

2023 SENATE JUDICIARY

SB 2186

2023 SENATE STANDING COMMITTEE MINUTES

Judiciary Committee
Peace Garden Room, State Capitol

SB 2186
1/17/2023

A BILL for an Act relating to eligible uses for charitable gaming net proceeds.

9:29 AM Vice Chair Paulson called the meeting to order.
Vice Chair Paulson, Senators Myrdal, Luick, Estenson, Braunberger, Sickler were present.

Madam Chair Larson was absent.

Discussion Topics:

- Amendment
- ETAB breakdown
- Repairs
- Trust funds
- Funding allotment
- Flexibility
- Gaming on site

9:30 AM Senator Jerry Klein introduced the bill. #13811

9:32 AM Brandt Jenner, Gaming Manager Harvey Fraternal Order of Eagles, testified. #13817

9:37 AM Jim Nelson, Legislative Director North Dakota Veterans Legislative Council, verbally testified.

9:42 AM Robert Olszewski, Veteran, verbally testified.

9:43 AM Dean Berger, Mandan Eagles, verbally testified.

9:44 AM Scott Meske, Lobbyist ND Gaming Alliance, testified. #13737

9:48 AM Deb McDaniel, Director of Gaming, Office of the Attorney General, verbally testified.

Additional written testimony:

Andy Gross, Finance Officer American Legion Barry-Hoof Post 72. #13478

9:49 AM Vice Chair Paulson adjourned meeting.

Patricia Wilkens, Committee Clerk

2023 SENATE STANDING COMMITTEE MINUTES

Judiciary Committee
Peace Garden Room, State Capitol

SB 2186
1/18/2023

A bill relating to eligible uses for charitable gaming net proceeds.

2:33 PM Madam Chair Larson called the meeting to order.

Madam Chair Larson, Senators Myrdal, Luick, Estenson, Braunberger, Sickler, and Paulson were present.

Discussion Topics:

- Committee action
- Amendment

2:39 PM Senator Braunberger moved to adopt amendment LC 23.0216.02002.

2:39 PM Senator Estenson seconded.

Roll call was taken.

Senators	Vote
Senator Diane Larson	Y
Senator Bob Paulson	Y
Senator Jonathan Sickler	Y
Senator Ryan Braunberger	Y
Senator Judy Estenson	Y
Senator Larry Luick	Y
Senator Janne Myrdal	Y

Motion passed 7-0-0

2:40 PM Senator Braunberger moved a **DO PASS** as Amended.

2:40 PM Senator Estenson seconded.

Roll call was taken.

Senators	Vote
Senator Diane Larson	N
Senator Bob Paulson	N
Senator Jonathan Sickler	Y
Senator Ryan Braunberger	Y
Senator Judy Estenson	Y
Senator Larry Luick	N
Senator Janne Myrdal	N

Motion failed. 3-4-0

2:42 PM Senator Luick moved a **DO NOT PASS** as **Amended**.
2:42 PM Senator Myrdal seconded.

Roll call was taken.

Senators	Vote
Senator Diane Larson	Y
Senator Bob Paulson	Y
Senator Jonathan Sickler	N
Senator Ryan Braunberger	N
Senator Judy Estenson	N
Senator Larry Luick	Y
Senator Janne Myrdal	Y

Motion passed. 4-3-0

Senator Luick will carry the bill.

This bill does not affect workforce development.

2:44 PM Madam Chair Larson adjourned the meeting.

Patricia Wilkens, Committee Clerk

23.0216.02002
Title.03000

Adopted by the Senate Judiciary Committee

January 20, 2023

PROPOSED AMENDMENTS TO SENATE BILL NO. 2186

Page 1, line 8, remove "if games are conducted in the same space"

Renumber accordingly

DR
1-20-2023
181

REPORT OF STANDING COMMITTEE

SB 2186: Judiciary Committee (Sen. Larson, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends **DO NOT PASS** (4 YEAS, 3 NAYS, 0 ABSENT AND NOT VOTING). SB 2186 was placed on the Sixth order on the calendar. This bill does not affect workforce development.

Page 1, line 8, remove "if games are conducted in the same space"

Renumber accordingly

2023 HOUSE JUDICIARY

SB 2186

2023 HOUSE STANDING COMMITTEE MINUTES

Judiciary Committee
Room JW327B, State Capitol

SB 2186
3/7/2023

Relating to eligible uses for charitable gaming net proceeds.

9:30 AM Chairman Klemin opened the hearing.

Members present: Chairman Klemin, Vice Chairman Karls, Rep. Bahl, Rep. Christensen, Rep. Henderson, Rep. S. Olson, Rep. Rios, Rep. S. Roers Jones, Rep. Satrom, Rep. Schneider, Rep. VanWinkle, and Rep. Vetter. Absent: Rep. Cory

Discussion Topics:

- Amendment
- Primary building maintenance.
- Prorate gaming

Senator Klein: Introduced the bill. Testimony # 22561,

Scott Meske, ND Gaming Alliance: Testimony #22460

Deb McDaniel: Gaming Division, Office of Attorney General. No written testimony.

The hearing closed at 9:50 AM.

Chairman Klemin reopened the hearing at 9:53 AM

Deb McDaniel: ND Gaming Alliance: Answered questions for the committee.

The hearing closed at 9:57 AM

Rep. Vetter moved a Do Pass on SB 2186

Seconded by Rep. Rios

Roll call vote:

Representatives	Vote
Representative Lawrence R. Klemin	Y
Representative Karen Karls	N
Representative Landon Bahl	Y
Representative Cole Christensen	Y
Representative Claire Cory	A
Representative Donna Henderson	Y
Representative SuAnn Olson	A
Representative Nico Rios	Y

Representative Shannon Roers Jones	Y
Representative Bernie Satrom	A
Representative Mary Schneider	Y
Representative Lori VanWinkle	N
Representative Steve Vetter	Y

Motion carries: 8 Yes 2 No 3 Absent

Bill carrier: Rep. Vetter

Additional written testimony:

Don Santer, NDAD: Testimony #22353

The meeting closed at 9:59 AM

Delores Shimek, Committee Clerk

REPORT OF STANDING COMMITTEE

SB 2186, as engrossed: Judiciary Committee (Rep. Klemin, Chairman) recommends **DO PASS** (8 YEAS, 2 NAYS, 3 ABSENT AND NOT VOTING). Engrossed SB 2186 was placed on the Fourteenth order on the calendar.

TESTIMONY

SB 2186

AMERICAN LEGION BARRY-HOOF POST 72

**PO Box 115
NAPOLEON, ND 58561**

As the Finance Officer of the American Legion Barry Hoof Post 72 in Napoleon, I would like to express opposition to (SB2186).

Every community has a dire need for a large building to host wedding and anniversary suppers and dances, community meetings, polling locations, local cooperative and small business annual meetings, Veterans and Memorial Day celebrations, emergency shelters in the event of a storm, etc. It is the life-blood in every community.

In the small community of Napoleon, that location is the American Legion Hall, with a capacity of 550 people. The building is nearly 45 years old and needs continual updates and improvements, which are very costly. The only way this community building has survived and thrived is because the American Legion has been able to use charitable gaming funds to provide maintenance and updates for handicap accessibility, energy efficient heating and air conditioning, and safety improvements etc. Our Legion club has charitable gaming at a local bar location and those funds are used not only to donate to local school, civic, and community projects, but also to allow us to continue to operate our community building. Without it, there is no possible way for us to earn enough income to continue to operate the community building.

Whether we donate gaming funds to our community organization's needs and causes, or we use some of the gaming money to keep our community building open, either way we are serving the needs of our community. Probably the bigger of those two needs is to have our Legion Hall Building open for the community to use for the foreseeable future. Please continue to allow us to use the gaming funds for the building that is not at the same location where we have our gaming. I see no reason to make this change, we are a non-profit veteran organization doing what we have always done.....serve those in need!

Although I don't know the circumstances that led to this Senate Bill being offered, it will be detrimental to our local Legion Post and to our community and other communities like ours!
Please amend (SB2186) to exclude Veteran Organizations from the proposed change!

Please contact me if you have any questions.

Respectfully,
Andy Gross
Finance Officer

American Legion Barry-Hoof Post 72
PO Box 115
Napoleon ND 58561



Benefiting North Dakota Communities through Charitable Gaming

Testimony in SUPPORT of Senate Bill 2186

Committee Chair Larson and members of the Senate Judiciary Committee:

I'm Scott Meske, representing the North Dakota Gaming Alliance and on behalf of the 152 Members of the NDGA, we offer our support for Senate Bill 2186 which as Senator Klein outlined, allows fraternal organizations to use charitable gaming proceeds to support their facilities, if they are co-located with the gaming operations.

Currently, an organization may not use their gaming proceeds for the erection, acquisition, property taxes, special assessments, improvement, maintenance or repair of real property that is owned or leased by a licensed organization, unless it is a veterans organization. This bill includes adds a fraternal organization into this exemption.

When charitable gaming was authorized by the State, the intent was to benefit the charities and nonprofits in our local communities. It makes sense to allow those veterans and fraternal organizations, many of which are vital to contributing to local causes and projects that support their community, to use their proceeds for maintenance of their facilities. Unlike other charitable gaming entities, these veteran and fraternal organizations often rely on their own facilities to host events and conduct business.

The fiscal note attached to the bill indicates there is no impact to the state tax revenues, or any extra burden to the local political subdivisions.

The North Dakota Gaming Alliance respectfully asks that SB 2186 be given a DO PASS recommendation from this Committee to support to the hundreds of fraternal organizations in our State.

Thank you.

23.0216.02001
Title.

Prepared by the Legislative Council staff for
Senator Klein
January 16, 2023

PROPOSED AMENDMENTS TO SENATE BILL NO. 2186

Page 1, line 8, remove "if games are conducted in the same space"

Renumber accordingly

Wells Aerie #3080 Fraternal Order of Eagles, Harvey ND
 Brandt Jenner, Gaming Manager 701-324-2131

#13817

	88% to player	90% to player
Etab Breakdown of \$100 spent in etab machines		
	\$100.00	\$100.00
	\$88.00	\$90.00
	-----	-----
Net Proceeds	\$12.00	\$10.00
Less 40% to Trust	\$4.80	\$4.00
	-----	-----
	\$7.20	\$6.00
Less 1.3% to tax	\$1.30	\$1.30
Less 3.25% of \$100 to Gaming Distributer	\$3.25	\$3.25
	-----	-----
Balance Charity has to work with based on \$100 in cash play	\$2.65	\$1.45

23.0216.02002
Title.03000

Adopted by the Senate Judiciary Committee

January 20, 2023

PROPOSED AMENDMENTS TO SENATE BILL NO. 2186

Page 1, line 8, remove "if games are conducted in the same space"

Renumber accordingly

SB 2186
House Judiciary Committee
March 07, 2023

Chairman Klemin and Committee members, thank you for the opportunity to provide information regarding the charitable gaming industry of North Dakota. I am submitting testimony in opposition of SB 2186.

My name is Don Santer, I represent the North Dakota Association for the Disabled (NDAD). NDAD is a North Dakota charity that for over 47 years has been dedicated to improving the quality of life for persons with disabilities. NDAD pays for its services with charitable gaming funds.

I recently found out about what I believe is an unintended consequence of this bill. Originally, I had a neutral stance on this bill. In a discussion with the AG's gaming division director, Deb McDaniel, I asked if this bill passed would it allow fraternal organizations to use all their gaming proceeds toward purchasing bars and clubs to operate gaming. Mrs. McDaniel confirmed that would be correct. I do not object to fraternal and veterans organizations using eligible use funds toward repairing and fixing the **non-gaming** sections of their buildings. However, eligible use funds are to be used for approved charitable purposes and should not be used to purchase additional buildings or remodel a bar.

I would suggest changing the wording for both veterans and fraternal organizations, so they are allowed to use eligible use funds for their primary building only and only on the portions of the building where gaming is not conducted.

I discussed the following amendment wording with Mrs. McDaniel, she said she liked it and agreed this would address concerns for misuse of funds. She also confirmed regulations could be written to prorate the bar gaming area out of the building improvement cost.

Suggested Amendment:

3. The eligible uses in subsection 2 do not include the erection, acquisition, property taxes, special assessments, improvement, maintenance, or repair of real property owned or leased by an organization if games are conducted in the same space unless the real property is used exclusively for an eligible use or by a fraternal or veterans organizations in accordance with subsection 3-a.
 - a. Fraternal or veterans organizations may use eligible use funds for one primary building only. Eligible use funds may not be used for those sections of the building where gaming is conducted.

If an amendment of this type were to be adopted I would no longer object to this bill and I believe it would maintain the original intent for eligible use funds. However, without amendment, I urge you to consider the long-term ramifications if this bill were to pass and respectfully ask you to consider a Do Not Pass on SB 2186.

Respectfully,

Don Santer
NDAD



Benefiting North Dakota Communities through Charitable Gaming

March 7, 2023

Testimony in SUPPORT of Senate Bill 2186

Chairman Klemin and members of the House Judiciary Committee:

I'm Scott Meske, representing the North Dakota Gaming Alliance and on behalf of the 152 Members of the NDGA, we offer our support for Senate Bill 2186 which as Senator Klein outlined, allows fraternal organizations to use charitable gaming proceeds to support their facilities, if they are co-located with the gaming operations.

Currently, an organization may not use their gaming proceeds for the erection, acquisition, property taxes, special assessments, improvement, maintenance or repair of real property that is owned or leased by a licensed organization, unless it is a veterans organization. This bill includes adds a fraternal organization into this exemption.

When charitable gaming was authorized by the State, the intent was to benefit the charities and nonprofits in our local communities. It makes sense to allow those veterans and fraternal organizations, many of which are vital to contributing to local causes and projects that support their community, to use their proceeds for maintenance of their facilities. Unlike other charitable gaming entities, these veteran and fraternal organizations often own their own facilities to host events and conduct business. We also believe there is a slight improvement to the bill that would help clarify the intent. We would offer the following amendment language to Section 1, Subsection 3:

1. Fraternal or veterans organizations may use eligible use funds for one primary building only. Eligible use funds may not be used for those sections of the building where gaming is conducted.



Benefiting North Dakota Communities through Charitable Gaming

The major difference between veterans and fraternal organizations from others that conduct charitable gaming, is they own their own facilities. This amendment makes it clear that these groups may designate some of their eligible use funds for their facility that is NOT related to the operations of the charitable gaming. The fiscal note attached to the bill indicates there is no impact to the state tax revenues, or any extra burden to the local political subdivisions.

The North Dakota Gaming Alliance respectfully asks that SB 2186 be given a DO PASS recommendation from this Committee to support to the hundreds of fraternal organizations in our State.

Thank you.

WHERE DOES THE MONEY GO?



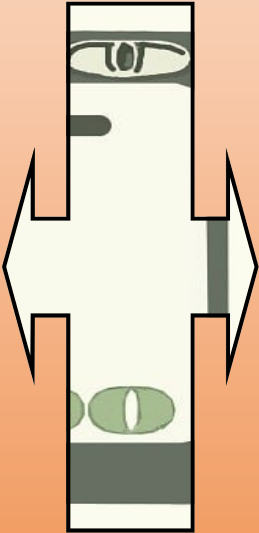
When a player inserts \$100 into a machine, on average, that \$100 is churned over 3.3 times for a total wagers of \$330 on the original \$100.

Using \$330 as a baseline...

PROFIT (10%) after prize payouts \$33.00 (10% of \$330)

STATE TAX (12%) \$3.96 Goes directly to the State Treasury

ADJUSTED GROSS - \$29.04



Allowable expenses (60%) \$17.42 of the Adjusted Gross for the charity to conduct gaming at that site including:

- ♦ Salaries, Tickets, Equipment, Rent

Net proceeds (40%) \$11.62 of the Adjusted Gross goes to the Charity for eligible uses as defined by Century Code

***Last biennium Charitable gaming generated:
\$43 million in tax revenue and \$73 million to local charitable causes***

23.0216.03001
Title.

Prepared by the Legislative Council staff for
Senator Klein
March 6, 2023

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2186

Page 1, line 8, overstrike "exclusively" and insert immediately thereafter ":

a. Exclusively"

Page 1, line 9, after "use" insert an underscored semicolon

Page 1, line 9, overstrike "by" and insert immediately thereafter:

"b. By"

Page 1, line 9, after "organization" insert: "if the funds are:

- (1) Used for one primary building only; and
- (2) Not used for any part of the building in which gaming is conducted"

Renumber accordingly

Sixty-eighth
Legislative Assembly
of North Dakota

ENGROSSED SENATE BILL NO. 2186

Introduced by

Senators Klein, Vedaa

Representatives Dockter, Nelson, Weisz

1 A BILL for an Act to amend and reenact subsection 3 of section 53-06.1-11.1 of the North
2 Dakota Century Code, relating to eligible uses for charitable gaming net proceeds.

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

4 **SECTION 1. AMENDMENT.** Subsection 3 of section 53-06.1-11.1 of the North Dakota
5 Century Code is amended and reenacted as follows:

6 3. The eligible uses in subsection 2 do not include the erection, acquisition, property
7 taxes, special assessments, improvement, maintenance, or repair of real property
8 owned or leased by an organization unless the real property is used ~~exclusively~~:

9 a. Exclusively for an eligible use; or by

10 b. By a fraternal or veterans organization if the funds are:

11 (1) Used for one primary building only; and

12 (2) Not used for any part of the building in which gaming is conducted.