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Sixty-eighth
Legislative Assembly
of North Dakota

FIRST ENGROSSMENT

ENGROSSED SENATE BILL NO. 2336

Introduced by

Senators Lee, J. Roers, Sorvaag

Representatives Boschee, Roers Jones, Strinden

A BILL for an Act to amend and reenact section 53-06.1-11.1 of the North Dakota Century Code, relating to eligible uses of net proceeds.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 53-06.1-11.1 of the North Dakota Century Code is amended and reenacted as follows:

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

1. Except as provided in subdivision c of subsection 1 of section 53-06.1-03:
   a. A licensed organization or an organization that has a permit may not use money from any source for placing an initiated or referred measure on a ballot or for a political campaign to promote or oppose a person for public office.
   b. Except for a use related to an organization's primary purpose, a licensed organization or organization that has a permit may not use net proceeds to influence legislation or promote or oppose referendums or initiatives.
   c. Any funds expended by a licensed organization or an organization that has a permit to promote or oppose an initiated or referred measure that is on the ballot or for any activities of a lobbyist under section 54-05.1-02, that are not compensation or expenses paid to a lobbyist, and that are not required to be reported under section 54-05.1-03 must be reported to the attorney general as prescribed by the attorney general. A violation of this subsection subjects an organization to a suspension of its license or permit for up to one year.
2. A licensed organization or an organization that has a restricted event permit shall disburse net proceeds within the period prescribed by rule and for only these educational, charitable, patriotic, fraternal, religious, or public-spirited uses:

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

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

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

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

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

(3) Assistance to libraries and museums.

(4) Assistance for the performing arts and humanities.

(5) Preservation of cultural heritage.

(6) Youth community, social welfare, and athletic activities.

(7) Adult amateur athletic activities within the state, including team uniforms and equipment.

(8) Maintenance of places of public worship or support of a body of communicants, gathered in common membership for mutual support and edification in piety, worship, or religious observances.

(9) Scientific research.

d. Uses benefiting an indefinite number of persons by relieving them of disease, suffering, or constraint which include disbursements to provide:

(1) Assistance to an individual or family suffering from poverty or homelessness.

(2) Encouragement and enhancement of the active participation of the elderly in our society.

(3) Services to the abused.

(4) Services to persons with an addicted behavior toward alcohol, gambling, or drugs.

(5) Funds to combat juvenile delinquency and rehabilitate ex-offenders.

(6) Relief for the sick, diseased, and terminally ill and their physical well-being.

(7) Funds for emergency relief and volunteer services.

(8) Funds to nonprofit nursing homes, nonprofit day care centers, and nonprofit medical facilities.

(9) Social services and education programs aimed at aiding emotionally and physically distressed, handicapped, elderly, and underprivileged persons.

(10) Funds for crime prevention, fire protection and prevention, and public safety.

(11) Funds to relieve, improve, and advance the physical and mental conditions, care and medical treatment, and health and welfare of injured or disabled veterans.

e. Uses that perpetuate the memory and history of the dead.

f. Uses increasing comprehension of and devotion to the principles upon which the nation was founded, including disbursements to aid in teaching the principles of liberty, truth, justice, and equality. However, beauty pageants do not qualify.

g. The erection or maintenance of public buildings, facilities, utilities, or waterworks.

h. Uses lessening the burden of government which include disbursements to an entity that is normally funded by a city, county, state, or United States government and disbursements directly to a government entity or its agency.

i. Uses benefiting a definite number of persons who are the victims of loss of home or household possessions through explosion, fire, flood, or storm and the loss is not covered by insurance.

j. Uses benefiting a definite number of persons suffering from a seriously disabling disease or injury causing severe loss of income or incurring extraordinary medical expense which is not covered by insurance.

k. Uses, for community service projects, by chambers of commerce exempt from federal income tax under section 501(c)(6) of the Internal Revenue Code. A project qualifies if it develops or promotes public services, including education, housing, transportation, recreation, crime prevention, fire protection and

prevention, safety, tourism, and health. Uses that directly benefit a chamber of commerce do not qualify.

l. Uses for or of benefit to efforts in support of the health, comfort, or well-being of the community which include disbursements to provide:

(1) Funds for adult bands, including drum and bugle corps.

(2) Funds for trade shows and conventions conducted in this state.

(3) Funds for nonprofit organizations that operate a humane society, zoo, or fish or wildlife reproduction and habitat enhancement program.

(4) Funds for public transportation, community celebration, and recreation.

(5) Funds for preservation and cleanup of the environment.

m. To the extent net proceeds are used toward the primary purpose of a charitable, educational, religious, public safety, or public-spirited organization, or are used for a veterans or public cemetery by a veterans organization, that has obtained a final determination from the internal revenue service as qualifying for exemption from federal income tax under section 501(c)(3) or 501(c)(19) of the Internal Revenue Code, the organization may establish a special trust fund or foundation as a contingency for funding or maintaining the organization's future program services should the organization discontinue conducting games or dissolve.

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

3. The eligible uses in subsection 2 do not include the erection, acquisition, property taxes, special assessments, improvement, maintenance, or repair of real property owned or leased by an organization unless the real property is used exclusively for an eligible use ~~or,~~ by a veterans organization, or for office or storage space under subsection 4.

4. A licensed organization or recipient of net proceeds may not use net proceeds for administrative or operating expenses involving the conduct of games, but may designate space within real property used for an organization's primary purpose as office or storage space for gaming-related administration.