

Sixty-eighth  
Legislative Assembly  
of North Dakota

## ENGROSSED SENATE BILL NO. 2304

Introduced by

Senators Klein, Hogue, Luick

Representatives Karls, Kempenich, Nathe

1 A BILL for an Act to amend and reenact section 53-06.1-01 of the North Dakota Century Code,  
2 relating to gaming licenses for alcoholic beverage establishments.

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

4 **SECTION 1. AMENDMENT.** Section 53-06.1-01 of the North Dakota Century Code is  
5 amended and reenacted as follows:

6 **53-06.1-01. Definitions.**

7 As used in this chapter:

- 8 1. "Adjusted gross proceeds" means gross proceeds less cash prizes, cost of  
9 merchandise prizes, gaming tax, and federal excise tax imposed under section 4401  
10 of the Internal Revenue Code [26 U.S.C. 4401].
- 11 2. "Alcoholic beverage establishment" means an establishment where alcoholic  
12 beverages are sold, dispensed, and consumed. This does not include an off-sale  
13 liquor store, gas station, grocery store, or convenience store. An alcoholic beverage  
14 establishment must be licensed under chapter 5-02 and be devoted to the service of  
15 alcoholic beverages for consumption by guests on the premises. The term includes a  
16 bar located within a hotel, bowling center, golf course, or restaurant.
- 17 3. "Charitable organization" means an organization whose primary purpose is for relief of  
18 poor, distressed, underprivileged, diseased, elderly, or abused persons, prevention of  
19 cruelty to children or animals, or similar condition of public concern.
- 20 ~~3.4.~~ "Civic and service organization" means an organization whose primary purpose is to  
21 promote the common good and social welfare of a community as a sertoma, lion,  
22 rotary, jaycee, kiwanis, or similar organization.
- 23 4.5. "Closely related organization" means an organization that controls, is controlled by, or  
24 is under common control with another organization. Control exists when an

1 organization has the authority or ability to elect, appoint, or remove a majority of the  
2 officers or directors of another organization or, by policy, contract, or otherwise, has  
3 the authority or ability to directly or indirectly direct or cause the direction of the  
4 management or policies of another organization.

5 ~~5-6.~~ "Distributor" means a person that sells, markets, or distributes equipment designed for  
6 use in the conduct of games.

7 ~~6-7.~~ "Educational organization" means a nonprofit public or private elementary or  
8 secondary school, two-year or four-year college, or university.

9 ~~7-8.~~ "Electronic pull tab device" means a device, approved by the attorney general, which  
10 electronically displays pull tabs.

11 ~~8-9.~~ "Eligible organization" means a veterans, charitable, educational, religious, fraternal,  
12 civic and service, public safety, or public-spirited organization domiciled in North  
13 Dakota or authorized by the secretary of state as a foreign corporation under chapter  
14 10-33, incorporated as a nonprofit organization, and which has been regularly and  
15 actively fulfilling its primary purpose within this state during the two immediately  
16 preceding years. However, an educational organization does not need to be  
17 incorporated or be in existence for two years. An organization's primary purpose may  
18 not involve the conduct of games. The organization may be issued a license by the  
19 attorney general. For purposes of this section, a foreign corporation authorized under  
20 chapter 10-33 is not an eligible organization unless authorized to conduct a raffle  
21 under chapter 20.1-04 or 20.1-08 and may not conduct a game other than a raffle  
22 under chapter 20.1-04 or 20.1-08.

23 ~~9-10.~~ "Fraternal organization" means an organization, except a school fraternity, which is a  
24 branch, lodge, or chapter of a national or state organization and exists for the common  
25 business, brotherhood, or other interests of its members. The organization must have  
26 qualified for exemption from federal income tax under section 501(c)(8) or 501(c)(10)  
27 of the Internal Revenue Code.

28 ~~10-11.~~ "Games" means games of chance.

29 ~~11-12.~~ "Gross proceeds" means all cash and checks received from conducting games.

30 ~~12-13.~~ "Licensed organization" means an eligible organization licensed by the attorney  
31 general.

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- 1 ~~13-14.~~ "Manufacturer" means, for a pull tab or bingo card, a person who designs, prints,  
2 assembles, or produces the product. For a pull tab dispensing device, bingo card  
3 marking device, or a fifty-fifty raffle system, a manufacturer means the person who  
4 directly controls and manages development of and owns the rights to the proprietary  
5 software encoded on a processing chip that enables the device to operate.
- 6 ~~14-15.~~ "Net income" means gross proceeds less cash prizes, cost of merchandise prizes, and  
7 expenses to conduct the gaming activity.
- 8 ~~15-16.~~ "Net proceeds" means adjusted gross proceeds less allowable expenses and gaming  
9 tax.
- 10 ~~16-17.~~ "Permit" means a local permit or restricted event permit issued by a governing body of  
11 a city or county to a nonprofit organization or group of people domiciled in North  
12 Dakota.
- 13 ~~17-18.~~ "Person" means any person, partnership, corporation, limited liability company,  
14 association, or organization.
- 15 ~~18-19.~~ "Prize board" means a board used with pull tabs to award cash or merchandise prizes.
- 16 ~~19-20.~~ "Public safety organization" means an organization whose primary purpose is to  
17 provide firefighting, ambulance service, crime prevention, or similar emergency  
18 assistance.
- 19 ~~20-21.~~ "Public-spirited organization" means an organization whose primary purpose is for  
20 scientific research, amateur sports competition, safety, literary, arts, preservation of  
21 cultural heritage, educational activities, educational public service, youth, economic  
22 development, tourism, community medical care, community recreation, or similar  
23 organization, which does not meet the definition of any other type of eligible  
24 organization. However, a nonprofit organization or a group of people recognized as a  
25 public-spirited organization by a governing body of a city or county for obtaining a  
26 permit does not need to meet this definition.
- 27 ~~21-22.~~ "Pull tab" means a folded or banded ticket or jar ticket, a pull tab card with break-open  
28 tabs, or an electronic pull tab displaying concealed numbers or symbols or  
29 combinations of concealed numbers and symbols which are exposed by a player to  
30 determine the outcome. The terms "pull tab" and "jar ticket" are used interchangeably  
31 unless otherwise stated. A winning pull tab contains certain symbols, numbers, or

1 combinations of symbols and numbers and may contain multiple winning symbols,  
2 numbers, or combinations of symbols and numbers which have been previously  
3 designated as winning symbols or numbers.

4 ~~22-23.~~ "Religious organization" means a church, body of communicants, or group gathered in  
5 common membership whose primary purpose is for advancement of religion, mutual  
6 support and edification in piety, worship, and religious observances.

7 ~~23-24.~~ "Veterans organization" means any congressionally chartered post organization, or  
8 any branch or lodge or chapter of a nonprofit national or state organization whose  
9 membership consists of individuals who are or were members of the armed services  
10 or forces of the United States. The organization must have qualified for exemption  
11 from federal income tax under section 501(c)(19) of the Internal Revenue Code.