

Introduced by

Senator Barta

1 A BILL for an Act to amend and reenact section 53-06.1-01 of the North Dakota Century Code,  
2 relating to the definition of alcoholic beverage establishment.

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

4 **SECTION 1. AMENDMENT.** Section 53-06.1-01 of the North Dakota Century Code is  
5 amended and reenacted as follows:

6 **53-06.1-01. Definitions.**

7 As used in this chapter:

- 8 1. "Adjusted gross proceeds" means gross proceeds less cash prizes, cost of  
9 merchandise prizes, gaming tax, and federal excise tax imposed under section 4401  
10 of the Internal Revenue Code [26 U.S.C. 4401].
- 11 2. "Alcoholic beverage establishment" means an establishment licensed under chapter  
12 5-01 or 5-02 where alcoholic beverages are sold, dispensed, and consumed by guests  
13 on the premises. The term does not include a liquor store, gas station, grocery store,  
14 or convenience store.
- 15 3. "Charitable organization" means an organization whose primary purpose is for relief of  
16 poor, distressed, underprivileged, diseased, elderly, or abused persons, prevention of  
17 cruelty to children or animals, or similar condition of public concern.
- 18 4. "Civic and service organization" means an organization whose primary purpose is to  
19 promote the common good and social welfare of a community as a sertoma, lion,  
20 rotary, jaycee, kiwanis, or similar organization.
- 21 5. "Closely related organization" means an organization that controls, is controlled by, or  
22 is under common control with another organization. Control exists when an  
23 organization has the authority or ability to elect, appoint, or remove a majority of the  
24 officers or directors of another organization or, by policy, contract, or otherwise, has

1 the authority or ability to directly or indirectly direct or cause the direction of the  
2 management or policies of another organization.

3 6. "Distributor" means a person that sells, markets, or distributes equipment designed for  
4 use in the conduct of games.

5 7. "Educational organization" means a nonprofit public or private elementary or  
6 secondary school, two-year or four-year college, or university.

7 8. "Electronic pull tab device" means a device, approved by the attorney general, which  
8 electronically displays pull tabs.

9 9. "Eligible organization" means a veterans, charitable, educational, religious, fraternal,  
10 civic and service, public safety, or public-spirited organization domiciled in North  
11 Dakota or authorized by the secretary of state as a foreign corporation under chapter  
12 10-33, incorporated as a nonprofit organization, and which has been regularly and  
13 actively fulfilling its primary purpose within this state during the two immediately  
14 preceding years. However, an educational organization does not need to be  
15 incorporated or be in existence for two years. An organization's primary purpose may  
16 not involve the conduct of games. The organization may be issued a license by the  
17 attorney general. For purposes of this section, a foreign corporation authorized under  
18 chapter 10-33 is not an eligible organization unless authorized to conduct a raffle  
19 under chapter 20.1-04 or 20.1-08 and may not conduct a game other than a raffle  
20 under chapter 20.1-04 or 20.1-08.

21 10. "Fraternal organization" means an organization, except a school fraternity, which is a  
22 branch, lodge, or chapter of a national or state organization and exists for the common  
23 business, brotherhood, or other interests of its members. The organization must have  
24 qualified for exemption from federal income tax under section 501(c)(8) or 501(c)(10)  
25 of the Internal Revenue Code.

26 11. "Games" means games of chance.

27 12. "Gross proceeds" means all cash and checks received from conducting games.

28 13. "Licensed organization" means an eligible organization licensed by the attorney  
29 general.

30 14. "Manufacturer" means, for a pull tab or bingo card, a person who designs, prints,  
31 assembles, or produces the product. For a pull tab dispensing device, electronic pull

- 1           tab device operating system, bingo card marking device, or electronic raffle system, a  
2           manufacturer means the person who directly controls and manages development of  
3           and owns the rights to the proprietary software encoded on a processing chip that  
4           enables the device or system to operate.
- 5       15. "Net income" means gross proceeds less cash prizes, cost of merchandise prizes, and  
6           expenses to conduct the gaming activity.
- 7       16. "Net proceeds" means adjusted gross proceeds less allowable expenses and gaming  
8           tax.
- 9       17. "Permit" means a local permit or restricted event permit issued by a governing body of  
10          a city or county to a nonprofit organization or group of people domiciled in North  
11          Dakota.
- 12      18. "Person" means any person, partnership, corporation, limited liability company,  
13          association, or organization.
- 14      19. "Prize board" means a board used with pull tabs to award cash or merchandise prizes.
- 15      20. "Public safety organization" means an organization whose primary purpose is to  
16          provide firefighting, ambulance service, crime prevention, or similar emergency  
17          assistance.
- 18      21. "Public-spirited organization" means an organization whose primary purpose is for  
19          scientific research, amateur sports competition, safety, literary, arts, preservation of  
20          cultural heritage, educational activities, educational public service, youth, economic  
21          development, tourism, community medical care, community recreation, or similar  
22          organization, which does not meet the definition of any other type of eligible  
23          organization. However, a nonprofit organization or a group of people recognized as a  
24          public-spirited organization by a governing body of a city or county for obtaining a  
25          permit does not need to meet this definition.
- 26      22. "Pull tab" means a folded or banded ticket or jar ticket, a pull tab card with break-open  
27          tabs, or an electronic pull tab displaying concealed numbers or symbols or  
28          combinations of concealed numbers and symbols which are exposed by a player to  
29          determine the outcome. The terms "pull tab" and "jar ticket" are used interchangeably  
30          unless otherwise stated. A winning pull tab contains certain symbols, numbers, or  
31          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. "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. "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.