

Sixty-ninth
Legislative Assembly
of North Dakota

PROPOSED AMENDMENTS TO

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, and 53-06.1-15.1, 53-06.2-01, 53-06.2-04,~~
6 ~~53-06.2-04.1, 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,~~
7 ~~53-12.1-09, 53-12.1-11, and 53-12.1-13~~ of the North Dakota Century Code, relating to the
8 structure of the state gaming commission and the administration and regulation of games of
9 chance, ~~combative sports, pari-mutuel horse racing, and the lottery; and to repeal sections~~
10 ~~53-06.2-02 and 53-06.2-03 of the North Dakota Century Code, relating to the pari-mutuel horse~~
11 ~~racing 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.~~

1 The secretary of state shall define the duties of the commission. Commission members are not
2 entitled to compensation, except for reimbursement for actual and necessary expenses at the
3 same rate as allowed state employees incurred in performing their official duties.

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

6 ~~—~~ **53-01-03. Restrictions.**

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

11 ~~—~~ **SECTION 3. AMENDMENT.** Section 53-01-07 of the North Dakota Century Code is
12 amended and reenacted as follows:

13 ~~—~~ **53-01-07. Duties of state commissioner of combative sports** ~~the executive director of~~
14 **gaming.**

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

17 ~~—~~ 1. Adopt rules governing the conduct of boxing, kickboxing, mixed fighting style
18 competitions, and sparring exhibitions.

19 ~~—~~ 2. Establish license fees for all boxers, kickboxers, mixed style fighters, boxing,
20 kickboxing, and mixed fighting style competition promoters, managers, judges,
21 timekeepers, cornerpersons, knockdown counters, matchmakers, and referees or
22 other participants.

23 ~~—~~ 3. Charge a fee equal to the actual cost incurred to regulate the competitions and
24 exhibitions.

25 ~~—~~ 4. Adopt rules allowing the secretary of state to perform screening tests for controlled
26 substances, as defined in section 19-03.1-01, on boxers, kickboxers, and mixed style
27 fighters participating in a competition or an exhibition.

28 ~~—~~ **SECTION 4. AMENDMENT.** Section 53-01-09 of the North Dakota Century Code is
29 amended and reenacted as follows:

1 ~~— **53-01-09. Fees paid into special fund -- Continuing appropriation.**~~

2 ~~— All fees collected by the secretary of state executive director of gaming pursuant to this~~
3 ~~chapter must be deposited in a special fund maintained in the state treasury. All money~~
4 ~~deposited in the fund is appropriated as a continuing appropriation to the secretary of~~
5 ~~state executive director of gaming for administering this chapter and for the compensation and~~
6 ~~expenses of members of the state gaming commission of combative sports.~~

7 ~~— **SECTION 5. AMENDMENT.** Section 53-01-19 of the North Dakota Century Code is~~
8 ~~amended and reenacted as follows:~~

9 ~~— **53-01-19. Penalty.**~~

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

12 ~~— **SECTION 6. AMENDMENT.** Section 53-06.1-01 of the North Dakota Century Code is~~
13 ~~amended and reenacted as follows:~~

14 ~~— **53-06.1-01. Definitions.**~~

15 ~~— As used in this chapter:~~

16 ~~— 1. "Adjusted gross proceeds" means gross proceeds less cash prizes, cost of~~
17 ~~merchandise prizes, gaming tax, and federal excise tax imposed under section 4401-~~
18 ~~of the Internal Revenue Code [26 U.S.C. 4401].~~

19 ~~— 2. "Alcoholic beverage establishment" means an establishment licensed under chapter~~
20 ~~5-02 where alcoholic beverages are sold, dispensed, and consumed by guests on the~~
21 ~~premises. The term does not include a liquor store, gas station, grocery store, or~~
22 ~~convenience store.~~

23 ~~— 3. "Charitable organization" means an organization whose primary purpose is for relief of~~
24 ~~poor, distressed, underprivileged, diseased, elderly, or abused persons, prevention of~~
25 ~~cruelty to children or animals, or similar condition of public concern.~~

26 ~~— 4. "Civic and service organization" means an organization whose primary purpose is to~~
27 ~~promote the common good and social welfare of a community as a sertoma, lion,~~
28 ~~rotary, jaycee, kiwanis, or similar organization.~~

29 ~~— 5. "Closely related organization" means an organization that controls, is controlled by, or~~
30 ~~is under common control with another organization. Control exists when an~~
31 ~~organization has the authority or ability to elect, appoint, or remove a majority of the~~

1 ~~officers or directors of another organization or, by policy, contract, or otherwise, has~~
2 ~~the authority or ability to directly or indirectly direct or cause the direction of the~~
3 ~~management or policies of another organization.~~

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

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

8 ~~8. "Electronic pull tab device" means a device, approved by the attorney~~
9 ~~generalexecutive director, which electronically displays pull tabs.~~

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

22 ~~10. "Executive director" means the executive director of the gaming commission.~~

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

28 ~~11.12. "Games" means games of chance.~~

29 ~~12.13. "Gross proceeds" means all cash and checks received from conducting games.~~

30 ~~13.14. "Licensed organization" means an eligible organization licensed by the attorney~~
31 ~~generalexecutive director.~~

1 ~~14.15.~~—"Manufacturer" means, for a pull tab or bingo card, a person who designs, prints,
2 assembles, or produces the product. For a pull tab dispensing device, electronic pull
3 tab device operating system, bingo card marking device, or electronic raffle system, a
4 manufacturer means the person who directly controls and manages development of
5 and owns the rights to the proprietary software encoded on a processing chip that
6 enables the device or system to operate.

7 ~~15.16.~~—"Net income" means gross proceeds less cash prizes, cost of merchandise prizes, and
8 expenses to conduct the gaming activity.

9 ~~16.17.~~—"Net proceeds" means adjusted gross proceeds less allowable expenses and gaming
10 tax.

11 ~~17.18.~~—"Permit" means a local permit or restricted event permit issued by a governing body of
12 a city or county to a nonprofit organization or group of people domiciled in North
13 Dakota.

14 ~~18.19.~~—"Person" means any person, partnership, corporation, limited liability company,
15 association, or organization.

16 ~~19.20.~~—"Prize board" means a board used with pull tabs to award cash or merchandise prizes.

17 ~~20.21.~~—"Public safety organization" means an organization whose primary purpose is to
18 provide firefighting, ambulance service, crime prevention, or similar emergency
19 assistance.

20 ~~21.22.~~—"Public spirited organization" means an organization whose primary purpose is for
21 scientific research, amateur sports competition, safety, literary, arts, preservation of
22 cultural heritage, educational activities, educational public service, youth, economic
23 development, tourism, community medical care, community recreation, or similar
24 organization, which does not meet the definition of any other type of eligible
25 organization. However, a nonprofit organization or a group of people recognized as a
26 public spirited organization by a governing body of a city or county for obtaining a
27 permit does not need to meet this definition.

28 ~~22.23.~~—"Pull tab" means a folded or banded ticket or jar ticket, a pull tab card with break open
29 tabs, or an electronic pull tab displaying concealed numbers or symbols or
30 combinations of concealed numbers and symbols which are exposed by a player to
31 determine the outcome. The terms "pull tab" and "jar ticket" are used interchangeably.

1 unless otherwise stated. A winning pull tab contains certain symbols, numbers, or
2 combinations of symbols and numbers and may contain multiple winning symbols,
3 numbers, or combinations of symbols and numbers which have been previously
4 designated as winning symbols or numbers.

5 ~~23.24.~~ "Religious organization" means a church, body of communicants, or group gathered in
6 common membership whose primary purpose is for advancement of religion, mutual
7 support and edification in piety, worship, and religious observances.

8 ~~24.25.~~ "Veterans organization" means any congressionally chartered post organization, or
9 any branch or lodge or chapter of a nonprofit national or state organization whose
10 membership consists of individuals who are or were members of the armed services
11 or forces of the United States. The organization must have qualified for exemption
12 from federal income tax under section 501(c)(19) of the Internal Revenue Code.

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

15 **53-06.1-01.1. Gaming commission - Rules - ~~Games of chance - Combative sports -~~**
16 **~~Pari-mutuel horse racing - Lottery~~ Authority.**

17 1. The state gaming commission shall administer and control ~~games of chance,~~
18 ~~combative sports, pari-mutuel horse racing, and the lottery.~~ The commission consists
19 of the:

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

21 b. ~~Six~~ members appointed by the governor, with the consent of the senate,
22 including one member who:

23 (1) ~~Three members who are directly associated with the charitable gaming-~~
24 ~~industry but not employees of an organization conducting charitable~~
25 ~~gaming~~ is an owner of an alcoholic beverage establishment;

26 (2) ~~One member with expert knowledge of the lottery~~ Represents a licensed
27 organization with adjusted gross proceeds not exceeding fifty thousand
28 dollars; and

29 (3) ~~One member with expert knowledge of pari-mutuel horse racing~~ Represents
30 a licensed organization with adjusted gross proceeds of fifty thousand
31 dollars or more; and

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

1 financial interest includes the receiving of any direct payment from an eligible-
2 organization for property, services, or facilities provided to that organization.

3 ~~3.4.~~ Commission members are entitled to ~~seventy-five dollars~~the amount under
4 subsection 1 of section 54-03-20 per day for compensation for each day spent on
5 commission duties and mileage and expense reimbursement as allowed to other state
6 employees.

7 ~~4.5.~~ The commission shall adopt rules in accordance with chapter 28-32, to administer and
8 regulate ~~the:~~

9 ~~a. The gaming industry, including methods of conduct, play, and promotion of~~
10 ~~games; minimum procedures and standards for recordkeeping and internal control;~~
11 ~~requiring tax returns and reports from organizations or distributors; methods of~~
12 ~~competition and doing business by distributors and manufacturers; acquisition and use~~
13 ~~of gaming equipment; quality standards or specifications for the manufacture of pull~~
14 ~~tabs, paper bingo cards, electronic pull tab devices, pull tab dispensing devices, bingo~~
15 ~~card marking devices, and fifty-fifty raffle systems; to ensure that net proceeds are~~
16 ~~used for educational, charitable, patriotic, fraternal, religious, or public-spirited uses; to~~
17 ~~protect and promote the public interest; to ensure fair and honest games; to ensure~~
18 ~~that fees and taxes are paid; and to prevent and detect unlawful gambling activity.~~

19 ~~b. Combative sports, as required under section 53-01-07.~~

20 ~~c. Pari-mutuel horse racing, as required under section 53-06.2-04.~~

21 ~~d. The operation of the lottery, as required under section 53-12.1-13.~~

22 6. Based on evidence obtained from the attorney general or a complaint under chapter
23 28-32, the commission shall hold a hearing according to the requirements under
24 chapter 28-32. A hearing must be recorded on video and broadcast live. Upon
25 disposition of an adjudicative proceeding, the commission may:

26 a. Require a representative of a licensed organization or distributor to participate in
27 training or for good cause prohibit the person from being involved in gaming as
28 an employee or volunteer. The commission may for good cause prohibit a person
29 from providing personal or business services to an organization or distributor.

30 b. Prohibit a person from playing games if the person violates this chapter, chapter
31 12.1-28 or 53-06.2, or a gaming rule.

1 c. Require or authorize an organization to pay or prohibit an organization from
2 paying a bingo, electronic quick shot bingo, or raffle prize to a player on a dispute
3 or based on a factual determination or a hearing by the commission.

4 d. Based on reasonable ground or written complaint, suspend, deny, or revoke an
5 organization's permit or an organization's, distributor's, or manufacturer's
6 application or license for violation, by the organization, distributor, or
7 manufacturer or any officer, director, agent, member, or employee of the
8 organization, distributor, or manufacturer, of this chapter or any gaming rule.

9 e. Impose a monetary fine on a licensed organization, organization that has a
10 permit, distributor, manufacturer, owner of an authorized site, or third-party
11 business operating gaming and working as an agent of the charity for failure to
12 comply with this chapter or any gaming rule. This fine may be in addition to or in
13 lieu of a license suspension or revocation. The monetary fine for each violation
14 by:

15 (1) An organization is a minimum of twenty-five dollars and may not exceed two
16 percent of the organization's average quarterly gross proceeds, or five
17 thousand dollars, whichever is greater.

18 (2) A distributor is a minimum of one hundred dollars and may not exceed five
19 thousand dollars.

20 (3) A manufacturer is a minimum of five hundred dollars and may not exceed
21 two hundred fifty thousand dollars.

22 (4) An owner of an authorized site is a minimum of two hundred fifty dollars and
23 may not exceed two thousand five hundred dollars.

24 f. 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
26 civil action to collect the amount due. However, if for any reason there is a
27 change in adjusted gross proceeds or tax liability by an amount which is in
28 excess of twenty-five percent of the amount of adjusted gross proceeds or tax
29 liability originally reported on the tax return, any additional tax determined to be
30 due may be assessed within six years after the due date of the tax return, or
31 six years after the tax return was filed, whichever period expires later. An action

1 may be brought although the person owing the fees or tax is not presently
2 licensed.

3 g. Institute an action in any district court for declaratory or injunctive relief against a
4 person, whether or not the person has a gaming licensee, as the commission
5 deems necessary to prevent noncompliance with this chapter or gaming rules.

6 h. For good cause, require a licensed organization to use the attorney general's
7 recordkeeping system for all games.

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

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

12 ~~**Executive director of gaming - Appointment - Duties - Other personnel.**~~

13 ~~1. The state gaming commission shall appoint an executive director of gaming. The~~
14 ~~commission shall establish the executive director's qualifications and salary.~~

15 ~~2. The executive director shall carry out the duties assigned under this chapter and~~
16 ~~chapters 53-01, 53-06.2, and 53-12.1.~~

17 ~~3. The executive director may employ other individuals as authorized by the commission.~~

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

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

22 ~~1. Except as authorized by the attorney general, an organization that has its license~~
23 ~~suspended or revoked, or has relinquished or not renewed its license and not~~
24 ~~disbursed its net proceeds, is ineligible for a license or permit. Only one of two or more~~
25 ~~closely related organizations may have a license or permit at one time. A college or~~
26 ~~university fraternity, sorority, or club is not closely related to an educational~~
27 ~~organization. An organization shall apply for a permit as follows:~~

28 ~~a. An organization recognized as a public-spirited organization by the governing~~
29 ~~body of a city or county may apply for permits. A local permit may allow the~~
30 ~~organization to conduct only raffles, bingo, or sports pools. A restricted event~~
31 ~~permit may allow the organization to conduct only raffles, bingo, sports pools,~~

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

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

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

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

24 ~~(1)~~ May not pay remuneration to employees for personal services;

25 ~~(2)~~ Shall use chips as wagers;

26 ~~(3)~~ Shall redeem a player's chips for merchandise prizes or cash;

27 ~~(4)~~ Shall disburse net income to eligible uses referenced in subdivision c, if
28 applicable, and in section 53-06.1-11.1; and

29 ~~(5)~~ Shall file a report prescribed by the attorney general ~~executive director~~ with
30 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 shall~~~~executive~~
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 refunda~~
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 generalexecutive director for thirty-five cents each. Ten cents of each stamp sold by
10 the attorney generalexecutive director, up to thirty-six thousand dollars per biennium,
11 must be credited to the attorney general'sexecutive 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 generalexecutive 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 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~~executive director~~ - Duties.**

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

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

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

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

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

18 5.e. Permit the commissioner or proper representative of the internal revenue service
19 of the United States to inspect a tax return or furnish a copy of the tax return, or
20 information concerning any item contained in the return, or disclosed by any audit
21 or investigation report of the gaming activity of any organization or player, or
22 recordkeeping information. However, information cannot be disclosed to the
23 extent that the attorney general~~executive director~~ determines that the disclosure
24 would identify a confidential informant or seriously impair any civil or criminal
25 investigation. Except when directed by judicial order, or for pursuing civil or
26 criminal charges regarding a violation of this chapter or a gaming rule, or as is
27 provided by law, the attorney general~~executive director~~ may not divulge nor make
28 known, to any person, any income or expense item contained in any tax return or
29 disclosed by an audit or investigative report of any taxpayer provided to the
30 attorney general~~executive director~~ by the internal revenue 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~~~~executive director~~ ~~may for good cause~~
9 ~~prohibit a person from providing personal or business services to an organization or~~
10 ~~distributor.~~

11 ~~7. Prohibit a person from playing games if the person violates this chapter, chapter~~
12 ~~12-1-28 or 53-06.2, or a gaming rule.~~

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

16 ~~9. Based on reasonable ground or written complaint, suspend, deny, or revoke an~~
17 ~~organization's permit or an organization's, distributor's, or manufacturer's application~~
18 ~~or license for violation, by the organization, distributor, or manufacturer or any officer,~~
19 ~~director, agent, member, or employee of the organization, distributor, or manufacturer,~~
20 ~~of this chapter or any gaming rule.~~

21 ~~10. Impose a monetary fine on a licensed organization, organization that has a permit,~~
22 ~~distributor, manufacturer, or third-party business operating gaming and working as an~~
23 ~~agent of the charity for failure to comply with this chapter or any gaming rule. The~~
24 ~~monetary fine for each violation by an organization is a minimum of twenty-five dollars~~
25 ~~and may not exceed two percent of the organization's average quarterly gross~~
26 ~~proceeds, or five thousand dollars, whichever is greater. The monetary fine for each~~
27 ~~violation by a distributor is a minimum of one hundred dollars and may not exceed five~~
28 ~~thousand dollars. The monetary fine for each violation by a manufacturer is a minimum~~
29 ~~of five hundred dollars and may not exceed two hundred fifty thousand dollars. This~~
30 ~~fine may be in addition to or in place of a license suspension or revocation.~~

1 ~~11. At any time within three years after any amount of fees, monetary fine, interest,~~
2 ~~penalty, or tax required to be paid pursuant to this chapter becomes due, bring a civil~~
3 ~~action to collect the amount due. However, if for any reason there is a change in~~
4 ~~adjusted gross proceeds or tax liability by an amount which is in excess of twenty-five~~
5 ~~percent of the amount of adjusted gross proceeds or tax liability originally reported on~~
6 ~~the tax return, any additional tax determined to be due may be assessed within six~~
7 ~~years after the due date of the tax return, or six years after the tax return was filed,~~
8 ~~whichever period expires later. An action may be brought although the person owing~~
9 ~~the fees or tax is not presently licensed.~~

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

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

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

18 ~~**53-06.2-01. Definitions.**~~

19 ~~As used in this chapter:~~

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

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

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

27 ~~4. "Civic and service club" means a branch, lodge, or chapter of a nonprofit national or~~
28 ~~state organization that is authorized by its written constitution, charter, articles of~~
29 ~~incorporation, or bylaws to engage in a civic or service purpose in this state and has~~
30 ~~so existed in this state for at least two years. The term includes a similar local~~
31 ~~nonprofit organization, not affiliated with a state or national organization, which is so~~

1 recognized by a resolution adopted by the governing body of the local jurisdiction in
2 which the organization conducts its principal activities, and which has existed in this
3 state for at least two years.

4 ~~5. "Commission" means the North Dakota racinggaming commission.~~

5 ~~6. "Executive director" means the executive director of the gaming commission.~~

6 ~~7. "Fraternal organization" means a nonprofit organization in this state, which is a
7 branch, lodge, or chapter of a national or state organization and exists for the common
8 business, brotherhood, or other interests of its members, and has so existed in this
9 state for two years. The term does not include a college or high school fraternity.~~

10 ~~8. "Local jurisdiction" means, with respect to a site inside the city limits of a city, that city,
11 and with respect to a site not inside the city limits of a city, the county in which the site
12 is located.~~

13 ~~9. "Other public-spirited organization" means a nonprofit organization recognized by the
14 governing body of the appropriate local jurisdiction by resolution as public-spirited and
15 eligible under this chapter.~~

16 ~~10. "Purse fund" means a fund, administered by the commission, established to
17 supplement and improve purses offered at racetracks within the state.~~

18 ~~11. "Racing" means live or simulcast horse racing under the certificate system or
19 simulcast dog racing under the certificate system.~~

20 ~~12. "Racing promotion fund" means a fund administered by the commission established to
21 assist in improving and upgrading racetracks in the state, promoting horse racing in
22 the state, and developing new racetracks in the state as necessary and approved by
23 the commission.~~

24 ~~13. "Religious organization" means a nonprofit organization, church, body of
25 communicants, or group gathered in common membership for mutual support and
26 edification in piety, worship, and religious observances, and which has been so
27 gathered or united in this state for at least two years.~~

28 ~~14. "Veterans' organization" means a congressionally chartered organization in this state,
29 or a branch, lodge, or chapter of a nonprofit national or state organization in this state,
30 the membership of which consists of individuals who were members of the armed~~

1 services or forces of the United States, and which has so been in existence in this-
2 state for at least two years.

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

5 — **53-06.2-04. Duties of commissionthe executive director.**

6 — The commissionexecutive director shall:

7 — 1. — Provide for racing under the certificate system.

8 — 2. — Set racing dates.

9 — 3. — Adopt rules for effectively preventing the use of any substance, compound items, or
10 combinations of any medicine, narcotic, stimulant, depressant, or anesthetic which
11 could alter the normal performance of a racehorse, unless specifically authorized by
12 the commission.

13 — 4. — Supervise and check the making of pari-mutuel pools, pari-mutuel machines, and
14 equipment at all races held under the certificate system.

15 — 5. — Adopt rules governing, restricting, or regulating bids on licensees' concessions and
16 leases on equipment.

17 — 6. — Consider all proposed extensions, additions, or improvements to the buildings,
18 stables, or tracks on property owned or leased by a licensee.

19 — 7. — Exclude from racetracks or simulcast pari-mutuel wagering facilities any person who
20 violates any rule of the commission or any law.

21 — 8. — Determine the cost of inspections performed under subsection 3 of section 53-06.2-05-
22 and require the licensee to pay that cost.

23 — 9. — Report biennially to the legislative council regarding the operation of the commission.

24 — 10. — Provide notice to the North Dakota horsemen's council of meetings held by the
25 commission and permit the North Dakota horsemen's council to participate in the
26 meetings through placement of items on the agenda.

27 — 11. — Complete, distribute, and post on the commission's website the minutes of each
28 commission meeting within thirty days of that meeting or before the next meeting of
29 the commission, whichever occurs first.

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

1 ~~— **53-06.2-04.1. North Dakota-bred registry.**~~

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

5 ~~— **SECTION 22. AMENDMENT.** Section 53-06.2-07 of the North Dakota Century Code is~~
6 ~~amended and reenacted as follows:~~

7 ~~— **53-06.2-07. Issuance of licenses -- Applications.**~~

8 ~~— 1. On compliance by an applicant with this chapter and the approval of the attorney-~~
9 ~~general executive director, the commission may issue a license to conduct races. The~~
10 ~~attorney general executive director may not grant a license denied by the commission.~~

11 ~~— 2. An application for a license to conduct a racing meet must be signed under oath and~~
12 ~~filed with the commission. The application must contain at least the following:~~

13 ~~— a. The name and post-office address of the applicant.~~

14 ~~— b. The location of the racetrack and whether it is owned or leased. If the racetrack is~~
15 ~~leased, a copy of the lease must be included.~~

16 ~~— c. A statement of the applicant's previous history and association sufficient to~~
17 ~~establish that the applicant is an eligible organization.~~

18 ~~— d. The time, place, and number of days the racing meet is proposed to be~~
19 ~~conducted.~~

20 ~~— e. The type of racing to be conducted.~~

21 ~~— f. Other information the commission requires.~~

22 ~~— 3. At least thirty days before the commission issues or renews a license to conduct~~
23 ~~races, the applicant shall deliver a complete copy of the application to the local~~
24 ~~jurisdiction governing body. The application to the commission must include a~~
25 ~~certificate verified by a representative of the applicant, indicating delivery of the~~
26 ~~application copy to the governing body. If the governing body of the local jurisdiction~~
27 ~~adopts a resolution disapproving the application for license or renewal and so informs~~
28 ~~the executive director within thirty days of receiving a copy of the application, the~~
29 ~~license to conduct races may not be issued or renewed.~~

30 ~~— **SECTION 23. AMENDMENT.** Section 53-06.2-10.1 of the North Dakota Century Code is~~
31 ~~amended and reenacted as follows:~~

1 ~~— **53-06.2-10.1. Simulcast wagering.**~~

2 ~~— In addition to racing under the certificate system, as authorized by this chapter, and~~
3 ~~conducted upon the premises of a racetrack, simulcast pari-mutuel and account wagering may~~
4 ~~be conducted in accordance with this chapter or rules adopted by the commission under this~~
5 ~~chapter in accordance with chapter 28-32. Any organization qualified under section 53-06.2-06~~
6 ~~to conduct racing may make written application to the commission for the conduct of simulcast~~
7 ~~pari-mutuel and account wagering on races held at licensed racetracks inside the state or~~
8 ~~racetracks outside the state, or both. Licensure of service providers, totalizator companies, site-~~
9 ~~operators, or organizations applying to conduct or conducting simulcast or account wagering~~
10 ~~must be approved by the attorney general executive director. The attorney general executive~~
11 ~~director may not grant a license denied by the commission. Notwithstanding any other provision~~
12 ~~of this chapter, the commission may authorize any licensee to participate in interstate or~~
13 ~~international combined wagering pools with one or more other racing jurisdictions. Anytime that~~
14 ~~a licensee participates in an interstate or international combined pool, the licensee, as~~
15 ~~prescribed by the commission, may adopt the take-out of the host jurisdiction or facility. The~~
16 ~~commission may permit a licensee to use one or more of its races or simulcast programs for an~~
17 ~~interstate or international combined wagering pool at locations outside its jurisdiction and may~~
18 ~~allow pari-mutuel pools in other states to be combined with pari-mutuel pools in its jurisdiction~~
19 ~~for the purpose of establishing an interstate or international combined wagering pool. The~~
20 ~~participation by a licensee in a combined interstate or international wagering pool does not~~
21 ~~cause that licensee to be considered to be doing business in any jurisdiction other than the~~
22 ~~jurisdiction in which the licensee is physically located. Pari-mutuel taxes or commissions may~~
23 ~~not be imposed on any amounts wagered in an interstate or international combined wagering~~
24 ~~pool other than amounts wagered within this jurisdiction. The certificate system also permits~~
25 ~~pari-mutuel wagering to be conducted through account wagering. As used in this section,~~
26 ~~"account wagering" means a form of pari-mutuel wagering in which an individual deposits~~
27 ~~money in an account and uses the account balance to pay for pari-mutuel wagers. An account~~
28 ~~wager made on an account established in this state may only be made through the licensed~~
29 ~~simulcast service provider approved by the attorney general executive director and authorized~~
30 ~~by the commission to operate the simulcast pari-mutuel wagering system under the certificate~~
31 ~~system. The attorney general executive director may not grant a license denied by the~~

1 ~~commission. An account wager may be made in person, by direct telephone communication, or~~
2 ~~through other electronic communication in accordance with rules adopted by the~~
3 ~~commission under this chapter. Breakage for interstate or international combined wagering pools~~
4 ~~must be calculated in accordance with the statutes or rules of the host jurisdiction and must be~~
5 ~~distributed among the participating jurisdictions in a manner agreed to among the jurisdictions.~~

6 ~~— **SECTION 24. AMENDMENT.** Section 53-12.1-01 of the North Dakota Century Code is~~
7 ~~amended and reenacted as follows:~~

8 ~~— **53-12.1-01. Definitions.**~~

9 ~~— As used in this chapter:~~

10 ~~— 1. "Director" means the executive director of the lottery the gaming commission.~~

11 ~~— 2. "Lottery" means the division of the attorney general's office created to operate a~~
12 ~~lottery.~~

13 ~~— 3. "Online lottery" means a game linked to a central computer via a telecommunications~~
14 ~~network in which the player selects or is assigned a number or symbol or group of~~
15 ~~numbers or symbols out of a predetermined range of numbers or symbols and a~~
16 ~~winning ticket is determined by chance.~~

17 ~~— 4.3. "Retailer" means a person the lottery has licensed to sell or redeem a ticket.~~

18 ~~— 5.4. "Ticket" means an original and acceptable tangible evidence of play prescribed by the~~
19 ~~lottery and produced by a lottery terminal or a properly and validly registered online~~
20 ~~play to prove participation in a draw of a game for a chance to win a prize.~~

21 ~~— **SECTION 25. AMENDMENT.** Section 53-12.1-02 of the North Dakota Century Code is~~
22 ~~amended and reenacted as follows:~~

23 ~~— **53-12.1-02. Lottery - Administration - Line of credit.**~~

24 ~~— 1. There is established a division of the attorney general's office called the North Dakota~~
25 ~~lottery. Under the supervision of the attorney general, a The director shall administer~~
26 ~~the lottery as provided in this chapter. The director shall consider the sensitive nature~~
27 ~~of the lottery, promote games, and ensure the integrity, security, and fairness of the~~
28 ~~lottery's operation. The lottery gaming commission is solely responsible for the~~
29 ~~management and control over the operation of its lottery games.~~

30 ~~— 2. The attorney general's office gaming commission may arrange a short-term line of~~
31 ~~credit with the Bank of North Dakota should lottery funds on hand be insufficient to~~

1 meet an immediate major prize obligation. The line of credit is limited to the amount of
2 each prize of one hundred thousand dollars or more that relates to prize funds known
3 to be due and forthcoming to the lottery from other government-authorized lotteries
4 through the multistate lottery association. However, the line of credit may not exceed
5 one million dollars in the aggregate.

6 ~~SECTION 26. AMENDMENT.~~ Section 53-12.1-03 of the North Dakota Century Code is
7 amended and reenacted as follows:

8 ~~53-12.1-03. Director - Responsibilities.~~

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

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

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

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

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

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

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

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

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

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

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

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

29 ~~k.11. As necessary, enter a contract for a promotional service, an annuity for the payment of~~
30 ~~a prize, credit history report, security service, service from another state agency,~~

1 marketing and related service, gaming system and related service, and other
2 necessary service;

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

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

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

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

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

13 ~~q.17.~~ As necessary, have an independent firm conduct a study and evaluation of security;
14 and

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

17 ~~SECTION 27. AMENDMENT.~~ Section 53-12.1-04 of the North Dakota Century Code is
18 amended and reenacted as follows:

19 ~~53-12.1-04. Advisory commission -- Penalty.~~

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

28 ~~2.~~ The lottery advisory commission shall meet at least once a quarter and any additional
29 meetings as the chairman deems necessary. Special meetings may be called by the
30 chairman upon the written request of the director or any three members of the
31 commission.

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

3 ~~4. A member of the lottery advisory commission who is not a permanent full-time state~~
4 ~~employee is to be compensated at a rate of seventy-five dollars per day and entitled to~~
5 ~~mileage and expenses as provided by law for state employees. A state employee who~~
6 ~~is a member of the commission must receive that employee's regular salary and is~~
7 ~~entitled to mileage and expenses, to be paid by the employing agency.~~

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

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

16 ~~**53-12.1-09. Operating fund -- Continuing appropriation -- Authorization of**~~
17 ~~**disbursements -- Report -- Net proceeds.**~~

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

- ~~1. Payment of a prize as the director deems appropriate to the owner of a valid, winning ticket;~~
- ~~2. Notwithstanding section 53-12.1-10, payment of a marketing expense that is directly offset by cosponsorship funds collected;~~
- ~~3. Payment of a gaming system or related service expense, retailer record and credit check fees, game group dues, and retailer commissions; and~~
- ~~4. Transfer of net proceeds:
 - ~~a. Eighty thousand dollars must be transferred to the state treasurer each quarter for deposit in the gambling disorder prevention and treatment fund;~~
 - ~~b. An amount for the lottery's share of a game's prize reserve pool must be transferred to the multistate lottery association; and~~
 - ~~c. Starting July 1, 2023, two hundred fifty thousand dollars must be transferred to the state treasurer each quarter for deposit in the attorney general multijurisdictional drug task force grant fund; and~~
 - ~~d. The balance of the net proceeds, less holdback of any reserve funds the director may need for continuing operations, must be transferred to the state treasurer on at least an annual basis for deposit in the state general fund.~~~~

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

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

- ~~1. The following information and records of the lottery are confidential:
 - ~~a. Sales and income tax information, financial statements, and a credit report of a retailer applicant or person seeking or doing business with the lottery, and retailer application information other than the applicant's name and location;~~
 - ~~b. Information related to a person owing a debt to the state or having a debt collected through a state agency that is made confidential by another state law or rule;~~
 - ~~c. Internal control and security procedures, security information on a winning ticket, and information on a bid or contractual data, the disclosure of which is harmful to the efforts of the lottery to contract for goods and services on favorable terms;~~~~

1 ~~— d. — Personal information on a player who purchases an online play or a player who~~
2 ~~wins a prize on a winning ticket unless the player authorizes, in writing, release of~~
3 ~~the information; and~~

4 ~~— e. — Non-aggregated, identifiable lottery sales data, the disclosure of which is harmful~~
5 ~~to the competitive position of the lottery, retailer, or person seeking or doing~~
6 ~~business with the lottery. However, a retailer may authorize the lottery to release~~
7 ~~the retailer's lottery sales data.~~

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

14 ~~— **SECTION 30. AMENDMENT.** Section 53-12.1-13 of the North Dakota Century Code is~~
15 ~~amended and reenacted as follows:~~

16 ~~— **53-12.1-13. Rules.**~~

17 ~~— The attorney general~~
18 ~~director shall adopt rules governing the operation of the lottery. The~~
19 ~~attorney general~~
20 ~~director may adopt emergency rules as necessary without the grounds~~
21 ~~otherwise required under section 28-32-03. The attorney general~~
22 ~~director shall adopt rules to~~
23 ~~address any matters necessary for the efficient operation of the lottery or convenience of the~~
24 ~~public, including:~~

22 ~~— 1. — Type of retailer where a ticket may be sold;~~

23 ~~— 2. — Qualification for selecting a retailer and amount of application and license fees;~~

24 ~~— 3. — Licensing procedure;~~

25 ~~— 4. — Method used to sell a ticket, including a gift certificate and online play;~~

26 ~~— 5. — Financial responsibility of a retailer;~~

27 ~~— 6. — Retailer promotions;~~

28 ~~— 7. — Amount and method of commission to be paid to a retailer, including a special bonus~~
29 ~~or incentive;~~

30 ~~— 8. — Deadline for claiming a prize by the owner of a winning ticket, however, the deadline~~
31 ~~may not exceed one year;~~

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- 1 ~~9. Manner of paying a prize to the owner of a winning ticket; and~~
- 2 ~~10. Setoff of a prize.~~
- 3 ~~**SECTION 31. REPEAL.** Sections 53-06.2-02 and 53-06.2-03 of the North Dakota Century-~~
- 4 ~~Code are repealed.~~