

**2023 HOUSE INDUSTRY, BUSINESS AND LABOR**

**HB 1387**

# 2023 HOUSE STANDING COMMITTEE MINUTES

## Industry, Business and Labor Committee Room JW327C, State Capitol

HB 1387  
01/25/2023

Relating to rent limits for electronic pull tab devices.

Chairman Louser called to order 8:00 AM

Members Present: Chairman Louser, Representatives Boschee, Christy, Dakane, Johnson, Kasper, Koppelman, Ruby, Schauer, Thomas, Tveit, Wagner, Warrey.  
Member Absent: Vice Chairman Ostlie

### Discussion Topics:

- Rent equality
- Small communities
- Average net revenue
- Gaming subcontractor
- Rent increase
- Charity spending
- Bar assist
- Usage rental
- Tax revenue
- Average machine usage

### In favor:

Representative Jim Grueneich, District 28 prime bill sponsor (no written testimony)  
Rudie Martinson, Director, ND Hospitality Association, #16624  
Scott Meske, North Dakota Gaming Alliance, #16785  
Logan Unterseher, Bismarck Bar Owner (no written testimony)  
Rick Stenseth, Gaming Manager, Northern Prairie Performing Arts (NPPA) aka, Fargo-Moorhead Community Theatre & Team Makers Club, #16628

### Opposed:

Amy Krueger, Williston Convention and Visitors Bureau, #16784

### Neutral

Deb McDaniel, Director of Gaming Division of the Office of the Attorney General (no written testimony)

### Additional written testimony:

Michael McMenemy, McMenemy's Tavern in Grand Forks, #16501

Chairman Louser adjourned the hearing 9:32 AM

*Diane Lillis, Committee Clerk*

# 2023 HOUSE STANDING COMMITTEE MINUTES

## Industry, Business and Labor Committee Room JW327C, State Capitol

HB 1387  
02/07/2023

Relating to rent limits for electronic pull tab devices.

Chairman Louser called to order 11:09 AM

Members Present: Chairman Louser, Vice Chairman Ostlie. Representatives Boschee, Christy, Dakane, Johnson, Koppelman, Ruby, Schauer, Thomas, Tveit, Wagner, Warrey.  
Member absent: Representative Kasper

### Discussion Topics:

- Stepped up rent
- Bar owners
- Administrative costs

Representative Thomas moved a do pass.  
Representative Ruby seconded.

Roll call vote:

Representatives	Vote
Representative Scott Louser	Y
Representative Mitch Ostlie	Y
Representative Josh Boschee	Y
Representative Josh Christy	Y
Representative Hamida Dakane	Y
Representative Jorin Johnson	Y
Representative Jim Kasper	AB
Representative Ben Koppelman	Y
Representative Dan Ruby	Y
Representative Austen Schauer	Y
Representative Paul J. Thomas	Y
Representative Bill Tveit	Y
Representative Scott Wagner	Y
Representative Jonathan Warrey	Y

Motion passed 13-0-1

Representative Koppelman will carry the bill.

Chairman Louser adjourned the hearing 11:17 AM

*Diane Lillis, Committee Clerk*

**REPORT OF STANDING COMMITTEE**

**HB 1387: Industry, Business and Labor Committee (Rep. Louser, Chairman)**  
recommends **DO PASS** (13 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). HB  
1387 was placed on the Eleventh order on the calendar.

**2023 SENATE JUDICIARY**

**HB 1387**

# 2023 SENATE STANDING COMMITTEE MINUTES

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

HB 1387  
3/27/2023

A bill relating to rent limits for electronic pull tab devices.

10:01 AM Chairman Larson opened the hearing.  
Chairman Larson and Senators Myrdal, Luick, Estenson, Paulson, Sickler and Braunberger were present.

**Discussion Topics:**

- Profits
- Costs
- Bar owner liabilities

10:01 AM Representative Grueneich introduced the bill. No written testimony.

10:18 AM Michael McMenemy, Owner Operator, McMenemy's Tavern, spoke in favor of the bill.

10:26 AM Rudy Martinson, Lobbyist, North Dakota Hospitality Association, spoke in favor of the bill.

10:31 AM Logan Untherseher, Bar Owner, spoke in favor of the bill.

10:34 AM Todd Kranda. Lobbyist, Northern Prairie Performing Arts, introduced Rick Strenseth.

10:35 AM Rick Strenseth testified in favor of the bill. #26649, #26648

10:45 Amy Krueger, Williston Convention and Visitors Bureau, testified opposed to the bill. #26629

10:46 AM Deb McDaniel, Director, Gaming Division, North Dakota Attorney General's Office, spoke neutral on the bill.

**Additional written testimony:**

Don Santer #26619

10:51 AM Chairman Larson closed the public hearing.

10:51 AM Chairman Larson closed the meeting.

*Rick Schuchard, Committee Clerk*

# 2023 SENATE STANDING COMMITTEE MINUTES

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

HB 1387  
3/28/2023

A bill relating to rent limits for electronic pull tab devices.

5:03 PM Chairman Larson opened the meeting.

Chairman Larson and Senators Myrdal, Luick, Estenson, Sickler, Paulson and Braunberger are present.

**Discussion Topics:**

- Committee action
- Gaming Profits
- Bar owners

5:03 PM The committee has discussion on the bill.

5:14 PM Senator Braunberger moved to Do Not Pass the bill. Motion seconded by Senator Myrdal.

5:15 PM Roll call vote was taken.

<b>Senators</b>	<b>Vote</b>
Senator Diane Larson	Y
Senator Bob Paulson	Y
Senator Jonathan Sickler	Y
Senator Ryan Braunberger	Y
Senator Judy Estenson	Y
Senator Larry Luick	Y
Senator Janne Myrdal	Y

Motion passes 7-0-0.

Senator Luick will carry the bill.

This bill does not affect workforce development.

5:15 PM Chairman Larson closed the meeting.

*Rick Schuchard, Committee Clerk*

**REPORT OF STANDING COMMITTEE**

**HB 1387: Judiciary Committee (Sen. Larson, Chairman)** recommends **DO NOT PASS** (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1387 was placed on the Fourteenth order on the calendar. This bill does not affect workforce development.



**TESTIMONY**

**HB 1387**

**House Industry, Business & Labor Committee**  
**Testimony in Favor of House Bill 1387**

Submitted by Michael McMenemy  
Proprietor of McMenemy's Tavern, Grand Forks

Thank you for your consideration of a Do Pass on HB 1387, increasing the rent amount paid to bars by charitable organizations for space to be used for electronic pull tabs. As a family owned liquor establishment in the community of Grand Forks for over 50 years, I believe a reasonable increase is warranted for several reasons:

- When electronic pull tabs were originally introduced in 2018 charities did not pay rent for the first year of operation, essentially earning a “free” year of rent.
- Bars assume all liability of customers within their establishments, including on all property. While customers may only be gambling at the location, liability solely falls on the shoulders of the bar owner.
- All building expenses are the responsibility of the bar owner. Heating, cooling, electric, water, sewage, insurance, internet, taxes, cleaning, snow removal, parking lot maintenance, and garbage collection expenses are all paid for by the business owner.
- Bar owners could use the space allotted for charitable gaming for other purposes that could be more profitable, such as kitchen space or additional bar seating. While bar owners support and want to sponsor charitable gaming, the scales are clearly tipped more favorably for the charitable organizations.

While the bill in current form at \$200 rent/machine is considerably lower than I would like to see, it is a good starting point.

**Thank you for your consideration of a Do Pass on HB 1387.**



**Testimony of Rudie Martinson**  
**Executive Director of the North Dakota Hospitality Association**  
**Before the House Industry, Business, & Labor Committee**  
**January 25, 2023**

Chairman Louser and members of the North Dakota House Industry, Business, and Labor Committee, good morning.

My name is Rudie Martinson, and I appear before you today as the Executive Director of the North Dakota Hospitality Association.

The bill before you today is a bill about business-to-business relationships, rather than a “gaming” bill. This bill relates to the ceilings the state has placed on the rent retail establishments are allowed to collect from charitable organizations leasing space for gaming activities on their property.

Establishments lease space to partnering organizations for a variety of reasons. Jukeboxes like Touch Tunes, advertising, or bar games like billiard tables or dart boards, is common practice in our industry. Charitable gaming has become the only outside institution whose leases are capped by a static dollar amount set in statute.

The rent limits set in statute for electronic pull tabs merely serve as a ceiling rather than a floor. The existing limit was set during the 2019 legislative session, when the electronic pull tabs were new, and no one knew how popular the game would be. Given the evident popularity of this type of charitable gaming, it has become clear that the businesses that host this game type are incurring more labor, expense, and effort to administer it than originally anticipated.

The bill before you proposes moving the current rent limits from \$100 per machine per month for the first five machines in an establishment and \$50 per machine per month for the next five machines in an establishment to a flat rate of \$200 per machine per month. Administrative code limits hosting establishments to ten total electronic pull tab machines. Additionally, the bill seeks to add a \$50 per machine per month allowance for establishments where an employee of the charity is not physically present to manage gaming operations such as overseeing the gaming bank, paying out winners, or other practical realities of having gaming present on site.

We as an industry deeply value the symbiotic relationship we have with our charity partners in the gaming industry. We hope the proposed changes in this bill will allow for charitable organizations to raise money and grow, while also allowing our establishments to continue that partnership in a mutually beneficial way. We support this bill because it will help our members continue to prosper alongside our charitable partners, allowing us both remain critical parts of nearly every community across the state.

Chairman Louser and members of the House Industry, Business, and Labor Committee, our industry urges your favorable consideration of a “Do Pass” motion on HB 1387.

I am happy to stand for any questions.

**Testimony in Favor of  
HOUSE BILL NO. 1387  
Industry, Business and Labor Committee  
January 25, 2023**

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

NPPA is in favor of addressing rent for electronic pull tabs in HB 1387, but we are concerned that there should be a criteria and process included for the application of the rental obligation. We would like to see a provision that would address the concern on how a rental obligation is applied. The provision would maintain a rent consideration for bar owners (lessors) which they are certainly entitled to, but it would also provide protection to organizations from paying more rent than the level of activity provides and is sustainable. The provision would not propose any certain maximum rent as more than doubling the maximum amount is more than many organizations can absorb and any increase requires further discussion.

Currently the number of electronic pull tab devices installed is determined between a lessor and an organization. This can range from just a couple, up to ten. The first five devices have their maximum rent at \$100 per device, per month. Additional devices (six-ten) may receive up to \$50 per device. Therefore, the maximum could be \$750 per month. Currently there is no rent allowed for those lessors who assist in the conduct of this game.

This potential increase in the maximum rent is significant. It will raise that amount to \$2,000 per month for a location with ten devices. If an additional amount of rent is allowed where bar assist participation occurs, the total rent per month could go up to \$2,500. While there are certain sites that have enough activity to support that kind of increase, there are far more smaller ones which do not have the current activity to support the rent for the number of devices they have now.

Each lessor can request a certain number of devices regardless of the amount of traffic they have in their bar or how much play there is on the devices. While there are some locations that have more business than others and may require up to ten devices, numerous others have more devices in play than that location may ever require.

This can lead to situations where a lessor insists on a certain number of devices in order to allow an organization to operate in their establishment. It also allows organizations who wish to open or expand operations to promise a lessor they will deliver more devices than necessary to get the lessor more rent as an enticement to take a site away from another organization. Either way, there is no established criteria for how many devices an organization may be allowed to pay rent on in any given site. The maximum that can be installed in a location is 10, but that should not mean all ten warrant maximum rent.

This same type of rent concern was raised in the past when blackjack began to proliferate across the state. Many bar owners insisted on an organization bringing in more 21 tables than a site needed, or even could physically set up, in order to gain more rent from the organization. While the maximum amount of rent allowed was placed in statute, the determination of what rent was allowed for each site was entrusted to the Administrative Rules. This gave the Attorney General, organizations, and lessors the opportunity and flexibility to apply rental value to game activity. This is exactly the type of process that is proposed for electronic pull tabs in the additional criteria provision that should be considered.

There is data readily available that can be used in defining appropriate rent. However, trying to put such detail into statute would be somewhat difficult and any adaptations or adjustments having to be delayed until the next session would be much more cumbersome than working through the Gaming Commission and Attorney General's Office.

To summarize, the lessors who agree to have electronic pull tabs in their establishments should be able to receive a level of rent commensurate with the opportunity that is being provided to a charitable organization. If they are involved in the conduct of the game by assisting the organization, they may also deserve consideration for that participation. It is important to recognize this and provide a framework for the administrative rules to develop an equitable criterion that will work with the various circumstances between all the lessors and their gaming providers.

HB 1387 is a progressive bill in principle, with a significant increase to the maximum rent allowed and a lack of an equitable and auditable application of said rent. With the addition of a provision to address the criteria for determining the appropriate number of devices at a site we can support 1387 and would urge a YES vote on the change to include such a provision and then a DO PASS as amended on 1387.

113 - 4th Street East  
P.O. Box 1374  
Williston, ND 58802



Office: 701.774.9041  
Toll free: 800.615.9041

January 25, 2023

HB 1387

House Industry, Business and Labor

Chairman Louser and members of the House Industry, Business and Labor Committee:

I am Amy Krueger, Executive Director of the Williston Convention and Visitor Bureau, Inc. a charitable gaming organization. Our Organization currently has 8 sites, 6 of those sites have E-tabs in them. Our sites range from 3 machines to 7 machines in them. This Bill would increase our site rent by 4,500 a month / \$12,600 a quarter. While I am not opposed to a rent increase, in its current language this bill would more than double this portion of our rent with the Bar Assist Language that has been included. With the current language the base rent is 2x to 4x per machine depending how many machines you currently have and with adding the bar assist per machine it could raise that even higher.

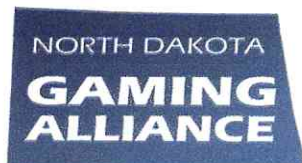
Charitable Gaming Organizations are intended to be Charitable – giving back money into our communities to support the different causes we represent. We are held to 60/40% Operating cost. Where we are supposed to try to keep those Operating cost within a 60% Margin – in todays economy – the last three quarters I have been over my 60% operating margin and my staff will tell you I have the lowest paid gaming staff in Williston. While I have still been able to make my trust payments it's tight and doubling this without any wiggle room being given else where would not be possible in our current structure. For Mid to smaller size charitable gaming organizations this would diminish our ability to remain charities and give those valuable dollars back into our communities.

I would ask you to oppose or amend HB 1387.

Sincerely,

Amy Krueger

Executive Director



## Benefiting North Dakota Communities through Charitable Gaming

January 25, 2023

### Testimony in SUPPORT of House Bill 1387

Chairman Louser and Members of the Industry, Business and Labor Committee:

I'm Scott Meske, representing the North Dakota Gaming Alliance and on behalf of the 152 Members of the NDGA, we offer our support for House Bill 1387.

ND Gaming Alliance represents all facets of the charitable gaming industry. Fraternal Organizations, Charities, Hospitality, Manufacturers, and Distributors. When charitable gaming was authorized by the State, the intent was to benefit the charities and nonprofits in our local communities. In the last biennium more than \$73 million has been disbursed into North Dakota's community causes because of charitable gaming. These arrangements, between a private business and a local charity, are made with a mutually beneficial goal in mind. We understand this may not be a perfect solution for all parties involved, however the Alliance believes this is a fair and reasonable solution. There were many discussions prior to the legislative session on what would be the proper structure for the rent paid to host gaming sites. This bill represents the best effort from all parties.

The North Dakota Gaming Alliance respectfully asks that HB 1387 be given a DO PASS recommendation from this Committee.

Thank you.

Taxes = \$43 m / biennium  
Gambling Disorder = \$10,000 / quarter

**HB 1387**  
**Senate Judiciary Committee**  
**Submitted by Don Santer for NDAD**  
**03/27/2023**

Chairperson Larson and Committee members, thank you for the opportunity to provide information regarding the charitable gaming industry of North Dakota. I am submitting testimony to request consideration of an amendment of House Bill 1387.

My name is Don Santer, I represent the North Dakota Association for the Disabled (NDAD). NDAD is a North Dakota charity that for over 47 years has been dedicated to improving the quality of life for persons with disabilities. NDAD pays for its services with charitable gaming funds. NDAD has built and relies on the long-term relationships and mutual cooperation it develops with the bar owners it leases space from.

I feel it is appropriate for a reasonable rent increase for etab machines and is justifiable for bar assistance. However, I am concerned about the wording in the last part of the bill, lines 24 on page 1 and the 2 lines on page 2.

plus, if no gaming employee is on site to administrate the proceeds, an additional fifty dollars per machine for bar staff assistance.

I believe the intent was to allow the additional rent only when there is never a gaming employee conducting gaming activity on site. Meaning only one bank for that site and it is held by the bar. The bar and its employees are the only ones that redeem vouchers 100% of the time.

I asked the AG's gaming director how it would be interpreted and was told this language would allow the additional rent if the bar redeemed as little as one voucher per month.

An example of "partial bar assist": a bar that opens at 3:00 but the gaming staff does not get there and open the other game types until 5:00. The bar staff redeem vouchers for 2 hours from their own bank until the gaming staff arrive and take over.

Compared to 100% bar assist, where there is never a gaming employee redeeming vouchers.

Without clarification, this bill will give unscrupulous bar owners the opportunity to take advantage of their charity by redeeming tickets for 15 minutes one day a month and expect the additional rent. I suggest the following amendment to strike the wording at the end of section C and replace with:

However, monthly rent may include an additional fifty dollars per electronic pull tab device if no gaming employee is onsite to conduct gaming and bar staff is solely responsible for voucher redemption.

I believe this wording would accomplish the original intent and for that reason, I request consideration to amend the wording of the bar assist function.

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



113 - 4th Street East  
P.O. Box 1374  
Williston, ND 58802



Office: 701.774.9041  
Toll free: 800.615.9041

March 27, 2023

HB 1387

Senate Judiciary Committee

Chairman and members of the Senate Judiciary Committee:

I am Amy Krueger, Executive Director of the Williston Convention and Visitor Bureau, Inc. a charitable gaming organization. Our Organization currently has 8 sites, 6 of those sites have E-tabs in them. Our sites range from 3 machines to 7 machines in them. This Bill would increase our site rent by \$4,500 a month / \$12,600 a quarter. While I am not opposed to a rent increase, in its current language this bill would more than double this portion of our rent with the Bar Assist Language that has been included. With the current language the base rent is 2x to 4x per machine depending how many machines you currently have and with adding the bar assist per machine it could raise that even higher.

While the rent language does say an up to amount, in most communities if max allowable rent is not offered, the charity would not have a gaming site. I also think this would encourage Bar owners to want to have the max number of machines allowed. That increases the charities cost to do business but does not guarantee the increase of the volume of the business being done. Just providing more machines does not mean they will be played.

Charitable Gaming Organizations are intended to be Charitable – giving back money into our communities to support the different causes we represent. We are currently held to 60/40% Operating cost. Where we are supposed to try to keep those Operating cost within a 60% Margin – in today's economy – the last three quarters I have been over my 60% operating margin and my staff will tell you I have the lowest paid gaming staff in Williston. While I have still been able to make my trust payments it's tight and doubling rent without any wiggle room being given else where would not be possible in our current structure. For Mid to smaller size charitable gaming organizations this would diminish our ability to remain charities and give those valuable dollars back into our communities. While yes raising the percentage does help make ends meet, it also takes away from the root cause of why we operate Charitable Gaming – giving the charitable causes less money.

I would ask you to oppose or amend rent levels in HB 1387.

Sincerely,

Amy Krueger, Executive Director

## PROPOSED AMENDMENTS TO HOUSE BILL NO. 1387

Page 1, line 19, after “If” insert “electronic pull tabs is conducted, the monthly rent may not exceed two hundred dollars multiplied by the necessary number of devices based on criteria prescribed by gaming rule. If electronic pull tabs is also conducted involving bar staff assist, the monthly rent for electronic pull tabs may not exceed an additional fifty dollars multiplied by the necessary number of devices based on criteria prescribed by gaming rule” and overstrike “pull tabs is conducted using one or more electronic pull tab devices, the”

Page 1, line 20, overstrike “monthly rent may not exceed an additional” remove “two” and overstrike “hundred dollars per machine”

Page 1, line 24, remove “plus, if no”

Page 2, remove lines 1 and 2

Re-number accordingly

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1387 – The \$200 per month maximum is acceptable, but the details of its application should be written in rule so they can be properly applied. The same is true for if there should be any additional amount of rent for the bar’s involvement with assistance in the conduct of the game.

Accordingly, after the amendment for 1387, as proposed, the provision would read as follows:

“If electronic pull tabs is conducted, the monthly rent may not exceed two hundred dollars multiplied by the necessary number of devices based on criteria prescribed by gaming rule. If electronic pull tabs is also conducted involving bar staff assist, the monthly rent for electronic pull tabs may not exceed an additional fifty dollars multiplied by the necessary number of devices based on criteria prescribed by gaming rule.”

This change will make sure that there are an appropriate number of devices allowed to be paid for in each location based on rules that may be set, audited, and enforced just as is now done with 21 tables. It also allows for rules to determine what bar staff assist is defined as and how it is to be applied. Currently bar staff assist can be 100% of the time the game is in play or only during a limited period such as noon to 5, where gaming employees take over, which is not the same thing.

**Testimony in Favor of  
HOUSE BILL NO. 1387  
(With An Amendment Attached)  
Senate Judiciary Committee  
March 27, 2023**

Madam Chair Diane Larson, Senate Judiciary Committee members, for the record my name is Rick Stenseth. I have been in charitable gaming since 1983. I am a Gaming Manager for two local organizations in Fargo that both conduct charitable gaming (Northern Prairie Performing Arts (NPPA) aka Fargo-Moorhead Community Theatre & Team Makers Club). I am submitting this testimony through our NPPA lobbyist, Todd D. Kranda (#58), an attorney with the Kelsch Ruff Kranda Nagle & Ludwig Law Firm in Mandan.

NPPA is in favor of addressing rent for electronic pull tabs in HB 1387. The rent level for electronic pull tabs has not been discussed in the last two sessions since electronic pull tabs were approved in 2017. But while we can support additional rent for some bar owners, we cannot support the proposed increases in this bill. The across the board increase to electronic machines will be detrimental to many organizations and catastrophic for others.

This potential increase in the maximum rent is significant. It will more than double the current rent amount up to \$2,000 per month for a location with ten (10) devices (currently \$750 max). If the additional amount of rent allowed where bar assist participation occurs, the total rent per month could go up another \$500 per month, to \$2,500 monthly. While there are certain sites that do have enough activity to support that kind of increase, there are far more smaller ones which do not have the activity to support that rent for the number of devices they have now.

Each lessor can request a certain number of devices regardless of the amount of traffic they have in their bar or how much play there is on the devices. This has led to situations where a lessor insists on a certain number of devices in order to allow an organization to operate in their establishment.

It also allows organizations who wish to open or expand operations to promise a lessor they will deliver more devices than necessary to get the lessor more rent as an enticement to take a site away from another organization.

I have experienced this firsthand. We were operating two (2) machines in a smaller bar. We had been there for a couple of years. Out of the blue the bar owner decided he wanted to go another way. The organization that replaced us put ten (10) devices in that location. There was never any need for that many. It is obvious to me why the change took place.

Regardless, there is no established criteria for how many devices an organization may be allowed to pay rent on in any given site. The maximum that can be installed in a location is ten (10), but that does not mean that ten (10) machines are warranted based on activity.

The same thought should be applied to bars where their staff assists in the conduct. Some locations assist all day every day, some cover from open until five p.m. (when the charity staffs the location) and some use a combination of both. Again, a blanket increase is not appropriate.

This type of rent concern has happened in the past when blackjack began to proliferate across the state. Many bar owners insisted on an organization bringing in more twenty-one tables than a site needed, or even could physically set up, in order to gain more rent from the organization. While the maximum amount of rent allowed was placed in statute, the determination of what rent was allowed for each site was entrusted to the Administrative Rules. This gave the AG, organizations, and lessors the opportunity and flexibility to apply rental value to game activity. This is exactly what is proposed for electronic pull tabs in the amendment presented for HB 1387.

There is data readily available that can be used in defining appropriate rent and the Attorney General's Gaming Division is agreeable to such an approach. However, trying to put such detail into statute would be somewhat difficult and any necessary adaptations or adjustments having to be delayed until the next session would be much more cumbersome than working through the Gaming Commission and the AG's Office in the Admin. Rule making process.

We offer an amendment to HB 1387 that would address concerns on how any rent for electronic pull tabs (with or without any change to the maximum) is applied. The proposed amendment maintains rent consideration for bar owners (lessors) but is also intended to provide protection to organizations (charities) from paying more rent than the level of activity at each site provides.

The amendment to HB 1387 does not offer any change to the maximum rent proposed. It simply adds protection for charitable organizations while maintaining the bar owner's opportunity to receive an amount of rent commensurate with how much activity takes place in each establishment. It is important to recognize this and provide a framework within the Administrative Rules to develop an equitable criterion that will work with the various circumstances between all the lessors and their gaming providers.

HB 1387 is a progressive bill in principle, with a significant increase in the maximum rent allowed. It does lack any assurance of equitable and auditable application of said rent. That is at least as important, if not more so, than the maximum rent number adopted. With the proposed amendment we can support HB 1387. We urge a **YES vote on the amendment for HB 1387**, and then a **DO PASS recommendation on HB 1387 as amended**.