

INITIATED MEASURES, DISAPPROVED

CHAPTER 735

SALES TAX INCREASE FOR EDUCATION

An initiated measure to create and enact new Sections to N.D.C.C. Chapters 57-39.2, 57-40.2, 57-40.3, 57-40.5 by increasing the tax on retail sales, purchases, or personal property for use in or brought into this state, and purchases of motor vehicles and purchases of aircraft not designed for agricultural purposes, to increase the tax on retail sale, storage, use, and consumption of mobile homes, farm machinery and repair parts, irrigation equipment, and purchases of aircraft designed for agricultural purposes, to change the bracket system used to determine the amount of sales tax added to a consumer's debt owed to a retailer, and to allocate money collected by the increase solely to fund elementary, secondary, adult and vocational education in the state of North Dakota to the extent of the appropriations to the Superintendent of Public Instruction and to the State Board of Vocational Education for the 1989-91 biennium.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF NORTH DAKOTA:

SECTION 1.) A new Section to Chapter 57-39.2 of the North Dakota Century Code, is hereby created and enacted to read as follows:

1. There is hereby imposed an additional tax of 1 percent upon the gross receipts of retailers from all sales at retail that are subject to tax imposed by Chapter 57-39.2.

SECTION 2. Amendment.) That Section 57-39.2-26 be amended and reenacted as follows: All money collected and received under this chapter, except monies collected under Section 1 and 4 of this act, shall be paid into the state treasury and shall be credited by the state treasurer to the general fund. Monies deposited with the commissioner as security for the payment of tax, penalties, or costs due shall be deposited and accounted for as provided in subsection 3 of section 57-39.2-12. Monies collected under Section 1 and 4 of this act shall be placed in the special fund as provided for in Section 9 of this act.

SECTION 3. Amendment.) That Section 57-39.2-08.2 of the North Dakota Century Code, be amended and reenacted as follows:

1. Except as otherwise provided in Subsection 2, retailers shall add the tax imposed under this chapter, or the average equivalent thereof, to the sales price or charge, and when added, such tax shall constitute a part of such price or charge, shall be a debt from the consumer or user to the retailer until paid, and shall be recoverable at law in the same manner as other debts. In adding such tax to the price or charge, retailers shall adopt the following bracket system for the application of the tax:

\$0.01 to \$0.15	no tax
\$0.16 through \$0.20	1¢ tax
\$0.21 through \$0.40	2¢ tax
\$0.41 through \$0.60	3¢ tax
\$0.61 through \$0.80	4¢ tax
\$0.81 through \$1.00	5¢ tax
Each additional \$1.00 - 5¢ additional tax, or	
each additional 20¢ or fraction thereof over	
\$1.00 - 1¢ additional tax.	

\$0.01 through \$0.08	no tax
\$0.09 through \$0.24	1¢ tax
\$0.25 through \$0.41	2¢ tax
\$0.42 through \$0.58	3¢ tax
\$0.59 through \$0.74	4¢ tax
\$0.75 through \$0.91	5¢ tax
\$0.92 through \$1.08	6¢ tax
Each additional \$1.00 - 6¢ additional tax, or	
each additional 15¢ or fraction thereof over	
\$1.00 - 1¢ additional tax.	

2. On retail sales of mobile homes used for residential or business purposes, except as provided in Subsection 35 of Section 57-39.2-04, and of farm machinery, farm machinery repair parts, and irrigation equipment used exclusively for agricultural purposes, retailers shall add the tax imposed under this chapter, or the average equivalent thereof, to the sales price or charge, and when added, such tax shall constitute a part of such price or charge, shall be a debt from the consumer or user to the retailer until paid, and shall be recoverable at law in the same manner as other debts. In adding such tax to the price or charge, retailers shall add to it ~~three~~ four percent of such price or charge.

SECTION 4.) A new Section to Chapter 57-40.2 of the North Dakota Century Code, is hereby created and enacted to read as follows:

1. There is hereby imposed an additional tax of 1 percent upon the storage, use, or consumption in this state of tangible personal property purchased at retail for storage, use, or consumption in this state and for the storage, use, and consumption in this state of tangible personal property not originally purchased for the storage, use and consumption in this state that are subject to tax imposed by Chapter 57-40.2.

SECTION 5.) A new Section to Chapter 57-40.3 of the North Dakota Century Code, is hereby created and enacted to read as follows:

1. There is hereby imposed an additional tax of 1 percent on the purchase price of any motor vehicle subject to tax imposed by Chapter 57-40.3

SECTION 6.) Amendment) That Section 57-40.3-10 of the North Dakota Century Code, be amended and re-enacted as follows:

All money collected and received under this chapter, except as provided for in Section 5 of the Act, shall be transmitted monthly by the registrar to the State Tax Commissioner and must be paid to the state treasurer to be transferred and credited to the general fund. Monies collected under Section 5 of this Act shall be placed in the special fund as provided in Section 9 of this Act.

SECTION 7.) A new Section to Chapter 57-40.5 of the North Dakota Century Code is hereby created and enacted to read as follows:

1. There is hereby imposed an additional tax of 1 percent upon the purchase price of any aircraft purchased, acquired, leased, or rented which is subject to the tax imposed by Chapter 57-40.5.

SECTION 8.) Amendment.) That Section 57-40.5-09 of the North Dakota Century Code, be amended and re-enacted as follows:

1. All monies collected and received under this Chapter except monies collected under Section 7 of this Act shall be transmitted monthly by the Director to the State Tax Commissioner who shall pay them to the State Treasurer to be credited to the State General Fund. Monies collected under Section 7 of this Act shall be placed in the special fund as provided for in Section 9 of this Act.

SECTION 9.) A new Section to Chapter 57-39.2 of the North Dakota Century Code is hereby created and enacted to read as follows:

All monies collected and received under Sections 1,2,3,4,5,6,7, and 8 of this Act shall be placed into a special fund and shall be used and disbursed to support elementary, secondary, adult, and vocational education in the state of North Dakota. The monies placed into the special fund shall be disbursed by the State Treasurer on a monthly basis as follows:

(a) The Superintendent of Public Instruction shall receive 95 percent of the monies in the special fund and shall disburse said funds to support elementary, secondary, and adult education to the extent of the appropriation to the Superintendent of Public Instruction for the 1989-91 biennium.

(b) The State Board of Vocational Education shall receive 5 percent of the monies in the special fund and shall disburse said funds to support vocational education to the extent of the appropriation to the State Board of Vocational Education for the 1989-91 biennium.

In the event that monies paid into the special fund created herein shall exceed the appropriation to the Superintendent of Public Instruction and the State Board of Vocational Education for the 1989-91 biennium, the State Treasurer shall credit said monies to the general fund.

SECTION 10.) This Act is effective through June 30, 1991 and after that date is ineffective.

Disapproved June 12, 1990

52,610 to 74,207

NOTE: This was measure No. 4 on the primary election ballot.

CHAPTER 736

**ROLAND TOWNSHIP GAMING CONSTITUTIONAL
AMENDMENT**

An initiated measure for the amendment of section 25 of article XI of the Constitution of the State of North Dakota, relating to for-profit organizations conducting games of chance within the boundaries of Roland Township.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 25 of Article XI of the Constitution of the State of North Dakota is hereby amended and re-enacted to read as follows:

Article XI, Section 25. The legislative assembly shall not authorize any game of chance, lottery, or gift enterprises, under any pretense, or for any purpose whatever, except as otherwise hereinafter set forth. ~~However,~~ The Legislative Assembly may authorize by law bona fide nonprofit veterans', charitable, educational, religious, or fraternal organizations, civic and service clubs, or such other public-spirited organizations as it may recognize, to conduct games of chance when the entire net proceeds of such games of chance are to be devoted to educational, charitable, patriotic, fraternal, religious, or other public-spirited uses. The legislative assembly shall authorize by law only private citizens and for-profit organizations to conduct games of chance, within the 1 January 1990 boundaries of Roland Township, Bottineau County, North Dakota and that the net proceeds from said private gaming shall inure to the benefit of such private citizens or organizations conducting said games of chance.

Disapproved November 6, 1990

73,649 to 155,534

NOTE: This was measure No. 5 on the general election ballot.

CHAPTER 737

**ELECTRONIC GAMING DEVICES CONSTITUTIONAL
AMENDMENT**

An initiated measure for the amendment of section 25 of article XI of the Constitution of the State of North Dakota, relating to allowing games of chance to be conducted by use of electronic video gaming devices and to permit such games to be conducted by for-profit entities.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 25 of Article XI of the Constitution of the State of North Dakota is hereby amended and re-enacted to read as follows:

Article XI. Section 25. The Legislative Assembly shall not authorize any game of chance, lottery, or gift enterprises, under any pretense, or for any purpose ~~whatever~~, except as otherwise hereinafter set forth. ~~However, the~~ The Legislative Assembly ~~may~~ shall authorize by law bona fide nonprofit veterans' charitable, educational, religious, or fraternal organizations, civic and service clubs, or such other public-spirited organizations as it may recognize, to conduct games of chance when the entire net proceeds of such games of chance are to be devoted to educational, charitable, patriotic, fraternal, religious, or other public-spirited uses. In addition, games of chance in the form of electronic video gaming devices, shall be authorized to be conducted by private citizens, for profit entities, and nonprofit organizations. The video gaming devices must be placed only in licensed alcoholic beverage establishments. Further, said Legislative Assembly shall authorize that the net proceeds from the electronic video gaming devices shall inure to the benefit of such private citizens, for profit entities and nonprofit organizations conducting the games of chance.

Disapproved November 6, 1990

76,700 to 152,918

NOTE: This was measure No. 6 on the general election ballot.

CHAPTER 738

INSURANCE AGENT COMMISSION REBATES

An initiated measure to create and enact a new subsection to section 26.1-04-03 of the North Dakota Century Code, relating to rebating of insurance agent commissions; to amend and reenact subsection 2 of section 26.1-04-05 and section 26.1-04-06 of the North Dakota Century Code, relating to rebates of insurance agent commissions; and to provide for retroactive application.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF NORTH DAKOTA:

SECTION 1. A new subsection to section 26.1-04-03 of the North Dakota Century Code is hereby created and enacted to read as follows:

This title does not prohibit an insurance agent from rebating all or any portion of the insurance agent's commission to the insured, as negotiated between the agent and the insured.

SECTION 2. AMENDMENT. Subsection 2 of section 26.1-04-05 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

2. Offer, promise, allow, give, set off, or pay any rebate of the whole or any part of the premium payable on the policy ~~or the agent's commission thereon~~, or any special favor or advantage in the dividends, earnings, profits, or other benefits founded, arising, accruing, or to accrue thereon or therefrom.

SECTION 3. AMENDMENT. Section 26.1-04-06 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

26.1-04-06. Insured persons and applicants for insurance prohibited from accepting certain rebates. An insurance broker, limited insurance representative, or agent of any insurance or surety company, reciprocal, benevolent society, or any other insurance organization or association, however constituted or entitled, may not grant, and an insured person or party or applicant for insurance, either directly or indirectly, may not receive or accept, or agree to receive or accept, any rebate of premium or of any part thereof, ~~or all or any part of any agent's, insurance broker's, limited insurance representative's, or solicitor's commission thereon~~, or any favor or advantage, or any share in any benefit to accrue under any insurance policy, or any other valuable consideration or inducement other than such as may be specified in the policy, except as provided in an applicable filing which is in effect under the provisions of the laws regulating insurance rates.

SECTION 4. Retroactive application of Act. This Act is retroactive and authorizes rebates of commissions made before the enactment of this Act.

Disapproved November 6, 1990

25,825 to 201,326

NOTE: This was measure No. 7 on the general election ballot.

CHAPTER 739

ELECTRONIC GAMING DEVICES STATUTORY PROVISIONS

An initiated measure to provide for privatization of video gaming; and to provide a penalty.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF NORTH DAKOTA:

Section 1. Privatization of Video Gaming - Intent. The authorization of private gaming, in the form of video gaming only, requires the adoption of a necessary and desirable public policy regarding this form of gaming in the State of North Dakota. Therefore, it is necessary to:

1. Create and maintain a uniform regulatory climate that assures players, owners, tourists, citizens, and others that the electronic video gaming industry in this state is fair and is not influenced by corrupt persons, organizations, or practices;
2. Protect legal private electronic video gaming activities from unscrupulous players and vendors and detrimental influences;
3. Protect the public from unscrupulous proprietors and operators of establishments that have such electronic video gaming devices for public use;
4. Protect the state and local governments from those who would conduct illegal activities that deprive those governments of tax revenues, as provided herein;
5. Protect the health, safety, and welfare of all citizens of this state, including those who do not gamble, by regulating electronic video gaming activities;
6. Create a tax formula which enables the state, county, and cities to benefit financially from video gaming, as a consistent source of tax relief;
7. Encourage economic development through the use of electronic video gaming to enhance business activity and tourism in North Dakota;
8. Limit the number of electronic video gaming devices per location and further to limit the use of such devices in only those establishments that have retail liquor licensing authority;
9. Limit the amount of consideration waged in such electronic video gaming activities, to be consistent with a spirit of recreational gaming activities; and

10. Utilize sophisticated electronic equipment to monitor and maintain strict security and accountability in the use of said electronic video gaming devices.

Section 2. Definitions.

1. "Associated equipment" is any proprietary device, or part used in the manufacture or maintenance of a video gaming device, including integrated circuit chips, printed wired assembly, printed wired boards, printing mechanisms, video display monitors and metering devices.
2. "Credit" is a value of twenty-five cents.
3. "Licensing authority" is the Attorney General's office or such other authority as is designated by the Legislative Assembly.
4. "Licensed establishment" is any establishment owned or managed by an individual, partnership, corporation or association licensed to sell alcoholic beverages for consumption upon the premises where sold.
5. "Adjusted gross income" is money put into a video gaming device minus the value of credit vouchers issued.
6. "Person" is any person, partnership, corporation, or association.
7. "Video gaming device" is any electronic video gaming device that, upon insertion of a coin or currency, simulates the play of a game of chance, including keno, poker, and twenty-one, utilizing a video display and microprocessors in which, by chance, the player may win credits that can be redeemed for cash through the redemption of a paper credit voucher. The term does not include a machine that directly dispenses coins, cash or tokens.
8. "Video gaming device distributor" is any individual, partnership, corporation or association that distributes or sells video gaming devices or associated equipment in North Dakota.
9. "Video gaming device manufacturer" is any individual, partnership, corporation or association that assembles or produces video gaming devices or associated equipment for sale or use.
10. "Video gaming device operator" is any individual, partnership, corporation or association that places video gaming devices or associated equipment in a licensed establishment for public use.

Section 3. Levels of Licensure. A person may not hold a license or hold financial interest in or have substantial interest in more than one of the following levels.

1. Level 1
 - A. Video gaming device manufacturer.
 - B. Video gaming device distributor.
2. Level 2
 - A. Video gaming device operator.
 - B. Licensed establishment - the licensed establishment owns the video gaming device operated in the licensed establishment

- and gaming device operator.
- C. Licensed establishment - the licensed establishment does not own the video gaming device operated in the licensed establishment.

Section 4. Licensure and License Fees.

1. Each video gaming device manufacturer, distributor, operator, licensed establishment and video gaming device must be licensed by the licensing authority before any video gaming device or associated equipment is manufactured, distributed, sold or placed for public use in this state by that licensee. The annual license must be applied for before July 1 of each year and the fee for each license is:
 - A. Video gaming device manufacturer - Five Thousand Dollars (\$5,000.00).
 - B. Video gaming device distributor - Five Thousand Dollars (\$5,000.00).
 - C. Video gaming device operator - Two Thousand Dollars (\$2,000.00).
 - D. Video gaming device - One Hundred Dollars (\$100.00).
 - E. Licensed establishment - Fifty Dollars (\$50.00).
2. The video gaming device license fee must be deposited in the licensing authority's operating fund to be used for the central computer communications system as referenced by subsection 2 of Section 7. All other license fees collected shall be deposited in the state's general fund. All licenses issued by the licensing authority are renewable annually unless sooner relinquished, cancelled or revoked. No license is transferable or assignable. There is no proration of a license fee.

Section 5. Personal Qualifications for Licensure. To be licensed as a video gaming device operator, a natural person who is a sole proprietor, a partner in a partnership, a shareholder in a corporation or officer of an association must:

1. Be at least twenty-one years of age.
2. Be a resident of the State of North Dakota or, if a partnership, corporation, or association, the full equity interest of a partnership or the majority of the voting common stock ownership interest of a corporation or association must be held by residents of North Dakota.

Section 6. Background Investigation Required and Source of Payment for the Investigation.

1. Any person applying for a license as a video gaming device manufacturer, distributor, operator, or licensed establishment shall first submit to a personal background investigation by the licensing authority. This includes each partner of a partnership,

and each director and officer and all stockholders owning ten percent or more of the voting common stock of the corporation, parent or subsidiary corporation of a video gaming device manufacturer, distributor, operator or licensed establishment.

2. The licensing authority shall require the person seeking to be licensed to pay the anticipated actual costs of the personal background investigation in advance and, after completion of the background investigation, shall refund any overpayment or charge and collect an amount sufficient to reimburse the licensing authority for any underpayment of actual costs. The licensing authority may contract for the background investigation.

Section 7. Requirements of a Licensed Video Gaming Device. Each video gaming device licensed:

1. Must meet the manufacturing specification standards of the rules adopted by the licensing authority.
2. Must be linked under a central computer communications system to provide security, audit, and accounting information as required by the licensing authority. No communications system approved by the licensing authority may limit participation to only one manufacturer of video gaming devices by either the cost in implementing the necessary program modifications to communicate or the inability to communicate with the central communications system.
3. May not allow more than two dollars (eight credits) to be played on a game or award credits in excess of the value of one hundred twenty-five dollars per credit value of twenty-five cents played. The maximum prize per play is one thousand dollars. The potential prize payback structure must be at least eighty percent and not more than ninety-five percent of the value of the credits played. Free games are prohibited.

Section 8. Examination and Testing of Video Gaming Devices and Source of Payment for the Examination and Test. The licensing authority shall examine and test prototypes of video gaming devices and associated equipment of manufacturers seeking to license such devices. The licensing authority shall require the manufacturer seeking the examination, testing, and approval of a video gaming device to pay the anticipated actual costs of the examination and testing in advance and, after completion of the examination and test, shall refund any overpayment or charge and collect an amount sufficient to reimburse the licensing authority for any underpayment of actual costs. The licensing authority may contract for the examination and test of video gaming devices.

Section 9. General Restrictions.

1. A person under twenty-one years of age may not participate in placing a wager on any video gaming device. A video gaming device may be available for play only during the hours of business of the licensed establishment.
2. Any person involved with the license or operation of video gaming devices must be:

- A. A person of good character, honesty, and integrity.
 - B. A person whose prior activities, criminal record, reputation, habits, and associations do not pose a threat to the public interest of this state or to the effective regulation and control of gaming, or create or enhance the dangers of unsuitable, unfair, or illegal practices, methods, and activities in the conduct of gaming or the carrying on of the business and financial arrangements incidental to the conduct of gaming.
3. The licensing authority may prohibit a person from playing a video gaming device if the person violates any provision of this chapter or any rule adopted under this chapter.
 4. No person, except an employee or volunteer of a licensed establishment or the operator may conduct or assist in conducting gaming of any video gaming device.
 5. Each device must have the license prominently displayed thereon. Any device which does not display the license is contraband and subject to confiscation by any law enforcement officer. A violation of this subsection is a Class C felony.
 6. The premises where video gaming devices are operated, or where it is intended that the devices will be operated, must be open to inspection by the licensing authority, its agents and by representatives of the local governing body authorizing video gaming devices, and by law enforcement officials of any political subdivision.

Section 10. Limitation of Number of Video Gaming Devices that may be Placed at a Licensed Establishment. The placement of video gaming devices in a licensed establishment is subject to rules promulgated by the licensing authority. No more than five video gaming devices may be placed in any licensed establishment.

Section 11. Work Permits. The licensing authority may establish a centralized statewide work permit system to determine the identity, prior activities, and present employment of all employees of licensed video gaming operators in this state and may issue, renew, deny, suspend, and revoke work permits. The licensing authority may charge each gaming employee an annual work permit fee of twenty-five dollars and a fee of five dollars for each change of employment.

Section 12. Assessment of Monetary Fines. The licensing authority may impose monetary fines on licensed manufacturers, distributors, operators, and licensed establishments for failure to comply with any provision of this chapter or any rule adopted under this chapter. The monetary fine for each violation is a minimum of One Hundred Dollars and may not exceed Fifteen Thousand Dollars. This fine may be in addition to or in lieu of license suspensions or revocations.

Section 13. Gaming Tax Based on Adjusted Gross Income. The state's video gaming tax percentage is 18% of the adjusted gross income. The licensing authority shall deposit one-third of that tax collected in the general fund. The licensing authority shall forward two-thirds of the tax collected to the auditor of the city or county in which the video gaming

device is located, for deposit in the city or county treasury. Counties are not entitled to proceeds from taxes on income from video gaming devices located in incorporated cities and towns.

Section 14. Assessment and Collection of Tax. The licensing authority shall compute the state's tax amount and send a report, containing at least the video gaming device license number, total value of coins and currency inserted, total value of credit vouchers issued and the dollar tax amount due the state to the video gaming device operator within seven days after the end of each month. The licensing authority shall adopt rules by which the video gaming device operator shall pay the taxes due from a special, separate gaming tax account maintained by the operator. The licensing authority shall collect the tax from the operator's gaming tax account by electronic funds transfer within fifteen days after the end of each month.

Section 15. Gaming Tax is in Lieu of Sales and Use Taxes. The adjusted gross income of a video gaming device is subject to taxation as provided for in this chapter. Except for income tax, the gaming tax is in lieu of all other state or local taxation, including sales and use taxes, that would otherwise be based on the gaming activity of the devices.

Section 16. Examination of books and records. The licensing authority and its agents shall have the power to examine or cause to be examined the books and records of any licensed establishment authorized to operate video gaming devices to the extent that such books and records relate to any transaction connected with video gaming devices.

Section 17. Restricted Use of Confidential Information. Certain information and records of the licensing authority are confidential except for official purposes, including sharing with other regulatory agencies, and may not be disclosed except in accordance with a judicial order or as otherwise provided by law. Information and records considered confidential include:

1. Applications, credit checks and background investigations of video gaming manufacturers, distributors, operators, licensed establishments and other persons seeking or doing business with video gaming.
2. Marketing, financial or sales data, the disclosure of which may be harmful to the competitive position of North Dakota gaming, licensed manufacturers, distributors, operators, licensed establishments or other persons seeking or doing business with video gaming.

Section 18. Powers and Duties of the Licensing Authority. The licensing authority or the agents of the licensing authority may:

1. Inspect and examine all premises in which video gaming devices are operated or video gaming devices or associated equipment are manufactured, distributed, or stored.
2. Inspect all video gaming devices and associated equipment in, upon, or about such premises.
3. Seize and remove from such premises and impound any gaming related equipment, supplies, or books and records for the purpose of examination and inspection. When books or records are seized, the

licensing authority shall provide copies of those records or books within twenty-four hours of a specific request by the video gaming device manufacturer, distributor, operator or licensed establishment for a copy of the books or records seized.

4. Demand access to and inspect, examine, photocopy, and audit all books and records of applicants, video gaming device manufacturers, distributors, operators and licensed establishments, including any affiliated companies, on their premises and in their presence concerning any income produced or expense incurred by any video gaming activity, and require verification of income, expense, and all other matters affecting the enforcement of this chapter.

Section 19. The Licensing Authority may Bring Civil Action for Collection of Fees and Tax and to Force Compliance.

1. Within three years after any amount of fees or tax required to be paid becomes due, the licensing authority may bring a civil action to collect the amount due. An action may be brought even though the person owing the fees or tax is not presently a gaming licensee.
2. The licensing authority may institute an action in any district court for declaratory injunctive relief against a person, whether or not the person is a gaming licensee, as the licensing authority deems necessary to prevent non-compliance with this chapter and the rules adopted pursuant to this chapter.

Section 20. Violation of Chapter or Rule - Misdemeanor - Forfeiture of Licensure - Ineligibility. Any person who knowingly makes a false statement in any application for a license or in any statement annexed thereto, or who fails to keep sufficient books and records as prescribed by the licensing authority or who falsifies any books or records so far as they relate to any transaction connected with operating video gaming devices or who violates any of the provisions of this chapter, any rule adopted under this chapter, or of any term of a license is guilty of a Class A misdemeanor. If convicted, the person forfeits any license issued to it pursuant to this chapter and is ineligible to reapply for a license for a period of time determined by the licensing authority.

Section 21. Cheating Devices or Fraudulent Schemes Unlawful - Penalty.

1. It is unlawful for any person playing or operating any video gaming device at a licensed establishment:
 - A. To use bogus or counterfeit coins or currency.
 - B. To employ or have on one's person any cheating device to facilitate cheating.
 - C. To willfully use any fraudulent scheme or technique.
 - D. To tamper or attempt to tamper with a video gaming device with the intent to interfere with the proper operation of the device, attempt or conspire to manipulate the outcome or the determination of credits or operation of a device, cause physical damage to the device, or physically tamper with the device by any other means.

- E. To alter or counterfeit a license.
 - F. To knowingly cause, aid, abet, or conspire with another person or to cause any person to violate any provision of this chapter or any rule adopted under this chapter.
 - G. To vandalize, misuse, abuse, or damage a video gaming device.
2. A person violating this section is guilty of a Class A misdemeanor unless the violation is of subdivisions A, B, C, D, or G of subsection 1 or the amount gained through the use of these items, schemes, or techniques results in a person obtaining over Five Hundred Dollars, then the offense is a Class C felony.

Section 22. Suspension or Revocation of License Based on Violations. The licensing authority may, by motion, based on reasonable ground or upon written complaint, suspend or revoke, under North Dakota Century Code Chapter 28-32, any license granted under this chapter for violations by the licensee, or any officer, director, agent, member, or employee of the licensee, of this chapter or any rule adopted under this chapter.

Section 23. Authority to Promulgate Administrative Rules. The licensing authority shall adopt rules in accordance with North Dakota Century Code Chapter 28-32, related but not limited to conduct and play of video gaming devices; methods, procedures, and minimum standards for accounting and recordkeeping; requiring reports by licensees; marking or identification of video gaming devices and associated equipment; licensing of manufacturers, distributors, operators, licensed establishments, and devices; video gaming device examination, testing, approval, and inspection procedures; specifications for manufacture of video gaming devices; methods and rules of play; protect and promote public interest; work permit system; ensure fair and honest games of chance; ensure that fees and taxes are paid; impose monetary fines and establish appeal procedures; maintenance and repair of video gaming devices; financial responsibility of licensees; and seek to prevent and detect unlawful gaming activity.

Section 24. Severability. If any section, clause, phrase, or word of this chapter is for any reason held or declared to be unconstitutional, inoperative, or void, that holding or declaration does not affect the remaining portion of this chapter, and the rest of this chapter, after the exclusion of that section, sentence, clause, phrase, or word, is deemed and must be held to be valid as if that section, sentence, clause, phrase, or word had not been included in this chapter.

Disapproved November 6, 1990

82,019 to 145,973

NOTE: This was measure No. 8 on the general election ballot.