



Benefiting North Dakota Communities through Charitable Gaming

March 7, 2023

Testimony in SUPPORT of Senate Bill 2186

Chairman Klemin and members of the House Judiciary Committee:

I'm Scott Meske, representing the North Dakota Gaming Alliance and on behalf of the 152 Members of the NDGA, we offer our support for Senate Bill 2186 which as Senator Klein outlined, allows fraternal organizations to use charitable gaming proceeds to support their facilities, if they are co-located with the gaming operations.

Currently, an organization may not use their gaming proceeds for the erection, acquisition, property taxes, special assessments, improvement, maintenance or repair of real property that is owned or leased by a licensed organization, unless it is a veterans organization. This bill includes adds a fraternal organization into this exemption.

When charitable gaming was authorized by the State, the intent was to benefit the charities and nonprofits in our local communities. It makes sense to allow those veterans and fraternal organizations, many of which are vital to contributing to local causes and projects that support their community, to use their proceeds for maintenance of their facilities. Unlike other charitable gaming entities, these veteran and fraternal organizations often own their own facilities to host events and conduct business. We also believe there is a slight improvement to the bill that would help clarify the intent. We would offer the following amendment language to Section 1, Subsection 3:

1. Fraternal or veterans organizations may use eligible use funds for one primary building only. Eligible use funds may not be used for those sections of the building where gaming is conducted.



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The major difference between veterans and fraternal organizations from others that conduct charitable gaming, is they own their own facilities. This amendment makes it clear that these groups may designate some of their eligible use funds for their facility that is NOT related to the operations of the charitable gaming. The fiscal note attached to the bill indicates there is no impact to the state tax revenues, or any extra burden to the local political subdivisions.

The North Dakota Gaming Alliance respectfully asks that SB 2186 be given a DO PASS recommendation from this Committee to support to the hundreds of fraternal organizations in our State.

Thank you.

WHERE DOES THE MONEY GO?



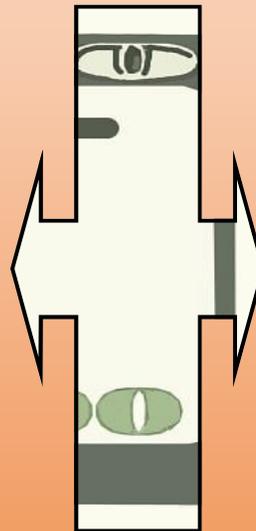
When a player inserts \$100 into a machine, on average, that \$100 is churned over 3.3 times for a total wagers of \$330 on the original \$100.

Using \$330 as a baseline...

PROFIT (10%) after prize pay-outs) \$33.00 (10% of \$330)

STATE TAX (12%) \$3.96 Goes directly to the State Treasury

ADJUSTED GROSS - \$29.04



Allowable expenses (60%) \$17.42 of the Adjusted Gross for the charity to conduct gaming at that site including:

- ♦ Salaries, Tickets, Equipment, Rent

Net proceeds (40%) \$11.62 of the Adjusted Gross goes to the Charity for eligible uses as defined by Century Code

***Last biennium Charitable gaming generated:
\$43 million in tax revenue and \$73 million to local charitable causes***