

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1300

2001 HOUSE JUDICIARY

HB 1300

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1300

House Judiciary Committee

Conference Committee

Hearing Date 01-23-01

| Tape Number | Side A | Side B | Meter # |
|--|--------|--------|-----------|
| Tape 1 | x | | 01 to 793 |
| | | | |
| | | | |
| Committee Clerk Signature <i>Joan DeWitt</i> | | | |

Minutes:Chr DeKrey opened the hearing on HB 1300. All committee present with the exception of Rep Onstad. I don't see Rep. Wald. Is there anyone who can explain this bill to us?

Chuck Keller, Attorney General's Office, Chief Auditor, Gaming Dept. : (49) The Attorney General's Office is neutral on this bill. We helped clarify and condense the bill. This bill is an attempt to enable small charitable organizations to conduct what is called *charity night events*. Rep. Wald and I agree that the bill, in it's present format, doesn't really reflect what he would like this bill to do for him. In the amended form, the new fiscal note will be considerably less. Rep.Wald attempt was to establish a charitable permit that is something between a local permit and a state wide permit. I will explain both types so you can understand how they fit into the amendment. In ND, an organization may apply for either a local permit or a state-wide permit. If they are applying for a local permit, the organization can not be incorporated, must be non-profit; however. Any organization that has considered buying a local government body. The organization is limited to conducting three (3) game types - bingo, raffle and sports pool. The

organization may conduct a limited number of gaming events per year, but the prices cannot exceed \$6,000 for all three game types. The organization with a local permit may use the net proceeds for any purpose whatsoever, except for promoting a political candidate. On the other side, an organization can apply for a state-wide permit. The organization must file gaming tax returns. The license fee is \$150.00. The fee for a local permit is \$25.00. They are also able to conduct three more kinds of gaming, but only once a year. The net income must be disbursed for prescribed uses. The Office has come up with amendment to clarify the bill and actually condense it, to what we believe what the legislation was intended.

Chair DeKrey : Has a new fiscal note been prepared yet?

Chuck Keller : No. I will prepare an amended fiscal note reflecting these proposals.

Chair DeKrey : We will wait until we get that to act on this bill.

Rep. Grande : I move to adopt amendments

Rep. Delmore : (600) There seems to be little regulation in this bill. With the expansion of gambling, it's very open with what we are doing with it.

Chr DeKrey: What kind of endorsement action does the Attorney General's Office have to take. When they have to send someone to see what was taken in and this is what we spent the money on.

Chuck Keller: The organization is required to file a report with the Attorney General's Office. So there is a reporting form, but I can't speak to the level of accountability we would have.

Rep Delmore: There seems to be little regulation in this bill, is it limited to what the response can be used for, as a candidate can I use something as a one night event for my political campaign?

Chuck Keller: No, that is the one exception to the use of funds.

Page 3
House Judiciary Committee
Bill/Resolution Number HB1300
Hearing Date 1-23-01

Rep Delmore: Is it possible to regulate through your office, to make sure that the money goes where it is supposed to go?

Chuck Keller: It is certainly possible.

Chr DeKrey: Are there any further questions, thank you for appearing in front of this committee.

If not, we will close the hearing on HB 1300..

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 11b 1300a

House Judiciary Committee

Conference Committee

Hearing Date 02-12-01

| Tape Number | Side A | Side B | Meter # |
|---|--------|--------|--------------|
| TAPE 1 | | x | 3001 to 4690 |
| | | | |
| | | | |
| Committee Clerk Signature <i>John Diere</i> | | | |

Minutes: Chairman DeKrey called the committee to order on HB 1300.

COMMITTEE ACTION

Rep Maragos moved the amendments to HB 1300, seconded by Rep Mahoney

A voice vote was taken on the amendments, motion carries

DISCUSSION

Rep Maragos moved a DO PASS as amended, seconded by Rep Wrangham. The clerk will call

the roll on a SO PASS as amended. The motion passes by a vote of 13 YES, 1 NO and 1

ABSENT. Rep Maragos is the carrier.

FISCAL NOTE

Requested by Legislative Council
02/14/2001

Bill/Resolution No.:

Amendment to: HB 1300

1A. State fiscal effect: *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

| | 1999-2001 Biennium | | 2001-2003 Biennium | | 2003-2005 Biennium | |
|-----------------------|--------------------|-------------|--------------------|-------------|--------------------|-------------|
| | General Fund | Other Funds | General Fund | Other Funds | General Fund | Other Funds |
| Revenues | \$0 | \$0 | (\$3,500) | \$0 | (\$4,000) | \$0 |
| Expenditures | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Appropriations | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

1B. County, city, and school district fiscal effect: *Identify the fiscal effect on the appropriate political subdivision.*

| 1999-2001 Biennium | | | 2001-2003 Biennium | | | 2003-2005 Biennium | | |
|--------------------|--------|------------------|--------------------|---------|------------------|--------------------|---------|------------------|
| Counties | Cities | School Districts | Counties | Cities | School Districts | Counties | Cities | School Districts |
| \$0 | \$0 | \$0 | \$0 | (\$750) | \$0 | \$0 | (\$750) | \$0 |

2. Narrative: *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

The bill would enable a public-spirited organization that is not licensed by the Attorney General to conduct one charity gaming event per year to raise funds for eligible uses prescribed by the gaming law. The organization would apply to the governing body of the city or county for a charity local permit. Games of raffles, bingo, sports pools, paddlewheels, twenty-one, and poker would be allowed. Total prize payouts would not exceed six thousand dollars. After the event, the organization would file an information report with the governing body of the city or county and Attorney General.

3. State fiscal effect detail: *For information shown under state fiscal effect in 1A, please:*

A. Revenues: *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

General Fund revenues would decrease because licensed organizations that presently file gaming tax returns would qualify for a charity local permit and not be subject to gaming tax on the adjusted gross proceeds of their gaming activity. The bill would impact five organizations.

Revenue for the cities would decrease because licensed organizations that presently pay a fee of one hundred dollars for a site authorization would instead pay a fee of twenty-five dollars for a charity local permit.

B. Expenditures: *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

Not applicable

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

Not applicable

| | | | |
|----------------------|---------------------------|-----------------------|----------------------------|
| Name: | Charles Keller/Kathy Roll | Agency: | Office of Attorney General |
| Phone Number: | 328-4482 | Date Prepared: | 02/15/2001 |

FISCAL NOTE

Requested by Legislative Council
01/19/2001

Bill/Resolution No.: HB 1300

Amendment to:

1A. State fiscal effect: *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

| | 1999-2001 Biennium | | 2001-2003 Biennium | | 2003-2005 Biennium | |
|-----------------------|--------------------|-------------|--------------------|-------------|--------------------|-------------|
| | General Fund | Other Funds | General Fund | Other Funds | General Fund | Other Funds |
| Revenues | \$0 | \$0 | (\$7,000) | \$0 | (\$8,500) | \$0 |
| Expenditures | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Appropriations | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

1B. County, city, and school district fiscal effect: *Identify the fiscal effect on the appropriate political subdivision.*

| 1999-2001 Biennium | | | 2001-2003 Biennium | | | 2003-2005 Biennium | | |
|--------------------|--------|------------------|--------------------|--------|------------------|--------------------|--------|------------------|
| Counties | Cities | School Districts | Counties | Cities | School Districts | Counties | Cities | School Districts |
| \$0 | \$0 | \$0 | \$0 | \$600 | \$0 | \$0 | \$600 | \$0 |

2. Narrative: *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

The bill would enable an eligible organization that is not licensed by the Attorney General to conduct one charity night event per year to raise funds for educational, charitable, patriotic, fraternal, religious, or other public-spirited uses. The organization would apply to the governing body of the city or county for a permit and pay a fee of twenty-five dollars. Games of bingo, paddlewheels, sports pools, twenty-one, raffles, and poker would be allowed. Wagers would be made with chips or imitation money. The organization would not pay gaming tax on the adjusted gross proceeds. After the event, the organization would file an information report with the governing body of the city or county and Attorney General.

3. State fiscal effect detail: *For information shown under state fiscal effect in 1A, please:*

A. Revenues: *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

General Fund revenues would decrease because licensed organizations that presently file gaming tax returns would qualify to conduct charity night events and not be subject to gaming tax on the adjusted gross proceeds of their gaming activity. The bill would impact twelve licensed organizations.

B. Expenditures: *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

Not applicable

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

Not applicable

| | | | |
|----------------------|---------------------------|-----------------------|----------------------------|
| Name: | Charles Keller/Kathy Roll | Agency: | Office of Attorney General |
| Phone Number: | 328-4482 | Date Prepared: | 01/22/2001 |

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1300

Page 1, line 1, replace "create and enact a new section to chapter 53-06.1" with "amend and reenact subdivision a of subsection 1 of section 53-06.1-03"

Page 1, line 2, replace "sponsoring of charity night events by eligible" with "charity events by public-spirited"

Page 1, replace lines 4 through 23 with:

"SECTION 1. AMENDMENT. Subdivision a of subsection 1 of section 53-06.1-03 of the North Dakota Century Code is amended and reenacted as follows:

a. An organization recognized as a public-spirited organization by the governing body of a city or county may apply for a local permit to conduct only raffles, bingo, or sports pools, or a charity local permit to conduct only raffles, bingo, sports pools, paddlewheels, twenty-one, and poker. The organization or closely related organizations as a whole may only award a primary prize that does not exceed one thousand dollars and total prizes of all games that do not exceed six thousand dollars per year. The determination of what is a "public-spirited organization" is within the sole discretion of the governing body which should in its determination consider the definition of a public-spirited organization under subsection 18 of section 53-06.1-01 and eligible uses of net proceeds under subsection 2 of section 53-06.1-11.1. A governing body may issue a local permit for games to be held at designated time and places. An organization that is issued a charity local permit is restricted to one event per year and shall:

- (1) Not pay remuneration to employees for personal services;
- (2) Use only chips as wagers;
- (3) Redeem a player's chips for merchandise prizes or cash;
- (4) Disburse gaming proceeds to eligible uses referenced by subsection 2 of section 53-06.1-11.1; and
- (5) File a report as prescribed by the attorney general with the governing body and attorney general.

Page 2, remove lines 1 through 13

Renumber accordingly

VR
2/12/01

HOUSE AMENDMENTS TO HB 1300 HOUSE JUDICIARY 02-13-01

Page 1, line 1, replace "create and enact a new section to chapter 53-06.1" with "amend and reenact subdivision a of subsection 1 of section 53-06.1-03"

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- (1) May not pay remuneration to employees for personal services;
- (2) Shall use chips as wagers;
- (3) Shall redeem a player's chips for merchandise prizes or cash;
- (4) Shall disburse gaming proceeds to eligible uses referenced by subsection 2 of section 53-06.1-11.1; and
- (5) Shall file a report as prescribed by the attorney general with the governing body and attorney general."

HOUSE AMENDMENTS TO HB 1300 HOUSE JUDICIARY 02-13-01

Page 2, remove lines 1 through 13

Renumber accordingly

Date: 02-12-01
Roll Call Vote #: /

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HB-1300

House JUDICIARY Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass as amended

Motion Made By Rep Maragos Seconded By Rep Wrangham

| Representatives | Yes | No | Representatives | Yes | No |
|-----------------------------|-----|----|-----------------|-----|----|
| CHR - Duane DeKrey | ✓ | | | | |
| VICE CHR -- Wm E Kretschmar | ✓ | | | | |
| Rep Curtis E Brekke | ✓ | | | | |
| Rep Lois Delmore | ✓ | | | | |
| Rep Rachael Disrud | | | | | |
| Rep Bruce Eckre | ✓ | | | | |
| Rep April Fairfield | ✓ | | | | |
| Rep Bette Grande | ✓ | | | | |
| Rep G. Jane Gunter | ✓ | | | | |
| Rep Joyce Kingsbury | ✓ | | | | |
| Rep Lawrence R. Klemin | | ✓ | | | |
| Rep John Mahoney | ✓ | | | | |
| Rep Andrew G Maragos | ✓ | | | | |
| Rep Kenton Onstad | ✓ | | | | |
| Rep Dwight Wrangham | ✓ | | | | |

Total (Yes) 13 No 1

Absent 1

Floor Assignment Rep Maragos

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

HB 1300: Judiciary Committee (Rep. DeKrey, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (13 YEAS, 1 NAY, 1 ABSENT AND NOT VOTING). HB 1300 was placed on the Sixth order on the calendar.

Page 1, line 1, replace "create and enact a new section to chapter 53-06.1" with "amend and reenact subdivision a of subsection 1 of section 53-06.1-03"

Page 1, line 2, replace "sponsoring of charity night events by eligible" with "charity events by public-spirited"

Page 1, replace lines 4 through 23 with:

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- a. An organization recognized as a public-spirited organization by the governing body of a city or county may apply for a local permit to conduct only raffles, bingo, or sports pools, or a charity local permit to conduct only raffles, bingo, sports pools, paddlewheels, twenty-one, and poker. The organization or closely related organizations as a whole may only award a primary prize that does not exceed one thousand dollars and total prizes of all games that do not exceed six thousand dollars per year. The determination of what is a "public-spirited organization" is within the sole discretion of the governing body which should in its determination consider the definition of a public-spirited organization under subsection 18 of section 53-06.1-01 and eligible uses of net proceeds under subsection 2 of section 53-06.1-11.1. A governing body may issue a local permit for games to be held at designated times and places. An organization that is issued a charity local permit is restricted to one event per year and:

- (1) May not pay remuneration to employees for personal services;
- (2) Shall use chips as wagers;
- (3) Shall redeem a player's chips for merchandise prizes or cash;
- (4) Shall disburse gaming proceeds to eligible uses referenced by subsection 2 of section 53-06.1-11.1; and
- (5) Shall file a report as prescribed by the attorney general with the governing body and attorney general."

Page 2, remove lines 1 through 13

Renumber accordingly

2001 SENATE JUDICIARY

HB 1300

2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1300

Senate Judiciary Committee

Conference Committee

Hearing Date 29 February 2001

| Tape Number | Side A | Side B | Meter # |
|---------------------------|--------|--------|-----------|
| 1 | x | | 30.8-52.6 |
| | | | |
| | | | |
| Committee Clerk Signature | | | |

Minutes: **Senator Traynor** opened the hearing on HB 1300: A BILL FOR AN ACT TO CREATE AND ENACT A NEW SECTION TO CHAPTER 53-06.1 OF THE NORTH DAKOTA CENTURY CODE, RELATING TO SPONSORING OF CHARITY NIGHT EVENTS BY ELIGIBLE ORGANIZATIONS.

Representitive Wald, district 37, bill designed for an annual event. Reason for bill is for a one time annual event. Don't want to jump through hoops. Paper work is so great they don't want to hold a charitable event. Paper work is to intense.

Senator Traynor, they pay no tax?

Rep. Wald, they pay no tax on these events. This would be for small charitable groups.

Senator Watne, They don't do gaming now?

Rep. Wald, correct. This is designed for small annual events.

Senator Dever, who gives the permit?

Page 2
Senate Judiciary Committee
Bill/Resolution Number 1300
Hearing Date 28 FEBRUARY 2001

Rep. Wald, the authors of the organization from a city county commission. That is not a change in the law.

Senator Traynor, what about a rural fire department? They couldn't do this already?

Senator Trenbeath, a fire department can't do this?

Senator Watne, this bill would effect about 5 organizations.

Rep. Wald, I would defer that to Mr. Waller.

Keith Waller, from Attorney General's gaming division. Neutral on the bill.

Senator Trenbeath, I don't see anything that doesn't already have a gaming site. Where does it say mutually exclusive.

Keith Waller, Reads in on 53-06.1-03 subsection 1.

Brenda Duse, excecutive director for nonprofit organization, in favor of the bill.

Senator Traynor, closed the hearing on HB 1300.

SENATOR WATNE MOTIONED TO DO PASS, SECONDED BY SENATOR LYSON.

VOTE INDICATED 7 YEAS, 0 NAYS AND 0 ABSENT AND NOT VOTING. SENATOR

BERCIER VOLUNTEERED TO CARRY THE BILL.

Date: 2/24
Roll Call Vote #: 1

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1306

Senate Judiciary Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken DP

Motion Made By Watne Seconded By Lyson

| Senators | Yes | No | Senators | Yes | No |
|-------------------------|-----|----|-------------|-----|----|
| Traynor, J. Chairman | X | | Bercier, D. | X | |
| Watne, D. Vice Chairman | X | | Nelson, C. | X | |
| Dever, D. | X | | | | |
| Lyson, S. | X | | | | |
| Trenbeath, T. | X | | | | |
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Total (Yes) 7 No 0

Absent 0

Floor Assignment Bercier

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE (410)
March 1, 2001 11:36 a.m.

Module No: SR-35-4583
Carrier: Bercler
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HB 1300, as engrossed: Judiciary Committee (Sen. Traynor, Chairman) recommends DO PASS (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed HB 1300 was placed on the Fourteenth order on the calendar.

2001 TESTIMONY

HB 1300

HOUSE BILL NO. 1300

Differences of a Local Permit, Charity Local Permit, and State License

| | <u>Local Permit</u> | <u>Charity Local Permit</u> | <u>State License</u> |
|----------------------------------|--|---|--|
| Year of origin | 1977 | New | 1977 |
| Number of events per year | Limited by prizes | One | Unlimited |
| Prize Limitations per year | \$6,000 | \$6,000 | Unlimited |
| Local permit or license fee | \$25 | \$25 | \$150 |
| Site authorization fee | None | None | \$100 |
| Must file a report or tax return | No | Yes | Yes |
| Must pay tax on activity | No | No | Yes |
| May pay employees | Yes | No | Yes |
| Must use chips as wagers | No | Yes | Table games |
| Use of net proceeds | Unrestricted, except for political purposes | Restricted | Restricted |
| Games allowed | Bingo Raffles Sports pools | Bingo Raffles Sports pools Poker Twenty-one Paddlewheels | Bingo Raffles Sports pools Poker Twenty-one Paddlewheels Pull Tabs Punchboards Calcuttas |

Summary - A charity local permit is new and is a blend of a local permit and state license.

Compared to a local permit, an organization that has a charity local permit would be able to conduct 3 more game types (poker, twenty-one, & paddlewheels), but would be restricted to 1 event per year, would file an activity report, and would disburse net proceeds to restrictive uses.

Compared to a state license, an organization that has a charity local permit would not have to pay license and site authorization fees and tax on gaming activity, but would be restricted to 1 event per year, would use chips as wagers for all games, would have prizes restricted to \$6,000 per year, and would not be able to conduct pull tabs, punchboards, or calcuttas.