

2025 HOUSE JUDICIARY

HB 1615

2025 HOUSE STANDING COMMITTEE MINUTES

Judiciary Committee
Room JW327B, State Capitol

HB 1615
1/29/2025

A BILL for an Act to amend and reenact subsection 2 of section 53-06.1-03 and subsection 2 of section 53-06.1-11 of the North Dakota Century Code, relating to securing a lease for a gaming site location and allowable expenses from adjusted gross proceeds from charitable gaming.

9:31 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:

- Charitable gaming site authorization
- Process of conducting charitable gaming

9:32 a.m. Representative Jim Grueneich, North Dakota Representative for District 28, introduced the bill and provided testimony #32538.

9:45 a.m. Scott Meske, North Dakota Gaming Alliance, testified in favor and provided testimony #32454.

9:47 a.m. William Kalanek, Charitable Gaming Association of North Dakota, testified in favor and provided testimony #32384.

9:51 a.m. Rudy Martinson, North Dakota Hospitality Association, testified in favor.

9:53 a.m. Stephanie Engebretson, North Dakota League of Cities, testified in favor.

9:58 a.m. Deb McDaniel, Director of the Gaming Division with the Office of the Attorney General, testified in opposition.

Additional written testimony:

Janelle Mitzel, Development Homes Inc., submitted testimony in favor #31876
William Tyrrell, Rumors Sports Bar & Grill, submitted testimony in favor #31887
Don Santer, North Dakota Association for the Disabled, submitted testimony in favor #31948
Brent Brooks, Grand Forks, North Dakota, submitted testimony in favor #31950
Scott Strom, The Office Pub & Grub, submitted testimony in favor #32370
Kraig Rygg, Owner of SS&KR Investments LLC, submitted testimony in favor #32456

10:20 a.m. Chairman Klemin closed the hearing.

Wyatt Armstrong, Committee Clerk

In Support of HB 1615

House Judiciary Committee

Chairman Klemin

Submitted by Janelle Mitzel, Development Homes, Inc.

January 29th, 2025

Chairman Klemin & Committee members,

Please support HB 1615, which addresses the Charitable Gaming Site Authorization process. The language in the proposed bill clarifies the role of the local governing entities in relation to gaming licensing. For over 30 years a process has been followed, and recently has become problematic with a new interpretation of the law, essentially removing the private sector from the process. We have attempted to rectify this through the gaming regulatory process, however, the Office of AG Gaming Director Deb McDaniel advised this needed legislative action.

- For the past 30+ years the practical application for approval for site authorizations in local municipalities was to allow for local establishments to negotiate contracts with charities, then approval was granted by the local governing entity.
- Bar owners base their contracts on gaming services provided by the organization, reputation and reliability of the organization, different game types offered and hours of operation available by the organization, the relationship between the owner and organization, and the ability of the organization to adapt to customer and business needs of the site.
- Cities/counties should not determine what organization shall operate in a private sector establishment, without the consent of the private owner. This is interference by government into the private sector.
- If governing bodies solely determine which organizations operate at all locations in the jurisdiction, the fraternal and veteran's clubs may not be selected to operate gaming within their own establishments.
- NDCC states an eligible organization shall first secure approval for a site authorization from the governing body, then apply for a gaming license with the Office of AG. Approval may be granted at the discretion of the governing body. *It does not indicate the local governing body can determine winners and losers.*
- 53-06.1-03. Permits, site authorization, and licenses. #2
 - a. **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.**

This is NDCC. Governing bodies cannot interfere with how net proceeds are used and cannot require organizations to donate to particular programs or services as a condition of receiving a site authorization.

This legislation is attempting to match the law with the practice. Thank you for your consideration of a **Do Pass** on **HB 1615**.

Janelle Mitzel, Development Homes, Inc. Gaming Director

House Judiciary Committee, Chairman Klemin
Testimony in Support of HB 1615
William Tyrrell, Proprietor, Rumors Sports Bar & Grill, Grand Forks

Chairman Klemin & Committee Members:

Thank you for allowing me the opportunity to express my concerns regarding a changed gaming site authorization process with the cities of ND.

For over 25 years I have been involved in gaming in ND, and have been a bar owner for the past ten in Grand Forks. I have always worked with one organization, who in addition to having the site authorization at my location, offers the unique service of off-track betting through the ND Racing Commission. We have invested thousands of dollars in equipment and setup in my bar for gaming services, and have built up a substantial clientele for the gaming offered at my bar. While this organization is in good standing within the community, I do not believe that the city should have the right or ability to not grant the gaming site authorization to this organization for my establishment, without good cause. Licensing for a gaming site should be similar to a city granting business or building permits. As a private business I am shocked to think the local municipality can solely decide who I **have** to do business with.

It is unreasonable to believe that the city has the business knowledge of what organization is best for my business. I determine what organization has the ability and resources to provide the desired game types for my establishment, complimentary customer service, staffing for all operational hours, up-to-date equipment, has the capability to work collaboratively with my business model and ultimately who is trustworthy to represent part of my business. I should not have to prove to the local governing body what is best for my business, and if I disagree with the organizational selection then my business will suffer a major financial hit without gaming.

- How could I possibly negotiate a contract with a charity that has already been chosen for me? A take-it-or-leave-it approach by a governing body removes any bargaining power I have for gaming rental fees and gaming services offered.
- How could a charity make long-term financial commitments for specific locational gaming equipment knowing that within one year the city may determine a competing organization would be better for my business?
- Cities and counties have a conflict of interest in this matter. Government-related entities raise money through charitable gaming and are granting authorizations to their favorite organizations. CVBs, park boards, and economic development non-profits certainly benefit city government and for-profit corporations; if cities are the sole decision-maker you will see charitable gaming become a bigger extension of government.

This process will become very political if not clarified. Cities should not pick winners, losers and their favorites. This is clearly interference of government in the private sector. Thank you for your consideration.

Sincerely,

William Tyrrell
Rumors Sports Bar & Grill, Grand Forks
(701) 740-5278



Enhancing Our Impact

2024 Annual Report

Our Purpose

NDAD (the North Dakota Association for the Disabled) is a nonprofit, charitable organization that assists people with health challenges in North Dakota. Our mission is to enhance the quality of lives of individuals facing health challenges.

Who We Help

Here are a few people from each of our regions who have shared their NDAD story with us. See all at ndad.org.



Kristi Dilger

(Bismarck)

Condition: Juvenile Rheumatoid Arthritis

How NDAD helped:
Medical Equipment



Anne Compton

(Grand Forks)

Condition: Parkinson's Disease

How NDAD helped:
Community Fundraiser



Roger Wilson

(Dickinson)

Condition: Lymphoma

How NDAD helped:
Prescription Assistance
Medical Travel, Lodging



Lynette Deaver

Condition: Anxiety, Depression, Arthritis

Larry Hanson
Condition: Anxiety, Depression, Epilepsy
(Minot)

How NDAD helped:
Paratransit Assistance

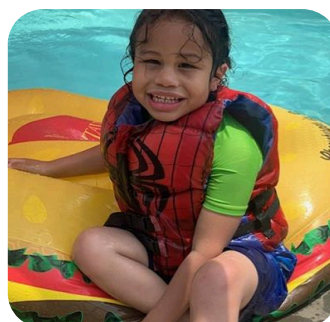


Greg Lane

(Fargo)

Condition: Diabetes, Chronic Kidney Disease, Coronary Artery Disease

How NDAD helped:
Prescription Assistance, Equipment, Paratransit Assistance



Geno Williams

(Williston)

Condition: Autism

How NDAD helped:
Adaptive Recreation Assistance

Community Impact

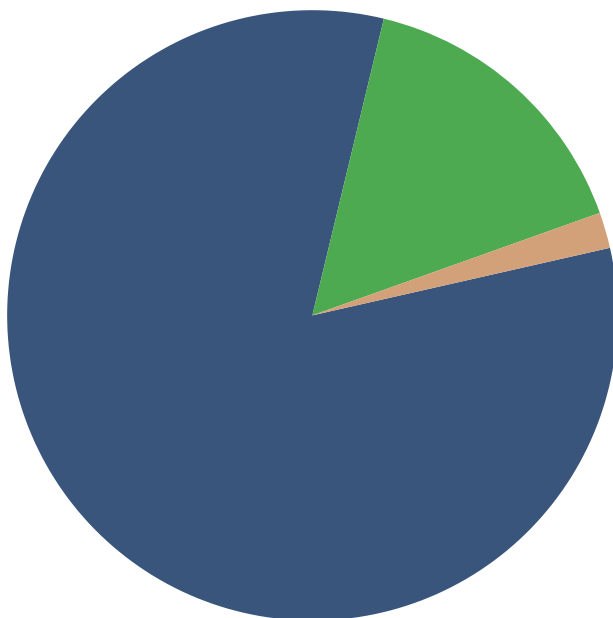
- Direct Financial Assistance
 - Prescription Medication
 - Medical Equipment & Supplies
 - Medical Travel
 - Accessibility & Paratransit
- Healthcare Equipment Loan Program
- Adaptive Recreation Events & Activities
- Community Fundraising Projects
- Organ Transplant Fund
- Information, Referral and Advocacy

To read more about these programs, visit ndad.org

2024 at a Glance

- Loaned **5,424 pieces of medical equipment** to **2,940 individuals** saving North Dakota residents **over \$664,040**
- **6,121 prescriptions** filled
- **2,134 medical trips** funded
- Purchased **328 pieces of medical equipment** and **567 medical supplies**
- **Wheelchair-accessible van** loaned to 126 individuals **for 246 trips.**
- Funds totaling **\$100,050 awarded to 24 organizations** to either assist individuals with disabilities or those otherwise at risk
- **8,049 accessible rides** funded for employment, shopping, and community events
- **4,465 hours** personal attendant care, respite care provided
- **50,665 interactions made**, such as phone calls, emails and other communication

Financial Impact*



82.4%

Program
Services

\$2,235,103

15.8 %

Management &
General

\$428,292

1.9%

Fundraising

\$53,248

HB 1615
House Judiciary Committee
Submitted by Don Santer for NDAD
01/29/2025

Chairman Klemin and Committee Members,

Thank you for the opportunity to provide information regarding the charitable gaming industry of North Dakota. My name is Don Santer, representing the North Dakota Association for the Disabled (NDAD). For 50 years, NDAD has been dedicated to improving the quality of life for persons with disabilities and health challenges across North Dakota.

NDAD is a non-profit, charitable organization serving individuals with health concerns and disabilities throughout the state from our six locations in Bismarck, Dickinson, Fargo, Grand Forks, Minot, and Williston. In 2024, NDAD assisted thousands of North Dakota residents with more than **\$2.23 million** in services and resources that may have been otherwise unavailable to them. We work diligently to avoid duplicating services provided by other state or local entities, making us a crucial last resort for many individuals.

In 2024, NDAD funded most of its services through charitable gaming funds, which enabled us to make a significant impact on the lives of people with health challenges and their families:

- **6,121 prescriptions for covered medications:** Ensuring individuals have access to necessary medications to manage their health conditions.
- **2,134 out-of-town medical travel trips:** Providing transportation for essential medical appointments, reducing the burden on individuals and their families.
- **8,049 accessible rides for employment, shopping, and community events:** Facilitating independence and participation in daily activities.
- **24 organizations were awarded \$100,050 in funds to assist individuals with disabilities or those otherwise at risk:** Supporting other organizations in their efforts to improve the lives of people with disabilities and health challenges.
- **328 pieces of medical equipment and 567 medical supplies purchased:** Ensuring individuals have the tools they need to manage their health and maintain their independence.
- **40-50 individuals assisted with adaptive recreational activities annually:** Promoting physical and mental well-being through inclusive recreational opportunities.
- **Healthcare Equipment Loan Program (HELP):** Serving several thousand households with 5,424 pieces of equipment, equating to a savings of more than \$664,000 for North Dakota residents.

Additionally, NDAD administers the North Dakota Transplant Fund and provides information, referral, and public awareness to North Dakota residents. Our mission is to

serve the residents of North Dakota, and it is through charitable gaming that we are able to fulfill this mission.

The services provided by NDAD are not just beneficial but essential for improving the lives of people with disabilities and health challenges. They offer the support needed to overcome barriers, achieve personal goals, and live fulfilling lives. By ensuring access to these services, we create a more inclusive and equitable society for everyone. We fund our services through charitable gaming funds and have built long-term relationships with bar owners from whom we lease space.

NDAD supports this bill because it aims to clean up existing language and clarify the process of obtaining site authorization for charitable gaming sites. Traditionally, after verifying eligibility to conduct gaming in a jurisdiction, organizations have obtained a rental agreement with a bar owner and then submitted the proper documentation to the local governing body for approval. However, some jurisdictions have recently reinterpreted the existing language, positioning themselves as site selection entities rather than approval entities. This reinterpretation allows cities to install charities of their choosing into any location, even against the wishes of the bar owner and sometimes the established charity. Essentially, it forces site owners to accept an organization other than the one with which they had a rental agreement.

Cities should not have the power to impose or compel a bar to accept a charity they do not want, especially when there are other eligible charities the bar would prefer to work with. NDAD has been operating gaming with some of our bar owners for more than 20 years. We are concerned that if more cities adopt this new interpretation, we could be ousted from sites we have spent years developing. This would include a loss of tens of thousands of dollars invested in required security equipment, furniture, surveillance equipment, and expensive gaming equipment at a site.

North Dakota has developed a highly regulated system for charitable gaming to benefit charitable missions that serve local communities. This bill will clarify the wording in the law to reflect historically accepted practices. NDAD respectfully asks you to consider a **Do Pass** recommendation on **HB 1615**.

Thank you, Mr. Chairman and members of the committee, for your time and thoughtful consideration. Please feel free to contact me with any additional questions you may have.

Respectfully,

Don Santer, NDAD
dsanter@ndad.org

House Judiciary
Chairman Klemin
In Support of HB 1615
January 29th, 2025
Submitted by Brent Brooks

Please support HB 1615 addressing the site authorization process and the role of cities.

In the spring of 2020 I signed a rental agreement with a bar owner in Rugby, ND. The bar establishment was disgruntled with the existing charity due to the limited services they were providing, and inadequate funding for bar assist banks. This was causing an undue hardship for the bar owner. I was asked to contact the bar owner to possibly provide gaming services to his bar, which lead to a contractual agreement to begin when the existing contract expired on June 30th of that year.

As the usual practice I submitted the site authorization, rental agreement, and corresponding paperwork to the city of Rugby. Days later I was informed a site authorization had already been granted and approved to the existing organization for the time period specified for my new contract. After discussions with the bar owner, it was determined the only contract that existed was between CAP, the charity I work for, and the bar owner; no contract for the other organization had been presented or signed.

As this was all a surprise to the bar owner, we both visited City Hall to address this issue. How could the city issue a site authorization without the approval of the bar owner, and to an organization without a contract?

After researching the situation, legal counsel for the city of Rugby was informed by the Office of AG that this decision was to be made by the city. The city had the sole authority to decide who could solely operate gaming within a private establishment, regardless of any contractual obligations of the bar owner. As the gaming manager of CAP, I was informed by the city council that my organization would not be granted a site authorization. The bar owner was informed by the city council he would have to enter into a contract with the current charitable operator or would not be able to offer gaming at his establishment for the upcoming fiscal year.

I tried clarifying this practice with the Office of AG, and was told in no uncertain terms that “the bar owner does not have any choice as to who will operate gaming in their private establishment; cities have the sole authority to determine who will operated in locations.” This has not been the practice or should be in the future.

Testimony in Support of HB 1615

House Judiciary Committee & Chairman Klemin

Submitted by Scott Strom, Grand Forks

Chairman Klemin & Committee Members, thank you for your consideration of a **Do Pass on HB 1615**. My career in the hospitality business in Grand Forks has spanned over 15 years, and I am currently a proprietor of two hospitality establishments in my community.

The purpose of gaming is to support charities, not to fund projects designated by local government. City governments should not determine what charity I **must** work with in order to offer gaming, who I **have** to enter into a contract with to provide gaming, or the length of my contract with particular charities.

- As a private business owner, I want to rent space to and collaborate with gaming organizations that I believe are in the best interest of my private business. Over my years in this industry, I have worked with and witnessed gaming groups that provide inadequate services, sub-par customer service to patrons within bar establishments and below expectations as a partner with shared interests.
- If a bar owner is offered superior gaming services, higher rent for gaming space, different or additional game types offered, experienced gaming staff to operate within my establishment, or extra hours of operation from a reputable charity doesn't the bar owner have that right?
- Bars are private businesses and proprietors have the right to select services that complement their business models and provide opportunities to increase revenue. Bar owners are not in private business to specifically raise money for directives by local government. Decisions regarding my bar are determined with my financial interests in mind.
- As a private business owner, I have the right to select who I will be partnering with on endeavors within my establishments. Cities directing who I **have** to work with as a condition of offering charitable gaming is clearly government interference into the private sector.

Thank you for your consideration on HB 1615.

Scott Strom, Grand Forks

(218) 280-0776

HB 1615
House Judiciary Committee
Submitted by Bill Kalanek, CGAND
January 29, 2025

Chairman Klemin and members of the House Judiciary Committee, my name is Bill Kalanek, here today on behalf the CGAND, the Charitable Gaming Association of ND.

CGAND supports the proposed language in the bill to clarify the role of the local governing entities with respect to gaming site authorizations. For many years the practice for organizations has been to obtain a rental agreement with a bar owner first, and then submit all the proper documentation to the local governing body. This process can become problematic with some interpretations of the law, essentially removing the private sector from the process.

Site owners select gaming organizations based on reputation and reliability of the organization, their interest and support of the organization's mission, the quality and selection of game types offered, and hours of operation the charity can provide. The relationship is maintained between the owner and organization by the ability of the organization to adapt to customer and business needs of the site.

The gaming organization invests many thousands of dollars in gaming equipment, surveillance systems, security devices, and employee development. Gaming organizations consider these long-term investments and are allowed to sign up to 5-year rental agreements with their bar owners. Charities are required to get annual site authorizations, but those re-authorizations were intended to verify a charity is still in good standing, not give the governing body a chance to replace them with another organization.

CGAND does not support removing a city's ability to control gaming in their jurisdiction or determine what charities are eligible. Many cities have existing ordinances or regulations outlining eligibility for gaming organizations. This bill clarifies the eligible charity may have a lease (rental agreement) with the site owner first. The original intent was to give the city **approval** authority, not **selection** authority. If a charity is eligible to operate in a jurisdiction, the city should not be able to select what organization shall operate in a private sector establishment, without the consent of the private owner.

For over 40 years North Dakota has developed a responsible and highly regulated system for charitable gaming to benefit charitable missions that serve your local communities. This bill is designed to clarify the wording and reflect what has historically been accepted in practice. That is why CGAND is asking you to consider a **Do Pass** recommendation on **HB 1615**.

Respectfully,

Bill Kalanek, CGAND



Benefiting North Dakota Communities through Charitable Gaming

Testimony in SUPPORT of House Bill 1615

January 29, 2025

Chairman Klemin and Members of the House Judiciary Committee:

I'm Scott Meske, representing the North Dakota Gaming Alliance and on behalf of the Members of the NDGA, we offer our support for House Bill 1615.

The NDGA has long supported a clarification of the gaming site license process. HB 1615 seeks to place into Century Code an approval process for the charity, the site, and the regulators.

The lease is between two private entities, one charity and one alcohol beverage establishment as defined in Century Code, which we worked on last session. After a lease is secured, the local governing body may approve the site to conduct charitable gaming, which then is forwarded to the Attorney General's office for review.

The local authority may not require a site to enter into a lease with a specific organization as a condition of receiving site approval. The local authority also may not place any condition on how the charitable proceeds may be used.

Section two of the bill adjusts the percentage of adjusted net proceeds a charity may use for expenses. If the charity reports \$100,000 or less per quarter, the percentage is 62 percent. If adjusted gross proceeds is above \$100,000, per quarter, the expense limit remains at 60 percent.

This certainly helps smaller charities that might have difficulty maintaining pace with inflation of items like, wages and material costs to effectively conduct their gaming operations.



Benefiting North Dakota Communities through Charitable Gaming

We have worked on this particular section of the gaming regulations for some time, and we believe HB 1615 is a solid solution, and we urge a DO PASS.

Thank you, and I'll try to answer any questions you may have.

Testimony in Support of HB 1615
House Judiciary Committee
Submitted by Kraig Rygg
January 29th, 2025

Chairman Klemin & Committee members, thank you for the opportunity to submit testimony in favor of HB 1615, addressing the Charitable Gaming Site Authorization process.

I have been involved with ownership of liquor establishments and worked with charitable gaming for nearly 30 years. My family owned and operated a bar in the Grand Forks area for many years, and now I am the proprietor of two GF liquor establishments.

My support of HB1615 stems from the need to clean-up the language and clarify the process to obtain a gaming site authorization. A business owner has the knowledge and expertise to determine what is best for his business and I have concerns with the possibility of local municipalities dictating terms of my business dealings and contractual agreements.

As a bar owner, I make my decision whom to contract with for gaming services based on many things including; the reputation and reliability of the organization, game types offered, and the ability of the organization to adapt to customer and business needs of the site. I reserve the right to determine who can effectively work in partner with my business, and within the vision of my business model. HB1615 will clarify wording to ensure that as a business owner I am able to continue to make these decisions without the interference of local government.

Thank you for your consideration of a **Do Pass** on HB 1615.

Kraig Rygg
The Office – Pub & Grub & Charlies Public House
701.740.1898

HB 1615 NDLC Suggested Amendments

SECTION 1. AMENDMENT. Subsection 2 of section 53-06.1-03 of the North Dakota

Century Code is amended and reenacted as follows:

2. 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 a lease for a gaming site location which has terms stating that the lease is not valid if the eligible organization fails to secure approval for the site authorization from the governing body of the city or county.

b. After securing a lease for a gaming site location as provided in subsection a, next 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,~~ The approved authorization must be recorded on a site authorization form that is to accompany the license application to the attorney general 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 not require a site to enter a lease with a specific organization as a condition of receiving a site authorization;

(f) May deny a site authorization if an application is incomplete or if

9 granting approval would violate a local ordinance or policy. An
 ordinance or policy placing a condition on how charitable funds may be
 used may not affect the approval of a site authorization; and

10 (g) May charge a one hundred dollar fee for a site authorization.

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

12 (a) Creating and enforcing rules that are more stringent than state law
13 regarding charitable gaming as otherwise permitted in code; or

14 (b) Denying a site authorization for just cause, including, after
15 consultation with the attorney general, a violation of state law or local
16 rules.

17 ~~b-c.~~ Annually applying for a license from the attorney general before July first on a
18 form prescribed by the attorney general and remitting a one hundred seventy-five
19 dollar license fee for each city or county that approves a site authorization. The
20 attorney general shall deposit twenty-five dollars of this fee into the charitable
21 gaming technology fund under section 53-06.1-12.4. However, the attorney
22 general may allow an organization that only conducts a raffle or calcutta in two or
23 more cities or counties to annually apply for a consolidated license and remit a
24 one hundred seventy-five dollar license fee for each city or county in which a site
25 is located. The attorney general shall deposit twenty-five dollars of this fee into
26 the charitable gaming technology fund under section 53-06.1-12.4. An
27 organization shall document that it qualifies as an eligible organization. If an
28 organization amends its primary purpose as stated in its articles of incorporation
1 or materially changes its basic character, the organization shall reapply for
2 licensure. The attorney general may deny issuance of a license or deny renewal
3 of a license to an eligible organization that has obtained approval of site
4 authorization under subdivision a, if the organization or site is not in compliance
5 with applicable laws and rules.

6 **SECTION 2. AMENDMENT.** Subsection 2 of section 53-06.1-11 of the North Dakota
7 Century Code is amended and reenacted as follows:

8 2. Allowable expenses may be deducted from adjusted gross proceeds. The allowable
9 expense limit is ~~sixty~~.

10 a. Sixty percent of the adjusted gross proceeds per quarter if the total adjusted
11 gross proceeds for the quarter exceed one hundred thousand dollars; and

- 12 b. Sixty-two percent of the adjusted gross proceeds per quarter if the total adjusted
13 gross proceeds for the quarter are one hundred thousand dollars or less.

2025 HOUSE STANDING COMMITTEE MINUTES

Judiciary Committee
Room JW327B, State Capitol

HB 1615
1/29/2025

Relating to securing a lease for a gaming site location and allowable expenses from adjusted gross proceeds from charitable gaming.

2:53 p.m. Chairman Klemin opened the hearing.

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

Members Absent: Representatives McLeod, Satrom

Discussion Topics:

- Differences between lease and rental agreements
- Committee action

3:05 p.m. Representative Wolff moved a Do Not Pass.

3:05 p.m. Representative Tveit seconded the motion.

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

3:07 p.m. Motion passed 8-4-2

3:07 p.m. Representative S. Olson will carry the bill.

3:09 p.m. Chairman Klemin closed the hearing.

Wyatt Armstrong, Committee Clerk

REPORT OF STANDING COMMITTEE
HB 1615 ([25.1214.01000](#))

Judiciary Committee (Rep. Klemin, Chairman) recommends **DO NOT PASS** (8 YEAS, 4 NAYS, 2 ABSENT AND NOT VOTING). HB 1615 was placed on the Eleventh order on the calendar.

2025 SENATE JUDICIARY

HB 1615

2025 SENATE STANDING COMMITTEE MINUTES

Judiciary Committee Peace Garden Room, State Capitol

HB 1615
3/5/2025

Relating to securing a lease for a gaming site location and allowable expenses from adjusted gross proceeds from charitable gaming.

3:00 p.m. Chair Larson opened the hearing.

Members present:

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

Discussion Topics:

- Local governance authority
- Charitable organization relationships
- Site authorization process
- Rental agreements
- Charitable gaming regulations
- Community impact considerations

3:00 p.m. Representative Grueneich introduced the bill and submitted testimony in favor #39012.

3:19 p.m. Stephanie Engebretson, Staff Attorney, ND League of Cities, testified in favor.

3:35 p.m. William Kalanek, Lobbyist, Charitable Gaming Assoc. of ND, testified in favor and submitted testimony #38720.

3:42 p.m. Scott Meske, Lobbyist, North Dakota Gaming Alliance, testified in favor and submitted testimony #38760.

3:44 p.m. Rudie Martinson, ND Hospitality Association, testified in favor.

3:45 p.m. Reed Johnson, Legal Intern, ND Governor's Office, testified in opposition and submitted testimony #40032.

3:49 p.m. Deb McDaniel, Director, Charitable Gaming for the ND Office of Attorney General, testified in opposition and submitted testimony #41274.

4:09 p.m. Howard Klug, Mayor, City of Williston, testified in opposition.

Additional written testimony:

Janelle Mitzel, Gaming Director, Development Homes Inc., submitted testimony in favor #38575.

Brent A. Brooks, Gaming Manager, CAP, submitted testimony in favor #38630.

Bill Tyrrell, Rumors Sport Bar & Grill, submitted testimony in favor #38650.

Don Santer, CEO, NDAD, submitted testimony in favor #38706.

Kristen A. Bechtold, Bookkeeper, Velva Volunteer Fire Department Gaming, submitted testimony in opposition #38652.

Mary Liz Davis, Commissioner, City of Velva, submitted testimony in opposition #38812.

4:18 p.m. Chair Larson adjourned.

Kendra McCann, Committee Clerk

In Support of HB 1615

Senate Judiciary Committee

Chairperson Larson

Submitted by Janelle Mitzel, Development Homes, Inc.

January 29th, 2025

Chairperson Larson & Committee members,

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- For the past 30+ years the practical application for approval for site authorizations in local municipalities was to allow for local establishments to negotiate contracts with charities, then approval was granted by the local governing entity.
- Bar owners base their contracts on gaming services provided by the organization, reputation and reliability of the organization, different game types offered and hours of operation available by the organization, the relationship between the owner and organization, and the ability of the organization to adapt to customer and business needs of the site.
- Cities/counties should not determine what organization shall operate in a private sector establishment, without the consent of the private owner. This is interference by government into the private sector.
- If governing bodies solely determine which organizations operate at all locations in the jurisdiction, the fraternal and veteran's clubs may not be selected to operate gaming within their own establishments.
- NDCC states an eligible organization shall first secure approval for a site authorization from the governing body, then apply for a gaming license with the Office of AG. Approval may be granted at the discretion of the governing body. *It does not indicate the local governing body can determine winners and losers.*
- 53-06.1-03. Permits, site authorization, and licenses. #2
 - a. **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.**

This is NDCC. Governing bodies cannot interfere with how net proceeds are used and cannot require organizations to donate to particular programs or services as a condition of receiving a site authorization.

This legislation is attempting to match the law with the practice. Thank you for your consideration of a **Do Pass** on **HB 1615**.

Janelle Mitzel, Development Homes, Inc. Gaming Director

Senate Judiciary
Chairperson Larson
In Support of HB 1615

March 5th, 2025

Submitted by Brent Brooks, Citizens Assistance Program

Please support HB 1615 addressing the site authorization process and the role of cities.

In the spring of 2020 I signed a rental agreement with a bar owner in Rugby, ND. The bar establishment was disgruntled with the existing charity due to the limited services they were providing, and inadequate funding for bar assist banks. This was causing an undue hardship for the bar owner. I was asked to contact the bar owner to possibly provide gaming services to his bar, which lead to a contractual agreement to begin when the existing contract expired on June 30th of that year.

As the usual practice I submitted the site authorization, rental agreement, and corresponding paperwork to the city of Rugby. Days later I was informed a site authorization had already been granted and approved to the existing organization for the time period specified for my new contract. After discussions with the bar owner it was determined that the only contract that existed was between CAP and the bar owner; no contract for the other organization had been presented or signed.

As this was all a surprise to the bar owner, we both visited City Hall to address this issue. How could the city issue a site authorization without the approval of the bar owner, and to an organization without a contract?

After researching the situation, legal counsel for the city of Rugby was informed by the Office of AG that this decision was to be made by the city. The city had the sole authority to decide who could solely operate gaming within a private establishment, regardless of any contractual obligations of the bar owner. As the gaming manager of CAP I was informed by the city council that my organization would not be granted a site authorization. The bar owner was informed by the city council he would have to enter into a contract with the current charitable operator or would not be able to offer gaming at his establishment for the upcoming fiscal year.

I tried clarifying this practice with the Office of AG, and was told in no uncertain terms that “the bar owner does not have any choice as to who will operate gaming in their private establishment; cities have the sole authority to determine who will operated in locations.” This has not been the practice or should be in the future.

Senate Judiciary Committee, Chairperson Larson
Testimony in Support of HB 1615
William Tyrrell, Proprietor, Rumors Sports Bar & Grill, Grand Forks

Chairperson Larson & Committee Members:

Thank you for allowing me the opportunity to express my concerns regarding a changed gaming site authorization process with the cities of ND.

For over 25 years I have been involved in gaming in ND and have been a bar owner for the past ten in Grand Forks. I have always worked with one organization, who in addition to having the site authorization at my location, offers the unique service of off-track betting through the ND Racing Commission. We have invested thousands of dollars in equipment and set up in my bar for gaming services, and have built up a substantial clientele for the gaming offered at my bar. While this organization is in good standing within the community, I do not believe that the city should have the right or ability to not grant the gaming site authorization to this organization for my establishment, without good cause. Licensing for a gaming site should be similar to a city granting business or building permits. As a private business I am shocked to think the local municipality can solely decide who I **must** do business with if I want gaming services.

It is unreasonable to believe that the city has the business knowledge of what organization is best for my business. I determine what organization has the ability and resources to provide the desired game types for my establishment, complimentary customer service, staffing for all operational hours, up-to-date equipment, has the capability to work collaboratively with my business model and ultimately who is trustworthy to represent part of my business. I should not have to prove to the local governing body what is best for my business, and if I disagree with the organizational selection then my business will suffer a major financial hit without gaming.

- How could I possibly negotiate a contract with a charity that has already been chosen for me? A take-it-or-leave-it approach by a governing body removes any bargaining power I have for gaming rental fees and gaming services offered.
- How could a charity make long-term financial commitments for specific locational gaming equipment knowing that within one year the city may determine a competing organization would be better for my business?
- Cities and counties have a conflict of interest in this matter. Government-related entities raise money through charitable gaming and are granting authorizations to their favorite organizations. CVBs, park boards, and economic development non-profits certainly benefit city government and for-profit corporations; if cities are the sole decision-maker you will see charitable gaming become a bigger extension of government.

This process will become very political if not clarified. Cities should not pick winners, losers and their favorites. This is clearly interference of government in the private sector. Thank you for your consideration.

Sincerely,

William Tyrrell
Rumors Sports Bar & Grill, Grand Forks
(701) 740-5278

North Dakota Senate
State Capitol
600 E Boulevard Ave
Bismarck, ND 58505

Subject: Opposition to House Bill 1615 – Protection
of Local Charitable Gaming Organizations

Dear North Dakota Senators,
I am writing to express my strong opposition to House Bill 1615, specifically regarding the amendment that removes local government approval from site gaming authorizations. This change would have significant negative consequences for small, local charities that rely on gaming revenues to support their community initiatives.

Over the past few years, we have seen a troubling pattern in which smaller, local charities have had to fight to retain their gaming sites due to external pressures. The proposed amendment would further exacerbate this issue by allowing non-local organizations to gain authorization to operate gaming sites without local oversight. This would inevitably lead to larger, outside organizations encroaching on existing gaming locations, pushing out smaller, community-based charities that are already struggling to maintain their operations. While I understand the opposition of private businesses being governed by local lawmakers decisions can be frustrating; it also plays a crucial role of checks and balances for the city. Many times, without the support of small local charities rural emergency services will be required to seek funding from other sources or may possibly be alleviated totally due to lack of funding.

Local governments play a crucial role in ensuring that charitable gaming remains a community-driven effort that benefits North Dakota residents directly. By removing their oversight, HB 1615 opens the door to an influx of organizations that may not have the best interests of our local communities at heart. Local government has zero authority on how a gaming entity can distribute

funds. The result would be a shift in gaming revenue away from the local charities and local communities that small towns have long relied upon to support essential community services, youth programs, and other charitable initiatives.

I urge you to reject this amendment and uphold the integrity charitable gaming in North Dakota.

Protecting the ability of local organizations to maintain their sites and continue serving the communities should be a priority. I appreciate your time and consideration and respectfully ask that you stand in support of small, local charities by opposing this harmful provision within HB 1615.

Sincerely,

Kristen Bechtold

Velva Volunteer Fire Department Gaming

HB 1615
Senate Judiciary Committee
Submitted by Don Santer for NDAD
03/05/2025

Chairperson Larson and Committee Members,

Thank you for the opportunity to provide information regarding the charitable gaming industry of North Dakota. My name is Don Santer, representing the North Dakota Association for the Disabled (NDAD). For 50 years, NDAD has been dedicated to improving the quality of life for persons with disabilities and health challenges across North Dakota.

NDAD is a non-profit, charitable organization serving individuals with health concerns and disabilities throughout the state from our six locations in Bismarck, Dickinson, Fargo, Grand Forks, Minot, and Williston. In 2024, NDAD assisted thousands of North Dakota residents with more than **\$2.23 million** in services and resources that may have been otherwise unavailable to them. We work diligently to avoid duplicating services provided by other state or local entities, making us a crucial last resort for many individuals. For your convenience I have attached our current annual report.

The services provided by NDAD are not just beneficial but essential for improving the lives of people with disabilities and health challenges. They offer the support needed to overcome barriers, achieve personal goals, and live fulfilling lives. We fund our services through charitable gaming funds and have built long-term relationships with bar owners from whom we lease space.

NDAD supports HB 1615 because it aims to put into code the actual process charities have been required to follow for decades. This bill clarifies existing language and removes the ambiguity for the process of obtaining site authorization for charitable gaming sites. Below is a quick synopsis of the process of obtaining a site authorization.

A licensed organization wishing to conduct in a new jurisdiction:

Through due diligence, a charity should verify eligibility to conduct gaming in a new jurisdiction. This is not a "site authorization" just simply checking the rules to make sure they are allowed to operate in that jurisdiction otherwise the city may deny the site authorization.

Step 1: The organization locates an available site (the bar) and enters into an agreement to provide gaming. At this point the game types, location in the facility, and rent is worked out; this is the **"rental agreement"**.

Step 2: Once the rental agreement is obtained, the charity then submits all the proper documentation to the local governing body for approval. If the city approves, they sign a **"site authorization"**.

Step 3: The site authorization is submitted to the AG's office for final approval.

An established charity at a previously approved site:

Step 1: The charity submits the proper documentation to the local governing body for annual approval. Rental agreements with the site owner can be from one to five years. New rental agreements may need to be re-obtained if they have expired.

Step 2: The annual site authorization is submitted to the AG's office for final approval.

Currently there is no requirement to have a rental agreement in code or gaming regulation, but most local authorities require them as a part of their process. According to the AG's office, the state only requires a rental agreement if rent is going to be paid. This is to verify the charity is not paying more rent than century code allows.

However, some jurisdictions have recently reinterpreted the lack of rental agreement requirement to position themselves as site selection entities rather than approval entities. This reinterpretation allows cities to install charities of their choosing into any location, even against the wishes of the bar owner and the established charity. Essentially, it forces site owners to accept an organization other than the one with which they had a rental agreement.

There have also been cases where a charity submits site authorization paperwork for a site that is occupied by an existing charity. The city can approve their site authorization even before the site owner and existing charity is even aware. This is also called "site pirating" and can cause legal issues for the bar owner and previous charity if they have a standing rental agreement.

Cities should not have the power to impose or compel a bar to accept a charity they do not want, especially when there are other eligible charities the bar would prefer to work with. NDAD has been operating gaming with some of our bar owners for more than 20 years. We are concerned that if more cities adopt this new interpretation, we could be ousted from sites we have spent years developing. This would include a loss of tens of thousands of dollars invested in required security equipment, furniture, surveillance equipment, and expensive gaming equipment at a site.

This bill only clarifies wording in law to reflect historically accepted practices. NDAD respectfully asks you to consider a **Do Pass** recommendation on **HB 1615**.

Thank you, madam chairperson and members of the committee, for your time and thoughtful consideration. Please feel free to contact me with any additional questions you may have.

Respectfully,

Don Santer, NDAD
dsanter@ndad.org

Enhancing Our Impact

2024 Annual Report

Our Purpose

NDAD (the North Dakota Association for the Disabled) is a nonprofit, charitable organization that assists people with health challenges in North Dakota. Our mission is to enhance the quality of lives of individuals facing health challenges.

Who We Help

Here are a few people from each of our regions who have shared their NDAD story with us. See all at ndad.org.



Kristi Dilger

(Bismarck)

Condition: Juvenile
Rheumatoid Arthritis

How NDAD helped:
Medical Equipment



Anne Compton

(Grand Forks)

Condition: Parkinson's
Disease

How NDAD helped:
Community Fundraiser



Roger Wilson

(Dickinson)

Condition: Lymphoma

How NDAD helped:
Prescription Assistance
Medical Travel, Lodging



Lynette Deaver

Condition: Anxiety,
Depression, Arthritis

Larry Hanson
Condition: Anxiety,
Depression, Epilepsy
(Minot)

How NDAD helped:
Paratransit Assistance



Greg Lane

(Fargo)

Condition: Diabetes, Chronic
Kidney Disease, Coronary
Artery Disease

How NDAD helped:
Prescription Assistance,
Equipment, Paratransit
Assistance



Geno Williams

(Williston)

Condition: Autism

How NDAD helped:
Adaptive Recreation
Assistance

Community Impact

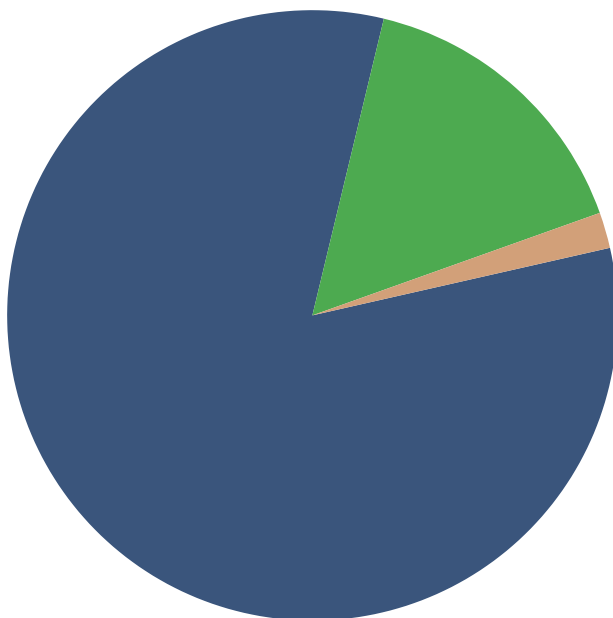
- Direct Financial Assistance
 - Prescription Medication
 - Medical Equipment & Supplies
 - Medical Travel
 - Accessibility & Paratransit
- Healthcare Equipment Loan Program
- Adaptive Recreation Events & Activities
- Community Fundraising Projects
- Organ Transplant Fund
- Information, Referral and Advocacy

To read more about these programs, visit ndad.org

2024 at a Glance

- Loaned **5,424 pieces of medical** equipment to **2,940 individuals** saving North Dakota residents **over \$664,040**
- **6,121 prescriptions** filled
- **2,134 medical trips** funded
- Purchased **328 pieces of medical equipment** and **567 medical supplies**
- **Wheelchair-accessible van** loaned to 126 individuals **for 246 trips.**
- Funds totaling **\$100,050 awarded to 24 organizations** to either assist individuals with disabilities or those otherwise at risk
- **8,049 accessible rides** funded for employment, shopping, and community events
- **4,465 hours** personal attendant care, respite care provided
- **50,665 interactions made**, such as phone calls, emails and other communication

Financial Impact*



82.4%

Program
Services

\$2,235,103

15.8 %

Management &
General

\$428,292

1.9%

Fundraising

\$53,248

HB 1615
Senate Judiciary Committee
Submitted by Bill Kalanek, CGAND
March 5, 2025

Chair Larson and members of the Senate Judiciary Committee, my name is Bill Kalanek, here today on behalf of CGAND, the Charitable Gaming Association of ND.

CGAND supports the proposed language in the bill to clarify the role of the local governing entities with respect to gaming site authorizations. For many years the practice for organizations has been to obtain a rental agreement with a bar owner first, then submitting all the proper documentation to the local governing body. This process can become problematic with some interpretations of the law, essentially removing the private sector from the process.

Site owners select gaming organizations based on reputation and reliability of the organization, their interest and support of the organization's mission, the quality and selection of game types offered, and hours of operation the charity can provide. The relationship is maintained between the owner and organization by the ability of the organization to adapt to customer and business needs of the site.

The gaming organization invests many thousands of dollars in gaming equipment, surveillance systems, security devices, and employee development. Gaming organizations consider these long-term investments and are allowed to sign up to 5-year rental agreements with their bar owners. Charities are required to get annual site authorizations, but those re-authorizations were intended to verify a charity is still in good standing, not give the governing body a chance to replace them with another organization.

CGAND does not support removing a city's ability to control gaming in their jurisdiction or determine what charities are eligible. Many cities have existing ordinances or regulations outlining eligibility for gaming organizations. This bill clarifies the eligible charity may have a lease (rental agreement) with the site owner first. The original intent was to give the city **approval** authority, not **selection** authority. If a charity is eligible to operate in a jurisdiction, the city should not be able to select what organization shall operate in a private sector establishment, without the consent of the private owner.

For over 40 years North Dakota has developed a responsible and highly regulated system for charitable gaming to benefit charitable missions that serve your local communities. This bill is designed to clarify the wording and reflect what has historically been accepted in practice. That is why CGAND is asking you to consider a **Do Pass** recommendation on **HB 1615**.

Respectfully,

Bill Kalanek, CGAND



Benefiting North Dakota Communities through Charitable Gaming

Testimony in SUPPORT of House Bill 1615

March 5, 2025

Madam Chair Larson and Members of the Senate Judiciary Committee:

I'm Scott Meske, representing the North Dakota Gaming Alliance and on behalf of the Members of the NDGA, we stand in support for House Bill 1615.

The NDGA has long supported a clarification of the gaming site license process. HB 1615 seeks to place into Century Code an approval process for the charity, the site, and the regulators.

The lease is between two private entities, one charity and one alcohol beverage establishment as defined in Century Code, which we worked on last session. After a lease is secured, the local governing body may approve the site to conduct charitable gaming, which then is forwarded to the Attorney General's office for review.

The local authority may not require a site to enter into a lease with a specific organization as a condition of receiving site approval. The local authority also may not place any condition on how the charitable proceeds may be used. There is a July 24, 1985 Attorney General's Opinion on this particular issue, and has been in force since its issuance.

Section two of the bill adjusts the percentage of adjusted net proceeds a charity may use for expenses. If the charity reports \$100,000 or less per quarter, the percentage is 62 percent. If adjusted gross proceeds is above \$100,000, per quarter, the expense limit remains at 60 percent.



Benefiting North Dakota Communities through Charitable Gaming

This certainly helps smaller charities that might have difficulty maintaining pace with inflation of items like, wages and material costs to effectively conduct their gaming operations, including the rent increase that was approved last session.

We have worked on this particular section of the gaming regulations for some time, and we believe HB 1615 is a solid solution, and we respectfully request a DO PASS recommendation from your Committee.

Thank you, and I'll try to answer any questions.

HB 1615 Charitable Gaming Site Authorization, should be **stopped** on the Senate floor. **Do Not Pass**

This is a troublesome bill for communities like mine: Velva, pop. 1,086. Outside gaming entities want unfettered entry into local bars **and** want to eliminate local government approval.

Our charitable gaming (Velva Fire Department Gaming) takes a repeated lead with expenditures needed for Velva to have a credible fire department – which is imperative. This is an example of small towns being creative with charitable gaming proceeds and keeping it local. We need assurance that this will continue.

Not everyone understands or knows what exists in a community regarding charitable gaming proceeds and how detrimental it can be to rural communities. Many small cities use local gaming dollars for improvement and maintenance—curb appeal. These are things local small budgets can't always support because of limited dollars.

I believe cities and townships need to be another stopping point to retain a local voice for their constituents and gaming entities. Cities need to know what is coming into their jurisdiction, plain and simple.

Points to consider but not solely unique to Velva:

- Our fire department covers both rural and urban areas. Given the nature of climate swings, we are not immune to devastating fires. We need a vibrant, skilled fire department with top-of-the-line equipment and gear.
- The fire department's latest truck acquisition (all gaming funds) carried a hefty \$275,000 price tag. Velva is planning a new fire station, hopefully in the next five years. It will be constructed on land recently acquired with gaming dollars.

- Should a significant decrease in revenue occur, additional dollars will be needed to maintain a viable fire department, and funding will have to be syphoned elsewhere from the taxpayers, insurance premiums, and state coffers.
- Home and business insurance premiums factor into a fire department's proximity when insuring dwellings and property.
- Bar owners may not be fully informed or understand the value of certain gaming dollars and their crucial role in a community.
- An agreement is needed between the gaming and the bar first, as it has been, but the local government needs to continue as another step in the process.
- Charitable gambling has been a hardy alternative for cities to thrive without additional taxation to the citizens. Councils and commissions need to stay in the process for added strength to small towns.

This bill would be a punch to small cities that have utilized local charitable gaming to strengthen their community in detrimental ways.

DO NOT PASS. HB 1615

Thank you for your time and consideration.

Mary Liz Davis

City Commissioner

Velva ND

HB 1615 NDLC Suggested Amendments

SECTION 1. AMENDMENT. Subsection 2 of section 53-06.1-03 of the North Dakota

Century Code is amended and reenacted as follows:

2. 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 a ~~lease~~ rental agreement for a gaming site location. The rental agreement must be contingent on securing approval for the site authorization from the governing body of the city or county.
- b. After securing a ~~lease~~ rental agreement for a gaming site location as provided in subsection a, next securing approval for a site authorization from the governing body of the city or county in which the proposed site is located. A copy of the rental agreement must be submitted with the application for the site authorization. ~~Approval, which may be granted at the discretion of the governing body. The An approved authorization~~ must be recorded on a site authorization form that is to accompany the license application to the attorney general 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 not require a site to enter a lease with a specific organization as

7 a condition of receiving a site authorization;

8 (f) May deny a site authorization if an application is incomplete or if

9 granting approval would violate a local ordinance or policy. An
ordinance or policy placing a condition on how charitable funds may be
used may not affect the approval of a site authorization;

(g) May have an ordinance or policy setting the qualifications of eligible
organizations receiving a site authorization.

(h) May limit the number of site authorizations an eligible organization can
receive.

10 (gi) May charge a one hundred dollar fee for a site authorization.

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

12 (a) Creating and enforcing rules that are more stringent than state law
13 regarding charitable gaming as otherwise permitted in code; or

14 (b) Denying a site authorization for just cause, including, after
15 consultation with the attorney general, a violation of state law or local
16 rules.

17 b-c. Annually applying for a license from the attorney general before July first on a
18 form prescribed by the attorney general and remitting a one hundred seventy-five
19 dollar license fee for each city or county that approves a site authorization. The
20 attorney general shall deposit twenty-five dollars of this fee into the charitable
21 gaming technology fund under section 53-06.1-12.4. However, the attorney
22 general may allow an organization that only conducts a raffle or calcutta in two or
23 more cities or counties to annually apply for a consolidated license and remit a
24 one hundred seventy-five dollar license fee for each city or county in which a site
25 is located. The attorney general shall deposit twenty-five dollars of this fee into
26 the charitable gaming technology fund under section 53-06.1-12.4. An
27 organization shall document that it qualifies as an eligible organization. If an
28 organization amends its primary purpose as stated in its articles of incorporation
1 or materially changes its basic character, the organization shall reapply for
2 licensure. The attorney general may deny issuance of a license or deny renewal
3 of a license to an eligible organization that has obtained approval of site
4 authorization under subdivision a, if the organization or site is not in compliance

5 with applicable laws and rules.

6 **SECTION 2. AMENDMENT.** Subsection 2 of section 53-06.1-11 of the North Dakota
7 Century Code is amended and reenacted as follows:

8 2. Allowable expenses may be deducted from adjusted gross proceeds. The allowable
9 expense limit is ~~sixty~~:

- 10 a. Sixty percent of the adjusted gross proceeds per quarter if the total adjusted
11 gross proceeds for the quarter exceed one hundred thousand dollars; and
12 b. Sixty-two percent of the adjusted gross proceeds per quarter if the total adjusted
13 gross proceeds for the quarter are one hundred thousand dollars or less.

Testimony on HB 1615 3/5/25

Chair Larson, Vice-Chair Pabelson, members of Senate Judiciary Committee

~~The governor's~~ My name is Reid Johnson and I am a legal intern with the governor's office and a second-year law student at UNO.

As written, the governor's office opposes HB 1615. Currently,

a public-spirited organization must apply first with the A.G.'s office, next with the governing body of the city or county in which the proposed site is located, and finally securing approval for a site authorization from that governing body (NDCC 53-06.1-03 (2)(a)). Think:

(1) State, (2) City or County, (3) Establishment Bar. 1615 changes this by:

^{applies w/ State, second,} first, securing a governing site location (p.1, lines 10), ^{finally,} next securing approval from the governing body of the city or county (p.1, lines 11-12), 1615 goes

(1) State, (2) Bar, (3) City or County. Additionally, 1615 says a governing body may ^{not} ~~not~~:

"require a site to enter a lease with a specific organization as a condition of receiving a site authorization." p. 2, lines 7-8.

1615 allows bars to negotiate directly with charities and simply inform the County or City governing body on the back end. ~~The~~

amendments do the same.

①

The governor's office has concerns about losing local governance and control over charitable gaming. By keeping the current language, the local governing body retains control over which charity may go to which ~~be~~ eligible bar or restaurant. ^{> no ^muscling}
The governor's office fears there will be unintended consequences if HB 1615 is passed as written. Thank you, and I stand for any questions of the committee.

* Accountable ≠ efficient *

Bill passed in original form: Amendments:

- bar owner doesn't have a say
 - allowed to have a preference in current state
- business arrangements

SENATE JUDICIARY COMMITTEE
TESTIMONY OF DEB MCDANIEL
OFFICE OF ATTORNEY GENERAL
HOUSE BILL NO. 1615

The intent for Charitable Gaming is for a Charity to conduct a privileged activity given to them by the legislative body to help support their primary purpose.

This is not a "profession" and is not a "business" this is a privileged for only nonprofit charitable organizations to conduct to help support the nonprofits primary purpose. There is no reference in century code to allow for this to be a business contract or business deal with any site or for-profit business. If charities start making "deals" with site owners than the site owners are dictating who, what, where and when gaming can be conducted. This would then become part of the business plan of the site owner and will take away the charities ability to determine what would be most profitable for the Charity.

The only reference in century code is the maximum amount of rent a charity can offer to a site owner. This office, by Administrative Rule, requires a "Rental Agreement" to be completed after a city or county has issued a site authorization outlining who, what, where and when gaming can be conducted in their jurisdiction. The "Rental Agreement" is only necessary to verify that a charity is not paying more than the maximum amount per law. There is no "lease agreement" or "contract" allowed as charitable gaming is not part of a sites business. The city/county is not required to ask for or review any rental agreement. If this is changed that it would become the city/county responsibility to review all rental agreements to ensure that the charitable organization is not paying over the maxim allowed. This is our offices responsible and is verified through the audit process.

The organization gets licensed by the state to verify that the organization is eligible to conduct per statute and then the city/county authorizes that the charity may conduct in the jurisdiction. There is nothing in century code that states that an agreement must be made by the site owner and charity, or that the city has any agreement with the site owner and the city/county. The site should have nothing to do with how gaming is to be conducted. The site can say whether or not they wish to have gaming, and the site may request a certain purpose to be conducted in the site, but gaming cannot be part of the "business plan" of a site. The site must be able to operate separately and individually from the charitable gaming organization.

It is very important to not have a for-profit business to be given the authority to determine who, what, or when gaming can be conducted as it then blurs the line of a for-profit gaming business activity or a nonprofit gaming privilege.

2025 SENATE STANDING COMMITTEE MINUTES

Judiciary Committee

Peace Garden Room, State Capitol

HB 1615

3/10/2025

Relating to securing a lease for a gaming site location and allowable expenses from adjusted gross proceeds from charitable gaming.

10:51 a.m. Chair Larson opened the hearing.

Members present:

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

Discussion Topics:

- Amendment regarding site authorization
- City and state permit processes
- Stakeholder collaboration

10:51 a.m. Senator Cory introduced proposed amendment provided by Representative Grueneich and submitted testimony #40017.

10:59 a.m. Chair Larson closed the hearing.

Kendra McCann, Committee Clerk

HB 1615 NDLC Suggested Amendments

SECTION 1. AMENDMENT. Subsection 2 of section 53-06.1-03 of the North Dakota

Century Code is amended and reenacted as follows:

2. 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 a ~~lease~~ rental agreement for a gaming site location. The rental agreement must be contingent on securing approval for the site authorization from the governing body of the city or county.

b. After securing a ~~lease~~ rental agreement for a gaming site location as provided in subsection a, next securing approval for a site authorization from the governing body of the city or county in which the proposed site is located. A copy of the rental agreement must be submitted with the application for the site authorization. ~~Approval, which may be granted at the discretion of the governing body. The An approved authorization~~ must be recorded on a site authorization form that is to accompany the license application to the attorney general 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 not require a site to enter a lease with a specific organization as

a condition of receiving a site authorization;

(f) May deny a site authorization if an application is incomplete or if granting approval would violate a local ordinance or policy. An ordinance or policy placing a condition on how charitable funds may be used may not affect the approval of a site authorization;

(g) May have an ordinance or policy setting the qualifications of eligible organizations receiving a site authorization from the city or county as long as the qualifications are not based on how charitable funds may be used.

(h) May limit the number of site authorizations an eligible organization can receive.

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

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

(a) Creating and enforcing rules that are more stringent than state law regarding charitable gaming as otherwise permitted in code; or

(b) Denying a site authorization for just cause, including, after consultation with the attorney general, a violation of state law or local rules.

~~b.c.~~ Annually applying for a license from the attorney general before July first on a form prescribed by the attorney general and remitting a one hundred seventy-five dollar license fee for each city or county that approves a site authorization. The attorney general shall deposit twenty-five dollars of this fee into the charitable gaming technology fund under section 53-06.1-12.4. However, the attorney general may allow an organization that only conducts a raffle or calcutta in two or more cities or counties to annually apply for a consolidated license and remit a one hundred seventy-five dollar license fee for each city or county in which a site is located. The attorney general shall deposit twenty-five dollars of this fee into the charitable gaming technology fund under section 53-06.1-12.4. An organization shall document that it qualifies as an eligible organization. If an organization amends its primary purpose as stated in its articles of incorporation or materially changes its basic character, the organization shall reapply for licensure. The attorney general may deny issuance of a license or deny renewal of a license to an eligible organization that has obtained approval of site authorization under subdivision a, if the organization or site is not in compliance with applicable laws and rules.

SECTION 2. AMENDMENT. Subsection 2 of section 53-06.1-11 of the North Dakota

7 Century Code is amended and reenacted as follows:

8 2. Allowable expenses may be deducted from adjusted gross proceeds. The allowable
9 expense limit is ~~sixty~~:

10 a. Sixty percent of the adjusted gross proceeds per quarter if the total adjusted
11 gross proceeds for the quarter exceed one hundred thousand dollars; and

12 b. Sixty-two percent of the adjusted gross proceeds per quarter if the total adjusted
13 gross proceeds for the quarter are one hundred thousand dollars or less.

2025 SENATE STANDING COMMITTEE MINUTES

Judiciary Committee Peace Garden Room, State Capitol

HB 1615
3/18/2025

Relating to securing a lease for a gaming site location and allowable expenses from adjusted gross proceeds from charitable gaming.

3:13 p.m. Chair Larson opened the hearing.

Members present:

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

Discussion Topics:

- Site authorization criteria
- Charitable organization regulation
- Stakeholder collaboration

3:14 p.m. Senator Castaneda introduced proposed amendment LC# 25.1214.01002 and submitted testimony #42890.

3:16 p.m. Stephanie Engebretson, ND League of Cities, testified as neutral and explained proposed amendment, testimony #42890.

3:22 p.m. Bill Kalanek, ND Charitable Gaming Association, testified as neutral and answered committee questions.

3:25 p.m. Senator Castaneda moved amendment LC# 25.1214.01002 and further amend by removing section 2 page 3 lines 23-30.

3:25 p.m. Senator Myrdal seconded.

Voice Vote - Motion Passed.

3:26 p.m. Reed Johnson, Legal Intern, Governor's Office, testified as neutral and answered committee questions.

3:27 p.m. Senator Castaneda moved as Do Pass as amended.

3:28 p.m. Senator Myrdal seconded the motion.

Senators	Vote
Senator Diane Larson	Y
Senator Bob Paulson	A
Senator Ryan Braunberger	Y
Senator Jose L. Casteneda	Y
Senator Claire Cory	A
Senator Larry Luick	Y
Senator Janne Myrdal	Y

Motion Passed 5-0-2.

3:28 p.m. Senator Castaneda will carry the bill.

3:28 p.m. Chair Larson closed the hearing.

Kendra McCann, Committee Clerk

March 18, 2025

Sixty-ninth
Legislative Assembly
of North Dakota

VC 3/18/25
1 of 3

PROPOSED AMENDMENTS TO

HOUSE BILL NO. 1615

Introduced by

Representatives Grueneich, Hagert, Koppelman, Vetter, O'Brien

Senator Roers

1 A BILL for an Act to amend and reenact subsection 2 of section 53-06.1-03 ~~and subsection 2 of~~
2 ~~section 53-06.1-11 of the North Dakota Century Code~~, relating to securing a lease approval for a
3 gaming site ~~location and allowable expenses from adjusted gross proceeds from charitable~~
4 ~~gaming authorization~~.

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

6 **SECTION 1. AMENDMENT.** Subsection 2 of section 53-06.1-03 of the North Dakota
7 Century Code is amended and reenacted as follows:

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

11 a. First securing a lease for a gaming site location.

12 ~~b. After securing a lease for a gaming site location, next securing~~ approval for a site
13 authorization from the governing body of the city or county in which the proposed
14 site is located. ~~Approval, which may be granted at the discretion of the governing~~
15 ~~body.~~ The approved authorization must be recorded on a site authorization form
16 that is to accompany the license application to the attorney general for final
17 approval. An eligible organization may request a specific site location on the site
18 authorization form.

- 1 (1) A governing body may deny a site authorization only in accordance with an
2 ordinance or written policy adopted or amended following public comment.
3 Under the ordinance or policy, the governing body:
- 4 (a) May not require an eligible organization to donate net proceeds to the
5 city, county, or related political subdivision or for community programs
6 or services within the city or county as a condition for receiving a site
7 authorization from the city or county;
- 8 (b) May not deny a site authorization solely because the eligible
9 organization has not conducted gaming at the site;
- 10 (c) May not require that an eligible organization be located at a specific
11 site or require a site to enter a lease with a specific organization as a
12 condition of site authorization;
- 13 (d) May require a signed agreement between an eligible organization and
14 a site owner before approving a site authorization. The agreement
15 must be contingent on securing approval for the site authorization
16 from the governing body of the city or county;
- 17 (e) May limit the type of games-and, the number of electronic pull tab
18 devices or tables for the game of twenty-one per site, the number of
19 sites the governing body may approve per licensed organization, and
20 the number of sites upon which a licensed organization may conduct
21 games within the city or county; and
- 22 ~~(e)(f) May not require a site to enter a lease with a specific organization as~~
23 ~~a condition of receiving a site authorization;~~
- 24 ~~(f) May deny a site authorization if an application is incomplete or if~~
25 ~~granting approval would violate a local ordinance. An ordinance~~
26 ~~placing a condition on how charitable funds may be used may not~~
27 ~~affect the approval of a site authorization; and~~ establish qualifications
28 for an eligible organization to receive a site authorization; and
- 29 (g) May charge a one hundred dollar fee for a site authorization.
- 30 (2) This subsection may not be construed to prohibit a governing body from:

- (a) Creating and enforcing rules that are more stringent than state law regarding charitable gaming as otherwise permitted in code; or
- (b) Denying a site authorization for just cause, including, after consultation with the attorney general, a violation of state law or local rules.

~~b.e.~~ Annually applying for a license from the attorney general before July first on a form prescribed by the attorney general and remitting a one hundred seventy-five dollar license fee for each city or county that approves a site authorization. The attorney general shall deposit twenty-five dollars of this fee into the charitable gaming technology fund under section 53-06.1-12.4. However, the attorney general may allow an organization that only conducts a raffle or calcutta in two or more cities or counties to annually apply for a consolidated license and remit a one hundred seventy-five dollar license fee for each city or county in which a site is located. The attorney general shall deposit twenty-five dollars of this fee into the charitable gaming technology fund under section 53-06.1-12.4. An organization shall document that it qualifies as an eligible organization. If an organization amends its primary purpose as stated in its articles of incorporation or materially changes its basic character, the organization shall reapply for licensure. The attorney general may deny issuance of a license or deny renewal of a license to an eligible organization that has obtained approval of site authorization under subdivision a, if the organization or site is not in compliance with applicable laws and rules.

~~SECTION 2. AMENDMENT. Subsection 2 of section 53-06.1-11 of the North Dakota Century Code is amended and reenacted as follows:~~

~~2. Allowable expenses may be deducted from adjusted gross proceeds. The allowable expense limit is sixty:~~

~~a. Sixty percent of the adjusted gross proceeds per quarter if the total adjusted gross proceeds for the quarter exceed one hundred thousand dollars; and~~

~~b. Sixty two percent of the adjusted gross proceeds per quarter if the total adjusted gross proceeds for the quarter are one hundred thousand dollars or less.~~

**REPORT OF STANDING COMMITTEE
HB 1615**

Judiciary Committee (Sen. Larson, Chairman) recommends **AMENDMENTS** ([25.1214.01003](#)) and when so amended, recommends **DO PASS** (5 YEAS, 0 NAYS, 2 ABSENT OR EXCUSED AND NOT VOTING). HB 1615 was placed on the Sixth order on the calendar. This bill does not affect workforce development.

25.1214.01002
Title.

Prepared by the Legislative Council
staff for Senator Castaneda
March 18, 2025

Sixty-ninth
Legislative Assembly
of North Dakota

PROPOSED AMENDMENTS TO

HOUSE BILL NO. 1615

Introduced by

Representatives Grueneich, Hagert, Koppelman, Vetter, O'Brien

Senator Roers

1 A BILL for an Act to amend and reenact subsection 2 of section 53-06.1-03 and subsection 2 of
2 section 53-06.1-11 of the North Dakota Century Code, relating to securing ~~a lease~~approval for a
3 gaming site ~~location~~authorization and allowable expenses from adjusted gross proceeds from
4 charitable gaming.

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

6 **SECTION 1. AMENDMENT.** Subsection 2 of section 53-06.1-03 of the North Dakota
7 Century Code is amended and reenacted as follows:

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9 shot bingo, raffles, calcuttas, pull tabs, punchboards, twenty-one, paddlewheels,
10 poker, or sports pools by:

11 a. First securing ~~a lease for a gaming site location.~~

12 ~~b. After securing a lease for a gaming site location, next securing~~ approval for a site
13 authorization from the governing body of the city or county in which the proposed
14 site is located. ~~Approval, which may be granted at the discretion of the governing~~
15 ~~body.~~ The approved authorization must be recorded on a site authorization form
16 that is to accompany the license application to the attorney general for final
17 approval. An eligible organization may request a specific site location on the site
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- 17 (e) May limit the type of games ~~and~~, the number of electronic pull tab
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19 sites the governing body may approve per licensed organization, and
20 the number of sites upon which a licensed organization may conduct
21 games within the city or county; and
- 22 ~~(e)(f)~~ May ~~not require a site to enter a lease with a specific organization as~~
23 ~~a condition of receiving a site authorization;~~
- 24 ~~(f)~~ ~~May deny a site authorization if an application is incomplete or if~~
25 ~~granting approval would violate a local ordinance. An ordinance~~
26 ~~placing a condition on how charitable funds may be used may not~~
27 ~~affect the approval of a site authorization; and~~ establish qualifications
28 for an eligible organization to receive a site authorization; and
- 29 (g) May charge a one hundred dollar fee for a site authorization.
- 30 (2) This subsection may not be construed to prohibit a governing body from:

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(b) Denying a site authorization for just cause, including, after consultation with the attorney general, a violation of state law or local rules.

~~b.e.~~ Annually applying for a license from the attorney general before July first on a form prescribed by the attorney general and remitting a one hundred seventy-five dollar license fee for each city or county that approves a site authorization. The attorney general shall deposit twenty-five dollars of this fee into the charitable gaming technology fund under section 53-06.1-12.4. However, the attorney general may allow an organization that only conducts a raffle or calcutta in two or more cities or counties to annually apply for a consolidated license and remit a one hundred seventy-five dollar license fee for each city or county in which a site is located. The attorney general shall deposit twenty-five dollars of this fee into the charitable gaming technology fund under section 53-06.1-12.4. An organization shall document that it qualifies as an eligible organization. If an organization amends its primary purpose as stated in its articles of incorporation or materially changes its basic character, the organization shall reapply for licensure. The attorney general may deny issuance of a license or deny renewal of a license to an eligible organization that has obtained approval of site authorization under subdivision a, if the organization or site is not in compliance with applicable laws and rules.

SECTION 2. AMENDMENT. Subsection 2 of section 53-06.1-11 of the North Dakota Century Code is amended and reenacted as follows:

2. Allowable expenses may be deducted from adjusted gross proceeds. The allowable expense limit is ~~sixty~~:

a. Sixty percent of the adjusted gross proceeds per quarter if the total adjusted gross proceeds for the quarter exceed one hundred thousand dollars; and

b. Sixty-two percent of the adjusted gross proceeds per quarter if the total adjusted gross proceeds for the quarter are one hundred thousand dollars or less.