

2021 HOUSE JUDICIARY

HCR 3032

2021 HOUSE STANDING COMMITTEE MINUTES

Judiciary

Room JW327B, State Capitol

HCR 3032

2/17/2021

Relating to authorizing sports betting.

Chairman Klemin called the hearing to order at 9:05 AM.

Present: Representatives Klemin, Karls, Buffalo, Christensen, Cory, K Hanson, Jones, Magrum, Paulson, Paur, Roers Jones, and Vetter, Becker.

Discussion Topics:

- Additional oversight.
- Outside interests
- Scope of illegal betting in North Dakota
- Betting on reservations.
- Charity classification
- College sports

Rep. Howe: Introduced the bill. Testimony #6804

John Johnson, Self: Testimony # 6690

Rebecca London, DraftKings, Government Affairs Manager: Testimony #6789 9:15

Collette Brown, Gaming Commission Executive Director: Spirt Lake Tribe: Testimony #6802 9:20

Mark Hageroth, President of the University System: Testimony #6808 9:38

Chairman Klemin closed the hearing at 9:44 AM

Reopened: 10:34

Rep. Roers Jones: Do Pass Motion

Rep. Magrum: Seconded

Roll Call Vote:

Representatives	Vote
Chairman Klemin	N
Vice Chairman Karls	N
Rep Becker	A
Rep. Christensen	N
Rep. Cory	N
Rep T. Jones	Y
Rep Magrum	Y
Rep Paulson	Y
Rep Paur	N
Rep Roers Jones	Y
Rep B. Satrom	N
Rep Vetter	Y
Rep Buffalo	N
Rep K. Hanson	Y

6-7-1 Failed

Rep. Satrom: Do Not Pass motion

Rep. Paur: Seconded

Roll Call Vote:

Representatives	Vote
Representative Lawrence R. Klemin	Y
Representative Karen Karls	Y
Representative Rick Becker	A
Representative Ruth Buffalo	Y
Representative Cole Christensen	Y
Representative Claire Cory	N
Representative Karla Rose Hanson	N
Representative Terry B. Jones	Y
Representative Jeffery J. Magrum	N
Representative Bob Paulson	N
Representative Gary Paur	Y
Representative Shannon Roers Jones	N
Representative Bernie Satrom	Y
Representative Steve Vetter	N

7-6-1 Carrier: Rep. Karls

Stopped 10:38

Reopened 10:56 Rep. Buffalo said she voted incorrectly.

Rep. Becker: Motion to Reconsider

Rep. Vetter: Seconded

Roll Call Vote:

:Representatives	Vote:
Representative Lawrence R. Klemin	Y
Representative Karen Karls	N
Representative Rick Becker	Y
Representative Ruth Buffalo	N
Representative Cole Christensen	Y
Representative Claire Cory	Y
Representative Karla Rose Hanson	Y
Representative Terry B. Jones	Y
Representative Jeffery J. Magrum	Y
Representative Bob Paulson	Y
Representative Gary Paur	N
Representative Shannon Roers Jones	Y
Representative Bernie Satrom	N
Representative Steve Vetter	Y

10-4-0 Passed

Rep. Becker: Do Pass Motion

Rep. Magrum: Seconded

Roll Call Vote:

Representatives	Vote
Representative Lawrence R. Klemin	N
Representative Karen Karls	N
Representative Rick Becker	Y
Representative Ruth Buffalo	N
Representative Cole Christensen	Y
Representative Claire Cory	Y
Representative Karla Rose Hanson	Y
Representative Terry B. Jones	Y
Representative Jeffery J. Magrum	Y
Representative Bob Paulson	Y
Representative Gary Paur	N
Representative Shannon Roers Jones	Y
Representative Bernie Satrom	N
Representative Steve Vetter	Y

9-5-0 Carrier: Rep. Becker

Stopped 11:01

Additional written testimony: 6771, 6783

DeLores D. Shimek
Committee Clerk

REPORT OF STANDING COMMITTEE

HCR 3032: Judiciary Committee (Rep. Klemin, Chairman) recommends **DO PASS** (9 YEAS, 5 NAYS, 0 ABSENT AND NOT VOTING). HCR 3032 was placed on the Eleventh order on the calendar.

Mr Chairman, Members of the committee, my name is Michael Howe, State Representative District 22, West Fargo. I'm here to introduce and support House Concurrent Resolution 3032. This resolution, once passed, will put the legalization of sports wagering on the November 2022 ballot.

The only way to legalize sports wagering in North Dakota is to make a constitutional change. Previous bills from earlier legislative sessions would have been moot. A constitutional amendment resolution and ensuing decision at the ballot box is the only way for North Dakota to join 25 other states and the District of Columbia to have legal, regulated sports wagering.

How did we get here? In 2018, the United States Supreme Court declared that the Professional and Amateur Sports Protection Act (PASPA) is unconstitutional. That decision allowed states to legalize and regulate sports wagering within their own borders.

Since 2018, over \$400 million in tax revenue has been collected by states and local jurisdictions. An Eilers report from last February estimated that North Dakota would bring in \$7.2 million per biennium in tax revenue from sports wagering.

As it stands today, tens of thousands of North Dakotans, including a few in this room, are sports wagering- illegally. For decades, state-regulated brick and mortar sportsbooks in Nevada offered the only legal sports betting in the U.S. However, with the advent of the internet, illegal bookies have taken advantage of lax or even non-existent laws in places like Antigua, Costa Rica, Latvia, and Panama to set up online sportsbooks that target American customers. These sportsbooks are illegal in the United States and prey on unsuspecting Americans. Legal, regulated sportsbooks uphold key principles of responsible gaming, protection of consumer funds as well as data privacy. Offshore mobile sportsbooks do nothing to protect their patrons. In fact, should a consumer find themselves at odds with their offshore bookie (not being able to withdraw their funds or disagreeing with how a bet was settled, for example), there is no one the consumer can turn to for help. Further, should the federal government initiate a proceeding against any of these offshore books, customers might lose their money on deposit with the book with little to no recourse. These illegal operators also avoid contributing state and local taxes to U.S. communities. If legalized in North Dakota, legal sports gaming companies and the state of North Dakota would provide the proper oversight and regulation for wagering participants.

I saw that the State Board of Higher Education and a University President testified in an earlier hearing against legal sports wagering. Their concerns of student athletes potentially "throwing a game" are completely unfounded. Louis Brandeis, an American lawyer and Associate Justice on the US Supreme Court, once said: "Sunlight is said to be the best of disinfectants; electric light the most efficient policeman..." Meaning legalized sports wagering will actually make it harder to fix games. Once legalized, sports wagering will be monitored, and any irregular activity will be easily detected. It is easier to fix games in an un-monitored environment, in which money flows under the radar. Therefore, the

common belief that legalizing sports betting will corrupt sports is wrong. If the tens of thousands of North Dakotans who participate illegally now haven't attempted to corrupt a ~~high school~~ basketball game or a ~~NDSU~~ football game, the chance of that happening once legalized becomes even less likely.

Mr Chairman and members of the committee, the only way to legalize this is to put this to a vote of the people of North Dakota. I feel the majority of North Dakotans want this. If you disagree, we have a way of finding out. At the ballot box. We as legislators cannot make this legal. Only the people of North Dakota can. Let's give them that opportunity to decide.

John G Johnson

1595 46th St N

Velva , ND 58790

Bill HCR 3032

I'm in favor of legalizing sports gambling in the state of ND, half of the states in the US are already supporting this activity. I would appreciate it if you would give us a chance of doing the same. If you're doing the old I'm not sure if I believe in expanding gambling, just remember if you have a 401K you gamble every day of the week with your retirement earnings. I'm not interested in playing video pull tabs, but I sure would like it if I could bet \$20 on the NFL/NASCAR/MLB/NBA etc. Please consider moving this bill forward to the vote of the people of ND to decide.

Sincerely,

John G Johnson



Chairman Klemin, Vice-Chair Karls and Members of the Committee,

Thank you for the opportunity to testify today. My name is Rebecca London, and I am here today to provide testimony for DraftKings in support of HCR 3032. DraftKings is a digital sports entertainment and gaming company created to fuel the competitive spirit of sports fans with products that range across daily fantasy, regulated gaming and digital media. Headquartered in Boston, and launched in 2012 DraftKings is the only U.S.-based vertically integrated sports betting operator. DraftKings' Sportsbook is live with mobile and/or retail sports betting operations in 14 states.

HCR 3032 would let the people of North Dakota decide whether or not to approve sports betting at the November 2022 election. This proposed Constitutional Amendment would amend Article XI, section 25, to very plainly state that the North Dakota Legislature shall authorize, license and regulate sports betting with the state of North Dakota.

We believe that a Constitutional Amendment to expressly authorize sports betting is a necessary step towards the ultimate goal of creating a robust and successful sports betting market in the state of North Dakota. This is an opportunity that could pay dividends to the state for decades to come, so it's worth making sure that there is a carefully constructed and sound legal foundation to build a successful sports betting infrastructure that includes, in particular, the ability for North Dakotans all over the state to access sports betting when and where they want, like many are already doing illegally.

To date, 22 states as well as Washington DC and Puerto Rico have authorized sports betting. Additionally, three states put sports betting on the ballot in the November 2020 election, and the results were overwhelmingly in favor of legalizing and regulating sports betting. This includes South Dakota, where over 58% of voters supported sports betting and the legislature is now crafting legislation. The popular support for sports betting has been tremendous, and we believe North Dakotans deserve an opportunity to make their voices heard on this issue. As we have learned from experience in other states, the most critical component of a successful sports betting framework is the ability for customers to partake in mobile sports betting from internet-connected devices within the state, because that is the tool that is most likely to draw them from the illegal market. Mobile sports betting has consistently proven to be the difference between a successful market and an underperforming market. It is important to recognize that sports wagering is already taking place in North Dakota, with an estimated 138,000 people betting over \$355 million in illegal wagers each year. Nearly all the sports wagers in North Dakota are placed online through websites in the robust illegal market. The offshore market offers no consumer protections or problem gaming guardrails, and pay no taxes to the state.

In New Jersey, which has surpassed even Nevada to become the most successful state to implement sports betting, over 90% of bets are placed by customers using mobile apps and



websites. This same dynamic holds true in states that have more recently legalized sports wagering. Colorado, which authorized sports betting by ballot initiative in 2019 and began taking bets in 2020, has seen over 97% of their sports bets come from mobile apps and websites.

In order to compete with illegal markets, North Dakota must create attractive legal alternatives. The most effective solution to accomplish this goal is to create a legal sports betting framework with strong consumer protections and firm but fair regulations to allow multiple competing sports betting companies to offer their products online within the state of North Dakota. When the free market wins, the state benefits from steady tax revenue, while shuttering the illegal market and keeping the money in-state. Additionally, consumers benefit the robust problem gaming resources and consumer protections offered by these regulated companies, not currently offered by the illegal sites North Dakotans are using.

Passing HCR 3032 will allow North Dakotans to decide for themselves whether to bring legalized sports wagering to your state. I also know there are efforts under way to pass enabling legislation that would allow the market to be stood up quickly after North Dakotans vote in November 2022 on whether to pass HCR 3032. We also support this approach, to quickly and effectively begin eradicating the illegal market, should the people of your state decide that they want to legalize sports wagering.

We believe allowing North Dakotans to vote on a constitutional amendment to allow sports betting is the best path forward. I urge you to support HCR 3032 and would be happy to answer any questions you have.

February 17, 2021

#6802

HCR 3032 Authorizing Sports Betting

Good morning, Chairman Klemin and the members of the committee

My name is Collette Brown from Warwick, representing the Spirit Lake Tribe. I am Gaming Commission Executive Director of the Gaming Regulations and Compliance Department and together with my regulatory team, I work to ensure that our casino and resort are safe, well regulated, fully compliant with our Tribal-State Compact, Federal law and tribal law, and secure for our Tribe and our customers. Our Spirit Lake Casino and Resort are located seven miles south of Devils Lake.

Today, I am here to oppose HCR 3032. The bill is pushed by out-of-state mega-gambling interests, and is not right for North Dakota or North Dakotans. North Dakota is not Las Vegas, nor do we want to be.

Currently, the North Dakota state regulatory structure for electronic pull tab devices exist only on paper with NO real-world resources or the means to enforce the regulations that are in place. This bill should be an extensive regulatory study, so North Dakota can understand all the aspects of gaming, including the relationship between regulation and preventing money laundering. The study should look at the other states that have introduced similar games of chance. Responsible states that have completed their studies and have an active functioning gaming control board, not a division of twelve people who cannot regulate nor even visit to inspect the 3400 machines at the 995 North Dakota charitable sites.

What is the purpose of Gaming Control Board? They have lawful duty to ensure the conduct of fair and honest gaming is conducted to protect the interest of all the state citizens. To conduct board business regarding the implementation, administration and enforcement of the provisions relating to the licensing, regulation and conduct of casino gaming. They provide for the licensing, regulation, and control of casino gaming operations, manufacturers and distributors of gaming and any related equipment and supplies, and all persons who participate in gaming; they ensure the distribution of revenue is for public education, public safety and economic development; they authorize casino operations within the state along with the authority for the licensing, regulation, and control of casinos games; they restrict certain political contributions; they establish a code of ethics for certain persons involved in gaming; create certain funds; impose and authorize certain taxes and fees; impose penalties; to authorize conservators under certain circumstances; and to make an appropriation.

They have division experts for the day-to-day regulation of slots machines, bingo, sports betting, lotteries, and horse racing pari-mutuel or whatever games of chance that are offered to ensure a game of integrity is offered to protect the public. Each area of gaming is under this board they have actual law enforcement division who investigate complaints, they have inspectors to audit departments of gaming, and they have an IT division to assist with all the reporting that is required. They have a title31/bank secrecy act committee in place to review player suspicious activities. They have a surveillance team at all operations. Most of their Attorney General divisions are only utilized when executing any criminal or civil prosecutions in regards to gaming crimes.

February 17, 2021
HCR 3032 Authorizing Sports Betting

Now our State does not have a gaming control board like all the other states that have authorized sports betting as a game of chance. That is another reason why there should be a thorough study of gaming being that is our State may be intending on becoming the next Nevada. I believe a study would find our state is not prepared for this the state does not have the experts, there is not a control board in place we have a division that can only do so much with the resources they have available to them, a study should identify:

- Research of all states that have enacted sports betting as a game of chance along with their gaming control boards
- costs associated with a creation of a an actual Gaming Control Board all the experts in the divisions under the board
- Full background of any federal laws that will apply to this type of games offered
- the cost of an IT infrastructure for cyber security and data privacy
- the location of servers, and backup processes of servers will they be in the state or out of state or even out of the country
- dissemination and enforcement of more stringent state gaming laws, and regulations
- payment processors and entities that provide customer identity, age verifications along with geo-location services costs
- Federal Title 31 reporting, unusual or suspicious activity standards are needed, a Know your customer program as well, and who will be responsible for those filings with the department of treasury or the financial crimes network.
- will there be a constant surveillance of wagers to help identify problem gamblers
- Who will stay on top of the constant evolution of regulations and games
- How many FTE's will be needed for all these areas?

When we started researching sports betting back in 2016 we had to become the experts and learn all the terminology, the process of a bet, the backside of a server on how a bet is completed online, how a bank and person are identified, we had to identify a cheat or a scam on a bet, we had to learn what suspicious activity looks like on a server, we learned to identify a problem gambler, through all our education we needed way more of a IT infrastructure to assist with our day to day regulation. We have done all our research in the items I listed previously. We have our laws and policies in place. We are close to getting our sports betting kiosk, so we would like to now offer internet sports betting as well. Our Tribal-State Compact already authorizes gambling and we would like to accept bets from our neighbors throughout the state.

The public policy of North Dakota has been that gaming revenues must be used for public spirited uses: Governments like the ND Lottery, Tribal Government casinos and charities. This public policy is an important part of the fabric of North Dakota. Tribes and charities may be debating the merits of the numerous gaming bills in the legislature this session, but in the *real world* tribes and non profits work hand in hand every day to make life better for the citizens of North Dakota. Big, for profit gaming companies like Draft Kings don't care about North

February 17, 2021
HCR 3032 Authorizing Sports Betting

Dakotans, they're just trying to maximize their return on investment for the benefit of a few wealthy owners. On the NASDAQ New York Stock Exchange, Draft Kings tells us:

DraftKings is also looking at geographical expansion. The company is already entering new states in the U.S. as sports betting and iGaming is legalized. At the same time, international expansion is a key growth catalyst. In October 2020, DraftKings partnered with Peermont Hotels to launch PalaceBet (a mobile and online sportsbook) in **South Africa**.

There's nothing wrong with private business, but North Dakota is not South Africa. In North Dakota, we must hold strong against gambling saturation and the dilution of gaming revenues generated for the public good. Our industry should not be swallowed up by industry giants to send our state revenues to the New York Stock Exchange. We must keep gaming revenues for public and charitable purposes and keep gaming revenues in North Dakota.

We need to work together in building commonality of North Dakota community interest that is called for in our compacts. Together we must uphold the integrity of gaming. This House Concurrent Resolution should be amended to a Legislative Management Study.

Thank you for your time and your consideration.



This is the
testimony
you provided
Jan 27, 2021

HB1234

House Judiciary Committee

January 27, 2021

Mark Hagerott, Chancellor, NDUS

701.328.2963 | mark.hagerott@ndus.edu

Chair Klemin and Committee Members: My name is Mark Hagerott, and I am the Chancellor of the North Dakota University System. I'd like to provide this written testimony on House Bill 1234, as the NDUS and its institutions have concerns surrounding the effects of sports or "professional" sports betting as this could affect our student-athletes and opposed HB1234. As written, it is still unclear as to whether collegiate sports are included or excluded in the proposed language.

The proposed definition of a professional sport or athletic event described as "an event at which two or more individuals participate in a sport or athletic competition and receive compensation in excess of actual expenses for the individual's participation in the event" could potentially include collegiate athletes on full ride scholarships at North Dakota colleges and universities.

Last week, I convened a meeting of the eleven campus presidents and all eleven were adamantly opposed to this bill and requested that I carry this information to you.

Why, in general, do campus presidents pass on their concerns?

We believe that opening the door to college sports betting in our state could have massive negative implications to our students that put the safety and welfare of our students and even their families at risk. In states that have allowed this, students have been exposed to illicit agreements and financial benefits that not only put them at risk but challenged their integrity and the purity of those sporting events.

On the face of it, sports betting potentially undermines the integrity of the game and renders unpaid athletes vulnerable to money flowing through their respective games and contingent on their performance.

On behalf of the NDUS college presidents and myself, I respectfully recommend a “do not pass” on HB1234. However, should the Committee feel compelled to pass HB1234, I respectfully request that the definition of a professional sport or athletic event to be “an event at which two or more individuals participate in a sport or athletic competition not sponsored by a college or university and receive compensation in excess of actual expenses for the individual’s participation in the event.”

This concludes my testimony for HB1234, and I will stand for questions from the committee.

Thank you.

Chairman Klemin and members of the House Judiciary Committee.

My name is Jeff Albers. I live and work in Mandan, ND. Thank you for allowing me to submit testimony in support of HCR 3032.

I am asking for a do pass recommendation. I know several people that enjoy sports betting and have to use websites outside the country to place their bets because our state has not passed it here or like myself are unwilling to use those sites because of fraud. It would be nice to have a state regulated sports betting for the people of North Dakota and at the same time know that some of the proceeds are getting returned back into the community. This is why I would like to let the people of North Dakota vote to legalize sports betting.

Thank you Chairman Klemin and members of the committee for considering my testimony.

Jeff Albers
4909 Lakewood Dr SE
Mandan ND 58554
701-319-7499

February 16, 2021

The Honorable Kim Koppelman
Chairman, House Judiciary Committee
State Capitol
600 East Boulevard
Bismarck, ND 58505-0360
kkoppelman@nd.gov

Re: HCR 3032 – Relating to Authorizing Sports Betting

Dear Chairman Koppelman and Members of the House Judiciary Committee,

On behalf of the American Gaming Association (AGA), I write regarding HCR 3032. AGA represents the \$261 billion regulated gaming industry, which supports more than 1.8 million jobs nationwide. We are encouraged that North Dakota is considering joining the 25 states and District of Columbia, which have legalized sports betting.

In May 2018, the Supreme Court of the United States declared that the Professional and Amateur Sports Protection Act (PASPA) is unconstitutional.¹ The invalidation of this federal law enabled states and sovereign tribal nations to decide whether to legalize and regulate sports betting within their borders, which had been prohibited since PASPA's enactment in 1992. The AGA strongly supported this decision, and we have continued to play a leading role in advancing an inclusive, fact-driven discussion about the value and importance of a legal sports betting market that prioritizes consumer protections and integrity, ensures robust oversight, and creates economic benefits.

Research by the AGA and others has conclusively proven Americans have a longstanding and widespread interest in wagering on sports and will seek channels to place bets—regardless of their legality. That is the underlying reason for the failure of PASPA's prohibition approach. Rather than preventing sports betting in the United States, PASPA instead enabled a massive illegal sports betting market that the AGA estimated to be in excess of \$150 billion dollars annually.

AGA's research indicates that, given a choice, consumers strongly prefer using legal, regulated channels to bet on sports. In fact, nearly 75% of consumers say it is important to bet only through legal providers.² The expansion of legalized sports betting over the past two years, has demonstrated that sports fans across the country value new channels that have become available to legally and safely engage in this activity. Since 2018, more than \$39 billion has been

¹ *Murphy v. NCAA*, 584 U.S. ____ (2018).

² Amer. Gaming Ass'n, *2020 Survey of American Sports Bettors*, July 21, 2020, <https://www.americangaming.org/resources/2020-survey-of-american-sports-bettors/>.

legally wagered, which has resulted in nearly \$400 million in tax revenue for state and local jurisdictions.³

While this is meaningful progress, we also know that the vast majority of sports betting continues to occur through illicit channels. Despite the vast majority of bettors saying it is important to only bet through legal providers, 52% of past-year bettors participated in the illegal market in 2019, with 55% of consumers who placed most of their wagers with illegal operators reporting that they believed they were betting legally.⁴ This is predominantly done using illegal, offshore websites that do not protect consumer interests or provide any tax revenue to the state. Illegal, offshore sports betting websites have no tools to uphold responsible gaming, game integrity, or data privacy. If consumers have a grievance against an offshore operator, they have no avenues for recourse. These black-market operations also support other illicit activity, including money laundering, drug trade, and human trafficking.⁵

Given this reality, legal sports betting clearly represents a superior public policy alternative that can both better protect consumers and repatriate revenue to local jurisdictions. At a time when state governments across the country are eager to generate new forms of revenue to address the pandemic and related economic uncertainty, legalizing sports betting can be a valuable piece of the budget puzzle.

AGA commends you for considering this important issue and we look forward to working with you and other policymakers in communities across the country to establish safe, regulated sports betting market that will produce measurable tax revenue while protecting consumers.⁶

Please do not hesitate to reach out with any questions.

Sincerely,



Chris Cylke
Senior Vice President, Government Relations

³ Legal Sports Report, *US Sports Betting Revenue and Handle*, <https://www.legalsportsreport.com/sports-betting/revenue/> (last updated Feb. 16, 2021). These states have joined Nevada, which offered legal sports betting prior to 2018. See Amer. Gaming Ass'n, *Interactive Map: Sports Betting in the U.S.*, <https://www.americangaming.org/research/state-gaming-map/> (last updated Feb. 11, 2021).

⁴ See note 2, *supra*.

⁵ See generally Amer. Gaming Ass'n, *Illegal Sports Betting*, Aug. 17, 2020, <https://www.americangaming.org/illegal-sports-betting/>.

⁶ To learn more about the legislative and regulatory policies that support a robust, competitive, and safe sports betting market, see the AGA Sports Betting Policy Principles, available at <https://www.americangaming.org/wp-content/uploads/2020/07/AGA-Sports-Betting-Principles-Final.pdf>.

2021 SENATE FINANCE AND TAXATION

HCR 3032

2021 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Fort Totten Room, State Capitol

HCR 3032
3/15/2021

A concurrent resolution to amend and reenact section 25 of article XI of the Constitution of North Dakota, relating to authorizing sports betting.

Chair Bell calls the meeting to order. Chair Bell, Vice Chair Kannianen, Senators Meyer, J. Roers, Patten, Piepkorn, Weber are present. [8:32]

Discussion Topics:

- Legalized sports wagering
- Gaming tax revenue
- Mobile applications
- Bricks and mortar betting
- Tribal gaming and sports betting

Representative Howe [8:33] introduces in favor #9080.

Rebecca London [8:53] Government Affairs Manager, DraftKings in favor #9077

Cynthia Monteau [8:58] Executive Director of the United Tribes Gaming Association in opposition #9203

Collette Brown [9:01] Gaming Executive Director, Spirit Lake Nation, in opposition.

Additional written testimony:

Jeff Albers submits testimony in favor #8936.

Chair Bell adjourns the meeting. [09:10]

Joel Crane, Committee Clerk

Madam Chair, Members of the committee, my name is Michael Howe, State Representative District 22, West Fargo. I'm here to introduce and support House Concurrent Resolution 3032. This resolution, once passed, will put the legalization of sports wagering on the November 2022 ballot.

The only way to legalize sports wagering in North Dakota is to make a constitutional change. Previous bills from earlier legislative sessions were poorly crafted and would have been moot. A constitutional amendment resolution and ensuing decision at the ballot box is the only way for North Dakota to join 25 other states and the District of Columbia to have legal, regulated sports wagering.

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Oxford released a study that estimates nearly 140,000 North Dakotans are sports wagering today-illegally. For decades, state-regulated brick and mortar sportsbooks in Nevada offered the only legal sports betting in the U.S. However, with the advent of the internet, illegal bookies have taken advantage of lax or even non-existent laws in places like Antigua, Costa Rica, Latvia, and Panama to set up online sportsbooks that target American customers. These sportsbooks are illegal in the United States and prey on unsuspecting Americans. Legal, regulated sportsbooks uphold key principles of responsible gaming, protection of consumer funds as well as data privacy. Offshore mobile sportsbooks do nothing to protect their patrons. In fact, should a consumer find themselves at odds with their offshore bookie (not being able to withdraw their funds or disagreeing with how a bet was settled, for example), there is no one the consumer can turn to for help. Further, should the federal government initiate a proceeding against any of these offshore books, customers might lose their money on deposit with the book with little to no recourse. These illegal operators also avoid contributing state and local taxes to U.S. communities. If legalized in North Dakota, legal sports gaming companies and the state of North Dakota would provide the proper oversight and regulation for wagering participants.

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corrupt sports is wrong. If the tens of thousands of North Dakotans who participate illegally now haven't attempted to corrupt a college football game, the chance of that happening once legalized becomes even less likely.

Madam Chair and members of the committee, the only way to legalize this is to put this to a vote of the people of North Dakota. I feel the majority of North Dakotans want this. If you disagree, we have a way of finding out. At the ballot box. We as legislators cannot make this legal. Only the people of North Dakota can. Let's give them that opportunity to decide.



#9077

Chairman Bell, Members of the Committee,

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As we have learned from experience in other states, the most critical component of a successful sports betting framework is the ability for customers to partake in mobile sports betting from internet-connected devices within the state, because that is the tool that is most likely to draw them from the illegal market. The ability to participate in sports betting over the internet has consistently proven to be the difference between a successful market and an underperforming market.

It is important to recognize that sports wagering is already taking place in North Dakota, with an estimated 138,000 people betting over \$355 million in illegal wagers each year. Nearly all the sports wagers in North Dakota are placed online through websites in the robust illegal market. The offshore market offers no consumer protections or problem gaming guardrails, and generates no tax revenue for the state.



In New Jersey, which has surpassed even Nevada to become the most successful state to implement sports betting, over 90% of bets are placed by customers using mobile apps and websites. This same dynamic holds true in states that have more recently legalized sports wagering. Colorado, which authorized sports betting by ballot initiative in 2019 and began taking bets in 2020, has seen over 97% of their sports bets come from mobile apps and websites.

Passing HCR 3032 will allow North Dakotans to decide for themselves whether to bring legalized sports wagering to your state. I also know there are efforts under way to pass enabling legislation that would allow the market to be stood up quickly after North Dakotans vote in November 2022 on whether to pass HCR 3032. We also support this approach, to quickly and effectively begin eradicating the illegal market, should the people of your state decide that they want to legalize sports wagering.

We believe allowing North Dakotans to vote on a constitutional amendment to allow sports betting is the best path forward. I urge you to support HCR 3032 and would be happy to answer any questions you have.



TESTIMONY OF CYNTHIA C. MONTEAU, EXECUTIVE DIRECTOR

The five tribes of North Dakota formed UTGA, to promote, protect and advocate for tribal gaming and economic development.

The Indian Gaming Regulatory Act (IGRA) authorized casino gambling on our reservations, provided a regulatory framework, and an oversight body called the National Indian Gaming Commission. Additionally, IGRA, provided a statutory basis for Indian Tribes to operate gaming activities as a means for Tribes to:

- 1) Promote tribal economic development;
- 2) Self-sufficiency; and
- 3) Strong tribal governments

Gaming to Tribes is literally for our livelihood, not simply entertainment and convenience gambling.



Tribal casinos are economic engines in our communities, we create 2,000 FTEs (full-time equivalents) for both tribal members and non-Indians alike. We provide health care benefits to those who may not otherwise receive it. We contribute 300 million annually to the state economy as we purchase goods and services from area businesses; for instance, laundry and cleaning services, meat and produce, electricians, plumbers, and heating and air conditioning services. The state also benefits from taxes paid by individual income taxpayers and businesses. Any expansion of gaming in the state, outside of tribal gaming, negatively impacts the economies of both the Tribes and the State.

Tribal gaming provides a source of jobs for individuals who otherwise would be unemployed and it is an anchor for jobs in other sectors such as tourism, education, and healthcare which may not be available, but for a tribal casino.

It is for these reasons that we urge a DO NOT pass of HCR 3032.

Thank you, Madam Chair.

#8936

Chairwoman Bell and members of the Senate Finance and Tax Committee.

My name is Jeff Albers. I live and work in Mandan, ND. Thank you for allowing me to submit testimony in support of HCR 3032.

I am asking for a do pass recommendation. I know several people that enjoy sports betting and have to use websites outside the country to place their bets because our state has not passed it here or like myself are unwilling to use those sites because of fraud. It would be nice to have a state regulated sports betting for the people of North Dakota and at the same time know that some of the proceeds are getting returned back into the community. This is why I would like to let the people of North Dakota vote to legalize sports betting.

Thank you, Chairwoman Bell and members of the committee, for considering my testimony.

2021 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Fort Totten Room, State Capitol

HCR 3032
3/16/2021

A concurrent resolution to amend and reenact section 25 of article XI of the Constitution of North Dakota, relating to authorizing sports betting.

Chair Bell calls the meeting to order. Chair Bell, Vice Chair Kannianen, Senators Meyer, J. Roers, Patten, Piepkorn, Weber are present. [11:26]

Discussion Topics:

- Legal sports gaming
- Constitutional measures

Senator Meyer [11:26] moved DO PASS

Senator J. Roers seconds the motion

Senators	Vote
Senator Jessica Bell	Y
Senator Jordan Kannianen	N
Senator Scott Meyer	Y
Senator Dale Patten	Y
Senator Merrill Piepkorn	N
Senator Jim Roers	Y
Senator Mark Weber	Y

Motion 5-2-0

Senator Meyer carries

Chair Bell adjourns the meeting. [11:31]

Joel Crane, Committee Clerk

REPORT OF STANDING COMMITTEE

HCR 3032: Finance and Taxation Committee (Sen. Bell, Chairman) recommends **DO PASS** (5 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING). HCR 3032 was placed on the Fourteenth order on the calendar.