

House Finance and Taxation Committee
Testimony on HB1212

Chairman Headland and Representatives:

My name is Rick Stenseth. I am a Gaming Manager for two organizations in Fargo that both conduct charitable gaming (Fargo-Moorhead Community Theatre & Team Makers Club). My involvement in our industry goes back to 1983 and I have been involved in working with the Legislature over many sessions and on many gaming topics.

HB1212 is an extremely important bill for all charitable organizations that conduct gaming in our State. It would provide significant and immediate positive impact to the programs and services supported by gaming. For many of these organizations, gaming is the largest fund raising tool they have to raise the money necessary for them to meet their missions.

While the tax rates and computations of those have changed more than a couple times over the years, the industry has always maintained that it should be responsible for the costs associated with the regulation and administration of the Laws and Rules necessary to ensure the integrity of our industry. And we have always recognized that there is a need to make help available for those who may have a problem with their gaming activity.

HB1212 addresses items that have been discussed in previous legislation over the years. One concerns the tax funds collected being designated to the Attorney General's Office and local jurisdictions for regulation and administration. A second involves the basis on which any tax rate would be applied, and third it specifies an amount to go to counseling.

Historically we began with what was termed "Gaming Tax" and it went to the AG budget to use as necessary. At that time the basis for taxation was Adjusted Gross Proceeds. AGP is what remains after all prizes are paid out to the players. For the quarter ended June 30, 2020 players received 88.3% of wagers back in prizes.

Currently organizations pay taxes based on Gross Proceeds (the total dollar value of wagers). Our industry should not be taxed with this as the basis. Changing this portion of the tax code for charitable gaming is the right way to go. Taxes should be applied based on the revenue after all prizes are paid. For many game types every actual dollar that is taken in by the organization results in \$3 or more wagers (Gross), with over 80% of that amount going back out in prizes.

We all agree there are costs involved which need to be covered by the taxes collected on gaming. Total taxes collected should be calculated to easily maintain the Gaming Division of the Attorney General's Office responsibility to police the industry by enforcing regulations and administering Laws and Rules governing it.

Designating those tax dollars to a fund which is directed by Statute to be used for the purposes defined ensures that regardless of any other budgeting concerns, the AG will be able to maintain the necessary funds to meet their responsibilities.

We could have much discussion on just how things got to this point and consideration of what the funds generated by charitable gaming do for so many in our State has always been a part of any legislation. HB1212 looks at all of the needs and introduces a fair and adequate tax that will be used for appropriate State and local oversight expenses, while helping each organization significantly. I ask for a Do Pass from each of the Committee members and appreciate your attention to this proposal. Thank you for your time and I am available for any questions.