

**2025 HOUSE JUDICIARY**

**HB 1525**

# 2025 HOUSE STANDING COMMITTEE MINUTES

**Judiciary Committee**  
Room JW327B, State Capitol

HB 1525  
2/10/2025

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| Relating to the pari-mutuel horse racing commission and pari-mutuel horse racing executive director. |
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9:00 a.m. Chairman Klemin opened the hearing.

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

## **Discussion Topics:**

- Current North Dakota Gaming Commission system
- Issues with the current gaming commission
- Fiscal effects of the bill

9:03 a.m. Representative Ben Koppelman, North Dakota Representative for District 16, introduced the bill and provided testimony #36551 and #36605.

9:39 a.m. Deb McDaniel, Director of the Gaming Commission under the Office of the Attorney General, testified in opposition.

9:45 a.m. Bruce Johnson, Executive Director of the North Dakota Horse Racing Commission, testified in opposition.

## **Additional written testimony:**

Richard Steidler, Matpac Wrestling, submitted testimony in favor #36497

Michael Howe, North Dakota Secretary of State, submitted neutral testimony #36555.

9:46 a.m. Chairman Klemin closed the hearing.

*Wyatt Armstrong, Committee Clerk*

Honored Committee Members

I am writing you in support of HB1525. As the president of a charity that has had many dealings with the State Attorney Generals Office gaming Division, I am in favor of removing the Attorney Generals Office as the Regulatory body for Charitable gaming. I have a problem with any organization being the Judge, Jury, and executioner of any industry. I am not saying the AG's Office shouldn't still be involved, it definitely should. I do believe the AG's office should have oversight and have a Commission that regulates Offences.

The AG's office has all the power, they hold your license in hand, they investigate, they dole out the punishment, they audit you, they control determination on eligible uses. This is too much power and control from any organization.

Right now there is not much recourse for a charity if you feel the AG's office has overstepped or treated you unjust. What if the State decides to pull your license, What if they decide to just not renew your license. I understand there is a process but it's all at the will of the AG's office.

I would go with Drew Wrigley's own words on a recent Dec 4<sup>th</sup> 2024 interview Plain Talk Podcast, Mr Wrigley said **"at the end of the day if you want to save us a lot of time and headaches, take gaming enforcement away from us"** I think even he wants it removed from the AG's Office.

Thanks for any consideration

Rich Steidler

Matpac Wrestling

25.0798.02005  
Title.

Prepared by the Legislative Council  
staff for Representative Koppelman  
February 4, 2025

Sixty-ninth  
Legislative Assembly  
of North Dakota

## PROPOSED AMENDMENTS TO

### HOUSE BILL NO. 1525

Introduced by

Representatives Koppelman, Grueneich, Hauck, Louser, M. Ruby, Vetter, D. Ruby

Senators Magrum, Cory, Meyer, Castaneda

A BILL for an Act ~~to create and enact a new section to chapter 53-06.1 of the North Dakota Century Code, relating to the creation of the executive director of the state gaming commission;~~ to amend and reenact sections ~~53-01-02, 53-01-03, 53-01-07, 53-01-09, 53-01-19, 53-06.1-01, 53-06.1-01.1, 53-06.1-03, 53-06.1-06, 53-06.1-10, 53-06.1-11 53-06.1-11.2, 53-06.1-12, 53-06.1-12.3, 53-06.1-12.4, 53-06.1-14, and 53-06.1-15.1, 53-06.2-01, 53-06.2-04, 53-06.2-04.1, 53-06.2-07, 53-06.2-10.1, 53-12.1-01, 53-12.1-02, 53-12.1-03, 53-12.1-04, 53-12.1-09, 53-12.1-11, and 53-12.1-13~~ of the North Dakota Century Code, relating to the structure of the state gaming commission and the administration and regulation of games of chance, ~~combative sports, pari-mutuel horse racing, and the lottery; and to repeal sections 53-06.2-02 and 53-06.2-03 of the North Dakota Century Code, relating to the pari-mutuel horse racing commission and pari-mutuel horse racing executive director.~~

### BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

~~SECTION 1. AMENDMENT. Section 53-01-02 of the North Dakota Century Code is amended and reenacted as follows:~~

~~53-01-02. Administration by secretary of state -- Appointment of commission of combative sports the executive director of the gaming commission.~~

~~The secretary of state shall act as state commissioner of combative sports and executive director of the gaming commission shall administer this chapter. The secretary of state may appoint a commission of combative sports to assist and advise the secretary of state in matters relating to the regulation of boxing, kickboxing, mixed fighting style competition, and sparring.~~



1 The secretary of state shall define the duties of the commission. Commission members are not  
2 entitled to compensation, except for reimbursement for actual and necessary expenses at the  
3 same rate as allowed state employees incurred in performing their official duties.

4 ~~— **SECTION 2. AMENDMENT.** Section 53-01-03 of the North Dakota Century Code is~~  
5 ~~amended and reenacted as follows:~~

6 ~~— **53-01-03. Restrictions.**~~

7 ~~— The secretary of state executive director of gaming may not promote, directly or indirectly,~~  
8 ~~any boxing, kickboxing, mixed fighting style competition, or sparring exhibition, engage in the~~  
9 ~~managing of any boxer, kickboxer, or mixed style fighter, or be interested in any manner in the~~  
10 ~~proceeds from any boxing, kickboxing, mixed fighting style competition, or sparring exhibition.~~

11 ~~— **SECTION 3. AMENDMENT.** Section 53-01-07 of the North Dakota Century Code is~~  
12 ~~amended and reenacted as follows:~~

13 ~~— **53-01-07. Duties of state commissioner of combative sports** the executive director of~~  
14 ~~**gaming.**~~

15 ~~— The secretary of state executive director of gaming shall supervise all boxing, kickboxing,~~  
16 ~~mixed fighting style competitions, or sparring exhibitions held in the state and may:~~

17 ~~— 1. Adopt rules governing the conduct of boxing, kickboxing, mixed fighting style~~  
18 ~~competitions, and sparring exhibitions.~~

19 ~~— 2. Establish license fees for all boxers, kickboxers, mixed style fighters, boxing,~~  
20 ~~kickboxing, and mixed fighting style competition promoters, managers, judges,~~  
21 ~~timekeepers, cornerpersons, knockdown counters, matchmakers, and referees or~~  
22 ~~other participants.~~

23 ~~— 3. Charge a fee equal to the actual cost incurred to regulate the competitions and~~  
24 ~~exhibitions.~~

25 ~~— 4. Adopt rules allowing the secretary of state to perform screening tests for controlled~~  
26 ~~substances, as defined in section 19-03.1-01, on boxers, kickboxers, and mixed style~~  
27 ~~fighters participating in a competition or an exhibition.~~

28 ~~— **SECTION 4. AMENDMENT.** Section 53-01-09 of the North Dakota Century Code is~~  
29 ~~amended and reenacted as follows:~~

1 ~~— **53-01-09. Fees paid into special fund -- Continuing appropriation.**~~

2 ~~— All fees collected by the secretary of state executive director of gaming pursuant to this~~  
3 ~~chapter must be deposited in a special fund maintained in the state treasury. All money~~  
4 ~~deposited in the fund is appropriated as a continuing appropriation to the secretary of~~  
5 ~~state executive director of gaming for administering this chapter and for the compensation and~~  
6 ~~expenses of members of the state gaming commission of combative sports.~~

7 ~~— **SECTION 5. AMENDMENT.** Section 53-01-19 of the North Dakota Century Code is~~  
8 ~~amended and reenacted as follows:~~

9 ~~— **53-01-19. Penalty.**~~

10 ~~— A person who violates this chapter or any rule adopted by the secretary of state under this~~  
11 ~~chapter is guilty of a class B misdemeanor.~~

12 ~~— **SECTION 6. AMENDMENT.** Section 53-06.1-01 of the North Dakota Century Code is~~  
13 ~~amended and reenacted as follows:~~

14 ~~— **53-06.1-01. Definitions.**~~

15 ~~— As used in this chapter:~~

16 ~~— 1. "Adjusted gross proceeds" means gross proceeds less cash prizes, cost of~~  
17 ~~merchandise prizes, gaming tax, and federal excise tax imposed under section 4401-~~  
18 ~~of the Internal Revenue Code [26 U.S.C. 4401].~~

19 ~~— 2. "Alcoholic beverage establishment" means an establishment licensed under chapter~~  
20 ~~5-02 where alcoholic beverages are sold, dispensed, and consumed by guests on the~~  
21 ~~premises. The term does not include a liquor store, gas station, grocery store, or~~  
22 ~~convenience store.~~

23 ~~— 3. "Charitable organization" means an organization whose primary purpose is for relief of~~  
24 ~~poor, distressed, underprivileged, diseased, elderly, or abused persons, prevention of~~  
25 ~~cruelty to children or animals, or similar condition of public concern.~~

26 ~~— 4. "Civic and service organization" means an organization whose primary purpose is to~~  
27 ~~promote the common good and social welfare of a community as a sertoma, lion,~~  
28 ~~rotary, jaycee, kiwanis, or similar organization.~~

29 ~~— 5. "Closely related organization" means an organization that controls, is controlled by, or~~  
30 ~~is under common control with another organization. Control exists when an~~  
31 ~~organization has the authority or ability to elect, appoint, or remove a majority of the~~

officers or directors of another organization or, by policy, contract, or otherwise, has the authority or ability to directly or indirectly direct or cause the direction of the management or policies of another organization.

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

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

~~8. "Electronic pull tab device" means a device, approved by the attorney general executive director, which electronically displays pull tabs.~~

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

~~10. "Executive director" means the executive director of the gaming commission.~~

~~11. "Fraternal organization" means an organization, except a school fraternity, which is a branch, lodge, or chapter of a national or state organization and exists for the common business, brotherhood, or other interests of its members. The organization must have qualified for exemption from federal income tax under section 501(c)(8) or 501(c)(10) of the Internal Revenue Code.~~

~~11.12. "Games" means games of chance.~~

~~12.13. "Gross proceeds" means all cash and checks received from conducting games.~~

~~13.14. "Licensed organization" means an eligible organization licensed by the attorney general executive director.~~

~~14.15.~~—"Manufacturer" means, for a pull tab or bingo card, a person who designs, prints, assembles, or produces the product. For a pull tab dispensing device, electronic pull tab device operating system, bingo card marking device, or electronic raffle system, a manufacturer means the person who directly controls and manages development of and owns the rights to the proprietary software encoded on a processing chip that enables the device or system to operate.

~~15.16.~~—"Net income" means gross proceeds less cash prizes, cost of merchandise prizes, and expenses to conduct the gaming activity.

~~16.17.~~—"Net proceeds" means adjusted gross proceeds less allowable expenses and gaming tax.

~~17.18.~~—"Permit" means a local permit or restricted event permit issued by a governing body of a city or county to a nonprofit organization or group of people domiciled in North Dakota.

~~18.19.~~—"Person" means any person, partnership, corporation, limited liability company, association, or organization.

~~19.20.~~—"Prize board" means a board used with pull tabs to award cash or merchandise prizes.

~~20.21.~~—"Public safety organization" means an organization whose primary purpose is to provide firefighting, ambulance service, crime prevention, or similar emergency assistance.

~~21.22.~~—"Public spirited organization" means an organization whose primary purpose is for scientific research, amateur sports competition, safety, literary, arts, preservation of cultural heritage, educational activities, educational public service, youth, economic development, tourism, community medical care, community recreation, or similar organization, which does not meet the definition of any other type of eligible organization. However, a nonprofit organization or a group of people recognized as a public-spirited organization by a governing body of a city or county for obtaining a permit does not need to meet this definition.

~~22.23.~~—"Pull tab" means a folded or banded ticket or jar ticket, a pull tab card with break-open tabs, or an electronic pull tab displaying concealed numbers or symbols or combinations of concealed numbers and symbols which are exposed by a player to determine the outcome. The terms "pull tab" and "jar ticket" are used interchangeably.

1           ~~unless otherwise stated. A winning pull tab contains certain symbols, numbers, or~~  
2           ~~combinations of symbols and numbers and may contain multiple winning symbols,~~  
3           ~~numbers, or combinations of symbols and numbers which have been previously~~  
4           ~~designated as winning symbols or numbers.~~

5 ~~23.24.~~ ~~"Religious organization" means a church, body of communicants, or group gathered in~~  
6           ~~common membership whose primary purpose is for advancement of religion, mutual~~  
7           ~~support and edification in piety, worship, and religious observances.~~

8 ~~24.25.~~ ~~"Veterans organization" means any congressionally chartered post organization, or~~  
9           ~~any branch or lodge or chapter of a nonprofit national or state organization whose~~  
10          ~~membership consists of individuals who are or were members of the armed services~~  
11          ~~or forces of the United States. The organization must have qualified for exemption~~  
12          ~~from federal income tax under section 501(c)(19) of the Internal Revenue Code.~~

13       **SECTION 1. AMENDMENT.** Section 53-06.1-01.1 of the North Dakota Century Code is  
14 amended and reenacted as follows:

15       **53-06.1-01.1. Gaming commission - Rules - ~~Games of chance - Combative sports -~~**  
16 **~~Pari-mutuel horse racing - Lottery~~Authority.**

17       1. The state gaming commission ~~shall administer and control games of chance,~~  
18       ~~combative sports, pari-mutuel horse racing, and the lottery.~~ The commission consists  
19       of the:

20       a. ~~The lieutenant governor, who shall serve as chairman and four other;~~

21       b. Six members appointed by the governor, with the consent of the senate,  
22       including one member who:

23       (1) ~~Three members who are directly associated with the charitable gaming~~  
24       ~~industry but not employees of an organization conducting charitable~~  
25       ~~gaming~~Is an owner of an alcoholic beverage establishment;

26       (2) ~~One member with expert knowledge of the lottery~~Represents a licensed  
27       organization with adjusted gross proceeds not exceeding fifty thousand  
28       dollars; and

29       (3) ~~One member with expert knowledge of pari-mutuel horse racing~~Represents  
30       a licensed organization with adjusted gross proceeds of fifty thousand  
31       dollars or more; and

- 1                   (4) Represents a licensed organization operating in a rural community with a  
2                   population of fewer than ten thousand;  
3                   (5) Represents the governing body of a city with a population of forty thousand  
4                   or more; and  
5                   (6) Represents the governing body of a city with a population of fewer than forty  
6                   thousand or the county where the city is located; and  
7           c.   Two members, one appointed by the speaker of the house of representatives and  
8               one appointed by the president pro tempore of the senate.  
9           2.   The appointed members serve ~~three-year~~two-year terms and until a successor is  
10           appointed and qualified. If the senate is not in session when the term of a member  
11           expires, the governor may make an interim appointment, and the interim appointee  
12           holds office until the senate confirms or rejects the appointment. A member appointed  
13           to fill a vacancy arising from other than the natural expiration of a term serves only for  
14           the unexpired portion of the term. The terms of the commissioners must be staggered  
15           so no more than two terms expire each July first.  
16   2.3. ~~A person is ineligible for appointment to member of the commission if that person has~~  
17       ~~not been;~~  
18       a.   Must be a resident of this state for at least two years before the date of  
19           appointment. ~~A person is also ineligible if that person is not~~  
20       b.   Must be of such character and reputation as to promote public confidence in the  
21           administration of gaming in this state. ~~A person is also ineligible if that person has~~  
22       c.   May not have been convicted of a felony criminal offense or has pled guilty or  
23           been found guilty of any violation of chapter 12.1-06, 12.1-08, 12.1-09, 12.1-10,  
24           12.1-11, 12.1-12, 12.1-22, 12.1-23, 12.1-24, 12.1-28, 53-06.1, or 53-06.2, or has  
25           pled guilty or been found guilty of any violation of section 6-08-16 or 6-08-16.2, or  
26           has pled guilty or been found guilty of any offense or violation that has a direct  
27           bearing on the ~~person's~~individual's fitness to be involved in gaming, or who has  
28           committed an equivalent offense or violation of the laws of another state or of the  
29           United States. ~~A person who has a financial interest in gaming or is an employee~~  
30           ~~or a member of the gaming committee of a licensed organization or distributor~~  
31           ~~cannot be a member of the commission. For the purpose of this subsection, a~~

1 financial interest includes the receiving of any direct payment from an eligible-  
2 organization for property, services, or facilities provided to that organization.

3 ~~3.4.~~ Commission members are entitled to ~~seventy-five dollars~~the amount under  
4 subsection 1 of section 54-03-20 per day for compensation for each day spent on  
5 commission duties and mileage and expense reimbursement as allowed to other state  
6 employees.

7 ~~4.5.~~ The commission shall adopt rules in accordance with chapter 28-32, to administer and  
8 regulate ~~the~~:

9 ~~a. The gaming industry, including methods of conduct, play, and promotion of~~  
10 ~~games; minimum procedures and standards for recordkeeping and internal control;~~  
11 ~~requiring tax returns and reports from organizations or distributors; methods of~~  
12 ~~competition and doing business by distributors and manufacturers; acquisition and use~~  
13 ~~of gaming equipment; quality standards or specifications for the manufacture of pull~~  
14 ~~tabs, paper bingo cards, electronic pull tab devices, pull tab dispensing devices, bingo~~  
15 ~~card marking devices, and fifty-fifty raffle systems; to ensure that net proceeds are~~  
16 ~~used for educational, charitable, patriotic, fraternal, religious, or public-spirited uses; to~~  
17 ~~protect and promote the public interest; to ensure fair and honest games; to ensure~~  
18 ~~that fees and taxes are paid; and to prevent and detect unlawful gambling activity.~~

19 ~~b. Combative sports, as required under section 53-01-07.~~

20 ~~c. Pari-mutuel horse racing, as required under section 53-06.2-04.~~

21 ~~d. The operation of the lottery, as required under section 53-12.1-13.~~

22 6. Based on evidence obtained from the attorney general or a complaint under chapter  
23 28-32, the commission shall hold a hearing according to the requirements under  
24 chapter 28-32. A hearing must be recorded on video and broadcast live. Upon  
25 disposition of an adjudicative proceeding, the commission may:

26 a. Require a representative of a licensed organization or distributor to participate in  
27 training or for good cause prohibit the person from being involved in gaming as  
28 an employee or volunteer. The commission may for good cause prohibit a person  
29 from providing personal or business services to an organization or distributor.

30 b. Prohibit a person from playing games if the person violates this chapter, chapter  
31 12.1-28 or 53-06.2, or a gaming rule.



1 c. Require or authorize an organization to pay or prohibit an organization from  
2 paying a bingo, electronic quick shot bingo, or raffle prize to a player on a dispute  
3 or based on a factual determination or a hearing by the commission.

4 d. Based on reasonable ground or written complaint, suspend, deny, or revoke an  
5 organization's permit or an organization's, distributor's, or manufacturer's  
6 application or license for violation, by the organization, distributor, or  
7 manufacturer or any officer, director, agent, member, or employee of the  
8 organization, distributor, or manufacturer, of this chapter or any gaming rule.

9 e. Impose a monetary fine on a licensed organization, organization that has a  
10 permit, distributor, manufacturer, owner of an authorized site, or third-party  
11 business operating gaming and working as an agent of the charity for failure to  
12 comply with this chapter or any gaming rule. This fine may be in addition to or in  
13 lieu of a license suspension or revocation. The monetary fine for each violation  
14 by:

15 (1) An organization is a minimum of twenty-five dollars and may not exceed two  
16 percent of the organization's average quarterly gross proceeds, or five  
17 thousand dollars, whichever is greater.

18 (2) A distributor is a minimum of one hundred dollars and may not exceed five  
19 thousand dollars.

20 (3) A manufacturer is a minimum of five hundred dollars and may not exceed  
21 two hundred fifty thousand dollars.

22 (4) An owner of an authorized site is a minimum of two hundred fifty dollars and  
23 may not exceed two thousand five hundred dollars.

24 f. At any time within three years after any amount of fees, monetary fine, interest,  
25 penalty, or tax required to be paid pursuant to this chapter becomes due, bring a  
26 civil action to collect the amount due. However, if for any reason there is a  
27 change in adjusted gross proceeds or tax liability by an amount which is in  
28 excess of twenty-five percent of the amount of adjusted gross proceeds or tax  
29 liability originally reported on the tax return, any additional tax determined to be  
30 due may be assessed within six years after the due date of the tax return, or  
31 six years after the tax return was filed, whichever period expires later. An action



1                   may be brought although the person owing the fees or tax is not presently  
2                   licensed.

3                   g. Institute an action in any district court for declaratory or injunctive relief against a  
4                   person, whether or not the person has a gaming licensee, as the commission  
5                   deems necessary to prevent noncompliance with this chapter or gaming rules.

6                   h. For good cause, require a licensed organization to use the attorney general's  
7                   recordkeeping system for all games.

8                   7. The commission may refer to the attorney general for prosecution any evidence the  
9                   commission believes is evidence of a crime.

10                  ~~— **SECTION 8.** A new section to chapter 53-06.1 of the North Dakota Century Code is created~~  
11                  ~~and enacted as follows:~~

12                  ~~— **Executive director of gaming – Appointment – Duties – Other personnel.**~~

13                  ~~— 1. The state gaming commission shall appoint an executive director of gaming. The~~  
14                  ~~commission shall establish the executive director's qualifications and salary.~~

15                  ~~— 2. The executive director shall carry out the duties assigned under this chapter and~~  
16                  ~~chapters 53-01, 53-06.2, and 53-12.1.~~

17                  ~~— 3. The executive director may employ other individuals as authorized by the commission.~~

18                  ~~— **SECTION 9. AMENDMENT.** Section 53-06.1-03 of the North Dakota Century Code is~~  
19                  ~~amended and reenacted as follows:~~

20                  ~~— **53-06.1-03. Permits, site authorization, and licenses – Organization requirements –**~~  
21                  ~~**Site inspection.**~~

22                  ~~— 1. Except as authorized by the attorney general, an organization that has its license~~  
23                  ~~suspended or revoked, or has relinquished or not renewed its license and not~~  
24                  ~~disbursed its net proceeds, is ineligible for a license or permit. Only one of two or more~~  
25                  ~~closely related organizations may have a license or permit at one time. A college or~~  
26                  ~~university fraternity, sorority, or club is not closely related to an educational~~  
27                  ~~organization. An organization shall apply for a permit as follows:~~

28                  ~~— a. An organization recognized as a public spirited organization by the governing~~  
29                  ~~body of a city or county may apply for permits. A local permit may allow the~~  
30                  ~~organization to conduct only raffles, bingo, or sports pools. A restricted event~~  
31                  ~~permit may allow the organization to conduct only raffles, bingo, sports pools,~~

paddlewheels, twenty-one, and poker. The organization or closely related organizations as a whole may only award a primary prize that does not exceed eight thousand dollars and total prizes of all games do not exceed forty thousand dollars per year. These maximum prize amounts do not apply to raffles conducted under chapter 20.1-08. The determination of what is a "public-spirited organization" is within the sole discretion of the governing body. An organization shall disclose on the application its intended use of the net income from the gaming activity. A governing body may issue a permit for games to be held at designated times and places.

b. An organization shall apply to the governing body of the city or county in which the proposed site is located. Application must be made on a form prescribed by the attorney general executive director. Approval may be granted at the discretion of the governing body. A governing body may establish a fee not to exceed twenty-five dollars for each permit. A permit must be on a fiscal year basis from July first to June thirtieth or on a calendar year basis.

c. An organization that has a local permit or a restricted event permit may use the net income from the gaming activity for any purpose that does not violate this chapter or gaming rules, unless the organization is a state political party or legislative district party committee, the organization may use the net income from a raffle for a political purpose. For purposes of this subdivision, a public-spirited use includes a political purpose.

d. An organization that has a restricted event permit is restricted to one event per year and:

(1) May not pay remuneration to employees for personal services;

(2) Shall use chips as wagers;

(3) Shall redeem a player's chips for merchandise prizes or cash;

(4) Shall disburse net income to eligible uses referenced in subdivision c, if applicable, and in section 53-06.1-11.1; and

(5) Shall file a report prescribed by the attorney general executive director with the governing body and attorney general executive director.

~~2. Except as authorized by the executive director, an organization that has its license suspended or revoked, or has relinquished or not renewed its license and not disbursed its net proceeds, is ineligible for a license or permit.~~

~~3. Only one of two or more closely related organizations may have a license or permit at one time. A college or university fraternity, sorority, or club is not closely related to an educational organization.~~

~~2.4. An eligible organization shall apply for a license to conduct only bingo, electronic quick shot bingo, raffles, calcuttas, pull tabs, punchboards, twenty-one, paddlewheels, poker, or sports pools by:~~

~~a. First securing approval for a site authorization from the governing body of the city or county in which the proposed site is located. Approval, which may be granted at the discretion of the governing body, must be recorded on a site authorization form that is to accompany the license application to the attorney general executive director for final approval. An eligible organization may request a specific site location on the site authorization form.~~

~~(1) A governing body:~~

~~(a) May not require an eligible organization to donate net proceeds to the city, county, or related political subdivision or for community programs or services within the city or county as a condition for receiving a site authorization from the city or county;~~

~~(b) May not deny a site authorization solely because the eligible organization has not conducted gaming at the site;~~

~~(c) May not require that an eligible organization be located at a specific site as a condition of site authorization;~~

~~(d) May limit the type of games and the number of electronic pull tab devices or tables for the game of twenty-one per site, and the number of sites upon which a licensed organization may conduct games within the city or county; and~~

~~(e) May charge a one hundred dollar fee for a site authorization.~~

~~(2) This subsection may not be construed to prohibit a governing body from:~~

- 1 ~~\_\_\_\_\_ (a) Creating and enforcing rules that are more stringent than state law~~  
2 ~~regarding charitable gaming as otherwise permitted in code; or~~
- 3 ~~\_\_\_\_\_ (b) Denying a site authorization for just cause, including, after~~  
4 ~~consultation with the attorney general, a violation of state law or local~~  
5 ~~rules.~~
- 6 ~~\_\_\_\_\_ b. Annually applying for a license from the attorney general~~~~executive director~~ ~~before~~  
7 ~~July first on a form prescribed by the attorney general~~~~executive director~~ ~~and~~  
8 ~~remitting a one hundred seventy-five dollar license fee for each city or county that~~  
9 ~~approves a site authorization. An organization shall document that it qualifies as~~  
10 ~~an eligible organization. If an organization amends its primary purpose as stated~~  
11 ~~in its articles of incorporation or materially changes its basic character, the~~  
12 ~~organization shall reapply for licensure. The attorney general shall~~~~executive~~  
13 ~~director:~~
- 14 ~~\_\_\_\_\_ (1) Shall deposit twenty-five dollars of this fee into the charitable gaming~~  
15 ~~technology fund under section 53-06.1-12.4. However, the attorney general~~  
16 ~~may~~
- 17 ~~\_\_\_\_\_ (2) May allow an organization that only conducts a raffle or calcutta in two or~~  
18 ~~more cities or counties to annually apply for a consolidated license and~~  
19 ~~remit a one hundred seventy-five dollar license fee for each city or county in~~  
20 ~~which a site is located. The attorney general shall~~
- 21 ~~\_\_\_\_\_ (3) Shall deposit twenty-five dollars of this fee into the charitable gaming~~  
22 ~~technology fund under section 53-06.1-12.4. An organization shall document~~  
23 ~~that it qualifies as an eligible organization. If an organization amends its~~  
24 ~~primary purpose as stated in its articles of incorporation or materially~~  
25 ~~changes its basic character, the organization shall reapply for licensure. The~~  
26 ~~attorney general may~~
- 27 ~~\_\_\_\_\_ (4) May deny issuance of a license or deny renewal of a license to an eligible~~  
28 ~~organization that has obtained approval of site authorization under~~  
29 ~~subdivision a, if the organization or site is not in compliance with applicable~~  
30 ~~laws and rules.~~

~~3.5. A licensed organization or organization that has a permit shall conduct games as follows:~~

~~a. Only one licensed organization or organization that has a permit may conduct games at an authorized site on a day, except a raffle or a sports pool conducted under a local permit may be conducted for a special occasion by another licensed organization or organization that has a permit when one of these conditions is met:~~

~~(1) When the area for the raffle or a sports pool is physically separated from the area where games are conducted by the regular organization.~~

~~(2) Upon request of the regular organization and with the approval of the alcoholic beverage establishment, the regular organization's license or permit is suspended for that specific time of day by the attorney general.~~

~~b. Except for a temporary site authorized for fourteen or fewer consecutive days for not more than two events per quarter or a licensed organization authorized on or before January 1, 2023, to conduct gaming at more than fifteen sites, a licensed organization, including a closely related organization, may not have more than fifteen sites.~~

~~c. Games of electronic quick shot bingo, electronic pull tabs, pull tabs, punchboards, twenty-one, paddlewheels, poker, and sports pools may be conducted only during the hours when alcoholic beverages may be dispensed according to applicable regulations of the state, county, or city. Electronic pull tabs must be conducted in a designated area where patrons must be twenty-one years of age or older to enter.~~

~~d. An organization may not permit a person under twenty-one years of age to directly or indirectly play pull tabs, punchboards, twenty-one, calcuttas, sports pools, paddlewheels, or poker. An organization may not permit an individual under eighteen years of age to directly or indirectly play electronic quick shot bingo. An organization may not permit an individual under eighteen years of age to directly or indirectly play bingo unless the individual is accompanied by an adult, bingo is conducted by an organization that has a permit, or the game's prize structure does not exceed that allowed for a permit.~~

- ~~1 e. An organization may not install more than ten electronic pull tab devices at a site.~~
- ~~2 f. An organization with more than fifteen licensed sites under subdivision b may not~~  
~~3 increase its number of sites beyond the number of sites licensed as of January 1,~~  
~~4 2023.~~
- ~~5 g. An organization conducting gaming at an authorized site on January 1, 2023,~~  
~~6 may continue to operate gaming, including as provided under subsection 1 of~~  
~~7 section 53-06.1-06, at the authorized site regardless of whether the authorized~~  
~~8 site is an alcoholic beverage establishment as defined under section 53-06.1-01.~~
- ~~9 h. For a raffle board, an organization permitted to conduct raffles shall sell the~~  
~~10 numbered squares on the board for the same price and may sell squares at a site~~  
~~11 thirty days before the drawing.~~
- ~~12 4.6. A permit, or site authorization and license, must be displayed at a site.~~
- ~~13 5.7. The attorney general may executive director:~~
- ~~14 a. May issue a conditional license to an eligible organization whose regularly issued~~  
~~15 license has expired or been suspended, revoked, or relinquished. The attorney~~  
~~16 general shall~~
- ~~17 b. Shall designate the time period for which the conditional license is valid and may~~  
~~18 impose any conditions.~~
- ~~19 6.8. A governing body or local law enforcement official may inspect a site's gaming~~  
~~20 equipment and examine or cause to be examined any gaming-related books and~~  
~~21 records of a licensed organization or organization that has a permit.~~
- ~~22 SECTION 10. AMENDMENT. Section 53-06.1-06 of the North Dakota Century Code is~~  
~~23 amended and reenacted as follows:~~
- ~~24 53-06.1-06. Persons permitted to conduct games – Equipment.~~
- ~~25 1. No person, except a member, volunteer, an employee of a licensed organization or an~~  
~~26 organization that has a permit, or an employee of a temporary employment agency~~  
~~27 who provides services to a licensed organization, may manage, control, or conduct~~  
~~28 any game. "Member" includes a member of an auxiliary organization. In conducting~~  
~~29 pull tabs or prize boards through a dispensing device, selling pull tabs through a~~  
~~30 pull-tab device, selling raffle tickets, or conducting sports pools, the attorney~~

~~general~~executive director may allow an employee of an alcoholic beverage establishment to provide limited assistance to an organization.

~~2. Except when authorized by the attorney general~~executive director or allowed by the gaming rules, an eligible organization shall procure gaming equipment only from a licensed distributor. No equipment or prizes may be purchased at an excessive price.

~~3. An organization and distributor shall maintain complete, accurate, and legible bank and accounting records in North Dakota for all gaming activity and establish a system of internal control as prescribed by rule. The governing board of an eligible organization is primarily responsible and may be held accountable for the proper determination and use of net proceeds. If an organization does not renew its license or its license is denied, relinquished, or revoked and it has not disbursed all of its net proceeds, the organization shall file an action plan as prescribed by the gaming rules with the attorney general.~~

~~4. The value of a merchandise prize awarded in a game is its retail price, excluding sales tax.~~

~~5. A person is restricted from being involved in gaming and the attorney general~~executive director shall conduct a criminal history record check as follows:

~~a. (1) A person who has pled guilty to or been found guilty of a felony offense as defined by the laws of this state, other states, or the federal government, or has pled guilty to or been found guilty of a violation of this chapter, a gaming rule, chapter 12.1-28 or 53-06.2, or offenses of other states or the federal government equivalent to offenses defined in these chapters, regardless of whether the person has completed or received a deferred imposition of sentence or suspended sentence, may not be a licensed distributor, be an investor in or board member or consultant to a licensed distributor, or be employed by a licensed distributor, and may not be employed by a licensed organization to conduct games, for five years from the date of conviction, release from incarceration, or expiration of parole or probation, whichever is the latest.~~

~~(2) Paragraph 1 does not apply if the offense to which the person pled guilty or has been found guilty is a misdemeanor and the person has received a~~

deferred imposition of sentence and has fully complied with the terms of the deferral.

~~b. A person who has pled guilty to or been found guilty of a misdemeanor offense in violation of section 6-08-16.1 or chapter 12.1-06, 12.1-23, or 12.1-24 or offenses of other states, the federal government, or a municipality equivalent to these offenses, regardless if the person has completed or received a suspended sentence, may not be a licensed distributor or be employed by a licensed distributor, and may not be employed by a licensed organization to conduct games, for two years from the date of conviction, release from incarceration, or expiration of parole or probation, whichever is the latest, unless the person has received a deferred imposition of sentence and has fully complied with the terms of the deferral.~~

~~c. Unless an employee is exempt by the gaming rules or attorney general executive director, the attorney general executive director shall conduct a criminal history record check of each employee of a licensed organization or distributor and charge a fee prescribed by section 12-60-16.9. The fee may be waived by the attorney general if a federal agency or local law enforcement agency has done a record check. The attorney general executive director may require advance payment of any additional fee necessary to pay the cost of a record check of a person for whom adequate background information sources are not readily available. The advance payment must be placed in the attorney general's refunded dedicated fund. The unused funds must be returned to the person within thirty days of the conclusion of the record check. Unless a federal or local law enforcement agency conducts the record check, the attorney general executive director shall notify the organization or distributor of the result. The attorney general executive director shall keep the information confidential except in the proper administration of this chapter or any gaming rule or to provide to an authorized law enforcement agency.~~

~~6. For a site where bingo is the primary game or a site that is leased by a licensed organization, the organization may not pay bingo prizes in which the total bingo prizes exceed total bingo gross proceeds for a period prescribed by gaming rule. However, if~~



bingo is the primary game at the site, a bingo prize that equals or exceeds ten thousand dollars is excluded from the total of the bingo prizes.

~~7. A city or county may require a person conducting games to obtain a local work permit, charge a reasonable fee, and conduct a criminal history record check.~~

~~**SECTION 11. AMENDMENT.** Section 53-06.1-10 of the North Dakota Century Code is amended and reenacted as follows:~~

~~**53-06.1-10. Twenty-one.**~~

~~The organization shall provide playing chips of various denominations to players although the organization may use a metal coin rather than a fifty-cent chip. The organization may set the minimum limit for the original wager at not more than three dollars on one active table. If there is more than one active table at a site, the organization may set a higher minimum wager on additional tables. The maximum limit per wager may be set by the organization at not more than twenty-five dollars. Wagers in increments of one dollar must be accepted between the posted minimum and the posted maximum limit. A player may not play more than two hands at the same time. Only the player actually playing a hand may place a wager on that hand. Each player plays the player's hand against the dealer's hand. Any requirement to pool tips is within the sole discretion of each organization. Except for a site that has twenty-one gross proceeds averaging less than ten thousand dollars per quarter, an organization may not conduct twenty-one at the site with wagers exceeding two dollars unless the organization has first installed video surveillance equipment as required by rules and the equipment is approved by the attorney general executive director.~~

~~**SECTION 12. AMENDMENT.** Section 53-06.1-11 of the North Dakota Century Code is amended and reenacted as follows:~~

~~**53-06.1-11. Gross proceeds -- Allowable expenses -- Rent limits.**~~

~~1. All money received from games must be accounted for according to the gaming rules. Gaming activity for a quarter must be reported on a tax return form prescribed by the attorney general executive director. Unless otherwise authorized by the attorney general executive director, the purchase price of a merchandise prize must be paid from a gaming bank account by check. A cash prize paid by check must be paid from a gaming bank account. No check drawn from a gaming or trust bank account may be~~

- 1 payable to "cash" or a fictitious payee. A cash prize that exceeds an amount set by  
2 rule must be accounted for by a receipt prescribed by the gaming rules.
- 3 ~~2. Allowable expenses may be deducted from adjusted gross proceeds. The allowable~~  
4 ~~expense limit is sixty percent of the adjusted gross proceeds per quarter.~~
- 5 ~~3. Cash shorts incurred in games and interest and penalty are classified as expenses.~~
- 6 ~~4. For a site where bingo is conducted:~~
- 7 ~~a. If bingo is the primary game, the monthly rent must be reasonable.~~
- 8 ~~b. If bingo is not the primary game, but is conducted with twenty-one, paddlewheels,~~  
9 ~~or pull tabs, no additional rent is allowed.~~
- 10 ~~5. For a site where bingo is not the primary game:~~
- 11 ~~a. If twenty-one or paddlewheels is conducted, the monthly rent may not exceed~~  
12 ~~two hundred dollars multiplied by the necessary number of tables based on~~  
13 ~~criteria prescribed by gaming rule. For each twenty-one table with a wager~~  
14 ~~greater than five dollars, an additional amount up to one hundred dollars may be~~  
15 ~~added to the monthly rent. If pull tabs is also conducted involving only a jar bar,~~  
16 ~~the monthly rent for pull tabs may not exceed an additional one hundred~~  
17 ~~seventy-five dollars. If pull tabs is conducted involving only a dispensing device~~  
18 ~~or a jar bar and dispensing device, the monthly rent for pull tabs may not exceed~~  
19 ~~an additional three hundred twenty-five dollars.~~
- 20 ~~b. If twenty-one and paddlewheels are not conducted but pull tabs is conducted~~  
21 ~~involving either a jar bar or dispensing device, the monthly rent may not exceed~~  
22 ~~four hundred dollars.~~
- 23 ~~c. If pull tabs is conducted using one or more electronic pull tab devices, the~~  
24 ~~monthly rent may not exceed one hundred seventy-five dollars per machine for~~  
25 ~~the first five machines in the same venue. For each additional machine in the~~  
26 ~~same venue beyond five, the monthly rent may not exceed seventy-five dollars~~  
27 ~~per machine up to a maximum of one thousand two hundred fifty dollars per~~  
28 ~~month for all electronic pull tab devices in a single venue.~~
- 29 ~~**SECTION 13. AMENDMENT.** Section 53-06.1-11.2 of the North Dakota Century Code is~~  
30 ~~amended and reenacted as follows:~~

~~53-06.1-11.2. Charitable gaming operating fund -- Attorney general -- State treasurer --  
Allocations -- Transfer to the general fund.~~

~~1. There is created in the state treasury the charitable gaming operating fund. The fund  
consists of all gaming taxes, monetary fines, and interest and penalties collected  
under this chapter.~~

~~2. Excluding moneys in the charitable gaming operating fund appropriated by the  
legislative assembly for administrative and operating costs associated with charitable  
gaming, the attorney general~~executive director~~ shall allocate remaining moneys in the  
charitable gaming operating fund on a quarterly basis as follows:~~

~~a. Ten thousand dollars to the gambling disorder prevention and treatment fund.~~

~~b. Subject to legislative appropriations, five percent of the total moneys deposited in  
the charitable gaming operating fund to cities and counties in proportion to the  
taxes collected under section 53-06.1-12 from licensed organizations conducting  
games within each city, for sites within city limits, or within each county, for sites  
outside city limits. If a city or county allocation is less than two hundred dollars,  
that city or county is not entitled to receive a payment for the quarter and the  
undistributed amount must be included in the total amount to be distributed to  
other cities and counties for the quarter.~~

~~3. On or before June thirtieth of each odd-numbered year, the attorney general~~executive  
director~~ shall certify to the state treasurer the amount of accumulated funds in the  
charitable gaming operating fund which exceed the amount appropriated by the  
legislative assembly for administrative and operating costs associated with charitable  
gaming for the subsequent biennium. The state treasurer shall transfer the certified  
amount from the charitable gaming operating fund to the general fund prior to the end  
of each biennium.~~

~~**SECTION 14. AMENDMENT.** Section 53-06.1-12 of the North Dakota Century Code is  
amended and reenacted as follows:~~

~~**53-06.1-12. Gaming tax -- Deposits. (Retroactive application -- See note)**~~

~~1. Except as provided in subsection 2, a gaming tax is imposed on the total adjusted  
gross proceeds received by a licensed organization in a quarter and the tax must be  
computed and paid to the attorney general~~executive director~~ on a quarterly basis on~~

the tax return. This tax must be paid from adjusted gross proceeds and is not part of the allowable expenses. For a licensed organization with adjusted gross proceeds:

a. Not exceeding fifty thousand dollars the tax is one percent of adjusted gross proceeds.

b. Exceeding fifty thousand dollars the tax is five hundred dollars plus twelve percent of adjusted gross proceeds exceeding fifty thousand dollars.

2. For a licensed organization permitted to conduct raffles in this state with adjusted gross proceeds exceeding fifty thousand dollars, a gaming tax of one percent of gross proceeds is imposed on the total gross proceeds received by the licensed organization from raffles in a quarter. The tax must be computed and paid to the attorney general executive director on a quarterly basis on the tax return. The tax must be paid from adjusted gross proceeds and is not part of the allowable expenses.

3. The tax must be paid to the attorney general executive director at the time tax returns are filed.

4. The attorney general executive director shall deposit gaming taxes, monetary fines, and interest and penalties collected in the charitable gaming operating fund.

**SECTION 15. AMENDMENT.** Section 53-06.1-12.3 of the North Dakota Century Code is amended and reenacted as follows:

**53-06.1-12.3. Interest, penalty, and estimated tax.**

1. Assessment of interest. If a licensed organization does not pay tax due by the original date of a tax return, or if additional tax is due based on an audit or math verification of the return and it is not paid by the original due date of the return, the organization shall pay interest on the tax at the rate of twelve percent per annum computed from the original due date of the return through the date the tax is paid.

2. Assessment of penalty. If a licensed organization does not pay tax due on a tax return by the original or extended due date of the return, or if additional tax is due based on an audit or math verification of the return and it is not paid by the original or extended due date of the return, the organization shall pay a penalty of five percent of the tax, or twenty-five dollars, whichever is greater. If an organization does not file a tax return by the original or extended due date of the return, the organization shall pay a penalty of five percent of the tax, or twenty-five dollars, whichever is greater, for each month or

fraction of a month during which the return is not filed, not exceeding a total of  
twenty-five percent.

~~3. The attorney general~~executive director may require a licensed organization to make  
monthly estimated gaming tax payments if the attorney generalexecutive director  
determines that the organization is in poor financial condition. If an organization fails to  
pay any tax or estimated tax, interest, or penalty by the original due date or date set by  
the attorney general, the attorney generalexecutive director, the executive director  
may bring court action to collect it and may suspend the organization's license. The  
attorney generalexecutive director may for good cause waive all or part of any interest  
or penalty and may waive any minimal tax.

~~4. If a licensed organization has failed to file a tax return, has been notified by the~~  
attorney generalexecutive director of the delinquency, and refuses or neglects within  
thirty days after the notice to file a proper return, the attorney generalexecutive director  
shall determine the adjusted gross proceeds and gaming tax due according to the best  
information available and assess the tax at not more than double the amount. Interest  
and penalty also must be assessed.

~~5. The attorney general~~executive director may authorize a licensed organization to pay  
any delinquent tax, interest, or penalty on an installment plan and may set any  
qualifying conditions.

~~**SECTION 16. AMENDMENT.** Section 53-06.1-12.4 of the North Dakota Century Code is  
amended and reenacted as follows:~~

~~**53-06.1-12.4. Charitable gaming technology fund – Continuing appropriation.**~~

~~There is created in the state treasury a special fund known as the charitable gaming  
technology fund. The fund consists of all moneys deposited in the fund pursuant to this chapter.  
Moneys in the fund are appropriated to the attorney general~~executive director ~~on a continuing  
basis and may be used only for contracting for and purchasing equipment and software for a  
charitable gaming technology system, training employees to operate the system, and  
maintaining and updating the system.~~

~~**SECTION 17. AMENDMENT.** Section 53-06.1-14 of the North Dakota Century Code is  
amended and reenacted as follows:~~

~~53-06.1-14. Distributors and manufacturers.~~

~~1. A manufacturer of pull tabs, bingo cards, electronic quick shot bingo systems and devices, or bingo card marking devices shall apply annually for a license and pay a license fee of five thousand five hundred dollars. A manufacturer of electronic pull tab systems and devices shall apply annually for a license and pay a license fee of ten thousand dollars. The attorney general~~executive director ~~shall deposit one thousand five hundred dollars of these fees into the charitable gaming technology fund under section 53-06.1-12.4. A manufacturer of paper pull tab dispensing devices shall apply annually for a license and pay a license fee of one thousand five hundred dollars. The attorney general~~executive director ~~shall deposit five hundred dollars of this fee into the charitable gaming technology fund under section 53-06.1-12.4. A manufacturer of electronic raffle systems shall apply annually for a license and pay a license fee of one thousand dollars. The attorney general~~executive director ~~shall deposit five hundred dollars of this fee into the charitable gaming technology fund under section 53-06.1-12.4. A distributor shall apply annually for a license and pay a license fee of two thousand dollars. The attorney general~~executive director ~~shall deposit five hundred dollars of this fee into the charitable gaming technology fund under section 53-06.1-12.4. Application must be made before the first day of April in each year on a form prescribed by the attorney general~~executive director.

~~2. A licensed distributor may not sell, market, or distribute gaming equipment except to a licensed distributor, licensed organization, organization that has a permit, or other person authorized by gaming rule or the attorney general~~executive director~~. A manufacturer of a pull tab dispensing device, pull tab, electronic pull tab device, bingo card marking device, bingo card, or fifty-fifty raffle system may only sell, market, or distribute the manufacturer's pull tab dispensing device and processing chip encoded with proprietary software, pull tab, electronic pull tab device, bingo card marking device, bingo card, or fifty-fifty raffle system to a licensed distributor. A licensed distributor may purchase or acquire a pull tab dispensing device and processing chip encoded with proprietary software, pull tab, electronic pull tab device, bingo card marking device, bingo card, or fifty-fifty raffle system only from a licensed manufacturer or licensed distributor. However, a distributor may purchase or acquire a~~

1           ~~used pull tab dispensing device or electronic pull tab device from a licensed~~  
2           ~~organization. A distributor may not duplicate a manufacturer's processing chip~~  
3           ~~encoded with proprietary software. No gaming equipment or prize may be sold or~~  
4           ~~leased at an excessive price.~~

5       ~~3. A licensed distributor shall affix a North Dakota gaming stamp to each deal of pull~~  
6       ~~tabs, raffle board, punchboard, sports pool board, calcutta board, and series of~~  
7       ~~paddlewheel ticket cards sold or otherwise provided to a licensed organization or~~  
8       ~~organization that has a permit and shall purchase the stamps from the attorney-~~  
9       ~~generalexecutive director for thirty-five cents each. Ten cents of each stamp sold by~~  
10      ~~the attorney generalexecutive director, up to thirty-six thousand dollars per biennium,~~  
11      ~~must be credited to the attorney general'sexecutive director's operating fund to defray~~  
12      ~~the costs of issuing and administering the gaming stamps. If an organization hosts an~~  
13      ~~event with a raffle board and only sells numbered squares on the day of event, the~~  
14      ~~organization is exempt from the requirements under this subsection.~~

15      ~~4. A licensed organization, organization that has a permit, licensed manufacturer, or~~  
16      ~~North Dakota wholesaler of liquor or alcoholic beverages may not be a distributor or~~  
17      ~~stockholder of a distributor. A distributor may not be a stockholder of a manufacturer.~~

18      ~~5. In addition to the license fee, the attorney generalexecutive director may require~~  
19      ~~advance payment of any fee necessary to pay the cost of a record check of an~~  
20      ~~applicant according to subdivision c of subsection 5 of section 53-06.1-06.~~

21      ~~6. A licensed manufacturer may not refuse to sell deals of pull tabs, paper bingo cards, or~~  
22      ~~gaming equipment to a licensed distributor unless:~~

23           ~~a. A specific deal of pull tabs is sold on an exclusive basis;~~

24           ~~b. The manufacturer does not sell deals of pull tabs, paper bingo cards, or gaming~~  
25           ~~equipment to any distributor in the state;~~

26           ~~c. A gaming law or rule prohibits the sale;~~

27           ~~d. The distributor has not provided the manufacturer with proof of satisfactory credit~~  
28           ~~or is delinquent on any payment owed to the manufacturer; or~~

29           ~~e. The distributor has not met the manufacturer's standard minimum order quantity~~  
30           ~~and freight terms.~~



**SECTION 2. AMENDMENT.** Section 53-06.1-15.1 of the North Dakota Century Code is amended and reenacted as follows:

**53-06.1-15.1. Authority of the attorney general~~executive director~~ - Duties.**

1. The attorney general~~executive director~~ may:

1.a. Inspect all sites in which gaming is conducted or inspect all premises where gaming equipment is manufactured or distributed. The attorney general~~executive director~~ may require a licensed manufacturer to reimburse the attorney general~~executive director~~ for the reasonable actual cost of transportation, lodging, meals, and incidental expenses incurred in inspecting the manufacturer's facility.

2.b. Inspect all gaming equipment and supplies.

3.c. Seize, remove, or impound any gaming equipment, supplies, games, or books and records for the purpose of examination and inspection.

4.d. Demand access to and inspect, examine, photocopy, and audit all books and records of applicants, organizations, lessors, manufacturers, distributors, and affiliated companies concerning any income, expense, or use of net proceeds, and determine compliance with this chapter or gaming rules.

5.e. Permit the commissioner or proper representative of the internal revenue service of the United States to inspect a tax return or furnish a copy of the tax return, or information concerning any item contained in the return, or disclosed by any audit or investigation report of the gaming activity of any organization or player, or recordkeeping information. However, information cannot be disclosed to the extent that the attorney general~~executive director~~ determines that the disclosure would identify a confidential informant or seriously impair any civil or criminal investigation. Except when directed by judicial order, or for pursuing civil or criminal charges regarding a violation of this chapter or a gaming rule, or as is provided by law, the attorney general~~executive director~~ may not divulge nor make known, to any person, any income or expense item contained in any tax return or disclosed by an audit or investigative report of any taxpayer provided to the attorney general~~executive director~~ by the internal revenue service.



2. The attorney general shall refer any evidence of a violation of law or rule to the gaming commission for review, unless this chapter provides the attorney general authority regarding the violation, including a violation related to tax-related delinquency, permits, licensure, and site authorization. A decision made by the attorney general under this chapter may be appealed to the gaming commission.

~~6. Require a representative of a licensed organization or distributor to participate in training or for good cause prohibit the person from being involved in gaming as an employee or volunteer. The attorney general~~~~executive director~~ ~~may for good cause prohibit a person from providing personal or business services to an organization or distributor.~~

~~7. Prohibit a person from playing games if the person violates this chapter, chapter 12.1-28 or 53-06.2, or a gaming rule.~~

~~8. Require or authorize an organization to pay or prohibit an organization from paying a bingo, electronic quick shot bingo, or raffle prize to a player on a dispute or based on a factual determination or a hearing by the attorney general~~~~executive director~~.

~~9. Based on reasonable ground or written complaint, suspend, deny, or revoke an organization's permit or an organization's, distributor's, or manufacturer's application or license for violation, by the organization, distributor, or manufacturer or any officer, director, agent, member, or employee of the organization, distributor, or manufacturer, of this chapter or any gaming rule.~~

~~10. Impose a monetary fine on a licensed organization, organization that has a permit, distributor, manufacturer, or third-party business operating gaming and working as an agent of the charity for failure to comply with this chapter or any gaming rule. The monetary fine for each violation by an organization is a minimum of twenty-five dollars and may not exceed two percent of the organization's average quarterly gross proceeds, or five thousand dollars, whichever is greater. The monetary fine for each violation by a distributor is a minimum of one hundred dollars and may not exceed five thousand dollars. The monetary fine for each violation by a manufacturer is a minimum of five hundred dollars and may not exceed two hundred fifty thousand dollars. This fine may be in addition to or in place of a license suspension or revocation.~~

1 ~~11. At any time within three years after any amount of fees, monetary fine, interest,~~  
2 ~~penalty, or tax required to be paid pursuant to this chapter becomes due, bring a civil~~  
3 ~~action to collect the amount due. However, if for any reason there is a change in~~  
4 ~~adjusted gross proceeds or tax liability by an amount which is in excess of twenty-five~~  
5 ~~percent of the amount of adjusted gross proceeds or tax liability originally reported on~~  
6 ~~the tax return, any additional tax determined to be due may be assessed within six~~  
7 ~~years after the due date of the tax return, or six years after the tax return was filed,~~  
8 ~~whichever period expires later. An action may be brought although the person owing~~  
9 ~~the fees or tax is not presently licensed.~~

10 ~~12. Institute an action in any district court for declaratory or injunctive relief against a~~  
11 ~~person, whether or not the person is a gaming licensee, as the attorney~~  
12 ~~general~~executive director ~~deems necessary to prevent noncompliance with this~~  
13 ~~chapter or gaming rules.~~

14 ~~13. For good cause, require a licensed organization to use the attorney general's~~executive  
15 director's ~~recordkeeping system for any or all games.~~

16 ~~**SECTION 19. AMENDMENT.** Section 53-06.2-01 of the North Dakota Century Code is~~  
17 ~~amended and reenacted as follows:~~

18 ~~**53-06.2-01. Definitions.**~~

19 ~~As used in this chapter:~~

20 ~~1. "Breeders' fund" means a fund, administered by the commission, established to~~  
21 ~~financially reward breeders or owners of North Dakota-bred horses to be paid in~~  
22 ~~accordance with rules as approved by the commission.~~

23 ~~2. "Certificate system" means the system of betting described in section 53-06.2-10.~~

24 ~~3. "Charitable organization" means a nonprofit organization operated for the relief of~~  
25 ~~poverty, distress, or other conditions of public concern in this state and has been so~~  
26 ~~engaged in this state for at least two years.~~

27 ~~4. "Civic and service club" means a branch, lodge, or chapter of a nonprofit national or~~  
28 ~~state organization that is authorized by its written constitution, charter, articles of~~  
29 ~~incorporation, or bylaws to engage in a civic or service purpose in this state and has~~  
30 ~~so existed in this state for at least two years. The term includes a similar local~~  
31 ~~nonprofit organization, not affiliated with a state or national organization, which is so~~

1           ~~recognized by a resolution adopted by the governing body of the local jurisdiction in~~  
2           ~~which the organization conducts its principal activities, and which has existed in this~~  
3           ~~state for at least two years.~~

4     ~~—5.—"Commission" means the North Dakota racinggaming commission.~~

5     ~~—6.—"Executive director" means the executive director of the gaming commission.~~

6     ~~—7.—"Fraternal organization" means a nonprofit organization in this state, which is a~~  
7           ~~branch, lodge, or chapter of a national or state organization and exists for the common~~  
8           ~~business, brotherhood, or other interests of its members, and has so existed in this~~  
9           ~~state for two years. The term does not include a college or high school fraternity.~~

10    ~~—8.—"Local jurisdiction" means, with respect to a site inside the city limits of a city, that city,~~  
11       ~~and with respect to a site not inside the city limits of a city, the county in which the site~~  
12       ~~is located.~~

13    ~~—9.—"Other public-spirited organization" means a nonprofit organization recognized by the~~  
14       ~~governing body of the appropriate local jurisdiction by resolution as public-spirited and~~  
15       ~~eligible under this chapter.~~

16    ~~—10.—"Purse fund" means a fund, administered by the commission, established to~~  
17       ~~supplement and improve purses offered at racetracks within the state.~~

18    ~~—11.—"Racing" means live or simulcast horse racing under the certificate system or~~  
19       ~~simulcast dog racing under the certificate system.~~

20    ~~—12.—"Racing promotion fund" means a fund administered by the commission established to~~  
21       ~~assist in improving and upgrading racetracks in the state, promoting horse racing in~~  
22       ~~the state, and developing new racetracks in the state as necessary and approved by~~  
23       ~~the commission.~~

24    ~~—13.—"Religious organization" means a nonprofit organization, church, body of~~  
25       ~~communicants, or group gathered in common membership for mutual support and~~  
26       ~~edification in piety, worship, and religious observances, and which has been so~~  
27       ~~gathered or united in this state for at least two years.~~

28    ~~—14.—"Veterans' organization" means a congressionally chartered organization in this state,~~  
29       ~~or a branch, lodge, or chapter of a nonprofit national or state organization in this state,~~  
30       ~~the membership of which consists of individuals who were members of the armed~~

services or forces of the United States, and which has so been in existence in this state for at least two years.

**SECTION 20. AMENDMENT.** Section 53-06.2-04 of the North Dakota Century Code is amended and reenacted as follows:

**53-06.2-04. Duties of commissionthe executive director.**

The commissionexecutive director shall:

1. Provide for racing under the certificate system.
2. Set racing dates.
3. Adopt rules for effectively preventing the use of any substance, compound items, or combinations of any medicine, narcotic, stimulant, depressant, or anesthetic which could alter the normal performance of a racehorse, unless specifically authorized by the commission.
4. Supervise and check the making of pari-mutuel pools, pari-mutuel machines, and equipment at all races held under the certificate system.
5. Adopt rules governing, restricting, or regulating bids on licensees' concessions and leases on equipment.
6. Consider all proposed extensions, additions, or improvements to the buildings, stables, or tracks on property owned or leased by a licensee.
7. Exclude from racetracks or simulcast pari-mutuel wagering facilities any person who violates any rule of the commission or any law.
8. Determine the cost of inspections performed under subsection 3 of section 53-06.2-05 and require the licensee to pay that cost.
9. Report biennially to the legislative council regarding the operation of the commission.
10. Provide notice to the North Dakota horsemen's council of meetings held by the commission and permit the North Dakota horsemen's council to participate in the meetings through placement of items on the agenda.
11. Complete, distribute, and post on the commission's website the minutes of each commission meeting within thirty days of that meeting or before the next meeting of the commission, whichever occurs first.

**SECTION 21. AMENDMENT.** Section 53-06.2-04.1 of the North Dakota Century Code is amended and reenacted as follows:

1 ~~— **53-06.2-04.1. North Dakota-bred registry.**~~

2 ~~— The commission executive director shall provide for registration of a North Dakota-bred~~  
3 ~~horse for qualification for breeders' fund awards or purse supplements. The administrative cost~~  
4 ~~must be paid from the breeders' fund.~~

5 ~~— **SECTION 22. AMENDMENT.** Section 53-06.2-07 of the North Dakota Century Code is~~  
6 ~~amended and reenacted as follows:~~

7 ~~— **53-06.2-07. Issuance of licenses -- Applications.**~~

8 ~~— 1. On compliance by an applicant with this chapter and the approval of the attorney-~~  
9 ~~general executive director, the commission may issue a license to conduct races. The~~  
10 ~~attorney general executive director may not grant a license denied by the commission.~~

11 ~~— 2. An application for a license to conduct a racing meet must be signed under oath and~~  
12 ~~filed with the commission. The application must contain at least the following:~~

13 ~~— a. The name and post-office address of the applicant.~~

14 ~~— b. The location of the racetrack and whether it is owned or leased. If the racetrack is~~  
15 ~~leased, a copy of the lease must be included.~~

16 ~~— c. A statement of the applicant's previous history and association sufficient to~~  
17 ~~establish that the applicant is an eligible organization.~~

18 ~~— d. The time, place, and number of days the racing meet is proposed to be~~  
19 ~~conducted.~~

20 ~~— e. The type of racing to be conducted.~~

21 ~~— f. Other information the commission requires.~~

22 ~~— 3. At least thirty days before the commission issues or renews a license to conduct~~  
23 ~~races, the applicant shall deliver a complete copy of the application to the local~~  
24 ~~jurisdiction governing body. The application to the commission must include a~~  
25 ~~certificate verified by a representative of the applicant, indicating delivery of the~~  
26 ~~application copy to the governing body. If the governing body of the local jurisdiction~~  
27 ~~adopts a resolution disapproving the application for license or renewal and so informs~~  
28 ~~the executive director within thirty days of receiving a copy of the application, the~~  
29 ~~license to conduct races may not be issued or renewed.~~

30 ~~— **SECTION 23. AMENDMENT.** Section 53-06.2-10.1 of the North Dakota Century Code is~~  
31 ~~amended and reenacted as follows:~~

~~53-06.2-10.1. Simulcast wagering.~~

~~In addition to racing under the certificate system, as authorized by this chapter, and conducted upon the premises of a racetrack, simulcast pari-mutuel and account wagering may be conducted in accordance with this chapter or rules adopted by the commission under this chapter in accordance with chapter 28-32. Any organization qualified under section 53-06.2-06 to conduct racing may make written application to the commission for the conduct of simulcast pari-mutuel and account wagering on races held at licensed racetracks inside the state or racetracks outside the state, or both. Licensure of service providers, totalizator companies, site operators, or organizations applying to conduct or conducting simulcast or account wagering must be approved by the attorney generalexecutive director. The attorney generalexecutive director may not grant a license denied by the commission. Notwithstanding any other provision of this chapter, the commission may authorize any licensee to participate in interstate or international combined wagering pools with one or more other racing jurisdictions. Anytime that a licensee participates in an interstate or international combined pool, the licensee, as prescribed by the commission, may adopt the take-out of the host jurisdiction or facility. The commission may permit a licensee to use one or more of its races or simulcast programs for an interstate or international combined wagering pool at locations outside its jurisdiction and may allow pari-mutuel pools in other states to be combined with pari-mutuel pools in its jurisdiction for the purpose of establishing an interstate or international combined wagering pool. The participation by a licensee in a combined interstate or international wagering pool does not cause that licensee to be considered to be doing business in any jurisdiction other than the jurisdiction in which the licensee is physically located. Pari-mutuel taxes or commissions may not be imposed on any amounts wagered in an interstate or international combined wagering pool other than amounts wagered within this jurisdiction. The certificate system also permits pari-mutuel wagering to be conducted through account wagering. As used in this section, "account wagering" means a form of pari-mutuel wagering in which an individual deposits money in an account and uses the account balance to pay for pari-mutuel wagers. An account wager made on an account established in this state may only be made through the licensed simulcast service provider approved by the attorney generalexecutive director and authorized by the commission to operate the simulcast pari-mutuel wagering system under the certificate system. The attorney generalexecutive director may not grant a license denied by the~~

1 commission. An account wager may be made in person, by direct telephone communication, or  
2 through other electronic communication in accordance with rules adopted by the  
3 commission under this chapter. Breakage for interstate or international combined wagering pools  
4 must be calculated in accordance with the statutes or rules of the host jurisdiction and must be  
5 distributed among the participating jurisdictions in a manner agreed to among the jurisdictions.

6 ~~— **SECTION 24. AMENDMENT.** Section 53-12.1-01 of the North Dakota Century Code is~~  
7 ~~amended and reenacted as follows:~~

8 ~~— **53-12.1-01. Definitions.**~~

9 ~~— As used in this chapter:~~

10 ~~— 1. "Director" means the executive director of the lottery the gaming commission.~~

11 ~~— 2. "Lottery" means the division of the attorney general's office created to operate a~~  
12 ~~lottery.~~

13 ~~— 3. "Online lottery" means a game linked to a central computer via a telecommunications~~  
14 ~~network in which the player selects or is assigned a number or symbol or group of~~  
15 ~~numbers or symbols out of a predetermined range of numbers or symbols and a~~  
16 ~~winning ticket is determined by chance.~~

17 ~~— 4.3. "Retailer" means a person the lottery has licensed to sell or redeem a ticket.~~

18 ~~— 5.4. "Ticket" means an original and acceptable tangible evidence of play prescribed by the~~  
19 ~~lottery and produced by a lottery terminal or a properly and validly registered online~~  
20 ~~play to prove participation in a draw of a game for a chance to win a prize.~~

21 ~~— **SECTION 25. AMENDMENT.** Section 53-12.1-02 of the North Dakota Century Code is~~  
22 ~~amended and reenacted as follows:~~

23 ~~— **53-12.1-02. Lottery - Administration - Line of credit.**~~

24 ~~— 1. There is established a division of the attorney general's office called the North Dakota~~  
25 ~~lottery. Under the supervision of the attorney general, a The director shall administer~~  
26 ~~the lottery as provided in this chapter. The director shall consider the sensitive nature~~  
27 ~~of the lottery, promote games, and ensure the integrity, security, and fairness of the~~  
28 ~~lottery's operation. The lottery gaming commission is solely responsible for the~~  
29 ~~management and control over the operation of its lottery games.~~

30 ~~— 2. The attorney general's office gaming commission may arrange a short-term line of~~  
31 ~~credit with the Bank of North Dakota should lottery funds on hand be insufficient to~~



1 meet an immediate major prize obligation. The line of credit is limited to the amount of  
2 each prize of one hundred thousand dollars or more that relates to prize funds known  
3 to be due and forthcoming to the lottery from other government-authorized lotteries  
4 through the multistate lottery association. However, the line of credit may not exceed  
5 one million dollars in the aggregate.

6 ~~— **SECTION 26. AMENDMENT.** Section 53-12.1-03 of the North Dakota Century Code is~~  
7 ~~amended and reenacted as follows:~~

8 ~~— **53-12.1-03. Director -- Responsibilities.**~~

9 ~~— 1. The attorney general shall appoint a director who shall serve at the pleasure of the~~  
10 ~~attorney general.~~

11 ~~— 2. Subject to policy of the attorney general gaming commission, the director shall:~~

12 ~~— a.1. Employ those individuals deemed necessary to operate the lottery and provide secure~~  
13 ~~facilities to house the lottery;~~

14 ~~— b.2. Enter a written agreement with one or more government-authorized lotteries, or with~~  
15 ~~an organization created and controlled by those lotteries, for conducting and marketing~~  
16 ~~a joint lottery game;~~

17 ~~— c.3. Provide for a secure computer data center and internal control system for the reliable~~  
18 ~~operation of the lottery;~~

19 ~~— d.4. Prepare and submit a budget for operating the lottery;~~

20 ~~— e.5. Operate the lottery so it is self-sustaining and self-funded;~~

21 ~~— f.6. Maintain books and records which accurately reflect each day's financial transactions,~~  
22 ~~including the sale of tickets, receipt of funds and fees, prize payments, and expenses~~  
23 ~~to ensure accountability;~~

24 ~~— g.7. License a retailer to sell or redeem a ticket;~~

25 ~~— h.8. Require a retailer to furnish proof of financial stability or post a bond in an amount the~~  
26 ~~director deems necessary to protect the financial interest of the state;~~

27 ~~— i.9. Timely and efficiently transfer lottery funds due from a retailer;~~

28 ~~— j.10. Conduct a retailer promotion to promote the sale of a ticket;~~

29 ~~— k.11. As necessary, enter a contract for a promotional service, an annuity for the payment of~~  
30 ~~a prize, credit history report, security service, service from another state agency,~~



marketing and related service, gaming system and related service, and other  
necessary service;

~~l.12.~~ Based on reasonable ground or written complaint, suspend or revoke a retailer's  
license or impose a monetary fine, or both, for a violation, by the retailer or employee  
of the retailer, of a lottery law or rule;

~~m.13.~~ Examine, or cause to be examined by an agent designated by the director, any book  
or record of a retailer to ensure compliance with the lottery law and rules;

~~n.14.~~ Upon request, report to the legislative council regarding the operation of the lottery;

~~o.15.~~ Make quarterly and annual financial reports to the governor and attorney  
general~~director~~ and a biennial report to the legislative assembly;

~~p.16.~~ Have an annual audit, conducted by the state auditor, of the lottery. The director shall  
present the audit report to the governor, state treasurer, and legislative assembly;

~~q.17.~~ As necessary, have an independent firm conduct a study and evaluation of security;  
and

~~r.18.~~ As necessary, conduct a survey of retailers and players or a study of reactions of  
citizens to present and potential features of the lottery.

~~— SECTION 27. AMENDMENT. Section 53-12.1-04 of the North Dakota Century Code is  
amended and reenacted as follows:~~

~~— 53-12.1-04. Advisory commission -- Penalty.~~

~~1.~~ There is created the lottery advisory commission, which is composed of five members,  
three of whom are legislators selected by the chairman of the legislative management  
and two of whom are selected by the attorney general~~director~~. The term of office is  
three years, expiring on June thirtieth with no more than two terms expiring in any one  
year. Each member must be a citizen of the United States and a resident of this state.  
A chairman of the commission must be chosen annually from the membership of the  
commission by a majority of its members at the first meeting of the commission each  
fiscal year. A member may serve as chairman for more than one year.

~~2.~~ The lottery advisory commission shall meet at least once a quarter and any additional  
meetings as the chairman deems necessary. Special meetings may be called by the  
chairman upon the written request of the director or any three members of the  
commission.

1 ~~3. The lottery advisory commission shall advise the director and attorney general on~~  
2 ~~policy and general operation of the lottery and shall serve as the audit committee.~~

3 ~~4. A member of the lottery advisory commission who is not a permanent full-time state~~  
4 ~~employee is to be compensated at a rate of seventy-five dollars per day and entitled to~~  
5 ~~mileage and expenses as provided by law for state employees. A state employee who~~  
6 ~~is a member of the commission must receive that employee's regular salary and is~~  
7 ~~entitled to mileage and expenses, to be paid by the employing agency.~~

8 ~~5. No member of the lottery advisory commission, employee of the lottery, or any~~  
9 ~~individual who regularly resides in the same household as either of those individuals~~  
10 ~~may directly or indirectly, individually, as a partner of a partnership, or a stockholder,~~  
11 ~~director, or officer of a corporation, have an interest in the gaming system or~~  
12 ~~advertising agency vendor of the lottery. A knowing violation of this subsection is a~~  
13 ~~class B misdemeanor.~~

14 ~~**SECTION 28. AMENDMENT.** Section 53-12.1-09 of the North Dakota Century Code is~~  
15 ~~amended and reenacted as follows:~~

16 ~~**53-12.1-09. Operating fund -- Continuing appropriation -- Authorization of**~~  
17 ~~**disbursements -- Report -- Net proceeds.**~~

18 ~~There is established within the state treasury the lottery operating fund into which must be~~  
19 ~~deposited all revenue from the sale of tickets, interest received on money in the fund, and all~~  
20 ~~other fees and moneys collected, less a prize on a lottery promotion, prize on a winning ticket~~  
21 ~~paid by a retailer, and a retailer's commission. Except for moneys in the lottery operating fund~~  
22 ~~appropriated by the legislative assembly for administrative and operating costs of the lottery~~  
23 ~~under section 53-12.1-10, all other money in the fund is continuously appropriated for the~~  
24 ~~purposes specified in this section. During each regular session, the attorney general~~director~~~~  
25 ~~shall present a report to the appropriations committee of each house of the legislative assembly~~  
26 ~~on the actual and estimated operating revenue and expenditures for the current biennium and~~  
27 ~~projected operating revenue and expenditures for the subsequent biennium authorized by this~~  
28 ~~section. A payment of a prize or expense or transfer of net proceeds by the lottery may be made~~  
29 ~~only against the fund or money collected from a retailer on the sale of a ticket. A disbursement~~  
30 ~~from the fund must be for the following purposes:~~

- ~~1. Payment of a prize as the director deems appropriate to the owner of a valid, winning ticket;~~
  - ~~2. Notwithstanding section 53-12.1-10, payment of a marketing expense that is directly offset by cosponsorship funds collected;~~
  - ~~3. Payment of a gaming system or related service expense, retailer record and credit check fees, game group dues, and retailer commissions; and~~
  - ~~4. Transfer of net proceeds:~~
    - ~~a. Eighty thousand dollars must be transferred to the state treasurer each quarter for deposit in the gambling disorder prevention and treatment fund;~~
    - ~~b. An amount for the lottery's share of a game's prize reserve pool must be transferred to the multistate lottery association; and~~
    - ~~c. Starting July 1, 2023, two hundred fifty thousand dollars must be transferred to the state treasurer each quarter for deposit in the attorney general multijurisdictional drug task force grant fund; and~~
    - ~~d. The balance of the net proceeds, less holdback of any reserve funds the director may need for continuing operations, must be transferred to the state treasurer on at least an annual basis for deposit in the state general fund.~~
- ~~**SECTION 29. AMENDMENT.** Section 53-12.1-11 of the North Dakota Century Code is amended and reenacted as follows:~~
- ~~**53-12.1-11. Confidentiality of records.**~~
- ~~1. The following information and records of the lottery are confidential:~~
    - ~~a. Sales and income tax information, financial statements, and a credit report of a retailer applicant or person seeking or doing business with the lottery, and retailer application information other than the applicant's name and location;~~
    - ~~b. Information related to a person owing a debt to the state or having a debt collected through a state agency that is made confidential by another state law or rule;~~
    - ~~c. Internal control and security procedures, security information on a winning ticket, and information on a bid or contractual data, the disclosure of which is harmful to the efforts of the lottery to contract for goods and services on favorable terms;~~

1 ~~—— d. Personal information on a player who purchases an online play or a player who~~  
2 ~~wins a prize on a winning ticket unless the player authorizes, in writing, release of~~  
3 ~~the information; and~~

4 ~~—— e. Non-aggregated, identifiable lottery sales data, the disclosure of which is harmful~~  
5 ~~to the competitive position of the lottery, retailer, or person seeking or doing~~  
6 ~~business with the lottery. However, a retailer may authorize the lottery to release~~  
7 ~~the retailer's lottery sales data.~~

8 ~~—— 2. To be confidential, information must relate to the security and integrity of the lottery.~~  
9 ~~Information and records may be disclosed within the attorney general's~~  
10 ~~director's office~~  
11 ~~or to an authorized person in the proper administration of the lottery law and rules or in~~  
12 ~~accordance with a judicial order. Criminal history record check information on an~~  
13 ~~individual seeking or doing business with the lottery may be released only according to~~  
14 ~~chapter 12-60.~~

14 ~~—— **SECTION 30. AMENDMENT.** Section 53-12.1-13 of the North Dakota Century Code is~~  
15 ~~amended and reenacted as follows:~~

16 ~~—— **53-12.1-13. Rules.**~~

17 ~~—— The attorney general~~  
18 ~~director shall adopt rules governing the operation of the lottery. The~~  
19 ~~attorney general~~  
20 ~~director may adopt emergency rules as necessary without the grounds~~  
21 ~~otherwise required under section 28-32-03. The attorney general~~  
22 ~~director shall adopt rules to~~  
23 ~~address any matters necessary for the efficient operation of the lottery or convenience of the~~  
24 ~~public, including:~~

22 ~~—— 1. Type of retailer where a ticket may be sold;~~

23 ~~—— 2. Qualification for selecting a retailer and amount of application and license fees;~~

24 ~~—— 3. Licensing procedure;~~

25 ~~—— 4. Method used to sell a ticket, including a gift certificate and online play;~~

26 ~~—— 5. Financial responsibility of a retailer;~~

27 ~~—— 6. Retailer promotions;~~

28 ~~—— 7. Amount and method of commission to be paid to a retailer, including a special bonus~~  
29 ~~or incentive;~~

30 ~~—— 8. Deadline for claiming a prize by the owner of a winning ticket, however, the deadline~~  
31 ~~may not exceed one year;~~

- 1     ~~9. Manner of paying a prize to the owner of a winning ticket; and~~
- 2     ~~10. Setoff of a prize.~~
- 3     ~~**SECTION 31. REPEAL.** Sections 53-06.2-02 and 53-06.2-03 of the North Dakota Century~~
- 4     ~~Code are repealed.~~

**HOUSE JUDICIARY COMMITTEE**  
**REPRESENTATIVE LAWRENCE KLEMIN, CHAIRMAN**

**TESTIMONY PRESENTED BY**

**MICHAEL HOWE, SECRETARY OF STATE**

Chairman Klemin and members of the committee, I am Michael Howe, Secretary of State. Our office is here to provide neutral testimony for HB 1525 while providing insights into the Combative Sports Commission and the functions our office currently holds in this area. This bill would shift the responsibilities and oversight of combative sports, such as boxing and mixed martial arts, to the Gaming Commission.

We wanted to advise the committee on the scope of resources used by our office to carry out this function in cooperation with the 9-member Combative Sports Commission. Our office plays a more hands-on role in coordination and regulation of fight events than you may expect.

**Regulation and staffing of MMA/Boxing events** requires planning, organization, and efficient execution to ensure a positive and memorable experience for fighters, spectators, and promoters.

- The secretary of state will regulate up to two events each month and it takes at least 5 Commissioners and 2 NDSOS to work an event.
- Events span 3 days, with the weigh-in, the bouts, and post event reporting.

We are responsible for **coordination of licensing with promoter, contestants, and licensees**. All the roles and functions in this area are outlined in administrative rules which match national standards for combative sports.

- **Types of Licenses** – There are approximately 75 participants at each event, depending on the number of bouts on a card, on average 10-14 bouts.
  - **Promoter** – responsible for the coordination of the event venue, matchmaker, contestants, non-contestant licensee and all communication with the NDSOS
  - **Contestant** – Boxer or fighter participating in contest or match
  - **Non-Contestant Licensee** – In addition to the promoter and contestant, each person that serves the role of Cornerperson/Second, Judge, Knockdown Counter, Manager, Matchmaker, Physician, Referee, or Timekeeper at the event must be licensed and have at least one year of verifiable experience and proficiency in either amateur or professional combative fight style competition.

- **NDSOS Staff** – Address general queries, manage records, and support preparation prior to the event and carrying out the administrative aspects at the event.
  - Two NDSOS staff members are at the weigh-in and event to carry out registration/payment of contestants, non-contestants, oversight of licensing and medical paperwork, payout of contracts, and issuing of suspension letters.
- **Combative Sports Director (1)** – a part time temporary employee that would be impacted by this shift. The Director is the lead commissioner assigned to collaborate with all parties in preparation for an event.
  - Responsible for directing events, procedures, and communication with Promoter, NDSOS Staff, and other Commission Members.
  - This individual is responsible for implementing national rules in accordance with the Association
- **Commission Member (8)** –These individuals assist and advise the director in the administration of events. Commissioners assist with inspecting the cage, distribution of gloves, checking compliance with rules, and managing the locker rooms before and during the event. Outside of the director, commission members are only compensated for their meals, and mileage; their time is donated.
  - 1 commissioner is needed to assist at weigh-in.
  - 4 commissioners are needed at the fight.

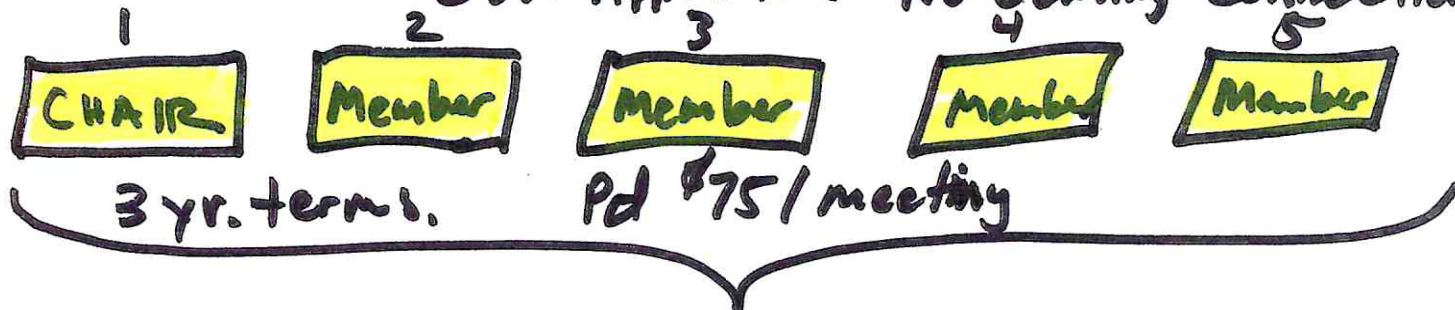
Combative sport events currently produce roughly \$15,000 in revenues and we would transfer any existing funds to the gaming commission at the conclusion of the biennium. The Office of the Secretary of State supplements this with approximately \$30,000-\$50,000 to support this function.

Again, we are happy to support and assist in any needed transition if this bill moves forward. I would stand for any questions.



# CURRENT GAMING Commission System

Gov. Appointed - No Gaming Connection



Make Gaming Rules

AG Gaming Admin Division

Approve Charities

Investigate Complaints

Educate Charities

Cities Site Authorize

Refer Complaints

AG - Sanctions Charities

Prosecute Criminal

No open meeting



# New Gaming Commission System

Standing

Leg. Appt.

Gov. Appt.

LT  
Gov.

SEN

REP

LG  
City

Sm  
City

Bar  
Owner

Chair Rd. Leg. rate.  
2-Yr terms

Lg.  
Charity

Sm  
Charity

Rural  
Charity

Make Gaming  
Rules

OPEN  
Meeting

SANCTION  
BARS  
& CHARTERS

Refer  
Complaints

Investigate  
Complaints

REFER  
CRIMINAL

AG GAMING  
Admin Division

Approve  
Charities

Educate  
BARS  
&  
Charities

AG

PROSECUTOR

Cities  
Site  
Authorize

# 2025 HOUSE STANDING COMMITTEE MINUTES

## Judiciary Committee Room JW327B, State Capitol

HB 1525  
2/10/2025

A BILL for an Act to amend and reenact sections 53-06.1-01.1 and 53-06.1-15.1 of the North Dakota Century Code, relating to the structure of the state gaming commission and the administration and regulation of games of chance; and to provide an appropriation.

2:24 p.m. Chairman Klemin opened the hearing.

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

### Discussion Topics:

- Gaming Commission members
- Frequency of Gaming Commission meetings

2:25 p.m. Representative Ben Koppelman, North Dakota Representative for District 16, testified in favor and provided testimony #36784.

2:38 p.m. Representative Henderson moved to Amend LC: 25.0798.02005, (proposed on February 10, 2025, during the 9 a.m. hearing in testimony #36551)

2:38 p.m. Representative S. Olson seconded the motion.

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

2:41 p.m. Motion passed 12-2-0

2:43 p.m. Representative Hoverson moved to Adopt the Amendment provided in testimony #36784.

2:43 p.m. Representative Vetter seconded the motion.

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

2:48 p.m. Motion passed 10-4-0

2:52 p.m. Representative Wolff moved to Amend and make changes to page 10 line 8 and page 6 line 20

2:54 p.m. Representative Wolff withdrew her motion

2:55 p.m. Representative Wolff moved a Do Pass as Amended.

2:56 p.m. Representative S. Olson seconded the motion.

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

2:58 p.m. Motion passed 10-4-0

2:58 p.m. Representative Wolff will carry the bill.

2:59 p.m. Chairman Klemin closed the hearing.

*Wyatt Armstrong, Committee Clerk*



February 10, 2025

Sixty-ninth  
Legislative Assembly  
of North Dakota

**PROPOSED AMENDMENTS TO**

**HOUSE BILL NO. 1525**

Introduced by

Representatives Koppelman, Grueneich, Hauck, Louser, M. Ruby, Vetter, D. Ruby

Senators Magrum, Cory, Meyer, Castaneda

2-10-25  
JG 10/38

1 A BILL for an Act ~~to create and enact a new section to chapter 53-06.1 of the North Dakota~~  
2 ~~Century Code, relating to the creation of the executive director of the state gaming commission;~~  
3 to amend and reenact sections ~~53-01-02, 53-01-03, 53-01-07, 53-01-09, 53-01-19, 53-06.1-01,~~  
4 ~~53-06.1-01.1, 53-06.1-03, 53-06.1-06, 53-06.1-10, 53-06.1-11 53-06.1-11.2, 53-06.1-12,~~  
5 ~~53-06.1-12.3, 53-06.1-12.4, 53-06.1-14, and~~ 53-06.1-15.1, ~~53-06.2-01, 53-06.2-04,~~  
6 ~~53-06.2-04.1, 53-06.2-07, 53-06.2-10.1, 53-12.1-01, 53-12.1-02, 53-12.1-03, 53-12.1-04,~~  
7 ~~53-12.1-09, 53-12.1-11, and 53-12.1-13~~ of the North Dakota Century Code, relating to the  
8 structure of the state gaming commission and the administration and regulation of games of  
9 chance, ~~combative sports, pari-mutuel horse racing, and the lottery; and to repeal sections~~  
10 ~~53-06.2-02 and 53-06.2-03 of the North Dakota Century Code, relating to the pari-mutuel horse~~  
11 ~~racing commission and pari-mutuel horse racing executive director; and to provide an~~  
12 appropriation.

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

14 ~~— **SECTION 1. AMENDMENT.** Section 53-01-02 of the North Dakota Century Code is~~  
15 ~~amended and reenacted as follows:~~  
16 ~~— **53-01-02. Administration by secretary of state — Appointment of commission of**~~  
17 ~~**combative sports** the executive director of the gaming commission.~~  
18 ~~— The secretary of state shall act as state commissioner of combative sports and executive~~  
19 ~~director of the gaming commission shall administer this chapter. The secretary of state may~~  
20 ~~appoint a commission of combative sports to assist and advise the secretary of state in matters~~

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1 ~~relating to the regulation of boxing, kickboxing, mixed fighting style competition, and sparring.~~

2 ~~The secretary of state shall define the duties of the commission. Commission members are not~~  
3 ~~entitled to compensation, except for reimbursement for actual and necessary expenses at the~~  
4 ~~same rate as allowed state employees incurred in performing their official duties.~~

5 ~~— **SECTION 2. AMENDMENT.** Section 53-01-03 of the North Dakota Century Code is~~  
6 ~~amended and reenacted as follows:~~

7 ~~— **53-01-03. Restrictions.**~~

8 ~~— The secretary of state executive director of gaming may not promote, directly or indirectly,~~  
9 ~~any boxing, kickboxing, mixed fighting style competition, or sparring exhibition, engage in the~~  
10 ~~managing of any boxer, kickboxer, or mixed style fighter, or be interested in any manner in the~~  
11 ~~proceeds from any boxing, kickboxing, mixed fighting style competition, or sparring exhibition.~~

12 ~~— **SECTION 3. AMENDMENT.** Section 53-01-07 of the North Dakota Century Code is~~  
13 ~~amended and reenacted as follows:~~

14 ~~— **53-01-07. Duties of state commissioner of combative sports** the executive director of~~  
15 ~~gaming.~~

16 ~~— The secretary of state executive director of gaming shall supervise all boxing, kickboxing,~~  
17 ~~mixed fighting style competitions, or sparring exhibitions held in the state and may:~~

18 ~~— 1. Adopt rules governing the conduct of boxing, kickboxing, mixed fighting style~~  
19 ~~competitions, and sparring exhibitions.~~

20 ~~— 2. Establish license fees for all boxers, kickboxers, mixed style fighters, boxing,~~  
21 ~~kickboxing, and mixed fighting style competition promoters, managers, judges,~~  
22 ~~timekeepers, cornerpersons, knockdown counters, matchmakers, and referees or~~  
23 ~~other participants.~~

24 ~~— 3. Charge a fee equal to the actual cost incurred to regulate the competitions and~~  
25 ~~exhibitions.~~

26 ~~— 4. Adopt rules allowing the secretary of state to perform screening tests for controlled~~  
27 ~~substances, as defined in section 19-03.1-01, on boxers, kickboxers, and mixed style~~  
28 ~~fighters participating in a competition or an exhibition.~~

29 ~~— **SECTION 4. AMENDMENT.** Section 53-01-09 of the North Dakota Century Code is~~  
30 ~~amended and reenacted as follows:~~



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~~53-01-09. Fees paid into special fund - Continuing appropriation.~~

~~All fees collected by the secretary of state executive director of gaming pursuant to this chapter must be deposited in a special fund maintained in the state treasury. All money deposited in the fund is appropriated as a continuing appropriation to the secretary of state executive director of gaming for administering this chapter and for the compensation and expenses of members of the state gaming commission of combative sports.~~

~~SECTION 5. AMENDMENT. Section 53-01-19 of the North Dakota Century Code is amended and reenacted as follows:~~

~~53-01-19. Penalty.~~

~~A person who violates this chapter or any rule adopted by the secretary of state under this chapter is guilty of a class B misdemeanor.~~

~~SECTION 6. AMENDMENT. Section 53-06.1-01 of the North Dakota Century Code is amended and reenacted as follows:~~

~~53-06.1-01. Definitions.~~

~~As used in this chapter:~~

~~1. "Adjusted gross proceeds" means gross proceeds less cash prizes, cost of merchandise prizes, gaming tax, and federal excise tax imposed under section 4401 of the Internal Revenue Code [26 U.S.C. 4401].~~

~~2. "Alcoholic beverage establishment" means an establishment licensed under chapter 5-02 where alcoholic beverages are sold, dispensed, and consumed by guests on the premises. The term does not include a liquor store, gas station, grocery store, or convenience store.~~

~~3. "Charitable organization" means an organization whose primary purpose is for relief of poor, distressed, underprivileged, diseased, elderly, or abused persons, prevention of cruelty to children or animals, or similar condition of public concern.~~

~~4. "Civic and service organization" means an organization whose primary purpose is to promote the common good and social welfare of a community as a sertoma, lion, rotary, jaycee, kiwanis, or similar organization.~~

~~5. "Closely related organization" means an organization that controls, is controlled by, or is under common control with another organization. Control exists when an organization has the authority or ability to elect, appoint, or remove a majority of the~~

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~~officers or directors of another organization or, by policy, contract, or otherwise, has the authority or ability to directly or indirectly direct or cause the direction of the management or policies of another organization.~~

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

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

~~8. "Electronic pull tab device" means a device, approved by the attorney general executive director, which electronically displays pull tabs.~~

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

~~10. "Executive director" means the executive director of the gaming commission.~~

~~11. "Fraternal organization" means an organization, except a school fraternity, which is a branch, lodge, or chapter of a national or state organization and exists for the common business, brotherhood, or other interests of its members. The organization must have qualified for exemption from federal income tax under section 501(c)(8) or 501(c)(10) of the Internal Revenue Code.~~

~~11.12. "Games" means games of chance.~~

~~12.13. "Gross proceeds" means all cash and checks received from conducting games.~~

~~13.14. "Licensed organization" means an eligible organization licensed by the attorney general executive director.~~



1 ~~14.15.~~ "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, electronic pull~~  
3 ~~tab device operating system, bingo card marking device, or electronic raffle system, a~~  
4 ~~manufacturer means the person who directly controls and manages development of~~  
5 ~~and owns the rights to the proprietary software encoded on a processing chip that~~  
6 ~~enables the device or system to operate.~~

7 ~~15.16.~~ "Net income" means gross proceeds less cash prizes, cost of merchandise prizes, and  
8 ~~expenses to conduct the gaming activity.~~

9 ~~16.17.~~ "Net proceeds" means adjusted gross proceeds less allowable expenses and gaming  
10 ~~tax.~~

11 ~~17.18.~~ "Permit" means a local permit or restricted event permit issued by a governing body of  
12 ~~a city or county to a nonprofit organization or group of people domiciled in North~~  
13 ~~Dakota.~~

14 ~~18.19.~~ "Person" means any person, partnership, corporation, limited liability company,  
15 ~~association, or organization.~~

16 ~~19.20.~~ "Prize board" means a board used with pull tabs to award cash or merchandise prizes.

17 ~~20.21.~~ "Public safety organization" means an organization whose primary purpose is to  
18 ~~provide firefighting, ambulance service, crime prevention, or similar emergency~~  
19 ~~assistance.~~

20 ~~21.22.~~ "Public spirited organization" means an organization whose primary purpose is for  
21 ~~scientific research, amateur sports competition, safety, literary, arts, preservation of~~  
22 ~~cultural heritage, educational activities, educational public service, youth, economic~~  
23 ~~development, tourism, community medical care, community recreation, or similar~~  
24 ~~organization, which does not meet the definition of any other type of eligible~~  
25 ~~organization. However, a nonprofit organization or a group of people recognized as a~~  
26 ~~public spirited organization by a governing body of a city or county for obtaining a~~  
27 ~~permit does not need to meet this definition.~~

28 ~~22.23.~~ "Pull tab" means a folded or banded ticket or jar ticket, a pull tab card with break open  
29 ~~tabs, or an electronic pull tab displaying concealed numbers or symbols or~~  
30 ~~combinations of concealed numbers and symbols which are exposed by a player to~~  
31 ~~determine the outcome. The terms "pull tab" and "jar ticket" are used interchangeably~~

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1 ~~unless otherwise stated. A winning pull tab contains certain symbols, numbers, or~~  
2 ~~combinations of symbols and numbers and may contain multiple winning symbols,~~  
3 ~~numbers, or combinations of symbols and numbers which have been previously~~  
4 ~~designated as winning symbols or numbers.~~

5 ~~23.24. "Religious organization" means a church, body of communicants, or group gathered in~~  
6 ~~common membership whose primary purpose is for advancement of religion, mutual~~  
7 ~~support and edification in piety, worship, and religious observances.~~

8 ~~24.25. "Veterans organization" means any congressionally chartered post organization, or~~  
9 ~~any branch or lodge or chapter of a nonprofit national or state organization whose~~  
10 ~~membership consists of individuals who are or were members of the armed services~~  
11 ~~or forces of the United States. The organization must have qualified for exemption~~  
12 ~~from federal income tax under section 501(c)(19) of the Internal Revenue Code.~~

13 **SECTION 1. AMENDMENT.** Section 53-06.1-01.1 of the North Dakota Century Code is  
14 amended and reenacted as follows:

15 **53-06.1-01.1. Gaming commission - Rules - ~~Games of chance - Combative sports -~~**  
16 **~~Pari-mutuel horse racing - Lottery~~Authority.**

17 1. The state gaming commission shall administer and control games of chance,  
18 ~~combative sports, pari-mutuel horse racing, and the lottery.~~ The commission consists  
19 of the:

20 a. The lieutenant governor, who shall serve as chairman and four other;  
21 b. Six members appointed by the governor, with the consent of the senate,  
22 including one member who:

23 (1) ~~Three members who are directly associated with the charitable gaming~~  
24 ~~industry but not employees of an organization conducting charitable~~  
25 ~~gaming~~Is an owner of an alcoholic beverage establishment;

26 (2) ~~One member with expert knowledge of the lottery~~Represents a licensed  
27 organization with adjusted gross proceeds not exceeding fifty thousand  
28 dollars; and

29 (3) ~~One member with expert knowledge of pari-mutuel horse racing~~Represents  
30 a licensed organization with adjusted gross proceeds of fifty thousand  
31 dollars or more; and



- 1 (4) Represents a licensed organization operating in a rural community with a  
2 population of fewer than ten thousand;  
3 (5) Represents the governing body of a city with a population of forty thousand  
4 or more; and  
5 (6) Represents the governing body of a city with a population of fewer than forty  
6 thousand or the county where the city is located; and  
7 c. Two members, one appointed by the speaker of the house of representatives and  
8 one appointed by the president pro tempore of the senate.  
9 2. The appointed members serve three-year~~two-year~~ terms and until a successor is  
10 appointed and qualified. If the senate is not in session when the term of a member  
11 expires, the governor may make an interim appointment, and the interim appointee  
12 holds office until the senate confirms or rejects the appointment. A member appointed  
13 to fill a vacancy arising from other than the natural expiration of a term serves only for  
14 the unexpired portion of the term. The terms of the commissioners must be staggered  
15 so no more than two terms expire each July first.  
16 ~~2.3.~~ A person is ineligible for appointment to member of the commission if that person has  
17 not been:  
18 a. Must be a resident of this state for at least two years before the date of  
19 appointment. ~~A person is also ineligible if that person is not~~  
20 b. Must be of such character and reputation as to promote public confidence in the  
21 administration of gaming in this state. ~~A person is also ineligible if that person has~~  
22 c. May not have been convicted of a felony criminal offense or has pled guilty or  
23 been found guilty of any violation of chapter 12.1-06, 12.1-08, 12.1-09, 12.1-10,  
24 12.1-11, 12.1-12, 12.1-22, 12.1-23, 12.1-24, 12.1-28, 53-06.1, or 53-06.2, or has  
25 pled guilty or been found guilty of any violation of section 6-08-16 or 6-08-16.2, or  
26 has pled guilty or been found guilty of any offense or violation that has a direct  
27 bearing on the ~~person's~~individual's fitness to be involved in gaming, or who has  
28 committed an equivalent offense or violation of the laws of another state or of the  
29 United States. ~~A person who has a financial interest in gaming or is an employee~~  
30 ~~or a member of the gaming committee of a licensed organization or distributor~~  
31 ~~cannot be a member of the commission. For the purpose of this subsection, a~~

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financial interest includes the receiving of any direct payment from an eligible organization for property, services, or facilities provided to that organization.

3.4. Commission members are entitled to ~~seventy-five dollars~~ the amount under subsection 1 of section 54-03-20 per day for compensation for each day spent on commission duties and mileage and expense reimbursement as allowed to other state employees.

4.5. The commission shall adopt rules in accordance with chapter 28-32, to administer and regulate the:

~~a. The gaming industry, including methods of conduct, play, and promotion of games; minimum procedures and standards for recordkeeping and internal control; requiring tax returns and reports from organizations or distributors; methods of competition and doing business by distributors and manufacturers; acquisition and use of gaming equipment; quality standards or specifications for the manufacture of pull tabs, paper bingo cards, electronic pull tab devices, pull tab dispensing devices, bingo card marking devices, and fifty-fifty raffle systems; to ensure that net proceeds are used for educational, charitable, patriotic, fraternal, religious, or public-spirited uses; to protect and promote the public interest; to ensure fair and honest games; to ensure that fees and taxes are paid; and to prevent and detect unlawful gambling activity.~~

~~b. Combative sports, as required under section 53-01-07.~~

~~c. Pari-mutuel horse racing, as required under section 53-06.2-04.~~

~~d. The operation of the lottery, as required under section 53-12.1-13.~~

6. Based on evidence obtained from the attorney general or a complaint under chapter 28-32, the commission shall hold a hearing according to the requirements under chapter 28-32. A hearing must be recorded on video and broadcast live. Upon disposition of an adjudicative proceeding, the commission may:

a. Require a representative of a licensed organization or distributor to participate in training or for good cause prohibit the person from being involved in gaming as an employee or volunteer. The commission may for good cause prohibit a person from providing personal or business services to an organization or distributor.

b. Prohibit a person from playing games if the person violates this chapter, chapter 12.1-28 or 53-06.2, or a gaming rule.



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c. Require or authorize an organization to pay or prohibit an organization from paying a bingo, electronic quick shot bingo, or raffle prize to a player on a dispute or based on a factual determination or a hearing by the commission.

d. Based on reasonable ground or written complaint, suspend, deny, or revoke an organization's permit or an organization's, distributor's, or manufacturer's application or license for violation, by the organization, distributor, or manufacturer or any officer, director, agent, member, or employee of the organization, distributor, or manufacturer, of this chapter or any gaming rule.

e. Impose a monetary fine on a licensed organization, organization that has a permit, distributor, manufacturer, owner of an authorized site, or third-party business operating gaming and working as an agent of the charity for failure to comply with this chapter or any gaming rule. This fine may be in addition to or in lieu of a license suspension or revocation. The monetary fine for each violation by:

(1) An organization is a minimum of twenty-five dollars and may not exceed two percent of the organization's average quarterly gross proceeds, or five thousand dollars, whichever is greater.

(2) A distributor is a minimum of one hundred dollars and may not exceed five thousand dollars.

(3) A manufacturer is a minimum of five hundred dollars and may not exceed two hundred fifty thousand dollars.

(4) An owner of an authorized site is a minimum of two hundred fifty dollars and may not exceed two thousand five hundred dollars.

f. At any time within three years after any amount of fees, monetary fine, interest, penalty, or tax required to be paid pursuant to this chapter becomes due, bring a civil action to collect the amount due. However, if for any reason there is a change in adjusted gross proceeds or tax liability by an amount which is in excess of twenty-five percent of the amount of adjusted gross proceeds or tax liability originally reported on the tax return, any additional tax determined to be due may be assessed within six years after the due date of the tax return, or six years after the tax return was filed, whichever period expires later. An action

1 may be brought although the person owing the fees or tax is not presently  
2 licensed.

3 g. Institute an action in any district court for declaratory or injunctive relief against a  
4 person, whether or not the person has a gaming licensee, as the commission  
5 deems necessary to prevent noncompliance with this chapter or gaming rules.

6 h. For good cause, require a licensed organization to use the attorney general's  
7 recordkeeping system for all games.

8 7. The commission may refer to the attorney general for prosecution any evidence the  
9 commission believes is evidence of a crime.

10 ~~SECTION 8. A new section to chapter 53-06.1 of the North Dakota Century Code is created~~  
11 ~~and enacted as follows:~~

12 ~~**Executive director of gaming - Appointment - Duties - Other personnel.**~~

13 ~~1. The state gaming commission shall appoint an executive director of gaming. The~~  
14 ~~commission shall establish the executive director's qualifications and salary.~~

15 ~~2. The executive director shall carry out the duties assigned under this chapter and~~  
16 ~~chapters 53-01, 53-06.2, and 53-12.1.~~

17 ~~3. The executive director may employ other individuals as authorized by the commission.~~

18 ~~SECTION 9. AMENDMENT. Section 53-06.1-03 of the North Dakota Century Code is~~  
19 ~~amended and reenacted as follows:~~

20 ~~**53-06.1-03. Permits, site authorization, and licenses - Organization requirements -**~~  
21 ~~**Site inspection.**~~

22 ~~1. Except as authorized by the attorney general, an organization that has its license~~  
23 ~~suspended or revoked, or has relinquished or not renewed its license and not~~  
24 ~~disbursed its net proceeds, is ineligible for a license or permit. Only one of two or more~~  
25 ~~closely related organizations may have a license or permit at one time. A college or~~  
26 ~~university fraternity, sorority, or club is not closely related to an educational~~  
27 ~~organization. An organization shall apply for a permit as follows:~~

28 ~~a. An organization recognized as a public spirited organization by the governing~~  
29 ~~body of a city or county may apply for permits. A local permit may allow the~~  
30 ~~organization to conduct only raffles, bingo, or sports pools. A restricted event~~  
31 ~~permit may allow the organization to conduct only raffles, bingo, sports pools,~~



1 paddlewheels, twenty-one, and poker. The organization or closely related  
2 organizations as a whole may only award a primary prize that does not exceed  
3 eight thousand dollars and total prizes of all games do not exceed forty thousand  
4 dollars per year. These maximum prize amounts do not apply to raffles conducted  
5 under chapter 20.1-08. The determination of what is a "public spirited  
6 organization" is within the sole discretion of the governing body. An organization  
7 shall disclose on the application its intended use of the net income from the  
8 gaming activity. A governing body may issue a permit for games to be held at  
9 designated times and places.

10 ~~b.~~ An organization shall apply to the governing body of the city or county in which  
11 the proposed site is located. Application must be made on a form prescribed by  
12 the attorney general ~~executive director~~. Approval may be granted at the discretion  
13 of the governing body. A governing body may establish a fee not to exceed  
14 twenty-five dollars for each permit. A permit must be on a fiscal year basis from  
15 July first to June thirtieth or on a calendar year basis.

16 ~~c.~~ An organization that has a local permit or a restricted event permit may use the  
17 net income from the gaming activity for any purpose that does not violate this  
18 chapter or gaming rules, unless the organization is a state political party or  
19 legislative district party committee, the organization may use the net income from  
20 a raffle for a political purpose. For purposes of this subdivision, a public spirited  
21 use includes a political purpose.

22 ~~d.~~ An organization that has a restricted event permit is restricted to one event per  
23 year and:

24 ~~(1)~~ May not pay remuneration to employees for personal services;

25 ~~(2)~~ Shall use chips as wagers;

26 ~~(3)~~ Shall redeem a player's chips for merchandise prizes or cash;

27 ~~(4)~~ Shall disburse net income to eligible uses referenced in subdivision c, if  
28 applicable, and in section 53-06.1-11.1; and

29 ~~(5)~~ Shall file a report prescribed by the attorney general ~~executive director~~ with  
30 the governing body and attorney general ~~executive director~~.

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~~2. Except as authorized by the executive director, an organization that has its license suspended or revoked, or has relinquished or not renewed its license and not disbursed its net proceeds, is ineligible for a license or permit.~~

~~3. Only one of two or more closely related organizations may have a license or permit at one time. A college or university fraternity, sorority, or club is not closely related to an educational organization.~~

~~2.4. An eligible organization shall apply for a license to conduct only bingo, electronic quick shot bingo, raffles, calcuttas, pull tabs, punchboards, twenty-one, paddlewheels, poker, or sports pools by:~~

~~a. First securing approval for a site authorization from the governing body of the city or county in which the proposed site is located. Approval, which may be granted at the discretion of the governing body, must be recorded on a site authorization form that is to accompany the license application to the attorney general executive director for final approval. An eligible organization may request a specific site location on the site authorization form.~~

~~(1) A governing body:~~

~~(a) May not require an eligible organization to donate net proceeds to the city, county, or related political subdivision or for community programs or services within the city or county as a condition for receiving a site authorization from the city or county;~~

~~(b) May not deny a site authorization solely because the eligible organization has not conducted gaming at the site;~~

~~(c) May not require that an eligible organization be located at a specific site as a condition of site authorization;~~

~~(d) May limit the type of games and the number of electronic pull tab devices or tables for the game of twenty-one per site, and the number of sites upon which a licensed organization may conduct games within the city or county; and~~

~~(e) May charge a one hundred dollar fee for a site authorization.~~

~~(2) This subsection may not be construed to prohibit a governing body from:~~



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- 1 ~~\_\_\_\_\_ (a) Creating and enforcing rules that are more stringent than state law~~  
2 ~~regarding charitable gaming as otherwise permitted in code; or~~
- 3 ~~\_\_\_\_\_ (b) Denying a site authorization for just cause, including, after~~  
4 ~~consultation with the attorney general, a violation of state law or local~~  
5 ~~rules.~~
- 6 ~~\_\_\_\_\_ b. Annually applying for a license from the attorney general~~~~\_\_\_\_\_ executive director before~~  
7 ~~July first on a form prescribed by the attorney general~~~~\_\_\_\_\_ executive director and~~  
8 ~~remitting a one hundred seventy-five dollar license fee for each city or county that~~  
9 ~~approves a site authorization. An organization shall document that it qualifies as~~  
10 ~~an eligible organization. If an organization amends its primary purpose as stated~~  
11 ~~in its articles of incorporation or materially changes its basic character, the~~  
12 ~~organization shall reapply for licensure. The attorney general shall~~~~\_\_\_\_\_ executive~~  
13 ~~director:~~
- 14 ~~\_\_\_\_\_ (1) Shall deposit twenty-five dollars of this fee into the charitable gaming~~  
15 ~~technology fund under section 53-06.1-12.4. However, the attorney general~~  
16 ~~may~~
- 17 ~~\_\_\_\_\_ (2) May allow an organization that only conducts a raffle or calcutta in two or~~  
18 ~~more cities or counties to annually apply for a consolidated license and~~  
19 ~~remit a one hundred seventy-five dollar license fee for each city or county in~~  
20 ~~which a site is located. The attorney general shall~~
- 21 ~~\_\_\_\_\_ (3) Shall deposit twenty-five dollars of this fee into the charitable gaming~~  
22 ~~technology fund under section 53-06.1-12.4. An organization shall document~~  
23 ~~that it qualifies as an eligible organization. If an organization amends its~~  
24 ~~primary purpose as stated in its articles of incorporation or materially~~  
25 ~~changes its basic character, the organization shall reapply for licensure. The~~  
26 ~~attorney general may~~
- 27 ~~\_\_\_\_\_ (4) May deny issuance of a license or deny renewal of a license to an eligible~~  
28 ~~organization that has obtained approval of site authorization under~~  
29 ~~subdivision a, if the organization or site is not in compliance with applicable~~  
30 ~~laws and rules.~~

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~~3.5. A licensed organization or organization that has a permit shall conduct games as follows:~~

~~a. Only one licensed organization or organization that has a permit may conduct games at an authorized site on a day, except a raffle or a sports pool conducted under a local permit may be conducted for a special occasion by another licensed organization or organization that has a permit when one of these conditions is met:~~

~~(1) When the area for the raffle or a sports pool is physically separated from the area where games are conducted by the regular organization.~~

~~(2) Upon request of the regular organization and with the approval of the alcoholic beverage establishment, the regular organization's license or permit is suspended for that specific time of day by the attorney general.~~

~~b. Except for a temporary site authorized for fourteen or fewer consecutive days for not more than two events per quarter or a licensed organization authorized on or before January 1, 2023, to conduct gaming at more than fifteen sites, a licensed organization, including a closely related organization, may not have more than fifteen sites.~~

~~c. Games of electronic quick shot bingo, electronic pull tabs, pull tabs, punchboards, twenty one, paddlewheels, poker, and sports pools may be conducted only during the hours when alcoholic beverages may be dispensed according to applicable regulations of the state, county, or city. Electronic pull tabs must be conducted in a designated area where patrons must be twenty one years of age or older to enter.~~

~~d. An organization may not permit a person under twenty one years of age to directly or indirectly play pull tabs, punchboards, twenty one, calcuttas, sports pools, paddlewheels, or poker. An organization may not permit an individual under eighteen years of age to directly or indirectly play electronic quick shot bingo. An organization may not permit an individual under eighteen years of age to directly or indirectly play bingo unless the individual is accompanied by an adult, bingo is conducted by an organization that has a permit, or the game's prize structure does not exceed that allowed for a permit.~~



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~~e. An organization may not install more than ten electronic pull tab devices at a site.~~

~~f. An organization with more than fifteen licensed sites under subdivision b may not increase its number of sites beyond the number of sites licensed as of January 1, 2023.~~

~~g. An organization conducting gaming at an authorized site on January 1, 2023, may continue to operate gaming, including as provided under subsection 1 of section 53-06.1-06, at the authorized site regardless of whether the authorized site is an alcoholic beverage establishment as defined under section 53-06.1-01.~~

~~h. For a raffle board, an organization permitted to conduct raffles shall sell the numbered squares on the board for the same price and may sell squares at a site thirty days before the drawing.~~

~~4.6. A permit, or site authorization and license, must be displayed at a site.~~

~~5.7. The attorney general may executive director:~~

~~a. May issue a conditional license to an eligible organization whose regularly issued license has expired or been suspended, revoked, or relinquished. The attorney general shall~~

~~b. Shall designate the time period for which the conditional license is valid and may impose any conditions.~~

~~6.8. A governing body or local law enforcement official may inspect a site's gaming equipment and examine or cause to be examined any gaming related books and records of a licensed organization or organization that has a permit.~~

~~**SECTION 10. AMENDMENT.** Section 53-06.1-06 of the North Dakota Century Code is amended and reenacted as follows:~~

~~**53-06.1-06. Persons permitted to conduct games -- Equipment.**~~

~~1. No person, except a member, volunteer, an employee of a licensed organization or an organization that has a permit, or an employee of a temporary employment agency who provides services to a licensed organization, may manage, control, or conduct any game. "Member" includes a member of an auxiliary organization. In conducting pull tabs or prize boards through a dispensing device, selling pull tabs through a pull tab device, selling raffle tickets, or conducting sports pools, the attorney~~



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1        ~~general executive director may allow an employee of an alcoholic beverage~~  
2        ~~establishment to provide limited assistance to an organization.~~

3        ~~2. Except when authorized by the attorney general executive director or allowed by the~~  
4        ~~gaming rules, an eligible organization shall procure gaming equipment only from a~~  
5        ~~licensed distributor. No equipment or prizes may be purchased at an excessive price.~~

6        ~~3. An organization and distributor shall maintain complete, accurate, and legible bank~~  
7        ~~and accounting records in North Dakota for all gaming activity and establish a system~~  
8        ~~of internal control as prescribed by rule. The governing board of an eligible~~  
9        ~~organization is primarily responsible and may be held accountable for the proper~~  
10       ~~determination and use of net proceeds. If an organization does not renew its license or~~  
11       ~~its license is denied, relinquished, or revoked and it has not disbursed all of its net~~  
12       ~~proceeds, the organization shall file an action plan as prescribed by the gaming rules~~  
13       ~~with the attorney general.~~

14       ~~4. The value of a merchandise prize awarded in a game is its retail price, excluding sales~~  
15       ~~tax.~~

16       ~~5. A person is restricted from being involved in gaming and the attorney general executive~~  
17       ~~director shall conduct a criminal history record check as follows:~~

18       ~~a. (1) A person who has pled guilty to or been found guilty of a felony offense as~~  
19       ~~defined by the laws of this state, other states, or the federal government, or~~  
20       ~~has pled guilty to or been found guilty of a violation of this chapter, a gaming~~  
21       ~~rule, chapter 12.1-28 or 53-06.2, or offenses of other states or the federal~~  
22       ~~government equivalent to offenses defined in these chapters, regardless of~~  
23       ~~whether the person has completed or received a deferred imposition of~~  
24       ~~sentence or suspended sentence, may not be a licensed distributor, be an~~  
25       ~~investor in or board member or consultant to a licensed distributor, or be~~  
26       ~~employed by a licensed distributor, and may not be employed by a licensed~~  
27       ~~organization to conduct games, for five years from the date of conviction,~~  
28       ~~release from incarceration, or expiration of parole or probation, whichever is~~  
29       ~~the latest.~~

30       ~~(2) Paragraph 1 does not apply if the offense to which the person pled guilty or~~  
31       ~~has been found guilty is a misdemeanor and the person has received a~~



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deferred imposition of sentence and has fully complied with the terms of the  
deferral.

~~b. A person who has pled guilty to or been found guilty of a misdemeanor offense in  
violation of section 6-08-16.1 or chapter 12.1-06, 12.1-23, or 12.1-24 or offenses  
of other states, the federal government, or a municipality equivalent to these  
offenses, regardless if the person has completed or received a suspended  
sentence, may not be a licensed distributor or be employed by a licensed  
distributor, and may not be employed by a licensed organization to conduct  
games, for two years from the date of conviction, release from incarceration, or  
expiration of parole or probation, whichever is the latest, unless the person has  
received a deferred imposition of sentence and has fully complied with the terms  
of the deferral.~~

~~c. Unless an employee is exempt by the gaming rules or attorney general executive  
director, the attorney general executive director shall conduct a criminal history  
record check of each employee of a licensed organization or distributor and  
charge a fee prescribed by section 12-60-16.9. The fee may be waived by the  
attorney general if a federal agency or local law enforcement agency has done a  
record check. The attorney general executive director may require advance  
payment of any additional fee necessary to pay the cost of a record check of a  
person for whom adequate background information sources are not readily  
available. The advance payment must be placed in the attorney general's refunda  
dedicated fund. The unused funds must be returned to the person within thirty  
days of the conclusion of the record check. Unless a federal or local law  
enforcement agency conducts the record check, the attorney general executive  
director shall notify the organization or distributor of the result. The attorney  
general executive director shall keep the information confidential except in the  
proper administration of this chapter or any gaming rule or to provide to an  
authorized law enforcement agency.~~

~~6. For a site where bingo is the primary game or a site that is leased by a licensed  
organization, the organization may not pay bingo prizes in which the total bingo prizes  
exceed total bingo gross proceeds for a period prescribed by gaming rule. However, if~~



bingo is the primary game at the site, a bingo prize that equals or exceeds ten thousand dollars is excluded from the total of the bingo prizes.

~~7. A city or county may require a person conducting games to obtain a local work permit, charge a reasonable fee, and conduct a criminal history record check.~~

~~**SECTION 11. AMENDMENT.** Section 53-06.1-10 of the North Dakota Century Code is amended and reenacted as follows:~~

~~**53-06.1-10. Twenty-one.**~~

~~The organization shall provide playing chips of various denominations to players although the organization may use a metal coin rather than a fifty-cent chip. The organization may set the minimum limit for the original wager at not more than three dollars on one active table. If there is more than one active table at a site, the organization may set a higher minimum wager on additional tables. The maximum limit per wager may be set by the organization at not more than twenty-five dollars. Wagers in increments of one dollar must be accepted between the posted minimum and the posted maximum limit. A player may not play more than two hands at the same time. Only the player actually playing a hand may place a wager on that hand. Each player plays the player's hand against the dealer's hand. Any requirement to pool tips is within the sole discretion of each organization. Except for a site that has twenty-one gross proceeds averaging less than ten thousand dollars per quarter, an organization may not conduct twenty-one at the site with wagers exceeding two dollars unless the organization has first installed video surveillance equipment as required by rules and the equipment is approved by the attorney general executive director.~~

~~**SECTION 12. AMENDMENT.** Section 53-06.1-11 of the North Dakota Century Code is amended and reenacted as follows:~~

~~**53-06.1-11. Gross proceeds – Allowable expenses – Rent limits.**~~

~~1. All money received from games must be accounted for according to the gaming rules. Gaming activity for a quarter must be reported on a tax return form prescribed by the attorney general executive director. Unless otherwise authorized by the attorney general executive director, the purchase price of a merchandise prize must be paid from a gaming bank account by check. A cash prize paid by check must be paid from a gaming bank account. No check drawn from a gaming or trust bank account may be~~



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- 1 payable to "cash" or a fictitious payee. A cash prize that exceeds an amount set by
- 2 rule must be accounted for by a receipt prescribed by the gaming rules.
- 3 ~~2. Allowable expenses may be deducted from adjusted gross proceeds. The allowable~~
- 4 ~~expense limit is sixty percent of the adjusted gross proceeds per quarter.~~
- 5 ~~3. Cash shorts incurred in games and interest and penalty are classified as expenses.~~
- 6 ~~4. For a site where bingo is conducted:~~
- 7 ~~a. If bingo is the primary game, the monthly rent must be reasonable.~~
- 8 ~~b. If bingo is not the primary game, but is conducted with twenty-one, paddlewheels,~~
- 9 ~~or pull tabs, no additional rent is allowed.~~
- 10 ~~5. For a site where bingo is not the primary game:~~
- 11 ~~a. If twenty-one or paddlewheels is conducted, the monthly rent may not exceed~~
- 12 ~~two hundred dollars multiplied by the necessary number of tables based on~~
- 13 ~~criteria prescribed by gaming rule. For each twenty-one table with a wager~~
- 14 ~~greater than five dollars, an additional amount up to one hundred dollars may be~~
- 15 ~~added to the monthly rent. If pull tabs is also conducted involving only a jar bar,~~
- 16 ~~the monthly rent for pull tabs may not exceed an additional one hundred~~
- 17 ~~seventy-five dollars. If pull tabs is conducted involving only a dispensing device~~
- 18 ~~or a jar bar and dispensing device, the monthly rent for pull tabs may not exceed~~
- 19 ~~an additional three hundred twenty-five dollars.~~
- 20 ~~b. If twenty-one and paddlewheels are not conducted but pull tabs is conducted~~
- 21 ~~involving either a jar bar or dispensing device, the monthly rent may not exceed~~
- 22 ~~four hundred dollars.~~
- 23 ~~c. If pull tabs is conducted using one or more electronic pull tab devices, the~~
- 24 ~~monthly rent may not exceed one hundred seventy-five dollars per machine for~~
- 25 ~~the first five machines in the same venue. For each additional machine in the~~
- 26 ~~same venue beyond five, the monthly rent may not exceed seventy-five dollars~~
- 27 ~~per machine up to a maximum of one thousand two hundred fifty dollars per~~
- 28 ~~month for all electronic pull tab devices in a single venue.~~
- 29 ~~**SECTION 13. AMENDMENT.** Section 53-06.1-11.2 of the North Dakota Century Code is~~
- 30 ~~amended and reenacted as follows:~~



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~~53-06.1-11.2. Charitable gaming operating fund -- Attorney general -- State treasurer --~~

~~Allocations -- Transfer to the general fund.~~

~~1. There is created in the state treasury the charitable gaming operating fund. The fund consists of all gaming taxes, monetary fines, and interest and penalties collected under this chapter.~~

~~2. Excluding moneys in the charitable gaming operating fund appropriated by the legislative assembly for administrative and operating costs associated with charitable gaming, the attorney general executive director shall allocate remaining moneys in the charitable gaming operating fund on a quarterly basis as follows:~~

~~a. Ten thousand dollars to the gambling disorder prevention and treatment fund.~~

~~b. Subject to legislative appropriations, five percent of the total moneys deposited in the charitable gaming operating fund to cities and counties in proportion to the taxes collected under section 53-06.1-12 from licensed organizations conducting games within each city, for sites within city limits, or within each county, for sites outside city limits. If a city or county allocation is less than two hundred dollars, that city or county is not entitled to receive a payment for the quarter and the undistributed amount must be included in the total amount to be distributed to other cities and counties for the quarter.~~

~~3. On or before June thirtieth of each odd-numbered year, the attorney general executive director shall certify to the state treasurer the amount of accumulated funds in the charitable gaming operating fund which exceed the amount appropriated by the legislative assembly for administrative and operating costs associated with charitable gaming for the subsequent biennium. The state treasurer shall transfer the certified amount from the charitable gaming operating fund to the general fund prior to the end of each biennium.~~

~~**SECTION 14. AMENDMENT.** Section 53-06.1-12 of the North Dakota Century Code is amended and reenacted as follows:~~

~~**53-06.1-12. Gaming tax -- Deposits. (Retroactive application -- See note)**~~

~~1. Except as provided in subsection 2, a gaming tax is imposed on the total adjusted gross proceeds received by a licensed organization in a quarter and the tax must be computed and paid to the attorney general executive director on a quarterly basis on~~



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1 the tax return. This tax must be paid from adjusted gross proceeds and is not part of  
2 the allowable expenses. For a licensed organization with adjusted gross proceeds:

3 a. Not exceeding fifty thousand dollars the tax is one percent of adjusted gross  
4 proceeds.

5 b. Exceeding fifty thousand dollars the tax is five hundred dollars plus twelve  
6 percent of adjusted gross proceeds exceeding fifty thousand dollars.

7 2. For a licensed organization permitted to conduct raffles in this state with adjusted  
8 gross proceeds exceeding fifty thousand dollars, a gaming tax of one percent of gross  
9 proceeds is imposed on the total gross proceeds received by the licensed organization  
10 from raffles in a quarter. The tax must be computed and paid to the attorney  
11 general executive director on a quarterly basis on the tax return. The tax must be paid  
12 from adjusted gross proceeds and is not part of the allowable expenses.

13 3. The tax must be paid to the attorney general executive director at the time tax returns  
14 are filed.

15 4. The attorney general executive director shall deposit gaming taxes, monetary fines,  
16 and interest and penalties collected in the charitable gaming operating fund.

17 **SECTION 15. AMENDMENT.** Section 53-06.1-12.3 of the North Dakota Century Code is  
18 amended and reenacted as follows:

19 **~~53-06.1-12.3. Interest, penalty, and estimated tax.~~**

20 1. Assessment of interest. If a licensed organization does not pay tax due by the original  
21 date of a tax return, or if additional tax is due based on an audit or math verification of  
22 the return and it is not paid by the original due date of the return, the organization shall  
23 pay interest on the tax at the rate of twelve percent per annum computed from the  
24 original due date of the return through the date the tax is paid.

25 2. Assessment of penalty. If a licensed organization does not pay tax due on a tax return  
26 by the original or extended due date of the return, or if additional tax is due based on  
27 an audit or math verification of the return and it is not paid by the original or extended  
28 due date of the return, the organization shall pay a penalty of five percent of the tax, or  
29 twenty-five dollars, whichever is greater. If an organization does not file a tax return by  
30 the original or extended due date of the return, the organization shall pay a penalty of  
31 five percent of the tax, or twenty-five dollars, whichever is greater, for each month or



1        ~~fraction of a month during which the return is not filed, not exceeding a total of~~  
2        ~~twenty-five percent.~~

3        ~~3. The attorney general~~executive director ~~may require a licensed organization to make~~  
4        ~~monthly estimated gaming tax payments if the attorney general~~executive director  
5        ~~determines that the organization is in poor financial condition. If an organization fails to~~  
6        ~~pay any tax or estimated tax, interest, or penalty by the original due date or date set by~~  
7        ~~the attorney general, the attorney general~~executive director, the executive director  
8        ~~may bring court action to collect it and may suspend the organization's license. The~~  
9        ~~attorney general~~executive director ~~may for good cause waive all or part of any interest~~  
10       ~~or penalty and may waive any minimal tax.~~

11       ~~4. If a licensed organization has failed to file a tax return, has been notified by the~~  
12       ~~attorney general~~executive director ~~of the delinquency, and refuses or neglects within~~  
13       ~~thirty days after the notice to file a proper return, the attorney general~~executive director  
14       ~~shall determine the adjusted gross proceeds and gaming tax due according to the best~~  
15       ~~information available and assess the tax at not more than double the amount. Interest~~  
16       ~~and penalty also must be assessed.~~

17       ~~5. The attorney general~~executive director ~~may authorize a licensed organization to pay~~  
18       ~~any delinquent tax, interest, or penalty on an installment plan and may set any~~  
19       ~~qualifying conditions.~~

20       ~~**SECTION 16. AMENDMENT.** Section 53-06.1-12.4 of the North Dakota Century Code is~~  
21       ~~amended and reenacted as follows:~~

22       ~~**53-06.1-12.4. Charitable gaming technology fund—Continuing appropriation.**~~

23       ~~—There is created in the state treasury a special fund known as the charitable gaming~~  
24       ~~technology fund. The fund consists of all moneys deposited in the fund pursuant to this chapter.~~  
25       ~~Moneys in the fund are appropriated to the attorney general~~executive director ~~on a continuing~~  
26       ~~basis and may be used only for contracting for and purchasing equipment and software for a~~  
27       ~~charitable gaming technology system, training employees to operate the system, and~~  
28       ~~maintaining and updating the system.~~

29       ~~**SECTION 17. AMENDMENT.** Section 53-06.1-14 of the North Dakota Century Code is~~  
30       ~~amended and reenacted as follows:~~



~~53-06.1-14. Distributors and manufacturers.~~

- ~~1. A manufacturer of pull tabs, bingo cards, electronic quick shot bingo systems and devices, or bingo card marking devices shall apply annually for a license and pay a license fee of five thousand five hundred dollars. A manufacturer of electronic pull tab systems and devices shall apply annually for a license and pay a license fee of ten thousand dollars. The attorney general executive director shall deposit one thousand five hundred dollars of these fees into the charitable gaming technology fund under section 53-06.1-12.4. A manufacturer of paper pull tab dispensing devices shall apply annually for a license and pay a license fee of one thousand five hundred dollars. The attorney general executive director shall deposit five hundred dollars of this fee into the charitable gaming technology fund under section 53-06.1-12.4. A manufacturer of electronic raffle systems shall apply annually for a license and pay a license fee of one thousand dollars. The attorney general executive director shall deposit five hundred dollars of this fee into the charitable gaming technology fund under section 53-06.1-12.4. A distributor shall apply annually for a license and pay a license fee of two thousand dollars. The attorney general executive director shall deposit five hundred dollars of this fee into the charitable gaming technology fund under section 53-06.1-12.4. Application must be made before the first day of April in each year on a form prescribed by the attorney general executive director.~~
- ~~2. A licensed distributor may not sell, market, or distribute gaming equipment except to a licensed distributor, licensed organization, organization that has a permit, or other person authorized by gaming rule or the attorney general executive director. A manufacturer of a pull tab dispensing device, pull tab, electronic pull tab device, bingo card marking device, bingo card, or fifty-fifty raffle system may only sell, market, or distribute the manufacturer's pull tab dispensing device and processing chip encoded with proprietary software, pull tab, electronic pull tab device, bingo card marking device, bingo card, or fifty-fifty raffle system to a licensed distributor. A licensed distributor may purchase or acquire a pull tab dispensing device and processing chip encoded with proprietary software, pull tab, electronic pull tab device, bingo card marking device, bingo card, or fifty-fifty raffle system only from a licensed manufacturer or licensed distributor. However, a distributor may purchase or acquire a~~



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1        ~~used pull tab dispensing device or electronic pull tab device from a licensed~~  
2        ~~organization. A distributor may not duplicate a manufacturer's processing chip~~  
3        ~~encoded with proprietary software. No gaming equipment or prize may be sold or~~  
4        ~~leased at an excessive price.~~

5        ~~3. A licensed distributor shall affix a North Dakota gaming stamp to each deal of pull~~  
6        ~~tabs, raffle board, punchboard, sports pool board, calcutta board, and series of~~  
7        ~~paddlewheel ticket cards sold or otherwise provided to a licensed organization or~~  
8        ~~organization that has a permit and shall purchase the stamps from the attorney~~  
9        ~~general~~~~executive director~~ ~~for thirty-five cents each. Ten cents of each stamp sold by~~  
10       ~~the attorney general~~~~executive director~~, ~~up to thirty-six thousand dollars per biennium,~~  
11       ~~must be credited to the attorney general's~~~~executive director's~~ ~~operating fund to defray~~  
12       ~~the costs of issuing and administering the gaming stamps. If an organization hosts an~~  
13       ~~event with a raffle board and only sells numbered squares on the day of event, the~~  
14       ~~organization is exempt from the requirements under this subsection.~~

15       ~~4. A licensed organization, organization that has a permit, licensed manufacturer, or~~  
16       ~~North Dakota wholesaler of liquor or alcoholic beverages may not be a distributor or~~  
17       ~~stockholder of a distributor. A distributor may not be a stockholder of a manufacturer.~~

18       ~~5. In addition to the license fee, the attorney general~~~~executive director~~ ~~may require~~  
19       ~~advance payment of any fee necessary to pay the cost of a record check of an~~  
20       ~~applicant according to subdivision c of subsection 5 of section 53-06.1-06.~~

21       ~~6. A licensed manufacturer may not refuse to sell deals of pull tabs, paper bingo cards, or~~  
22       ~~gaming equipment to a licensed distributor unless:~~

23       ~~a. A specific deal of pull tabs is sold on an exclusive basis;~~

24       ~~b. The manufacturer does not sell deals of pull tabs, paper bingo cards, or gaming~~  
25       ~~equipment to any distributor in the state;~~

26       ~~c. A gaming law or rule prohibits the sale;~~

27       ~~d. The distributor has not provided the manufacturer with proof of satisfactory credit~~  
28       ~~or is delinquent on any payment owed to the manufacturer; or~~

29       ~~e. The distributor has not met the manufacturer's standard minimum order quantity~~  
30       ~~and freight terms.~~

1       **SECTION 2. AMENDMENT.** Section 53-06.1-15.1 of the North Dakota Century Code is  
2 amended and reenacted as follows:

3       **53-06.1-15.1. Authority of the attorney general~~executive director~~ - Duties.**

4       1. The attorney general~~executive director~~ may:

- 5       ~~1.a.~~ Inspect all sites in which gaming is conducted or inspect all premises where  
6 gaming equipment is manufactured or distributed. The attorney general~~executive~~  
7 ~~director~~ may require a licensed manufacturer to reimburse the attorney  
8 general~~executive director~~ for the reasonable actual cost of transportation,  
9 lodging, meals, and incidental expenses incurred in inspecting the manufacturer's  
10 facility.
- 11       ~~2.b.~~ Inspect all gaming equipment and supplies.
- 12       ~~3.c.~~ Seize, remove, or impound any gaming equipment, supplies, games, or books  
13 and records for the purpose of examination and inspection.
- 14       ~~4.d.~~ Demand access to and inspect, examine, photocopy, and audit all books and  
15 records of applicants, organizations, lessors, manufacturers, distributors, and  
16 affiliated companies concerning any income, expense, or use of net proceeds,  
17 and determine compliance with this chapter or gaming rules.
- 18       ~~5.e.~~ Permit the commissioner or proper representative of the internal revenue service  
19 of the United States to inspect a tax return or furnish a copy of the tax return, or  
20 information concerning any item contained in the return, or disclosed by any audit  
21 or investigation report of the gaming activity of any organization or player, or  
22 recordkeeping information. However, information cannot be disclosed to the  
23 extent that the attorney general~~executive director~~ determines that the disclosure  
24 would identify a confidential informant or seriously impair any civil or criminal  
25 investigation. Except when directed by judicial order, or for pursuing civil or  
26 criminal charges regarding a violation of this chapter or a gaming rule, or as is  
27 provided by law, the attorney general~~executive director~~ may not divulge nor make  
28 known, to any person, any income or expense item contained in any tax return or  
29 disclosed by an audit or investigative report of any taxpayer provided to the  
30 attorney general~~executive director~~ by the internal revenue service.



2. The attorney general shall refer any evidence of a violation of law or rule to the gaming commission for review, unless this chapter provides the attorney general authority regarding the violation, including a violation related to tax-related delinquency, permits, licensure, and site authorization. A decision made by the attorney general under this chapter may be appealed to the gaming commission.

~~6. Require a representative of a licensed organization or distributor to participate in training or for good cause prohibit the person from being involved in gaming as an employee or volunteer. The attorney general executive director may for good cause prohibit a person from providing personal or business services to an organization or distributor.~~

~~7. Prohibit a person from playing games if the person violates this chapter, chapter 12.1-28 or 53-06.2, or a gaming rule.~~

~~8. Require or authorize an organization to pay or prohibit an organization from paying a bingo, electronic quick shot bingo, or raffle prize to a player on a dispute or based on a factual determination or a hearing by the attorney general executive director.~~

~~9. Based on reasonable ground or written complaint, suspend, deny, or revoke an organization's permit or an organization's, distributor's, or manufacturer's application or license for violation, by the organization, distributor, or manufacturer or any officer, director, agent, member, or employee of the organization, distributor, or manufacturer, of this chapter or any gaming rule.~~

~~10. Impose a monetary fine on a licensed organization, organization that has a permit, distributor, manufacturer, or third-party business operating gaming and working as an agent of the charity for failure to comply with this chapter or any gaming rule. The monetary fine for each violation by an organization is a minimum of twenty-five dollars and may not exceed two percent of the organization's average quarterly gross proceeds, or five thousand dollars, whichever is greater. The monetary fine for each violation by a distributor is a minimum of one hundred dollars and may not exceed five thousand dollars. The monetary fine for each violation by a manufacturer is a minimum of five hundred dollars and may not exceed two hundred fifty thousand dollars. This fine may be in addition to or in place of a license suspension or revocation.~~



1 ~~11. At any time within three years after any amount of fees, monetary fine, interest,~~  
2 ~~penalty, or tax required to be paid pursuant to this chapter becomes due, bring a civil~~  
3 ~~action to collect the amount due. However, if for any reason there is a change in~~  
4 ~~adjusted gross proceeds or tax liability by an amount which is in excess of twenty-five~~  
5 ~~percent of the amount of adjusted gross proceeds or tax liability originally reported on~~  
6 ~~the tax return, any additional tax determined to be due may be assessed within six~~  
7 ~~years after the due date of the tax return, or six years after the tax return was filed,~~  
8 ~~whichever period expires later. An action may be brought although the person owing~~  
9 ~~the fees or tax is not presently licensed.~~

10 ~~12. Institute an action in any district court for declaratory or injunctive relief against a~~  
11 ~~person, whether or not the person is a gaming licensee, as the attorney~~  
12 ~~general executive director deems necessary to prevent noncompliance with this~~  
13 ~~chapter or gaming rules.~~

14 ~~13. For good cause, require a licensed organization to use the attorney general's executive~~  
15 ~~director's recordkeeping system for any or all games.~~

16 ~~**SECTION 19. AMENDMENT.** Section 53-06.2-01 of the North Dakota Century Code is~~  
17 ~~amended and reenacted as follows:~~

18 ~~**53-06.2-01. Definitions.**~~

19 ~~As used in this chapter:~~

20 ~~1. "Breeders' fund" means a fund, administered by the commission, established to~~  
21 ~~financially reward breeders or owners of North Dakota-bred horses to be paid in~~  
22 ~~accordance with rules as approved by the commission.~~

23 ~~2. "Certificate system" means the system of betting described in section 53-06.2-10.~~

24 ~~3. "Charitable organization" means a nonprofit organization operated for the relief of~~  
25 ~~poverty, distress, or other conditions of public concern in this state and has been so~~  
26 ~~engaged in this state for at least two years.~~

27 ~~4. "Civic and service club" means a branch, lodge, or chapter of a nonprofit national or~~  
28 ~~state organization that is authorized by its written constitution, charter, articles of~~  
29 ~~incorporation, or bylaws to engage in a civic or service purpose in this state and has~~  
30 ~~so existed in this state for at least two years. The term includes a similar local~~  
31 ~~nonprofit organization, not affiliated with a state or national organization, which is so~~



- 1 ~~recognized by a resolution adopted by the governing body of the local jurisdiction in~~  
2 ~~which the organization conducts its principal activities, and which has existed in this~~  
3 ~~state for at least two years.~~
- 4 ~~5. "Commission" means the North Dakota racinggaming commission.~~
- 5 ~~6. "Executive director" means the executive director of the gaming commission.~~
- 6 ~~7. "Fraternal organization" means a nonprofit organization in this state, which is a~~  
7 ~~branch, lodge, or chapter of a national or state organization and exists for the common~~  
8 ~~business, brotherhood, or other interests of its members, and has so existed in this~~  
9 ~~state for two years. The term does not include a college or high school fraternity.~~
- 10 ~~8. "Local jurisdiction" means, with respect to a site inside the city limits of a city, that city,~~  
11 ~~and with respect to a site not inside the city limits of a city, the county in which the site~~  
12 ~~is located.~~
- 13 ~~9. "Other public spirited organization" means a nonprofit organization recognized by the~~  
14 ~~governing body of the appropriate local jurisdiction by resolution as public spirited and~~  
15 ~~eligible under this chapter.~~
- 16 ~~10. "Purse fund" means a fund, administered by the commission, established to~~  
17 ~~supplement and improve purses offered at racetracks within the state.~~
- 18 ~~11. "Racing" means live or simulcast horse racing under the certificate system or~~  
19 ~~simulcast dog racing under the certificate system.~~
- 20 ~~12. "Racing promotion fund" means a fund administered by the commission established to~~  
21 ~~assist in improving and upgrading racetracks in the state, promoting horse racing in~~  
22 ~~the state, and developing new racetracks in the state as necessary and approved by~~  
23 ~~the commission.~~
- 24 ~~13. "Religious organization" means a nonprofit organization, church, body of~~  
25 ~~communicants, or group gathered in common membership for mutual support and~~  
26 ~~edification in piety, worship, and religious observances, and which has been so~~  
27 ~~gathered or united in this state for at least two years.~~
- 28 ~~14. "Veterans' organization" means a congressionally chartered organization in this state,~~  
29 ~~or a branch, lodge, or chapter of a nonprofit national or state organization in this state,~~  
30 ~~the membership of which consists of individuals who were members of the armed~~



1           ~~services or forces of the United States, and which has so been in existence in this~~  
2           ~~state for at least two years.~~

3     ~~SECTION 20. AMENDMENT. Section 53-06.2-04 of the North Dakota Century Code is~~  
4     ~~amended and reenacted as follows:~~

5     ~~53-06.2-04. Duties of commissionthe executive director.~~

6     ~~The commissionexecutive director shall:~~

7     ~~1. Provide for racing under the certificate system.~~

8     ~~2. Set racing dates.~~

9     ~~3. Adopt rules for effectively preventing the use of any substance, compound items, or~~  
10     ~~combinations of any medicine, narcotic, stimulant, depressant, or anesthetic which~~  
11     ~~could alter the normal performance of a racehorse, unless specifically authorized by~~  
12     ~~the commission.~~

13     ~~4. Supervise and check the making of pari-mutuel pools, pari-mutuel machines, and~~  
14     ~~equipment at all races held under the certificate system.~~

15     ~~5. Adopt rules governing, restricting, or regulating bids on licensees' concessions and~~  
16     ~~leases on equipment.~~

17     ~~6. Consider all proposed extensions, additions, or improvements to the buildings,~~  
18     ~~stables, or tracks on property owned or leased by a licensee.~~

19     ~~7. Exclude from racetracks or simulcast pari-mutuel wagering facilities any person who~~  
20     ~~violates any rule of the commission or any law.~~

21     ~~8. Determine the cost of inspections performed under subsection 3 of section 53-06.2-05~~  
22     ~~and require the licensee to pay that cost.~~

23     ~~9. Report biennially to the legislative council regarding the operation of the commission.~~

24     ~~10. Provide notice to the North Dakota horsemen's council of meetings held by the~~  
25     ~~commission and permit the North Dakota horsemen's council to participate in the~~  
26     ~~meetings through placement of items on the agenda.~~

27     ~~11. Complete, distribute, and post on the commission's website the minutes of each~~  
28     ~~commission meeting within thirty days of that meeting or before the next meeting of~~  
29     ~~the commission, whichever occurs first.~~

30     ~~SECTION 21. AMENDMENT. Section 53-06.2-04.1 of the North Dakota Century Code is~~  
31     ~~amended and reenacted as follows:~~

~~53-06.2-04.1. North Dakota-bred registry.~~

~~The commission executive director shall provide for registration of a North Dakota-bred horse for qualification for breeders' fund awards or purse supplements. The administrative cost must be paid from the breeders' fund.~~

~~SECTION 22. AMENDMENT. Section 53-06.2-07 of the North Dakota Century Code is amended and reenacted as follows:~~

~~53-06.2-07. Issuance of licenses -- Applications.~~

~~1. On compliance by an applicant with this chapter and the approval of the attorney general executive director, the commission may issue a license to conduct races. The attorney general executive director may not grant a license denied by the commission.~~

~~2. An application for a license to conduct a racing meet must be signed under oath and filed with the commission. The application must contain at least the following:~~

~~a. The name and post office address of the applicant.~~

~~b. The location of the racetrack and whether it is owned or leased. If the racetrack is leased, a copy of the lease must be included.~~

~~c. A statement of the applicant's previous history and association sufficient to establish that the applicant is an eligible organization.~~

~~d. The time, place, and number of days the racing meet is proposed to be conducted.~~

~~e. The type of racing to be conducted.~~

~~f. Other information the commission requires.~~

~~3. At least thirty days before the commission issues or renews a license to conduct races, the applicant shall deliver a complete copy of the application to the local jurisdiction governing body. The application to the commission must include a certificate verified by a representative of the applicant, indicating delivery of the application copy to the governing body. If the governing body of the local jurisdiction adopts a resolution disapproving the application for license or renewal and so informs the executive director within thirty days of receiving a copy of the application, the license to conduct races may not be issued or renewed.~~

~~SECTION 23. AMENDMENT. Section 53-06.2-10.1 of the North Dakota Century Code is amended and reenacted as follows:~~



~~53-06.2-10.1. Simulcast wagering.~~

~~In addition to racing under the certificate system, as authorized by this chapter, and conducted upon the premises of a racetrack, simulcast pari-mutuel and account wagering may be conducted in accordance with this chapter or rules adopted by the commission under this chapter in accordance with chapter 28-32. Any organization qualified under section 53-06.2-06 to conduct racing may make written application to the commission for the conduct of simulcast pari-mutuel and account wagering on races held at licensed racetracks inside the state or racetracks outside the state, or both. Licensure of service providers, totalizator companies, site operators, or organizations applying to conduct or conducting simulcast or account wagering must be approved by the attorney general executive director. The attorney general executive director may not grant a license denied by the commission. Notwithstanding any other provision of this chapter, the commission may authorize any licensee to participate in interstate or international combined wagering pools with one or more other racing jurisdictions. Anytime that a licensee participates in an interstate or international combined pool, the licensee, as prescribed by the commission, may adopt the take-out of the host jurisdiction or facility. The commission may permit a licensee to use one or more of its races or simulcast programs for an interstate or international combined wagering pool at locations outside its jurisdiction and may allow pari-mutuel pools in other states to be combined with pari-mutuel pools in its jurisdiction for the purpose of establishing an interstate or international combined wagering pool. The participation by a licensee in a combined interstate or international wagering pool does not cause that licensee to be considered to be doing business in any jurisdiction other than the jurisdiction in which the licensee is physically located. Pari-mutuel taxes or commissions may not be imposed on any amounts wagered in an interstate or international combined wagering pool other than amounts wagered within this jurisdiction. The certificate system also permits pari-mutuel wagering to be conducted through account wagering. As used in this section, "account wagering" means a form of pari-mutuel wagering in which an individual deposits money in an account and uses the account balance to pay for pari-mutuel wagers. An account wager made on an account established in this state may only be made through the licensed simulcast service provider approved by the attorney general executive director and authorized by the commission to operate the simulcast pari-mutuel wagering system under the certificate system. The attorney general executive director may not grant a license denied by the~~



1 ~~commission. An account wager may be made in person, by direct telephone communication, or~~  
2 ~~through other electronic communication in accordance with rules adopted by the~~  
3 ~~commission under this chapter. Breakage for interstate or international combined wagering pools~~  
4 ~~must be calculated in accordance with the statutes or rules of the host jurisdiction and must be~~  
5 ~~distributed among the participating jurisdictions in a manner agreed to among the jurisdictions.~~

6 ~~— **SECTION 24. AMENDMENT.** Section 53-12.1-01 of the North Dakota Century Code is~~  
7 ~~amended and reenacted as follows:~~

8 ~~— **53-12.1-01. Definitions.**~~

9 ~~— As used in this chapter:~~

10 ~~— 1. "Director" means the executive director of the lottery the gaming commission.~~

11 ~~— 2. "Lottery" means the division of the attorney general's office created to operate a~~  
12 ~~lottery.~~

13 ~~— 3. "Online lottery" means a game linked to a central computer via a telecommunications~~  
14 ~~network in which the player selects or is assigned a number or symbol or group of~~  
15 ~~numbers or symbols out of a predetermined range of numbers or symbols and a~~  
16 ~~winning ticket is determined by chance.~~

17 ~~— 4.3. "Retailer" means a person the lottery has licensed to sell or redeem a ticket.~~

18 ~~— 5.4. "Ticket" means an original and acceptable tangible evidence of play prescribed by the~~  
19 ~~lottery and produced by a lottery terminal or a properly and validly registered online~~  
20 ~~play to prove participation in a draw of a game for a chance to win a prize.~~

21 ~~— **SECTION 25. AMENDMENT.** Section 53-12.1-02 of the North Dakota Century Code is~~  
22 ~~amended and reenacted as follows:~~

23 ~~— **53-12.1-02. Lottery – Administration – Line of credit.**~~

24 ~~— 1. There is established a division of the attorney general's office called the North Dakota~~  
25 ~~lottery. Under the supervision of the attorney general, a The director shall administer~~  
26 ~~the lottery as provided in this chapter. The director shall consider the sensitive nature~~  
27 ~~of the lottery, promote games, and ensure the integrity, security, and fairness of the~~  
28 ~~lottery's operation. The lottery gaming commission is solely responsible for the~~  
29 ~~management and control over the operation of its lottery games.~~

30 ~~— 2. The attorney general's office gaming commission may arrange a short term line of~~  
31 ~~credit with the Bank of North Dakota should lottery funds on hand be insufficient to~~



1 ~~meet an immediate major prize obligation. The line of credit is limited to the amount of~~  
2 ~~each prize of one hundred thousand dollars or more that relates to prize funds known~~  
3 ~~to be due and forthcoming to the lottery from other government authorized lotteries~~  
4 ~~through the multistate lottery association. However, the line of credit may not exceed~~  
5 ~~one million dollars in the aggregate.~~

6 ~~— **SECTION 26. AMENDMENT.** Section 53-12.1-03 of the North Dakota Century Code is~~  
7 ~~amended and reenacted as follows:~~

8 ~~— **53-12.1-03. Director – Responsibilities.**~~

9 ~~— 1. The attorney general shall appoint a director who shall serve at the pleasure of the~~  
10 ~~attorney general.~~

11 ~~— 2. Subject to policy of the attorney general gaming commission, the director shall:~~

12 ~~— a.1. Employ those individuals deemed necessary to operate the lottery and provide secure~~  
13 ~~facilities to house the lottery;~~

14 ~~— b.2. Enter a written agreement with one or more government authorized lotteries, or with~~  
15 ~~an organization created and controlled by those lotteries, for conducting and marketing~~  
16 ~~a joint lottery game;~~

17 ~~— c.3. Provide for a secure computer data center and internal control system for the reliable~~  
18 ~~operation of the lottery;~~

19 ~~— d.4. Prepare and submit a budget for operating the lottery;~~

20 ~~— e.5. Operate the lottery so it is self-sustaining and self-funded;~~

21 ~~— f.6. Maintain books and records which accurately reflect each day's financial transactions,~~  
22 ~~including the sale of tickets, receipt of funds and fees, prize payments, and expenses~~  
23 ~~to ensure accountability;~~

24 ~~— g.7. License a retailer to sell or redeem a ticket;~~

25 ~~— h.8. Require a retailer to furnish proof of financial stability or post a bond in an amount the~~  
26 ~~director deems necessary to protect the financial interest of the state;~~

27 ~~— i.9. Timely and efficiently transfer lottery funds due from a retailer;~~

28 ~~— j.10. Conduct a retailer promotion to promote the sale of a ticket;~~

29 ~~— k.11. As necessary, enter a contract for a promotional service, an annuity for the payment of~~  
30 ~~a prize, credit history report, security service, service from another state agency;~~

- 1           ~~marketing and related service, gaming system and related service, and other~~  
2           ~~necessary service;~~  
3   ~~l.12. Based on reasonable ground or written complaint, suspend or revoke a retailer's~~  
4           ~~license or impose a monetary fine, or both, for a violation, by the retailer or employee~~  
5           ~~of the retailer, of a lottery law or rule;~~  
6   ~~m.13. Examine, or cause to be examined by an agent designated by the director, any book~~  
7           ~~or record of a retailer to ensure compliance with the lottery law and rules;~~  
8   ~~n.14. Upon request, report to the legislative council regarding the operation of the lottery;~~  
9   ~~o.15. Make quarterly and annual financial reports to the governor and attorney~~  
10           ~~general director and a biennial report to the legislative assembly;~~  
11   ~~p.16. Have an annual audit, conducted by the state auditor, of the lottery. The director shall~~  
12           ~~present the audit report to the governor, state treasurer, and legislative assembly;~~  
13   ~~q.17. As necessary, have an independent firm conduct a study and evaluation of security;~~  
14           ~~and~~  
15   ~~r.18. As necessary, conduct a survey of retailers and players or a study of reactions of~~  
16           ~~citizens to present and potential features of the lottery.~~

17   ~~**SECTION 27. AMENDMENT.** Section 53-12.1-04 of the North Dakota Century Code is~~  
18   ~~amended and reenacted as follows:~~

19   ~~**53-12.1-04. Advisory commission – Penalty.**~~

- 20   ~~1. There is created the lottery advisory commission, which is composed of five members,~~  
21           ~~three of whom are legislators selected by the chairman of the legislative management~~  
22           ~~and two of whom are selected by the attorney general director. The term of office is~~  
23           ~~three years, expiring on June thirtieth with no more than two terms expiring in any one~~  
24           ~~year. Each member must be a citizen of the United States and a resident of this state.~~  
25           ~~A chairman of the commission must be chosen annually from the membership of the~~  
26           ~~commission by a majority of its members at the first meeting of the commission each~~  
27           ~~fiscal year. A member may serve as chairman for more than one year.~~  
28   ~~2. The lottery advisory commission shall meet at least once a quarter and any additional~~  
29           ~~meetings as the chairman deems necessary. Special meetings may be called by the~~  
30           ~~chairman upon the written request of the director or any three members of the~~  
31           ~~commission.~~



~~3. The lottery advisory commission shall advise the director and attorney general on policy and general operation of the lottery and shall serve as the audit committee.~~

~~4. A member of the lottery advisory commission who is not a permanent full-time state employee is to be compensated at a rate of seventy-five dollars per day and entitled to mileage and expenses as provided by law for state employees. A state employee who is a member of the commission must receive that employee's regular salary and is entitled to mileage and expenses, to be paid by the employing agency.~~

~~5. No member of the lottery advisory commission, employee of the lottery, or any individual who regularly resides in the same household as either of those individuals may directly or indirectly, individually, as a partner of a partnership, or a stockholder, director, or officer of a corporation, have an interest in the gaming system or advertising agency vendor of the lottery. A knowing violation of this subsection is a class B misdemeanor.~~

~~**SECTION 28. AMENDMENT.** Section 53-12.1-09 of the North Dakota Century Code is amended and reenacted as follows:~~

~~**53-12.1-09. Operating fund - Continuing appropriation - Authorization of disbursements - Report - Net proceeds.**~~

~~There is established within the state treasury the lottery operating fund into which must be deposited all revenue from the sale of tickets, interest received on money in the fund, and all other fees and moneys collected, less a prize on a lottery promotion, prize on a winning ticket paid by a retailer, and a retailer's commission. Except for moneys in the lottery operating fund appropriated by the legislative assembly for administrative and operating costs of the lottery under section 53-12.1-10, all other money in the fund is continuously appropriated for the purposes specified in this section. During each regular session, the attorney general~~director~~ shall present a report to the appropriations committee of each house of the legislative assembly on the actual and estimated operating revenue and expenditures for the current biennium and projected operating revenue and expenditures for the subsequent biennium authorized by this section. A payment of a prize or expense or transfer of net proceeds by the lottery may be made only against the fund or money collected from a retailer on the sale of a ticket. A disbursement from the fund must be for the following purposes:~~



- ~~1. Payment of a prize as the director deems appropriate to the owner of a valid, winning ticket;~~
  - ~~2. Notwithstanding section 53-12.1-10, payment of a marketing expense that is directly offset by cosponsorship funds collected;~~
  - ~~3. Payment of a gaming system or related service expense, retailer record and credit check fees, game group dues, and retailer commissions; and~~
  - ~~4. Transfer of net proceeds:~~
    - ~~a. Eighty thousand dollars must be transferred to the state treasurer each quarter for deposit in the gambling disorder prevention and treatment fund;~~
    - ~~b. An amount for the lottery's share of a game's prize reserve pool must be transferred to the multistate lottery association; and~~
    - ~~c. Starting July 1, 2023, two hundred fifty thousand dollars must be transferred to the state treasurer each quarter for deposit in the attorney general multijurisdictional drug task force grant fund; and~~
    - ~~d. The balance of the net proceeds, less holdback of any reserve funds the director may need for continuing operations, must be transferred to the state treasurer on at least an annual basis for deposit in the state general fund.~~
- ~~**SECTION 29. AMENDMENT.** Section 53-12.1-11 of the North Dakota Century Code is amended and reenacted as follows:~~
- ~~**53-12.1-11. Confidentiality of records.**~~
- ~~1. The following information and records of the lottery are confidential:~~
    - ~~a. Sales and income tax information, financial statements, and a credit report of a retailer applicant or person seeking or doing business with the lottery, and retailer application information other than the applicant's name and location;~~
    - ~~b. Information related to a person owing a debt to the state or having a debt collected through a state agency that is made confidential by another state law or rule;~~
    - ~~c. Internal control and security procedures, security information on a winning ticket, and information on a bid or contractual data, the disclosure of which is harmful to the efforts of the lottery to contract for goods and services on favorable terms;~~

1 ~~— d. Personal information on a player who purchases an online play or a player who~~  
2 ~~wins a prize on a winning ticket unless the player authorizes, in writing, release of~~  
3 ~~the information; and~~

4 ~~— e. Non aggregated, identifiable lottery sales data, the disclosure of which is harmful~~  
5 ~~to the competitive position of the lottery, retailer, or person seeking or doing~~  
6 ~~business with the lottery. However, a retailer may authorize the lottery to release~~  
7 ~~the retailer's lottery sales data.~~

8 ~~— 2. To be confidential, information must relate to the security and integrity of the lottery.~~  
9 ~~Information and records may be disclosed within the attorney general's~~  
10 ~~director's office~~  
11 ~~or to an authorized person in the proper administration of the lottery law and rules or in~~  
12 ~~accordance with a judicial order. Criminal history record check information on an~~  
13 ~~individual seeking or doing business with the lottery may be released only according to~~  
14 ~~chapter 12-60.~~

14 ~~— **SECTION 30. AMENDMENT.** Section 53-12.1-13 of the North Dakota Century Code is~~  
15 ~~amended and reenacted as follows:~~

16 ~~— **53-12.1-13. Rules.**~~

17 ~~— The attorney general~~  
18 ~~director shall adopt rules governing the operation of the lottery. The~~  
19 ~~attorney general~~  
20 ~~director may adopt emergency rules as necessary without the grounds~~  
21 ~~otherwise required under section 28-32-03. The attorney general~~  
22 ~~director shall adopt rules to~~  
23 ~~address any matters necessary for the efficient operation of the lottery or convenience of the~~  
24 ~~public, including:~~

22 ~~— 1. Type of retailer where a ticket may be sold;~~

23 ~~— 2. Qualification for selecting a retailer and amount of application and license fees;~~

24 ~~— 3. Licensing procedure;~~

25 ~~— 4. Method used to sell a ticket, including a gift certificate and online play;~~

26 ~~— 5. Financial responsibility of a retailer;~~

27 ~~— 6. Retailer promotions;~~

28 ~~— 7. Amount and method of commission to be paid to a retailer, including a special bonus~~  
29 ~~or incentive;~~

30 ~~— 8. Deadline for claiming a prize by the owner of a winning ticket, however, the deadline~~  
31 ~~may not exceed one year;~~



8/13 38036

1 ~~9. Manner of paying a prize to the owner of a winning ticket; and~~

2 ~~10. Setoff of a prize.~~

3 ~~SECTION 31. REPEAL. Sections 53-06.2-02 and 53-06.2-03 of the North Dakota Century~~  
4 ~~Code are repealed.~~

5 **SECTION 3. APPROPRIATION - OFFICE OF THE ATTORNEY GENERAL - GAMING**

6 **COMMISSION - ONE-TIME FUNDING.** There is appropriated out of any moneys in the general  
7 fund in the state treasury, not otherwise appropriated, the sum of \$25,000, or so much of the  
8 sum as may be necessary, to the office of attorney general for the purpose of defraying the  
9 costs of operations of the gaming commission, for the biennium beginning July 1, 2025, and  
10 ending June 30, 2027. The funding provided in this section is considered a one-time funding  
11 item.

**REPORT OF STANDING COMMITTEE  
HB 1525**

**Judiciary Committee (Rep. Klemin, Chairman)** recommends **AMENDMENTS** ([25.0798.02006](#)) and when so amended, recommends **DO PASS** (10 YEAS, 4 NAYS, 0 ABSENT AND NOT VOTING). HB 1525 was placed on the Sixth order on the calendar.



**Appropriation Amendment to HB1525****Rep. Ben Koppelman**

**SECTION 3. APPROPRIATION- OFFICE OF THE ATTORNEY GENERAL- GAMING COMMISSION- ONE-TIME FUNDING.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$25,000, or so much of the sum as may be necessary, to the office of the attorney general for the purpose of defraying the costs of operations of the gaming commission, for the biennium beginning July 1, 2025, and ending June 30, 2027. The funding provided in this section is considered a one-time funding item.

## Koppelman, Ben

**From:** Fordahl, Liz  
**Sent:** Monday, February 10, 2025 10:26 AM  
**To:** Koppelman, Ben  
**Subject:** Gaming Commission - Appropriation

Representative Koppelman,

I found that there is \$7,489 appropriated from the general fund to the Attorney General for the Gaming Commission each biennium. For the entire Gaming Division, the 2023-25 biennium funding was \$5.5M from the general fund and the executive budget recommendation from Governor Armstrong was for \$6.2M from the general fund. See [Executive Budget Recommendation 2025-27 Biennium](#).

|                                  | <u>Base Level</u> | <u>Adjustments or Enhancements</u> | <u>Appropriation</u> |
|----------------------------------|-------------------|------------------------------------|----------------------|
| Salaries and Wages               | \$53,007,980      | \$15,551,706                       | \$68,559,686         |
| Operating Expenses               | 17,579,264        | (958,560)                          | 16,620,704           |
| Capital Assets                   | 606,000           | 1,021,000                          | 1,627,000            |
| Grants                           | 3,903,440         | 0                                  | 3,903,440            |
| Human Trafficking Victims Grants | 1,110,614         | 16,368                             | 1,126,982            |
| Forensic Nurse Examiner Grants   | 252,676           | 3,839                              | 256,515              |
| Litigation Fees                  | 127,500           | 0                                  | 127,500              |
| Statewide Litigation Pool        | 0                 | 5,000,000                          | 5,000,000            |
| Medical Examinations             | 660,000           | 0                                  | 660,000              |
| North Dakota Lottery             | 5,413,453         | 382,704                            | 5,796,157            |
| Arrest and Return of Fugitives   | 8,500             | 0                                  | 8,500                |
| Gaming Commission                | 7,489             | 0                                  | 7,489                |
| Criminal Justice Info Sharing    | 4,579,950         | 2,860,676                          | 7,440,626            |
| Law Enforcement                  | 3,377,659         | 593,683                            | 3,971,342            |
| Children's Forensic Interviews   | <u>304,560</u>    | <u>0</u>                           | <u>304,560</u>       |
| Total All Funds                  | \$90,939,085      | \$24,471,416                       | \$115,410,501        |
| Less Estimated Income            | <u>41,914,820</u> | <u>5,502,339</u>                   | <u>47,417,159</u>    |
| Total General Fund               | \$49,024,265      | \$18,969,077                       | \$67,993,342         |
| Full-time Equivalent Positions   | 266.00            | 6.00                               | 272.00               |

I hope this is helpful. Let me know if you have additional questions. Levi Kinnischtzke from our Fiscal Division may also be able to provide information.

Thank you,



***Liz Fordahl***  
Counsel

State Capitol  
600 East Boulevard Avenue  
Bismarck, ND 58505-0160

701-328-2946  
[lfordahl@ndlegis.gov](mailto:lfordahl@ndlegis.gov)

**2025 SENATE JUDICIARY**

**HB 1525**



# 2025 SENATE STANDING COMMITTEE MINUTES

**Judiciary Committee**  
Peace Garden Room, State Capitol

HB 1525  
3/5/2025

Relating to the structure of the state gaming commission and the administration and regulation of games of chance; and to provide an appropriation

1:59 p.m. Chair Larson opened the hearing.

Members present:

Chair Larson, Vice Chairman Paulson, Senators: Castaneda, Cory, Luick, Myrdal, Braunberger.

**Discussion Topics:**

- Gaming commission structure
- Regulation of charitable gaming
- Transparency in oversight
- Appointment process

1:59 p.m. Representative Koppelman, District 16, introduced the bill and submitted testimony in favor #38967.

2:19 p.m. Tara Felice, Employee, Mandan Baseball Club, testified in favor and submitted testimony #38761.

2:23 p.m. Scott Meske, Lobbyist, North Dakota Gaming Alliance, testified in favor and submitted testimony #38759.

2:27 p.m. Deb McDaniel, Director, Charitable Gaming for the North Dakota Office of Attorney General, testified in opposition and submitted testimony #38963.

2:45 p.m. Jamie McLean, Gaming Commission Board, testified as neutral.

**Additional written testimony:**

Richard G. Steidler, President, Matpac Wrestling, submitted testimony in favor #38753.

2:50 p.m. Chair Larson closed the hearing.

*Kendra McCann, Committee Clerk*

Honored Committee Members

I am writing to you in support of HB1525. As the president of a charity that has had many dealings with the State Attorney General's Office gaming Division, I am in favor of removing the Attorney Generals Office as the Regulatory body for Charitable gaming. I have a problem with any organization being the Judge, Jury, and executioner of any industry. I am not saying the AG's Office shouldn't still be involved, it should. I do believe the AG's office should have oversight and have a Commission that regulates Offences.

The AG's office has all the power, they hold your license in hand, they investigate, they dole out the punishment, they audit you, they control determination on eligible uses. This is too much power and control from any organization.

This would finally give some representation from the gaming industry on the gaming commission and create a fair and balanced system by involving industry experts in decision-making. HB1525 would also ensure transparency through publicly live-streamed commission meetings and eliminate the fear of arbitrary enforcement.

I would go with Drew Wrigley's own words on a recent Dec 4<sup>th</sup> 2024 interview Plain Talk Podcast, Mr Wrigley said **"at the end of the day if you want to save us a lot of time and headaches, take gaming enforcement away from us"** I think even he wants it removed from the AG's Office.

Thanks for any consideration

Rich Steidler

Matpac Wrestling



## **Benefiting North Dakota Communities through Charitable Gaming**

**March 5, 2025**

### **Testimony in SUPPORT for of House Bill 1525**

Madame Chair Larson and Members of the Senate Judiciary Committee:

I'm Scott Meske, and on behalf of the Members of the North Dakota Gaming Alliance, we offer our support for House Bill 1525, which as you have heard, adjusts the membership of the North Dakota Gaming Commission and defines a hearing process for violations of the State's gaming laws.

As charitable gaming has grown the past few years, it has brought with it tremendous benefits to our nonprofits and our communities. It has also generated significant revenues in gaming taxes. It is estimated that about \$53 million will be paid by licensed charities in the 2023-25 biennium, and those charities will distribute more than \$180 million to their communities.

We recognize the Attorney General's office has been solely responsible for implementing and enforcing both the Century Code as passed by the Legislative Assembly, and the Administrative Codes. We also recognize that with the growth of charitable gaming, comes more requirements for oversight and regulations to ensure a transparent, accountable and fair environment for all parties involved.

The North Dakota Gaming Alliance has worked with the Gaming Division to interpret the regulations to ensure fairness and some sense of clear regulatory certainty for licensed gaming sites and licensed charities as well. We have been an advocate for the Division to have adequate staff, state of the art technology, and funds to support the gambling disorder programs as needed.





## Benefiting North Dakota Communities through Charitable Gaming

However, according to the State Gaming Commission's charter:

**The State Gaming Commission is governed by North Dakota Century Code Chapter 53-06.1, and adopts rules in accordance with chapter 28-32, to administer and regulate the gaming industry; to ensure that net proceeds are used for educational, charitable, patriotic, fraternal, religious, or public-spirited uses; to protect and promote the public interest; to ensure fair and honest games; to ensure that fees and taxes are paid; and to prevent and detect unlawful gambling activity. The Commission consists of five members appointed by the governor for 3-year terms. Appointed members must be confirmed by the Senate.**

Currently the North Dakota Gaming Commission seems to be an underutilized resource. Recently, the State Senate confirmed two members to the State Gaming Commission. HB 1525 aims to beef up the Commission with members from the industry itself. Much in the same way many of our state board and regulatory commissions are populated. Maybe it's time to ensure the Gaming Commission fulfills its charter (reference previous paragraph).

We appreciate the Gaming Division's effort to ensure regulatory certainty and fairness across the industry. The Commission, given proper authority and guidelines might actually help the Attorney General's office. The oversight of the charitable gaming industry is not an "either/or" proposition; meaning either the Attorney General OR the Gaming Commission. This industry deserves an "AND" proposition. With reasonable guidelines provided by the legislative assembly, oversight and due process by the State



## **Benefiting North Dakota Communities through Charitable Gaming**

Gaming Commission, AND enforcement by the Attorney General's office, the charitable gaming industry would be well served.

We stands willing to be part of the discussions and believe HB 1525 is a step in the right direction.

Thank you.

TESTIMONY IN SUPPORT OF HOUSE BILL 1525  
SENATE JUDICIARY COMMITTEE  
MARCH 05, 2025

Chair Larson and Members of the Senate Judiciary Committee,

My name is Tara Felice, and I have worked with Mandan Baseball Club for over eight years. In my role, I have witnessed firsthand how charitable gaming contributes to strengthening our community and supporting vital programs. Beyond my professional experience, I am a wife and mother to two children, and I am proud to be part of an organization that not only provides recreational opportunities for our youth, but also reinvests its earnings into our local communities.

Charitable gaming is a crucial part of North Dakota's nonprofit sector, directly benefiting local programs that serve youth, veterans, education, and other community-driven initiatives. These organizations exist solely to reinvest in our communities, filling gaps that might otherwise require taxpayer funding. It is essential that the oversight of charitable gaming remains fair, transparent, and structured in a way that supports—not hinders—these missions.

Under the current regulatory framework, charitable gaming oversight falls under the Attorney General's Office. While well intentioned, this structure limits accessibility and often leaves charities navigating complex regulations with little direct input or clarity. A dedicated Gaming Commission, as proposed in HB 1525, would create a more open and collaborative environment, allowing those directly involved in charitable gaming to provide oversight, ensure compliance, and eliminate much of the uncertainty that exists today. Rather than operating under a system where organizations are left guessing about regulatory expectations, a commission would provide clear, consistent guidance and a forum for meaningful engagement with stakeholders.

HB 1525 presents an opportunity to modernize oversight in a way that strengthens both transparency and effectiveness. By creating a Gaming Commission, we can ensure that those with the appropriate knowledge and expertise handle regulation, creating proper checks and balances while making the process more accessible for the very organizations that charitable



gaming is intended to support. Furthermore, ensuring that hearings related to charitable gaming oversight are live-streamed will enhance transparency and public trust in the regulatory process.

I urge the committee to support HB 1525 and help build a framework that ensures charitable gaming continues to benefit our communities in a fair, efficient, and responsible manner. Thank you for your time and consideration.

Respectfully,

Tara Felice

SENATE JUDICIARY COMMITTEE  
MARCH 5, 2025

TESTIMONY OF CLAIRE NESS  
OFFICE OF ATTORNEY GENERAL  
HOUSE BILL NO. 1525

Chairman Larson and members of the Committee:

For the record, my name is Claire Ness, and I am the Chief Deputy Attorney General. The Attorney General's Office opposes House Bill 1505 and requests a do not pass recommendation from the committee.

Our office is proud of the work we have accomplished to keep charitable gaming compliant with the laws of North Dakota. The Attorney General and the dedicated employees in the Gaming Division - and the other divisions throughout the office who support the Gaming Division - work diligently to make sure the gaming laws you pass are carried out faithfully. Our guiding principle is that the Constitution of North Dakota says the Legislative Assembly can pass laws establishing how, when, and where charitable gaming occurs and can delegate rulemaking authority to a Gaming Commission. Our work is to carry out the letter and spirit of your decisions and to provide support to the Gaming Commission. At all times, our office and the Attorney General are open, transparent, and accountable to the people of North Dakota for our work.

Since the bill would remove some functions of the Gaming Division from the Office, I'd like to provide a very brief overview of that division's work, how it functions as a seamless, integrated division within our office, and why it is important to retain the current structure.

## Preventing Violations and Understanding Regulated Entities

The Attorney General's Office devotes significant time and resources to proactive compliance efforts and helping entities prevent gaming violations. Prevention is a much better outcome than enforcement. To that end, our Gaming Division provides endless amounts of training and guidance to organizations and individuals who are regulated by gaming laws and rules. During the interim, Gaming employees even traveled around the state to make sure that training was available and convenient to anyone who wanted to participate in it. They also are available to answer questions by phone or in person, and they spend many hours doing so to help people avoid problems. Similarly, the Audit Section of the Gaming Division focuses heavily on training during and after its audits and in-office compliance reviews. The Gaming Division is supported by Assistant Attorneys General who provide guidance on interpreting laws and rules. Through these efforts, Gaming Division employees have a thorough understanding of the charities, manufacturers, distributors, and other entities involved in or connected to charitable gaming.

## Audits

The Audit Section of the Gaming Division works to ensure that charities are tracking, documenting, and using gaming funds in accordance with legal requirements. To best utilize state resources and to maximize education for charities, the auditors perform many compliance reviews on small- and medium-sized charities, especially those that are new to gaming. These reviews include a lot of training. They also prepare the charities for more comprehensive audits down the road. A charity may have a compliance review about once every 5 years. Comprehensive audits are generally reserved for larger charities or charities that have been engaged in gaming for a long time, and those charities have comprehensive audits about once every 7 years. Every audit ends



with post-audit training, which varies in length and intensity depending on the results of the audit. Charities with poor audit outcomes receive more training. These audits also give Gaming Division employees a lot of familiarity with charitable gaming organizations.

The Audit Section also can perform audits in response to complaints, such as complaints from board members of charities who suspect something may be amiss with the charities accounts. Within the past few years, we received at least one complaint that led to an audit that uncovered theft by an employee of a charity. The matter was turned over to a prosecutor.

### Investigations and Violations

Due to the rapid growth of gaming in North Dakota, the Legislative Assembly appropriated investigators to the Attorney General's Office specifically to help with investigations of gaming violations. When an investigation identifies clear evidence of a violation, enforcement actions are necessary – just as they are in any other regulatory agency. The Gaming Division and, when appropriate, our Civil Litigation Division, ensure that the proper procedures as set forth in the Administrative Agencies Practices Act are followed. That Act is codified in North Dakota Century Code Chapter 28-32 and provides several layers of appeals and other due process rights for individuals and entities who are subject to enforcement actions by state agencies. The rights of regulated entities are protected and respected throughout any enforcement action.

Due to their in-depth, comprehensive knowledge of regulated entities and gaming laws, the Gaming Division ensures enforcement actions are proportionate to the violations at issue. Most enforcement actions are not large. The Gaming Division issues a notice of violation, and the regulated entity pays a fine or works out an informal resolution with our office. There have been many of these actions. There also have been 3 large matters where the regulated entity requested

a hearing after receiving a notice of violation. In these 3 matters, the Gaming Division worked with our Civil Litigation Division. All 3 matters settled. **None of our enforcement actions has been appealed. These results – both large and small – are a notable achievement reflecting the comprehensive knowledge of our Gaming Division employees, thorough investigations, fair enforcement actions, solid legal work, and efficiently integrated divisions.** This work – and the cost-effective, legally compliant way in which it is carried out – would be drastically different and more bureaucratic under House Bill 1525, as I’ll discuss below.

#### House Bill 1525’s Changes to the Current, Successful Structure

House Bill 1525 would make several concerning changes to upend the current, successful model of gaming regulation.

- It would allow members of the Gaming Commission to have financial conflicts of interest (page 2, lines 25-29). Since the Gaming Commission was established in 1991<sup>1</sup>, members have been prohibited from having financial interests in gaming or being employees (or members of gaming committees) of licensed gaming organization or distributors of gaming equipment. House Bill 1525 removes that restriction. This change in law may conflict with Article XIV of the Constitution, other conflict of interest laws, or rules of the Ethics Commission (N.D.A.C. ch. 115-04-01).
- House Bill 1525 would remove enforcement authority from the agency with the subject matter expertise and create another layer of bureaucracy. Under the bill, the Gaming Division would not have any decision-making authority over whether to issue a notice of violation to a

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<sup>1</sup> 1991 North Dakota Session Laws Ch. 28. (“A person who has a financial interest in gaming cannot be a member of the commission and cannot be employed by the commission. Failure to maintain compliance with this subsection is grounds for removal from the commission or from employment with the commission.”)

regulated entity. The impartial employees in those divisions who have many years of subject matter expertise and knowledge of the regulated entities would have to refer matters to a commission comprised of members with financial ties to those regulated entities. The commission would then have to gather a quorum and meet to make determinations about whether to initiate enforcement actions. In addition to the conflicts of interest – real or perceived – this process would be less efficient, more bureaucratic, less flexible, and slower.

- House Bill 1525 would have the Gaming Commission “administer and control” games of chance (page 1, line 8). It is unclear what that means. Generally, state commissions “regulate.” The Commission presumably would not have the type of direct interaction with games that the phrase “administer and control” implies.
- House Bill 1525 conflicts with the Administrative Agencies Practices Act (page 6, line 1-5). The provision at the top of page 6 makes one state entity an appellate court for another state entity. When the Attorney General’s Office (or another state agency) has authority to act as a regulatory agency, the appropriate avenue to appeal the agency’s decision is in district court. That is longstanding law under the Administrative Agencies Practices Act. The bill language conflicts with that law, making the Gaming Commission an appellate court for the gaming decisions that would be left to the Attorney General’s Office, such as licensing. (Presumably it does not mean that the Gaming Commission would be the appellate court for any criminal prosecutions by the Attorney General’s Office, but the bill language does not make that distinction.) This is like making the Department of Public Instruction the appellate court for a decision by the Agriculture Commissioner just because they both may deal with school lunches.



- House Bill 1525 would require the Gaming Commission to operate under conditions that differ from other state regulatory entities (page 3, line 16). The Gaming Commission would have to broadcast all of its hearings, live. What is the reason for this requirement? If it were simply a transparency measure, then why aren't all state and local agencies, commissions, boards, and courts required to broadcast their hearings live?

The Gaming Commission is not a Licensing Board.

It has been said by a sponsor of the bill that the Gaming Commission should be comprised of members who have financial stakes in gaming organizations, bars that rent space to gaming organizations, and gaming equipment distributors because it is akin to a professional licensing board. But professional licensing boards are very dissimilar to the Gaming Commission as it currently exists and, even more so, as it would exist under this bill. The Gaming Commission under House Bill 1525 would not make licensing decisions; it would have vast authority to enforce – or not enforce – substantive charitable gaming laws and serve as an appellate court for any gaming decisions made by the Attorney General of North Dakota. This vast authority far exceeds any licensing board.

Thank you for your time. Again, the Attorney General's Office requests a Do Not Pass recommendation from the committee.

Rep. Ben Koppelman, District 16

## HB1525- Gaming Commission Reform

Madame Chairman and members of the committee,

HB1525 is intended to be a re-organization of the gaming commission, with the purpose of more efficient and transparent regulation of charitable gaming. As you know, with the introduction of E-tabs in ND, revenue gained by charitable organizations that operate gaming has soared.

Unfortunately, we still have the gaming commission structure of the early 1990's, and this structure has not been reformed to represent the charitable gaming activities of today. I believe that to catch up to the times, we need to have a gaming commission that functions on a more regular basis, that has members that have an interest in seeing charitable gaming succeed as well as be sanctioned when necessary and have an open and transparent process for rulemaking and sanctions so that we all can learn together.

The statutory purpose of the gaming commission is to regulate the charitable gaming industry through administrative rules. The current gaming commission is made up of 5 members, each appointed by the Governor to 3-year terms. These members are not required to have any knowledge of the charitable gaming industry and are paid \$75 per day that the commission meets. Unfortunately, the current gaming commission appears to be broken as they have not had a meeting since January of 2023 and upon the last time I checked, there are currently 2 unfilled positions.

### Section 1

Subsection 1 Changes the size and makeup of the commission. It would include 9 members with varying backgrounds and interests to ensure balance and fairness. These members include:

- A) The Lt. Governor, who would serve as Chairman,
- B) Six members are appointed by the Governor and include:
  - One member from a small city that permits gaming sites,
  - One member from a large city that permits gaming sites,
  - One member from a small charitable organization,
  - One member from a large charitable organization,
  - One member from a charitable organization that operates in the rural community, and
  - One member who operates a liquor establishment that rents to a charitable organization.

C) The last 2 members are legislators:

One appointed by the Speaker of the House of Representatives, and

One appointed by the President pro tempore of the Senate

Subsection 2 sets the terms of the new commission members. The Governor appointed members would be appointed to 2-year terms having staggered terms to ensure that no more than 3 would be up for appointment at the same time. The legislators would serve on a biennial basis, and the Lt. Governor would serve their entire term in office.

Subsection 3 has some language changes and removes the language that a person appointed to the commission may not be involved in gaming.

Subsection 4 Changes the amount that members are paid per day for compensation from 75.00 to the current amount under subsection 1 of section 54-03-20, which is currently \$213.00.

Subsection 6 is language that outlines new responsibilities of the gaming commission to hold public hearings according to chapter 28-32, which is the open meetings section of the law, upon the receipt of a complaint or evidence obtained from the Attorney General's gaming division. The commission would handle the sanctioning and discipline of charities and bars that operate or assist with charitable gaming. These hearings must be recorded on video and broadcast live. This section also sets the rules for disciplinary actions, fines and collection of fines. It is noteworthy that under this language that the commission may sanction a bar for violations of the gaming laws and rules.

Subsection 7 gives the commission authorization to refer criminal cases to the AG for prosecution

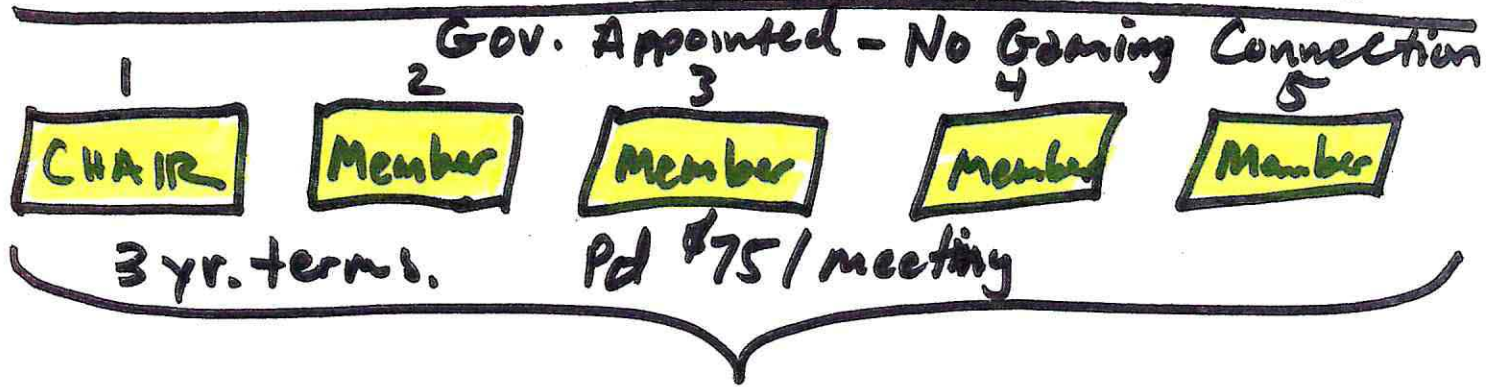
Section 2 of the bill changes the AG's role as it relates to alleged violations to that of referring any evidence of such violations to the Gaming Commission for review unless it falls under the AG's gaming division authority under admin rule and allows any decisions made by the AG's gaming division to be appealed to the gaming commission.

Section 3 Provides a one-time appropriation to the gaming commission for the purpose of defraying costs of operation.

Madame Chairman and members of the committee I ask for a do-pass recommendation of HB1525 and would be happy to try and answer any questions that you might have.



# CURRENT GAMING Commission System



Make Gaming Rules

AG Gaming Admin Division

Approve Charities

Investigate Complaints

Educate Charities

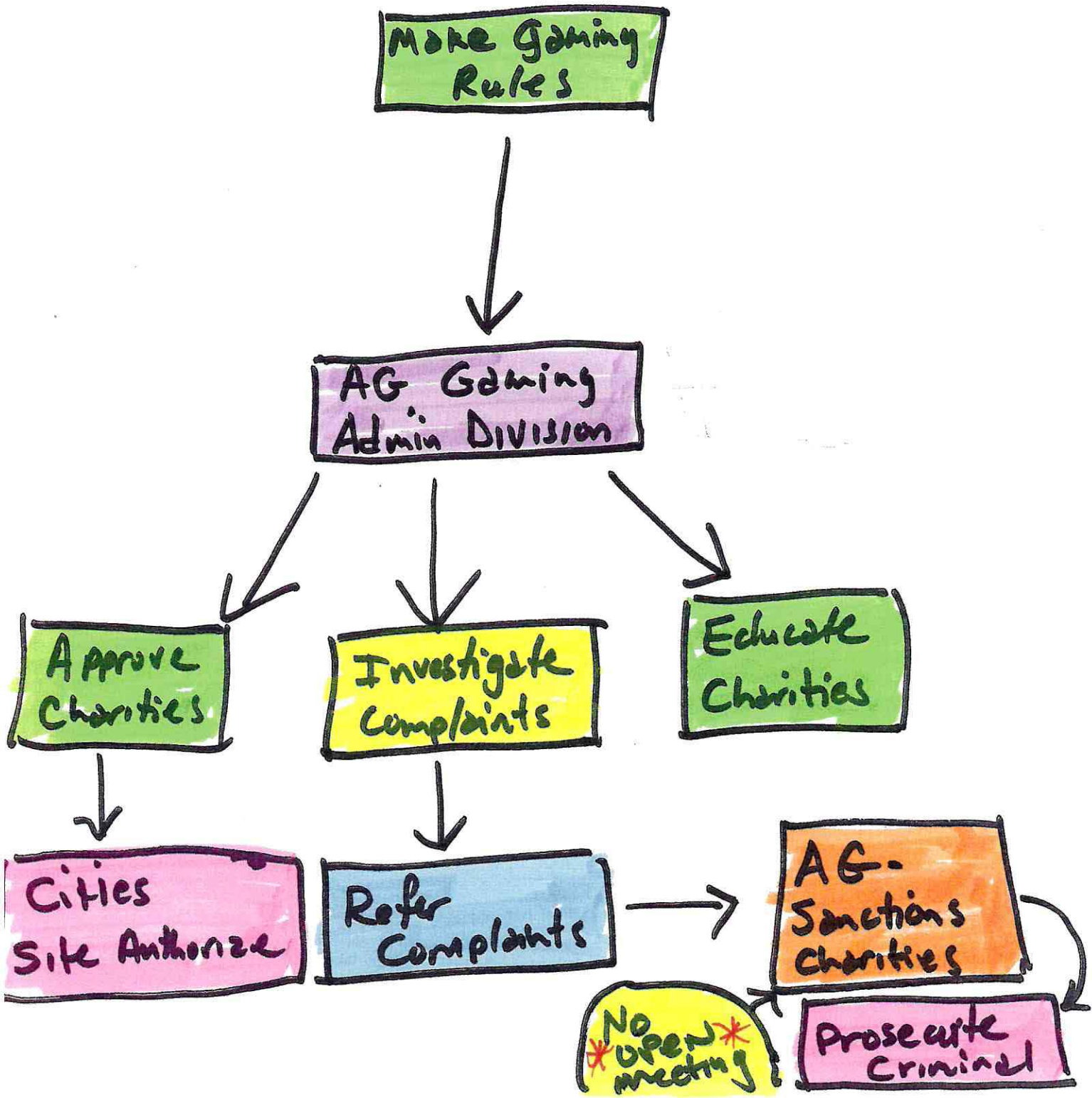
Cities Site Authorize

Refer Complaints

AG - Sanctions Charities

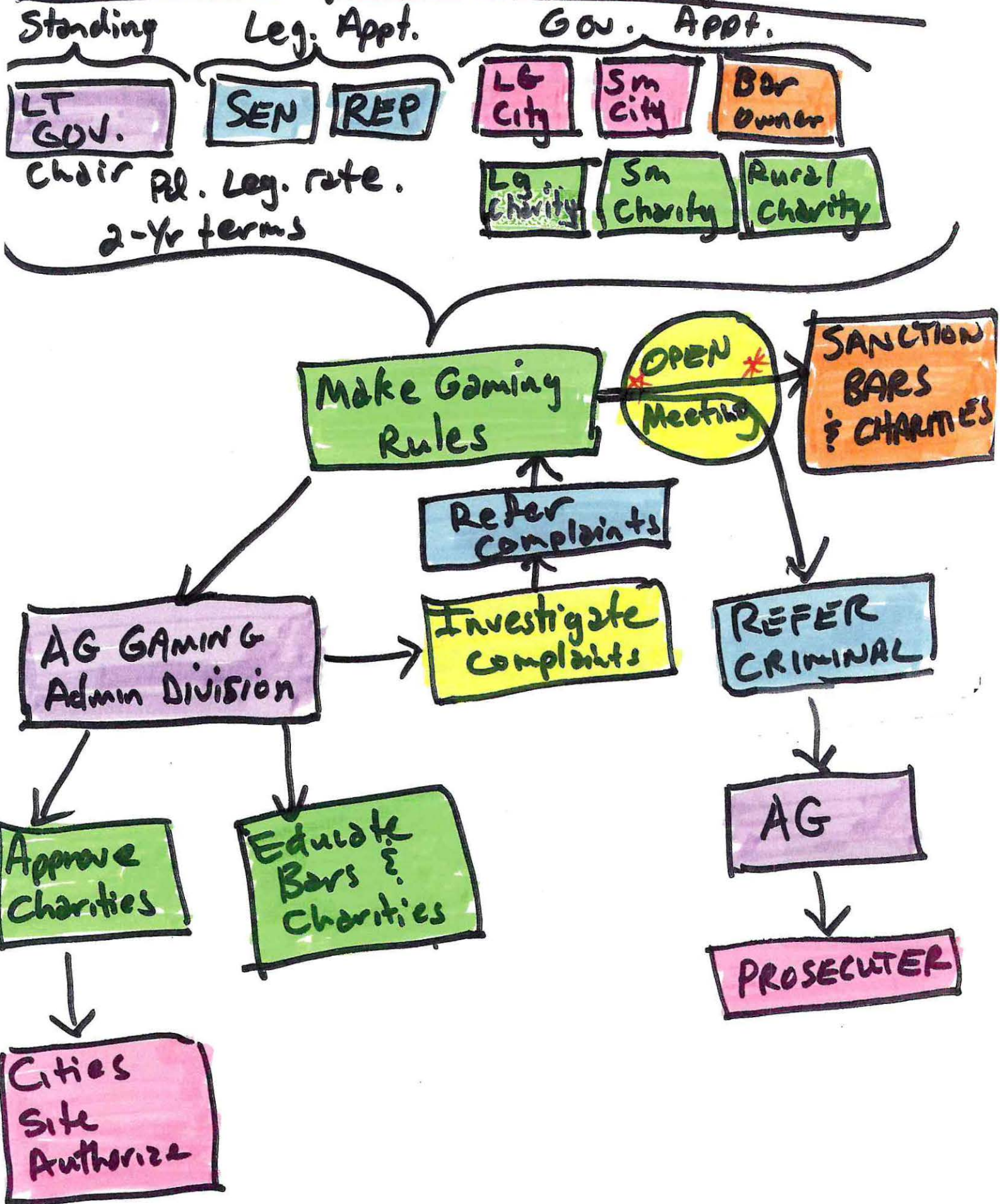
No Open \* meeting \*

Prosecute Criminal





# New Gaming Commission System



# 2025 SENATE STANDING COMMITTEE MINUTES

## Judiciary Committee Peace Garden Room, State Capitol

HB 1525  
3/10/2025

Relating to the structure of the state gaming commission and the administration and regulation of games of chance; and to provide an appropriation.

10:41 a.m. Chair Larson opened the hearing.

Members present:

Chair Larson, Vice Chairman Paulson, Senators: Castaneda, Cory, Luick, Myrdal, Braunberger.

### Discussion Topics:

- Gaming commission authority
- Legislative transparency
- Appellate court structure

10:41 a.m. Senator Myrdal updated the committee on background of the bill.

10:42 a.m. Senator Myrdal moved a Do Not Pass.

10:44 a.m. Senator Luick seconded the motion.

| Senators                  | Vote |
|---------------------------|------|
| Senator Diane Larson      | Y    |
| Senator Bob Paulson       | N    |
| Senator Ryan Braunberger  | N    |
| Senator Jose L. Castaneda | N    |
| Senator Claire Cory       | N    |
| Senator Larry Luick       | Y    |
| Senator Janne Myrdal      | Y    |

Motion Failed 3-4-0.

10:50 a.m. Chair Larson led committee discussion regarding status of this bill and committee decided to hold the bill for possible amendments.

10:50 a.m. Chair Larson closed the hearing.

*Kendra McCann, Committee Clerk*



# 2025 SENATE STANDING COMMITTEE MINUTES

## Judiciary Committee

Peace Garden Room, State Capitol

HB 1525

3/25/2025

Relating to the structure of the state gaming commission and the administration and regulation of games of chance; and to provide an appropriation.

3:24 p.m. Chair Larson opened the hearing.

Members present:

Chair Larson, Vice Chairman Paulson, Senators: Castaneda, Cory, Luick, Myrdal, Braunberger.

### Discussion Topics:

- Gaming commission structure
- Regulatory oversight

3:25 p.m. Representative Ben Koppelman introduced proposed amendment LC# 25.0798.03006, explained the amendment and submitted testimony in favor #43791.

3:35 p.m. Committee discussed hearing procedures, appeals, and reassigning responsibilities between the Attorney General and commission.

3:45 p.m. Committee debated over commission roles, meeting frequency, and accountability of appointed members.

3:50 p.m. Senator Paulson moved amendment LC# 25.0798.03006.

3:51 p.m. Senator Braunberger seconded.

3:52 p.m. Claire Ness, Chief Deputy Attorney General, ND Attorney General's Office, testified as neutral and answered committee questions.

4:01 p.m. Voice Vote - Motion Passed.

4:01 p.m. Senator Myrdal moved a Do Not Pass as amended.

4:01 p.m. Senator Luick seconded the motion.

| <b>Senators</b>           | <b>Vote</b> |
|---------------------------|-------------|
| Senator Diane Larson      | Y           |
| Senator Bob Paulson       | N           |
| Senator Ryan Braunberger  | N           |
| Senator Jose L. Casteneda | N           |
| Senator Claire Cory       | N           |
| Senator Larry Luick       | Y           |
| Senator Janne Myrdal      | Y           |

Motion Failed 3-4-0.

4:03 p.m. Senator Paulson moved a Do Pass as amended.

4:03 p.m. Senator Braunberger seconded.

| <b>Senators</b>           | <b>Vote</b> |
|---------------------------|-------------|
| Senator Diane Larson      | N           |
| Senator Bob Paulson       | Y           |
| Senator Ryan Braunberger  | Y           |
| Senator Jose L. Casteneda | Y           |
| Senator Claire Cory       | Y           |
| Senator Larry Luick       | N           |
| Senator Janne Myrdal      | N           |

Motion Passed 4-3-0.

4:03 p.m. Senator Braunberger will carry the bill.

4:03 p.m. Chair Larson closed the hearing.

*Kendra McCann, Committee Clerk*

ALG  
3-25-25  
(1-a)

Sixty-ninth  
Legislative Assembly  
of North Dakota

## PROPOSED AMENDMENTS TO FIRST ENGROSSMENT

### ENGROSSED HOUSE BILL NO. 1525

Introduced by

Representatives Koppelman, Grueneich, Hauck, Louser, M. Ruby, Vetter, D. Ruby

Senators Magrum, Cory, Meyer, Castaneda

1 A BILL for an Act to amend and reenact sections 53-06.1-01.1 and 53-06.1-15.1 of the North  
2 Dakota Century Code, relating to the structure of the state gaming commission and the  
3 administration and regulation of games of chance; ~~and~~ to provide an appropriation; and to  
4 provide for application.

### 5 BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

6 **SECTION 1. AMENDMENT.** Section 53-06.1-01.1 of the North Dakota Century Code is  
7 amended and reenacted as follows:

#### 8 **53-06.1-01.1. Gaming commission - Rules - Authority.**

9 1. The state gaming commission shall administer and control games of chance. The  
10 commission ~~consists~~ must consist of the:

11 a. The ~~lieutenant~~ governor or the governor's designee, who shall serve as chairman  
12 and four other;

13 b. ~~Six~~Four members appointed by the governor, with the consent of the senate,  
14 including one member who:

15 (1) Is an owner of an alcoholic beverage establishment where gaming is  
16 conducted;

17 (2) Represents a licensed organization ~~with adjusted gross proceeds not~~  
18 ~~exceeding fifty thousand dollars;~~

19 (3) ~~Represents a licensed organization with adjusted gross proceeds of fifty~~  
20 ~~thousand dollars or more;~~



- 1 ~~(4) Represents a licensed organization operating in a rural community with a~~  
2 ~~population of fewer than ten thousand;~~
- 3 ~~(5) Represents the governing body of a city with a population of forty thousand~~  
4 ~~or more; and~~
- 5 ~~(6) Represents the governing body of a city with a population of fewer than forty~~  
6 ~~thousand or the county where the city is located that has authorized sites~~  
7 ~~where gaming is conducted at the time the appointment is made; and~~
- 8 ~~(4) Is a member at large; and~~
- 9 c. Two members, one appointed by the speaker of the house of representatives and  
10 one appointed by the president pro tempore of the senate.
- 11 2. The appointed members serve three-year~~two-year~~ terms and until a successor is  
12 appointed and qualified. If the senate is not in session when the term of a member  
13 expires, the governor may make an interim appointment, and the interim appointee  
14 holds office until the senate confirms or rejects the appointment. A member appointed  
15 to fill a vacancy arising from other than the natural expiration of a term serves only for  
16 the unexpired portion of the term. The terms of the commissioners must be staggered  
17 so no more than ~~two~~three terms expire each July first.
- 18 2-3. ~~A person is ineligible for appointment to member of the commission if that person has~~  
19 ~~not been:~~
- 20 a. Must be a resident of this state for at least two years before the date of  
21 appointment. ~~A person is also ineligible if that person is not~~
- 22 b. Must be of such character and reputation as to promote public confidence in the  
23 administration of gaming in this state. ~~A person is also ineligible if that person has~~
- 24 c. May not have been convicted of a felony criminal offense or ~~has~~ pled guilty or  
25 been found guilty of any violation of chapter 12.1-06, 12.1-08, 12.1-09, 12.1-10,  
26 12.1-11, 12.1-12, 12.1-22, 12.1-23, 12.1-24, 12.1-28, 53-06.1, or 53-06.2, or ~~has~~  
27 pled guilty or been found guilty of any violation of section 6-08-16 or 6-08-16.2, or  
28 ~~has~~ pled guilty or been found guilty of any offense or violation that has a direct  
29 bearing on the ~~person's~~individual's fitness to be involved in gaming, or who has  
30 committed an equivalent offense or violation of the laws of another state or of the  
31 United States. ~~A person who has a financial interest in gaming or is an employee~~

1           or a member of the gaming committee of a licensed organization or distributor  
2           cannot be a member of the commission. For the purpose of this subsection, a  
3           financial interest includes the receiving of any direct payment from an eligible  
4           organization for property, services, or facilities provided to that organization.

5     ~~3.4.~~   Commission members are entitled to ~~seventy-five dollars~~ the amount under  
6           subsection 1 of section 54-03-20 per day for compensation for each day spent on  
7           commission duties and mileage and expense reimbursement as allowed to other state  
8           employees.

9     ~~4.5.~~   The commission shall meet at least quarterly.

10    ~~6.~~     The commission shall adopt rules in accordance with chapter 28-32, to administer and  
11           regulate the gaming industry, including methods of conduct, play, and promotion of  
12           games; minimum procedures and standards for recordkeeping and internal control;  
13           requiring tax returns and reports from organizations or distributors; methods of  
14           competition and doing business by distributors and manufacturers; acquisition and use  
15           of gaming equipment; quality standards or specifications for the manufacture of pull  
16           tabs, paper bingo cards, electronic pull tab devices, pull tab dispensing devices, bingo  
17           card marking devices, and fifty-fifty raffle systems; to ensure that net proceeds are  
18           used for educational, charitable, patriotic, fraternal, religious, or public-spirited uses; to  
19           protect and promote the public interest; to ensure fair and honest games; to ensure  
20           that fees and taxes are paid; and to prevent and detect unlawful gambling activity.

21    ~~6.7.~~   Based on evidence obtained from the attorney general or a complaint under chapter  
22           28-32, which demonstrates a person violated this chapter or a gaming rule, which  
23           could result in the revocation or suspension of a site authorization or an organization's  
24           gaming license or the imposition of a monetary fine of one thousand dollars or more,  
25           the commission shall hold a hearing according to the requirements under chapter  
26           28-32. A hearing to determine whether a violation occurred. The commission shall  
27           designate the time and place for the hearing and provide notice to the person accused  
28           of the violation at least forty-five days before the hearing. The parties may present  
29           evidence, examine, and cross-examine witnesses as provided under sections  
30           28-32-24 and 28-32-35. The hearing must be recorded on video and broadcast live.  
31           Upon disposition of an adjudicative proceeding



- 7.8. The commission shall determine whether a violation has occurred and issue an order within thirty days of the date the hearing concluded. In the order, the commission may:
- a. Require a representative of a licensed organization or distributor to participate in training or for good cause prohibit the person from being involved in gaming as an employee or volunteer. The commission may for good cause prohibit a person from providing personal or business services to an organization or distributor.
  - b. Prohibit a person from playing games if the person violates this chapter, chapter 12.1-28 or 53-06.2, or a gaming rule.
  - c. Require or authorize an organization to pay or prohibit an organization from paying a bingo, electronic quick shot bingo, or raffle prize to a player on a dispute or based on a factual determination or a hearing by the commission.
  - d. ~~Based on reasonable ground or written complaint, suspend~~ Suspend, deny, or revoke an organization's permit or an organization's, distributor's, or manufacturer's application or license for violation, by the organization, distributor, or manufacturer or any officer, director, agent, member, or employee of the organization, distributor, or manufacturer, of this chapter or any gaming rule.
  - e. Impose a monetary fine on a licensed organization, organization that has a permit, distributor, manufacturer, owner of an authorized site, or third-party business operating gaming and working as an agent of the charity for failure to comply with this chapter or any gaming rule. This fine may be in addition to or in lieu of a license suspension or revocation. The monetary fine for each violation by:
    - (1) An organization is a minimum of twenty-five dollars and may not exceed two percent of the organization's average quarterly gross proceeds, or five thousand dollars, whichever is greater.
    - (2) A distributor is a minimum of one hundred dollars and may not exceed five thousand dollars.
    - (3) A manufacturer is a minimum of five hundred dollars and may not exceed two hundred fifty thousand dollars.
    - (4) An owner of an authorized site is a minimum of two hundred fifty dollars and may not exceed two thousand five hundred dollars.



- 1           f. ~~At any time within three years after any amount of fees, monetary fine, interest,~~  
2           ~~penalty, or tax required to be paid pursuant to this chapter becomes due, bring a~~  
3           ~~civil action to collect the amount due. However, if for any reason there is a~~  
4           ~~change in adjusted gross proceeds or tax liability by an amount which is in~~  
5           ~~excess of twenty-five percent of the amount of adjusted gross proceeds or tax~~  
6           ~~liability originally reported on the tax return, any additional tax determined to be~~  
7           ~~due may be assessed within six years after the due date of the tax return, or~~  
8           ~~six years after the tax return was filed, whichever period expires later. An action~~  
9           ~~may be brought although the person owing the fees or tax is not presently~~  
10          ~~licensed.~~  
11          ~~g. Institute an action in any district court for declaratory or injunctive relief against a~~  
12          ~~person, whether or not the person has a gaming license, as the commission~~  
13          ~~deems necessary to prevent noncompliance with this chapter or gaming rules.~~  
14          ~~h. For good cause, require a licensed organization to use the attorney general's~~  
15          ~~recordkeeping system for all games.~~

16        7.9.   A person may appeal an order of the commission under this section to the office of  
17        administrative hearings to be considered by an administrative law judge according to  
18        the procedures for a hearing under chapter 28-32. Notwithstanding any other law, the  
19        hearing must be held within thirty days of the date the appeal is filed. The office of  
20        administrative hearings shall create a form to file an appeal under this subsection and  
21        publish the form on its website. An order of the commission must be stayed pending  
22        the determination of the appeal.

23        10.   The commission may refer to ~~the attorney general for prosecution~~ law enforcement any  
24        evidence the commission believes is evidence of a crime.

25        **SECTION 2. AMENDMENT.** Section 53-06.1-15.1 of the North Dakota Century Code is  
26        amended and reenacted as follows:

27        **53-06.1-15.1. Authority of the attorney general - Duties.**

28        1.   The attorney general may:

29        1-a.   Inspect all sites in which gaming is conducted or inspect all premises where  
30        gaming equipment is manufactured or distributed. The attorney general may  
31        require a licensed manufacturer to reimburse the attorney general for the

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1 reasonable actual cost of transportation, lodging, meals, and incidental expenses  
2 incurred in inspecting the manufacturer's facility.

3 ~~2-b.~~ Inspect all gaming equipment and supplies.

4 ~~3-c.~~ Seize, remove, or impound any gaming equipment, supplies, games, or books  
5 and records for the purpose of examination and inspection.

6 ~~4-d.~~ Demand access to and inspect, examine, photocopy, and audit all books and  
7 records of applicants, organizations, lessors, manufacturers, distributors, and  
8 affiliated companies concerning any income, expense, or use of net proceeds,  
9 and determine compliance with this chapter or gaming rules.

10 ~~5-e.~~ Permit the commissioner or proper representative of the internal revenue service  
11 of the United States to inspect a tax return or furnish a copy of the tax return, or  
12 information concerning any item contained in the return, or disclosed by any audit  
13 or investigation report of the gaming activity of any organization or player, or  
14 recordkeeping information. However, information cannot be disclosed to the  
15 extent that the attorney general determines that the disclosure would identify a  
16 confidential informant or seriously impair any civil or criminal investigation.  
17 Except when directed by judicial order, or for pursuing civil or criminal charges  
18 regarding a violation of this chapter or a gaming rule, or as is provided by law, the  
19 attorney general may not divulge nor make known, to any person, any income or  
20 expense item contained in any tax return or disclosed by an audit or investigative  
21 report of any taxpayer provided to the attorney general by the internal revenue  
22 service.

23 f. At any time within three years after any amount of fees, monetary fine, interest,  
24 penalty, or tax required to be paid under this chapter becomes due, bring a civil  
25 action to collect the amount due. However, if for any reason there is a change in  
26 adjusted gross proceeds or tax liability by an amount which is in excess of  
27 twenty-five percent of the amount of adjusted gross proceeds or tax liability  
28 originally reported on the tax return, any additional tax determined to be due may  
29 be assessed within six years after the due date of the tax return, or six years after  
30 the tax return was filed, whichever period expires later. An action may be brought  
31 although the person owing the fees or tax is not presently licensed.



- 1        g. Institute an action in any district court for declaratory or injunctive relief against a  
2        person, whether or not the person is a gaming licensee, as the attorney general  
3        deems necessary to prevent noncompliance with this chapter or gaming rules.
- 4        2. The attorney general shall refer ~~any evidence of a violation of law or rule~~ to the gaming  
5        commission for review any evidence that a person violated this chapter or a gaming  
6        rule, which could result in the revocation or suspension of a site authorization or an  
7        organization's gaming license or the imposition of a monetary fine of one thousand  
8        dollars or more, unless this chapter provides the attorney general authority regarding  
9        the violation, including a violation related to tax-related delinquency, permits, licensure,  
10       and site authorization. ~~A decision made by the attorney general under this chapter may~~  
11       ~~be appealed to the gaming commission.~~
- 12       6. ~~Require a representative of a licensed organization or distributor to participate in~~  
13       ~~training or for good cause prohibit the person from being involved in gaming as an~~  
14       ~~employee or volunteer. The attorney general may for good cause prohibit a person~~  
15       ~~from providing personal or business services to an organization or distributor.~~
- 16       7. ~~Prohibit a person from playing games if the person violates this chapter, chapter~~  
17       ~~12.1-28 or 53-06.2, or a gaming rule.~~
- 18       8. ~~Require or authorize an organization to pay or prohibit an organization from paying a~~  
19       ~~bingo, electronic quick shot bingo, or raffle prize to a player on a dispute or based on a~~  
20       ~~factual determination or a hearing by the attorney general.~~
- 21       9. ~~Based on reasonable ground or written complaint, suspend, deny, or revoke an~~  
22       ~~organization's permit or an organization's, distributor's, or manufacturer's application~~  
23       ~~or license for violation, by the organization, distributor, or manufacturer or any officer,~~  
24       ~~director, agent, member, or employee of the organization, distributor, or manufacturer,~~  
25       ~~of this chapter or any gaming rule.~~
- 26       10. ~~Impose a monetary fine on a licensed organization, organization that has a permit,~~  
27       ~~distributor, manufacturer, or third-party business operating gaming and working as an~~  
28       ~~agent of the charity for failure to comply with this chapter or any gaming rule. The~~  
29       ~~monetary fine for each violation by an organization is a minimum of twenty-five dollars~~  
30       ~~and may not exceed two percent of the organization's average quarterly gross~~  
31       ~~proceeds, or five thousand dollars, whichever is greater. The monetary fine for each~~



1 violation by a distributor is a minimum of one hundred dollars and may not exceed five  
2 thousand dollars. The monetary fine for each violation by a manufacturer is a minimum  
3 of five hundred dollars and may not exceed two hundred fifty thousand dollars. This  
4 fine may be in addition to or in place of a license suspension or revocation.

5 ~~11. At any time within three years after any amount of fees, monetary fine, interest,~~  
6 ~~penalty, or tax required to be paid pursuant to this chapter becomes due, bring a civil~~  
7 ~~action to collect the amount due. However, if for any reason there is a change in~~  
8 ~~adjusted gross proceeds or tax liability by an amount which is in excess of twenty-five~~  
9 ~~percent of the amount of adjusted gross proceeds or tax liability originally reported on~~  
10 ~~the tax return, any additional tax determined to be due may be assessed within six~~  
11 ~~years after the due date of the tax return, or six years after the tax return was filed,~~  
12 ~~whichever period expires later. An action may be brought although the person owing~~  
13 ~~the fees or tax is not presently licensed.~~

14 ~~12. Institute an action in any district court for declaratory or injunctive relief against a~~  
15 ~~person, whether or not the person is a gaming licensee, as the attorney general~~  
16 ~~deems necessary to prevent noncompliance with this chapter or gaming rules.~~

17 ~~13. For good cause, require a licensed organization to use the attorney general's~~  
18 ~~recordkeeping system for any or all games.~~

19 3. A person may appeal an order or action taken by the attorney general under this  
20 chapter to the office of administrative hearings to be considered by an administrative  
21 law judge according to the procedures for a hearing under chapter 28-32.  
22 Notwithstanding any other law, the hearing must be held within thirty days of the date  
23 the appeal is filed. The office of administrative hearings shall create a form to file an  
24 appeal under this subsection and publish the form on its website. An order of the  
25 attorney general must be stayed pending the determination of the appeal.

### 26 **SECTION 3. APPROPRIATION - OFFICE OF THE ATTORNEY GENERAL - GAMING**

27 **COMMISSION - ONE-TIME FUNDING.** There is appropriated out of any moneys in the general  
28 fund in the state treasury, not otherwise appropriated, the sum of \$25,000, or so much of the  
29 sum as may be necessary, to the office of the attorney general for the purpose of defraying the  
30 costs of operations of the gaming commission, for the biennium beginning July 1, 2025, and

1 ending June 30, 2027. The appropriation provided in this section is considered a one-time  
2 funding item.

3 **SECTION 4. APPLICATION.** For purposes of the membership of the gaming commission  
4 under section 1 of this Act, the term of a member serving on the gaming commission before the  
5 effective date of this Act terminates on June 30, 2025. The initial term of three of the four  
6 members appointed by the governor on July 1, 2025, under subsection 1 of section  
7 53-06.1-01.1, must be limited to a term of one year to effectuate the staggering of terms  
8 required under subsection 2 of section 53-06.1-01.1.

**REPORT OF STANDING COMMITTEE  
ENGROSSED HB 1525**

**Judiciary Committee (Sen. Larson, Chairman)** recommends **AMENDMENTS** ([25.0798.03006](#)) and when so amended, recommends **DO PASS** (4 YEAS, 3 NAYS, 0 ABSENT OR EXCUSED AND NOT VOTING). HB 1525 was placed on the Sixth order on the calendar. This bill does not affect workforce development.



25.0798.03006  
Title.

Prepared by the Legislative Council  
staff for Representative Koppelman  
March 25, 2025

Sixty-ninth  
Legislative Assembly  
of North Dakota

## PROPOSED AMENDMENTS TO FIRST ENGROSSMENT

### ENGROSSED HOUSE BILL NO. 1525

Introduced by

Representatives Koppelman, Grueneich, Hauck, Louser, M. Ruby, Vetter, D. Ruby

Senators Magrum, Cory, Meyer, Castaneda

1 A BILL for an Act to amend and reenact sections 53-06.1-01.1 and 53-06.1-15.1 of the North  
2 Dakota Century Code, relating to the structure of the state gaming commission and the  
3 administration and regulation of games of chance; ~~and to provide an appropriation; and to~~  
4 provide for application.

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

6 **SECTION 1. AMENDMENT.** Section 53-06.1-01.1 of the North Dakota Century Code is  
7 amended and reenacted as follows:

8 **53-06.1-01.1. Gaming commission - Rules - Authority.**

- 9 1. The state gaming commission shall administer and control games of chance. The  
10 commission ~~consists~~ must consist of the:
- 11 a. The ~~lieutenant~~ governor or the governor's designee, who shall serve as chairman  
12 and four other;
- 13 b. ~~Six~~Four members appointed by the governor, with the consent of the senate;  
14 including one member who:
- 15 (1) Is an owner of an alcoholic beverage establishment where gaming is  
16 conducted;
- 17 (2) Represents a licensed organization ~~with adjusted gross proceeds not~~  
18 ~~exceeding fifty thousand dollars;~~
- 19 (3) ~~Represents a licensed organization with adjusted gross proceeds of fifty~~  
20 ~~thousand dollars or more;~~

- 1 ~~(4) Represents a licensed organization operating in a rural community with a~~  
2 ~~population of fewer than ten thousand;~~  
3 ~~(5) Represents the governing body of a city with a population of forty thousand~~  
4 ~~or more; and~~  
5 ~~(6) Represents the governing body of a city with a population of fewer than forty~~  
6 ~~thousand or the county where the city is located that has authorized sites~~  
7 ~~where gaming is conducted at the time the appointment is made; and~~  
8 ~~(4) Is a member at large; and~~

9 c. Two members, one appointed by the speaker of the house of representatives and  
10 one appointed by the president pro tempore of the senate.

11 2. The appointed members serve ~~three-year~~two-year terms and until a successor is  
12 appointed and qualified. If the senate is not in session when the term of a member  
13 expires, the governor may make an interim appointment, and the interim appointee  
14 holds office until the senate confirms or rejects the appointment. A member appointed  
15 to fill a vacancy arising from other than the natural expiration of a term serves only for  
16 the unexpired portion of the term. The terms of the commissioners must be staggered  
17 so no more than ~~two~~three terms expire each July first.

18 2.3. ~~A person is ineligible for appointment to member of the commission if that person has~~  
19 ~~not been;~~

20 a. Must be a resident of this state for at least two years before the date of  
21 appointment. ~~A person is also ineligible if that person is not~~

22 b. Must be of such character and reputation as to promote public confidence in the  
23 administration of gaming in this state. ~~A person is also ineligible if that person has~~

24 c. May not have been convicted of a felony criminal offense or ~~has~~ pled guilty or  
25 been found guilty of any violation of chapter 12.1-06, 12.1-08, 12.1-09, 12.1-10,  
26 12.1-11, 12.1-12, 12.1-22, 12.1-23, 12.1-24, 12.1-28, 53-06.1, or 53-06.2, or ~~has~~  
27 pled guilty or been found guilty of any violation of section 6-08-16 or 6-08-16.2, or  
28 ~~has~~ pled guilty or been found guilty of any offense or violation that has a direct  
29 bearing on the person's individual's fitness to be involved in gaming, or who has  
30 committed an equivalent offense or violation of the laws of another state or of the  
31 United States. ~~A person who has a financial interest in gaming or is an employee~~

1           ~~or a member of the gaming committee of a licensed organization or distributor~~  
2           ~~cannot be a member of the commission. For the purpose of this subsection, a~~  
3           ~~financial interest includes the receiving of any direct payment from an eligible~~  
4           ~~organization for property, services, or facilities provided to that organization.~~

5    ~~3.4.~~   Commission members are entitled to ~~seventy-five dollars~~the amount under  
6           subsection 1 of section 54-03-20 per day for compensation for each day spent on  
7           commission duties and mileage and expense reimbursement as allowed to other state  
8           employees.

9    ~~4.5.~~   The commission shall meet at least quarterly.

10   ~~6.~~    The commission shall adopt rules in accordance with chapter 28-32, to administer and  
11           regulate the gaming industry, including methods of conduct, play, and promotion of  
12           games; minimum procedures and standards for recordkeeping and internal control;  
13           requiring tax returns and reports from organizations or distributors; methods of  
14           competition and doing business by distributors and manufacturers; acquisition and use  
15           of gaming equipment; quality standards or specifications for the manufacture of pull  
16           tabs, paper bingo cards, electronic pull tab devices, pull tab dispensing devices, bingo  
17           card marking devices, and fifty-fifty raffle systems; to ensure that net proceeds are  
18           used for educational, charitable, patriotic, fraternal, religious, or public-spirited uses; to  
19           protect and promote the public interest; to ensure fair and honest games; to ensure  
20           that fees and taxes are paid; and to prevent and detect unlawful gambling activity.

21   ~~6.7.~~   Based on evidence obtained from the attorney general ~~or a complaint under chapter-~~  
22           28-32, which demonstrates a person violated this chapter or a gaming rule, which  
23           could result in the revocation or suspension of a site authorization or an organization's  
24           gaming license or the imposition of a monetary fine of one thousand dollars or more,  
25           the commission shall hold a hearing ~~according to the requirements under chapter-~~  
26           28-32. A hearingto determine whether a violation occurred. The commission shall  
27           designate the time and place for the hearing and provide notice to the person accused  
28           of the violation at least forty-five days before the hearing. The parties may present  
29           evidence, examine, and cross-examine witnesses as provided under sections  
30           28-32-24 and 28-32-35. The hearing must be recorded on video and broadcast live.  
31           ~~Upon disposition of an adjudicative proceeding~~



- 7.8. The commission shall determine whether a violation has occurred and issue an order within thirty days of the date the hearing concluded. In the order, the commission may:
- a. Require a representative of a licensed organization or distributor to participate in training or for good cause prohibit the person from being involved in gaming as an employee or volunteer. The commission may for good cause prohibit a person from providing personal or business services to an organization or distributor.
  - b. Prohibit a person from playing games if the person violates this chapter, chapter 12.1-28 or 53-06.2, or a gaming rule.
  - c. Require or authorize an organization to pay or prohibit an organization from paying a bingo, electronic quick shot bingo, or raffle prize to a player on a dispute or based on a factual determination or a hearing by the commission.
  - d. ~~Based on reasonable ground or written complaint, suspend~~Suspend, deny, or revoke an organization's permit or an organization's, distributor's, or manufacturer's application or license for violation, by the organization, distributor, or manufacturer or any officer, director, agent, member, or employee of the organization, distributor, or manufacturer, of this chapter or any gaming rule.
  - e. Impose a monetary fine on a licensed organization, organization that has a permit, distributor, manufacturer, owner of an authorized site, or third-party business operating gaming and working as an agent of the charity for failure to comply with this chapter or any gaming rule. This fine may be in addition to or in lieu of a license suspension or revocation. The monetary fine for each violation by:
    - (1) An organization is a minimum of twenty-five dollars and may not exceed two percent of the organization's average quarterly gross proceeds, or five thousand dollars, whichever is greater.
    - (2) A distributor is a minimum of one hundred dollars and may not exceed five thousand dollars.
    - (3) A manufacturer is a minimum of five hundred dollars and may not exceed two hundred fifty thousand dollars.
    - (4) An owner of an authorized site is a minimum of two hundred fifty dollars and may not exceed two thousand five hundred dollars.

- 1           f. ~~At any time within three years after any amount of fees, monetary fine, interest,~~  
2           ~~penalty, or tax required to be paid pursuant to this chapter becomes due, bring a~~  
3           ~~civil action to collect the amount due. However, if for any reason there is a~~  
4           ~~change in adjusted gross proceeds or tax liability by an amount which is in~~  
5           ~~excess of twenty-five percent of the amount of adjusted gross proceeds or tax~~  
6           ~~liability originally reported on the tax return, any additional tax determined to be~~  
7           ~~due may be assessed within six years after the due date of the tax return, or~~  
8           ~~six years after the tax return was filed, whichever period expires later. An action~~  
9           ~~may be brought although the person owing the fees or tax is not presently~~  
10          ~~licensed.~~  
11          ~~g. Institute an action in any district court for declaratory or injunctive relief against a~~  
12          ~~person, whether or not the person has a gaming license, as the commission~~  
13          ~~deems necessary to prevent noncompliance with this chapter or gaming rules.~~  
14          ~~h. For good cause, require a licensed organization to use the attorney general's~~  
15          ~~recordkeeping system for all games.~~

16       7-9. A person may appeal an order of the commission under this section to the office of  
17       administrative hearings to be considered by an administrative law judge according to  
18       the procedures for a hearing under chapter 28-32. Notwithstanding any other law, the  
19       hearing must be held within thirty days of the date the appeal is filed. The office of  
20       administrative hearings shall create a form to file an appeal under this subsection and  
21       publish the form on its website. An order of the commission must be stayed pending  
22       the determination of the appeal.

- 23       10. The commission may refer to the attorney general for prosecution law enforcement any  
24       evidence the commission believes is evidence of a crime.

25       **SECTION 2. AMENDMENT.** Section 53-06.1-15.1 of the North Dakota Century Code is  
26       amended and reenacted as follows:

27       **53-06.1-15.1. Authority of the attorney general - Duties.**

28       1. The attorney general may:

- 29       4-a. Inspect all sites in which gaming is conducted or inspect all premises where  
30       gaming equipment is manufactured or distributed. The attorney general may  
31       require a licensed manufacturer to reimburse the attorney general for the

reasonable actual cost of transportation, lodging, meals, and incidental expenses incurred in inspecting the manufacturer's facility.

~~2-b.~~ Inspect all gaming equipment and supplies.

~~3-c.~~ Seize, remove, or impound any gaming equipment, supplies, games, or books and records for the purpose of examination and inspection.

~~4-d.~~ Demand access to and inspect, examine, photocopy, and audit all books and records of applicants, organizations, lessors, manufacturers, distributors, and affiliated companies concerning any income, expense, or use of net proceeds, and determine compliance with this chapter or gaming rules.

~~5-e.~~ Permit the commissioner or proper representative of the internal revenue service of the United States to inspect a tax return or furnish a copy of the tax return, or information concerning any item contained in the return, or disclosed by any audit or investigation report of the gaming activity of any organization or player, or recordkeeping information. However, information cannot be disclosed to the extent that the attorney general determines that the disclosure would identify a confidential informant or seriously impair any civil or criminal investigation. Except when directed by judicial order, or for pursuing civil or criminal charges regarding a violation of this chapter or a gaming rule, or as is provided by law, the attorney general may not divulge nor make known, to any person, any income or expense item contained in any tax return or disclosed by an audit or investigative report of any taxpayer provided to the attorney general by the internal revenue service.

f. At any time within three years after any amount of fees, monetary fine, interest, penalty, or tax required to be paid under this chapter becomes due, bring a civil action to collect the amount due. However, if for any reason there is a change in adjusted gross proceeds or tax liability by an amount which is in excess of twenty-five percent of the amount of adjusted gross proceeds or tax liability originally reported on the tax return, any additional tax determined to be due may be assessed within six years after the due date of the tax return, or six years after the tax return was filed, whichever period expires later. An action may be brought although the person owing the fees or tax is not presently licensed.



- 1 g. Institute an action in any district court for declaratory or injunctive relief against a  
2 person, whether or not the person is a gaming licensee, as the attorney general  
3 deems necessary to prevent noncompliance with this chapter or gaming rules.
- 4 2. The attorney general shall refer any evidence of a violation of law or rule to the gaming  
5 commission for review any evidence that a person violated this chapter or a gaming  
6 rule, which could result in the revocation or suspension of a site authorization or an  
7 organization's gaming license or the imposition of a monetary fine of one thousand  
8 dollars or more, unless this chapter provides the attorney general authority regarding  
9 the violation, including a violation related to tax-related delinquency, permits, licensure,  
10 and site authorization. A decision made by the attorney general under this chapter may  
11 be appealed to the gaming commission.
- 12 6. ~~Require a representative of a licensed organization or distributor to participate in~~  
13 ~~training or for good cause prohibit the person from being involved in gaming as an~~  
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15 ~~from providing personal or business services to an organization or distributor.~~
- 16 7. ~~Prohibit a person from playing games if the person violates this chapter, chapter~~  
17 ~~12.1-28 or 53-06.2, or a gaming rule.~~
- 18 8. ~~Require or authorize an organization to pay or prohibit an organization from paying a~~  
19 ~~bingo, electronic quick shot bingo, or raffle prize to a player on a dispute or based on a~~  
20 ~~factual determination or a hearing by the attorney general.~~
- 21 9. ~~Based on reasonable ground or written complaint, suspend, deny, or revoke an~~  
22 ~~organization's permit or an organization's, distributor's, or manufacturer's application~~  
23 ~~or license for violation, by the organization, distributor, or manufacturer or any officer,~~  
24 ~~director, agent, member, or employee of the organization, distributor, or manufacturer,~~  
25 ~~of this chapter or any gaming rule.~~
- 26 10. ~~Impose a monetary fine on a licensed organization, organization that has a permit,~~  
27 ~~distributor, manufacturer, or third-party business operating gaming and working as an~~  
28 ~~agent of the charity for failure to comply with this chapter or any gaming rule. The~~  
29 ~~monetary fine for each violation by an organization is a minimum of twenty-five dollars~~  
30 ~~and may not exceed two percent of the organization's average quarterly gross~~  
31 ~~proceeds, or five thousand dollars, whichever is greater. The monetary fine for each~~

violation by a distributor is a minimum of one hundred dollars and may not exceed five thousand dollars. The monetary fine for each violation by a manufacturer is a minimum of five hundred dollars and may not exceed two hundred fifty thousand dollars. This fine may be in addition to or in place of a license suspension or revocation.

41. At any time within three years after any amount of fees, monetary fine, interest, penalty, or tax required to be paid pursuant to this chapter becomes due, bring a civil action to collect the amount due. However, if for any reason there is a change in adjusted gross proceeds or tax liability by an amount which is in excess of twenty five percent of the amount of adjusted gross proceeds or tax liability originally reported on the tax return, any additional tax determined to be due may be assessed within six years after the due date of the tax return, or six years after the tax return was filed, whichever period expires later. An action may be brought although the person owing the fees or tax is not presently licensed.

42. Institute an action in any district court for declaratory or injunctive relief against a person, whether or not the person is a gaming licensee, as the attorney general deems necessary to prevent noncompliance with this chapter or gaming rules.

43. For good cause, require a licensed organization to use the attorney general's recordkeeping system for any or all games.

3. A person may appeal an order or action taken by the attorney general under this chapter to the office of administrative hearings to be considered by an administrative law judge according to the procedures for a hearing under chapter 28-32. Notwithstanding any other law, the hearing must be held within thirty days of the date the appeal is filed. The office of administrative hearings shall create a form to file an appeal under this subsection and publish the form on its website. An order of the attorney general must be stayed pending the determination of the appeal.

**SECTION 3. APPROPRIATION - OFFICE OF THE ATTORNEY GENERAL - GAMING COMMISSION - ONE-TIME FUNDING.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$25,000, or so much of the sum as may be necessary, to the office of the attorney general for the purpose of defraying the costs of operations of the gaming commission, for the biennium beginning July 1, 2025, and

1 ending June 30, 2027. The appropriation provided in this section is considered a one-time  
2 funding item.

3 **SECTION 4. APPLICATION.** For purposes of the membership of the gaming commission  
4 under section 1 of this Act, the term of a member serving on the gaming commission before the  
5 effective date of this Act terminates on June 30, 2025. The initial term of three of the four  
6 members appointed by the governor on July 1, 2025, under subsection 1 of section  
7 53-06.1-01.1, must be limited to a term of one year to effectuate the staggering of terms  
8 required under subsection 2 of section 53-06.1-01.1.