

April 17, 2023

**TESTIMONY IN OPPOSITION TO SB 2304**

Submitted by Lisa Tonneson

Gaming Manager and Board member

**NEWBURG COMMUNITY CLUB, Newburg, ND**

The City of Newburg is a small town and had a population of 96 at the 2020 census. The Newburg Community Club is a small charity, and we donate to local programs as well as surrounding communities in Bottineau County and McHenry County. **The Newburg Community Clubs' mission is to work toward community betterment through aid and development.**

**SECTION 2. AMENDMENT.**

**APPROVAL FROM THE LOCAL GOVERNING BODY FIRST:**

The State of North Dakota already gave the local cities the authority to approve gaming sites and charities and now the current legislators want to take it back. Why I ask? Is it because of a couple bad apples at the local level that a bar was denied a certain charity? Why didn't the bar owner go to the Attorney General's office when they were denied at the local level? Do we have legislators that own bars and now want more control at the local level? I feel local city officials should have a say on what charities can come into the community that they serve. I feel the only viable reason a bar establishment owner would want to pick the charity is because of a back door payment over and above the rental agreement. A good charitable organization that cares about the communities it is involved with goes a long way and is respected by the bar establishments. A good bar owner that cares about the community and his patrons that live in that community also goes a long way and is respected by the charity and the city. Most small rural bar owners are happy to have a local charity in their establishment because it improves the foot traffic and their revenue by having the gaming machines in their establishment. The Newburg area residents and surrounding town folks all know that when they play the E-tab or pull tabs and they don't win a prize they know their \$20.00 is staying local because that is our mission.

Here's a hypothetical example if this bill was to pass and allow bar owners to pick a charity. The Newburg bar owner decides to sell his establishment. The new owner is from Bowman, ND and continues to reside in Bowman. He decides he doesn't want the Newburg Community Club Charity in his bar, and he wants The Roscoe Pico Train Charity whose mission is **exclusive** to horse rescue and is based out of Bowman, ND. I am not against horse rescue, but I don't see how they would be able to contribute to the local community when their mission is horse rescue.

**SECTION 3. AMENDMENT.**

**ALCOHOLIC BEVERAGE ESTABLISHMENT:**

An owner and spouse should not be allowed to play pull tabs or electronic E-Tabs because they always have access to redeemed vouchers. The owner can open the voucher drawer and look at winning vouchers at any time. Winning vouchers show the date, exact time to the seconds and which machine paid out. All machines have a specific number and that is printed on the redeemed voucher.

#### **SECTION 4. AMENDMENT.**

##### **ALLOWABLE EXPENSES:**

Right now, the State allows the charity to use 60% of adjusted gross proceeds to use on expenses and 40% to give to our non-profit missions. **This amendment takes 3% away from the Newburg Community Club's mission to support non-profits only to support paying higher rent to the bar. However, the rent increase with bar assist that is being proposed is a 63% and 67% rent increase for my two sites.** I have been watching hearings and only a couple bar establishments have introduced testimony in favor of the rent increase. Are legislators just trying to raise the rent for personal gain and political reasons.

#### **SECTION 5. AMENDMENT.**

##### **RENT INCREASES:**

The bars' profits have increased due to the charitable gaming in their establishments. We all know this even if they won't tell you how much their profits have increased. They would not invite a charitable organization into their establishment if it wasn't profitable. A bar establishment could cancel the contract with the organization if they were experiencing a loss because of the space the machines use.

**A bar owner is not ever obligated to have gaming in his/her establishment, they choose to have gaming because it brings in more people to eat, drink, spend money and have fun with the machines.**

I feel the rental increases will squeeze out the small charities so the big charities can spread out to the small rural towns. It is very difficult to find employees because we are in a rural community. My gaming people are working with gaming as a second job to make ends meet in this economy. We just raised our rental amounts to both bars sites to the maximum allowed in January 2023. We have a good relationship with the bars, however I'm sure if this bill passes, they will want the maximum rent. If we must remove our devices because of the maximum rent increase it would be detrimental not only to our charity and the programs, we support but also the small-town bar that needs our rent. I have attached a spreadsheet of what our rent would be if this bill passes as it is currently written. We really can't afford to cut the pay for our people and don't want to lose them. See proposed rent spreadsheet.

##### **STAFF ASSIST:**

Both of my sites are staff assisted and they haven't had any issues being short on the cash drawer even on a busy night. It was brought up in a hearing that bartenders redeem winning vouchers before serving a customer a drink because the E-Tab winner will give the bartender a better tip. All winning vouchers are required by the state to be paid out within 15 minutes of cashing out of an E-Tab machine. However, if a bar employee is neglecting the establishment's drinking/dining customers that sounds like an owner/employee issue. I have never heard or seen a winner give a bartender a tip from their winning ticket in my sites.

Most people do not realize this, but the bars are provided a scanner with a cash drawer behind the bar for electronic E-Tab voucher redemption to make it easy and safe. The customer brings the winning voucher to the bartender, they scan it to prove it's a valid voucher, then the drawer opens automatically and the bartender dates and initials the voucher, counts out the cash, and then again counts out the cash to the winner. Counting two times helps to avoid mistakes. The drawer starts with an amount of cash in the drawer and as the vouchers are scanned and money goes out it keeps a tally, and you print out a report at the end of night. The remaining cash and paid out vouchers go into the safe. Bar assist is not as complicated as what some people would like you to believe.