

2025 HOUSE JUDICIARY

HB 1290

2025 HOUSE STANDING COMMITTEE MINUTES

Judiciary Committee
Room JW327B, State Capitol

HB 1290
1/22/2025

A BILL for an Act to amend and reenact subsection 4 of section 53-06.1-01.1 of the North Dakota Century Code, relating to state gaming commission rules on electronic pull tab games and deals at the end of a quarter.

10:04 a.m. Chairman Klemin opened the hearing.

Members Present: Chairman Klemin, Vice-Chairman Karls, Vice-Chairman Vetter, Representatives, Henderson, Hoverson, Johnston, McLeod, Olson, Satrom, Tveit, VanWinkle, Wolff, Schneider

Members Absent: Representative Christianson

Discussion Topics:

- Electronic and paper pull tabs
- Pull tab games
- North Dakota gaming rules

10:04 a.m. Representative Steve Vetter, North Dakota Representative for District 18 introduced the bill.

10:11 a.m. Scott Meske, Lobbyist for the North Dakota Gaming Alliance, testified in favor and provided testimony #30621.

10:14 a.m. Patrick McCollam, Charitable Games Distributors, testified in favor and provided testimony #30658.

10:29 a.m. Pete Bushey, Gaming Manager for Horse Race North Dakota, testified in favor and provided testimony #30683.

10:33 a.m. Chris Ebertz, North Dakota VFW, testified in favor.

10:37 a.m. Deb McDaniel, Gaming Division Director for the Office of the Attorney General, testified in opposition.

Additional written testimony:

Richard Stenseth, Gaming Manager for Northern Prairie Performing Arts, submitted testimony in opposition #30680.

10:53 a.m. Chairman Klemin closed the hearing.

Wyatt Armstrong, Committee Clerk



Benefiting North Dakota Communities through Charitable Gaming

Testimony in SUPPORT of House Bill 1290

Chairman Klemin and Members of the House Judiciary Committee:

I'm Scott Meske, representing the North Dakota Gaming Alliance and on behalf of the Members of the NDGA, we offer our support for House Bill 1290 which as Representative Vetter outlined, is an accounting measure for charitable gaming organizations relating to closing a game for reporting purposes.

I have a couple people here to explain in detail how this benefits charitable gaming operations, and I will try to provide a high level summary for your background.

Within each E-Tab machine, there are up to 12 different games a player may choose to play. Each of those games operates independently. At the end of each quarter, they are required to completely close out each game and send a report to the Attorney General's office for tax purposes. The next cycle of the game then begins for the next quarter.

However, as the games are played, they may pay out larger prizes at the beginning of the quarter, or at the end of the quarter, causing some smaller charities to be running in the red. This bill allows the quarterly reporting to be done without closing out the game, giving the charities a chance to even out the total payouts on each of the games.

The technology would allow for the same quarterly report to be sent to the AG's office, without having to stop the individual game. Again, this allows the charity to be able to even out the overall payouts, regardless of when the players might hit a winning ticket.

To the charities, this is an accounting issue that technology allows, if we pass this bill.

This does not affect the tax revenue to the State or the revenues to the charities.



Benefiting North Dakota Communities through Charitable Gaming

The North Dakota Gaming Alliance respectfully asks that HB 1290 be given a DO PASS recommendation from this Committee to support to the hundreds of charitable organizations in our State.

Following me, I'd like to introduce Patrick McCollum, who is an expert from Charitable Gaming Distributors who can succinctly explain the technology and benefits of this bill.

Thank you.

Support for HB 1290

The existing requirement of a quarter close for electronic pull tabs is unnecessary. The original regulations were derived from those used for paper pull tabs, which included the quarter close requirement. Despite both products being defined by finite deals, electronic pull tabs offer an auditing system that can be electronically verified at any time, distinguishing them from paper pull tabs.

It is common practice for charities to operate twelve games simultaneously, closing all games at the end of each quarter only to reopen most while switching out one is not productive. This process may lead to a potential negative outcome for the site when required to close all games quarterly. Eliminating the quarter close could prevent such losses by allowing games to conclude as designed.

There is a proposed stamp Bill this quarter that aims to remove the stamp requirement for electronic pull tabs. If not passed, removing the quarter close requirement would greatly reduce the number of gaming stamps processed, as only completed games would require closure rather than every game each quarter.

Recommendations to allow for comprehensive audits without closing Electronic Pull Tab games:

Proposed Changes:

- Quarter End Reports will be generated by the Game Manufacturer for each charity.
- Quarter End Reports shall contain all necessary information for tax return processing.
- Each Quarter End Report will contain game unique identifier numbers that are closed and will keep a perpetual list of unique identifier numbers issued and any unique identifier numbers would not drop off the list until it has been reported as closed on a Quarter End Report. Reports shall include Adjusted Gross Proceeds from previous quarters for stamps not closed during the quarter, continuing until closure. Detailed Game Payout information for each stamp number should be reported only upon game closure.
- Charities may opt to close a game title after a specific period, such as 90 days, ensuring all denominations of the game are closed concurrently.
- Closed game titles cannot be reintroduced for 30 days post-closure.

Because the State charitable gaming software is not finished and there will most likely be changes made for the likely to pass bill that eliminates the stamp requirement, this an

appropriate time to implement the removal of the quarterly close. These adjustments should be incorporated into the software before its completion to allow for the reduction of costs for future changes.

The closure of deals pertains to accounting, not the fundamental nature of Electronic Pull Tabs. Allowing Electronic Pull Tabs to remain open does not alter their structure or functionality compared to paper pull tabs. Please support HB 1290 to help the the Charitable Gaming Industry.

Patrick



**Testimony in Opposition of
HOUSE BILL NO. 1290
House Judiciary Committee
January 22, 2025**

Chairman Klemin, House Judiciary Committee members, for the record my name is Rick Stenseth. I have been in charitable gaming since 1983. I am a Gaming Manager for two local organizations in Fargo that both conduct charitable gaming (Northern Prairie Performing Arts (NPPA) aka Fargo-Moorhead Community Theatre & Team Makers Club). I am submitting this testimony through our NPPA lobbyist, Todd D. Kranda, who is an attorney with the Kelsch Ruff Kranda Nagle & Ludwig Law Firm in Mandan.

HB 1290 is an attempt to change the closing and reporting of activity involving electronic pull tab games. Such a change would require a significant redevelopment of organizations' internal controls, along with some procedures, while deviating from what electronic pull tabs were originally intended to be.

Electronic pull tabs are intended to be conducted just as paper pull tabs have been for decades. That includes being closed and audited on a quarterly basis. As an operator, the proposed language would provide organizations with no real benefit or cost savings. It would also force the Attorney General's Gaming Division to change tax return reporting, and to update the software recently instituted to make reporting and auditing easier.

Organizations will have to run the same reports and file the same information we have been doing, not saving any time or cost for an organization. Nor is there any enhancement in control over the game's accuracy. I am not sure just what this intended language is supposed to achieve? It seems that certain manufacturers may want to amend the rules to better suit their operations or open the door to conduct that cannot take place with quarter closing.

I am opposed to making changes to any Statute that has proven to be a solid, consistent, accounting of any game that does show itself to be beneficial to the industry as a whole.

Accordingly, 1290 is opposed. We urge a **DO NOT PASS** recommendation on 1290.

Sincerely,
Rick Stenseth
Gaming Manager
NPPA/ FMCT
701-306-2224

Testimony in Support of HB 1290

Members of the Judiciary Committee,

My name is Pete Bushey and I am the Gaming Manager for Horse Race North Dakota and also assist with gaming operations at two other charitable organizations, Harwood Area Fire and Rescue and North Dakota Horse Park Foundation.

As a charity, we are seeking the most efficient way to fulfill the State's reporting requirements. Some of the reports are due at the close of each quarter.

In the most recent quarter, we experienced a loss at one of our sites due to the requirement to close all games at the quarter's end. The current policy of requiring a quarter close is unnecessary. There are alternative methods for the State to obtain the data from Electronic Pull Tab games. Each game stores its deal data in a database that can be queried to generate the necessary reports.

Additionally, we can provide a snapshot of the games at any given time, which will enable each charity to pay the required quarterly taxes. The burden of closing the games falls on the charity, and this extra work offers minimal benefit to the State, as the same information can be gathered without the need to close every game.

Each time a charity performs a quarter close, there is a risk of human error, especially when selecting the games to close. Once a mistake is made, it cannot be corrected until the next quarter. Most charities only switch one game per manufacturer per quarter, meaning we essentially reopen 11 of the same games each time.

I propose that the State receive a snapshot of the games at the end of each quarter. This will provide the necessary data without forcing charities to close games early, which can lead to financial losses.

I urge you to support charities by passing HB 1290 and eliminating the unnecessary requirement of a quarter close.

Respectfully,

Pete Bushey

Horse Race North Dakota

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11:23 a.m. Chairman Klemin opened the hearing.

Members Present: Chairman Klemin, Vice-Chairman Karls, Vice-Chairman Vetter, Representatives Christianson, Henderson, Hoverson, McLeod, Olson, Satrom, Tveit, VanWinkle, Wolff, Schneider

Members Absent: Representative Johnston

Discussion Topics:

- Potential benefits to charities
- Similarities between slot machines and pull tabs

11:29 a.m. Representative Tveit moved a Do Not Pass.

11:30 a.m. Representative Karls seconded the motion.

Representatives	Vote
Representative Lawrence R. Klemin	Y
Representative Karen Karls	Y
Representative Steve Vetter	N
Representative Nels Christianson	Y
Representative Donna Henderson	Y
Representative Jeff Hoverson	N
Representative Daniel Johnston	A
Representative Carrie McLeod	Y
Representative SuAnn Olson	Y
Representative Bernie Satrom	Y
Representative Mary Schneider	Y
Representative Bill Tveit	Y
Representative Lori VanWinkle	Y
Representative Christina Wolff	Y

11:32 a.m. Motion passed 11-2-1.

11:33 a.m. Representative Olson will carry the bill.

11:33 a.m. Chairman Klemin closed the hearing.

House Judiciary Committee

HB 1290

Jan 22, 2025

Page 2

Wyatt Armstrong, Committee Clerk

REPORT OF STANDING COMMITTEE
HB 1290 ([25.1028.01000](#))

Judiciary Committee (Rep. Klemin, Chairman) recommends **DO NOT PASS** (11 YEAS, 2 NAYS, 1 ABSENT AND NOT VOTING). HB 1290 was placed on the Eleventh order on the calendar.