

FIRST ENGROSSMENT

ENGROSSED 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 amend and reenact sections 53-06.1-01.1 and 53-06.1-15.1 of the North
2 Dakota Century Code, relating to the structure of the state gaming commission and the
3 administration and regulation of games of chance; and to provide an appropriation.

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

5 **SECTION 1. AMENDMENT.** Section 53-06.1-01.1 of the North Dakota Century Code is
6 amended and reenacted as follows:

7 **53-06.1-01.1. Gaming commission - Rules - Authority.**

8 1. The state gaming commission shall administer and control games of chance. The
9 commission consists of the:

10 a. The lieutenant governor, who shall serve as chairman and four other;

11 b. Six members appointed by the governor, with the consent of the senate,
12 including one member who:

13 (1) Is an owner of an alcoholic beverage establishment;

14 (2) Represents a licensed organization with adjusted gross proceeds not
15 exceeding fifty thousand dollars;

16 (3) Represents a licensed organization with adjusted gross proceeds of fifty
17 thousand dollars or more;

18 (4) Represents a licensed organization operating in a rural community with a
19 population of fewer than ten thousand;

20 (5) Represents the governing body of a city with a population of forty thousand
21 or more; and

- 1 (6) Represents the governing body of a city with a population of fewer than forty
2 thousand or the county where the city is located; and
3 c. Two members, one appointed by the speaker of the house of representatives and
4 one appointed by the president pro tempore of the senate.
- 5 2. The appointed members serve ~~three-year~~two-year terms and until a successor is
6 appointed and qualified. If the senate is not in session when the term of a member
7 expires, the governor may make an interim appointment, and the interim appointee
8 holds office until the senate confirms or rejects the appointment. A member appointed
9 to fill a vacancy arising from other than the natural expiration of a term serves only for
10 the unexpired portion of the term. The terms of the commissioners must be staggered
11 so no more than two terms expire each July first.
- 12 ~~2.3.~~ A person is ineligible for appointment to member of the commission if that person has
13 not been:
- 14 a. Must be a resident of this state for at least two years before the date of
15 appointment. ~~A person is also ineligible if that person is not~~
- 16 b. Must be of such character and reputation as to promote public confidence in the
17 administration of gaming in this state. ~~A person is also ineligible if that person has~~
- 18 c. May not have been convicted of a felony criminal offense or has pled guilty or
19 been found guilty of any violation of chapter 12.1-06, 12.1-08, 12.1-09, 12.1-10,
20 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
21 pled guilty or been found guilty of any violation of section 6-08-16 or 6-08-16.2, or
22 has pled guilty or been found guilty of any offense or violation that has a direct
23 bearing on the ~~person's~~individual's fitness to be involved in gaming, or who has
24 committed an equivalent offense or violation of the laws of another state or of the
25 United States. ~~A person who has a financial interest in gaming or is an employee~~
26 ~~or a member of the gaming committee of a licensed organization or distributor~~
27 ~~cannot be a member of the commission. For the purpose of this subsection, a~~
28 ~~financial interest includes the receiving of any direct payment from an eligible~~
29 ~~organization for property, services, or facilities provided to that organization.~~
- 30 ~~3.4.~~ Commission members are entitled to ~~seventy five dollars~~the amount under
31 subsection 1 of section 54-03-20 per day for compensation for each day spent on

1 commission duties and mileage and expense reimbursement as allowed to other state
2 employees.

3 4.5. The commission shall adopt rules in accordance with chapter 28-32, to administer and
4 regulate the gaming industry, including methods of conduct, play, and promotion of
5 games; minimum procedures and standards for recordkeeping and internal control;
6 requiring tax returns and reports from organizations or distributors; methods of
7 competition and doing business by distributors and manufacturers; acquisition and use
8 of gaming equipment; quality standards or specifications for the manufacture of pull
9 tabs, paper bingo cards, electronic pull tab devices, pull tab dispensing devices, bingo
10 card marking devices, and fifty-fifty raffle systems; to ensure that net proceeds are
11 used for educational, charitable, patriotic, fraternal, religious, or public-spirited uses; to
12 protect and promote the public interest; to ensure fair and honest games; to ensure
13 that fees and taxes are paid; and to prevent and detect unlawful gambling activity.

14 6. Based on evidence obtained from the attorney general or a complaint under chapter
15 28-32, the commission shall hold a hearing according to the requirements under
16 chapter 28-32. A hearing must be recorded on video and broadcast live. Upon
17 disposition of an adjudicative proceeding, the commission may:

- 18 a. Require a representative of a licensed organization or distributor to participate in
19 training or for good cause prohibit the person from being involved in gaming as
20 an employee or volunteer. The commission may for good cause prohibit a person
21 from providing personal or business services to an organization or distributor.
- 22 b. Prohibit a person from playing games if the person violates this chapter, chapter
23 12.1-28 or 53-06.2, or a gaming rule.
- 24 c. Require or authorize an organization to pay or prohibit an organization from
25 paying a bingo, electronic quick shot bingo, or raffle prize to a player on a dispute
26 or based on a factual determination or a hearing by the commission.
- 27 d. Based on reasonable ground or written complaint, suspend, deny, or revoke an
28 organization's permit or an organization's, distributor's, or manufacturer's
29 application or license for violation, by the organization, distributor, or
30 manufacturer or any officer, director, agent, member, or employee of the
31 organization, distributor, or manufacturer, of this chapter or any gaming rule.

- 1 e. Impose a monetary fine on a licensed organization, organization that has a
2 permit, distributor, manufacturer, owner of an authorized site, or third-party
3 business operating gaming and working as an agent of the charity for failure to
4 comply with this chapter or any gaming rule. This fine may be in addition to or in
5 lieu of a license suspension or revocation. The monetary fine for each violation
6 by:
- 7 (1) An organization is a minimum of twenty-five dollars and may not exceed two
8 percent of the organization's average quarterly gross proceeds, or five
9 thousand dollars, whichever is greater.
- 10 (2) A distributor is a minimum of one hundred dollars and may not exceed five
11 thousand dollars.
- 12 (3) A manufacturer is a minimum of five hundred dollars and may not exceed
13 two hundred fifty thousand dollars.
- 14 (4) An owner of an authorized site is a minimum of two hundred fifty dollars and
15 may not exceed two thousand five hundred dollars.
- 16 f. At any time within three years after any amount of fees, monetary fine, interest,
17 penalty, or tax required to be paid pursuant to this chapter becomes due, bring a
18 civil action to collect the amount due. However, if for any reason there is a
19 change in adjusted gross proceeds or tax liability by an amount which is in
20 excess of twenty-five percent of the amount of adjusted gross proceeds or tax
21 liability originally reported on the tax return, any additional tax determined to be
22 due may be assessed within six years after the due date of the tax return, or
23 six years after the tax return was filed, whichever period expires later. An action
24 may be brought although the person owing the fees or tax is not presently
25 licensed.
- 26 g. Institute an action in any district court for declaratory or injunctive relief against a
27 person, whether or not the person has a gaming licensee, as the commission
28 deems necessary to prevent noncompliance with this chapter or gaming rules.
- 29 h. For good cause, require a licensed organization to use the attorney general's
30 recordkeeping system for all games.

1 7. The commission may refer to the attorney general for prosecution any evidence the
2 commission believes is evidence of a crime.

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

5 **53-06.1-15.1. Authority of the attorney general - Duties.**

6 1. The attorney general may:

7 1.a. Inspect all sites in which gaming is conducted or inspect all premises where
8 gaming equipment is manufactured or distributed. The attorney general may
9 require a licensed manufacturer to reimburse the attorney general for the
10 reasonable actual cost of transportation, lodging, meals, and incidental expenses
11 incurred in inspecting the manufacturer's facility.

12 2.b. Inspect all gaming equipment and supplies.

13 3.c. Seize, remove, or impound any gaming equipment, supplies, games, or books
14 and records for the purpose of examination and inspection.

15 4.d. Demand access to and inspect, examine, photocopy, and audit all books and
16 records of applicants, organizations, lessors, manufacturers, distributors, and
17 affiliated companies concerning any income, expense, or use of net proceeds,
18 and determine compliance with this chapter or gaming rules.

19 5.e. Permit the commissioner or proper representative of the internal revenue service
20 of the United States to inspect a tax return or furnish a copy of the tax return, or
21 information concerning any item contained in the return, or disclosed by any audit
22 or investigation report of the gaming activity of any organization or player, or
23 recordkeeping information. However, information cannot be disclosed to the
24 extent that the attorney general determines that the disclosure would identify a
25 confidential informant or seriously impair any civil or criminal investigation.

26 Except when directed by judicial order, or for pursuing civil or criminal charges
27 regarding a violation of this chapter or a gaming rule, or as is provided by law, the
28 attorney general may not divulge nor make known, to any person, any income or
29 expense item contained in any tax return or disclosed by an audit or investigative
30 report of any taxpayer provided to the attorney general by the internal revenue
31 service.

- 1 2. The attorney general shall refer any evidence of a violation of law or rule to the gaming
2 commission for review, unless this chapter provides the attorney general authority
3 regarding the violation, including a violation related to tax-related delinquency, permits,
4 licensure, and site authorization. A decision made by the attorney general under this
5 chapter may be appealed to the gaming commission.
- 6 6. ~~Require a representative of a licensed organization or distributor to participate in~~
7 ~~training or for good cause prohibit the person from being involved in gaming as an~~
8 ~~employee or volunteer. The attorney general may for good cause prohibit a person~~
9 ~~from providing personal or business services to an organization or distributor.~~
- 10 7. ~~Prohibit a person from playing games if the person violates this chapter, chapter~~
11 ~~12.1-28 or 53-06.2, or a gaming rule.~~
- 12 8. ~~Require or authorize an organization to pay or prohibit an organization from paying a~~
13 ~~bingo, electronic quick shot bingo, or raffle prize to a player on a dispute or based on a~~
14 ~~factual determination or a hearing by the attorney general.~~
- 15 9. ~~Based on reasonable ground or written complaint, suspend, deny, or revoke an~~
16 ~~organization's permit or an organization's, distributor's, or manufacturer's application~~
17 ~~or license for violation, by the organization, distributor, or manufacturer or any officer,~~
18 ~~director, agent, member, or employee of the organization, distributor, or manufacturer,~~
19 ~~of this chapter or any gaming rule.~~
- 20 10. ~~Impose a monetary fine on a licensed organization, organization that has a permit,~~
21 ~~distributor, manufacturer, or third-party business operating gaming and working as an~~
22 ~~agent of the charity for failure to comply with this chapter or any gaming rule. The~~
23 ~~monetary fine for each violation by an organization is a minimum of twenty-five dollars~~
24 ~~and may not exceed two percent of the organization's average quarterly gross~~
25 ~~proceeds, or five thousand dollars, whichever is greater. The monetary fine for each~~
26 ~~violation by a distributor is a minimum of one hundred dollars and may not exceed five~~
27 ~~thousand dollars. The monetary fine for each violation by a manufacturer is a minimum~~
28 ~~of five hundred dollars and may not exceed two hundred fifty thousand dollars. This~~
29 ~~fine may be in addition to or in place of a license suspension or revocation.~~
- 30 11. ~~At any time within three years after any amount of fees, monetary fine, interest,~~
31 ~~penalty, or tax required to be paid pursuant to this chapter becomes due, bring a civil~~

1 action to collect the amount due. However, if for any reason there is a change in-
2 adjusted gross proceeds or tax liability by an amount which is in excess of twenty-five-
3 percent of the amount of adjusted gross proceeds or tax liability originally reported on-
4 the tax return, any additional tax determined to be due may be assessed within six-
5 years after the due date of the tax return, or six years after the tax return was filed,
6 whichever period expires later. An action may be brought although the person owing
7 the fees or tax is not presently licensed.

8 12. Institute an action in any district court for declaratory or injunctive relief against a
9 person, whether or not the person is a gaming licensee, as the attorney general
10 deems necessary to prevent noncompliance with this chapter or gaming rules.

11 13. For good cause, require a licensed organization to use the attorney general's
12 recordkeeping system for any or all games.

13 **SECTION 3. APPROPRIATION - OFFICE OF THE ATTORNEY GENERAL - GAMING**

14 **COMMISSION - ONE-TIME FUNDING.** There is appropriated out of any moneys in the general
15 fund in the state treasury, not otherwise appropriated, the sum of \$25,000, or so much of the
16 sum as may be necessary, to the office of attorney general for the purpose of defraying the
17 costs of operations of the gaming commission, for the biennium beginning July 1, 2025, and
18 ending June 30, 2027. The funding provided in this section is considered a one-time funding
19 item.