.1 of the North Dakota Century Code is
25 amended and reenacted as follows:

26 **53-06.2-10.1. Simulcast wagering.**

27 In addition to racing under the certificate system, as authorized by this chapter, and
28 conducted upon the premises of a racetrack, simulcast pari-mutuel and account wagering may
29 be conducted in accordance with this chapter or rules adopted ~~by the commission~~ under this
30 chapter in accordance with chapter 28-32. Any organization qualified under section 53-06.2-06
31 to conduct racing may make written application to the commission for the conduct of simulcast

1 pari-mutuel and account wagering on races held at licensed racetracks inside the state or
2 racetracks outside the state, or both. Licensure of service providers, totalizator companies, site
3 operators, or organizations applying to conduct or conducting simulcast or account wagering
4 must be approved by the ~~attorney general~~executive director. The ~~attorney general~~executive
5 director may not grant a license denied by the commission. Notwithstanding any other provision
6 of this chapter, the commission may authorize any licensee to participate in interstate or
7 international combined wagering pools with one or more other racing jurisdictions. Anytime that
8 a licensee participates in an interstate or international combined pool, the licensee, as
9 prescribed by the commission, may adopt the take-out of the host jurisdiction or facility. The
10 commission may permit a licensee to use one or more of its races or simulcast programs for an
11 interstate or international combined wagering pool at locations outside its jurisdiction and may
12 allow pari-mutuel pools in other states to be combined with pari-mutuel pools in its jurisdiction
13 for the purpose of establishing an interstate or international combined wagering pool. The
14 participation by a licensee in a combined interstate or international wagering pool does not
15 cause that licensee to be considered to be doing business in any jurisdiction other than the
16 jurisdiction in which the licensee is physically located. Pari-mutuel taxes or commissions may
17 not be imposed on any amounts wagered in an interstate or international combined wagering
18 pool other than amounts wagered within this jurisdiction. The certificate system also permits
19 pari-mutuel wagering to be conducted through account wagering. As used in this section,
20 "account wagering" means a form of pari-mutuel wagering in which an individual deposits
21 money in an account and uses the account balance to pay for pari-mutuel wagers. An account
22 wager made on an account established in this state may only be made through the licensed
23 simulcast service provider approved by the ~~attorney general~~executive director and authorized
24 by the commission to operate the simulcast pari-mutuel wagering system under the certificate
25 system. The ~~attorney general~~executive director may not grant a license denied by the
26 commission. An account wager may be made in person, by direct telephone communication, or
27 through other electronic communication in accordance with rules adopted ~~by the~~
28 ~~commission~~under this chapter. Breakage for interstate or international combined wagering pools
29 must be calculated in accordance with the statutes or rules of the host jurisdiction and must be
30 distributed among the participating jurisdictions in a manner agreed to among the jurisdictions.

1 **SECTION 24. AMENDMENT.** Section 53-12.1-01 of the North Dakota Century Code is
2 amended and reenacted as follows:

3 **53-12.1-01. Definitions.**

4 As used in this chapter:

- 5 1. "Director" means the executive director of ~~the lottery~~the gaming commission.
- 6 2. "Lottery" means ~~the division of the attorney general's office created to operate a~~
7 ~~lottery.~~
- 8 3. "Online lottery" means a game linked to a central computer via a telecommunications
9 network in which the player selects or is assigned a number or symbol or group of
10 numbers or symbols out of a predetermined range of numbers or symbols and a
11 winning ticket is determined by chance.
- 12 4.3. "Retailer" means a person the lottery has licensed to sell or redeem a ticket.
- 13 5.4. "Ticket" means an original and acceptable tangible evidence of play prescribed by the
14 lottery and produced by a lottery terminal or a properly and validly registered online
15 play to prove participation in a draw of a game for a chance to win a prize.

16 **SECTION 25. AMENDMENT.** Section 53-12.1-02 of the North Dakota Century Code is
17 amended and reenacted as follows:

18 **53-12.1-02. Lottery - Administration - Line of credit.**

- 19 1. ~~There is established a division of the attorney general's office called the North Dakota~~
20 ~~lottery. Under the supervision of the attorney general, a~~The director shall administer
21 the lottery as provided in this chapter. The director shall consider the sensitive nature
22 of the lottery, promote games, and ensure the integrity, security, and fairness of the
23 lottery's operation. The ~~lottery~~gaming commission is solely responsible for the
24 management and control over the operation of ~~its~~lottery games.
- 25 2. The ~~attorney general's office~~gaming commission may arrange a short-term line of
26 credit with the Bank of North Dakota should lottery funds on hand be insufficient to
27 meet an immediate major prize obligation. The line of credit is limited to the amount of
28 each prize of one hundred thousand dollars or more that relates to prize funds known
29 to be due and forthcoming to the lottery from other government-authorized lotteries
30 through the multistate lottery association. However, the line of credit may not exceed
31 one million dollars in the aggregate.

1 **SECTION 26. AMENDMENT.** Section 53-12.1-03 of the North Dakota Century Code is
2 amended and reenacted as follows:

3 **53-12.1-03. Director - Responsibilities.**

4 ~~1. The attorney general shall appoint a director who shall serve at the pleasure of the~~
5 ~~attorney general.~~

6 2. Subject to policy of the ~~attorney general~~gaming commission, the director shall:

7 ~~a.1.~~ Employ those individuals deemed necessary to operate the lottery and provide secure
8 facilities to house the lottery;

9 ~~b.2.~~ Enter a written agreement with one or more government-authorized lotteries, or with
10 an organization created and controlled by those lotteries, for conducting and marketing
11 a joint lottery game;

12 ~~c.3.~~ Provide for a secure computer data center and internal control system for the reliable
13 operation of the lottery;

14 ~~d.4.~~ Prepare and submit a budget for operating the lottery;

15 ~~e.5.~~ Operate the lottery so it is self-sustaining and self-funded;

16 ~~f.6.~~ Maintain books and records which accurately reflect each day's financial transactions,
17 including the sale of tickets, receipt of funds and fees, prize payments, and expenses
18 to ensure accountability;

19 ~~g.7.~~ License a retailer to sell or redeem a ticket;

20 ~~h.8.~~ Require a retailer to furnish proof of financial stability or post a bond in an amount the
21 director deems necessary to protect the financial interest of the state;

22 ~~i.9.~~ Timely and efficiently transfer lottery funds due from a retailer;

23 ~~j.10.~~ Conduct a retailer promotion to promote the sale of a ticket;

24 ~~k.11.~~ As necessary, enter a contract for a promotional service, an annuity for the payment of
25 a prize, credit history report, security service, service from another state agency,
26 marketing and related service, gaming system and related service, and other
27 necessary service;

28 ~~l.12.~~ Based on reasonable ground or written complaint, suspend or revoke a retailer's
29 license or impose a monetary fine, or both, for a violation, by the retailer or employee
30 of the retailer, of a lottery law or rule;

1 ~~m-13.~~ Examine, or cause to be examined by an agent designated by the director, any book
2 or record of a retailer to ensure compliance with the lottery law and rules;

3 ~~n-14.~~ Upon request, report to the legislative council regarding the operation of the lottery;

4 ~~o-15.~~ Make quarterly and annual financial reports to the governor and ~~attorney-~~
5 ~~general~~director and a biennial report to the legislative assembly;

6 ~~p-16.~~ Have an annual audit, conducted by the state auditor, of the lottery. The director shall
7 present the audit report to the governor, state treasurer, and legislative assembly;

8 ~~q-17.~~ As necessary, have an independent firm conduct a study and evaluation of security;
9 and

10 ~~r-18.~~ As necessary, conduct a survey of retailers and players or a study of reactions of
11 citizens to present and potential features of the lottery.

12 **SECTION 27. AMENDMENT.** Section 53-12.1-04 of the North Dakota Century Code is
13 amended and reenacted as follows:

14 **53-12.1-04. Advisory commission - Penalty.**

15 1. There is created the lottery advisory commission, which is composed of five members,
16 three of whom are legislators selected by the chairman of the legislative management
17 and two of whom are selected by the ~~attorney general~~director. The term of office is
18 three years, expiring on June thirtieth with no more than two terms expiring in any one
19 year. Each member must be a citizen of the United States and a resident of this state.
20 A chairman of the commission must be chosen annually from the membership of the
21 commission by a majority of its members at the first meeting of the commission each
22 fiscal year. A member may serve as chairman for more than one year.

23 2. The lottery advisory commission shall meet at least once a quarter and any additional
24 meetings as the chairman deems necessary. Special meetings may be called by the
25 chairman upon the written request of the director or any three members of the
26 commission.

27 3. The lottery advisory commission shall advise the director ~~and attorney general~~ on
28 policy and general operation of the lottery and shall serve as the audit committee.

29 4. A member of the lottery advisory commission who is not a permanent full-time state
30 employee is to be compensated at a rate of seventy-five dollars per day and entitled to
31 mileage and expenses as provided by law for state employees. A state employee who

1 is a member of the commission must receive that employee's regular salary and is
2 entitled to mileage and expenses, to be paid by the employing agency.

3 5. No member of the lottery advisory commission, employee of the lottery, or any
4 individual who regularly resides in the same household as either of those individuals
5 may directly or indirectly, individually, as a partner of a partnership, or a stockholder,
6 director, or officer of a corporation, have an interest in the gaming system or
7 advertising agency vendor of the lottery. A knowing violation of this subsection is a
8 class B misdemeanor.

9 **SECTION 28. AMENDMENT.** Section 53-12.1-09 of the North Dakota Century Code is
10 amended and reenacted as follows:

11 **53-12.1-09. Operating fund - Continuing appropriation - Authorization of**
12 **disbursements - Report - Net proceeds.**

13 There is established within the state treasury the lottery operating fund into which must be
14 deposited all revenue from the sale of tickets, interest received on money in the fund, and all
15 other fees and moneys collected, less a prize on a lottery promotion, prize on a winning ticket
16 paid by a retailer, and a retailer's commission. Except for moneys in the lottery operating fund
17 appropriated by the legislative assembly for administrative and operating costs of the lottery
18 under section 53-12.1-10, all other money in the fund is continuously appropriated for the
19 purposes specified in this section. During each regular session, the ~~attorney general~~director
20 shall present a report to the appropriations committee of each house of the legislative assembly
21 on the actual and estimated operating revenue and expenditures for the current biennium and
22 projected operating revenue and expenditures for the subsequent biennium authorized by this
23 section. A payment of a prize or expense or transfer of net proceeds by the lottery may be made
24 only against the fund or money collected from a retailer on the sale of a ticket. A disbursement
25 from the fund must be for the following purposes:

- 26 1. Payment of a prize as the director deems appropriate to the owner of a valid, winning
27 ticket;
- 28 2. Notwithstanding section 53-12.1-10, payment of a marketing expense that is directly
29 offset by cosponsorship funds collected;
- 30 3. Payment of a gaming system or related service expense, retailer record and credit
31 check fees, game group dues, and retailer commissions; and

- 1 4. Transfer of net proceeds:
- 2 a. Eighty thousand dollars must be transferred to the state treasurer each quarter
- 3 for deposit in the gambling disorder prevention and treatment fund;
- 4 b. An amount for the lottery's share of a game's prize reserve pool must be
- 5 transferred to the multistate lottery association; and
- 6 c. ~~Starting July 1, 2023, two hundred fifty thousand dollars must be transferred to~~
- 7 ~~the state treasurer each quarter for deposit in the attorney general~~
- 8 ~~multijurisdictional drug task force grant fund; and~~
- 9 d. The balance of the net proceeds, less holdback of any reserve funds the director
- 10 may need for continuing operations, must be transferred to the state treasurer on
- 11 at least an annual basis for deposit in the state general fund.

12 **SECTION 29. AMENDMENT.** Section 53-12.1-11 of the North Dakota Century Code is
13 amended and reenacted as follows:

14 **53-12.1-11. Confidentiality of records.**

- 15 1. The following information and records of the lottery are confidential:
- 16 a. Sales and income tax information, financial statements, and a credit report of a
- 17 retailer applicant or person seeking or doing business with the lottery, and retailer
- 18 application information other than the applicant's name and location;
- 19 b. Information related to a person owing a debt to the state or having a debt
- 20 collected through a state agency that is made confidential by another state law or
- 21 rule;
- 22 c. Internal control and security procedures, security information on a winning ticket,
- 23 and information on a bid or contractual data, the disclosure of which is harmful to
- 24 the efforts of the lottery to contract for goods and services on favorable terms;
- 25 d. Personal information on a player who purchases an online play or a player who
- 26 wins a prize on a winning ticket unless the player authorizes, in writing, release of
- 27 the information; and
- 28 e. Non-aggregated, identifiable lottery sales data, the disclosure of which is harmful
- 29 to the competitive position of the lottery, retailer, or person seeking or doing
- 30 business with the lottery. However, a retailer may authorize the lottery to release
- 31 the retailer's lottery sales data.

- 1 2. To be confidential, information must relate to the security and integrity of the lottery.
2 Information and records may be disclosed within the ~~attorney general's~~director's office
3 or to an authorized person in the proper administration of the lottery law and rules or in
4 accordance with a judicial order. Criminal history record check information on an
5 individual seeking or doing business with the lottery may be released only according to
6 chapter 12-60.

7 **SECTION 30. AMENDMENT.** Section 53-12.1-13 of the North Dakota Century Code is
8 amended and reenacted as follows:

9 **53-12.1-13. Rules.**

10 The ~~attorney general~~director shall adopt rules governing the operation of the lottery. The
11 ~~attorney general~~director may adopt emergency rules as necessary without the grounds
12 otherwise required under section 28-32-03. The ~~attorney general~~director shall adopt rules to
13 address any matters necessary for the efficient operation of the lottery or convenience of the
14 public, including:

- 15 1. Type of retailer where a ticket may be sold;
16 2. Qualification for selecting a retailer and amount of application and license fees;
17 3. Licensing procedure;
18 4. Method used to sell a ticket, including a gift certificate and online play;
19 5. Financial responsibility of a retailer;
20 6. Retailer promotions;
21 7. Amount and method of commission to be paid to a retailer, including a special bonus
22 or incentive;
23 8. Deadline for claiming a prize by the owner of a winning ticket, however, the deadline
24 may not exceed one year;
25 9. Manner of paying a prize to the owner of a winning ticket; and
26 10. Setoff of a prize.

27 **SECTION 31. REPEAL.** Sections 53-06.2-02 and 53-06.2-03 of the North Dakota Century
28 Code are repealed.