

Rep. Ben Koppelman, District 16

HB1525- Gaming Commission Reform

Madame Chairman and members of the committee,

HB1525 is intended to be a re-organization of the gaming commission, with the purpose of more efficient and transparent regulation of charitable gaming. As you know, with the introduction of E-tabs in ND, revenue gained by charitable organizations that operate gaming has soared.

Unfortunately, we still have the gaming commission structure of the early 1990's, and this structure has not been reformed to represent the charitable gaming activities of today. I believe that to catch up to the times, we need to have a gaming commission that functions on a more regular basis, that has members that have an interest in seeing charitable gaming succeed as well as be sanctioned when necessary and have an open and transparent process for rulemaking and sanctions so that we all can learn together.

The statutory purpose of the gaming commission is to regulate the charitable gaming industry through administrative rules. The current gaming commission is made up of 5 members, each appointed by the Governor to 3-year terms. These members are not required to have any knowledge of the charitable gaming industry and are paid \$75 per day that the commission meets. Unfortunately, the current gaming commission appears to be broken as they have not had a meeting since January of 2023 and upon the last time I checked, there are currently 2 unfilled positions.

Section 1

Subsection 1 Changes the size and makeup of the commission. It would include 9 members with varying backgrounds and interests to ensure balance and fairness. These members include:

- A) The Lt. Governor, who would serve as Chairman,
- B) Six members are appointed by the Governor and include:
  - One member from a small city that permits gaming sites,
  - One member from a large city that permits gaming sites,
  - One member from a small charitable organization,
  - One member from a large charitable organization, One member from a charitable organization that operates in the rural community, and
  - One member who operates a liquor establishment that rents to a charitable organization.

C) The last 2 members are legislators:

One appointed by the Speaker of the House of Representatives, and

One appointed by the President pro tempore of the Senate

Subsection 2 sets the terms of the new commission members. The Governor appointed members would be appointed to 2-year terms having staggered terms to ensure that no more than 3 would be up for appointment at the same time. The legislators would serve on a biennial basis, and the Lt. Governor would serve their entire term in office.

Subsection 3 has some language changes and removes the language that a person appointed to the commission may not be involved in gaming.

Subsection 4 Changes the amount that members are paid per day for compensation from 75.00 to the current amount under subsection 1 of section 54-03-20, which is currently \$213.00.

Subsection 6 is language that outlines new responsibilities of the gaming commission to hold public hearings according to chapter 28-32, which is the open meetings section of the law, upon the receipt of a complaint or evidence obtained from the Attorney General's gaming division. The commission would handle the sanctioning and discipline of charities and bars that operate or assist with charitable gaming. These hearings must be recorded on video and broadcast live. This section also sets the rules for disciplinary actions, fines and collection of fines. It is noteworthy that under this language that the commission may sanction a bar for violations of the gaming laws and rules.

Subsection 7 gives the commission authorization to refer criminal cases to the AG for prosecution

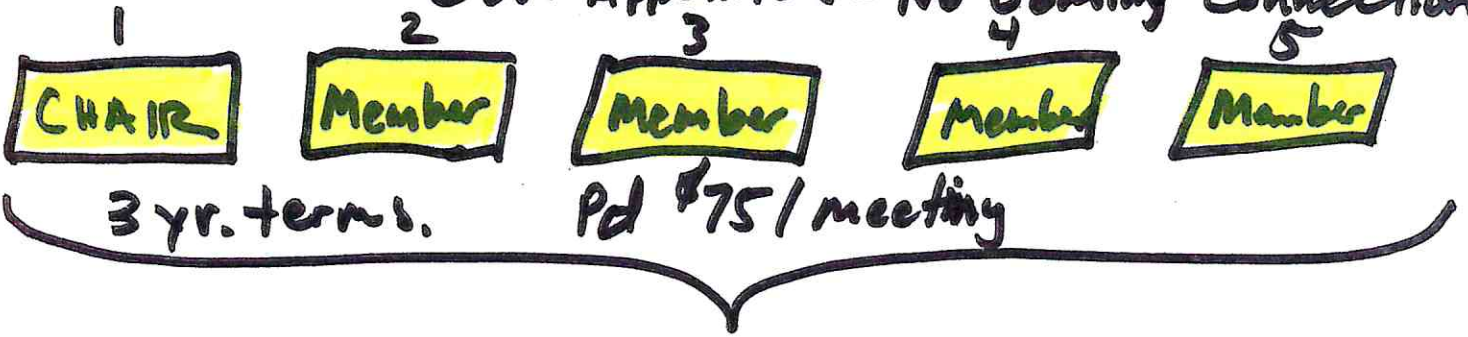
Section 2 of the bill changes the AG's role as it relates to alleged violations to that of referring any evidence of such violations to the Gaming Commission for review unless it falls under the AG's gaming division authority under admin rule and allows any decisions made by the AG's gaming division to be appealed to the gaming commission.

Section 3 Provides a one-time appropriation to the gaming commission for the purpose of defraying costs of operation.

Madame Chairman and members of the committee I ask for a do-pass recommendation of HB1525 and would be happy to try and answer any questions that you might have.

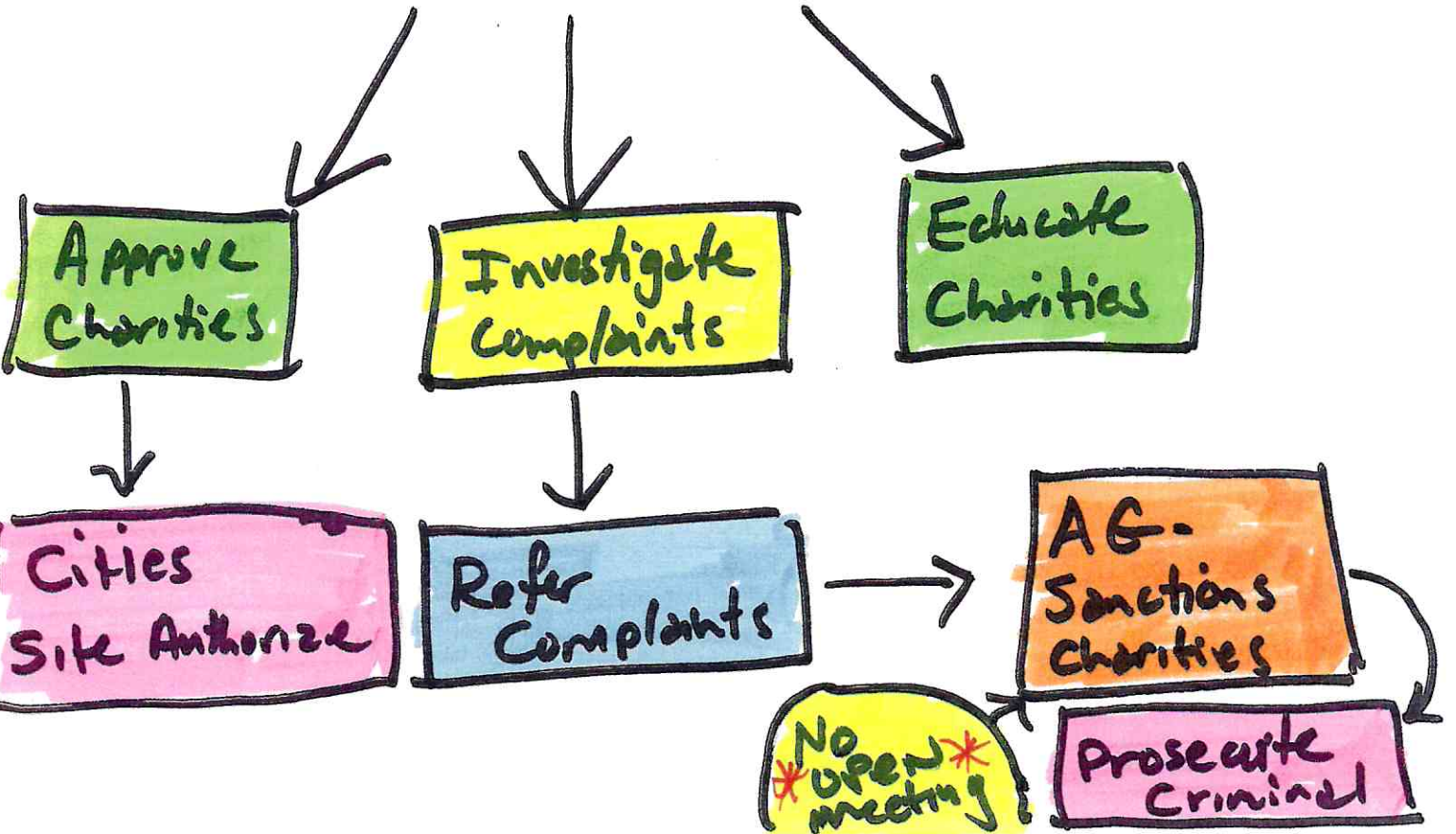
# CURRENT GAMING Commission System

Gov. Appointed - No Gaming Connection



More Gaming Rules

AG Gaming Admin Division



# New Gaming Commission System

Standing

Leg. Appt.

Gov. Appt.

LT GOV.

SEN

REP

Lg City

Sm City

Bar Owner

Chair PR. Leg. rate.  
2-yr terms

Lg. Charity

Sm Charity

Rural Charity

Make Gaming Rules

OPEN Meeting

SANCTION BARS & CHARITIES

Refer Complaints

Investigate Complaints

REFER CRIMINAL

AG GAMING Admin Division

Approve Charities

Educate Bars & Charities

AG

PROSECUTOR

Cities Site Authorize