

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

2 **SENATE POLITICAL SUBDIVISIONS COMMITTEE**

3 **JANUARY 29, 2021**

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5 Good morning Chairman Burckhard and members of the Senate Political
6 Subdivisions Committee. My name is David Hogue. I am a North Dakota state senator
7 representing District 38, which includes northwest Minot and the city of Burlington. I
8 appear before 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 senator by a political party. I
11 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. The original bill would permit all not for
7 profits to use gaming proceeds for political purposes. That is not my intent and was
8 mistake.

9 I have an amendment to the bill that narrows considerably its application. The
10 amendment makes clear the very narrow objective I hope this bill achieves. That
11 objective is to permit political parties and state political parties to use the raffle as a
12 means of political fundraising and to permit them to use the raffle proceeds for political
13 purposes. The "Christmas tree" version of the amendment is attached to my testimony.

14 Chairman Burckhard and members of the Committee, I'm happy to stand
15 for your questions.