



Benefiting North Dakota Communities through Charitable Gaming

Testimony in SUPPORT of House Bill 1465

February 17, 2025

Chairman Headland and Members of the House Finance and Tax Committee:

I'm Scott Meske, representing the North Dakota Gaming Alliance and on behalf of the Members of the NDGA, we offer our support for House Bill 1465.

ND Gaming Alliance represents all facets of the charitable gaming industry. Veteran and Fraternal Organizations, Charities, Hospitality, Manufacturers, and Distributors. When charitable gaming was authorized by the State, the intent was to benefit the *charities and nonprofits* in our local communities. It is estimated that in the 2023-25 biennium, about \$53 million will be generated in gaming tax revenue for the State. This revenue pays for the regulation and oversight of the industry, in addition to paying for the gambling disorder programs in the State. The remainder is deposited into the State's General Fund. It is also estimated that more than \$182 million will be disbursed into North Dakota's communities. I've attached a graphic to my testimony which more clearly defines how gaming proceeds are distributed. That revenue, injected directly into our communities, offsets the need to rely on other sources of income including property taxes, to meet the charity's stated mission and to benefit North Dakota citizens and communities.

It seems as if most of the media coverage of gaming only concentrates on the very small percentage of violations that occur in the industry. Today, I want to share with you some of the good things charitable gaming has done in some of our communities – most of these stories never get told. The Aggie Foundation in Velva provided free lunches for school children in the city of Granville for the entire school year which otherwise would have been funded by taxes. Mandan Baseball covered \$4.9 million of a \$5.1 million renovation to the Mandan youth baseball complex which would have been funded by property taxes. The other \$200K was covered by the Mandan Park District. MatPac in Bismarck here gave \$500K to the Bismarck State College



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Bavendick Center which also would have been funded by taxes. Minto JC's were able to provide a building for Dept 701 - a non-profit that provides necessities like clothes, winter coats, toiletries to underprivileged families in their area. In the city of Rolla, their American Legion tragically burned down. This building was a staple of the community. The charity Revitalize Rolla was able to donate \$50K to pay for furnishings and kitchen equipment. At the time, the Legion had exhausted all other fundraising opportunities and Revitalize Rolla was able to use their gaming trust to fill the gaps needed to complete the project. Not only did this help rebuild basically the only facility that the community had to use for community events, it also restored the building that honored those that served in the military. These are just a very few examples of incredible things that charities are doing for communities.

I raise these specific examples to make the point that charitable gaming operates under a microscope and rightly so. But as so many charities are working to make a difference in their communities, they can do more. This minor tax adjustment, based on a tiered system, can help put even more money back into our communities. The NDGA supports HB 1465 not as an expansion of gaming. We have clear rules and regulations along with guardrails of limiting the number of sites and games allowed. So to benefit our communities who rely on their local charities, we ask you issue a DO PASS recommendation on HB 1465.

Considering the fact that the original intent of taxing the charities was to fully fund gaming addiction and the AG gaming division, it's the position of the ND Gaming Alliance to oppose any tax increases on any charities. If adjustments need to be made to get a favorable recommendation from this committee, we would suggest looking at maybe going from 6-8% on the second tier, or reducing the threshold from the first 250K to the first 200K, or something along that order. We maintain the position that the intention of the gaming taxes on charities was never meant to be a significant source of revenue for the state, but even if the bill would pass in this current form, it would still leave the state with an additional \$50 million in revenue. The intent of this bill is to help the smaller charities to be able to continue to operate



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and do additional work in their communities. As a refresher, in the 2023 session, we increased the rent charities pay to gaming sites by 75% which we supported. However, during the interim, it has come to our attention that many of the smaller charities have struggled to absorb that increase. As of Sept 2024, there were only 14 charities of the 350 licensed charities in North Dakota reported one million dollars their trust accounts. Leaving 96% of licensed charities reporting less, and in some cases much less.

We do believe the potential amendments offered are reasonable and clarify the intent of the legislation. The NDGA is willing to work with the sponsor and committee members to reach acceptable compromise.

Mr. Chairman and Members of the Committee, thank you, and I'll try to answer any questions.