

HB 1212
Senate Finance & Taxation Committee
Submitted by Janelle Mitzel, CGAND
March 15th, 2021

The Charitable Gaming Association of ND urges a **Do Pass** recommendation on HB 1212.

Why was charitable gaming established?

- A constitutional amendment was overwhelmingly approved that empowered charities with the ability to raise critical financial resources to serve their charitable purposes, support the most vulnerable North Dakotans, and bolster community-focused organizations through charitable gaming.
- Charitable gaming has enabled local non-profits to support important programs in their communities and counties across North Dakota.

Why is charitable gaming important?

Here are just a few examples of how charitable gaming revenues have helped improve our communities in recent years:

- At **Development Homes**, these dollars have helped provide security, equipment, and specialized training to place vulnerable adolescents into community-based homes from the Life Skills and Transition Center in Grafton. We are continuing to de-institutionalize ND citizens.
- The **Lamoure Baseball Booster Club** rebuilt and maintain the local baseball fields while covering costs for the Legion Baseball program, including paying coaches and travel costs for kids play baseball. They were also able to donate additional dollars to support the local volunteer ambulance service and fire department, helping to improve public safety.
- Charitable gaming helps fund **many** volunteer fire departments across the state, including in **Verona**, where gaming helped provide grants for new fire equipment and fire vehicles, and in **Leonard**, where gaming revenue grants helped purchase life-saving equipment and maintain their fire trucks. These are clear public safety benefits that otherwise would need to be funded using state or local tax dollars.
- Funding from **Grand Forks Charities** for Dial-A-Ride transportation services for persons with disabilities also comes from charitable gaming revenue.
- The Fargo **Metro Baseball Association** was able to convert a local baseball field into a state-of-the-art artificial turf field, build concession and locker room facilities, and cover all expenses, including travel, for fielding three legion baseball teams.
- The **Bowman Economic Development Corporation** uses revenue from charitable gaming to support the local nursing home, fund improvements to the local hospital, and provide economic incentives for local businesses. These dollars are helping sustain their local community and helping local businesses thrive.

Charitable gaming is about taking care of our most vulnerable, providing opportunities for youth sports and activities in communities that otherwise wouldn't have the opportunity, funding for veteran's groups, and funding critical public safety needs. These are just a few examples.

Charitable gaming reduces the state taxpayer burden for services charities provide in local communities, while having a positive impact on local entities. Charitable gaming promotes local control by providing funding to local community non-profits.

CGAND urges a Do Pass recommendation on HB 1212 to right-size the state gaming tax.

- For nearly four decades the tax revenue generated from charitable gaming was used primarily to fund oversight of the charitable gaming activity.
- The purpose of charitable gaming is about helping vulnerable citizens and local communities – it was never intended to be a revenue-generator to the state.
- During the 2017-2019 biennium, licensed gaming organizations raised \$51.5 million for charitable uses and generated \$11.3 million in gaming taxes for the state's general fund. (AG's website). The Office of Attorney General Gaming Division expenditures for the 2017-2019 biennium were \$3.2 million.
- During the Fiscal Year ending June 30, 2020 gaming organizations raised nearly \$38 million for charitable uses and generated over \$13 million in gaming taxes for the state's general fund. The Office of Attorney General Gaming Division budget for the 2019-2021 biennium is \$3.4 million.
- In the current biennium, while charities are seeing a strong 50% increase in proceeds for charitable uses, our tax bill is estimated to increase to a staggering \$26-30 Million (est.), a 150% increase in tax collection.
- The Gaming Tax should be designed only to raise enough revenue to cover the cost of appropriately regulating and maintaining oversight of the industry.
- The Gaming Commission and Office of Attorney General should be adequately funded, but every extra tax dollar diverted away from the intended charitable use is a dollar that will not help a North Dakotan in need.
- CGAND supports the utilization of gaming tax revenue is for the prevention and treatment of gambling addiction.

Over the past 40 years North Dakota has built out a responsible system for charitable gaming that puts charitable organizations first, is well-regulated, beneficial to local communities, and evolving to utilize new technologies.

Thank you for your thoughtful consideration to develop a fairer tax structure and a **Do Pass recommendation on HB 1212.**