

HOUSE BILL NO. 1497

Introduced by

Representatives Kempenich, Klemin, Lefor, Nathe, Schauer

Senators Hogue, Klein, Schaible

1 A BILL ~~for an Act to amend and reenact section 53-06.1-03 and subsection 1 of section~~
2 ~~53-06.1-14 of the North Dakota Century Code, relating to gaming site number limits, electronic~~
3 ~~pull tab device limits, and manufacturing and distributing license fees.~~ for an Act to provide for a
4 legislative management study of the state's charitable gaming industry.

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

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

8 ~~— **53-06.1-03. Permits, site authorization, and licenses.**~~

9 ~~— 1. Except as authorized by the attorney general, an organization that has its license~~
10 ~~suspended or revoked, or has relinquished or not renewed its license and not~~
11 ~~disbursed its net proceeds, is ineligible for a license or permit. Only one of two or more~~
12 ~~closely related organizations may have a license or permit at one time. A college or~~
13 ~~university fraternity, sorority, or club is not closely related to an educational~~
14 ~~organization. An organization shall apply for a permit as follows:~~

15 ~~— a. An organization recognized as a public-spirited organization by the governing~~
16 ~~body of a city or county may apply for permits. A local permit may allow the~~
17 ~~organization to conduct only raffles, bingo, or sports pools. A restricted event~~
18 ~~permit may allow the organization to conduct only raffles, bingo, sports pools,~~
19 ~~paddlewheels, twenty-one, and poker. The organization or closely related~~
20 ~~organizations as a whole may only award a primary prize that does not exceed~~
21 ~~eight thousand dollars and total prizes of all games do not exceed forty thousand~~
22 ~~dollars per year. These maximum prize amounts do not apply to raffles conducted~~
23 ~~under chapter 20.1-08. The determination of what is a "public-spirited~~
24 ~~organization" is within the sole discretion of the governing body. An organization~~

1 shall disclose on the application its intended use of the net income from the
2 gaming activity. A governing body may issue a permit for games to be held at
3 designated times and places.

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

10 ~~c.~~ An organization that has a local permit or a restricted event permit may use the
11 net income from the gaming activity for any purpose that does not violate this
12 chapter or gaming rules, unless the 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 in subdivision c, if
22 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 ~~2.~~ An eligible organization shall apply for a license to conduct only bingo, electronic quick-
26 shot bingo, raffles, calcuttas, pull tabs, punchboards, twenty-one, paddlewheels,
27 poker, or sports pools by:

28 ~~a.~~ First securing approval for a site authorization from the governing body of the city
29 or county in which the proposed site is located. Approval, which may be granted
30 at the discretion of the governing body, must be recorded on a site authorization
31 form that is to accompany the license application to the attorney general for final

1 approval. A governing body may not require an eligible organization to donate net
2 proceeds to the city, county, or related political subdivision or for community
3 programs or services within the city or county as a condition for receiving a site
4 authorization from the city or county. A governing body may limit the number of
5 tables for the game of twenty-one per site and the number of sites upon which a
6 licensed organization may conduct games within the city or county. A governing
7 body may charge a one hundred dollar fee for a site authorization. A governing
8 body may approve site authorization only for an alcoholic beverage
9 establishment or a bingo hall; and

10 ~~b.~~ Annually applying for a license from the attorney general before July first on a
11 form prescribed by the attorney general and remitting a one hundred fifty dollar
12 license fee for each city or county that approves a site authorization. However,
13 the attorney general may allow an organization that only conducts a raffle or
14 calcutta in two or more cities or counties to annually apply for a consolidated
15 license and remit a one hundred fifty dollar license fee for each city or county in
16 which a site is located. An organization shall document that it qualifies as an
17 eligible organization. If an organization amends its primary purpose as stated in
18 its articles of incorporation or materially changes its basic character, the
19 organization shall reapply for licensure.

20 ~~3.~~ A licensed organization or organization that has a permit shall conduct games as
21 follows:

22 ~~a.~~ Only one licensed organization or organization that has a permit may conduct
23 games at an authorized site on a day, except that a raffle may be conducted for a
24 special occasion by another licensed organization or organization that has a
25 permit when one of these conditions is met:

26 ~~(1)~~ When the area for the raffle is physically separated from the area where
27 games are conducted by the regular organization.

28 ~~(2)~~ Upon request of the regular organization and with the approval of the
29 alcoholic beverage establishment, the regular organization's license or
30 permit is suspended for that specific time of day by the attorney general.

1 ~~_____ b. Except for a temporary site authorized for fourteen or fewer consecutive days for~~
2 ~~not more than two events per quarter, a licensed organization may not have more~~
3 ~~than twenty-fiveten sites unless granted a waiver by the attorney general. If the~~
4 ~~attorney general finds that there is no other licensed organization interested in~~
5 ~~conducting gaming at a site for which a waiver is being sought, the attorney~~
6 ~~general may approve the waiver for no more than five sites.~~

7 ~~_____ c. Games of electronic quick shot bingo, pull tabs, punchboards, twenty-one,~~
8 ~~paddlewheels, poker, and sports pools may be conducted only during the hours~~
9 ~~when alcoholic beverages may be dispensed according to applicable regulations~~
10 ~~of the state, county, or city.~~

11 ~~_____ d. An organization may not permit a person under twenty-one years of age to~~
12 ~~directly or indirectly play pull tabs, punchboards, twenty-one, calcuttas, sports~~
13 ~~pools, paddlewheels, or poker. An organization may not permit an individual~~
14 ~~under eighteen years of age to directly or indirectly play electronic quick shot~~
15 ~~bingo. An organization may not permit an individual under eighteen years of age~~
16 ~~to directly or indirectly play bingo unless the individual is accompanied by an~~
17 ~~adult, bingo is conducted by an organization that has a permit, or the game's~~
18 ~~prize structure does not exceed that allowed for a permit.~~

19 ~~_____ 4. A permit, or site authorization and license, must be displayed at a site.~~

20 ~~_____ 5. The attorney general may issue a conditional license to an eligible organization whose~~
21 ~~regularly issued license has expired or been suspended, revoked, or relinquished. The~~
22 ~~attorney general shall designate the time period for which the conditional license is~~
23 ~~valid and may impose any conditions.~~

24 ~~_____ 6. A governing body or local law enforcement official may inspect a site's gaming~~
25 ~~equipment and examine or cause to be examined any gaming-related books and~~
26 ~~records of a licensed organization or organization that has a permit.~~

27 ~~_____ 7. An authorized site may have no more than ten electronic pull tab devices.~~

28 ~~_____ **SECTION 2. AMENDMENT.** Subsection 1 of section 53-06.1-14 of the North Dakota~~
29 ~~Century Code is amended and reenacted as follows:~~

30 ~~_____ 1. A manufacturer of pull tabs, bingo cards, electronic pull tab devices, or bingo card~~
31 ~~marking devices shall apply annually for a license and pay a license fee of foureight~~

~~thousand dollars. A manufacturer of pull tab dispensing devices shall apply annually for a license and pay a license fee of one thousand dollars. A manufacturer of fifty-fifty raffle systems shall apply annually for a license and pay a license fee of five hundred dollars. A distributor shall apply annually for a license and pay a license fee of one thousand five hundred dollars. Application must be made before the first day of April in each year on a form prescribed by the attorney general.~~

SECTION 1. LEGISLATIVE MANAGEMENT STUDY - CHARITABLE GAMING.

1. During the 2023-24 interim, the legislative management shall consider studying the state's charitable gaming industry. The study must include:
 - a. An evaluation of whether charitable gaming is being expanded properly;
 - b. An evaluation of the accessibility to gaming sites for small charities;
 - c. An evaluation of gambling addiction prevention and treatment services;
 - d. A review of charitable gambling revenue; and
 - e. An evaluation of whether the laws relating to gaming taxation, eligible uses for proceeds, the authorization of gambling sites and locations, limitations on gaming, and gaming play and conduct are properly enforced, fair, adequate, and appropriate.
2. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-ninth legislative assembly.