

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION
SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2225

2007 SENATE FINANCE AND TAXATION

SB 2225

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. **SB 2225**

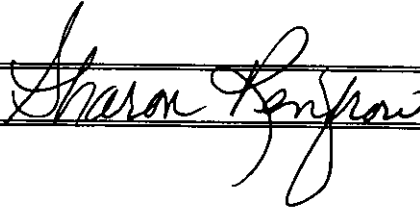
Senate Finance and Taxation Committee

Check here for Conference Committee

Hearing Date: January 22, 2007

Recorder Job Number: # 2225

Committee Clerk Signature



Minutes:

Sen. Urlacher: called the committee to order and opened the hearing on SB 2225.

Sen. Grindberg: Prime sponsor of the bill appeared in support stating he attended a meeting last summer with one of the organizations of which I was a former board member of and heard their presentation on the challenges with charitable gaming in the state, in particular how the proceeds had been dramatically hindered by the smoking issue across the state of ND.

Concerns by the impact I agreed to introduce this bill to address this issue and I think from testimony you will here the time is right to make some changes.

Sen. Cook: if this is another timid consequence of the smoking ban did you give any thought to carving out bingo parlors to let them have the freedom of choice as to whether or not they want to ban smoking or not as a solution to that problem?

Answer: I did not

Todd Kranda: appeared on behalf of the Charitable Gaming Association of ND appeared in support stating he has many testifiers testifying on behalf of his organization and will leave time for them.

Caitlin McDonald: on behalf of ARC of ND appeared in support with written testimony. (See attached)

Cal Kleuwin: Bowman County Development Corporation appeared in support and presented a handout stating his concerns with getting relief.

Sen. Cook: I'm sure most of your expenses that affect what your actual bottom line is, are fixed expenses. I would like to see what's happened to your gross sales especially relative to the smoking ban, prior to and after the smoking ban.

Answer: the smoking ban has not affected the operations. Basically we have no bingo, our operations are pull tabs in bars. This has nothing to do with bingo or parlors.

Karen Breiner: representing the Charitable Gaming Assoc. appeared in support with written testimony and handed out mailing list. (See attached)

Rick Stenseth: Manager of an organization based in Fargo (NPPA), Northern Prairie Performing Arts appeared in support with written testimony and a ND Gaming Tax Return Long Form. (See attached)

Sen. Cook: is there any requirement that there has to be a relationship between the percentage of payoff and what an individual is risking?

Answer: doesn't believe there is.

Laura Slicer: Plains Art Museum appeared in support with handout. (See attached)

Ron Gibbens: NDAD appeared in support with written testimony. (See attached)

Cathy Hoeckle: from Montpelier, ND appeared in support with written testimony. (See attached)

Nikki Weisman: Gaming Mgr for ND Hospitality Education Foundation appeared in support.

Roberta Paulson: from Valley City appeared in support with written testimony. (See attached)

Linda Jo Hettervig: of Grand Forks appeared in support with written testimony. (See attached)

Tom Reuer: of Bismarck appeared in support with written testimony. (See attached)

Vicky Wagner: ND Council of Veterans Fraternal and Charitable Organizations commonly known as ND Council of Clubs appeared in support listing organizations that they've assisted and stating this would give us about \$4000 more to give to the various charities and veterans in needs.

Sylvia Sailer: of Mandan appeared in support with written testimony. (See attached)

Phillip Schmaltz: of Bismarck appeared in support with written testimony. (See attached)

Karen Leiss: of Lincoln appeared in support with written testimony. (See attached)

Ione Balfour: of Bismarck appeared in support with written testimony. (See attached)

Bill Carns: of Bismarck appeared in support with written testimony. (See attached)

Ann Carns: of Bismarck appeared in support with written testimony. (See attached)

Todd Kranda: We do have some amendments so before you act on this bill we have a couple of items that were missing when Legislative Council put the bill draft in and cross referenced, so we have a couple of provisions we need to present to you.

Keith Lauer: from the AG's office appeared neutral on the bill with a handout (brief history of the taxes for the charitable gaming industry). We are neutral but here to assist you in any information regarding the use of net proceeds or taxes collected from the charitable gaming industry and that type of information.

Sen. Cook: can you talk about the relationship between payoff and relative to bingo cards, poker and pull tabs, any requirements in law?

Answer: No, the only game types that actually have a maximum amount that can be paid with prizes is sport pools, Calcutta's and poker. And in those games the organizations cannot pay out more than 90% of their gross proceeds in prizes, otherwise there is no minimum payback requirement. One thing I should point out is that ND traditionally has had one of the

highest per capita spending in the nation on charitable gambling and one of the reasons for that is the high prized payback that we have to our players.

Sen. Cook: 78% is considered high?

Answer: its very high. The average in the state on other games is not nearly as high as 78%, depending on the game type.

Sen. Cook: what about bingo?

Answer: I think it is running pretty close to the 78% but can get some information on it.

Sen. Triplett: reference to amendments, have they been drafted yet?

Answer: they are very minor changes and have to do with the definition of adjusted gross proceeds and gross proceeds in the charitable gaming fashion. The adjusted gross proceeds says that its after sales tax on bingo cards and that would have to be removed if this particular bill went into affect because it eliminates the sales tax on bingo cards and replaces it with an excise tax. Just wording changes, same with gross proceeds.

Sen. Oehlke: I know in our area in Devils Lake when the casino opened up it made a significant difference in the amount of monies that were spent on all other forms of gambling that was basically non profit, do you have any idea percentage wise the difference that that made at those times back several years, do you have information like that?

Answer: there was a decrease in charitable gambling during the mid 90's when the Native American tribes first opened up. Then we did have resurgence in charitable gambling when the \$25 bet came in for black-jack, some of that has come back but now with the smoking ban in the bingo halls, it has decreased the charitable gaming state wide. Our highest quarter ever was back though prior to the Native American's Tribes opening up.

Closed the hearing.

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. **SB 2225**

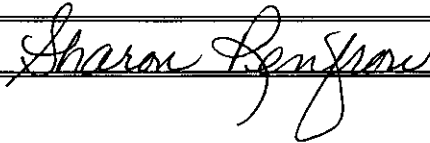
Senate Finance and Taxation Committee

Check here for Conference Committee

Hearing Date: January 23, 2007

Recorder Job Number: # 1692

Committee Clerk Signature



Minutes:

Sen. Urlacher called the committee back to order for discussion on SB 2225.

Sen. Cook brought 2 handouts from the Attorney Generals Office. (See attached)

Sen. Urlacher: the people that introduced the bill are concerned about the fiscal effect and we have someone in the room that can probably give us some ideas of what they might relate to.

Ken Tupa: ND Assoc. for the Disabled appeared to give some insight and stated they support the bill as submitted stating our interests with respect to this bill is on bingo card side of the issue as well as pull tabs but mostly bingo cards. We would encourage your continued support and consideration in maintaining the moment for the bingo cards from sales tax to excise tax and at the adjusted rate of 2%. We feel that that is important and necessary for the bingo house to continue to operate and continue to provide dollars for the charities that they give money to.

Sen. Urlacher: there was a question as to how many bingo parlors are still in existence, we understand some of them have closed, do you have a handle on how many there are?

Ken: I have a bit of information on the 4 largest which would be Assoc. for the Disabled, Plains Art, Prairie Public and another as well. We did have a bingo hall in Williston that just closed because it could no longer afford to operate. Tax relief in 2225 at the proposed rate

moving from sales to excise tax went from ½ to 2% for the excise tax we feel is absolutely necessary for our facilities to operate in ND and to provide relief for the charities that they do provide relief for.

Sen. Oehlke: Let's pretend that Grand Forks closes, I'm sure some the expenses already haven't been able to do would have to be provided by somebody, welfare or what have you, how many more dollars would it cost Grand Forks County for instance to their welfare dept. from one ____ to state?

Ken: I think it's kind of difficult to come up with a direct cost to the State or counties; however I think you're probably onto something there. Used a chart to show percentages.

Sen. Triplett: I thought I heard some of the witnesses yesterday testifying suggesting that some of the services are simply not provided by any other level of government, I'm particularly remembering the medical travel costs, is that true?

Ken: Yes, especially travel that wouldn't be provided by state pr any other subdivision

Sen. Triplett: If Senator Oehlke is right that not supporting this bill we would just transfer the burden over to County Social Services that would be one thing but if what we're really doing is cutting people off from the only source of services that they have then I think that's a different question that would maybe cause us to vote a different way. I would like a line item listing of services that you provide that nobody else provides would be helpful to me.

Sen. Urlacher: have you ever evaluated lowering that payout to accommodate what your take might be?

Ken: when you reduce that payout, you're also going to probably reduce the individuals playing the game which could result lower proceeds. I think that's probably the reason there is a pretty descent payout relative to other states but its something I'm sure we could look at, it could be an option.

Sen. Cook: they have the full authority to lower that payout right now, I think if we take a look at the national average the data certainly indicates you can go to a lower payout and have more dollars available for charities which is what I assumed your all about. If we're at 5.9% of the total dollars that are raised that's available for charities with an 80% payout, the national average is 10% available for the 73% payout. The argument is there.

Sen. Urlacher: is there a subtle way of evaluating that?

Ken: it is difficult but I can certainly get back to the committee on that.

Sen. Cook: I would like to work this out with the AG's Office I'd like to find out what this bill as its introduced the tax changes there what that might do to the total taxes paid by charities in ND relative to the national average of 3%, would it lower us from 4.1 to 2, I don't know and then I'd like work on some changes to the bill that might get us closer to the 3%

Sen. Urlacher: we will hold for another day.

Sen. Oehlke: do you have any idea what the casinos payout is, slot machine and whatever?

Ken: I don't

Sen. Horne: 4 Bears I think is at 78% payout.

Adjourned the discussion.

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. **SB 2225**

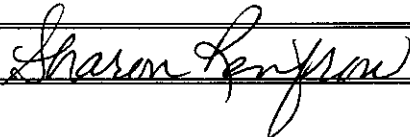
Senate Finance and Taxation Committee

Check here for Conference Committee

Hearing Date: January 30, 2007

Recorder Job Number: # 2320

Committee Clerk Signature



Minutes:

Sen. Urlacher called the committee back to order for further discussion and action on SB 2225.

Sen. Cook: on 2225 that's the gaming tax bill that lowers the excise tax on pull tabs from 4 ½ to 2% and changes the tax on bingo from a sales tax to an excise tax and lowers that from current sales tax rate to 2% also. The question and challenge we have from what I'm hearing is from the size of the fiscal note. If we change the 2 to 3% it drops it to 5.6 million I would say that probably helps get this bill passed but I would be willing that we amend the 2% to 3%.

Sen. Oehlke seconded the motion.

Sen. Triplett: we're talking about section 1; paragraph 2 where the underlined 2 is we would make it a 3, correct? Yes

Voice vote on motion of amendments: 7-0-0. The amendments passed.

Sen. Urlacher: do we need a new fiscal note then?

Sen. Cook: I suppose we ought to have another fiscal note drafted, we have the numbers.

Sen. Cook: I make a Motion for DO PASS as Amended seconded by Sen. Tollefson.

Roll Call Vote: 7-0-0 Sen. Tollefson will carry the bill.

FISCAL NOTE
Requested by Legislative Council
03/14/2007

Amendment to: Reengrossed
SB 2225

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.*

	2005-2007 Biennium		2007-2009 Biennium		2009-2011 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues			(\$1,196,103)	(\$733,096)	(\$1,196,103)	(\$733,096)
Expenditures						
Appropriations						

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

2005-2007 Biennium			2007-2009 Biennium			2009-2011 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

This amendment to the bill eliminates the 5% state bingo sales tax, and implements a 3% bingo excise tax.

B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

This bill eliminates the bingo sales tax general fund revenues, a reduction of (\$4,123,418). The new 3% bingo excise tax results in an additional \$2,026,463 in general fund revenues. The net general fund result of these changes is \$(2,096,955). The removal of the bingo sales tax reduction as a deduction to arrive at adjusted gross proceeds increases the gaming tax general fund revenue by \$167,756, which results in a \$(1,929,199) reduction, of which \$(1,196,103) impacts the general fund and (\$733,096) impacts the state aid distribution fund.

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.*

The net impact of elimination of the bingo sales tax and adding a 3% bingo excise tax will result in a (\$1,196,103) impact on general fund revenues and a (\$733,096) impact on the state aid distribution fund.

The amendment removing bingo sales tax from the gross proceeds subsection and as a deduction from adjusted gross proceeds, and adding bingo excise tax as a deduction to adjusted gross proceeds, is a housekeeping amendment only and has no fiscal impact.

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.*

N/A

C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

N/A

Name:	Kathy Roll / Keith Lauer	Agency:	Office of Attorney General
Phone Number:	328-3622	Date Prepared:	03/16/2007

FISCAL NOTE
 Requested by Legislative Council
 02/14/2007

Amendment to: Engrossed
 SB 2225

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.*

	2005-2007 Biennium		2007-2009 Biennium		2009-2011 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues			(\$4,928,956)	(\$733,096)	(\$4,928,956)	(\$733,096)
Expenditures				(\$117,792)		(\$117,792)
Appropriations				(\$117,792)		(\$117,792)

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

2005-2007 Biennium			2007-2009 Biennium			2009-2011 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
			(\$8,245)	(\$109,546)		(\$8,245)	(\$109,546)	

2A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

This amendment to the bill reduces the pull tab excise tax from 4.5% to 3%, eliminates the 5% state bingo sales tax, and implements a 3% bingo excise tax. As a result of these tax reductions, gaming grants distributions, which are based on 3% of gaming and excise taxes, are reduced 19%.

B. Fiscal impact sections: *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

This bill reduces the pull tab excise tax general fund revenues by (\$3,732,852) - 33%. It eliminates the bingo sales tax revenue of (\$1,562,651) to the general fund and (\$733,096) to the state aid distribution fund.

The bill also lowers from 4.5% to 3% the tax on pulltab excise taxes -a (\$3,732,852) reduction to the general fund.

Gaming grants distributed to cities and counties based on adjusted proceeds for each locale, will be impacted by (\$117,792).

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.*

The pull tab excise tax reduction and elimination of the bingo sales tax will result in a (\$4,928,956) impact on general fund revenues and a (\$733,096) impact on the state aid distribution fund.

This amendment, removing bingo sales tax from the gross proceeds subsection and as a deduction from adjusted gross proceeds, and adding bingo excise tax as a deduction to adjusted gross proceeds, is a housekeeping amendment only and has no fiscal impact.

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.*

Since the gaming grants distribution is based on 3% of gaming and excise tax collections and awarded based on adjusted gross proceeds in each locale, these grants to cities and counties will be impacted by (\$117,792) (19%).

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and*

appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.

Since the gaming grants distribution is based on 3% of gaming and excise tax collections and awarded based on adjusted gross proceeds in each locale, these grants to cities and counties will be impacted by (\$117,792) (19%).

Name:	Kathy Roll / Keith Lauer	Agency:	Office of Attorney General
Phone Number:	328-3622 / 328-3234	Date Prepared:	02/14/2007

FISCAL NOTE

Requested by Legislative Council

02/07/2007

Amendment to: SB 2225

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.*

	2005-2007 Biennium		2007-2009 Biennium		2009-2011 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues			(\$4,928,956)	(\$733,096)	(\$4,928,956)	(\$733,096)
Expenditures				(\$117,792)		(\$117,792)
Appropriations				(\$117,792)		(\$117,792)

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

2005-2007 Biennium			2007-2009 Biennium			2009-2011 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
			(\$8,245)	(\$109,546)		(\$8,245)	(\$109,546)	

2A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

This amendment to the bill reduces the pull tab excise tax from 4.5% to 3%, eliminates the 5% state bingo sales tax, and implements a 3% bingo excise tax. As a result of these tax reductions, gaming grants distributions, which are based on 3% of gaming and excise taxes, are reduced 19%.

B. Fiscal impact sections: *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

This bill reduces the pull tab excise tax general fund revenues by (\$3,732,852) - 33%. It eliminates the bingo sales tax revenue of (\$1,562,651) to the general fund and (\$733,096) to the state aid distribution fund.

The bill also lowers from 4.5% to 3% the tax on pulltab excise taxes -a (\$3,732,852) reduction to the general fund.

Gaming grants distributed to cities and counties based on adjusted proceeds for each locale, will be impacted by (\$117,792).

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.*

The pull tab excise tax reduction and elimination of the bingo sales tax will result in a (\$4,928,956) impact on general fund revenues and a (\$733,096) impact on the state aid distribution fund.

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.*

Since the gaming grants distribution is based on 3% of gaming and excise tax collections and awarded based on adjusted gross proceeds in each locale, these grants to cities and counties will be impacted by (\$117,792) (19%).

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

Since the gaming grants distribution is based on 3% of gaming and excise tax collections and awarded based on

adjusted gross proceeds in each locale, these grants to cities and counties will be impacted by (\$117,792) (19%).

Name:	Kathy Roll / Keith Lauer	Agency:	Office of Attorney General
Phone Number:	328-3622 / 328-3234	Date Prepared:	02/09/2007

FISCAL NOTE
 Requested by Legislative Council
 01/16/2007

Bill/Resolution No.: SB 2225

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.*

	2005-2007 Biennium		2007-2009 Biennium		2009-2011 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues			(\$8,787,441)	(\$209,375)	(\$8,787,441)	(\$209,735)
Expenditures				(\$217,835)		(\$217,835)
Appropriations				(\$217,835)		(\$217,835)

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

2005-2007 Biennium			2007-2009 Biennium			2009-2011 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
			(\$15,248)	(\$202,587)		(\$15,248)	(\$202,587)	

2A. Bill and fiscal impact summary: *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

This bill reduces the pull tab excise tax from 4.5% to 2%, eliminates the bingo sales tax, and implements a 2% bingo excise tax. As a result of these tax reductions, gaming grants distributions, which are based on 3% of gaming and excise taxes, are reduced 35%.

B. Fiscal impact sections: *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

This bill reduces the pull tab excise tax by 56%. It eliminates the bingo sales tax revenue of \$2,407,811 to the general fund and \$209,375 to the state aid distribution fund.

Gaming grants distributed to cities and counties based on adjusted proceeds for each locale, will be impacted by (\$217,835).

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.*

The pull tab excise tax reduction will result in a (\$6,379,629) impact on general fund revenues.

Elimination of the bingo sales tax will result in a (\$2,617,186) reduction, which will be a (\$2,407,811) impact on general fund revenues and a (\$209,375) impact on the state aid distribution fund.

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.*

Since the gaming grants distribution is based on 3% of gaming and excise tax collections and awarded based on adjusted gross proceeds in each locale, these grants to cities and counties will be impacted by (\$217,835) (35%).

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

Since the gaming grants distribution is based on 3% of gaming and excise tax collections and awarded based on adjusted gross proceeds in each locale, these grants to cities and counties will be impacted by (\$217,835) (35%).

Name:	Kathy Roll / Keith Lauer	Agency:	Office of Attorney General
Phone Number:	328-3622 / 328-3234	Date Prepared:	01/19/2007

Date: 1-30-07

Roll Call Vote #: _____

2007 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2225

Senate Finance & Tax Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass As Amended

Motion Made By Sen. Cook Seconded By Sen. Tollefson

Senators	Yes	No	Senators	Yes	No
Sen. Urlacher	✓		Sen. Anderson	✓	
Sen. Tollefson	✓		Sen. Home	✓	
Sen. Cook	✓		Sen. Triplett	✓	
Sen. Oehlke	✓				

Total (Yes) 7 No 0

Absent 0

Floor Assignment Sen. Tollefson

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

REPORT OF STANDING COMMITTEE

SB 2225: Finance and Taxation Committee (Sen. Urlacher, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2225 was placed on the Sixth order on the calendar.

Page 1, line 11, replace "two" with "three"

Renumber accordingly

2007 SENATE APPROPRIATIONS

SB 2225

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2225

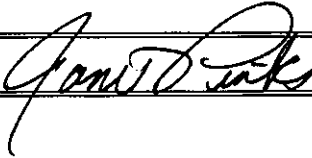
Senate Appropriations Committee

Check here for Conference Committee

Hearing Date: 02-12-07

Recorder Job Number: 3369

Committee Clerk Signature



Minutes:

Chairman Holmberg opened the hearing on SB 2225.

Senator Tony Grindberg, District 41, Fargo, introduced SB 2225 indicating this bill is a tax relief bill aimed at eliminating sales use tax on bingo cards and gaming.

Chairman Holmberg indicated that as this bill was being developed it was not unanimous from the gaming industry.

Todd Kranda, Lobbyist, Attorney, Kelsch Law Firm, Mandan, presented written testimony (1) and testified on behalf of Charitable Gaming Association of ND, in support of SB 2225 as amended. He identified two changes to the bill, the excise tax rate being reduced and the sales tax on bingo cards being replaced with the excise tax.

Karen Breiner on behalf of Charitable Gaming Association of ND, presented written testimony (2) as well as the charitable gaming association membership list ((6), the history of gaming taxes (7), and testified in support of SB 2225.

Rick Stenseth, Lobbyist, Charitable Gaming Association of ND, presented written testimony (3) and testified in support of SB 2225.

Jack McDonald, Lobbyist, presented written testimony (4) on behalf of **Dianne Sheppard, The Arc of the Upper Valley**, in support of SB 2225.

Dianne Sheppard then spoke in support of SB 2225.

Senator Mathern asked what is meant by break even. The response was gross less supplies and expenses.

Laura Slicer, Plains Art Museum, Fargo, presented written testimony (9) and testified in support of SB 2225. The written testimony indicates how cuts in the last legislation had hurt their organization.

Ron Gibbons, Association for the Disabled, Inc. Grand Forks, presented written testimony (5) in support of SB 2225. He indicated what funds were used for, what the tax amount was per organization and discussed closing of the bingo halls because of the tax.

Cal Klewin distributed information on the Bowman County Development Corp gaming, distributed information on the taxes paid vs. net proceeds (8) and testified in support of SB 2225.

Kara Odegaard, Development Homes Inc., presented written testimony (10) and testified in support of SB 2225 indicating how declining revenues harm the services they provide.

Additional written testimony was distributed to the Appropriations Committee for their review from **Linda Jo Hettervig, Grand Forks, (11), Cathy Hoeckle, Montpelier (12), Roberta Paulson, Valley City (13), Steve Piper, Bismarck (14),**

Keith Lauer, Office of Attorney General, presented a history of gaming taxes and eligible use contributions (15) and testified neutrally.

Chairman Holmberg asked about the amendment that was proposed as well as who prepared it.

Chairman Holmberg closed the hearing on SB 2225.

Senator Mathern moved a do pass on the amendment, Senator Fischer seconded. An oral vote took place resulting in a do pass.

Senator Krebsback moved a do pass as amended, Senator Robinson seconded. There was no discussion. A roll call vote was taken resulting in 14 yes 0 no and 0 absent. The motion carried and Senator Tollefson will carry the bill.

Date: 2/12/07
Roll Call Vote #: 1

2007 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2275

Senate Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken DP as amend

Motion Made By Krebsbach Seconded By Robinson

Senators	Yes	No	Senators	Yes	No
Senator Ray Holmberg, Chrm	✓		Senator Aaron Krauter	✓	
Senator Bill Bowman, V Chrm	✓		Senator Elroy N. Lindaas	✓	
Senator Tony Grindberg, V Chrm	✓		Senator Tim Mathern	✓	
Senator Randel Christmann	✓		Senator Larry J. Robinson	✓	
Senator Tom Fischer	✓		Senator Tom Seymour	✓	
Senator Ralph L. Kilzer	✓		Senator Harvey Tallackson	✓	
Senator Karen K. Krebsbach	✓				
Senator Rich Wardner	✓				

Total (Yes) 14 No 0

Absent 0

Floor Assignment Fin Tex

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

"SECTION 17. APPROPRIATION - DEPARTMENT OF HUMAN SERVICES.

There is appropriated out of any moneys from special funds, derived from federal funds and other income, the sum of \$12,796,830, or so much of the sum as may be necessary, to the department of human services for the purpose of defraying the expenses of regional child support enforcement unit operations, for the biennium beginning July 1, 2007, and ending June 30, 2009. Of the \$12,796,830, \$7,181,707 is from the permanent oil tax trust fund."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:**Dept. 325 - Department of Human Services - Program and Policy**

SENATE - This amendment adds a special funds appropriation of \$12,796,830, of which \$7,181,707 is from the permanent oil tax trust fund for costs associated with state administration of regional child support enforcement units.

REPORT OF STANDING COMMITTEE

SB 2211: Appropriations Committee (Sen. Holmberg, Chairman) recommends **DO NOT PASS** (13 YEAS, 1 NAY, 0 ABSENT AND NOT VOTING). SB 2211 was placed on the Eleventh order on the calendar.

REPORT OF STANDING COMMITTEE

SB 2225, as engrossed: Appropriations Committee (Sen. Holmberg, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed SB 2225 was placed on the Sixth order on the calendar.

Page 1, line 1, after "reenact" insert "subsections 1 and 10 of section 53-06.1-01,"

Page 1, after line 6, insert:

"SECTION 1. AMENDMENT. Subsections 1 and 10 of section 53-06.1-01 of the North Dakota Century Code are amended and reenacted as follows:

1. "Adjusted gross proceeds" means gross proceeds less cash prizes, cost of merchandise prizes, ~~sales tax on bingo cards~~ excise tax, pull tab excise tax, and federal excise tax imposed under section 4401 of the Internal Revenue Code [26 U.S.C. 4401].
10. "Gross proceeds" means all cash and checks received from conducting games ~~and sales tax on bingo cards.~~

Renumber accordingly

REPORT OF STANDING COMMITTEE

SB 2227: Education Committee (Sen. Freborg, Chairman) recommends **DO NOT PASS** (3 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING). SB 2227 was placed on the Eleventh order on the calendar.

REPORT OF STANDING COMMITTEE

SB 2246: Appropriations Committee (Sen. Holmberg, Chairman) recommends **DO PASS** (7 YEAS, 4 NAYS, 3 ABSENT AND NOT VOTING). SB 2246 was placed on the Eleventh order on the calendar.

REPORT OF STANDING COMMITTEE

SB 2249, as engrossed: Appropriations Committee (Sen. Holmberg, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed SB 2249 was placed on the Sixth order on the calendar.

Page 1, line 6, replace "\$4,000,000" with "\$2,000,000"

Page 1, line 8, replace "\$1,000,000" with "\$500,000"

Page 1, line 23, replace "\$650,000" with "\$2,650,000"

Renumber accordingly

2007 HOUSE FINANCE AND TAXATION

SB 2225

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. SB 2225

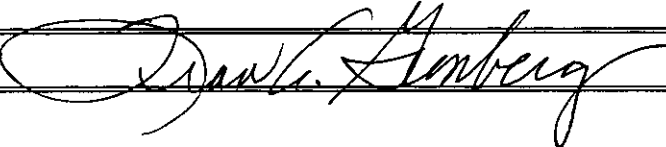
House Finance and Taxation Committee

Check here for Conference Committee

Hearing Date: 2-28-07

Recorder Job Number: 4099

Committee Clerk Signature



Minutes:

Chairman Belter called the committee back to order to hear SB 2225.

Senator Tony Grindberg, Dist 41: Tax relief is an issue before us this session. I have agreed to sponsor this bill to provide tax relief to our charitable organizations. In '93 we increased the taxes to balance the budget. And now that our economy is at the place where tax relief is in order, I believe this is one of the groups that we need to provide some relief to.

Rep Wrangham: Due to the expansions of Indian gaming, the state lottery, and some social regulations that have been put in place, that cash cow if it was one, has been drawn and about top be quartered. And I think this is a step to allow those organizations to stay alive.

Todd Kranda, attorney with the Kelsch Law Firm, lobbyist for the Charitable Gaming Association of ND: (attachment #1)

Rep Kelsh: Can you tell me if this will be enough to make up for the loss of income.

Kranda: I do think that we do have a couple of organizations here that can give you some of the bottom line figures. Each organization operates a little differently.

Karen Leiss, Lincoln, ND: (attachment #2)

Rick Stenseth, lobbyist for the Charitable Gaming Association of ND: (attachment #3)

Diane Sheppard: Our organization felt we needed an excise tax of 2% from the current 4.5%. And the Senate amended the bill to 3%. We are in a critical situation here. Our costs continue to rise. I'm not going to repeat everything that has already been said. SB 2225 will help all charities.

Chairman Belter: Do you contribute your drop in revenues due to the changes in the cigarette laws?

Sheppard: We attribute our downturn to the ND lottery.

Rep Drovdal: Reading the fiscal note on the bingo tax, am I correct that it is going from 22% to 3% (reduction).

Sheppard: From 5% to 3%.

Lora Spicer, Plains Art Museum: (attachment #4)

Ron Gibbons, ND Association for the Disabled, Inc.: (attachment #5 and #6)

Rep Froseth: How do you determine the cost of the bingo cards. Are you regulated on how much you can charge for a game of bingo? And also, how did you finance all these services before charitable gaming came about?

Gibbons: These services were not provided before charitable gaming. People just went without. These are people who are not eligible for services through other agencies. Bingo cards are whatever the market will bear.

Rep Froseth: Don't you think it's possible to raise the price of the cost of playing the games?

Gibbons: We've done everything we can to adjust our bingo programs.

Vicki Wagner, ND Council of Veterans, Fraternal and Charitable Organizations:

(attachment #7)

Rep Weiler: It sounds like from all the testimony that we've heard, based on the problems because of the lottery and other outside influences, is the tax credit alone going to be enough to take charitable gaming from here to back where it was prior to smoking, and the lottery, or is your organization going to have to do something added to help?

Wagner: We have done everything we can and we need assistance to help us be more competitive with the casinos. We got the high tax, the lottery and the casinos and the non smoking all on us. There have been a lot of hits that we have taken.

Nikki Weisman, ND Hospitality Association: We urge your support.

(Attachment #8 includes figures from the AG's office on eligible use contributions)

OPPOSITION

Warren DeKrey, Dakota Council on Gambling Problems: We just want to remind you that this gambling is somewhat of a two edged sword. Helps some people, but some people become addicted.

Chairman Belter closed the hearing on SB2225.

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. SB 2225

House Finance & Taxation Committee

Check here for Conference Committee

Hearing Date: 3/12/07

Recorder Job Number: 4925

Committee Clerk Signature *R. Penrose*

Minutes:

Rep. Belter: We will take a look at SB 2225. What are the committee's wishes.

Rep. Weiler: The idea on this, currently as the bill sits, we have about a \$4.9 million dollar fiscal note to it. The idea of this is to remove the 5% sales tax on Bingo cards only. This is only going to deal with Bingo cards, not with pull tabs and insert a 3% excise tax on Bingo cards which reduces the fiscal note from \$4.9 million down to \$1.96 million. I have some information from the Attorney General's office, those are the ones that did the fiscal note, and the second from the bottom says reduction to general fund, \$1.96 million, and with that I would move the amendment.

Rep. Headland: Second.

Rep. Belter: We have a motion and second. Any discussion. Voice vote. Motion carried.

We now have the bill before us as amended.

Rep. Weiler: I move a Do Pass as amended and rereferred to Appropriations.

Rep. Grande: Second.

13 YES 0 NO 1 ABSENT

CARRIER: Rep. Weiler

DO PASS AS AMENDED AND REREFERRED TO APPROPRIATIONS

PROPOSED AMENDMENTS TO REENGROSSED SENATE BILL NO. 2225

Page 1, line 4, remove "pull"

Page 1, line 5, remove "tabs and"

Page 1, line 19, remove the overstrike over "~~four and~~"

Page 1, line 20, remove the overstrike over "~~one half~~", remove "three", and after "and" insert "three percent on the gross proceeds from the sale at retail of"

Renumber accordingly

Date: 3-12-07
Roll Call Vote #: 2225

2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO.

House _____ Finance & Tax _____ Committee

Check here for Conference Committee

Legislative Council Amendment
Number _____

Action Taken Do Pass As Amended + Referred to Aprops.

Motion Made By Rep. Weiler Seconded By Grande

Representatives	Yes	No	Representatives	Yes	No
Chairman Belter	✓		Rep. Froelich	✓	
Vice Chairman Drovdal			Rep. Kelsch	✓	
Rep. Brandenburg	✓		Rep. Pinkerton	✓	
Rep. Froseth	✓		Rep. Schmidt	✓	
Rep. Grande	✓		Rep. Vig	✓	
Rep. Headland	✓				
Rep. Owens	✓				
Rep. Weiler	✓				
Rep. Wrangham	✓				

*came in late
Vote Yes*

Total (Yes) 13 No 0

Absent 1

Floor Assignment Rep. Weiler

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

REPORT OF STANDING COMMITTEE

SB 2225, as reengrossed: Finance and Taxation Committee (Rep. Belter, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** and **BE REREFERRED** to the **Appropriations Committee** (13 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). Reengrossed SB 2225 was placed on the Sixth order on the calendar.

Page 1, line 4, remove "pull"

Page 1, line 5, remove "tabs and"

Page 1, line 19, remove the overstrike over "~~four and~~"

Page 1, line 20, remove the overstrike over "~~one-half~~", remove "three", and after "and" insert "three percent on the gross proceeds from the sale at retail of"

Renumber accordingly

2007 HOUSE APPROPRIATIONS

SB 2225

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2225

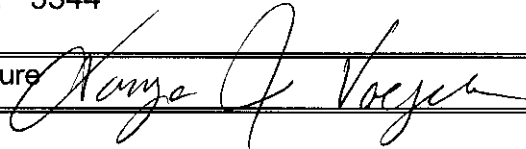
House Appropriations Committee
Government Operations Division

Check here for Conference Committee

Hearing Date: 3/20/07

Recorder Job Number: 5344

Committee Clerk Signature



Minutes:

Chairman Carlson opened the hearing on Senate Bill 2225

Senator Grindberg explained the bill.

Chairman Carlson: Have you seen the amendments from the House?

Senator Grindberg: I have not. I understand they have taken the fiscal note from like \$4.5million to like \$2.5million.

Todd Kranda, on behalf of the Charitable Gaming of ND, spoke in support of the bill.

Chairman Carlson explained the committees roll on this bill.

Vice Chairman Carlisle: Right now the bingo parlors are smoke free. This bill is strictly about the money so it is not your intention to take a position on smoking?

Todd Kranda: The reference to smoking or not smoking there is not an amendment being proposed. I don't believe there ever was one from any organization affiliated with this bill there may have been some discussions between individual legislators. I have not been a party to any of these conversation nor have we proposed or offered at least at this point intend to offer such an amendment.

Representative Glassheim: What would each 1% either increase or decrease the amount in the General Fund revenues?

Todd Kranda: I don't know that specifically.

Traci LaDouceu, from CGAND, spoke in support of the bill.

Traci LaDouceu: To answer Representative Glassheim's question I think it is around a \$600,000 savings.

Chairman Carlson: There has been a concern about the decreased number obviously the people playing bingo. Will this bring people back?

Traci LaDouceu: It won't bring them back but the money that is coming in wont go away so fast.

Representative Williams: What has had the biggest impact on the gaming?

Traci LaDouceu: Smoking has had a large impact.

Representative Glassheim: Do bars that allow smoking have an impact if they went smoke free?

Traci LaDouceu: I am not sure.

Representative Glassheim: You are not expecting a change in the gross proceeds?

Traci LaDouceu: Correct.

Representative Skarphol: The original fiscal note on the other funds was \$290,000 now it is up to \$709,000 because it affects the State Aid Distribution fund. So is this a loss to the cities and counties?

Chairman Carlson: In my estimation it is.

Laura Slicer, spoke in support of the bill. See testimony 2225. 3.20.02 A.

Dan Bessler, Big Top Bingo, spoke in support of the bill. See testimony 2225.3.20.07B

Representative Kempenich: Did your decline in numbers change after the smoking ban?

Dan Bessler: Almost immediately.

Representative Skarphol: Would you like to have smoking back in your facilities?

Dan Bessler: No but I think that it should be a ban across the board or let us be equal.

Representative Williams: According to this bill, you would net \$90,000 more dollars annually with this tax change. My question is simple. \$90,000 more annually added to what? What did you make last year?

Laura Slicer: Last year was about \$171,000.

Ron Gibbons, North Dakota Association for the Disabled, spoke in support of the bill
2225.3.20.07 C and 2225.3.20.07 D

Representative Thoreson: Did the requests keep coming in and you just had to tell these people no I am sorry we cannot fulfill that or were you contacting them before hand and saying no longer can we do this or how did that work?

Ron Gibbons: It was a combination of both.

Vice Chairman Carlisle: Have you worked with the Dept of Human Services for help?

Ron Gibbons: No we have not.

Chairman Carlson: This really is not going to help you at all because I don't see the revenues projecting to go back up. We are hoping to stable off the fact that it keeps going down but I am not sure how you are going to get these services back unless there are a lot more people playing bingo.

Ron Gibbons: What it does is allow us to keep that amount of the revenues that we are already taking in.

Representative Skarphol: Where do you think the people are going?

Ron Gibbons: Some are going across the river to East Grand Forks and Moorhead. Some have just stopped playing.

Representative Glassheim: Is the figure for restoration based on the current bill or the original bill?

Ron Gibbons: Current bill.

Representative Skarphol: Would you say that the work that you do would be for safety in transportation?

Ron Gibbons: Safety is part of it. It is also a quality of life issue.

Representative Skarphol: And the inability to smoke you would have to say that it is tobacco cessation is that correct?

Ron Gibbons: That is correct.

Chairman Carlson: I can tell where this fishing expedition is headed. We have various funds in state government that have designated purposes and safety in transportation and public health happen to be two of them. I could see where he was going.

Representative Skarphol: My point is that if they were to get a couple million dollars to use I think it would be a good thing. How we give it to them is something that we have to provide.

Chairman Carlson: That's why we are working up here. I am sure these people would be open to any kind of idea to help.

Vicki Wagner on behalf of ND Council of Clubs spoke on behalf of the bill. 2225.3.20.07 E

Keith Lauer, Attorney General's office, spoke in support of the bill. See testimony 2225.3.20.07 F.

Chairman Carlson: Is that gaming tax on bingo only?

Keith Lauer: No that is on all game types.

Representative Williams: Would this have an impact of about \$96,000 of the biennium for the cities and counties?

Myles Vosberg: Looking at the fiscal note that shows \$730,000. I believe that is only a portion of the state aid distribution fund.

Keith Lauer: That is the cities and counties portion of the tax that is collected.

Chairman Carlson: There is a much bigger number that you are dealing with. You are looking at the \$22million total are you not?

Don Wolf: The \$1.2 million that you referred to is the net reduction it is actually a \$4.1million reduction on sales tax and that is offset by the increase in excise tax. I think the \$733,000 is based on the \$4.1million dollar loss on sales tax.

Representative Skarphol: Myles, you said that if the city has a local sales tax. Are there major cities in ND that have a sales tax on all items with the exception of bingo?

Myles Vosberg: What I meant by that statement was not all cities have local taxes. All of the major ones do. In fact we have 113 that have a local sales tax.

Hearing Closed

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2225

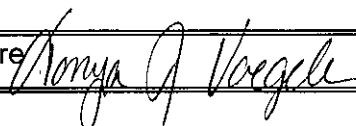
House Appropriations Committee
Government Operations Division

Check here for Conference Committee

Hearing Date: 3/21/07

Recorder Job Number: 5411

Committee Clerk Signature



Minutes:

Chairman Carlson opened the discussion on Senate Bill 2225

Representative Kroeber: I am going to support the bill and the dollars that go along with it.

We ask a lot of these charities to handle and do a number of things that we probably should be doing and are not able to. I know for example in Jamestown, Progress Enterprises has a gaming site and they get some dollars and they do very good work with the people who basically cannot live on their own or get a job on their own.

Representative Skarphol: Is it just the North Dakota Association of Disabled who does bingo halls?

Chairman Carlson: No Prairie Public has one.

Representative Kroeber: The Plains Art Museum came to testify.

Representative Glassheim: How much are we talking about?

Chairman Carlson: \$1.196million.

Representative Skarphol: I don't disagree with what Representative Kroeber said about the work that some of these folks do. The only issue I have with this is that we get a lot of highway safety dollars and I would really like to see us put some kind of intent language that would put some pressure on for those dollars to help some of these entities. I don't see cutting grooves in

highways just to use up money. You take some of these disabled folks that need like a specialty ramps. To me it makes all kinds of sense if you provide them with a vehicle that is safe for transporting them around. Also the surplus tobacco dollars, I wouldn't have any problem giving them some of that. To me quite frankly it is more important to help people who need help because they have smoked than to spend time advertising it on TV. I think the priorities become a little confused on what the real issue is.

Chairman Carlson: I am having trouble with the use of highway dollars for this.

Representative Skarphol: Because of the NDAD. There is a lot of those folks who have mobility problems they cannot get around because of the inability to be able to afford a van for example to get around.

Representative Kempenich: That was kind of the idea behind the \$3.00 business they had earlier on transportation and registration. These are the same people.

Chairman Carlson: They are only the same people for the one charity. We are also talking about the Plains Art Museum and others that have charitable bingo.

Representative Kempenich: What about smoking. Allow them to smoke.

Representative Kroeber: I think we already crossed that bridge.

Representative Glassheim: The reason I would support this is that state law, in my view doing the right thing about smoking, state law has injured them. I think we have some responsibility to help them through.

Chairman Carlson: Don, can you check to make sure I have it right that we collect \$22million in charitable gaming taxes?

Don Wolf: I will check.

Chairman Carlson: The charitable gaming is and will continue to decline. Because of the casinos and the regulations and the internet it is going to continue to go down. Our revenues

have been going down every biennium on charitable gaming. When we took smoking away that eliminated a real potential market for a lot of people in the bingo parlors. Is this going to fix it? It might keep them around a little longer but if we don't do it then they are gone sooner.

That is just the way I view it. Don, was I right about the number?

Don Wolf: It is about \$18million.

Chairman Carlson: Is there another tax that goes with that?

Don Wolf: The sales tax on bingo cards is part of the sales tax revenues.

Chairman Carlson: Aren't there two taxes?

Don Wolf: According to their testimony the fiscal note stated that the sales tax would be a \$4million loss by switching it to an excise tax. If you add that then you get the \$22million.

Chairman Carlson: So the General fund impact is?

Representative Skarphol: \$1.196million.

A motion was made by Representative Glassman, seconded by Representative Skarphol for a Do PASS recommendation to the full committee. The committee vote was 7 Yeas, 1 Nays and 0 Absent and Not Voting. The bill will be carried by Representative Glasheim.

2007 HOUSE STANDING COMMITTEE MINUTES

Bill No. SB 2255 ²²²⁵

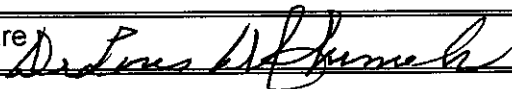
House Appropriations Committee

Check here for Conference Committee

Hearing Date: March 22, 2007

Recorder Job Number: 5429

Committee Clerk Signature



Minutes:

Chairman Svedjan opened the hearing on SB 2255. This also comes out of Government Opps.

Rep. Glasheim: This bill takes the sales tax off bingo cards. Put bingo cards into excise tax the same as pull tabs and reduce the tax from current sales tax of 5% on the cards to 3% excise tax. The cost to the general fund is 1.2 million; the cost to cities and counties is \$730 thousand; thereabouts. The bill started out as \$8 million hit to the general fund and it has been widdled down to 1.2. We did not amend it; we sent it through from the policy committee. The reasoning behind it is I think we did the right thing about banning smoking in the Bingo parlors has decreased their attendance and revenues significantly along with other factors like casinos and other factors. Also they don't have a level playing field with bars and smoking relative pull tabs and bingo in the bars. NDAD testified that if they don't get this we will leave. They are really likely to close one large bingo pallor which currently pays 1.1 million in taxes a biennium. That is pretty close to the cost of it. Several other people came in to testify to the problems of Prairie Public. It is a large bingo parlor in Fargo has taken a significant hit of a half million dollars and reduced revenues. We though since some of the problem has been created by the legislatures action, which I believe was correct, all the money raised here goes to charities

most of us on the committee felt that this was legitimate lose to the general fund to help these charities and remain viable.

Do Pass Motion Made By Rep. Glassheim Seconded by Rep. Carlisle

Discussion:

Rep. Aarsvold: I am looking at the impact to the state aid fund and it looks disproportioned to the general fund loss of revenue. Can you help me understand that?

Rep. Glassheim: It is a loss of sales tax. When the bingo cards loss the sales tax all that money is no longer eligible to go into the state aid formula, but we put back 3% on excise tax so the state recovers some of that loss. There also maybe a loss in the cities that have one to one and a half percent sales tax themselves.

Rep. Carlisle: It is interesting that no body was here from the cities or counties was up here opposing that and they normally track this stuff like a hawk. It was any where from \$200-\$700 thousand loss to cities and counties. I don't believe they have come in at all for whatever reason.

Chairman Svedjan: When this bill was originally introduced it affect not just bingo halls, but pull tabs and all of that and that is what constituted the large fiscal note at the time, which was about \$8 million, I think. This will surely help the bingo situation. As Rep. Glassheim explained it is probably unlikely that the bingo halls will recapture all of their volume because the smoking issue has, they maintain, impacted them. At least this will kind of be a stop gap. We will see what happens as a result. I don't know if this totally bails them out.

Rep. Carlson: We looked at the numbers of that. I think this just postpones what is happening to charitable gaming. If you look at the revenue's in 2001; it was \$27.6 million for gaming. This biennium, after you take out the \$1.19 million that we just have in this bill, it will be down to \$17 million so we have lost \$10 million in revenue and this will continue to slide

because of the casinos and the internet gaming. The true solution would have been to just put the words smoking back in the bill and it would have solved some of their problems, but that is not our policy to do.

Rep. Skarphol: When I asked one of the gentlemen if they would like us to put the smoking back he thought about it for a moment and said no.

Vote: 17 Yes 7 No 0 Absent Carrier Rep. Weller

Hearing closed.

Date: 3/21/07

Roll Call Vote #: _____

2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2225

House _____ Appropriations- Government Operations _____ Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken DO PASS

Motion Made By Glassheim Seconded By Skarphol

Representatives	Yes	No	Representatives	Yes	No
Chairman Al Carlson	✓		Vice Chairman Ron Carlisle	✓	
Rep Keith Kempenich	✓		Rep Bob Skarphol	✓	
Rep Blair Thoreson		✓	Rep Eliot Glassheim	✓	
Rep Joe Kroeber	✓		Rep Clark Williams	✓	

Total Yes 7 No 1

Absent 0

Floor Assignment Glassheim

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

Date: 3/22/07
 Roll Call Vote #: 1

2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES
 BILL/RESOLUTION NO. 2225

House Appropriations Full Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken No Pass

Motion Made By Hassner Seconded By Carlisle

Representatives	Yes	No	Representatives	Yes	No
Chairman Svedjan	✓				
Vice Chairman Kempenich	✓				
Representative Wald	✓		Representative Aarsvold	✓	
Representative Monson	✓		Representative Gulleon	✓	
Representative Hawken	✓				
Representative Klein		✓			
Representative Martinson		✓			
Representative Carlson	✓		Representative Glassheim	✓	
Representative Carlisle	✓		Representative Kroeber	✓	
Representative Skarphol	✓		Representative Williams	✓	
Representative Thoreson		✓			
Representative Pollert		✓	Representative Ekstrom	✓	
Representative Bellew		✓	Representative Kerzman	✓	
Representative Kreidt		✓	Representative Metcalf		✓
Representative Nelson	✓				
Representative Wieland	✓				

Total (Yes) 17 No 7

Absent 0

Floor Assignment Rep. Weiler

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

REPORT OF STANDING COMMITTEE

SB 2225, as reengrossed and amended: Appropriations Committee (Rep. Svedjan, Chairman) recommends **DO PASS** (17 YEAS, 7 NAYS, 0 ABSENT AND NOT VOTING). Reengrossed SB 2225, as amended, was placed on the Fourteenth order on the calendar.

2007 SENATE FINANCE AND TAXATION

CONFERENCE COMMITTEE

SB 2225

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. **SB 2225**

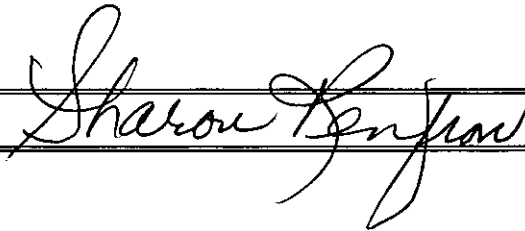
Senate Finance and Taxation Committee

Check here for Conference Committee

Hearing Date: April 9, 2007

Recorder Job Number: #5819

Committee Clerk Signature



Minutes:

Sen. Tollefson: called the conference committee to order and asked the House to explain their amendments.

Rep. Carlson: this was given to our section of appropriations because of the fiscal note and when they put together the conference committee they the appropriators on the conference committee so we have a pretty good understanding of everything that happened in the bill as it came across as you remember in your committee when you had your hearing it was about reducing the taxes on charitable gaming and it had a rather large fiscal note as it came across and it became apparent as it was in the House that the biggest problem appears to be in the bingo halls. As they looked at the bingo halls they decided that they would number 1 narrow the tax forgiveness or the tax change to the bingo area and to not pull tabs, not to black-jack not to the other areas of gaming, and they switched from a sales tax to an excise tax and by doing that the fiscal note I believe ends up about 1.19 million dollars. It does have some affect on the cities and counties because that being a sales tax that went into the state aid distribution fund that money and it did have some affect on the cities and the counties about 733,000 for the biennium so that is the bill, we've lowered the tax we narrowed it just to the bingo parlors, we had a lengthy discussion about the problems their having there was even a

suggestion to amend smoking back into the bill for bingo parlors. We wisely opted not to do that but if the Senate and its wisdom wanted to add it Mr. Chairman we would probably discuss it with you. So that's where the bill ends up today it ends up being an excise tax it does have an affect on the general fund of 1.96 million and that was the action that we took as we passed it out of the House.

Sen. Tollefson: 3% excise tax on everything.

Rep. Carlson: yep

Sen. Oehlke: did we eliminate the tax credit then or the lowering of tax on pull tabs completely?

Rep. Carlson: yes, my understanding is the only thing it affects is the bingo cards because the other ones there was an excise tax I believe on pull tabs already. I believe that's already in there.

Sen. Oehlke: so this puts the pull tabs back to where they were? The problem with the pull tab areas is there is a lot of in my district they provide an awful lot of support to non-profit organizations and on the excise tax the taxes are quite high on pull tabs actually.

Rep. Carlson: in 93 we increased it from 2% to 4 ½% the excise tax on pull tabs and then the 4 ½% on pull tabs proceeds was eliminated for organizations whose gross proceeds did not exceed \$4,000 a quarter, so in all we did lower it for the small groups, we gave the small guys a break and they don't have it at 4 ½% excise anymore on pull tabs. So there's been a long history to charitable gaming in what we've done to the taxes on it and unfortunately we all understand that that's on the decline. If you look at the revenue stream over the last four or five biennium's its gone nothing but down on the State's collection side of charitable gaming because of the growth of gaming in the casino's, internet gaming, there's all sorts of reasons why its gone down, smoking didn't help but this will not be the last time we discuss charitable

gaming in its taxation in future years if it continues to decline, I'm not sure what the State's status will be on taxing of gaming.

Sen. Anderson: I really think we should look at some change on the pull tabs I don't have a figure in mind actually, I do know that the proceeds locally are pretty important to those folks. Any little bit they can get.

Sen. Tollefson: we had a lot of testimony to save the bingo parlors and save charitable gaming I guess in the long run, that's why we came up with that 3%, it does have a fiscal note.

Rep. Kempenich: there are a lot of issues going on with these organizations but there's a line. You aren't going to change the old ladies that are smoking going to these, they aren't going to go and a lot of them fit that group I guess we're going to be revisiting this, when we listened to the testimony and stuff this probably isn't going to save them either but it will give them a little bit of operating room and stuff on it.

Sen. Oehlke: I think you'd be amazed how little operating room some of these non-profits really could use right now, in Devils Lake I'm thinking of the Lake Region Heritage Center that owns the old post office building in town and so they are saddled with maintaining that level. Back in 93 they increased the taxes so they could have some other income for gaming and when I look at that history I thought it maybe wouldn't be such a bad idea to give some of these pull tab folks a break, I know in the rural communities its pretty important and smoking really doesn't affect them because they don't actually run them in their facility they run in their local bars and such. At this point with the amendments the way they are given the bingo folks a break which I think they deserve but I think we could do something for the pull tab folks too. I know in my area it would be very helpful to them.

Sen. Carlson: we can lose sight of the fact that the State established gaming and the State has the responsibility for gaming, we have an enforcement section that we deal with we have

an addiction section that we deal with because of the gaming and it took us many years for the public to buy into the fact that there would even be gaming. That thing got run up the pole a whole bunch of times and there is a significant amount of people that think it's the not exactly the best economic development in the community is to have gaming the cause of addiction so I think the State has some responsibility it also has the duty to collect some revenue to cover those responsibilities, the question is how much and I don't think there is any question that we've done that there's been a lot of charities that done good things with this money. I can think of the Plains Art Museum, the Developmentally Disabled one out of Grand Forks, I mean there's all kinds of good things that you can say have been accomplished by it. There's other ways to raise money other than taking it from somebody else's pocket. The House and I don't know how the vote would have gone but we tried to find a compromise from my perspective in the House where this would pass instead of fail and then we would have had nothing because we thought it did deserve to take a look at trying to help someone, now whether or not you can expand that into the pull tab side, I have not looked at the numbers I don't know what affect that has, you can surely bring that to us and we'll take a look at it but that would be our position at the time is that we think when we came with the best of what we thought there was to get at the time and we'll take a look a what else you have on the table.

Sen. Tollefson: we have in Minot and Williston there's a lot of testimony on bingo parlors bingo halls that could actually end up with demise if no breaks were given. Now that of course would still be taken care of by your amendment but as Sen. Oehlke did say too there a number of places with both all over the State that use pull tabs as a source of revenue for many of those charitable groups. It's a touch issue and I, what do you want to do with it?

Sen. Anderson: could we get what the fiscal note would be for each half of a percent on the pull tabs and meet again?

Rep. Carlson: I can't speak for my committee members but we would take a look at that one more time and see.

Rep. Kroeber: in Jamestown, bingo we don't have a big bingo parlor but we do have the bingo people as we know, I have them taken care of, also in Jamestown the pull tabs, this doesn't have any affect the black jack at all?

Rep. Carlson: no, this one didn't change it, it did originally but it got taken back down to just

Rep. Kroeber: we have Progress Enterprises which is development disabled that is about 60% funded by the gaming, so it's a very important part of the process in Jamestown so I mean the committee, I would certainly be willing to take a look at some help if we could take and give them some help.

Sen. Tollefson: Sen. Anderson you were talking about a new fiscal note on what?

Sen. Anderson: I think if we just got a fiscal note on what a half of a percent is and then when the House comes to their senses and agrees with ours then they'll know exactly what it is.

Adjourned.

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. **SB 2225**

Senate Finance and Taxation Committee

Check here for Conference Committee

Hearing Date: April 10, 2007

Recorder Job Number: # 5873

Committee Clerk Signature

Sharon Kenyon

Minutes:

Sen. Tollefson, Chairman called the conference committee to order and had the clerk take the roll. All members present: Sen. Tollefson, Sen. Oehlke, Sen. Anderson, Rep. Carlson, Rep. Drovdal and Rep. Kroeber.

Sen. Tollefson: Sen. Anderson you had requested a new fiscal note.

Sen. Anderson: yes it did and if I'm reading this correct it would amount over a million dollars to reduce that.

Rep. Carlson: a million 196 was that general fund money? Yes, this one would be 2 million 438 general fund.

Sen. Anderson: I guess I wanted to see the figures what it meant, a lot of money I don't know if a freshman should be making a motion, I want to listen to the rest of the folks.

Sen. Tollefson: Rep. Carlson, do you think you could pass that through the House?

Rep. Carlson: 1.238 million more, again Mr. Chairman I think we're gonna stick with the way the version came out of the House with the committees both the Appropriations and Finance and Tax looked at this pretty hard and tried to reconcile where the biggest problem was and that was, it was testified to us in both places that it's the bingo parlors so we addressed it and I still don't think it saves the bingo parlors, I think it postpones some things because there's still

the decline in gaming issue, smoking issue but I think it's a big help of almost a million two and that's where Mr. Chairman we thought that the tax forgiveness should be and I think at this point and time we want to stick with that position.

Sen. Tollefson: Sen. Oehlke you had a concern for pull tabs the other day too.

Sen. Oehlke: with the exception of a couple boarder communities the entire rest of the state is affected by the pull tabs side affects. I don't think there are any of us that don't have non profit organizations that depend an awful lot on that income, I know we certainly do in our area but at the same time it's a lot of money.

Rep. Drovdal: in Finance and Tax the presentation that we got I'll have to admit was on the bingo parlor we did not hear a lot about the tabs at that particular time and our concern was addressed by the amendments that we put on in Finance and Tax and voted out.

Sen. Oehlke: I think part of the reason you didn't hear the testimony from the pull tab folks is they can't afford to hire lobbyists.

Rep. Drovdal: on the House side we allow everybody to speak whether they are a lobbyist or individuals, we weigh actually more individuals with more creditability than the lobbyist. I probably shouldn't say that.

Sen. Tollefson: what are your wishes, what do you think we should do?

Rep. Kroeber: we don't have a bingo hall so any of our bingo is in conjunction with our bars that also have the pull tabs and black-jack. There is 4 different places that I think have bingo once a week and that's our bingo in Jamestown. I haven't heard a lot from the pull tab people to be honest with you, certainly the gaming has a big impact in Jamestown, it does some very very good things like I brought up last time, Progress Enterprises that just does a great job on employment for people with disabilities, they do a great job and their 60% funded with gaming and its very important to them but I would hate to see the bill come back to the House and then

be defeated completely and have the bingo people that seem to be in the greatest need eliminated so I will support the bill as we brought it out of the House.

Rep. Carlson: I believe the **Motion would be that the Senate Accede to the House**

Amendments, is that right Sharon? and that would be my motion, seconded by Rep. Kroeber.

Roll call vote: 6-0-0

**REPORT OF CONFERENCE COMMITTEE
(ACCEDE/RECEDE)**

Bill Number SB 2225 (, as (re)engrossed):

Date: 4-10-07

Your Conference Committee Sen. Fin & Tax

For the Senate:

For the House:

	<u>4/10/07</u>					<u>4/10/07</u>			
S. Tollefson	P	P	Y		R. Carlson	P	P	Y	
S. DeHike	P	P	Y		R. Kempenich (Drazdal)	P	P	Y	
S. Anderson	P	P	Y		A. Kroeber	P	P	Y	

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)

the (Senate/House) amendments on (SJ/HJ) page(s) 1137 -- 1138

_____ and place _____ on the Seventh order.

_____, adopt (further) amendments as follows, and place _____ on the Seventh order:

having been unable to agree, recommends that the committee be discharged and a new committee be appointed.

((Re)Engrossed) SB 2225 was placed on the Seventh order of business on the calendar.

DATE: _____

HOUSE CARRIER: Rep. Carlson

SENATE CARRIER: Sen. Tollefson

LC NO.	of amendment
LC NO.	of engrossment
Emergency clause added or deleted	
Statement of purpose of amendment	

MOTION MADE BY: Rep. Carlson

SECONDED BY: Rep. Kroeber

VOTE COUNT: 6 YES 0 NO 0 ABSENT

REPORT OF CONFERENCE COMMITTEE

SB 2225, as reengrossed: Your conference committee (Sens. Tollefson, Oehlke, Anderson and Reps. Carlson, Drovdal, Kroeber) recommends that the **SENATE ACCEDE** to the House amendments on SJ pages 1137-1138 and place SB 2225 on the Seventh order.

Reengrossed SB 2225 was placed on the Seventh order of business on the calendar.

2007 TESTIMONY

SB 2225

January 22, 2007

SENATE FINANCE AND TAXATION COMMITTEE
SB 2225

CHAIRMAN URLACHER AND COMMITTEE MEMBERS:

My name is Caitlin McDonald. I'm appearing here today on behalf of The Arc of North Dakota. **We strongly support SB 2225 and urge a do pass.**

The Arc is an open membership organization made up of people with mental retardation and other related developmental disabilities, their families, friends, interested citizens, and professionals in the disability field.

It is organized on three levels: local chapters, state chapters and the national organization. All three levels provide opportunities to engage policy-makers in efforts to improve public policy affecting people with mental retardation and related developmental disabilities and their families.

The Arc of North Dakota has over 1,500 committed members and friends, your neighbors and constituents in chapters in Grand Forks, Fargo, Valley City, Jamestown, Bismarck, Dickinson and Bowman.

Our **Mission Statement** is to improve the quality of life for children and adults with mental, retardation and related developmental disabilities and their families through advocacy, education and family support services.

Public policy advocacy is an essential component of the Arc movement, and that's why we're here today. Arc members have worked together over the past 50 years to secure family support services, special education, health care, leisure opportunities, vocational training, community housing and other community support services.

We finance a large portion of our work through gaming proceeds as allowed by state law. As you have already heard through prior testimony, the excise tax cuts deeply into the funds we can use for our programs. This bill will give us a bit of relief.

Therefore, we respectfully request that you give SB 2225 a do pass. If you have any questions, I will be happy to try to answer them. **THANK YOU FOR YOUR TIME AND CONSIDERATION.**

BOWMAN COUNTY DEVELOPMENT CORP GAMING

ND Excise/Gaming Tax paid vs Net Proceeds

TAX RETURN	ND EXCISE & GAMING TAX			NET PROCEEDS	DIFF	Notes
	Excise Tax	Gaming Tax	Total			
3Q06	5,611	1,154	6,765	6,630	(135)	
2Q06	5,586	1,275	6,861	7,728	867	
1Q06	5,320	1,272	6,592	8,293	1,701	(1)
4Q05	4,621	1,028	5,649	6,114	465	(2)
3Q05	4,805	1,106	5,911	7,117	1,206	(3)
2Q05	4,310	862	5,172	4,889	(283)	
1Q05	4,745	984	5,729	5,675	(54)	

Notes:

- (1) 1Q06 Net Proceeds of \$1,640 from one day Poker Tournament
- (2) 4Q05 Net Proceeds of \$1,250 from one day Poker Tournament
- (3) 3Q05 Net Proceeds of \$1,217 from one day Calcutta

BOWMAN COUNTY DEVELOPMENT CORP GAMING

ND Excise/Gaming Tax paid vs Net Proceeds

TAX RETURN	ND EXCISE & GAMING TAX			NET PROCEEDS	DIFF	Notes	Savings If
	Excise Tax	Gaming Tax	Total				Excise @ 3%
4Q06	4,452	1,132	5,584	7,147	1,563	(4)	1,353
3Q06	5,611	1,154	6,765	6,630	(135)		1,705
2Q06	5,586	1,275	6,861	7,728	867		1,698
1Q06	5,320	1,272	6,592	8,293	1,701	(3)	1,617
4Q05	4,621	1,028	5,649	6,114	465	(2)	1,405
3Q05	4,805	1,106	5,911	7,117	1,206	(1)	1,460
2Q05	4,310	862	5,172	4,889	(283)		1,310
1Q05	4,745	984	5,729	5,675	(54)		1,442

If Excise taxes were changed from the current 4.31% to 3%, the financial impact is shown above and would go towards the following:

- Rhame Volunteer Fire Department
- Bowman County Historical Society
- Bowman County Economic Development

Notes:

- (1) 3Q05 Net Proceeds of \$1,217 from one day Calcutta
- (2) 4Q05 Net Proceeds of \$1,250 from one day Poker Tournament
- (3) 1Q06 Net Proceeds of \$1,640 from one day Poker Tournament
- (4) 4Q06 Net Proceeds of \$235 from one day Poker Tournament & \$1,450 from one day Calcutta

Mr. Chairman: ~~Senators~~ members of the committee.

Karen Breiner I'm representing The Charitable Gaming Association
Our organization approached senator Grindrud Bill 2225

Our organization represents 54 Active charities - from all corners of gaming the state. Our organization membership increased this year from 14 ~~to~~ solely because of this tax issue

Our organization represents ~~a majority~~ charities conducting the majority of gaming activity in the state.

- As an ~~the~~ industry we are concerned about increased expenses including minimum wage increase and ~~the~~ continued increases in health insurance costs.

- Our members are asking for tax relief to ensure continued operations to continue their services and programming in our state.

- Please support ~~the~~ Bill 2225

Testimony in Support of Senate Bill 2225

Senate Finance and Taxation Committee January 22, 2007

Chairman Urlacher, Committee members, my name is Rick Stenseth. I am the manager of an organization based in Fargo (NPPA) that operates charitable gaming and I appear before you today as a lobbyist on behalf of the Charitable Gaming Association of North Dakota (CGAND) to express support for SB2225.

This is a two part bill with considerations for Excise Tax reduction and a change for bingo gross proceeds to be taxed by Excise vs. Sales Tax.

Tax Return example handed out is similar to what Mr. Klewin has testified to. This is a generic return showing pull-tab activity for a quarter. The prize payback is an average taken from cumulative numbers for the state and prizes paid to players average 78.5% of Gross Revenue.

Note that the 4.31% excise tax on gross proceeds equates to a 20.1% tax on revenue after prizes, but before expenses. After prizes, taxes, and allowable expenses, the net revenues are virtually split between the state and the organization.
($\$5,213$ - 24.25% for the organization, $\$5,170$ - 24.05% for the state)

My gaming organization would save approx. $\$30,000$ per year on the excise tax reduction. Another organization would save nearly $\$20,000$. All organizations conducting pull-tabs would benefit from an excise tax rollback.

Part two of this bill deals with changing the sales tax on Bingo cards from 5% to the same Excise Tax as pull-tabs, at a rate of 2%.

Smoking bans have brought this issue to the forefront as bingo operators have seen large drops in revenues since the bans have been enacted.

Bingo cards are no different than pull-tabs in the fact that they all cost the player $\$1$ and the prize payout of the games are very similar. This issue should have been addressed in past sessions, it just seems right that the types of gaming be taxed at the same rate.

In 1993, when the last increase to excise tax was passed, the industry was obviously not in favor, but we dealt with it as best we could. We knew that somehow the budget needed to be funded and now that the budget is in surplus and looks good into the immediate future, we ask that the legislature give back to the organizations what it had to take back then.

Fiscal note is estimated at $\$8.8$ million for the biennium. That is just .0038 - .38% of Gov 07-09 budget revenues - one third of 1 percent. And with a $\$400$ million surplus projected for that budget, it would only be 2.2% of the surplus.

Costs continue to increase as with all other businesses, we cannot respond. We cannot raise our prices, add new products, or promote our business at all. Lottery advertises, has subscriptions on credit cards, gives payback, multiple discounts. Tribal casinos are granted the opportunity to play games and promote them in ways we cannot. Our hands are tied completely in trying to grow our revenues.

While we have attempted, and continue to attempt, effective change to that area of our business, we have not been very successful.

There is likely to come very soon a Minimum Wage increase that will be huge for many – A \$2.10 increase in the hourly rate equates to \$1.39 for all tipped employees, if the full tip credit is applied. For my organization, that works out to approx \$45,000/yr. and increases to \$87,000/yr. once the salaried employees are increased as well. Similar increases to many organizations will mean that upwards of one-third of our current net will be taken up by this wage increase.

What do we do as costs continue to increase and revenues are falling? SB2225 will give us much needed assistance in continuing our programs and services at the highest level and helping insure that we can continue to operate as funding sources for our organizations.

The mission of our association is to "Preserve gaming as a funding source for charitable purposes". Many excellent programs and services will benefit from passage of SB2225.

Thank you for your time and consideration. I ask for your favorable consideration of this legislation and in doing so, I also ask for your support of the local charities that would benefit from this legislation.

Accordingly, I would urge a DO PASS recommendation for SB2225.

Senate Bill No. 2225
History on Gaming Taxes
January 22, 2007

Prepared by the Office
of Attorney General

1977

Gaming tax established at 3% of adjusted gross proceeds.

1979

Gaming tax rate increased from 3% to 5% of adjusted gross proceeds.

1983

The gaming tax rate changed from 5% of adjusted gross proceeds to 5% on the first \$600,000 of adjusted gross proceeds and 20% on adjusted gross proceeds over \$600,000 per quarter.

1989

The gaming tax rate was changed to 5% up to \$200,000, 10% on \$200,000 up to \$400,000, 15% on \$400,000 up to \$600,000, and 20% on amounts over \$600,000 on adjusted gross proceeds per quarter. In addition, a 2% excise tax was imposed on pull tab gross proceeds and sales tax was imposed on bingo cards.

1993

The excise tax on pull tab gross proceeds was increased from 2% to 4½%.

2001

The 4½% excise tax on pull tab gross proceeds was eliminated for organizations whose gross proceeds did not exceed \$4,000 for a quarter.

K. G. Larson

North Dakota Association for the Disabled, Inc.
Presented by: Ron Gibbens
Testimony in support of SB 2225
January 22, 2007

FISCAL IMPACT:

- Adjusted Gross Proceeds at NDAD Bingo Halls dropped 33% (first year after smoking ban, Aug 1, 2004 – July 31, 2005 compared with Aug 1, 2005 – July 31, 2006)
- Result = nearly \$1 million reduction in Net Income for NDAD
- This loss of revenue led NDAD to drastically cut it's Client Services
- NDAD has taken action to reduce direct expenses in order to survive:
 - Jobs have been cut
 - Wages are frozen
 - Offices have closed
 - One Bingo Hall has closed (Williston in December '06)
- The two Bingo halls in the East (Bingo Palace in GF and Big Top in Fargo) generated a net loss of (\$24,000) over this one-year span and still paid **\$1.1 million in taxes**. (This is potential lost revenue to the state if no action is taken and these halls are forced to close as NDAD's Williston Bingo Hall was in December, 2006)

IMPACT ON NDAD SERVICES:

- NDAD has been unable to assist any **new** clients with Direct Financial Assistance.
- NDAD's direct financial assistance budget was cut by \$600,000 from '04 to '06
- Number of clients provided direct financial assistance dropped from **494 in '04 to 47 in '06**

NDAD SERVICE CUTS:

- Transportation:
 - Direct financial assistance paid for 16,762 rides for 74 clients in '04
 - Direct financial assistance paid for 0 rides in '06
- Medications:
 - Direct financial assistance bought \$142,889 worth of medications for 249 clients in '04
 - Direct financial assistance bought \$6,104 worth of medications for 23 clients in '06
- Equipment:
 - Direct financial assistance bought \$116,684 worth of equipment for 114 clients in '04
 - Direct financial assistance bought \$13,424 worth of equipment for 12 clients in '06
- Medical Travel:
 - Direct Financial assistance paid for \$51,975 worth of medical travel expenses for 109 clients in '04
 - Direct financial assistance paid for \$8,384 worth of medical travel for 3 clients in '06

**SB 2225 WOULD ALLOW NDAD TO RESTORE
APPROXIMATELY \$450,000 OF THE SERVICES CUT.**

Good Morning Chairman Urlacher and members of the Finance and Taxation Committee:

My name is Cathy Hoeckle and I am from Montpelier, ND in District 29.

I urge you to support SB 2225. By voting for more reasonable taxes for charitable gaming, you will be providing services for many individuals that would not otherwise receive assistance.

As a person that has received services from NDAD, I know what this means. In 1993 I was diagnosed with diabetes and a year later with fibromyalgia. I have also suffered a concussion and was diagnosed with asthma. Prior to this, I worked as a clinical psychologist in the Twin Cities but was unable to practice after the concussion caused memory loss.

Because of my diagnoses, I was prescribed several medications that were terribly expensive. Since I didn't qualify for other types of assistance, I was referred to NDAD as a last resort. Finding NDAD was a miracle to me. NDAD assisted me in paying for my medications when no one else would. This was an enormous burden that was lifted. In addition to the financial support, NDAD was wonderful to work with. It is hard to ask for financial help. It made it so much easier to work with professionals that were very kind and had wonderful attitudes.

Please support SB 2225. This will allow NDAD to reinstate services that are desperately needed.

Thank you.

Good Morning Chairman Urlacher and members of the Finance and Taxation Committee,

My name is Roberta Paulson and I live in Valley City, ND, district 24.

I support SB 2225.

I have Multiple Sclerosis which causes parts of my body to not function the way they should. Because of this, it is difficult for me to walk and hard for me to use my legs to drive. NDAD helped me out with hand controls for my van. They also provided assistance in purchasing a Roll-A-Ramp for my van because I could no longer get into my van on my own. The assistance has made me more independent. It gives me the freedom to be able to get into my van and drive my van without having to depend on someone else. I have my independence back – the way I want it.

NDAD was my last resort because I didn't qualify for other types of assistance. This has made a tremendous impact on my life.

Please support SB 2225 so they can help others like they did with me.

Thank you.

Good morning Chairman Urlacher and members of the Finance and Taxation Committee,

My name is Linda Jo Hettervig. I am from Grand Forks, ND and live in District 42. I am in favor of supporting SB 2225.

Ten years ago I was diagnosed with degenerative disc disease and ongoing problems with post laminectomies. NDAD has helped me for the past few years with my medication expenses. This has helped me greatly because I'm a single mother with two teenagers and it lessens my financial burdens.

Before I started taking these medications, I was unable to work and had to use a walker or a crutch. NDAD has helped me lead a more productive life. I now work as a caregiver for a disabled person and he has also received services from NDAD. He really enjoyed attending the Escape to the Lake and since this has been discontinued due to budget cuts I miss seeing the smiles on his face and others.

I would like to thank the committee members for their support and thank you for letting me tell you why SB 2225 should be passed.

Good Morning Chairman
Urbacher and Members
of the Finance & Taxation
Committee.

My name is Tom ^{Swain} Remyer
and I am from Bismarck, ND

I am here to ask you
to support Senate Bill 2225.

I have Cerebral Palsy
which makes it difficult
to move around without
assistance.

NOAD helped me with
transit tickets each month
when I no longer get
due to the budget cuts.
They also helped me
purchase equipment

that allows me to
live independently.

Please help support
Senate Bill 2225 so
that myself and others
can benefit from NOAD.

Testimony
Senate Bill 2225
Finance and Taxation Committee
Senator Urlacher, Chairman
January 22, 2007

Good morning, Senator Urlacher and Members of the Committee. My name is Sylvia Sailer. I live in Mandan, District 34. I gladly support Senate Bill 2225.

North Dakota Association for the Disabled (NDAD) has given me and other people that I know such great help by supplying us with Transit tickets. Those tickets assisted me with getting around to a lot of places in town, such as to my medical appointments and to Great Plains for maintenance on my wheelchair. They also helped me be able to independently do my shopping at Wal-Mart, the malls and the grocery store. I was able to regularly attend church on Sundays, and participate in other social outings. The transit tickets that NDAD gave me in the past greatly supplemented my monthly budget. I greatly miss the support of those transit tickets.

Another way that NDAD helped me in the past was to organize a benefit spaghetti supper at Am-Vets. That event helped me get through a tough financial time.

They have also helped other people that I know with ramps, shower transfer boards and manual wheelchairs.

Please support this bill so that NDAD can continue assisting me and others with our needs. Thank you for taking time to listen today.

Sylvia Sailer
301 1st Avenue NE
Mandan, ND 58554
701-527-1556

January 22, 2007

The Honorable Herbert Urlacher
The State Senate
600 E. Boulevard Ave.
Bismarck, ND 58505

Mr. Chairman and members of the Senate Finance and Taxation Committee,

My name is Phillip Schmaltz and I live in Bismarck, District 47. I am here today to voice my support for Senate Bill #2225, which will indirectly help the North Dakota Association for the Disabled with their current funding problems.

I have been a client of NDAD for several years. Before their funding problems began in 2005, they were able to provide financial assistance to me for my medical trips to the Mayo Clinic in Rochester, MN. Last year alone I had to travel to the Mayo Clinic seven times for surgeries and follow-up appointments and I expect a similar number of trips this year as well.

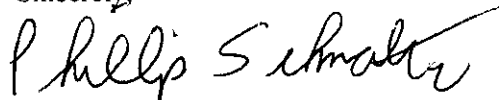
NDAD was not able to provide any travel assistance to me last year, but if they would have been able to reimburse me for my expenses, it would have amounted to a significant savings that I would have otherwise used for my insurance premiums or hospital bills. Even though the reimbursement amounts they offer does not cover all the costs involved, it goes a long way in reducing my out-of-pocket expenses and makes the trips easier to budget.

Because of my previous work history, I do not qualify for any state programs like Medicaid or SSI and NDAD is the only private organization in the state that I know of that offers financial assistance for medical travel. As far as I know, there is no similar organization in Minnesota, so NDAD is really a last resort for someone in my situation.

While the Mayo Clinic does offer treatment to people with limited finances for free or at a reduced cost, there again you have to be practically destitute with little to no assets in your name to qualify. Thankfully I haven't reached that point yet, but should this bill fail and NDAD is unable to obtain funding elsewhere, I will have to make a decision soon as to whether I should leave the state and move to Minnesota. Because with at least two more years of surgeries ahead of me, budgeting for these trips is eventually going to become impossible.

I'm asking you for your support and I hope you consider passage of this bill.

Sincerely,



Phillip Schmaltz
450 East Interstate Ave.
Bismarck, ND 58503
pschmaltz@bis.midco.net

Legislative Testimony

Good morning Mr. Chairman and Members of the Finance and Taxation Committee.

My name is Karen Leiss. I'm from Lincoln and live in district 30.

I Support Senate Bill 2225.

Senate Bill 2225 is important to me so that organizations like North Dakota Association for the Disabled, Inc. (NDAD) will have the funds to help individuals who have limited or no support from other agencies.

With financial support from NDAD (**travel expense assistance**) I was able to go to Rochester for medical check ups. They also helped me purchase **hand controls** for my car. The hand controls have given me back my **independence!** I'm able to drive to the store, take my children to the doctor and most recently, I obtained full time employment.

Please join me in **supporting Senate Bill 2225.** There are so many people who will benefit from your support.

Thank you for your time and consideration in this very important matter.

Karen Leiss *Karen Leiss*
701-224-1459 (home)
701-355-8189 (work)
16 Carlin Drive
Lincoln, ND 58504
karenleiss@hotmail.com

GOOD MORNING Chairman UNLACHER AND MEMBERS OF THE
FINANCE TAXATION COMMITTEE

I'm BILL CARNS from ~~the~~ District #35 in Bsmo.

ALONG WITH NDAD, I'm IN FULL SUPPORT OF SB# 220

THIS BILL PROVIDES TRANSPORTATION FOR ME TO AND FROM
THE CENTER FOR MY 3x5 WEEKLY PHYSICAL THERAPY,
ALSO AIDING ME IN MY INDEPENDENCE IN OTHER WAYS, SUCH
AS MEDICAL APPOINTMENTS, LOCAL VOLUNTEER WORK & MY
PARTICIPATION IN CIVIC MINDED ACTIVITIES SUCH AS
AT BUCKSTOP JUNCTION. UPPER MISSOURI VALLEY ROLLER
CLUB

NDAD'S ASSISTANCE HAS ASSISTED IN COPING WITH 2
YRS. OF POST OBSTACLES.

PLEASE ALLOW THIS FUNDING TO CONTINUE, AND THANK,
FOR YOUR CONSIDERATION.

Chairman Helachew

Good morning chairman and members
of the finance taxation committee

I am Anne Carna from Bismarck
district 35

I support this bill - bill number
2225 for the reason it really ~~will~~
help our handicapped & disabled people.


Do any of you members here today know
of some one benefiting from assistance from
N.O.A.D.? Our son who has a disability
benefits from N.O.A.D. as they assist in
obtaining tickets for him to use the
Bismarck Transit system 3 x a week to
receive ~~to~~ therapy and return to his home.

Also they provide 20⁰⁰ a week (one hour)
for Bill to have a personal care attendant
to come to his house to monitor his medications,
taking blood pressure, blood sugars, ordering
medications, taking him to doctor appts, and
having blood work done at the clinic. For them
to assist him is a very, very helpful tool.

Have any of you had an excellent employee
and when business was declining, or no longer
you had to let this employee go?

This is what happened November 2005 -
Cindy Sullivan, the employee here in Bessemer
with NODAP, had to call Bill & say Bill
we can no longer provide you with transit
tickets because of the cuts in funding in
NODAP. This caused Bill to cut back
to therapy 2 x times a week.

Committee members I urge your support
for this bill - Thank you for listening to us
this morning, again let pass this bill



Good Morning Chairman Urlacher and members of the Finance and Taxation Committee,

My name is Michael Gibbens and I am from Grand Forks, ND. I live in District 43.

I support SB 2225.

NDAD helps me financially with my medication, personal care attendants, medical equipment and accessibility items. NDAD has also assisted me with recreational activities like the waterskiing event and wheelchair basketball. Without NDAD's help, it would be difficult for me to attend all my functions and afford the items I need.

The passing of SB 2225 will allow me and other disabled individuals to continue to live productive lives.



Thank you for your time and attention.



Testimony in Support of Senate Bill 2225

(3)

Senate Appropriations Committee - February 12, 2007

Chairman Holmberg, Committee members, my name is Rick Stenseth. I am involved with numerous organizations that operate charitable gaming and I appear before you today as a lobbyist on behalf of the Charitable Gaming Association of North Dakota (CGAND) to express support for SB2225.

This is a two part bill with considerations for Excise Tax reduction and a change for bingo gross proceeds to be taxed via Excise vs. the current Sales Tax. Others will speak to the proposed change to Bingo taxation.

Current Excise Tax generates a big number which is a very large piece of the proceeds our industry produces. Included is a generic gaming tax return showing pull-tab activity for a quarter. The prize payback is an average taken from cumulative numbers for the state and averages 78.5% of Gross Revenue.

Note that the current 4.31% excise tax on gross proceeds equates to a 20.1% tax on revenue after prizes, but before expenses. After prizes, taxes, and allowable expenses, the net revenues are virtually split between the state and the organization. (\$5,213-24.25% for the organization, \$5,170-24.05% for the state)

It is easy to see that any reduction to the Excise Tax would be beneficial to all organizations that conduct pull-tabs. Setting the Excise Tax at 3% would save individual organizations anywhere from \$1,000 to \$25,000 per year. Monies that would directly benefit the many worthy programs and services they provide.

In 1993, when the last increase to Excise Tax was enacted, the industry was obviously not in favor, but we dealt with it as best we could. We knew that the budget needed to be funded and now that the budget is in surplus and looks good into the immediate future, we ask that the legislature give back to the organizations what it had to take back then.

The fiscal note on this bill is relatively small, just under \$5 million. That is about one-quarter of 1% of Governor Hoven's 07-09 budget revenues. And with a \$400 million surplus projected, it would only be 1.25% of the surplus.

Costs continue to increase as with all other businesses and we cannot respond. We cannot raise our prices, add new products, or promote our business at all. The Lottery advertises, has subscriptions on credit cards, gives paybacks, and multiple discounts. Tribal casinos are granted the opportunity to play games and promote them in ways we cannot. Our hands are tied completely in trying to grow our revenues.

There will come very soon a Minimum Wage increase that will have huge impact to many – A \$2.10 increase in the hourly rate equates to a minimum increase of \$1.39 for all tipped employees, if the full tip credit is applied. The great majority of the people charitable gaming employs are part-time workers who will see this increase. With no way to offset these increases, our bottom lines will be adversely affected and many will be forced to cut services and programming.

What do we do as costs continue to increase and revenues fall? SB2225 will give us some much needed assistance in continuing our programs and services at their current level and help insure that we can continue to operate as funding sources for our organizations.

The mission of our association is to "Preserve gaming as a funding source for charitable purposes".

Thank you for your time and consideration. I ask for your favorable consideration on this legislation and in doing so, I also ask for your support of the local charities that would benefit from this legislation.

Accordingly, I would urge a DO PASS recommendation for SB2225.



NORTH DAKOTA GAMING TAX RETURN
LONG FORM
OFFICE OF ATTORNEY GENERAL
 SFN 9809 (7-06)

License No. G- _____
 Organization Name: _____
 Mailing Address: _____

Quarter Ended December 31, 2006

PART I - GAMING ACTIVITY		A	B	C	D
		Gross Proceeds	Prizes	Adj. Gross Proceeds	Cash Profit
1. Bingo (Including bingo sales tax)	1			0	
2. Raffles	2			0	
3a. Pull Tabs - Jar Bar	3a	100,000	78,500	21,500	
3b. Pull Tabs - Dispensing Device	3b			0	
3c. Club Specials, Tip Boards, Seal Boards, Prize Boards	3c			0	
4. Punchboards	4			0	
5. Sports Pools	5			0	
6. Twenty-One	6			0	
7. Calcuttas	7			0	
8a. Paddlewheels	8a			0	
8b. Paddlewheels - used with a table	8b			0	
9. Poker	9			0	
10. Other (Including interest & Net Total Cash Long)	10				
11. Subtotal	11	100,000	78,500	21,500	0
12. ND Excise Tax (.0431 x Sum of lines 3a, 3b, & 3c of column A) * <input type="checkbox"/> 12	12	(4,310)		(4,310)	
13. Federal Excise Tax from Federal Form 730	13	()		()	
14. Bingo Sales Tax from ND Sales Tax Return	14	()		()	
15. TOTAL (Line 11 less lines 12, 13, and 14)	15	95,690	78,500	17,190	

* If the total gross proceeds for pull tabs, lines 3a, 3b, & 3c of column A, is \$4,000 or less, the organization is exempt from the ND Excise Tax. If exempt, check the box.

PART II - ALLOWABLE EXPENSES, GAMING TAX, NET PROCEEDS			
16a. Allowable Expenses - 51% of first \$200,000 of line 15, column C plus 45% of the amount over \$200,000	a	8,767	
16b. Allowable Expenses - .0235 x Sum of lines 3a, 3b & 3c, column A	b	2,350	
16c. Allowable Expenses - Video surveillance equipment - Attach documentation	c		
16d. Additional Allowable Expenses - Worksheet Read instructions on page 3 of the tax return booklet	d		
			Total (a+ b+ c+ d) 16
17. Gaming Tax - 5% of the first \$200,000 of line 15, column C. If over \$200,000, read instructions	17		860
18. Net proceeds - Line 15, column C, less lines 16 and 17	18		5,213
19. Net proceeds carry-over - Amount from line 22 of prior quarter's return (except for September 2006 use line 21)	19		
20. Adjustment - Attach explanation	20		
21. Amount transferred to trust account this quarter	21		
22. Net proceeds carry-over - Line 18 plus line 19, plus or less line 20, less line 21	22		5,213

PART III - TRUST ACCOUNT		SIGNATURE AND VERIFICATION	
23. Trust carry-over - Amount from line 27 of prior quarter's return (except Sept. 2006 use line 26)		29. End of quarter gaming account check register(s) balance	
24. Amount transferred to trust account this quarter - Amount from line 21		30. Total gaming expenses for all sites	
25. Adjustment - Include interest and service fees - Attach explanation		31. Total Tax Due - Line 11 plus Line 16. Remit - payable to "Attorney General"	5,170
26. Eligible use contributions this quarter Total from Schedule C		SIGNATURE AND VERIFICATION	
27. Trust carry-over - Line 23 plus line 24, plus or less line 25, less line 26	0	Signature of top official or governing board member	Date
28. End of quarter trust account check register and marketable securities balance		Signature of preparer	Day Phone (701)
		Print name of preparer	

(two signatures required)

TO PROGRAM / SERVICES 24.25% of Adj Gross
 TO STATE 24.05%

(4)

February 12, 2007

SENATE APPROPRIATIONS COMMITTEE
SB 2225

CHAIRMAN HOLMBERG AND COMMITTEE MEMBERS:

My name is Jack McDonald. I'm appearing on behalf of The Arc of North Dakota. Dianne Sheppard of The Arc of the Upper Valley has emailed you testimony in support of this bill.

I'm submitting that testimony here for your bill books. This legislation cuts the excise tax upon gross proceeds for pull tabs from 4.5% to 3%, and eliminates sales and use taxes for bingo cards.

This is a very important bill for North Dakota charities who conduct charitable gaming as a funding source to implement their mission.

Charitable gaming has been good for charity. It has supported missions to help the disadvantaged, promoted civic and fraternal interests, created jobs and contributed to North Dakota's tax base.

Declining revenue, increased operating costs, the Lottery and other outside sources beyond our control are seriously compromising charitable gaming as a funding source for charitable purposes.

Operating charitable gaming on such a small profit margin is hindering our ability to serve our consumers and their families. We need tax relief as spelled out in SB 2225.

Passing SB 2225 will help keep charitable gaming viable and increase net proceeds for charitable use. We respectfully request that you give SB 2225 a do pass. If you have any questions, I will be happy to try to answer them. THANK YOU FOR YOUR TIME AND CONSIDERATION.

The Arc is an advocacy organization. The Arc advocates for the rights and full participation of all children and adults with intellectual and developmental disabilities. Together with our network of members and affiliated chapters, we improve systems of supports and services; connect families, inspire communities and influence disability policy.

Testimony in support of Senate Bill 2225
Development Homes, Inc
Presented By: Kara Odegaard
February 12, 2007

Presented To: Chairman Holmberg and Members of Senate
Appropriations Committee

Development Homes, Inc:

- We provide an array of housing, life-skills training, and vocational services to more than 130 Grand Forks area residents with developmental and other disabilities.
- We are dependent on charitable gaming proceeds to provide items and services that are not covered by state funds but are desperately needed by our consumers:
 - ✓ Shoes
 - ✓ Eyeglasses
 - ✓ Shower chairs
 - ✓ Computer touch screens
 - ✓ Transportation (taxis, bus) to and from appointments and activities
 - ✓ Guardianship legal fees
 - ✓ Loans to consumers
 - ✓ Travel opportunities
 - ✓ Staff training
 - ✓ Educational scholarships
- Declining revenues and increasing expenses threaten our ability to provide these essential items and services.

Please support this bill as it is currently written with a 3% excise tax on pull tabs and bingo.

FISCAL IMPACT

FIRST YEAR AFTER SMOKING BAN:

- Adjusted Gross Proceeds decreased **33%** at NDAD's Bingo Halls
- Net Income reduced nearly **\$1 million**
- Drastic reduction in Client Services
 - **No new direct financial assistance clients**
 - **Direct financial assistance budget reduced by \$600,000**
 - **Number of direct financial assistance clients reduced from 494 to 47**
- Direct expenses reduced:
 - **Jobs eliminated**
 - **Wages frozen**
 - **Client Services offices closed**
 - **Bingo Prizes reduced more than 10%**
 - **Temporary rent reduction at a bingo hall**
 - **Williston bingo hall closed in December '06**
- The two bingo halls in the East generated a net loss and still paid **\$1.1 million** in taxes
- If SB 2225 is not passed NDAD is likely to close an additional bingo hall resulting in:
 - **\$1.1 million** less tax collected by the state of ND (per biennium)
 - The elimination of approximately **35 jobs**
 - The inability of NDAD to reinstate services eliminated due to lost revenue

FY 05 TO FY 06:

North Dakota gaming Gross Proceeds decreased by **\$6.9 million**:

- Four major bingo halls decreased by **\$7.2 million**
- All other gaming increased by **\$300,000**

The four major bingo halls:

- Conducted **11%** of the total gaming activity in the state
- Paid **21% (\$2.3 Million)** of the total taxes paid on gaming in the state
- Net Income decreased from **\$2.3 million to \$650,000**

% of gaming Gross Proceeds paid in taxes:

- National average = **3%**
- North Dakota state average = **4.1%**
- The four major bingo halls average = **8%**

Fiscal note of **\$4.9 million**:

- **\$1.5 million** = Sales tax on bingo replaced with a **3% Excise tax**

**SB 2225 WOULD ALLOW NDAD TO RESTORE
APPROXIMATELY \$300,000 OF THE SERVICES CUT**

3
#5

North Dakota Association for the Disabled, Inc.
Presented by Ron Gibbens
Testimony In Support of SB 2225
February 28, 2007

IMPACT ON NDAD SERVICES:

- NDAD has been unable to assist any new clients with Direct Financial Assistance
- NDAD's direct financial assistance budget was cut by \$600,000 from '04 to '06
- Number of clients provided direct financial assistance dropped from 494 in '04 to 47 in '06

NDAD SERVICE CUTS:

- Transportation:
 - Direct financial assistance paid for 16,762 rides for 74 clients in '04
 - Direct financial assistance paid for 0 rides in '06
- Medications:
 - Direct financial assistance bought \$142,889 worth of medications for 249 clients in '04
 - Direct financial assistance bought \$6,104 worth of medications for 23 clients in '06
- Equipment:
 - Direct financial assistance bought \$116,684 worth of equipment for 114 clients in '04
 - Direct financial assistance bought \$13,424 worth of equipment for 12 clients in '06
- Medical Travel:
 - Direct Financial assistance paid for \$51,975 worth of medical travel expenses for 109 clients in '04
 - Direct financial assistance paid for \$8,384 worth of medical travel for 3 clients in '06

**Testimony
Senate Bill 2225
Appropriations Committee
Senator Holmberg, Chairman**

Good Morning Chairman Holmberg and members of the Appropriations Committee,

My name is Steve Piper and I live in Bismarck, ND in District 32.

I support SB 2225.

NDAD has provided me with medical equipment in the past. Due to the budget cuts I have not been able to access their services and I am in need of a wheelchair. NDAD has provided the Escape to the Lake waterskiing event for people with disabilities as well. We have had to cancel this because of funding. This provides recreation for up to 100 people with disabilities and their families each year.

Please support SB 2225. Thank you.

#5
Good Morning Chair Belter and Members of
The Taxation & Finance Committee.

My name is Ione Balfour
From Bismarck, ND district # 30

I am here in support of Bill # SB 2225

This bill would free up funds for North Dakota
Association for the Disabled to help more people.

When I was first diagnosed with COPD, otherwise known
as Chronic Obstructive Pulmonary Disease, My
medications were costing us \$800.00 per month. My
husband was forced to return to the workforce just to
pay for medications. That still was a hardship.

We applied to NDAD for help with medications and they
were able to give us some relief. At this point, their
funding has been cut and they can no longer be of help
to us. My husband has osteoarthritis and is no longer
able to work. One of my inhalers costs over \$200.00 for
a one month supply. Quite frankly, the new Medicare RX
plan isn't worth a plug nickel. If you can get past the
initial requirement, it isn't quite so bad til you reach the
donut hole, then God help you from there on in.

I urge you to support this bill with your vote. Thank you
for allowing me to present my views.. Have a good day.

Ione Balfour
528 N. 19th St.
Bismarck, ND 58501

**Testimony
Senate Bill 2225
Appropriations Committee
Representative Carlson, Chairman**

Good Morning Mr. Chairman and members of the Committee,

My name is Ray Ganyo. I am from Grand Forks, ND and live in District 17.

I support SB 2225. This bill will provide more money for NDAD to provide services to disabled citizens of the state of North Dakota. For me, personally, this will provide assistance with transportation. The funds provided by NDAD allow me to have a more productive social life by getting out into the community, going to church, shopping, appointments, etc. Without the approval of this bill, the financial burden is detrimental to me because I live on a fixed income. Passage of SB 2225 frees up income for other basic living expenses.

Please support SB 2225. Thank you for your time and attention.

**Testimony
Senate Bill 2225
Appropriations Committee
Representative Carlson, Chairman**

Good Morning Mr. Chairman and members of the Committee,

My name is Michael Tormaschy and I live in Grand Forks in District 42. I am testifying in support of Senate Bill 2225. I believe this bill would allow NDAD to continue to provide essential products and services that I would not be able to afford on my own. These include a notebook computer in 1995 and transportation to various medical appointments. Also, I have participated in many of their recreational activities including the Escape to the Lake.

The passing of Senate Bill 2225 would allow NDAD to continue to provide the services that allow the disabled community to live more productive and independent lives.

I would like to thank you all for hearing me on this matter.

Michael Tormaschy

**Testimony
Senate Bill 2225
Appropriations Committee
Representative Carlson, Chairman**

Good Morning Mr. Chairman and members of the Committee,

My name is Tom Reuer and I am from South Bismarck, ND

I am here to ask you to support Senate Bill 2225.

I have Cerebral Palsy and it is difficult to move around without assistance.

NDAD helped me with transit tickets each month that I no longer get due to the budget cuts. NDAD also helped me purchase equipment that allows me to live independently.

Please help support Senate Bill 2225 so that myself and others can benefit from NDAD.

Thank you for your time.

Tom Reuer

**Testimony
Senate Bill 2225
Appropriations Committee
Representative Carlson, Chairman**

Good morning Mr. Chairman and members of the Committee,

My name is Justin Neiss and I live in Mandan, ND in District 34.

I support SB 2225.

NDAD purchased \$72.00 in transit tickets per month for me. This allowed me to go to movies, basketball games, rides to Med Center One and volunteer at the Salvation Army. NDAD also purchased our lift for our van so we could be more independent.

I would like you to support SB 2225 so that I can get transit tickets again and possibly other services if needed.

Thank you for your time.

**Testimony
Senate Bill 2225
Appropriations Committee
Representative Carlson, Chairman**

Good morning Mr. Chairman and Members of the Committee. My name is Sylvia Sailer. I live in Mandan, District 34. I gladly support Senate Bill 2225.

North Dakota Association for the Disabled (NDAD) has given me and other people that I know such great help by supplying us with Transit Tickets. Those tickets assisted me with getting around to a lot of places in town, such as to my medical appointments and to Great Plains for maintenance on my wheelchair. They also helped me be able to independently do my shopping at Wal-Mart, the malls and the grocery store. I was able to regularly attend church on Sundays and participate in other social outings. The transit tickets that NDAD gave me in the past greatly supplemented my monthly budget. I greatly miss the support of those transit tickets.

Another way that NDAD helped me in the past was to organize a benefit spaghetti supper at Am-Vets. That event helped me get through a tough financial time.

They have also helped other people that I know with ramps, shower transfer boards and manual wheelchairs.

Please support this bill so that NDAD can continue assisting me and others with our needs. Thank you for talking time to listen today.

**Sylvia Sailer
301 1st Ave. NE
Mandan, ND 58554
(701) 527-1556**

Testimony in Support of Senate Bill 2225
Appropriations Committee
March 20, 2007

Mr. Chairman and Committee Members:

Senate Bill 2225 will be heard before your committee on Tuesday March 20th. Please consider supporting this bill. It is imperative that this bill passes to allow bingo halls in North Dakota to remain open, and continue to generate revenue to provide services.

I have worked for North Dakota Association for the Disabled for 5 ½ years and have personally seen the great services they provide. Four years ago my wife was diagnosed with cervical cancer while pregnant with our unborn daughter. This was a life-threatening situation for both my wife and daughter. We were immediately sent to the Mayo Clinic in Rochester, Minnesota. This was a very emotional time for our family between dealing with a medical unknown, and worrying about the financial stress of a young family. NDAD helped us financially during this very difficult time allowing us to focus on the health concerns at hand and getting our family well.

Fortunately today my wife and daughter are doing great. Thankfully NDAD was able to assist us through a very troubling time.

Please consider supporting Senate Bill 2225. Thank you.

Dan Anderson
District 30
20 Benteen Drive
Lincoln, ND 58504
(701) 214-0461

Testimony
Senate Bill 2225
Appropriations Committee
Representative Carlson, Chairman

Good Morning, Mr. Chairman and Members of the Committee.

My name is Eileen Olson. I am from Williston and live in District #1.

I am here to ask you to support Senate Bill #2225 to lower the charitable gaming tax. I have had the support of NDAD for 8 years. With the help of NDAD, an Independent Living Counselor comes into my home every week and helps me with housework and social skills. The Independent Living Program allows me to stay in my home, which saves the state a great deal of money. My counselor is always on time, full of ideas, and can fix just about anything. Last Christmas when I was in the hospital, she went to my apartment and did my laundry, cleaned, wrapped and mailed all my Christmas presents. She is not only my counselor; she is also a good friend.

Like NDAD there are many charitable organizations in North Dakota who do great works and help many people with the funds received from charitable gaming. Your support is needed to help pass Senate Bill #2225 so charitable organizations like NDAD can continue helping the many people in need in our great state.

Thank you for your time and attention.

3/20/07

Mr. Chairman and Committee Members;

I am Vicki Wagner. My lobbyist number is 535 and I represent the ND Council of Veterans, Fraternal and Charitable Organizations, commonly known as the ND Council of Clubs. We implore you to support SB2225. The high taxes have taken a toll on numerous now nonexistent organizations and in turn the charities have also been afflicted.

By lowering the sales and/or excise tax, there would be thousands of dollars more available for charitable causes. Many charities do not receive any funding except for donations. We would be elated to give out more contributions to the benefit of all ND communities if this bill passes.

The added attachment is a summary of 2006 donations from five of the seven clubs in Bismarck and Mandan. The sum of all seven totals well over 300,000 dollars. I have itemized these by the Attorney General's Charitable codes. Please take note that senior citizen programs and youth activities each received about 30,000 dollars and could have used twice those amounts. Camp Grassick was given over \$77,000, but could have assisted more handicapped if more funding was available. Almost \$20,000 of scholarships were issued, but thousands more are needed. The 50 thousand plus by code E30 covers promoting Americanism which includes flags, honor guards and color guards. These veterans provide graveside recognition, perform flag folding, raising and retirement ceremonies and promote and reward Americanism and democracy through a variety of youth programs.

2225.3.20.07 E

Whether aware or not, everyone in this room has directly or indirectly been given some benefit from charitable gaming dollars. Because of this, there is a little less suffering in our corner of the world. As you can see, donations were made to over 50 different types of beneficiaries. Every one of them would welcome more funding. Please help us to keep helping others by supporting SB2225.

Vicki Wagner
1748 N 6th St.
Bismarck, ND 58501
701-391-7327

Attachment

**Testimony in Support of
SENATE BILL NO. 2225
Senate Appropriations Committee
February 12, 2007**

Chairman Holmberg, Senate Appropriations Committee members, my name is Todd D. Kranda. I am an attorney with the Kelsch Law Firm in Mandan and I appear before you today as a lobbyist on behalf of the Charitable Gaming Association of North Dakota (CGAND) to express support for SB 2225.

CGAND is a statewide association of charitable gaming organizations. CGAND has a diverse membership varying from clubs to small organizations in all regions of the state and represents about 70% of the charitable gaming in North Dakota. The mission of CGAND is to "Preserve gaming as a funding source for charitable purposes."

Several individuals from CGAND and its members are here this morning to testify in support of SB 2225. However, before they do I would like to briefly identify the changes that are being requested in SB 2225.

There are two primary changes within SB 2225. First, the excise tax rate is being reduced from 4½ percent to 3 percent. The original bill was introduced at 2 percent but was amended by the Senate Finance and Taxation Committee to bring the figure to the same level as the national average. The second change is that the sales tax on bingo cards is being replaced with the excise tax. So, instead of having a sales tax on bingo cards they are subject to excise tax.

There are numerous benefits from and worthy causes supported by charitable gaming. For your reference I have included a handout with a Summary of Eligible Use Contributions for the 2005 and 2006 Fiscal Years. This information was obtained from the Attorney General Gaming Division.

Also, I have a handout with a set of Proposed Amendments that had been prepared previously by Keith Lauer, the Director of the Attorney General Gaming Division following the hearing on January 22, 2007. The Senate Finance and Taxation committee received the amendments subsequent to the hearing but did not modify SB 2225. The amendments are additional changes identified by Keith Lauer and accepted by CGAND which are necessary to correct different gaming statutes given the changes being proposed. The changes relate to provisions that need to be modified but were not noticed by Legislative Council and were only identified after the bill had already been introduced.

In conclusion, on behalf of CGAND I ask for your favorable consideration of this legislation and in doing so, I also ask for your support of the local charities that would benefit from this legislation. Others are here from the charitable gaming industry to testify and respond to any specific questions. However, I would be willing to try answer any questions at this time.

Please give SB 2225 a DO PASS recommendation.

PROPOSED AMENDMENTS TO SENATE BILL NO. 2225

Page 1, line 1, after "reenact" add "subsections 1 and 10 of section 53-06.1-01, subsection 2 of section 53-06.1-11,"

Page 1, after line 6, insert:

"SECTION 1. AMENDMENT. Subsections 1 and 10 of section 53-06.1-01 of the North Dakota Century Code is amended and reenacted as follows:

1. "Adjusted gross proceeds" means gross proceeds less cash prizes, cost of merchandise prizes, ~~sales tax on bingo cards~~ excise tax, pull tab excise tax, and federal excise tax imposed under section 4401 of the Internal Revenue Code [26 U.S.C. 4401].
10. "Gross proceeds" means all cash and checks received from conducting games ~~and sales tax on bingo cards~~.

SECTION 2. AMENDMENT. Subsection 2 of section 53-06.1-11 of the North Dakota Century Code is amended and reenacted as follows:

2. Allowable expenses may be deducted from adjusted gross proceeds. The allowable expense limit is fifty-one percent of the first two hundred thousand dollars of adjusted gross proceeds per quarter and forty-five percent of the adjusted gross proceeds in excess of two hundred thousand dollars per quarter. In addition, an organization may deduct as an allowable expense:
 - a. Two ~~and one-half~~ percent of the gross proceeds of pull tabs.
 - b. Capital expenditures for security or video surveillance equipment used for controlling games if the equipment is required by section 53-06.1-10 or authorized by rule, and it is approved by the attorney general.
 - c. If an organization's total actual expenses exceed the allowable expenses provided by this subsection, the organization may also deduct the expenses up to two additional percent of the first two hundred thousand dollars of adjusted gross proceeds per quarter."

Renumber accordingly

North Dakota Office of Attorney General

2006

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Summary of Eligible Use Contributions

Fiscal Year: 2006
 Quarter: All

Eligible Code	Description	Check Amount	% of Grand Total
A-02	THE ABUSED	41,889	0.2
A-03	ALCOHOL AND DRUG ABUSE	1,040,606	5.4
A-04	ANIMAL PROTECTION	213,126	1.1
A-07	THE BLIND	17,081	0.1
A-08	CANCER	79,786	0.4
A-11	CYSTIC FIBROSIS	196,496	1.0
A-15	THE DISABLED	1,593,582	8.3
A-18	HEART DISEASE	2,307	0.0
A-20	LEARNING DISABILITIES	2,110	0.0
A-24	MENTAL HEALTH	93,275	0.5
A-25	MULTIPLE SCLEROSIS	359,499	1.9
A-26	MUSCULAR DYSTROPHY	5,255	0.0
A-27	THE NEEDY	68,509	0.4
A-28	PARALYSIS	1,012	0.0
A-29	DEVELOPMENTALLY DISABLED CITIZENS	1,858,091	9.6
A-30	SENIOR CITIZENS	142,431	0.7
A-32	TERMINALLY ILL	31,709	0.2
A-36	WILDLIFE	241,358	1.3
A-37	YOUTH ACTIVITIES	2,743,877	14.2
A-46	ADULT ACTIVITIES	153,444	0.8
A-47	HEAD INJURIES	7,969	0.0
A-58	HOME ON THE RANGE	14,388	0.1
A-60	MARCH OF DIMES	1,200	0.0
A-61	MEALS ON WHEELS	19,284	0.1
A-62	MEDICAL FACILITIES NON-PROFIT	88,757	0.5
A-63	MEMORIAL FUNDS	9,239	0.0
A-70	NURSING HOMES NON-PROFIT	18,445	0.1
A-80	RONALD MCDONALD HOUSE	1,450	0.0
A-81	RED CROSS	4,080	0.0
A-82	SALVATION ARMY	9,126	0.0
A-88	SPECIAL OLYMPICS	326,342	1.7
A-90	DISASTER RELIEF ORGANIZATIONS	13,995	0.1
A-91	UNITED FUND/UNITED WAY	6,900	0.0
A-94	YMCA/YWCA	3,500	0.0
A-97	VOLUNTEER SERVICES	14,894	0.1
A-98	GAMBLING ADDICTION	7,900	0.0
A-99	OTHER	101,561	0.5

Subtotal Of Contributions: \$9,534,473 Percent to Grand Total: 49.5%

North Dakota Office of Attorney General

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Summary of Eligible Use Contributions

Fiscal Year: 2006
Quarter: All

Eligible Code	Description	Check Amount	% of Grand Total
B-10	RELIGIOUS USES	146,042	0.3
Subtotal Of Contributions:		\$146,042	Percent to Grand Total: 0.8%

Eligible Code	Description	Check Amount	% of Grand Total
C-10	AGRICULTURE	69,504	0.4
C-20	THE ARTS	1,978,388	10.3
C-25	EDUCATIONAL PUBLIC SERVICES	835,960	4.3
C-30	SAFETY	36,549	0.2
C-40	4-H ACTIVITIES	22,595	0.1
C-50	EDUCATIONAL INSTITUTIONS AND A	527,135	2.7
C-75	PERSERVATION OF CULTURAL HERIT	414,925	2.2
C-80	SCHOLARSHIPS	826,205	4.3
C-90	VOCATIONAL WORKSHOPS	12,530	0.1
C-99	OTHER	59,332	0.3
Subtotal Of Contributions:		\$4,783,123	Percent to Grand Total: 24.8%

Eligible Code	Description	Check Amount	% of Grand Total
D-10	CAMP GRASSICK	46,395	0.2
D-20	FRATERNAL FOUNDATIONS	23,322	0.1
D-30	LEGION BASEBALL	311,622	1.6
D-40	VETERAN'S CEMETARY	12,791	0.1
D-50	DISABLED OR INJURED VETERANS A	32,139	0.2
D-60	MILITARY FAMILY SUPPORT	22,703	0.1
D-99	OTHER	29,261	0.2
Subtotal Of Contributions:		\$478,233	Percent to Grand Total: 2.5%

North Dakota Office of Attorney General

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Summary of Eligible Use Contributions

11

Cal Year: 2006

Quarter: All

Eligible Code Description	Check Amount	% of Grand Total
E-10 SCOUTING ACTIVITIES AND BOYS O	69,663	0.4
E-30 COMMUNITY BANDS, COLOR AND HONOR GUARDS, FLAG	307,264	1.6
E-99 OTHER	32,535	0.2
Subtotal Of Contributions:	\$409,462	Percent to Grand Total: 2.1%

Eligible Code Description	Check Amount	% of Grand Total
F-10 ERECTION OR MAINTENANCE OF PUB	171,350	0.9
Subtotal Of Contributions:	\$171,350	Percent to Grand Total: 0.9%

Eligible Code Description	Check Amount	% of Grand Total
G-15 COMMUNITY EMERGENCY SERVICES	703,096	3.6
G-15 DISBURSEMENTS DIRECTLY TO A CI	274,486	1.4
G-25 IMPROVEMENT OF PUBLIC AREAS	102,598	0.5
G-50 PARKS AND RECREATION	755,389	3.9
G-60 LAW ENFORCEMENT	18,754	0.1
G-99 OTHER	14,709	0.1
Subtotal Of Contributions:	\$1,869,032	Percent to Grand Total: 9.7%

Eligible Code Description	Check Amount	% of Grand Total
H-00 LOSS OF THE HOME VICTIMS	15,951	0.1
Subtotal Of Contributions:	\$15,951	Percent to Grand Total: 0.1%

North Dakota Office of Attorney General

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Summary of Eligible Use Contributions

Fiscal Year: 2006
 Quarter: All

Eligible Code Description	Check Amount	% of Grand Total
I-00 SUFFERERS OF SERIOUS DISABLING	754,425	3.9
Subtotal Of Contributions:	\$754,425	Percent to Grand Total: 3.9%

Eligible Code Description	Check Amount	% of Grand Total
K-10 ECONOMIC DEVELOPMENT	250,380	1.3
K-30 TOURISM	731,197	3.8
K-99 OTHER	136,113	0.7
Subtotal Of Contributions:	\$1,117,690	Percent to Grand Total: 5.8%

Eligible Code Description	Check Amount	% of Grand Total
VOIDED CHECK	-250	0.0
Subtotal Of Contributions:	(\$250)	Percent to Grand Total: 0.0%

Total Of All Contributions: \$19,279,531

--- End of Report ---

2005

Report Year: 2005
Quarter: All

Eligible Code	Description	Check Amount	% of Grand Total
A-02	THE ABUSED	33,371	0.2
A-03	ALCOHOL AND DRUG ABUSE	874,421	4.3
A-04	ANIMAL PROTECTION	219,533	1.1
A-07	THE BLIND	22,016	0.1
A-08	CANCER	76,458	0.4
A-11	CYSTIC FIBROSIS	183,046	0.9
A-15	THE DISABLED	3,294,953	16.2
A-18	HEART DISEASE	4,624	0.0
A-20	LEARNING DISABILITIES	3,000	0.0
A-24	MENTAL HEALTH	129,941	0.6
A-25	MULTIPLE SCLEROSIS	102,249	0.5
A-26	MUSCULAR DYSTROPHY	27,217	0.1
A-27	THE NEEDY	61,663	0.3
A-28	PARALYSIS	1,325	0.0
A-29	DEVELOPMENTALLY DISABLED CITIZENS	1,714,868	8.4
A-30	SENIOR CITIZENS	127,072	0.6
A-32	TERMINALLY ILL	33,179	0.2
A-36	WILDLIFE	457,623	2.3
A-37	YOUTH ACTIVITIES	2,444,062	12.0
A-46	ADULT ACTIVITIES	186,404	0.9
A-47	HEAD INJURIES	2,175	0.0
A-58	HOME ON THE RANGE	16,478	0.1
A-61	MARCH OF DIMES	1,125	0.0
A-64	MEALS ON WHEELS	18,030	0.1
A-65	MEDICAL FACILITIES NON-PROFIT	163,552	0.8
	MEMORIAL FUNDS	15,452	0.1
	NURSING HOMES NON-PROFIT	31,326	0.2
	RONALD MCDONALD HOUSE	3,150	0.0
A-81	RED CROSS	584	0.0
A-82	SALVATION ARMY	10,346	0.1
A-88	SPECIAL OLYMPICS	323,547	1.6
A-90	DISASTER RELIEF ORGANIZATIONS	3,300	0.0
A-91	UNITED FUND/UNITED WAY	8,144	0.0
A-94	YMCA/YWCA	2,185	0.0
A-97	VOLUNTEER SERVICES	24,570	0.1
A-98	GAMBLING ADDICTION	7,800	0.0
A-99	OTHER	96,051	0.5

Subtotal Of Contributions: \$10,724,840 Percent to Grand Total: 52.8%

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Summary of Eligible Use Contributions

Year: 2005
Quarter: All

Eligible Code	Description	Check Amount	% of Grand Total
B-10	RELIGIOUS USES	170,859	0.8
Subtotal Of Contributions:		\$170,859	Percent to Grand Total: 0.8%

Eligible Code	Description	Check Amount	% of Grand Total
C-10	AGRICULTURE	66,455	0.3
C-20	THE ARTS	2,179,526	10.7
C-25	EDUCATIONAL PUBLIC SERVICES	775,357	3.8
C-30	SAFETY	37,727	0.2
C-40	4-H ACTIVITIES	30,369	0.1
C-50	EDUCATIONAL INSTITUTIONS AND A	538,314	2.7
C-75	PERSERVATION OF CULTURAL HERIT	280,289	1.4
C-80	SCHOLARSHIPS	747,451	3.7
C-90	VOCATIONAL WORKSHOPS	6,278	0.0
C-99	OTHER	34,637	0.2
Subtotal Of Contributions:		\$4,696,403	Percent to Grand Total: 23.1%

Eligible Code	Description	Check Amount	% of Grand Total
D-10	CAMP GRASSICK	16,918	0.1
D-20	FRATERNAL FOUNDATIONS	26,009	0.1
D-30	LEGION BASEBALL	299,483	1.5
D-40	VETERAN'S CEMETARY	11,840	0.1
D-50	DISABLED OR INJURED VETERANS A	42,180	0.2
D-60	MILITARY FAMILY SUPPORT	25,172	0.1
D-99	OTHER	54,275	0.3
Subtotal Of Contributions:		\$475,877	Percent to Grand Total: 2.3%

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 User: DMCDANIE
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Summary of Eligible Use Contributions

Year: 2005
 Quarter: All

Eligible Code	Description	Check Amount	% of Grand Total
E-10	SCOUTING ACTIVITIES AND BOYS O	71,572	0.4
E-30	COMMUNITY BANDS, COLOR AND HONOR GUARDS, FLAG	270,800	1.3
E-99	OTHER	27,350	0.1
Subtotal Of Contributions:		\$369,722	Percent to Grand Total: 1.8%

Eligible Code	Description	Check Amount	% of Grand Total
F-10	ERECTION OR MAINTENANCE OF PUB	122,170	0.6
Subtotal Of Contributions:		\$122,170	Percent to Grand Total: 0.6%

Eligible Code	Description	Check Amount	% of Grand Total
G-10	COMMUNITY EMERGENCY SERVICES	521,571	2.6
	DISBURSEMENTS DIRECTLY TO A CI	295,812	1.5
	IMPROVEMENT OF PUBLIC AREAS	134,681	0.7
	PARKS AND RECREATION	792,938	3.9
G-60	LAW ENFORCEMENT	21,067	0.1
G-99	OTHER	15,183	0.1
Subtotal Of Contributions:		\$1,781,252	Percent to Grand Total: 8.8%

Eligible Code	Description	Check Amount	% of Grand Total
H-00	LOSS OF THE HOME VICTIMS	16,200	0.1
Subtotal Of Contributions:		\$16,200	Percent to Grand Total: 0.1%

North Dakota Office of Attorney General

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User: DMCDANIE
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Summary of Eligible Use Contributions

Year: 2005
Quarter: All

Eligible Code Description	Check Amount	% of Grand Total
I-00 SUFFERERS OF SERIOUS DISABLING	853,600	4.2
Subtotal Of Contributions:	\$853,600	Percent to Grand Total: 4.2%

Eligible Code Description	Check Amount	% of Grand Total
K-10 ECONOMIC DEVELOPMENT	276,533	1.4
K-30 TOURISM	613,327	3.0
K-99 OTHER	194,330	1.0
Subtotal Of Contributions:	\$1,084,190	Percent to Grand Total: 5.3%

Eligible Code Description	Check Amount	% of Grand Total
V-00 VOIDED CHECK	-200	0.0
Subtotal Of Contributions:	(\$200)	Percent to Grand Total: 0.0%

Total Of All Contributions: \$20,294,913

--- End of Report ---

Bismarck/Mandan Council of Clubs Donations

1

27-Feb-07

G CODE	AMOUNT	ELIGIBLE USE
A02	\$1,300.00	THE ABUSED
A03	\$200.00	ALCOHOL AND DRUG ABUSE
A04	\$1,000.00	ANIMAL PROTECTION
A07	\$550.00	THE BLIND
A08	\$4,300.00	CANCER
A15	\$1,600.00	THE DISABLED
A18	\$150.00	HEART DISEASE
A24	\$450.00	MENTAL HEALTH
A25	\$250.00	MULTIPLE SCLEROSIS
A26	\$510.00	MUSCULAR DYSTROPHY
A27	\$2,556.00	THE NEEDY
A29	\$350.00	DEVELOPMENTALLY DISABLED CITIZENS
A30	\$27,990.00	SENIOR CITIZENS
A32	\$300.00	TERMINALLY ILL
A36	\$1,980.00	WILDLIFE
A37	\$29,800.00	YOUTH ACTIVITIES
A46	\$4,422.00	ADULT ACTIVITIES
A58	\$1,750.00	HOME ON THE RANGE
A64	\$500.00	MEALS ON WHEELS
A65	\$150.00	MEDICAL FACILITIES (NON-PROFIT)
A67	\$700.00	MEMORIAL FUNDS
A70	\$286.00	NURSING HOMES (NON-PROFIT)
A80	\$400.00	RONALD MCDONALD HOUSE
A81	\$50.00	RED CROSS
A82	\$400.00	SALVATION ARMY
A91	\$150.00	UNITED FUND/UNITED WAY
A97	\$2,747.00	VOLUNTEER SERVICES
A99	\$1,506.00	OTHER CHARITABLE USES
B10	\$1,000.00	RELIGIOUS USES
C20	\$750.00	THE ARTS EDUCATION
C25	\$45.00	EDUCATIONAL PUBLIC SERVICES
C30	\$725.00	SAFETY EDUCATION
C40	\$100.00	4-H ACTIVITIES
C50	\$5,249.00	EDUCATIONAL INSTITUTIONS AND ACTIVITIES
C75	\$200.00	PRESERVATION OF CULTURAL HERITAGE
C80	\$19,500.00	SCHOLARSHIPS
C90	\$100.00	VOCATIONAL WORKSHOPS
D10	\$77,400.00	CAMP GRASSICK
D20	\$1,586.00	FRATERNAL FOUNDATIONS
D30	\$2,790.00	LEGION BASEBALL
D40	\$3,368.00	VETERANS CEMETERY
D50	\$1,758.00	DISABLED OR INJURED VETERANS ASSISTANCE
D60	\$7,376.00	MILITARY FAMILY SUPPORT
D99	\$100.00	OTHER FRATERNAL USES

Bismarck/Mandan Council of Clubs Donations

2

27-Feb-07

AG CODE	AMOUNT	ELIGIBLE USE
E10	\$1,735.00	SCOUTING ACTIVITIES AND BOYS OR GIRLS STATE
E30	\$50,187.00	COMMUNITY BANDS, COLOR AND HONOR
E99	\$5,578.00	OTHER PATRIOTIC USES
G10	\$300.00	COMMUNITY EMERGENCY SERVICES SUCH AS AMBULANCE AND FIRE DEPT.
G15	\$5,102.00	DISBURSEMENTS DIRECTLY TO A CITY, COUNTY, STATE OR US GOVERNEMENT
G25	\$200.00	IMPROVEMENT OF PUBLIC AREAS
G50	\$4,550.00	PARKS AND RECREATION
G60	\$295.00	LAW ENFORCEMENT
G99	\$553.00	OTHER PUBLIC BUILDINGS OR WORKS USES
K99	\$13,520.00	OTHER COMMUNITY USES

TOTAL DONATIONS:

\$290,414.00

2-28-07
#1 SB 2225-A

Testimony in Support of SB 2225

House Finance and Taxation Committee

February 28, 2007

Chairman Belter, House Finance and Taxation Committee members, my name is Todd D. Kranda. I am an attorney with the Kelsch Law Firm in Mandan and I appear before you today as a lobbyist on behalf of the Charitable Gaming Association of North Dakota (CGAND) to express support for SB 2225.

CGAND is a statewide association of charitable gaming organizations. CGAND has a diverse membership varying from clubs to small organizations in all regions of the state and represents about 70% of the charitable gaming in North Dakota. The mission of CGAND is to "Preserve gaming as a funding source for charitable purposes."

Several individuals from CGAND and its members are here this morning to testify in support of SB 2225. However, before they do I would like to briefly identify the changes that are being requested in SB 2225.

There are two primary changes within SB 2225. First, the excise tax rate is being reduced from 4½ percent to 3 percent. The original bill was introduced at 2 percent but was amended by the Senate Finance and Taxation Committee to bring the figure to the same level as the national average. The second change is that the sales tax on bingo cards is being replaced with the excise tax. So, instead of having a sales tax on bingo cards they are subject to excise tax.

There are numerous benefits from and worthy causes supported by charitable gaming. For your reference I have included a handout with a Summary of Eligible Use Contributions for the 2005 and 2006 Fiscal Years. This information was obtained from the Attorney General Gaming Division.

In conclusion, on behalf of CGAND I ask for your favorable consideration of this legislation and in doing so, I also ask for your support of the local charities that would benefit from this legislation. Others are here from the charitable gaming industry to testify and respond to any specific questions. However, I would be willing to try answer any questions at this time.

Please give SB 2225 a DO PASS recommendation.

#2

SB 2225-A
2-28-07 AM

Charitable Gaming Association of North Dakota Membership List

Organization Name	Last Name	First	Address	City	State	Postal	e-mail address	Phone
American Legion	Twete	Curtis	116 E. McDougall	McVille	ND	58254		
Amvets Post 9	Wagner	Vicki	2402 Railroad Ave	Bismarck	ND	58501-	amvetspost9@aol	258-8324
* Arrow International	Nagel	Kirsten	9900 Clinton Rd	Cleveland	OH	44144-	knagel@arrowinternational.com	
Arthur W. Jones Pist 7564	Nesland	Terry	308 Sheyenne St	West Fargo	ND	58078-		
Bartlette Resler Post #62	Anderson	Dale	PO Box 244	Walhalla	ND	58282-	none	549-3370--549-3112
Bison Booster Club of Milnor, ND	Knutson	Marvin	PO Box 385	Milnor	ND	58060-0385	mukjrk61@drtel.net	427-9481--427-9248
* Borchert Distributing	Borchert	Jim	811 8th Ave N	Fargo	ND	58102-3616	borchertdist.@sbeglobal.net	701-799-8401
Bowman County Development Corp	Bucholz	Debra	PO Box 1143	Bowman	ND	58623-	bowcodev@ndsupernet.com	523-5880--523-5611
Buffalo Community Club Gaming	Kasowski	Flint	PO Box 23	Buffalo	ND	58011-	none	633-5121
Development Homes	Odegaard	Kara	3880 S Columbia Rd	Grand Forks	ND	58201-	kodegaard@developmenthomes.org	335-4000--741-6112
Devils Lake Youth Activities	Kushel	Gloria	PO Box 584	Devils Lake	ND	58301-	gkushel58301@yahoo.com	
Dickinson Charities	Klennu	Carol	67 21st St E	Dickinson	ND	58601-	charities@ndsupernet.com	483-3562
Drayton Curling Club	Olson	Ardis	PO Box 252	Drayton	ND	58225-	ardis@polarcomm.com	454-6433
Fargo VFW	Rusch	Allen	202 Broadway	Fargo	ND	58102-	allenrusch@hotmail.com	
Fargo Youth Commission	Kueneman	Rob	2500 18th St S	Fargo	ND	58103-	rob@youthcommission.com	235-2147
Fraternal Order of Eagles- Aerie #2749	Keys	Perl	PO Box 875	Walhpeton	ND	58074-0875	mgrunfar@wah.midco.net	642-2414
Friends of the Neeche Firemen	Douville	Jackie	PO Box 207	Neeche	ND	58265-	tinanorth@polarcomm.com	886-7533--886-7611
Ft Ransom Rural Fire Dist. Support Corp.	Ose	Traci	PO Box 785	Lisbon	ND	58054-		973-4521--683-5538
Grafton Curling Club	Deutscher	Corey	2339 S 17th St #17	Grand Forks	ND	58201-	efdeutscher@gra.midco.net	

Organization Name	Last Name	First	Address	City	State	Postal	e-mail address	Phone
Grand Forks Blue Line Club	Weber	Sharon	2525 S Washington	Grand Forks	ND	58201-	none	775-6174
Grand Forks CVB	Rygg	Julie	4251 Gateway Dr	Grand Forks	ND	58203-	julie@visitgrandforks.com	746-0444
Greater GF Senior Citizens	Vorland	Betty Lou	620 4th Ave S	Grand Forks	ND	58201-	none	772-7245
Harley Salzman Post #5	Heckaman	Tom	Box 543	Beach	ND	58621-	hpeterson@midstate.net	701-872-3716
Harwood Area Fire & Rescue	Spiesz	Jennifer	39 Lind Circle	Harwood	ND	58042		
Horace Lions Club	Rustad	Roger	319 Mickey Mouse Ave	Horace	ND	58047-	none	281-0792--282-0709
Lake Region Corporation	Eickenbrock	Sharon	224 3rd St NW	Devils Lake	ND	58301-	edavidson@lakeregioncorp.com	
Lake Region Heritage Center	Homer	Dick	PO Box 245	Devils Lake	ND	58301-	none	662-3701--351-2500
*Lien Games	Lien	Ken	PO Box 564	Fargo	ND	58107-	liengames@aol.com	1-800-342-7755
Listen Inc.	Steffan	Rusty	1407 24th Ave S #100	Grand Forks	ND	58201-	rusty@firstcollections.com	746-7840--775-5166
Minot Junior Golf	Fotlz	Jim	1344 S Main	Minot	ND	58701-	welinks@srt.com	839-1337--720-6566
Minot Catholic Schools Corp.	Hatlelid	James	316 11th Ave NW	Minot	ND	58703-	hatlelid@brhs.com	838-3355--838-3377
Minot Hockey Boosters	Kelly	Mike	1524 S Broadway Ste 3	Minot	ND	58701-	mikekly@srt.com	839-9592--721-1958
*Mr. Eds Bingo	Borowicz	Shelly	PO Box 848	Fargo	ND	58107-	shelly@mreds.net,kristi@mreds.net	1-800-828-1319
ND Hospitality Education Foundation	Weissman	Nicollette	PO Box 428	Bismarck	ND	58502-	nicki.ndha@btinet.net	223-3313
North Dakota Assoc. Disabled	LaDouceur	Traci	2660 S Columbia Rd	Grand Forks	ND	58201-	tladouceur@ndad.org	775-5577
New Rockford Lions Club	Kanzelman	Darwyn		New Rockford	ND	58356-		
North Dakota Buffalo Assn	Steffan	Jodi	500 17th St SE	Jamestown	ND	58401-	director@buffalomuseum.com	252-8648--320-6242
Northern Prairie Performing Arts	Stenseth	Rick	333 4th St S	Fargo	ND	58102-	rds9130@cableone.net	235-1901--241-9130
Owald Wohl Post #6831 V.F.W.	Stotz	Elroy	PO Box 68	Anamoose	ND	58710-	none	465-3326--465-3060
Plains Art Museum	Breiner	Karen	PO Box 2338	Fargo	ND	58108-	kbreiner@plainsart.org	232-3821--232-2019
Prairie Public Broadcasting	Haugen	Karen	PO Box 3240	Fargo	ND	58108-	khaugen@prairiepublic.org	241-6900

Organization Name	Last Name	First	Address	City	State	Postal	e-mail address	Phone
Red River Human Service Foundation	Lenertz	Lorissa	2506 35th Ave S	Fargo	ND	58103-	llenertz@rrhsr.org	
Share House Inc.	Madsen	Donna	4227 9th Ave SW	Fargo	ND	58103-		282-6561
Special Olympics ND	Meagher	Kathy	2616 S 26th St	Grand Forks	ND	58201-	gfindso@corpcomm.net	
St. Thomas Booster Club	Olson	Ardis	PO Box 66	Drayton	ND	58225-	ardis@polarcomm.com	454-6433
*Statewide Gaming	Slivicki	Robert	630 S 15th St	Grand Forks	ND	58201-	bbrooks157@yahoo.com	1-800-732-1090
Team Makers	Stenseth	Rick	2220 E Main Ave, Suite S	West Fargo	ND	58078-	Teammakers@linkup.net	277-9271--306-2224
The Arc, Upper Valley	Vaagen	Deb	2500 DeMers Ave	Grand Forks	ND	58201-	dsheppard@arcuv.com,debv@cable one.net	772-6191--261-2741
*Universal Manufacturing	Wilner	Joe	5450 Deramus Ave	Kansas City	MO	64120-	universal@jarodo.com	816-231-2771
Velva Fire Dept.	Jungers	Rose	P.O. Box 139	Velva	ND	58790		
West Fargo Hockey	Madsen	Steve	5154 9th Ave SW	Fargo	ND	58103-	matblaster@yahoo.com	281-4791--388-8788
*Western Distributing			PO Box 832	Bismarck	ND	58502-		
Williston CVB	Attizu	Jeff	10 Main St	Williston	ND	58801-	CVBsales@C1.williston.nd.us	
Williston State College Foundation	Stevens	Garvin	PO Box 1204	Williston	ND	58801-	wscfoundation@nemont.net	572-1472

*Distributors and Manufacturers

Mailing List

Organization Name	Last Name	First	Address	City	State	Postal	e-mail address	Phone
Amvets Post 9	Wagner	Vicki	2402 Railroad Ave	Bismarck	ND	58501-	amvetspost9@aol	258-8324
Arrow International	Nagel	Kirsten	9900 Clinton Rd	Cleveland	OH	44144-	knagel@arrowinternational.com	
Arthur W. Jones Pist 7564	Nesland	Terry	308 Sheyenne St	West Fargo	ND	58078-		
Bartlette Resler Post #62	Anderson	Dale	PO Box 244	Walhalla	ND	58282-	none	549-3370--549-3442
Bison Booster Club of Milnor, ND	Knutson	Marvin	PO Box 385	Milnor	ND	58060-0385	mrkjr61@drtel.net	427-9481--427-9248
Borchert Distributing	Borchert	Jim	811 8th Ave N	Fargo	ND	58102-3616	borchertdist.@sbcglobal.net	701-799-8401
Bowman County Development Corp	Bucholz	Debra	PO Box 1143	Bowman	ND	58623-	bowcodev@ndsupernet.com	523-5880--523-5641
Buffalo Community Club Gaming	Kasowski	Flint	PO Box 23	Buffalo	ND	58011-	none	633-5121
Development Homes	Odegaard	Kara	3880 S Columbia Rd	Grand Forks	ND	58201-	kodegaard@developmenthomes.org	335-4000--741-6412
Devils Lake Youth Activities	Kushel	Gloria	PO Box 584	Devils Lake	ND	58301-	gkushel58301@yahoo.com	
Dickinson Charities	Klemm	Carol	67 21st St E	Dickinson	ND	58601-	charities@ndsupernet.com	483-3562
Drayton Curling Club	Olson	Ardis	PO Box 252	Drayton	ND	58225-	ardis@polarcomm.com	454-6433
Fargo VFW	Rusch	Allen	202 Broadway	Fargo	ND	58102-	allenusch@hotmail.com	
Fargo Youth Commission	Kueneman	Rob	2500 18th St S	Fargo	ND	58103-	rob@youthcommission.com	235-2147
Fraternal Order of Eagles- Aerie #2749	Keys	Perl	PO Box 875	Wahpeton	ND	58074-0875	mgrunfar@wah.midco.net	642-2414
Friends of the Neche Firemen	Douville	Jackie	PO Box 207	Neche	ND	58265-	tinanorth@polarcomm.com	886-7533--886-7641
Ft Ransom Rural Fire Dist. Support Corp.	Ose	Traci	PO Box 785	Lisbon	ND	58054-		973-4521--683-5538
Grafton Curling Club	Deustcher	Corey	2339 S 17th St #17	Grand Forks	ND	58201-	cfdeutscher@gra.midco.net	

Tuesday, January 16, 2007

Page 1 of 3

Karen

Organization Name	Last Name	First	Address	City	State	Postal	e-mail address	Phone
Grand Forks Blue Line Club	Weber	Sharon	2525 S Washington	Grand Forks	ND	58201-	none	775-6174
Grand Forks CVB	Rygg	Julie	4251 Gateway Dr	Grand Forks	ND	58203-	julie@visitgrandforks.com	746-0444
Greater GF Senior Citizens	Vorland	Betty Lou	620 4th Ave S	Grand Forks	ND	58201-	none	772-7245
Harley Salzman Post #5	Heckaman	Tom	Box 543	Beach	ND	58621-	hpeterson@midstate.net	701-872-3716
Horace Lions Club	Rustad	Roger	319 Mickey Mouse Ave	Horace	ND	58047-	none	281-0792--282-0709
Lake Region Corporation	Eickenbrock	Sharon	224 3rd St NW	Devils Lake	ND	58301-	edavidson@lakeregioncorp.com	
Lake Region Heritage Center	Horner	Dick	PO Box 245	Devils Lake	ND	58301-	none	662-3701--351-2500
Lien Games	Lien	Ken	PO Box 564	Fargo	ND	58107-	liengames@aol.com	1-800-342-7755
Listen Inc.	Steffan	Rusty	1407 24th Ave S #100	Grand Forks	ND	58201-	rusty@firstcollections.com	746-7840--775-5166
Minot Junior Golf	Fotlz	Jim	1344 S Main	Minot	ND	58701-	weelinks@srt.com	839-1337--720-6566
Minot Catholic Schools Corp.	Hatlelid	James	316 11th Ave NW	Minot	ND	58703-	hatlelid@brhs.com	838-3355--838-3377
Minot Hockey Boosters	Kelly	Mike	1524 S Broadway Ste 3	Minot	ND	58701-	mikekly@srt.com	839-9592--721-1958
Mr. Eds Bingo	Borowicz	Shelly	PO Box 848	Fargo	ND	58107-	shelly@mreds.net,kristi@mreds.net	1-800-828-1319
ND Hospitality Education Foundation	Weissman	Nicollette	PO Box 428	Bismarck	ND	58502-	nicki.ndha@btinet.net	223-3313
NDAD	LaDouceur	Traci	2660 S Columbia Rd	Grand Forks	ND	58201-	tladouceur@ndad.org	775-5577
New Rockford Lions Club	Kanzelman	Darwyn		New Rockford	ND	58356-		
North Dakota Buffalo Assn	Steffan	Jodi	500 17th St SE	Jamestown	ND	58401-	director@buffalomuseum.com	252-8648--320-6242
Northern Prairie Performing Arts	Stenseth	Rick	333 4th St S	Fargo	ND	58102-	rds9130@cableone.net	235-1901--241-9130
Owald Wohl Post #6831 V.F.W.	Stotz	Elroy	PO Box 68	Anamoose	ND	58710-	none	465-3326--465-3060
Plains Art Museum	Breiner	Karen	PO Box 2338	Fargo	ND	58108-	kbreiner@plainsart.org	232-3821--232-2019
Prairie Public Broadcasting	Haugen	Karen	PO Box 3240	Fargo	ND	58108-	khaugen@prairiepublic.org	241-6900

Organization Name	Last Name	First	Address	City	State	Postal	e-mail address	Phone
Red River Human Service Foundation	Lenertz	Lorissa	2506 35th Ave S	Fargo	ND	58103-	llenertz@rrhsr.org	
Share House Inc.	Madsen	Donna	4227 9th Ave SW	Fargo	ND	58103-		282-6561
Special Olympics ND	Meagher	Kathy	2616 S 26th St	Grand Forks	ND	58201-	gfndso@corpcomm.net	
St. Thomas Booster Club	Olson	Ardis	PO Box 66	Drayton	ND	58225-	ardis@polarcomm.com	454-6433
Statewide Gaming	Slivicki	Robert	630 S 15th St	Grand Forks	ND	58201-	bbrooks157@yahoo.com	1-800-732-1090
Team Makers	Stenseth	Rick	2220 E Main Ave, Suite S	West Fargo	ND	58078-	Teammakers@linkup.net	277-9271--306-2224
The Arc, Upper Valley	Vaagen	Deb	2500 DeMers Ave	Grand Forks	ND	58201-	dsheppard@arcuv.com,debv@cable one.net	772-6191--261-2741
Universal Manufacturing	Wilner	Joe	5450 Deramus Ave	Kansas City	MO	64120-	universal@jarodo.com	816-231-2771
West Fargo Hockey	Madsen	Steve	5154 9th Ave SW	Fargo	ND	58103-	matblaster@yahoo.com	281-4791--388-8788
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Williston State College Foundation	Stevens	Garvin	PO Box 1204	Williston	ND	58801-	wscfoundation@nemont.net	572-1472

SB 2225-A

#3

~~2008~~ 2-28-07-AM

Testimony in Support of Senate Bill 2225

Chairman, Committee members, my name is Rick Stenseth. I am involved with numerous organizations that operate charitable gaming and I appear before you today as a lobbyist on behalf of the Charitable Gaming Association of North Dakota (CGAND) to express support for SB2225.

This is a two part bill with considerations for Excise Tax reduction and a change for bingo gross proceeds to be taxed via Excise vs. the current Sales Tax. Others will speak to the proposed change to Bingo taxation.

Current Excise Tax generates a big number which is a very large piece of the proceeds our industry produces. Included is a generic gaming tax return showing pull-tab activity for a quarter. The prize payback is an average taken from cumulative numbers for the state and averages 78.5% of Gross Revenue.

Note that the current 4.31% excise tax on gross proceeds equates to a 20.1% tax on revenue after prizes, but before expenses. After prizes, taxes, and allowable expenses, the net revenues are virtually split between the state and the organization. (\$5,213-24.25% for the organization, \$5,170-24.05% for the state)

It is easy to see that any reduction to the Excise Tax would be beneficial to all organizations that conduct pull-tabs. Setting the Excise Tax at 3% would save individual organizations anywhere from \$1,000 to \$25,000 per year. Monies that would directly benefit the many worthy programs and services they provide.

In 1993, when the last increase to Excise Tax was enacted, the industry was obviously not in favor, but we dealt with it as best we could. We knew that the budget needed to be funded and now that the budget is in surplus and looks good into the immediate future, we ask that the legislature give back to the organizations what it had to take back then.

The fiscal note on this bill is relatively small, just under \$5 million. That is about one-quarter of 1% of Governor Hoven's 07-09 budget revenues. And with a \$400 million surplus projected, it would only be 1.25% of the surplus.

Costs continue to increase as with all other businesses and we cannot respond. We cannot raise our prices, add new products, or promote our business at all. The Lottery advertises, has subscriptions on credit cards, gives paybacks, and multiple discounts. Tribal casinos are granted the opportunity to play games and promote them in ways we cannot. Our hands are tied completely in trying to grow our revenues.

There will come very soon a Minimum Wage increase that will have huge impact to many – A \$2.10 increase in the hourly rate equates to a minimum increase of \$1.39 for all tipped employees, if the full tip credit is applied. The great majority of the people charitable gaming employs are part-time workers who will see this increase. With no way to offset these increases, our bottom lines will be adversely affected and many will be forced to cut services and programming.

What do we do as costs continue to increase and revenues fall? SB2225 will give us some much needed assistance in continuing our programs and services at their current level and help insure that we can continue to operate as funding sources for our organizations.

The mission of our association is to "Preserve gaming as a funding source for charitable purposes".

Thank you for your time and consideration. I ask for your favorable consideration on this legislation and in doing so, I also ask for your support of the local charities that would benefit from this legislation.

Accordingly, I would urge a DO PASS recommendation for SB2225.

2-28-07-AM

#4

SB 2225-A

MISSION STATEMENT:

The Plains Art Museum brings people and art together. As a public institution, we celebrate the finest of human achievement and inspire and engage diverse audiences in the creation, exhibition, collection, and preservation of art.

PlainsArt Museum



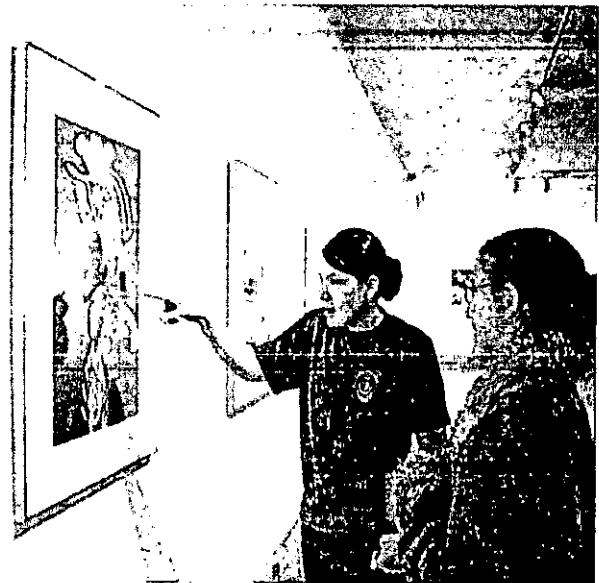
Projected impact of SB 2225 on funding for the Plains Art Museum
(based on annualized FY 2007 activity)

	<i>Current Structure</i>	<i>Proposed Structure</i>	<i>Revenue to Museum</i>
<i>Bingo Sales Tax</i>	226,782	0	226,782
<i>Excise Tax</i>	191,900	254,308	(62,408)
<i>Gaming Tax</i>	194,711	219,367	(24,656)
<i>Proj Total Tax Paid</i>	\$613,393	\$473,675	<u>\$139,718</u>

Primary areas to be impacted by improved funding:

Collections/Conservation/Exhibitions:

Because collecting art is at the core of the Museum's mission, the preservation and long-term care of the permanent collection is vital, yet costly. While the Museum has been the thankful recipient of generous donations of original art, the long-term care of these objects is extremely expensive. Recent budget shortfalls have vastly impacted this area and the Museum is in critical need to restore adequate funding for:



- collections appraisal efforts,
- suitable, expanded storage, and
- preventative and restorative conservation of its Permanent Collection.



In addition, restored funding could allow for improved research efforts for:

- better interpretation and
- presentation of the art works

through identification and utilization of recognized experts to assess specific components of the Museum's collection. Funding such activities is vital to ensure the future of the Museum's Permanent Collection and to cement the collection's role as a powerful statement of our community, region, and State's shared identity

Educational & Public Programming:

The Plains Art Museum views educational and public programming a vital component of achieving its mission in the broadest sense. Such programming is counted among the most popular and, therefore, most crucial methods of infusing the visual arts into lives of individuals and the expanded community. Unfortunately, lack of sufficient funding in recent years has forced many of the Museum's programs to be discontinued. Additional funding for educational and public programming could assist in restoring such offerings as:

- Learning Posters – Produced by the Museum and provided free to any educator as a tool to introduce art concepts into all curriculum areas. *discontinued in 2005*

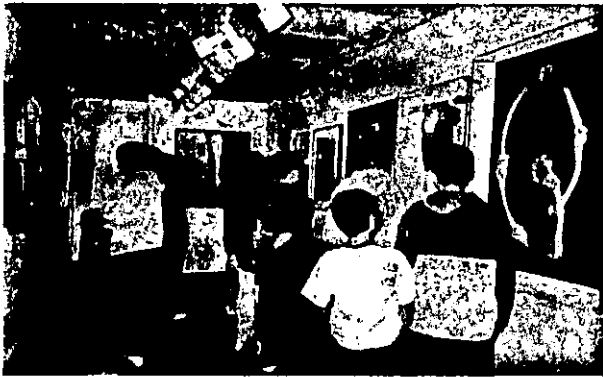


- Education Celebration - The Museum's annual celebration for regional educators which featured a free exchange of methods and ideas, guided exhibition tours, and resources to be brought back to the classroom. *discontinued in 2005*
- Family Day – Free Sunday afternoon events that included music and an art activity associated with one of the Museum's major exhibits. Intended as a friendly introduction for children and families to the Museum. *discontinued in 2005*

- Hannaher Print Studio - A fully functioning traditional fine art printmaking studio. It provided both established and aspiring printmakers valuable opportunities to develop their art within the stimulating environment of the Plains Art Museum. *discontinued in 2005*



In addition, improved funding would help to ensure the future continuation and growth of other programs such as:



- The Rolling Plains Art Gallery (RPAG)* – For 14 years RPAG, the Museum's signature outreach program, has served rural communities across North Dakota. Residents of these communities have been given perhaps their only opportunity to experience original art under the guidance of an artist educator and supported by pre- and post-visit activities and a guest artist program. However, after 10 years of service, the

trailer is in need of significant repairs that could jeopardize RPAG's future. *The guest artist segment was discontinued in 2006.*

- Kid Quest - Hugely popular, Kid Quest offers a free art activity for kids ages 5-12. This program has seen tremendous growth in the past year and has reach beyond capacity with its current allotted funding.



New Possibilities for Mission Enhancement:

Finally, the Plains Art Museum is always looking for new ways to enhance its relevance to the community and public it serves. Hopes for the future include:

- Expanded and enhanced web presence to improve outreach opportunities,
- Hands-on interactive gallery, and
- Expanded studio space for classes and workshops.

*Collected Comments From Past Tours of the Rolling Plains Art Gallery

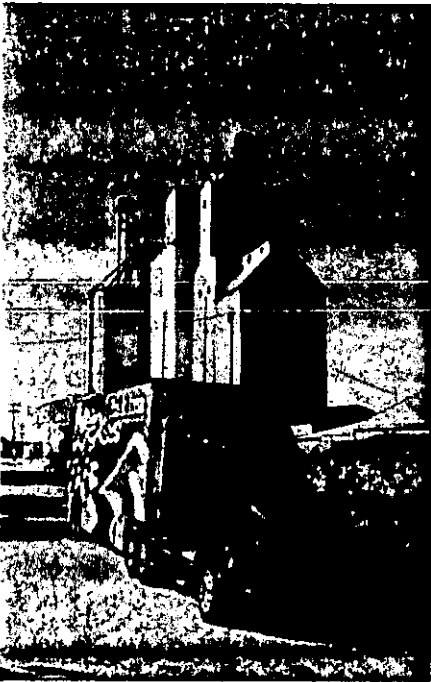
From a New England 3rd grade teacher: "This is wonderful. Our students need to be exposed to art."

A St. Alphonsus student comment to the next group coming up the stairs: "It's awesome in there."

A Devils Lake 4th grade teacher said, "In my 29 years of teaching I have never been invited to something so valuable for learning and experiencing art. Our guide was great!"

We didn't get a chance to ask her if she was an artist. She was very knowledgeable and a meaningful presenter. Thanks!"

Art Schilke, High School Principal in Crosby, "We need more of this. We are going to use the example of the positive experience of the RPAG in our community to approach the city council for funding for art programs. We focused on having our English and social studies classes visit the museum as we felt those teachers would be best able to integrate the knowledge shared at the museum into their curriculum."



Cecile Wehrman expressed the community's response to the RPAG visit to Crosby in *The Journal*. She wrote, "Rural students "hunger" for more art opportunities. Their faces beginning to end are totally different. In the beginning they are bored. At the end, they're really thinking hard. There are no wrong answers in the gallery. It is the students' interpretation of the art that matters. No one believes a visit by a mobile art gallery is going to make up for the dearth of art instruction in rural schools. But students who visited the Rolling Plains Art Gallery last week came away with some tools to use when they encounter art in the future."

A Steele-Dawson junior high teacher said, "This was a great experience for my students! Many of them expressed interest in taking an art class next year. The presenter engaged their interest by making them come up with their own ideas."

Lynn Dewitz, an art teacher in Tappen, commented "Now that the gallery has come and gone, I would like to thank you for an outstanding program. Thank you for making the gallery available to our small communities."

From the Dickinson Press on the RPAG guest artist program: "It's always neat to get someone not from around here," art teacher John Wilson from Dickinson said. "It's neat to see how she has a totally different point of view of art. Instead of trying to teach, she shows her love of art and what it can actually do for you." Wilson said, "He is more of a realist and tries to teach his students that way, so bringing in artists broadens the classroom experience." She's coming in where things aren't so detailed or drawn out. It's neat for the kids to be able to see that. I would love the opportunity to have more artists in the classroom. It's just a neat insight that they give. It's fun and it kind of rejuvenates me."

A Sample of Our Services

Major Exhibitions

- 16 different art exhibitions were on display in FY 06

School/Group Tours and Educational Resources

- Over 66 different groups received docent led tours in FY 06
- Youth Art Month

Outreach to underserved areas

- Rolling Plains Art Gallery visit 16 ND communities in FY 06

Youth Programming

- Kid Quest, Kid Crawl, classes and art camps

Adult Programming

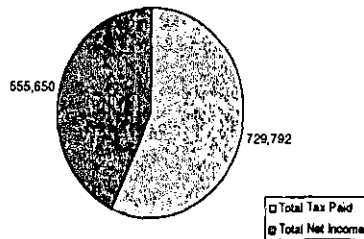
- Lectures and workshops

North Dakota Charitable Gaming History

- 1977 - Bingo & Pulltabs Allowed
- 1981 - \$2 Twenty-One Allowed
- 1987 - Paddlewheel Allowed
- 1989 - \$5 Twenty-One Allowed
- 1989 - Sales Tax Collected on Bingo Sales
- 1989 - Progressive Gaming Tax Instituted
- 1989 - Excise Tax of 2% Instituted
- 1991 - Paddlewheel with Table Allowed
- 1992 - Pulltab Dispensing Devices Allowed
- 1993 - Excise Tax Raised to 4.5%
- 1994 - Bingo Dispensing Devices Allowed
- 2001 - \$25 Twenty-one Allowed
- 2005 - Smoking Ban Instituted

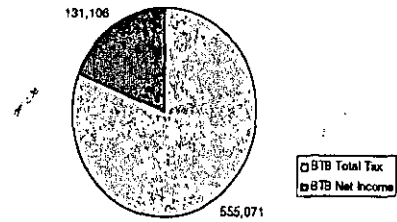
Information courtesy of NCGAD

Plains Art Museum
FY 06 Tax vs. Net Income* Comparison



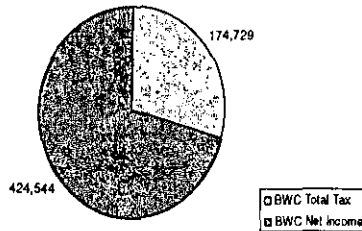
*Before depreciation expense adjustment

Plains Art Museum - Big Top Bingo
FY 06 Tax vs. Net Income* Comparison



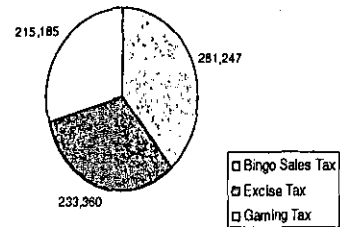
*Before depreciation expense adjustment

Plains Art Museum - Blue Wolf Casino
FY 06 Tax vs. Net Income* Comparison



*Before depreciation expense adjustment

Plains Art Museum
FY 06 Tax By Type





Plains**Art** *Museum*



Our Mission

The Plains Art Museum brings
people and art together.
As a public institution, we celebrate
the finest of human achievement
and *inspire and engage*
diverse audiences in the creation,
exhibition, collection, and
preservation of art.

A Sample of Our Services

- Major Exhibitions
 - 16 different art exhibitions were on display in FY 06
- School/Group Tours and Educational Resources
 - Over 66 different groups received docent led tours in FY 06
 - Learning Posters, Youth Art Month
- Outreach to underserved areas
 - Rolling Plains Art Gallery visit 16 ND communities in FY 06
- Youth Programming
 - Kid Quest, Kid Crawl, classes and art camps
- Adult Programming
- Lectures and workshops

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- 1993 – Excise Tax Raised to 4.5%
- 1994 – Bingo Dispensing Devices Allowed
- 2001 - \$25 Twenty-one Allowed
- 2005 – Smoking Ban Instituted

Information courtesy of NDAD

Why Does the Current Tax Structure Need Reform?

■ CY 2004

• Adj Gross Proceeds	\$56,382,901
• State Excise Tax Paid*	6,468,517
• Bingo Sales Tax Paid	2,356,320
• Gaming Tax Paid	<u>3,374,675</u>
Total State Tax Paid	\$12,199,512
• Allowed Expenses	\$27,614,292
• Net Proceeds for Eligible Use	\$16,466,648
• Eligible Use Contributions	\$20,874,110

■ CY 2005

• Adj Gross Proceeds	\$55,371,809
• State Excise Tax Paid*	6,255,778
• Bingo Sales Tax Paid	2,196,213
• Gaming Tax Paid	<u>3,258,698</u>
Total State Tax Paid	\$11,710,689
• Allowed Expenses	\$27,165,447
• Net Proceeds for Eligible Use	\$16,399,377
• Eligible Use Contributions	\$19,581,840

*an additional \$102,449 was paid in Federal Excise Tax

*an additional \$96,296 was paid in Federal Excise Tax

Source: North Dakota Gaming Update, June 2005 & March 2006 (newsletter of the Office of the Attorney General, Gaming Division)

Potential Impact of Minimum Wage Increase

Work Site	Single Increase	3-Year Cumulative Increase			
	\$7.25/\$4.86	\$5.85/\$3.92	\$6.55/\$4.39	\$7.25/\$4.86	3-Year
BWC	62,679	20,893	20,983	20,803	62,679
BTB	26,247	2,165	9,970	14,112	26,247
MUS	7,277	1,371	2,773	3,133	7,277
SSC	1,399	0	0	1,399	1,399
Total Annual	\$97,603	\$24,430	33,726	\$39,447	97,603

Progressive impact over base year

	Single Increase	3-Year Cumulative Increase		
Year 1 - FY08	\$97,603	\$24,430		
Year 2 - FY09	\$195,206		\$58,155.59	
Year 3 - FY10	\$292,809			\$97,603.00

*Pages 3 & 4
Same as page 1 of #4, on 2-28-07*

Three months ended September 30, 2006

	Gross Proceeds	Prizes	Adjusted Gross Proceeds	Percentage Of Gross Proceeds (Rate of Profit)
<i>Bingo RAFFIES</i>	\$ 8,559,011	\$ 6,677,968	\$ 1,881,043	22.0%
Raffles	504,307	221,299	283,008	56.1%
Pull Tabs	20,294,531	16,033,822	4,260,709	21.0%
Pull Tabs - Dispensing Device	13,063,897	10,118,377	2,945,520	22.6%
Club Specials, Tip, Seal, and Prize Board	182,476	137,292	45,184	24.8%
PunchBoards	1,600	1,176	424	26.5%
Sports Pools	8,933	7,261	1,672	18.7%
Twenty-One	17,662,509	14,903,724	2,758,785	15.6%
Calcuttas	95,297	79,662	15,635	16.4%
Paddlewheels	21,670	10,271	11,399	52.6%
Paddlewheels - With Table	1,040,350	757,958	282,392	27.1%
Poker	94,010	72,318	21,692	23.1%
Description Other (Cash Long/Interest)	14,268	0	14,268	100.0%
Subtotals	\$ 61,542,859	\$ 49,021,128	\$ 12,521,731	20.4%
Less: ND Excise Tax			1,445,241	
Federal Excise Tax			21,711	
Bingo Sales Tax			485,407	
Total Adjusted Gross Proceeds			\$ 10,569,372	
Less: Gaming Tax		\$ 680,722		
Total Allowed Expenses		6,217,526		
Net Proceeds			\$ 3,671,124	
Eligible Use Contributions			\$ 4,638,566	

*Sports Pools
Calcuttas
Poker* } *Can't go over 90% payoff*

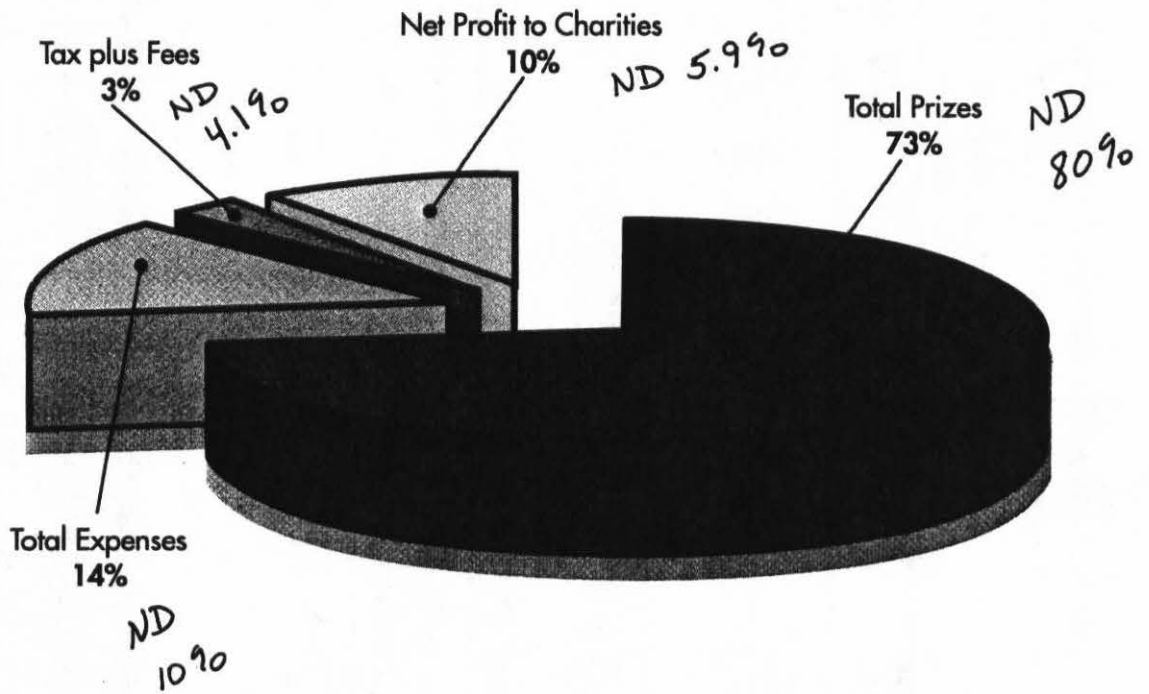
HB 1553

*Senator Cook
Ag's office*

to Mark Abioffice.

DISTRIBUTION and TOP 10 STATES ----->

Average Distribution of Dollars Raised Through Charitable Gaming in the U.S.



Top Ten States by Gross Receipts

State	Gross Receipts
Minnesota	\$1,328,494,000
Washington	\$881,272,134
Texas	\$633,613,852
Kentucky	\$546,254,321
Indiana	\$520,400,585
Michigan	\$428,162,252
New York	\$366,549,971
Alaska	\$341,224,643
Virginia	\$318,300,000
N.Dakota	\$268,545,675

Top Ten States by Net Proceeds

State	Net Proceeds
Minnesota	\$119,704,000
Michigan	\$76,289,285
Indiana	\$74,244,349
New York	\$65,916,756
Virginia	\$42,638,000
Wisconsin	\$38,933,290
Kentucky	\$36,211,442
Alaska	\$31,021,258
Texas	\$27,653,864
Nebraska	\$25,261,858

Top Ten Based on Available Reported Statistics

From: Sen. Cooke

FISCAL IMPACT OF SB 2225 AT 3% EXCISE

PULLTAB EXCISE TAX DECREASE

FY06 PT EXCISE TAX	6,079,676	
LESS: EX. PT TAX REDUC.	(2,028,724)	
SUBTOTAL - PT EX. TAX AFTER 1.5% TAX REDUC.	4,050,952	

GAMING TAX INCREASE

GAMING TAX ON REDUCTION IN PT EXCISE TAX - SINCE PT TAXES ARE DEDUCTED FROM ADJ GR. PROCEEDS THE 1.5% REDUC. ABOVE GETS ADDED BACK IN TO CALC. GAMING TAXES	(113,609)	
NET ANNUAL TAX REDUCTION	(1,915,115)	
NET BIENNIAL TAX REDUCTION	(3,830,231)	

BINGO EXCISE & SALES TAX

TRUE GROSS BINGO SALES	33,774,377	
NEW 3% EXCISE TAX	1,013,231	
BINGO SALES TAX	2,061,709	
GROSS BINGO REDUCTION	(1,048,478)	
ADDL. GAMING TAX	58,715	
NET BINGO TAX REDUCTION	(989,763)	
NET BIENNIAL BINGO TAX REDUCTION	(1,979,526)	

NET FISCAL IMPACT OF SB 2225 (5,809,757)

DISTRIBUTION OF BINGO IMPACT

92% REDUCTION TO GF	(1,821,164)	
8% REDUCTION TO STATE AID DISTRIBUTION FUND	(158,362)	
TOTAL REDUCTION TO GF	(5,651,395)	

TOTAL REDUCTION TO STATE AID DISTRIBUTION FUND	(158,362)	11,151,163	EXCISE TAX (PT), BINGO SALES TAX GAMING TAX - 3,009,778
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TOTAL ALL REDUCTIONS	(5,809,757)	(2,904,878)	-26%
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REDUCTION TO GAMING GRANTS

REVISED GAMING & EXCISE TAXES	16,492,570	
3% OF GAMING & EXCISE TAXES	494,777	
REDUCTION IN GAMING GRANTS	(122,223)	-20%

AVG. ALLOCATION OF GAMING GRANTS

7% - COUNTIES	(8,556)	
93% - CITIES	(113,667)	

FISCAL IMPACT OF SB 2225 AT 2% EXCISE

PULLTAB EXCISE TAX DECREASE

FY06 PT EXCISE TAX	(6,079,676)	
LESS: EX. PT TAX REDUC.	2,700,635	
SUBTOTAL - PT EX. TAX AFTER 2.5% TAX REDUC.	(3,379,041)	

GAMING TAX INCREASE

GAMING TAX ON REDUCTION IN PT EXCISE TAX - SINCE PT TAXES ARE DEDUCTED FROM ADJ GR. PROCEEDS THE 2.5% REDUC. ABOVE GETS ADDED BACK IN TO CALC. GAMING TAXES	189,226	
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NET ANNUAL TAX REDUCTION	(3,189,815)	
NET BIENNIAL TAX REDUCTION	(6,379,629)	

BINGO EXCISE & SALES TAX

TRUE GROSS BINGO SALES	33,774,377	
NEW 2% EXCISE TAX	675,488	
BINGO SALES TAX	2,081,709	
GROSS BINGO REDUCTION	(1,386,221)	
ADDL. GAMING TAX	77,628	
NET BINGO TAX REDUCTION	(1,308,593)	
NET BIENNIAL BINGO TAX REDUCTION	(2,617,186)	

NET FISCAL IMPACT OF SB 2225	(8,996,816)	
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DISTRIBUTION OF BINGO IMPACT

92% REDUCTION TO GF	(2,407,811)	
8% REDUCTION TO STATE AID DISTRIBUTION FUND	(209,375)	
TOTAL REDUCTION TO GF	(8,787,441)	

TOTAL REDUCTION TO STATE AID DISTRIBUTION FUND	(209,375)	11,151,163	EXCISE TAX (PT), BINGO SALES TAX GAMING TAX - 3,009,778
TOTAL ALL REDUCTIONS	(8,996,816)	(4,498,408)	-40%

REDUCTION TO GAMING GRANTS

REVISED GAMING & EXCISE TAXES	13,305,510	(11,706,640)
3% OF GAMING & EXCISE TAXES	399,165	
REDUCTION IN GAMING GRANTS	(217,835)	-35%

AVG. ALLOCATION OF GAMING GRANTS

7% - COUNTIES	(15,248)
93% - CITIES	(202,586)

SENATE BILL 2225

FY 05 TO FY 06

ND gaming gross proceeds decreased by **\$6.9 million**:

- 4 major bingo halls decreased by **\$7.2 million**.
- All other gaming increased by **\$300,000**.

% of Gross Proceeds paid in taxes:

- All ND gaming activity, excluding the four major Bingo halls, pay **3.8%**.
- The Four major bingo halls pay **8%**.

The four major Bingo halls:

- Conduct 11% of the total gaming activity in the state.
- Paid 21% of the total taxes collected in gaming in the state (**\$2.3 million**).
- Net Income decreased from \$2.3 million to \$650,000.

The only charities paying the graduated Gaming tax are those operating the four major Bingo Halls:

- The Bingo halls pay 15 – 20% Gaming tax.
- The average Gaming tax paid in ND is 5.6%.

Biennial impact of \$6 million fiscal note:

\$3.65 million = Pull-Tab excise tax reduced to 3%.

\$2.35 million = Bingo sales tax replaced with 2% excise tax.

It is imperative to keep the Bingo portion of the tax relief at 2% in order to offset the devastating effects of the smoking ban (August 2005). This relief will keep the Bingo halls viable as well as help the 120 charities that conduct Bingo in ND.

<u>Game Type</u>	<u>State Average Twenty - One</u>	<u>State Average Pull-Tabs</u>	<u>Bingo Palace Pull-Tabs</u>	<u>Bingo Palace Bingo</u>
Amount Wagered	\$100.00	\$100.00	\$100.00	\$100.00
Excise Tax	\$0.00	\$4.31	\$4.31	\$0.00
Sales Tax	0	0	0	\$6.32
Prizes	\$84.00	\$78.00	\$78.00	\$78.00
AGP	\$16.00	\$17.69	\$17.69	\$15.68
Gaming Tax	\$0.90	\$0.99	\$3.54	\$3.14
Remaining	\$15.10	\$16.70	\$14.15	\$12.54
Total Tax	\$0.90	\$5.30	\$7.85	\$9.46
Total tax %	0.90%	5.30%	7.85%	9.46%

* Sales Tax fluctuates by jurisdiction

* NDAD pays 20% Gaming Tax on Bingo hall activity

**FISCAL IMPACT OF SB 2225 - REMOVE BINGO SALES TAX, BINGO 3% EXCISE TAX
AS OF MARCH 12, 2007 PROPOSAL**

BIENNIAL BINGO EXCISE & SALES TAX

TRUE GROSS BINGO SALES	67,548,754
NEW 3% EXCISE TAX	2,026,463
BINGO SALES TAX	(4,123,418)
GROSS BINGO REDUCTION	(2,096,955)
ADDL. GAMING TAX	167,756
NET BINGO TAX REDUCTION	(1,929,199)
NET FISCAL IMPACT OF SB 2225	(1,929,199)

DISTRIBUTION OF BINGO IMPACT

REDUCTION TO GENERAL FUND	(1,196,103)
REDUCTION TO STATE AID DISTRIBUTION FUND	(733,096)

Good Morning Chairman, and members of the committee

My name is Karen Breiner and I am speaking on behalf of the Charitable Gaming Association of North Dakota (CGAND).

The Charitable Gaming Association of North Dakota has a membership of 46 charitable organizations across North Dakota. These organizations are from large metropolitan areas as well as rural communities. Their services vary from human services, volunteer fire departments, youth sports, and the arts. This year our membership increased from 14 to 46 for one purpose, tax relief.

When the state needed help balancing its budget without cutting vital services and programming, it turned to the charitable gaming industry for additional revenue by first assessing a bingo sales tax, gaming tax and pull tab excise tax in 1989 and then raising the pull tab excise an addition 2.5% in 1993.

Charitable organizations are now finding it harder to balance their budgets for a variety of reasons including decreases in grants and other funding. The charitable organizations are now asking the state to help them balance their budgets by reducing the taxes on bingo and pull tabs so charities won't need to cut vital services and programming to their communities.

The mission of CGAND is to preserve gaming as a funding source for charitable purposes. Please help us make sure the majority of the revenue from charitable gaming goes to the charities. Please support SB2225.

Testimony in Support of Senate Bill 2225
Appropriations Committee
March 20, 2007

Mr. Chairman and Committee Members:

Senate Bill 2225 will be heard before your committee on Tuesday March 20th. Please consider supporting this bill. It is imperative that this bill passes to allow bingo halls in North Dakota to remain open, and continue to generate revenue to provide services.

I have worked for North Dakota Association for the Disabled for 5 ½ years and have personally seen the great services they provide. Four years ago my wife was diagnosed with cervical cancer while pregnant with our unborn daughter. This was a life-threatening situation for both my wife and daughter. We were immediately sent to the Mayo Clinic in Rochester, Minnesota. This was a very emotional time for our family between dealing with a medical unknown, and worrying about the financial stress of a young family. NDAD helped us financially during this very difficult time allowing us to focus on the health concerns at hand and getting our family well.

Fortunately today my wife and daughter are doing great. Thankfully NDAD was able to assist us through a very troubling time.

Please consider supporting Senate Bill 2225. Thank you.

Dan Anderson
District 30
20 Benteen Drive
Lincoln, ND 58504
(701) 214-0461



3/20/07
Senate Bill 2225

Good morning Mr. Chairman and committee. My name is Dan Bessler, I am the General Manager of Big Top Bingo in Fargo. Big Top Bingo has been providing funds for the Plains Art Museum for 23 years. I am here today to ask for your support of Senate Bill 2225.

Customers are not charged sales tax on pull-tabs or to play a hand of blackjack, it's only logical that bingo paper be treated equally. Over the past few years with declining revenue we have tried to adjust our paper prices as well as our payout structure, unfortunately we are at a point if we change much more, we will see a drastic impact on the number people walking through the doors.

This decrease in revenue has caused many programs at the Plains Art Museum to be reduced or eliminated all together. We have also had to eliminate about 15 positions at Big Top Bingo over the past two years. In closing I would like to thank you for your time, and once again ask you for your support of Senate Bill 2225.

NDLA, Intern 06

From: Lauer, Keith G.
Sent: Monday, April 09, 2007 10:19 AM
NDLA, Intern 06
Roll, Kathy S.
Subject: Proposed changes to SB 2225

Attachments: sb 2225 FISCAL NOTE CALC - REDUC PULLTAB TAX BY .5% ADD BINGO EXCISE TAX 3%-Revised.xls; sb 2225 FISCAL NOTE CALC - REDUC PULLTAB TAX BY 1% ADD BINGO EXCISE TAX3%.xls

Dear Juhl,

I was previously asked to provide the lobbyist for the Charitable Gaming Assn. of ND the fiscal impact of a pull tab excise tax at 4% and 3.5% along with a 3% bingo excise tax as currently written in SB 2225. I have attached two worksheets that show that at a 4% pull tab excise tax and 3% bingo excise tax that the net fiscal impact would be \$3,171,492 (\$2,438,396 from the general fund and \$733,096 from the reduction to cities and counties) and 3.5% pull tab excise tax and 3% bingo excise tax that the net fiscal impact would be \$4,419,759 (\$3,686,663 from the general fund and \$733,096 from the reduction to cities and counties). If you have any questions regarding the worksheets, please let me know. Keith



sb 2225 FISCAL NOTE CALC - RED... sb 2225 FISCAL NOTE CALC - RED...

Sen. Tollefson

FISCAL IMPACT AT 3.5% EXCISE PT/3% BINGO

PULLTAB EXCISE TAX DECREASE

FY08 PT EXCISE TAX	8,079,676	
LESS: EX. PT TAX REDUC.	(1,353,565)	
SUBTOTAL - PT EX. TAX AFTER 1% TAX REDUC.	4,726,111	

GAMING TAX INCREASE

GAMING TAX ON REDUCTION IN PT EXCISE TAX - SINCE PT TAXES ARE DEDUCTED FROM ADJ GR. PROCEEDS THE 1% REDUC. ABOVE GETS ADDED BACK IN TO CALC. GAMING TAXES	(108,285)	
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NET ANNUAL TAX REDUCTION	(1,245,280)	
NET BIENNIAL TAX REDUCTION	(2,490,560)	

BINGO EXCISE & SALES TAX

TRUE GROSS BINGO SALES	33,774,377	
NEW 3% EXCISE TAX	1,013,231	
BINGO SALES TAX	2,061,709	
GROSS BINGO REDUCTION	(1,048,478)	
ADDL. GAMING TAX	83,878	
NET BINGO TAX REDUCTION	(964,599)	
NET BIENNIAL BINGO TAX REDUCTION	(1,929,199)	

NET FISCAL IMPACT OF SB 2225	(4,419,759)	
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DISTRIBUTION OF BINGO IMPACT

REDUCTION TO GF	(1,196,100)	
REDUCTION TO CITIES/COUNTIES	(733,096)	
TOTAL REDUCTION TO GF	(3,686,663)	

REDUCTION TO CITIES/COUNTIES	(733,096)	
TOTAL ALL REDUCTIONS	(4,419,759)	

11,151,163 EXCISE TAX (PT), BINGO SALES TAX
GAMING TAX - 3,009,778

(2,209,879)
-20%

REDUCTION TO GAMING GRANTS

REVISED GAMING & EXCISE TAXES	17,882,568	
3% OF GAMING & EXCISE TAXES	538,477	
REDUCTION IN GAMING GRANTS	(80,523)	-13%

AVG. ALLOCATION OF GAMING GRANTS

7% - COUNTIES	(6,607)	
93% - CITIES	(74,886)	

FISCAL IMPACT AT 4% EXCISE PT/ 3% BINGO

PULLTAB EXCISE TAX DECREASE

FY06 PT EXCISE TAX 6,079,676
 LESS: EX. PT TAX REDUC. (675,159)
 SUBTOTAL - PT EX. TAX 5,404,517
 AFTER .5% TAX REDUC.

GAMING TAX INCREASE

GAMING TAX ON REDUCTION
 IN PT EXCISE TAX - SINCE
 PT TAXES ARE DEDUCTED
 FROM ADJ GR. PROCEEDS
 THE .5% REDUC. ABOVE
 GETS ADDED BACK IN
 TO CALC. GAMING TAXES (54,013)

NET ANNUAL TAX REDUCTION (621,146)
 NET BIENNIAL TAX REDUCTION (1,242,293)

BINGO EXCISE & SALES TAX

TRUE GROSS BINGO SALES 33,774,377
 NEW 3% EXCISE TAX 1,013,231
 CURRENT BINGO SALES TAX 2,061,709
 GROSS BINGO REDUCTION (1,048,473)
 ADDL. GAMING TAX 83,878
 NET BINGO TAX REDUCTION (964,609)
 NET BIENNIAL BINGO TAX REDUCTION (1,929,199)

NET FISCAL IMPACT OF SB 2225 (3,171,492)

DISTRIBUTION OF BINGO IMPACT

REDUCTION TO GF (7,105,103)
 REDUCTION TO CITIES/COUNTIES (733,096)
 TOTAL REDUCTION TO GF (2,439,396)

REDUCTION TO CITIES/COUNTIES (733,096) 11,151,163 EXCISE TAX (PT), BINGO SALES TAX
 GAMING TAX - 3,009,778
 TOTAL ALL REDUCTIONS (3,171,492) (1,585,748)
 -14%

REDUCTION TO GAMING GRANTS

REVISED GAMING & EXCISE TAXES 19,130,834
 3% OF GAMING & EXCISE TAXES 573,925
 REDUCTION IN GAMING GRANTS (430,400) -7%

AVG. ALLOCATION OF GAMING GRANTS

7% - COUNTIES (3,015)
 93% - CITIES (40,060)