

Sixty-ninth
Legislative Assembly
of North Dakota

PROPOSED AMENDMENTS TO

SENATE BILL NO. 2224

Introduced by

Senators Myrdal, Luick

1 A BILL ~~for an Act to amend and reenact section 53-06.1-01.1 of the North Dakota Century~~
2 ~~Code, relating to the abolition of the gaming commission and the authorization of the attorney~~
3 ~~general to administer and regulate gaming.~~ for an Act to amend and reenact section
4 53-06.1-01.1, subsection 3 of section 53-06.1-14, and section 53-06.1-15.1 of the North Dakota
5 Century Code, relating to the gaming commission, gaming stamp requirements, and the
6 attorney general's regulation of gaming; and to provide an appropriation.

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

8 ~~SECTION 1. AMENDMENT. Section 53-06.1-01.1 of the North Dakota Century Code is~~
9 ~~amended and reenacted as follows:~~
10 ~~53-06.1-01.1. Gaming commission~~ Attorney general ~~Gaming~~ Rules.
11 ~~1. The state gaming commission consists of the chairman and four other members~~
12 ~~appointed by the governor, with the consent of the senate. The members serve~~
13 ~~three-year terms and until a successor is appointed and qualified. If the senate is not~~
14 ~~in session when the term of a member expires, the governor may make an interim~~
15 ~~appointment, and the interim appointee holds office until the senate confirms or rejects~~
16 ~~the appointment. A member appointed to fill a vacancy arising from other than the~~
17 ~~natural expiration of a term serves only for the unexpired portion of the term. The~~
18 ~~terms of the commissioners must be staggered so no more than two terms expire~~
19 ~~each July first.~~

1 ~~2. A person is ineligible for appointment to the commission if that person has not been a~~
2 ~~resident of this state for at least two years before the date of appointment. A person is~~
3 ~~also ineligible if that person is not of such character and reputation as to promote~~
4 ~~public confidence in the administration of gaming in this state. A person is also~~
5 ~~ineligible if that person has been convicted of a felony criminal offense or has pled~~
6 ~~guilty or been found guilty of any violation of chapter 12.1-06, 12.1-08, 12.1-09,~~
7 ~~12.1-10, 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~~
8 ~~has pled guilty or been found guilty of any violation of section 6-08-16 or 6-08-16.2, or~~
9 ~~has pled guilty or been found guilty of any offense or violation that has a direct bearing~~
10 ~~on the person's fitness to be involved in gaming, or who has committed an equivalent~~
11 ~~offense or violation of the laws of another state or of the United States. A person who~~
12 ~~has a financial interest in gaming or is an employee or a member of the gaming~~
13 ~~committee of a licensed organization or distributor cannot be a member of the~~
14 ~~commission. For the purpose of this subsection, a financial interest includes the~~
15 ~~receiving of any direct payment from an eligible organization for property, services, or~~
16 ~~facilities provided to that organization.~~

17 ~~3. Commission members are entitled to seventy-five dollars per day for compensation for~~
18 ~~each day spent on commission duties and mileage and expense reimbursement as~~
19 ~~allowed to other state employees.~~

20 ~~4. The commission attorney general shall adopt rules in accordance with chapter 28-32, to~~
21 ~~administer and regulate the gaming industry, including methods:~~

22 ~~1. Methods of conduct, play, and promotion of games; minimum~~

23 ~~2. Minimum procedures and standards for recordkeeping and internal control; requiring~~

24 ~~3. Requiring tax returns and reports from organizations or distributors; methods~~

25 ~~4. Methods of competition and doing business by distributors and manufacturers;~~
26 ~~acquisition~~

27 ~~5. Acquisition and use of gaming equipment; quality~~

28 ~~6. Quality standards or specifications for the manufacture of pull tabs, paper bingo cards,~~
29 ~~electronic pull tab devices, pull tab dispensing devices, bingo card marking devices,~~
30 ~~and fifty-fifty raffle systems; to~~

- 1 ~~7. To ensure that net proceeds are used for educational, charitable, patriotic, fraternal,~~
- 2 ~~religious, or public spirited uses; to~~
- 3 ~~8. To protect and promote the public interest; to~~
- 4 ~~9. To ensure fair and honest games; to~~
- 5 ~~10. To ensure that fees and taxes are paid; and to~~
- 6 ~~11. To prevent and detect unlawful gambling activity.~~

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

9 **53-06.1-01.1. Gaming commission.**

- 10 1. The state gaming commission consists of the chairman and four other members
11 appointed by the governor, with the consent of the senate. The members serve
12 three-year terms and until a successor is appointed and qualified. If the senate is not
13 in session when the term of a member expires, the governor may make an interim
14 appointment, and the interim appointee holds office until the senate confirms or rejects
15 the appointment. A member appointed to fill a vacancy arising from other than the
16 natural expiration of a term serves only for the unexpired portion of the term. The
17 terms of the commissioners must be staggered so no more than two terms expire
18 each July first.
- 19 2. ~~A person~~An individual is ineligible for appointment to the commission if ~~that person~~the
20 individual has not been a resident of this state for at least two years before the date of
21 appointment. ~~A person~~An individual is also ineligible if ~~that person~~the individual is not
22 of such character and reputation as to promote public confidence in the administration
23 of gaming in this state. ~~A person~~An individual is also ineligible if ~~that person~~the
24 individual has been convicted of a felony criminal offense or has pled guilty or been
25 found guilty of any violation of chapter 12.1-06, 12.1-08, 12.1-09, 12.1-10, 12.1-11,
26 12.1-12, 12.1-22, 12.1-23, 12.1-24, 12.1-28, 53-06.1, or 53-06.2, or has pled guilty or
27 been found guilty of any violation of section 6-08-16 or 6-08-16.2, or has pled guilty or
28 been found guilty of any offense or violation that has a direct bearing on the
29 ~~person's~~individual's fitness to be involved in gaming, or who has committed an
30 equivalent offense or violation of the laws of another state or of the United States. ~~A~~
31 ~~person~~An individual who has a financial interest in gaming or is an employee or a

1 member of the gaming committee of a licensed organization or distributor cannot be a
2 member of the commission. For the purpose of this subsection, a financial interest
3 includes the receiving of any direct payment from an eligible organization for property,
4 services, or facilities provided to that organization.

5 3. Commission members are entitled to ~~seventy-five dollars~~ the amount under
6 subsection 1 of section 54-03-20 per day for compensation for each day spent on
7 commission duties and mileage and expense reimbursement as allowed to other state
8 employees. The commission shall meet at least quarterly. The commission may hold
9 an executive session under section 44-04-19.2.

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

21 **SECTION 2. AMENDMENT.** Subsection 3 of section 53-06.1-14 of the North Dakota
22 Century Code is amended and reenacted as follows:

23 3. A licensed distributor shall affix a North Dakota gaming stamp to each deal of paper
24 pull tabs, raffle board, punchboard, sports pool board, calcutta board, and series of
25 paddlewheel ticket cards sold or otherwise provided to a licensed organization or
26 organization that has a permit and shall purchase the stamps from the attorney
27 general for thirty-five cents each. Ten cents of each stamp sold by the attorney
28 general, up to thirty-six thousand dollars per biennium, must be credited to the
29 attorney general's operating fund to defray the costs of issuing and administering the
30 gaming stamps. If an organization hosts an event with a raffle board and only sells

1 numbered squares on the day of event, the organization is exempt from the
2 requirements under this subsection.

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

5 **53-06.1-15.1. Authority of the attorney general - Penalty - Hearing - Appeal.**

6 1. The attorney general may:

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

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

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

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

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

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

1 | ~~6.~~ f. Require a representative of a licensed organization or distributor to participate in
2 | training or for good cause prohibit the person from being involved in gaming as
3 | an employee or volunteer. The attorney general may for good cause prohibit a
4 | person from providing personal or business services to an organization or
5 | distributor.

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

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

11 | ~~9.~~ i. Based on reasonable ground or written complaint, suspend, deny, or revoke an
12 | organization's permit or an organization's, distributor's, or manufacturer's
13 | application or license for violation, by the organization, distributor, or
14 | manufacturer or any officer, director, agent, member, or employee of the
15 | organization, distributor, or manufacturer, of this chapter or any gaming rule.

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

27 | ~~11.~~ k. At any time within three years after any amount of fees, monetary fine, interest,
28 | penalty, or tax required to be paid pursuant to this chapter becomes due, bring a
29 | civil action to collect the amount due. However, if for any reason there is a
30 | change in adjusted gross proceeds or tax liability by an amount which is in
31 | excess of twenty-five percent of the amount of adjusted gross proceeds or tax

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liability originally reported on the tax return, any additional tax determined to be due may be assessed within six years after the due date of the tax return, or six years after the tax return was filed, whichever period expires later. An action may be brought although the person owing the fees or tax is not presently licensed.

~~42.~~ l. Institute an action in any district court for declaratory or injunctive relief against a person, whether or not the person is a gaming licensee, as the attorney general deems necessary to prevent noncompliance with this chapter or gaming rules.

~~43.~~ m. For good cause, require a licensed organization to use the attorney general's recordkeeping system for any or all games.

2. Based on evidence obtained by the attorney general demonstrating a person violated this chapter or a gaming rule, which could result in the revocation or suspension of a site authorization or an organization's gaming license or the imposition of a monetary fine of one thousand dollars or more, the attorney general shall hold a hearing to determine whether a violation occurred. The attorney general shall designate the time and place for the hearing and provide notice to the person accused of the violation at least forty-five days before the hearing. The parties may present evidence, and examine and cross-examine witnesses, as provided under sections 28-32-24 and 28-32-35. The hearing must be recorded on video and broadcast live.

3. Within thirty days of the attorney general issuing an order under this section, a person may appeal the order to the district court of the county where the person is domiciled or Burleigh County district court. An order of the attorney general must be stayed pending the judgment or order of the district court and, if appealed to the supreme court under chapter 28-27, pending the final adjudication.

SECTION 4. APPROPRIATION - ATTORNEY GENERAL - GAMING COMMISSION -

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

