

**FIRST ENGROSSMENT  
with Conference Committee Amendments  
ENGROSSED SENATE BILL NO. 2304**

Introduced by

Senators Klein, Hogue, Luick

Representatives Karls, Kempenich, Nathe

1 A BILL for an Act to amend and reenact sections 53-06.1-01 and 53-06.1-03, subsection 3 of  
2 section 53-06.1-10.1, subsection 5 of section 53-06.1-11, and subsection 10 of section  
3 53-06.1-15.1 of the North Dakota Century Code, relating to the definitions of alcoholic beverage  
4 establishment and manufacturer, approval for a gaming site authorization and licensure, the  
5 maximum number of gaming sites allowed, the maximum number of pull tab devices allowed at  
6 a site, gaming licenses for alcoholic beverage establishments, electronic fifty-fifty raffles, rent  
7 limits for electronic pull tab devices, and the imposition of monetary fines for violations by third-  
8 party businesses; to provide for a legislative management study; to provide an effective date;  
9 and to declare an emergency.

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

11 **SECTION 1. AMENDMENT.** Section 53-06.1-01 of the North Dakota Century Code is  
12 amended and reenacted as follows:

13 **53-06.1-01. Definitions.**

14 As used in this chapter:

- 15 1. "Adjusted gross proceeds" means gross proceeds less cash prizes, cost of  
16 merchandise prizes, gaming tax, and federal excise tax imposed under section 4401  
17 of the Internal Revenue Code [26 U.S.C. 4401].
- 18 2. "Alcoholic beverage establishment" means an establishment licensed under chapter  
19 5-02 where alcoholic beverages are sold, dispensed, and consumed by guests on the  
20 premises. The term does not include a liquor store, gas station, grocery store, or  
21 convenience store.
- 22 3. "Charitable organization" means an organization whose primary purpose is for relief of  
23 poor, distressed, underprivileged, diseased, elderly, or abused persons, prevention of  
24 cruelty to children or animals, or similar condition of public concern.

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- 1     ~~3.4.~~ "Civic and service organization" means an organization whose primary purpose is to  
2             promote the common good and social welfare of a community as a sertoma, lion,  
3             rotary, jaycee, kiwanis, or similar organization.
- 4     ~~4.5.~~ "Closely related organization" means an organization that controls, is controlled by, or  
5             is under common control with another organization. Control exists when an  
6             organization has the authority or ability to elect, appoint, or remove a majority of the  
7             officers or directors of another organization or, by policy, contract, or otherwise, has  
8             the authority or ability to directly or indirectly direct or cause the direction of the  
9             management or policies of another organization.
- 10    ~~5.6.~~ "Distributor" means a person that sells, markets, or distributes equipment designed for  
11            use in the conduct of games.
- 12    ~~6.7.~~ "Educational organization" means a nonprofit public or private elementary or  
13            secondary school, two-year or four-year college, or university.
- 14    ~~7.8.~~ "Electronic pull tab device" means a device, approved by the attorney general, which  
15            electronically displays pull tabs.
- 16    ~~8.9.~~ "Eligible organization" means a veterans, charitable, educational, religious, fraternal,  
17            civic and service, public safety, or public-spirited organization domiciled in North  
18            Dakota or authorized by the secretary of state as a foreign corporation under chapter  
19            10-33, incorporated as a nonprofit organization, and which has been regularly and  
20            actively fulfilling its primary purpose within this state during the two immediately  
21            preceding years. However, an educational organization does not need to be  
22            incorporated or be in existence for two years. An organization's primary purpose may  
23            not involve the conduct of games. The organization may be issued a license by the  
24            attorney general. For purposes of this section, a foreign corporation authorized under  
25            chapter 10-33 is not an eligible organization unless authorized to conduct a raffle  
26            under chapter 20.1-04 or 20.1-08 and may not conduct a game other than a raffle  
27            under chapter 20.1-04 or 20.1-08.
- 28    ~~9.10.~~ "Fraternal organization" means an organization, except a school fraternity, which is a  
29            branch, lodge, or chapter of a national or state organization and exists for the common  
30            business, brotherhood, or other interests of its members. The organization must have

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- 1 qualified for exemption from federal income tax under section 501(c)(8) or 501(c)(10)  
2 of the Internal Revenue Code.
- 3 ~~40.11.~~ "Games" means games of chance.
- 4 ~~41.12.~~ "Gross proceeds" means all cash and checks received from conducting games.
- 5 ~~42.13.~~ "Licensed organization" means an eligible organization licensed by the attorney  
6 general.
- 7 ~~43.14.~~ "Manufacturer" means, for a pull tab or bingo card, a person who designs, prints,  
8 assembles, or produces the product. For a pull tab dispensing device, electronic pull  
9 tab device operating system, bingo card marking device, or a ~~fifty-fifty~~ electronic raffle  
10 system, a manufacturer means the person who directly controls and manages  
11 development of and owns the rights to the proprietary software encoded on a  
12 processing chip that enables the device or system to operate.
- 13 ~~44.15.~~ "Net income" means gross proceeds less cash prizes, cost of merchandise prizes, and  
14 expenses to conduct the gaming activity.
- 15 ~~45.16.~~ "Net proceeds" means adjusted gross proceeds less allowable expenses and gaming  
16 tax.
- 17 ~~46.17.~~ "Permit" means a local permit or restricted event permit issued by a governing body of  
18 a city or county to a nonprofit organization or group of people domiciled in North  
19 Dakota.
- 20 ~~47.18.~~ "Person" means any person, partnership, corporation, limited liability company,  
21 association, or organization.
- 22 ~~48.19.~~ "Prize board" means a board used with pull tabs to award cash or merchandise prizes.
- 23 ~~49.20.~~ "Public safety organization" means an organization whose primary purpose is to  
24 provide firefighting, ambulance service, crime prevention, or similar emergency  
25 assistance.
- 26 ~~20.21.~~ "Public-spirited organization" means an organization whose primary purpose is for  
27 scientific research, amateur sports competition, safety, literary, arts, preservation of  
28 cultural heritage, educational activities, educational public service, youth, economic  
29 development, tourism, community medical care, community recreation, or similar  
30 organization, which does not meet the definition of any other type of eligible  
31 organization. However, a nonprofit organization or a group of people recognized as a

1 public-spirited organization by a governing body of a city or county for obtaining a  
2 permit does not need to meet this definition.

3 ~~21-22.~~ "Pull tab" means a folded or banded ticket or jar ticket, a pull tab card with break-open  
4 tabs, or an electronic pull tab displaying concealed numbers or symbols or  
5 combinations of concealed numbers and symbols which are exposed by a player to  
6 determine the outcome. The terms "pull tab" and "jar ticket" are used interchangeably  
7 unless otherwise stated. A winning pull tab contains certain symbols, numbers, or  
8 combinations of symbols and numbers and may contain multiple winning symbols,  
9 numbers, or combinations of symbols and numbers which have been previously  
10 designated as winning symbols or numbers.

11 ~~22-23.~~ "Religious organization" means a church, body of communicants, or group gathered in  
12 common membership whose primary purpose is for advancement of religion, mutual  
13 support and edification in piety, worship, and religious observances.

14 ~~23-24.~~ "Veterans organization" means any congressionally chartered post organization, or  
15 any branch or lodge or chapter of a nonprofit national or state organization whose  
16 membership consists of individuals who are or were members of the armed services  
17 or forces of the United States. The organization must have qualified for exemption  
18 from federal income tax under section 501(c)(19) of the Internal Revenue Code.

19 **SECTION 2. AMENDMENT.** Section 53-06.1-03 of the North Dakota Century Code is  
20 amended and reenacted as follows:

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

- 23 1. Except as authorized by the attorney general, an organization that has its license  
24 suspended or revoked, or has relinquished or not renewed its license and not  
25 disbursed its net proceeds, is ineligible for a license or permit. Only one of two or more  
26 closely related organizations may have a license or permit at one time. A college or  
27 university fraternity, sorority, or club is not closely related to an educational  
28 organization. An organization shall apply for a permit as follows:
- 29 a. An organization recognized as a public-spirited organization by the governing  
30 body of a city or county may apply for permits. A local permit may allow the  
31 organization to conduct only raffles, bingo, or sports pools. A restricted event

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

- 11 b. An organization shall apply to the governing body of the city or county in which  
12 the proposed site is located. Application must be made on a form prescribed by  
13 the attorney general. Approval may be granted at the discretion of the governing  
14 body. A governing body may establish a fee not to exceed twenty-five dollars for  
15 each permit. A permit must be on a fiscal year basis from July first to June  
16 thirtieth or on a calendar-year basis.
- 17 c. An organization that has a local permit or a restricted event permit may use the  
18 net income from the gaming activity for any purpose that does not violate this  
19 chapter or gaming rules, unless the organization is a state political party or  
20 legislative district party committee, the organization may use the net income from  
21 a raffle for a political purpose. For purposes of this subdivision, a public-spirited  
22 use includes a political purpose.
- 23 d. An organization that has a restricted event permit is restricted to one event per  
24 year and:
- 25 (1) May not pay remuneration to employees for personal services;
  - 26 (2) Shall use chips as wagers;
  - 27 (3) Shall redeem a player's chips for merchandise prizes or cash;
  - 28 (4) Shall disburse net income to eligible uses referenced in subdivision c, if  
29 applicable, and in section 53-06.1-11.1; and
  - 30 (5) Shall file a report prescribed by the attorney general with the governing  
31 body and attorney general.

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

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

10          (1)   A governing body may:

11               (a)   ~~May~~ May not require an eligible organization to donate net proceeds to the  
12               city, county, or related political subdivision or for community programs  
13               or services within the city or county as a condition for receiving a site  
14               authorization from the city or county. ~~A governing body may;~~

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

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

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

23               (e)   ~~May~~ May charge a one hundred dollar fee for a site authorization; and,

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

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

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

30          b.   Annually applying for a license from the attorney general before July first on a  
31          form prescribed by the attorney general and remitting a one hundred fifty dollar

1 license fee for each city or county that approves a site authorization. However,  
2 the attorney general may allow an organization that only conducts a raffle or  
3 calcutta in two or more cities or counties to annually apply for a consolidated  
4 license and remit a one hundred fifty dollar license fee for each city or county in  
5 which a site is located. An organization shall document that it qualifies as an  
6 eligible organization. If an organization amends its primary purpose as stated in  
7 its articles of incorporation or materially changes its basic character, the  
8 organization shall reapply for licensure. The attorney general may deny issuance  
9 of a license or deny renewal of a license to an eligible organization that has  
10 obtained approval of site authorization under subdivision a, if the organization or  
11 site are not in compliance with applicable laws and rules.

- 12 3. A licensed organization or organization that has a permit shall conduct games as  
13 follows:
- 14 a. Only one licensed organization or organization that has a permit may conduct  
15 games at an authorized site on a day, except that a raffle may be conducted for a  
16 special occasion by another licensed organization or organization that has a  
17 permit when one of these conditions is met:
- 18 (1) When the area for the raffle is physically separated from the area where  
19 games are conducted by the regular organization.
- 20 (2) Upon request of the regular organization and with the approval of the  
21 alcoholic beverage establishment, the regular organization's license or  
22 permit is suspended for that specific time of day by the attorney general.
- 23 b. Except for a temporary site authorized for fourteen or fewer consecutive days for  
24 not more than two events per quarter or a licensed organization authorized on or  
25 before January 1, 2023, to conduct gaming at more than fifteen sites, a licensed  
26 organization, including a closely related organization, may not have more than  
27 twenty-fivefifteen sites ~~unless granted a waiver by the attorney general. If the~~  
28 ~~attorney general finds that there is no other licensed organization interested in~~  
29 ~~conducting gaming at a site for which a waiver is being sought, the attorney~~  
30 ~~general may approve the waiver for no more than five sites.~~

- 1           c. Games of electronic quick shot bingo, electronic pull tabs, pull tabs,  
2           punchboards, twenty-one, paddlewheels, poker, and sports pools may be  
3           conducted only during the hours when alcoholic beverages may be dispensed  
4           according to applicable regulations of the state, county, or city. Electronic pull  
5           tabs must be conducted in a designated area where patrons must be twenty-one  
6           years of age or older to enter.
- 7           d. An organization may not permit a person under twenty-one years of age to  
8           directly or indirectly play pull tabs, punchboards, twenty-one, calcuttas, sports  
9           pools, paddlewheels, or poker. An organization may not permit an individual  
10          under eighteen years of age to directly or indirectly play electronic quick shot  
11          bingo. An organization may not permit an individual under eighteen years of age  
12          to directly or indirectly play bingo unless the individual is accompanied by an  
13          adult, bingo is conducted by an organization that has a permit, or the game's  
14          prize structure does not exceed that allowed for a permit.
- 15          e. An organization may not install more than ten electronic pull tab devices at a site.
- 16          f. An organization with more than fifteen licensed sites under subdivision b may not  
17          increase its number of sites beyond the number of sites licensed as of January 1,  
18          2023.
- 19          g. An organization conducting gaming at an authorized site on January 1, 2023,  
20          may continue to operate gaming, including as provided under subsection 1 of  
21          section 53-06.1-06, at the authorized site regardless of whether the authorized  
22          site is an alcoholic beverage establishment as defined under section 53-06.1-01.
- 23          4. A permit, or site authorization and license, must be displayed at a site.
- 24          5. The attorney general may issue a conditional license to an eligible organization whose  
25          regularly issued license has expired or been suspended, revoked, or relinquished. The  
26          attorney general shall designate the time period for which the conditional license is  
27          valid and may impose any conditions.
- 28          6. A governing body or local law enforcement official may inspect a site's gaming  
29          equipment and examine or cause to be examined any gaming-related books and  
30          records of a licensed organization or organization that has a permit.



1       **SECTION 3. AMENDMENT.** Subsection 3 of section 53-06.1-10.1 of the North Dakota  
2 Century Code is amended and reenacted as follows:

3       3. An organization permitted to conduct raffles in this state may conduct ~~an~~ electronic  
4       fifty-fifty raffle either by manual drawing or by using a random number generator.  
5       ~~Fifty-fifty~~Electronic fifty-fifty raffle tickets must be sold and drawings held onsite at the  
6       location of and on the date of the event. ~~Fifty-fifty~~Electronic fifty-fifty raffles may not be  
7       conducted online over the internet.

8       **SECTION 4. AMENDMENT.** Subsection 5 of section 53-06.1-11 of the North Dakota  
9 Century Code is amended and reenacted as follows:

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 ~~an additional~~ one hundred seventy-five dollars per  
25       machine for the first five machines in the same venue. For each additional  
26       machine in the same venue beyond five, the monthly rent may not exceed ~~an~~  
27       ~~additional fifty~~seventy-five dollars per machine up to a maximum of one thousand  
28       ~~one~~two hundred ~~twenty-five~~fifty dollars per month for all electronic pull tab  
29       devices in a single venue.

30       **SECTION 5. AMENDMENT.** Subsection 10 of section 53-06.1-15.1 of the North Dakota  
31 Century Code is amended and reenacted as follows:

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

11       **SECTION 6. LEGISLATIVE MANAGEMENT STUDY - CHARITABLE GAMING.**

- 12       1.    During the 2023-24 interim, the legislative management shall study statewide  
13          charitable gaming comprehensively. The study must include input from the attorney  
14          general, stakeholders from large and small charitable organizations, local political  
15          subdivisions that authorize sites, gaming equipment manufacturers and distributors,  
16          gambling addiction counselors, and other industry leaders. The study must also  
17          include:
- 18          a.    An evaluation of the economic impact of charitable gaming on the state in urban  
19               and rural areas;
  - 20          b.    An evaluation of gambling addiction and treatment services currently available;
  - 21          c.    An evaluation of the civic benefit of charitable gaming to the communities most  
22               closely related to the gaming sites;
  - 23          d.    An evaluation of how site authorization is approved and renewed, including  
24               whether charities have equitable access to sites;
  - 25          e.    An evaluation of the gaming tax structure;
  - 26          f.    An evaluation of public support for charitable gaming;
  - 27          g.    An evaluation of statewide local restrictions placed on charitable gaming;
  - 28          h.    An evaluation of gaming expansion;
  - 29          i.    An evaluation of site locations where gaming is taking place;

- 1           j. An evaluation of charitable gaming proceeds and the eligible uses of gaming  
2           proceeds, including the percentage of proceeds that may be used for  
3           administration;
- 4           k. An evaluation of the categories of organizations that are allowed to conduct  
5           charitable gaming, including the missions of such organizations;
- 6           l. An evaluation of the placement of gaming activity within a gaming site, including  
7           electronic pull tab device placement;
- 8           m. An evaluation of the rental rate paid by organizations to alcoholic beverage  
9           establishments; and
- 10          n. An evaluation of the authority of the attorney general to regulate alcoholic  
11          beverage establishments.
- 12          2. The legislative management shall report its findings and recommendations, together  
13          with any legislation required to implement the recommendations, to the sixty-ninth  
14          legislative assembly.

15          **SECTION 7. EFFECTIVE DATE.** This Act becomes effective on June 30, 2023.

16          **SECTION 8. EMERGENCY.** This Act is declared to be an emergency measure.