

1   **TESTIMONY OF DAVID HOGUE IN SUPPORT OF SB 2251**

2   **HOUSE JUDICIARY COMMITTEE**

3   **MARCH 17, 2021**

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5           Good morning Chairman Klemin and members of the House Judiciary  
6   Committee. My name is David Hogue. I am a North Dakota state senator representing  
7   District 38, which includes northwest Minot and the city of Burlington. I appear before  
8   your committee to seek support for Senate Bill 2251.

9           SB 2251 relates to small organizations within our state that all of you are a  
10   member of by virtue of your nomination to serve as a state representative by a political  
11   party. I am referring to legislative district party organizations. These organizations are  
12   described in Chapter 16.1-03 of the North Dakota Century Code. These local political  
13   organizations are not legal entities. They do not incorporate, they do not have a  
14   certificate of incorporation, they do not file federal or state tax returns, but they  
15   otherwise share many of the characteristics of small not for profit corporations. As an  
16   example, they have bylaws and leadership. They are organized by geographical  
17   territory.

18           The major distinction between political organizations and non-profit entities is that  
19   political organizations are expressly organized for political purposes. They generally do  
20   not have a charitable purpose. Not for profit corporations do have a charitable purpose  
21   and that purpose defines their agenda.

1           By state law, these not for profit corporations are permitted to conduct gaming  
2 operations to raise revenue as a means to advance their agenda. We have hundreds of  
3 small not for profit organizations in this state. They are recognized as entities under  
4 state and federal law. Under the federal law of income taxation, a not for profit  
5 organization is prohibited from using its revenue or other resources for political  
6 purposes. I think that remains sound policy.

7           Our local political districts are not not for profit entities so they do not have a  
8 charitable mission. Their mission is to help advance candidates and principles that their  
9 members share. When they hold a raffle as a fundraiser, they should be able to use  
10 those proceeds for a political purpose. SB 2251 authorizes that use of proceeds for a  
11 political purpose.

12                   Chairman Klemin and members of the Committee, I'm happy to stand for  
13 your questions.