Testimony in Support of
Engrossed HB 1212
Senate Finance and Taxation Committee
(March 15, 2021)

Chairman Bell and Senate Finance and Taxation Committee Members:

My name is Rick Stenseth. I am a Gaming Manager for two organizations in Fargo that both conduct charitable gaming (Northern Prairie Performing Arts (NPPA) aka 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. I am submitting this testimony through our NPPA lobbyist, Todd D. Kranda, an attorney with the Kelsch Ruff Kranda Nagle & Ludwig Law Firm in Mandan.

HB 1212 is an extremely important bill for all charitable organizations that conduct gaming in North Dakota. HB 1212 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. Attached for your reference is a copy of the **2020 Summary of Eligible Use Contributions** report compiled by the Attorney General Gaming Division showing the various charitable purposes benefitting from charitable gaming in North Dakota.

HB 1212 changes the basis on which gaming tax is applied using an adjusted gross proceeds rather than gross proceeds. The industry supports the change and 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 through the Attorney General's Office and local jurisdictions. Also, we have always recognized that there is a need to make help available for those who may have a problem with their gaming activity. HB 1212 addresses both of these items.

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 gross proceeds formula 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.

HB 1212 establishes 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** recommendation and appreciate your support for the passage of **HB 1212**. Thank you for your time and I am available for any questions. Rick Stenseth

North Dakota Office of Attorney General
Summary of Eligible Use Contributions

Fiscal Year: 2020
Quarter: All

Eligible Code	Description	Check Amount	% of Grand Total
A-02	THE ABUSED	183,811	0.7
A-03	ALCOHOL AND DRUG ABUSE	9,044	0.0
A-04	ANIMAL PROTECTION	37,738	0.1
A-05	ALZHEIMERS	1,725	0.0
A-07	THE BLIND	33,453	0.1
A-08	CANCER	119,112	0.4
A-11	CYSTIC FIBROSIS	349,299	1.2
A-12	DIABETES	10,150	0.0
A-15	THE DISABLED	1,198,008	4.3
A-18	HEART DISEASE	7,850	0.0
A-20	LEARNING DISABILITIES	176,880	0.6
A-24	MENTAL HEALTH	254,796	0.9
A-25	MULTIPLE SCLEROSIS	1,915	0.0
A-26	MUSCULAR DYSTROPHY	4,072	0.0
A-27	THE NEEDY	359,654	1.3
A-28	PARALYSIS	6,700	0.0
A-29	DEVELOPMENTALLY DISABLED CITIZENS	1,315,312	4.7
A-30	SENIOR CITIZENS	334,748	1.2
A-32	TERMINALLY ILL	5,330	0.0
A-36	WILDLIFE	755,429	2.7
A-37	YOUTH ACTIVITIES	6,120,069	21.9
A-46	ADULT ACTIVITIES	212,605	0.8
A-47	HEAD INJURIES	2,350	0.0
A-58	HOME ON THE RANGE	52,029	0.2
A-61	MARCH OF DIMES	300	0.0
A-64	MEALS ON WHEELS	13,900	0.0
A-65	MEDICAL FACILITIES NON-PROFIT	155,524	0.6
A-67	MEMORIAL FUNDS	30,968	0.1
A-70	NURSING HOMES NON-PROFIT	81,399	0.3
A-75	DAYCARE FACILITIES NON-PROFIT	62,298	0.2
A-80	RONALD MCDONALD HOUSE	15,805	0.1
A-82	SALVATION ARMY	18,650	0.1
A-88	SPECIAL OLYMPICS	51,758	0.2
A-90	DISASTER RELIEF ORGANIZATIONS	4,450	0.0
A-91	UNITED FUND/UNITED WAY	137,900	0.5
A-94	YMCA/YWCA	9,500	0.0
A-97	VOLUNTEER SERVICES	9,200	0.0
A-98	GAMBLING ADDICTION	1,000	0.0
A-99	OTHER	228,292	0.8

Subtotal Of Contributions: $12,373,023   Percent to Grand Total: 44.3%

Fiscal Year: 2020
Quarter: All

Eligible Code	Description	Check Amount	% of Grand Total
B-10	RELIGOUS USES	245,177	0.9

Subtotal Of Contributions: $245,177 Percent to Grand Total: 0.9%

Eligible Code	Description	Check Amount	% of Grand Total
C-10	AGRICULTURE	85,412	0.3
C-20	THE ARTS	1,787,549	6.4
C-25	EDUCATIONAL PUBLIC SERVICES	932,663	3.3
C-30	SAFETY	40,902	0.1
C-40	4-H ACTIVITIES	70,545	0.3
C-50	EDUCATIONAL INSTITUTIONS AND A	1,254,178	4.5
C-75	PERSERVATION OF CULTURAL HERIT	394,964	1.4
C-80	SCHOLARSHIPS	1,621,007	5.8
C-90	VOCATIONAL WORKSHOPS	5,018	0.0
C-99	OTHER	54,132	0.2

Subtotal Of Contributions: $6,246,370 Percent to Grand Total: 22.4%

Eligible Code	Description	Check Amount	% of Grand Total
D-10	CAMP GRASSICK	14,960	0.1
D-20	FRATERNAL FOUNDATIONS	115,802	0.4
D-30	LEGION BASEBALL	276,328	1.0
D-40	VETERAN'S CEMETARY	42,903	0.2
D-50	DISABLED OR INJURED VETERANS A	130,950	0.5
D-60	MILITARY FAMILY SUPPORT	46,823	0.2
D-70	VETERANS FACILITY IMPROVEMENTS	227,921	0.8
D-99	OTHER	67,932	0.2

Subtotal Of Contributions: $923,619 Percent to Grand Total: 3.3%

Fiscal Year: 2020
Quarter: All

Eligible Code	Description	Check Amount	% of Grand Total
E-10	SCOUTING ACTIVITIES AND BOYS O	84,443	0.3
E-30	COMMUNITY BANDS, COLOR AND HONOR GUARDS, FLAG	325,800	1.2
E-99	OTHER	30,769	0.1

Subtotal Of Contributions: $441,012 Percent to Grand Total: 1.6%

Eligible Code	Description	Check Amount	% of Grand Total
F-10	ERECTION OR MAINTENANCE OF PUB	661,469	2.4

Subtotal Of Contributions: $661,469 Percent to Grand Total: 2.4%

Eligible Code	Description	Check Amount	% of Grand Total
G-10	COMMUNITY EMERGENCY SERVICES	2,278,143	8.2
G-15	DISBURSEMENTS DIRECTLY TO A CI	431,632	1.5
G-25	IMPROVEMENT OF PUBLIC AREAS	270,049	1.0
G-50	PARKS AND RECREATION	871,594	3.1
G-60	LAW ENFORCEMENT	85,568	0.3
G-99	OTHER	4,224	0.0

Subtotal Of Contributions: $3,941,210 Percent to Grand Total: 14.1%

Eligible Code	Description	Check Amount	% of Grand Total
H-00	LOSS OF THE HOME VICTIMS	20,126	0.1

Subtotal Of Contributions: $20,126 Percent to Grand Total: 0.1%

Fiscal Year: 2020
Quarter: All

Eligible Code	Description	Check Amount	% of Grand Total
I-00	SUFFERERS OF SERIOUS DISABLING	774,925	2.8

Subtotal Of Contributions: $774,925 Percent to Grand Total: 2.8%

Eligible Code	Description	Check Amount	% of Grand Total
K-10	ECONOMIC DEVELOPMENT	476,685	1.7
K-30	TOURISM	1,043,163	3.7
K-65	COMMUNITY FACILITY IMPROVEMENTS	213,067	0.8
K-99	OTHER	587,899	2.1

Subtotal Of Contributions: $2,320,814 Percent to Grand Total: 8.3%

Eligible Code	Description	Check Amount	% of Grand Total
V-00	VOIDED CHECK	0	0.0

Subtotal Of Contributions: $0 Percent to Grand Total: 0.0%

Total Of All Contributions: $27,947,745

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