2023 SENATE JUDICIARY

SB 2245

2023 SENATE STANDING COMMITTEE MINUTES

Judiciary Committee
Peace Garden Room, State Capitol

SB 2245
1/31/2023

A bill relating to a manufacturer of an electronic device, electronic fifty-fifty raffle tickets, and monthly rent for electronic pull tab devices.

3:30 PM Chairman Larson opened the meeting.

Present are Chairman Larson and Senators Myrdal, Luick, Estenson, Sickler, Braunberger and Paulson.

Discussion Topics:

- Charitable gambling
- Distributers
- Profit margins

3:30 PM Senator Luick Introduced the bill.

3:31 PM Deb McDaniel Director, Director of Gaming for the North Dakota Attorney General's Office testified in favor of the bill and provided written testimony #18246.

3:35 PM Rudy Martinson, North Dakota Hospitality Association, spoke opposed to the bill.

3:38 PM Logan Unterseher testified neutral on the bill and provided written testimony #18436.

3:55 PM Alec Kautzman, Charitable Gaming Manager, spoke neutral on the bill.

3:59 PM Chairman Larson closed the public hearing.

Additional written testimony:

Scott Meske provided written testimony #18021.

3:59 PM Chairman Larson closed the hearing.

Rick Schuchard, Committee Clerk

2023 SENATE STANDING COMMITTEE MINUTES

Judiciary Committee
Peace Garden Room, State Capitol

SB 2245
2/7/2023

A bill relating to a manufacturer of an electronic device, electronic fifty-fifty raffle tickets, and monthly rent for electronic pull tab devices.

3:15 PM Chairman Larson opened the meeting.

Present are Chairman Larson and Senators Myrdal, Luick, Estensen, Sickler, Braunberger, Paulson.

Discussion Topics:

- Committee action

3:15 PM Senator Luick moved to Do Pass the bill. Motion seconded by Senator Myrdal.

3:15 PM Roll call vote 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 passes 7-0-0.

Senator Luick will carry the bill.

This bill does not affect workforce development.

3:18 PM Chairman Larson closed the meeting.

Rick Schuchard, Committee Clerk

REPORT OF STANDING COMMITTEE

SB 2245: Judiciary Committee (Sen. Larson, Chairman) recommends **DO PASS** (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2245 was placed on the Eleventh order on the calendar. This bill does not affect workforce development.

2023 HOUSE FINANCE AND TAXATION

SB 2245

2023 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Room JW327E, State Capitol

SB 2245
3/8/2023

A bill relating to a manufacturer of an electronic device, electronic fifty fifty raffle tickets, and monthly rent for electronic pull tab devices.

Vice Chairman Hagert opened the hearing at 10:00AM.

Members present: Vice Chairman Hagert, Representative Dockter, Representative Fisher, Representative Grueneich, Representative Hatlestad, Representative Motschenbacher, Representative Olson, Representative Steiner, Representative Toman, Representative Finley-DeVille, and Representative Ista. Members absent: Chairman Headland and Representatives Anderson and Bosch.

Discussion Topics:

- Language clean up
- Definition of manufacturer
- Pull tab devices

Deb McDaniel, Director of Gaming Division with the Office of the Attorney General, introduced the bill in support (#23704).

Vice Chairman Hagert closed the hearing at 10:04AM.

Mary Brucker, Committee Clerk

2023 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Room JW327E, State Capitol

SB 2245
3/15/2023

A bill relating to a manufacturer of an electronic device, electronic fifty-fifty raffle tickets, and monthly rent for electronic pull tab devices.

Chairman Headland opened the meeting at 2:53PM.

Members present: Chairman Headland, Vice Chairman Hagert, Representative Anderson, Representative Dockter, Representative Fisher, Representative Grueneich, Representative Hatlestad, Representative Motschenbacher, Representative Olson, Representative Steiner, and Representative Ista. Members absent: Representative Bosch, Representative Toman and Representative Finley-DeVille.

Discussion Topics:

- Proposed amendment 23.0929.01001
- Committee vote

Representative Grueneich distributed a proposed amendment 23.0929.01001 (#25341).

Representative Grueneich moved the amendment 23.0929.01001.

Representative Olson seconded the motion.

Roll call vote:

Representatives	Vote
Representative Craig Headland	Y
Representative Jared Hagert	Y
Representative Dick Anderson	Y
Representative Glenn Bosch	AB
Representative Jason Dockter	Y
Representative Lisa Finley-DeVille	AB
Representative Jay Fisher	Y
Representative Jim Grueneich	AB
Representative Patrick Hatlestad	Y
Representative Zachary Ista	Y
Representative Mike Motschenbacher	Y
Representative Jeremy Olson	Y
Representative Vicky Steiner	Y
Representative Nathan Toman	AB

Motion carried 10-0-4

Representative Grueneich moved a Do Pass as Amended.

Representative Olson seconded the motion.

Roll call vote:

Representatives	Vote
Representative Craig Headland	Y
Representative Jared Hagert	Y
Representative Dick Anderson	Y
Representative Glenn Bosch	AB
Representative Jason Dockter	Y
Representative Lisa Finley-DeVille	AB
Representative Jay Fisher	AB
Representative Jim Grueneich	Y
Representative Patrick Hatlestad	Y
Representative Zachary Ista	Y
Representative Mike Motschenbacher	N
Representative Jeremy Olson	Y
Representative Vicky Steiner	N
Representative Nathan Toman	AB

Motion carried 8-2-4

Representative Dockter is the bill carrier.

Chairman Headland adjourned at 3:10PM.

**This bill is being held for reconsideration.

Mary Brucker, Committee Clerk

23.0929.01001
Title.02000

Prepared by the Legislative Council staff for
Representative Grueneich
March 9, 2023

3-15-23

PROPOSED AMENDMENTS TO SENATE BILL NO. 2245

Page 1, line 2, replace "subsection" with "subsections 2 and"

Page 1, line 3, after "to" insert "allowable expenses,"

Page 1, after line 20, insert:

"**SECTION 3. 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 ~~sixty~~:

   a. Sixty percent of the adjusted gross proceeds per quarter if the total adjusted gross proceeds for the quarter are more than one hundred thousand dollars; and

   b. Sixty-three percent of the adjusted gross proceeds per quarter if the total adjusted gross proceeds for the quarter are equal to or less than one hundred thousand dollars."

Page 2, line 2, overstrike "two" and insert immediately thereafter "three"

Page 2, line 4, overstrike "one" and insert immediately thereafter "two"

Page 2, line 6, overstrike "one" and insert immediately thereafter "three"

Page 2, line 7, overstrike "seventy-five"

Page 2, line 9, overstrike "three" and insert immediately thereafter "five"

Page 2, line 9, overstrike "twenty-five"

Page 2, line 12, overstrike "four" and insert immediately thereafter "five"

Page 2, line 14, overstrike "one" and insert immediately thereafter "two"

Page 2, line 14, overstrike "for"

Page 2, overstrike lines 15 and 16

Page 2, line 17, overstrike "dollars per machine up to a maximum of"

Page 2, line 17, remove "seven"

Page 2, line 17, overstrike "hundred"

Page 2, line 18, remove "fifty"

Page 2, line 18, overstrike "dollars per month for all electronic pull tab devices in a single"

Page 2, line 19, overstrike "venue" and insert immediately thereafter ". However, monthly rent may include an additional one hundred dollars per machine for bar staff assistance if no gaming employee is onsite to administer the proceeds"

Renumber accordingly

3-15-23

2023 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Room JW327E, State Capitol

SB 2245
3/21/2023

A bill relating to a manufacturer of an electronic device, electronic fifty-fifty raffle tickets, and monthly rent for electronic pull tab devices.

Chairman Headland opened the meeting at 10:38AM.

Members present: Chairman Headland, Vice Chairman Hagert, Representative Anderson, Representative Bosch, Representative Dockter, Representative Fisher, Representative Grueneich, Representative Hatlestad, Representative Motschenbacher, Representative Olson, Representative Steiner, Representative Toman, Representative Finley-DeVille, and Representative Ista. No members absent.

Discussion Topics:

- Reconsideration
- Proposed amendment 23.0929.01002
- Committee vote

Representative Dockter moved to reconsider the bill.

Representative Steiner seconded the motion.

Voice vote-motion carried.

Representative Olson moved to remove amendment 23.0929.01001 (#25341) from the bill.

Representative Dockter seconded the motion.

Voice vote-motion carried.

Representative Grueneich distributed and **moved amendment 23.0929.01002** (#26113).

Vice Chairman Hagert seconded the motion.

Bill Kalanek, Charitable Gaming of North Dakota, answered questions from the committee.

Roll call vote:

Representatives	Vote
Representative Craig Headland	Y
Representative Jared Hagert	Y
Representative Dick Anderson	Y

Representative Glenn Bosch	Y
Representative Jason Dockter	Y
Representative Lisa Finley-DeVille	Y
Representative Jay Fisher	Y
Representative Jim Grueneich	Y
Representative Patrick Hatlestad	Y
Representative Zachary Ista	Y
Representative Mike Motschenbacher	Y
Representative Jeremy Olson	Y
Representative Vicky Steiner	Y
Representative Nathan Toman	Y

Motion carried 14-0-0

Vice Chairman Hagert moved a Do Pass as Amended.

Representative Olson seconded the motion.

Roll call vote:

Representatives	Vote
Representative Craig Headland	Y
Representative Jared Hagert	Y
Representative Dick Anderson	Y
Representative Glenn Bosch	Y
Representative Jason Dockter	Y
Representative Lisa Finley-DeVille	Y
Representative Jay Fisher	Y
Representative Jim Grueneich	Y
Representative Patrick Hatlestad	Y
Representative Zachary Ista	Y
Representative Mike Motschenbacher	Y
Representative Jeremy Olson	Y
Representative Vicky Steiner	Y
Representative Nathan Toman	N

Motion carried 13-1-0

Representative Dockter is the bill carrier.

Chairman Headland adjourned at 10:48AM.

Mary Brucker, Committee Clerk

23.0929.01002
Title.03000

Prepared by the Legislative Council staff for
Representative Grueneich
March 17, 2023

03/21/23

PROPOSED AMENDMENTS TO SENATE BILL NO. 2245

Page 1, line 2, replace "subsection" with "subsections 2 and"

Page 1, line 3, after the third comma insert "allowable expenses,"

Page 1, after line 20, insert:

"**SECTION 3. 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 ~~sixty~~:

   a. Sixty percent of the adjusted gross proceeds per quarter if the total adjusted gross proceeds for the quarter are more than one hundred thousand dollars; and

   b. Sixty-three percent of the adjusted gross proceeds per quarter if the total adjusted gross proceeds for the quarter are equal to or less than one hundred thousand dollars."

Page 2, line 14, overstrike "one" and insert immediately thereafter "two"

Page 2, line 14, overstrike "for"

Page 2, overstrike lines 15 and 16

Page 2, line 17, overstrike "dollars per machine up to a maximum of"

Page 2, line 17, remove "seven"

Page 2, line 17, overstrike "hundred"

Page 2, line 18, remove "fifty"

Page 2, line 18, overstrike "dollars per month for all electronic pull tab devices in a single"

Page 2, line 19, overstrike "venue" and insert immediately thereafter ". However, monthly rent may include an additional fifty dollars per electronic pull tab device if no gaming employee is onsite to conduct gaming and bar staff is solely responsible for voucher redemption"

Renumber accordingly

REPORT OF STANDING COMMITTEE

SB 2245: Finance and Taxation Committee (Rep. Headland, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (13 YEAS, 1 NAY, 0 ABSENT AND NOT VOTING). SB 2245 was placed on the Sixth order on the calendar.

Page 1, line 2, replace "subsection" with "subsections 2 and"

Page 1, line 3, after the third comma insert "allowable expenses,"

Page 1, after line 20, insert:

"**SECTION 3. 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 ~~sixty~~:

   a. Sixty percent of the adjusted gross proceeds per quarter if the total adjusted gross proceeds for the quarter are more than one hundred thousand dollars; and

   b. Sixty-three percent of the adjusted gross proceeds per quarter if the total adjusted gross proceeds for the quarter are equal to or less than one hundred thousand dollars."

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Page 2, line 14, overstrike "for"

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Page 2, line 17, overstrike "dollars per machine up to a maximum of"

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Page 2, line 19, overstrike "venue" and insert immediately thereafter ". However, monthly rent may include an additional fifty dollars per electronic pull tab device if no gaming employee is onsite to conduct gaming and bar staff is solely responsible for voucher redemption"

Renumber accordingly

2023 CONFERENCE COMMITTEE

SB 2245

2023 SENATE STANDING COMMITTEE MINUTES

Judiciary Committee
Peace Garden Room, State Capitol

SB 2245
4/21/2023
Conference Committee

A bill relating to a manufacturer of an electronic device, electronic fifty-fifty raffle tickets, and monthly rent for electronic pull tab devices.

2:33 PM Chairman Luick opened the meeting.

Chairman Luick and Senators Braunberger, Paulson, and Representatives Dockter, Toman and Koppelman are present.

Discussion Topics:

- Workforce shortages
- Payouts
- Charities
- Bar owners

2:33 PM The committee has discussion on the bill.

2:47 PM Deb McDaniel, Director, Gaming Division, North Dakota Attorney Generals office gave oral testimony to the committee.

2:55 PM Chairman Luick closed the meeting.

Rick Schuchard, Committee Clerk

2023 SENATE STANDING COMMITTEE MINUTES

Judiciary Committee
Peace Garden Room, State Capitol

SB 2245
4/25/2023
Conference Committee

A bill relating to a manufacturer of an electronic device, electronic fifty-fifty raffle tickets, and monthly rent for electronic pull tab devices.

10:34 AM Chairman Luick opened the meeting.

Chairman Luick, Senators Braunberger, Paulson and Representatives Dockter, Toman and Koppelman are present.

Discussion Topics:

- SB 2304 Status

10:34 AM The committee has discussion on this bill and SB 2304. The committee wishes to have SB 2304 acted on first so another meeting on SB 2245 will be scheduled for later this afternoon.

10:37 AM Chairman Luick closed the meeting.

Rick Schuchard, Committee Clerk

2023 SENATE STANDING COMMITTEE MINUTES

Judiciary Committee
Peace Garden Room, State Capitol

SB 2245
4/25/2023
Conference Committee

A bill relating to a manufacturer of an electronic device, electronic fifty-fifty raffle tickets, and monthly rent for electronic pull tab devices.

4:01 PM Chairman Luick opened the meeting.

Chairman Luick, Senators Braunberger, Paulson, and Representatives Dockter, and Koppelman are present. Representative Toman is absent.

Discussion Topics:

- Committee action

4:02 PM Senator Braunberger moved the Senate Accede to House amendments. Motion was seconded by Senator Paulson.

4:03 PM Roll call vote was taken. Motion carried 5-0-1.

Senator Luick will carry the bill for the Senate.

Representative Dockter will carry the bill for the House.

4:04 PM Chairman Luick closed the meeting.

Rick Schuchard, Committee Clerk

Date: 4/25/2023
Roll Call Vote #: 1

2023 SENATE CONFERENCE COMMITTEE
ROLL CALL VOTES

BILL/RESOLUTION NO. SB 2245

Senate Judiciary Committee

Action Taken
☒ **SENATE accede to House Amendments**
☐ **SENATE accede to House Amendments and further amend**
☐ **HOUSE recede from House amendments**
☐ **HOUSE recede from House amendments and amend as follows**

☐ **Unable to agree**, recommends that the committee be discharged and a new committee be appointed

Motion Made by: Braunberger Seconded by: Paulson

Senators	4/25			**Yes**	**No**		**Representatives**	4/25			**Yes**	**No**
Luick	P			X			Dockter	P			X	
Braunberger	P			X			Toman	AB			-	-
Paulson	P			X			Koppelman	P			X	
Total Senate Vote				3	0		Total Rep. Vote				2	0

Vote Count Yes: 5 No: 0 Absent: 1

Senate Carrier Luick House Carrier Dockter

LC Number _____ . _____ of amendment

LC Number _____ . _____ of engrossment

Emergency clause added or deleted

Statement of purpose of amendment

REPORT OF CONFERENCE COMMITTEE

SB 2245: Your conference committee (Sens. Luick, Braunberger, Paulson and Reps. Dockter, Toman, Koppelman) recommends that the **SENATE ACCEDE** to the House amendments as printed on SJ page 1128 and place SB 2245 on the Seventh order.

SB 2245 was placed on the Seventh order of business on the calendar.

TESTIMONY

SB 2245

NORTH DAKOTA GAMING ALLIANCE

Benefiting North Dakota Communities through Charitable Gaming

January 31, 2023

Testimony in OPPOSITION of Senate Bill 2245

Madame 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 stand in opposition to Senate Bill 2245.

ND Gaming Alliance represents all facets of the charitable gaming industry, including Veteran and Fraternal Organizations, Charities, Hospitality, Manufacturers, and Distributors. In the last biennium more than $73 million has been disbursed into North Dakota's community causes because of charitable gaming.

Senate Bill 2245 would cap the amount of rent allowed to be collected by gaming sites to $750 per month in total for electronic gaming devices, E-pull tab machines. The rent paid by the charity helps compensate the establishment for electricity, internet, and assistance to support the gaming choices. On the surface, this bill looks to help smaller charities from being pushed out of sites by larger organizations. However as we interpret the bill, it is nothing more than an attempt to shut down charitable gaming in North Dakota.

If passed, the results of the bill will result in:

1. Gaming sites will reevaluate the benefit of hosting charitable gaming.
2. When permits are up for renewal, they will make a business decision to not have charitable gaming.
3. Smaller charities, especially in smaller communities, will then begin to lose sites.
4. The charitable gaming industry comes to a halt, or is consolidated into a handful of large organizations.

NORTH DAKOTA GAMING ALLIANCE

Benefiting North Dakota Communities through Charitable Gaming

We surmise this is the intent of this bill and other legislation offered this session. There is no other explanation. There is a bill working its way through the House, HB 1387, which actually raises the maximum allowable rent for electronic pull tab machines to the host gaming sites. A bill that has support across the industry.

The Legislature and the Gaming Commission have set rules for the conduct of charitable gaming in North Dakota. Organizations have employed those rules. Now, there seems to be repeated attempts to reign in those who have been successful – just because they followed the rules.

Madame Chair and Members of the Committee, you will have several bills before you this session that while on the surface look reasonable in their regulatory intent to some, do nothing except hinder charities who work to improve our communities. The 319 licensed charitable organizations contributed more $73 million the last biennium to local charitable endeavors, and and another $43 million to the state coffers in taxes. That revenue, injected directly into our communities, offsets the need to rely on other sources of income to meet the charity's stated mission and provides valuable benefits to the residents and communities.

The North Dakota Gaming Alliance respectfully asks that you reject SB 2245 and give the bill a DO NOT PASS recommendation from this Committee.

Thank you.

WHERE DOES THE MONEY GO?

NORTH DAKOTA GAMING ALLIANCE

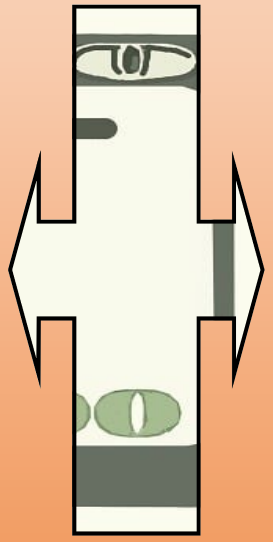
When a player inserts $100 into a machine, on average, that $100 is churned over 3.3 times for a total wagers of $330 on the original $100.

Using $330 as a baseline…

PROFIT (10%) after prize pay-outs) $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

STATE OF NORTH DAKOTA
OFFICE OF ATTORNEY GENERAL
www.attorneygeneral.nd.gov
(701) 328-2210

Drew H. Wrigley
ATTORNEY GENERAL

Senate Judiciary Committee
Senate Bill No. 2245
Relating to a Manufacturer of an Electronic Device, Electronic Fifty-Fifty Raffle Tickets, and Monthly Rent for Electronic Pull Tab Devices
January 31, 2023, Peace Garden Room

Madam Chair Larson, and Senate Judiciary members, my name is Deb McDaniel, I am the Director of Gaming for the Office of Attorney General.

I want to thank Senator Luick for sponsoring Senate Bill 2245. I wish to submit this bill as a clean up bill for items noted that were not corrected during the last legislative session or for items that were changed during the last legislative session. This is only a clarification and clean-up bill.

In Section 1, last session our office asked that the definition of a "Manufacturer" include manufacturers of electronic pull tab device operating systems. This was missed in last sessions Technical Corrections bill.

Also under Section 1, with the passage of online raffle ticket sales there is now another electronic raffle system type and so to encompasses both the electronic fifty-fifty systems and the online raffle ticket sales systems, in the administrative code we combined these activities into one game type of electronic raffle system.

In Section 2, to clarify the difference between a paper ticket fifty-fifty or doble roll raffle and the electronic fifty-fifty raffle sales we are inserting "electronic" before the words fifty-fifty.

In Section 3, the only change we are making is to clarify the actual monthly rent maximum that an organization may pay for electronic pull tab devices. Last session this office tried to point out the inconsistency of the sum of the maximum rent and it failed to get corrected. Our office receives several phone calls questioning the actual maximum amount of rent that can be paid. If you add $100 for the first five machines and then an additional $50 dollars per machine up to a maximum of 10 devices allowed it equals to $750 not the $1,700 as stated.

For the reasons explained I would request your support and a Do Pass for Senate Bill 2245.

Thank you for your time and consideration.

Deb McDaniel
Director of Gaming
Office of Attorney General

Logan Untersehen
701-870-1808

2:38 PM
01/30/23
Cash Basis

Matpac Wrestling Club, Inc.
Profit & Loss by Site
January through March 2022

	Main Bar	TOTAL
Ordinary Income/Expense		
Income		
Charitable Gaming Proceeds		
Cash Long	2,766.25	2,766.25
E-Tabs	749,742.00	749,742.00
Pull Tabs (Jar Bar)	1,549.00	1,549.00
Pull Tabs (Machine)	39,735.00	39,735.00
Twenty-One	43,621.00	43,621.00
Total Charitable Gaming Proceeds	837,413.25	837,413.25
Total Income	837,413.25	837,413.25
Gross Profit	837,413.25	837,413.25
Expense		
Business Expenses		
Taxes - Not UBIT		
State Gaming Tax	9,245.18	9,245.18
Total Taxes - Not UBIT	9,245.18	9,245.18
Total Business Expenses	9,245.18	9,245.18
Charitable Gaming Payouts		
Cash Short	2,874.50	2,874.50
E-Tabs	677,979.75	677,979.75
Pull Tabs (Jar Bar)	2,160.00	2,160.00
Pull Tabs (Machine)	33,090.00	33,090.00
Twenty-One	40,218.00	40,218.00
Total Charitable Gaming Payouts	756,322.25	756,322.25
Contract Services		
Accounting Fees	4,210.00	4,210.00
Outside Contract Services	485.42	485.42
Total Contract Services	4,695.42	4,695.42
Facilities and Equipment		
Rent, Parking, Utilities		
Rent	2,325.00	2,325.00
Total Rent, Parking, Utilities	2,325.00	2,325.00
Total Facilities and Equipment	2,325.00	2,325.00
Operations		
E-Tabs	25,626.19	25,626.19
Printing and Copying	695.58	695.58
Supplies	23.30	23.30
Total Operations	26,345.07	26,345.07
Payroll Expenses	16,492.70	16,492.70
Travel and Meetings		
Mileage	434.41	434.41
Total Travel and Meetings	434.41	434.41
Total Expense	815,860.03	815,860.03
Net Ordinary Income	21,553.22	21,553.22
Net Income	**21,553.22**	**21,553.22**

before Remodel

Matpac Wrestling Club, Inc.
Profit & Loss by Site
April through June 2022

	Main Bar	TOTAL
Ordinary Income/Expense		
Income		
Charitable Gaming Proceeds		
Cash Long	320.25	320.25
E-Tabs	914,096.00	914,096.00
Pull Tabs (Jar Bar)	3,765.00	3,765.00
Pull Tabs (Machine)	34,259.00	34,259.00
Twenty-One	54,885.00	54,885.00
Total Charitable Gaming Proceeds	1,007,325.25	1,007,325.25
Total Income	1,007,325.25	1,007,325.25
Gross Profit	1,007,325.25	1,007,325.25
Expense		
Business Expenses		
Business Registration Fees	130.00	130.00
Employee Gaming Permit	50.00	50.00
Taxes - Not UBIT		
State Gaming Tax	9,348.00	9,348.00
Total Taxes - Not UBIT	9,348.00	9,348.00
Total Business Expenses	9,528.00	9,528.00
Charitable Gaming Payouts		
Cash Short	287.75	287.75
E-Tabs	816,969.50	816,969.50
Pull Tabs (Jar Bar)	3,115.00	3,115.00
Pull Tabs (Machine)	28,870.00	28,870.00
Twenty-One	45,994.00	45,994.00
Total Charitable Gaming Payouts	895,236.25	895,236.25
Contract Services		
Accounting Fees	4,650.00	4,650.00
Outside Contract Services	479.29	479.29
Total Contract Services	5,129.29	5,129.29
Facilities and Equipment		
Rent, Parking, Utilities		
Rent	2,325.00	2,325.00
Total Rent, Parking, Utilities	2,325.00	2,325.00
Total Facilities and Equipment	2,325.00	2,325.00
Operations		
E-Tabs	32,981.54	32,981.54
Printing and Copying	1,006.04	1,006.04
Supplies	308.48	308.48
Total Operations	34,296.06	34,296.06
Other Types of Expenses		
Worker's Compensation	179.70	179.70
Total Other Types of Expenses	179.70	179.70
Payroll Expenses	16,404.86	16,404.86

Matpac Wrestling Club, Inc.
Profit & Loss by Site
April through June 2022

	Main Bar	TOTAL
Travel and Meetings		
Mileage	374.63	374.63
Total Travel and Meetings	374.63	374.63
Total Expense	963,473.79	963,473.79
Net Ordinary Income	43,851.46	43,851.46
Net Income	**43,851.46**	**43,851.46**

Matpac Wrestling Club, Inc.
Profit & Loss by Site
July through September 2022

	Main Bar	TOTAL
Ordinary Income/Expense		
Income		
Charitable Gaming Proceeds		
Cash Long	162.25	162.25
E-Tabs	971,173.75	971,173.75
Pull Tabs (Jar Bar)	8,436.00	8,436.00
Pull Tabs (Machine)	39,717.00	39,717.00
Twenty-One	65,077.00	65,077.00
Total Charitable Gaming Proceeds	1,084,566.00	1,084,566.00
Total Income	1,084,566.00	1,084,566.00
Gross Profit	1,084,566.00	1,084,566.00
Expense		
Business Expenses		
Background Investigation	36.00	36.00
Taxes - Not UBIT		
State Gaming Tax	14,360.98	14,360.98
Total Taxes - Not UBIT	14,360.98	14,360.98
Total Business Expenses	14,396.98	14,396.98
Charitable Gaming Payouts		
Cash Short	90.00	90.00
E-Tabs	875,734.75	875,734.75
Pull Tabs (Jar Bar)	5,650.00	5,650.00
Pull Tabs (Machine)	32,640.00	32,640.00
Twenty-One	47,626.00	47,626.00
Total Charitable Gaming Payouts	961,740.75	961,740.75
Contract Services		
Accounting Fees	4,650.00	4,650.00
Outside Contract Services	312.89	312.89
Total Contract Services	4,962.89	4,962.89
Facilities and Equipment		
Rent, Parking, Utilities		
Rent	2,775.00	2,775.00
Total Rent, Parking, Utilities	2,775.00	2,775.00
Total Facilities and Equipment	2,775.00	2,775.00
Operations		
E-Tabs	35,577.92	35,577.92
Printing and Copying	656.97	656.97
Supplies	36.01	36.01
Total Operations	36,270.90	36,270.90
Payroll Expenses	19,049.98	19,049.98
Travel and Meetings		
Mileage	359.35	359.35
Total Travel and Meetings	359.35	359.35
Total Expense	1,039,555.85	1,039,555.85
Net Ordinary Income	45,010.15	45,010.15
Net Income	**45,010.15**	**45,010.15**

Matpac Wrestling Club, Inc.
Profit & Loss by Site
October through December 2022

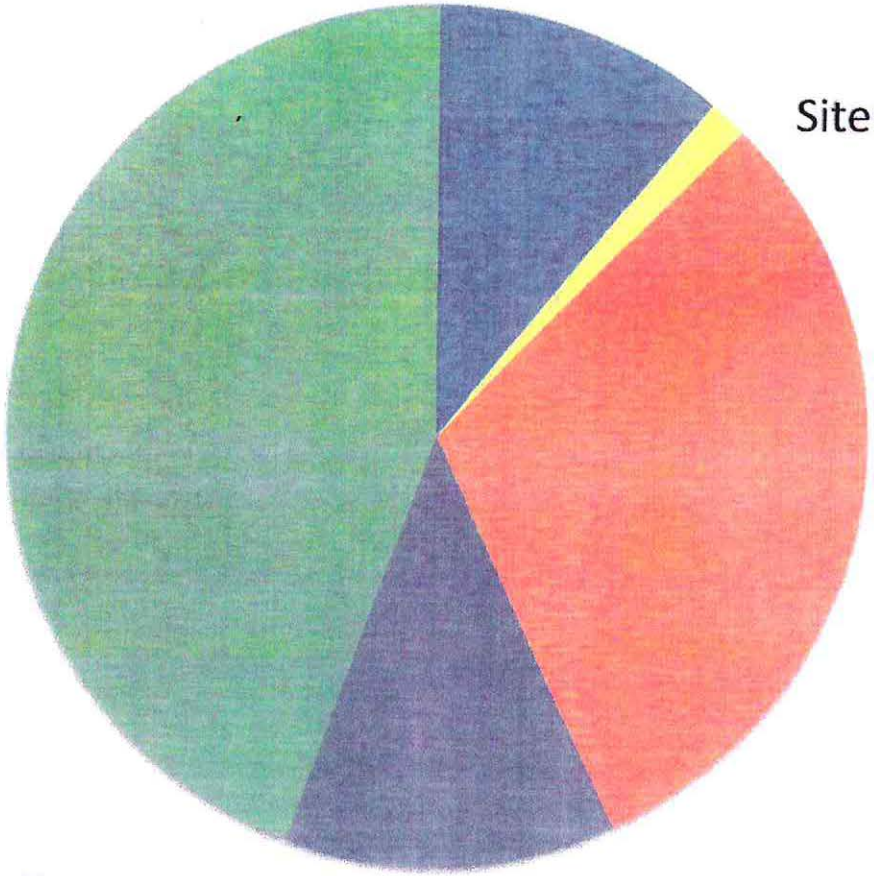
	Main Bar	TOTAL
Ordinary Income/Expense		
Income		
Charitable Gaming Proceeds		
Cash Long	2,174.50	2,174.50
E-Tabs	1,452,571.50	1,452,571.50
Pull Tabs (Jar Bar)	710.00	710.00
Pull Tabs (Machine)	42,867.00	42,867.00
Twenty-One	61,555.00	61,555.00
Total Charitable Gaming Proceeds	1,559,878.00	1,559,878.00
Total Income	1,559,878.00	1,559,878.00
Gross Profit	1,559,878.00	1,559,878.00
Expense		
Business Expenses		
Taxes - Not UBIT		
State Gaming Tax	14,648.00	14,648.00
Total Taxes - Not UBIT	14,648.00	14,648.00
Total Business Expenses	14,648.00	14,648.00
Charitable Gaming Payouts		
Cash Short	3,055.50	3,055.50
E-Tabs	1,297,110.75	1,297,110.75
Pull Tabs (Jar Bar)	850.00	850.00
Pull Tabs (Machine)	35,440.00	35,440.00
Twenty-One	55,692.00	55,692.00
Total Charitable Gaming Payouts	1,392,148.25	1,392,148.25
Contract Services		
Accounting Fees	5,250.00	5,250.00
Total Contract Services	5,250.00	5,250.00
Facilities and Equipment		
Equip Rental and Maintenance	272.86	272.86
Rent, Parking, Utilities		
Rent	3,475.00	3,475.00
Total Rent, Parking, Utilities	3,475.00	3,475.00
Total Facilities and Equipment	3,747.86	3,747.86
Operations		
Advertising and Promotion	760.00	760.00
E-Tabs	46,911.06	46,911.06
Printing and Copying	983.00	983.00
Shredding Service	31.11	31.11
Supplies	5.80	5.80
Total Operations	48,690.97	48,690.97
Payroll Expenses	16,810.03	16,810.03
Travel and Meetings		
Mileage	300.33	300.33
Total Travel and Meetings	300.33	300.33
Total Expense	1,481,595.44	1,481,595.44
Net Ordinary Income	78,282.56	78,282.56
Net Income	**78,282.56**	**78,282.56**

after Remodel

Lucky's Bar (2022)

Adj. Gross Proceeds ($1,370,768)

Proceeds:
$12,387,766
Prizes:
$11,016,998



State (Tax), $151,692, **11%**

Site (Rent), $19,800, **1%**

Distributor (E-Tabs), $419,527, **31%**

Operations (Overhead), $172,696, **13%**

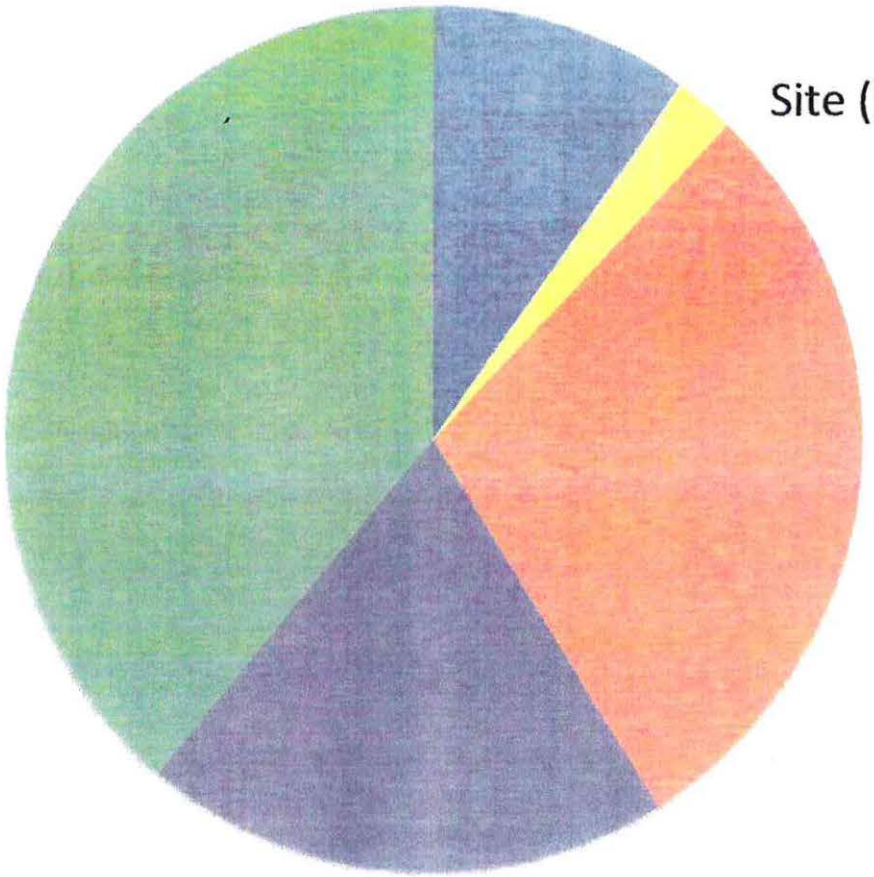
Charity (Profit), $607,053, **44%**

Main Bar (2022)

Adj. Gross Proceeds ($483,735)

Proceeds:
$4,489,183
Prizes:
$4,005,448

State (Tax), $47,602, **10%**



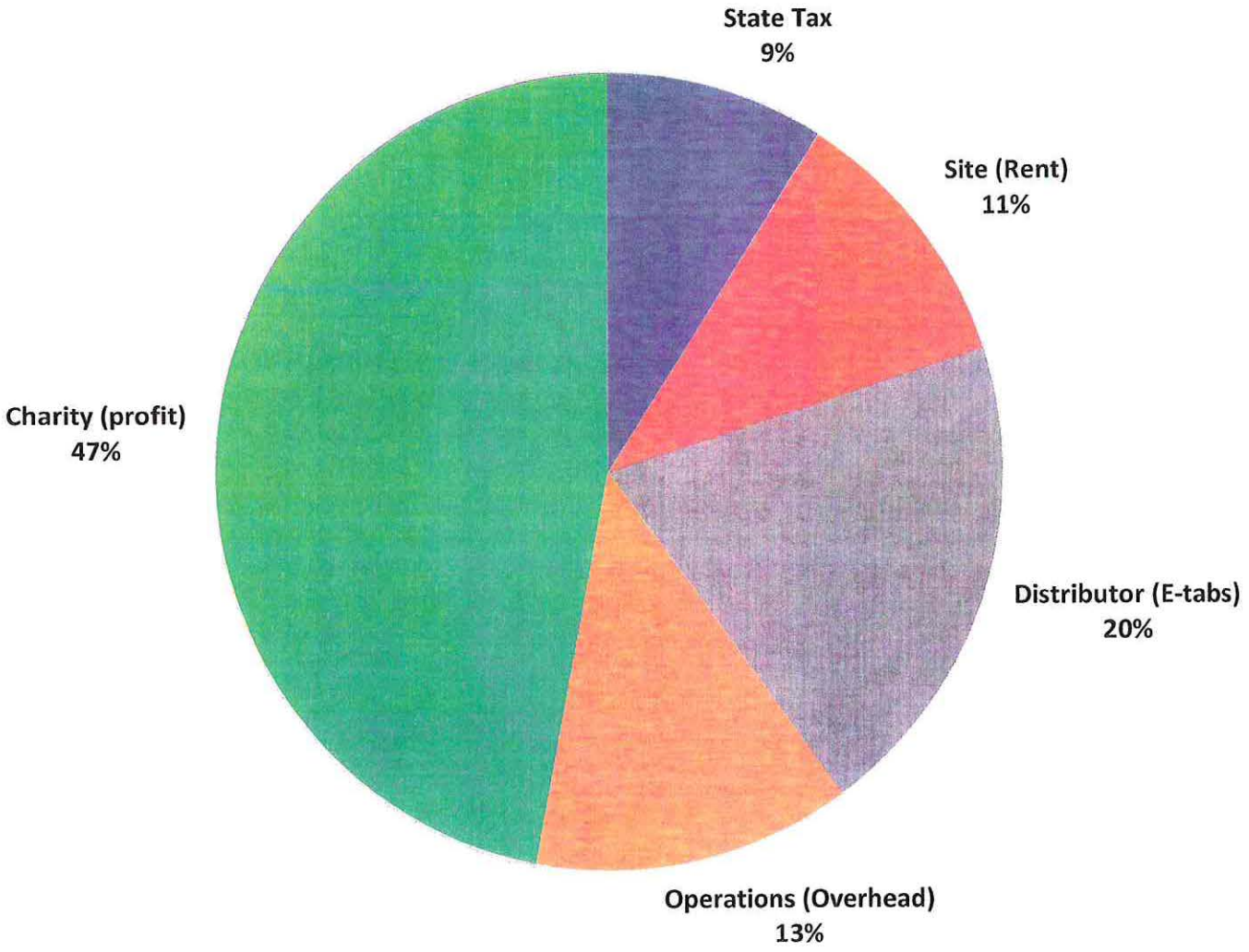
Site (Rent), $10,900, **2%**

Charity (Profit), $188,697, **39%**

Distributor (E-Tabs), $141,097, **29%**

Operations (Overhead), $95,439, **20%**

PROPOSED


State Tax
9%
Site (Rent)
11%
Distributor (E-tabs)
20%
Operations (Overhead)
13%
Charity (profit)
47%

STATE OF NORTH DAKOTA
OFFICE OF ATTORNEY GENERAL
www.attorneygeneral.nd.gov
(701) 328-2210

Drew H. Wrigley
ATTORNEY GENERAL

House Finance and Taxation Committee
Senate Bill No. 2245
Relating to a Manufacturer of an Electronic Device, Electronic Fifty-Fifty Raffle Tickets, and Monthly Rent for Electronic Pull Tab Devices
March 8, 2023, Room 327E

Chairman and House Finance & Taxation members, my name is Deb McDaniel, I am the Director of Gaming for the Office of Attorney General.

I wish to submit this bill as a clean up bill for items noted that were not corrected during the last legislative session or for items that were changed during the last legislative session. This is only a clarification and clean-up bill.

In Section 1, last session our office asked that the definition of a "Manufacturer" include manufacturers of electronic pull tab device operating systems. This was missed in last sessions Technical Corrections bill.

Also under Section 1, with the passage of online raffle ticket sales there is now another electronic raffle system type and so to encompasses both the electronic fifty-fifty systems and the online raffle ticket sales systems, in the administrative code we combined these activities into one game type of electronic raffle system.

In Section 2, to clarify the difference between a paper ticket fifty-fifty or doble roll raffle and the electronic fifty-fifty raffle sales we are inserting "electronic" before the words fifty-fifty.

In Section 3, the only change we are making is to clarify the actual monthly rent maximum that an organization may pay for electronic pull tab devices. Last session this office tried to point out the inconsistency of the sum of the maximum rent and it failed to get corrected. Our office receives several phone calls questioning the actual maximum amount of rent that can be paid. If you add $100 for the first five machines and then an additional $50 dollars per machine up to a maximum of 10 devices allowed it equals to $750 not the $1,700 as stated.

For the reasons explained I would request your support and a Do Pass for Senate Bill 2245.

Thank you for your time and consideration.

Deb McDaniel
Director of Gaming
Office of Attorney General

23.0929.01001

Sixty-eighth
Legislative Assembly
of North Dakota

SENATE BILL NO. 2245

Introduced by

Senator Luick

A BILL for an Act to amend and reenact subsection 13 of section 53-06.1-01, subsection 3 of section 53-06.1-10.1, and ~~subsection~~subsections 2 and 5 of section 53-06.1-11 of the North Dakota Century Code, relating to allowable expenses, a manufacturer of an electronic device, electronic fifty-fifty raffle tickets, and monthly rent for electronic pull tab devices.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Subsection 13 of section 53-06.1-01 of the North Dakota Century Code is amended and reenacted as follows:

13. "Manufacturer" means, for a pull tab or bingo card, a person who designs, prints, assembles, or produces the product. For a pull tab dispensing device, electronic pull tab device operating system, bingo card marking device, or ~~a fifty-fifty~~electronic raffle system, a manufacturer means the person who directly controls and manages development of and owns the rights to the proprietary software encoded on a processing chip that enables the device or system to operate.

SECTION 2. AMENDMENT. Subsection 3 of section 53-06.1-10.1 of the North Dakota Century Code is amended and reenacted as follows:

3. An organization permitted to conduct raffles in this state may conduct ~~a~~an electronic fifty-fifty raffle either by manual drawing or by using a random number generator. ~~Fifty-fifty~~Electronic fifty-fifty raffle tickets must be sold and drawings held onsite at the location of and on the date of the event. ~~Fifty-fifty~~Electronic fifty-fifty raffles may not be conducted online over the internet.

SECTION 3. 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 ~~sixty~~:

a. Sixty percent of the adjusted gross proceeds per quarter if the total adjusted gross proceeds for the quarter are more than one hundred thousand dollars; and

b. Sixty-three percent of the adjusted gross proceeds per quarter if the total adjusted gross proceeds for the quarter are equal to or less than one hundred thousand dollars.

SECTION 4. AMENDMENT. Subsection 5 of section 53-06.1-11 of the North Dakota Century Code is amended and reenacted as follows:

5. For a site where bingo is not the primary game:

   a. If twenty-one or paddlewheels is conducted, the monthly rent may not exceed ~~two~~three hundred dollars multiplied by the necessary number of tables based on criteria prescribed by gaming rule. For each twenty-one table with a wager greater than five dollars, an additional amount up to ~~one~~two hundred dollars may be added to the monthly rent. If pull tabs is also conducted involving only a jar bar, the monthly rent for pull tabs may not exceed an additional ~~one~~three hundred ~~seventy-five~~ dollars. If pull tabs is conducted involving only a dispensing device or a jar bar and dispensing device, the monthly rent for pull tabs may not exceed an additional ~~three~~five hundred ~~twenty-five~~ dollars.

   b. If twenty-one and paddlewheels are not conducted but pull tabs is conducted involving either a jar bar or dispensing device, the monthly rent may not exceed ~~four~~five hundred dollars.

   c. If pull tabs is conducted using one or more electronic pull tab devices, the monthly rent may not exceed an additional ~~one~~two hundred dollars per machine ~~for the first five machines in the same venue. For each additional machine in the same venue beyond five, the monthly rent may not exceed an additional fifty dollars per machine up to a maximum of one thousand one~~seven hundred ~~twenty-five~~fifty ~~dollars per month for all electronic pull tab devices in a single venue~~. However, monthly rent may include an additional one hundred dollars per machine for bar staff assistance if no gaming employee is onsite to administer the proceeds.

23.0929.01002
Title.

Prepared by the Legislative Council staff for
Representative Grueneich
March 17, 2023

PROPOSED AMENDMENTS TO SENATE BILL NO. 2245

Page 1, line 2, replace "subsection" with "subsections 2 and"

Page 1, line 3, after the third comma insert "allowable expenses,"

Page 1, after line 20, insert:

"**SECTION 3. 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 ~~sixty~~:

   a. Sixty percent of the adjusted gross proceeds per quarter if the total adjusted gross proceeds for the quarter are more than one hundred thousand dollars; and

   b. Sixty-three percent of the adjusted gross proceeds per quarter if the total adjusted gross proceeds for the quarter are equal to or less than one hundred thousand dollars."

Page 2, line 14, overstrike "one" and insert immediately thereafter "two"

Page 2, line 14, overstrike "for"

Page 2, overstrike lines 15 and 16

Page 2, line 17, overstrike "dollars per machine up to a maximum of"

Page 2, line 17, remove "seven"

Page 2, line 17, overstrike "hundred"

Page 2, line 18, remove "fifty"

Page 2, line 18, overstrike "dollars per month for all electronic pull tab devices in a single"

Page 2, line 19, overstrike "venue" and insert immediately thereafter ". However, monthly rent may include an additional fifty dollars per electronic pull tab device if no gaming employee is onsite to conduct gaming and bar staff is solely responsible for voucher redemption"

Renumber accordingly

23.0929.01002

Sixty-eighth
Legislative Assembly
of North Dakota

SENATE BILL NO. 2245

Introduced by

Senator Luick

A BILL for an Act to amend and reenact subsection 13 of section 53-06.1-01, subsection 3 of section 53-06.1-10.1, and ~~subsection~~subsections 2 and 5 of section 53-06.1-11 of the North Dakota Century Code, relating to a manufacturer of an electronic device, electronic fifty-fifty raffle tickets, allowable expenses, and monthly rent for electronic pull tab devices.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Subsection 13 of section 53-06.1-01 of the North Dakota Century Code is amended and reenacted as follows:

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5. For a site where bingo is not the primary game:

   a. If twenty-one or paddlewheels is conducted, the monthly rent may not exceed two hundred dollars multiplied by the necessary number of tables based on criteria prescribed by gaming rule. For each twenty-one table with a wager greater than five dollars, an additional amount up to one hundred dollars may be added to the monthly rent. If pull tabs is also conducted involving only a jar bar, the monthly rent for pull tabs may not exceed an additional one hundred seventy-five dollars. If pull tabs is conducted involving only a dispensing device or a jar bar and dispensing device, the monthly rent for pull tabs may not exceed an additional three hundred twenty-five dollars.

   b. If twenty-one and paddlewheels are not conducted but pull tabs is conducted involving either a jar bar or dispensing device, the monthly rent may not exceed four hundred dollars.

   c. If pull tabs is conducted using one or more electronic pull tab devices, the monthly rent may not exceed an additional ~~one~~two hundred dollars per machine ~~for the first five machines in the same venue. For each additional machine in the same venue beyond five, the monthly rent may not exceed an additional fifty dollars per machine up to a maximum of one thousand one~~seven ~~hundred twenty-five~~fifty ~~dollars per month for all electronic pull tab devices in a single venue~~. However, monthly rent may include an additional fifty dollars per electronic pull tab device if no gaming employee is onsite to conduct gaming and bar staff is solely responsible for voucher redemption.