

Sixty-seventh  
Legislative Assembly  
of North Dakota

**SENATE BILL NO. 2251**

Introduced by

Senators Hogue, D. Larsen, Schaible

Representatives B. Koppelman, Porter, D. Ruby

1 A BILL for an Act to amend and reenact subsection 1 of section 53-06.1-03 and  
2 section 53-06.1-11.1 of the North Dakota Century Code, relating to permitting ~~charitable-~~  
3 ~~gaming~~certain political organizations that have a permit to conduct raffles to use the net  
4 proceeds for a political purpose.

5 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

6 **SECTION 1. AMENDMENT.** Subsection 1 of section 53-06.1-03 of the North Dakota  
7 Century Code is amended and reenacted as follows:

- 8 1. Except as authorized by the attorney general, an organization that has its license  
9 suspended or revoked, or has relinquished or not renewed its license and not  
10 disbursed its net proceeds, is ineligible for a license or permit. Only one of two or more  
11 closely related organizations may have a license or permit at one time. A college or  
12 university fraternity, sorority, or club is not closely related to an educational  
13 organization. An organization shall apply for a permit as follows:
- 14 a. An organization recognized as a public-spirited organization by the governing  
15 body of a city or county may apply for permits. A local permit may allow the  
16 organization to conduct only raffles, bingo, or sports pools. A restricted event  
17 permit may allow the organization to conduct only raffles, bingo, sports pools,  
18 paddlewheels, twenty-one, and poker. The organization or closely related  
19 organizations as a whole may only award a primary prize that does not exceed  
20 eight thousand dollars and total prizes of all games do not exceed forty thousand  
21 dollars per year. These maximum prize amounts do not apply to raffles conducted  
22 under chapter 20.1-08. The determination of what is a "public-spirited  
23 organization" is within the sole discretion of the governing body. An organization  
24 shall disclose on the application its intended use of the net income from the

1 gaming activity. A governing body may issue a permit for games to be held at  
2 designated times and places.

3 b. An organization shall apply to the governing body of the city or county in which  
4 the proposed site is located. Application must be made on a form prescribed by  
5 the attorney general. Approval may be granted at the discretion of the governing  
6 body. A governing body may establish a fee not to exceed twenty-five dollars for  
7 each permit. A permit must be on a fiscal year basis from July first to June  
8 thirtieth or on a calendar-year basis.

9 c. ~~Except for the restriction of subsection 1 of section 53-06.1-11.1, an~~An  
10 organization that has a local permit or a restricted event permit may use the net  
11 income from the gaming activity for any purpose that does not violate this chapter  
12 or gaming rules, except if such an organization is a state political party or  
13 legislative district party committee, the organization may use the net income from  
14 a raffle for a political purpose. For purposes of this subdivision, a public-spirited  
15 use includes a political purpose.

16 d. An organization that has a restricted event permit is restricted to one event per  
17 year and:

- 18 (1) May not pay remuneration to employees for personal services;  
19 (2) Shall use chips as wagers;  
20 (3) Shall redeem a player's chips for merchandise prizes or cash;  
21 (4) Shall disburse net income to eligible uses referenced by ~~subsection 2 of~~in  
22 subdivision c, if applicable, and in section 53-06.1-11.1; and  
23 (5) Shall file a report prescribed by the attorney general with the governing  
24 body and attorney general.

25 **SECTION 2. AMENDMENT.** Section 53-06.1-11.1 of the North Dakota Century Code is  
26 amended and reenacted as follows:

27 **53-06.1-11.1. Restricted use of money in certain political activities - Eligible uses of**  
28 **net proceeds.**

- 29 1. Except as provided in subdivision c of subsection 1 of section 53-06.1-03:

1 a. A licensed organization or an organization that has a permit may not use money  
2 from any source for placing an initiated or referred measure on a ballot or for a  
3 political campaign to promote or oppose a person for public office.

4 b. Except for a use related to an organization's primary purpose, a licensed  
5 organization or organization that has a permit may not use net proceeds to  
6 influence legislation or promote or oppose referendums or initiatives.

7 c. Any funds expended by a licensed organization or an organization that has a  
8 permit to promote or oppose an initiated or referred measure that is on the ballot  
9 or for any activities of a lobbyist under section 54-05.1-02, that are not  
10 compensation or expenses paid to a lobbyist, and that are not required to be  
11 reported under section 54-05.1-03 must be reported to the attorney general as  
12 prescribed by the attorney general. A violation of this subsection subjects an  
13 organization to a suspension of its license or permit for up to one year.\_

14 2. A licensed organization or an organization that has a restricted event permit shall  
15 disburse net proceeds within the period prescribed by rule and for only these  
16 educational, charitable, patriotic, fraternal, religious, or public-spirited uses:

17 a. Uses for stimulating and promoting state and community-based economic  
18 development programs within the state which improve the quality of life of  
19 community residents.

20 b. Uses for developing, promoting, and supporting tourism within a city, county, or  
21 the state.

22 c. Uses benefiting an indefinite number of persons by bringing them under the  
23 influence of education, cultural programs, or religion which include disbursements  
24 to provide:

25 (1) Scholarships for students, if the disbursement is deposited in a scholarship  
26 fund for defraying the cost of education to students and the scholarships are  
27 awarded through an open and fair selection process.

28 (2) Supplementary assistance to a public or private nonprofit educational  
29 institution registered with or accredited by any state.

30 (3) Assistance to libraries and museums.

31 (4) Assistance for the performing arts and humanities.

- 1 (5) Preservation of cultural heritage.
- 2 (6) Youth community, social welfare, and athletic activities.
- 3 (7) Adult amateur athletic activities within the state, including team uniforms
- 4 and equipment.
- 5 (8) Maintenance of places of public worship or support of a body of
- 6 communicants, gathered in common membership for mutual support and
- 7 edification in piety, worship, or religious observances.
- 8 (9) Scientific research.
- 9 d. Uses benefiting an indefinite number of persons by relieving them of disease,
- 10 suffering, or constraint which include disbursements to provide:
- 11 (1) Assistance to an individual or family suffering from poverty or
- 12 homelessness.
- 13 (2) Encouragement and enhancement of the active participation of the elderly in
- 14 our society.
- 15 (3) Services to the abused.
- 16 (4) Services to persons with an addicted behavior toward alcohol, gambling, or
- 17 drugs.
- 18 (5) Funds to combat juvenile delinquency and rehabilitate ex-offenders.
- 19 (6) Relief for the sick, diseased, and terminally ill and their physical well-being.
- 20 (7) Funds for emergency relief and volunteer services.
- 21 (8) Funds to nonprofit nursing homes, nonprofit day care centers, and nonprofit
- 22 medical facilities.
- 23 (9) Social services and education programs aimed at aiding emotionally and
- 24 physically distressed, handicapped, elderly, and underprivileged persons.
- 25 (10) Funds for crime prevention, fire protection and prevention, and public safety.
- 26 (11) Funds to relieve, improve, and advance the physical and mental conditions,
- 27 care and medical treatment, and health and welfare of injured or disabled
- 28 veterans.
- 29 e. Uses that perpetuate the memory and history of the dead.

- 1           f.   Uses increasing comprehension of and devotion to the principles upon which the
- 2           nation was founded, including disbursements to aid in teaching the principles of
- 3           liberty, truth, justice, and equality. However, beauty pageants do not qualify.
- 4           g.   The erection or maintenance of public buildings, facilities, utilities, or waterworks.
- 5           h.   Uses lessening the burden of government which include disbursements to an
- 6           entity that is normally funded by a city, county, state, or United States government
- 7           and disbursements directly to a government entity or its agency.
- 8           i.   Uses benefiting a definite number of persons who are the victims of loss of home
- 9           or household possessions through explosion, fire, flood, or storm and the loss is
- 10          not covered by insurance.
- 11          j.   Uses benefiting a definite number of persons suffering from a seriously disabling
- 12          disease or injury causing severe loss of income or incurring extraordinary
- 13          medical expense which is not covered by insurance.
- 14          k.   Uses, for community service projects, by chambers of commerce exempt from
- 15          federal income tax under section 501(c)(6) of the Internal Revenue Code. A
- 16          project qualifies if it develops or promotes public services, including education,
- 17          housing, transportation, recreation, crime prevention, fire protection and
- 18          prevention, safety, tourism, and health. Uses that directly benefit a chamber of
- 19          commerce do not qualify.
- 20          l.   Uses for or of benefit to efforts in support of the health, comfort, or well-being of
- 21          the community which include disbursements to provide:
- 22           (1)   Funds for adult bands, including drum and bugle corps.
- 23           (2)   Funds for trade shows and conventions conducted in this state.
- 24           (3)   Funds for nonprofit organizations that operate a humane society, zoo, or fish
- 25           or wildlife reproduction and habitat enhancement program.
- 26           (4)   Funds for public transportation, community celebration, and recreation.
- 27           (5)   Funds for preservation and cleanup of the environment.
- 28          m.   To the extent net proceeds are used toward the primary purpose of a charitable,
- 29          educational, religious, public safety, or public-spirited organization, or are used
- 30          for a veterans or public cemetery by a veterans organization, that has obtained a
- 31          final determination from the internal revenue service as qualifying for exemption

1 from federal income tax under section 501(c)(3) or 501(c)(19) of the Internal  
2 Revenue Code, the organization may establish a special trust fund or foundation  
3 as a contingency for funding or maintaining the organization's future program  
4 services should the organization discontinue conducting games or dissolve.

5 n. Uses for a fundraising activity unrelated to an organization's primary purpose  
6 provided that the gross revenue from the activity is disbursed to uses prescribed  
7 by this subsection.

8 ~~e. Uses for a political purpose.~~

9 ~~3.2.~~ With the exception of a veterans organization, the uses in subsection 21 do not  
10 include the erection, acquisition, improvement, maintenance, or repair of real or  
11 personal property owned or leased by an organization unless it is used exclusively for  
12 an eligible use.

13 ~~4.3.~~ A licensed organization or recipient of net proceeds may not use net proceeds for  
14 administrative or operating expenses involving the conduct of games.