

Sixty-ninth
Legislative Assembly
of North Dakota

**FIRST ENGROSSMENT
with Senate Amendments**

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; to provide an appropriation; and to provide
4 for application.

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

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

8 **53-06.1-01.1. Gaming commission - Rules - Authority.**

9 1. The state gaming commission shall administer and control games of chance. The
10 commission consists~~must consist~~ of the:

11 a. The governor or the governor's designee, who shall serve as chairman and four
12 other;

13 b. Four members appointed by the governor, with the consent of the senate,
14 including one member who:

15 (1) Is an owner of an alcoholic beverage establishment where gaming is
16 conducted;

17 (2) Represents a licensed organization;

18 (3) Represents the governing body of a city that has authorized sites where
19 gaming is conducted at the time the appointment is made; and

20 (4) Is a member at large; and

21 c. Two members, one appointed by the speaker of the house of representatives and
22 one appointed by the president pro tempore of the senate.

1 2. The appointed members serve ~~three-year~~two-year terms and until a successor is
2 appointed and qualified. If the senate is not in session when the term of a member
3 expires, the governor may make an interim appointment, and the interim appointee
4 holds office until the senate confirms or rejects the appointment. A member appointed
5 to fill a vacancy arising from other than the natural expiration of a term serves only for
6 the unexpired portion of the term. The terms of the commissioners must be staggered
7 so no more than ~~two~~three terms expire each July first.

8 ~~2.3.~~ A person is ineligible for appointment to member of the commission if that person has
9 ~~not been:~~

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

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

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

26 ~~3.4.~~ Commission members are entitled to ~~seventy-five dollars~~the amount under
27 subsection 1 of section 54-03-20 per day for compensation for each day spent on
28 commission duties and mileage and expense reimbursement as allowed to other state
29 employees.

30 ~~4.5.~~ The commission shall meet at least quarterly.

- 1 6. The commission shall adopt rules in accordance with chapter 28-32, to administer and
2 regulate the gaming industry, including methods of conduct, play, and promotion of
3 games; minimum procedures and standards for recordkeeping and internal control;
4 requiring tax returns and reports from organizations or distributors; methods of
5 competition and doing business by distributors and manufacturers; acquisition and use
6 of gaming equipment; quality standards or specifications for the manufacture of pull
7 tabs, paper bingo cards, electronic pull tab devices, pull tab dispensing devices, bingo
8 card marking devices, and fifty-fifty raffle systems; to ensure that net proceeds are
9 used for educational, charitable, patriotic, fraternal, religious, or public-spirited uses; to
10 protect and promote the public interest; to ensure fair and honest games; to ensure
11 that fees and taxes are paid; and to prevent and detect unlawful gambling activity.
- 12 7. Based on evidence obtained from the attorney general, which demonstrates a person
13 violated this chapter or a gaming rule, which could result in the revocation or
14 suspension of a site authorization or an organization's gaming license or the
15 imposition of a monetary fine of one thousand dollars or more, the commission shall
16 hold a hearing to determine whether a violation occurred. The commission shall
17 designate the time and place for the hearing and provide notice to the person accused
18 of the violation at least forty-five days before the hearing. The parties may present
19 evidence, examine, and cross-examine witnesses as provided under sections
20 28-32-24 and 28-32-35. The hearing must be recorded on video and broadcast live.
- 21 8. The commission shall determine whether a violation has occurred and issue an order
22 within thirty days of the date the hearing concluded. In the order, the commission may:
- 23 a. Require a representative of a licensed organization or distributor to participate in
24 training or for good cause prohibit the person from being involved in gaming as
25 an employee or volunteer. The commission may for good cause prohibit a person
26 from providing personal or business services to an organization or distributor.
- 27 b. Prohibit a person from playing games if the person violates this chapter, chapter
28 12.1-28 or 53-06.2, or a gaming rule.
- 29 c. Require or authorize an organization to pay or prohibit an organization from
30 paying a bingo, electronic quick shot bingo, or raffle prize to a player on a dispute
31 or based on a factual determination or a hearing by the commission.

- 1 d. Suspend, deny, or revoke an organization's permit or an organization's,
2 distributor's, or manufacturer's application or license for violation, by the
3 organization, distributor, or manufacturer or any officer, director, agent, member,
4 or employee of the organization, distributor, or manufacturer, of this chapter or
5 any gaming rule.
- 6 e. Impose a monetary fine on a licensed organization, organization that has a
7 permit, distributor, manufacturer, owner of an authorized site, or third-party
8 business operating gaming and working as an agent of the charity for failure to
9 comply with this chapter or any gaming rule. This fine may be in addition to or in
10 lieu of a license suspension or revocation. The monetary fine for each violation
11 by:
- 12 (1) An organization is a minimum of twenty-five dollars and may not exceed two
13 percent of the organization's average quarterly gross proceeds, or five
14 thousand dollars, whichever is greater.
- 15 (2) A distributor is a minimum of one hundred dollars and may not exceed five
16 thousand dollars.
- 17 (3) A manufacturer is a minimum of five hundred dollars and may not exceed
18 two hundred fifty thousand dollars.
- 19 (4) An owner of an authorized site is a minimum of two hundred fifty dollars and
20 may not exceed two thousand five hundred dollars.
- 21 f. For good cause, require a licensed organization to use the attorney general's
22 recordkeeping system for all games.
- 23 9. A person may appeal an order of the commission under this section to the office of
24 administrative hearings to be considered by an administrative law judge according to
25 the procedures for a hearing under chapter 28-32. Notwithstanding any other law, the
26 hearing must be held within thirty days of the date the appeal is filed. The office of
27 administrative hearings shall create a form to file an appeal under this subsection and
28 publish the form on its website. An order of the commission must be stayed pending
29 the determination of the appeal.
- 30 10. The commission may refer to law enforcement any evidence the commission believes
31 is evidence of a crime.

1 **SECTION 2. 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 - Duties.**

4 1. The attorney general may:

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

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

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

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

17 5.e. Permit the commissioner or proper representative of the internal revenue service
18 of 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
20 or investigation report of the gaming activity of any organization or player, or
21 recordkeeping information. However, information cannot be disclosed to the
22 extent that the attorney general determines that the disclosure would identify a
23 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 may not divulge nor make known, to any person, any income or
27 expense item contained in any tax return or disclosed by an audit or investigative
28 report of any taxpayer provided to the attorney general by the internal revenue
29 service.

30 f. At any time within three years after any amount of fees, monetary fine, interest,
31 penalty, or tax required to be paid under 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
3 twenty-five percent of the amount of adjusted gross proceeds or tax liability
4 originally reported on the tax return, any additional tax determined to be due may
5 be assessed within six years after the due date of the tax return, or six years after
6 the tax return was filed, whichever period expires later. An action may be brought
7 although the person owing the fees or tax is not presently licensed.

8 g. 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 2. The attorney general shall refer to the gaming commission for review any evidence
12 that a person violated this chapter or a gaming rule, which could result in the
13 revocation or suspension of a site authorization or an organization's gaming license or
14 the imposition of a monetary fine of one thousand dollars or more, unless this chapter
15 provides the attorney general authority regarding the violation, including a violation
16 related to tax-related delinquency, permits, licensure, and site authorization.

17 ~~6. Require a representative of a licensed organization or distributor to participate in~~
18 ~~training or for good cause prohibit the person from being involved in gaming as an~~
19 ~~employee or volunteer. The attorney general may for good cause prohibit a person~~
20 ~~from providing personal or business services to an organization or distributor.~~

21 ~~7. Prohibit a person from playing games if the person violates this chapter, chapter~~
22 ~~12.1-28 or 53-06.2, or a gaming rule.~~

23 ~~8. Require or authorize an organization to pay or prohibit an organization from paying a~~
24 ~~bingo, electronic quick shot bingo, or raffle prize to a player on a dispute or based on a~~
25 ~~factual determination or a hearing by the attorney general.~~

26 ~~9. Based on reasonable ground or written complaint, suspend, deny, or revoke an~~
27 ~~organization's permit or an organization's, distributor's, or manufacturer's application~~
28 ~~or license for violation, by the organization, distributor, or manufacturer or any officer,~~
29 ~~director, agent, member, or employee of the organization, distributor, or manufacturer,~~
30 ~~of this chapter or any gaming rule.~~

- 1 10. ~~Impose a monetary fine on a licensed organization, organization that has a permit,~~
2 ~~distributor, manufacturer, or third-party business operating gaming and working as an~~
3 ~~agent of the charity for failure to comply with this chapter or any gaming rule. The~~
4 ~~monetary fine for each violation by an organization is a minimum of twenty-five dollars~~
5 ~~and may not exceed two percent of the organization's average quarterly gross~~
6 ~~proceeds, or five thousand dollars, whichever is greater. The monetary fine for each~~
7 ~~violation by a distributor is a minimum of one hundred dollars and may not exceed five~~
8 ~~thousand dollars. The monetary fine for each violation by a manufacturer is a minimum~~
9 ~~of five hundred dollars and may not exceed two hundred fifty thousand dollars. This~~
10 ~~fine may be in addition to or in place of a license suspension or revocation.~~
- 11 11. ~~At any time within three years after any amount of fees, monetary fine, interest,~~
12 ~~penalty, or tax required to be paid pursuant to this chapter becomes due, bring a civil~~
13 ~~action to collect the amount due. However, if for any reason there is a change in~~
14 ~~adjusted gross proceeds or tax liability by an amount which is in excess of twenty-five~~
15 ~~percent of the amount of adjusted gross proceeds or tax liability originally reported on~~
16 ~~the tax return, any additional tax determined to be due may be assessed within six~~
17 ~~years after the due date of the tax return, or six years after the tax return was filed,~~
18 ~~whichever period expires later. An action may be brought although the person owing~~
19 ~~the fees or tax is not presently licensed.~~
- 20 12. ~~Institute an action in any district court for declaratory or injunctive relief against a~~
21 ~~person, whether or not the person is a gaming licensee, as the attorney general~~
22 ~~deems necessary to prevent noncompliance with this chapter or gaming rules.~~
- 23 13. ~~For good cause, require a licensed organization to use the attorney general's~~
24 ~~recordkeeping system for any or all games.~~
- 25 3. A person may appeal an order or action taken by the attorney general under this
26 chapter to the office of administrative hearings to be considered by an administrative
27 law judge according to the procedures for a hearing under chapter 28-32.
28 Notwithstanding any other law, the hearing must be held within thirty days of the date
29 the appeal is filed. The office of administrative hearings shall create a form to file an
30 appeal under this subsection and publish the form on its website. An order of the
31 attorney general must be stayed pending the determination of the appeal.

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

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

8 **SECTION 4. APPLICATION.** For purposes of the membership of the gaming commission
9 under section 1 of this Act, the term of a member serving on the gaming commission before the
10 effective date of this Act terminates on June 30, 2025. The initial term of three of the four
11 members appointed by the governor on July 1, 2025, under subsection 1 of section
12 53-06.1-01.1, must be limited to a term of one year to effectuate the staggering of terms
13 required under subsection 2 of section 53-06.1-01.1.