

2023 HOUSE JUDICIARY

HB 1445

2023 HOUSE STANDING COMMITTEE MINUTES

Judiciary Committee
Room JW327B, State Capitol

HB 1445
2/6/2023

Relating to the treatment of cash shorts incurred in gaming

9:30 A.M. Chairman Klemin opened the hearing. Members present: Chairman Klemin, Vice Chairman Karls, Rep. Bahl, Rep. Christensen, Rep. Cory, Rep. Henderson, Rep. S. Olson, Rep. Rios, Rep. S. Roers Jones, Rep. Satrom, Rep. Schneider, Rep. VanWinkle, and Rep. Vetter

Discussion Topics:

- Proposed amendment
- Charity flexibility on allowable expenses
- Rent increase
- Late filing interest and penalty
- Bar assist
- Electronic pull tabs
- Allowable expense

Rep. Grueneich: Introduced the bill. Testimony #19266

Bill Kolonic, Charitable Gaming in ND: No written testimony.

Deb McDaniel, Gaming Director, Office of Attorney General. No written testimony.

Hearing closed at 10:12 AM.

DeLores Shimeik. Committee Clerk

2023 HOUSE STANDING COMMITTEE MINUTES

Judiciary Committee
Room JW327B, State Capitol

HB 1445
2/6/2023

Relating to the treatment of cash shorts incurred in gaming

11:20 A.M. Chairman Klemin opened the hearing. Members present: Chairman Klemin, Vice Chairman Karls, Rep. Bahl, Rep. Christensen, Rep. Cory, Rep. Henderson, Rep. S. Olson, Rep. Rios, Rep. S. Roers Jones, Rep. Satrom, Rep. Schneider, Rep. VanWinkle, and Rep. Vetter

Discussion Topics:

- Hog house bill
- Amendment proposed
- Committee work

Rep. Olson moved an amendment to add 3 a and 3 b cash shorts incurred in games are classified as allowable expenses and interest and penalties are classified as expenses. Seconded by Rep. Satrom

Representatives	Vote
Representative Lawrence R. Klemin	Y
Representative Karen Karls	Y
Representative Landon Bahl	Y
Representative Cole Christensen	Y
Representative Claire Cory	Y
Representative Donna Henderson	Y
Representative SuAnn Olson	Y
Representative Nico Rios	Y
Representative Shannon Roers Jones	Y
Representative Bernie Satrom	Y
Representative Mary Schneider	Y
Representative Lori VanWinkle	Y
Representative Steve Vetter	Y

Roll Call Vote 13 Yes 0 No 0 Absent

Motion carried

Rep. VanWinkle moved a Do Not Pass as Amended

Seconded by Rep. Vetter.

Representatives	Vote
Representative Lawrence R. Klemin	Y
Representative Karen Karls	Y
Representative Landon Bahl	Y
Representative Cole Christensen	Y
Representative Claire Cory	N
Representative Donna Henderson	Y
Representative SuAnn Olson	N
Representative Nico Rios	Y
Representative Shannon Roers Jones	Y
Representative Bernie Satrom	N
Representative Mary Schneider	N
Representative Lori VanWinkle	Y
Representative Steve Vetter	N

Roll Call Vote 8 Yes 5 No 0 Absent Carrier: Rep. Rios

Meeting closed at 11:35 AM.

Delores Shimek, Committee Clerk

February 6, 2023

JA
2-6-23

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1445

Page 1, line 2, after "shorts" insert "and interest and penalties"

Page 1, line 6, overstrike "and interest and penalty"

Page 1, line 7, after the period insert "Interest and penalties are classified as expenses."

Renumber accordingly

REPORT OF STANDING COMMITTEE

HB 1445: Judiciary Committee (Rep. Klemin, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO NOT PASS** (8 YEAS, 5 NAYS, 0 ABSENT AND NOT VOTING). HB 1445 was placed on the Sixth order on the calendar.

Page 1, line 2, after "shorts" insert "and interest and penalties"

Page 1, line 6, overstrike "and interest and penalty"

Page 1, line 7, after the period insert "Interest and penalties are classified as expenses."

Renumber accordingly

2023 SENATE JUDICIARY

HB 1445

2023 SENATE STANDING COMMITTEE MINUTES

Judiciary Committee
Peace Garden Room, State Capitol

HB 1445
3/6/2023

A bill relating to the treatment of cash shorts and interest and penalties incurred in gaming.
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10:29 AM Chairman Larson opened the meeting.

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

Discussion Topics:

- Electronic gaming
- Balanced books
- Charities

10:29 AM Representative Jim Grueneich introduced the bill and gave oral testimony in favor of the bill.

10:43 AM Triston Kosek Communications and Training, North Dakota Attorney General's Office, handed out testimony #22184 on behalf of Deb McDaniel, North Dakota Attorney General's Office.

10:44 AM Chairman Larson recessed the hearing.

11:00 AM Chairman Larson continued the public hearing.

11:00 AM Deb McDaniel, Director, Gaming Division, North Dakota Attorney General's office testified opposed to the bill and provided written testimony #22184.

11:13 AM Chairman Larson closed the public hearing.

11:14 AM Senator Luick moved Do Not Pass SB 1445.
Motion seconded by Senator Braunberger.

11:16 AM Roll call vote is taken.

Senators	Vote
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 passed 7-0-0.

Senate Judiciary Committee

HB 1445

03/06/23

Page 2

Senator Luick will carry the bill.

This bill does not affect workforce development.

Additional written testimony:

Traci Ladouceur #22026

Don Santer #21990

11:16 AM Chairman Larson closed the meeting.

Rick Schuchard, Committee Clerk

REPORT OF STANDING COMMITTEE

HB 1445, as engrossed: Judiciary Committee (Sen. Larson, Chairman) recommends **DO NOT PASS** (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed HB 1445 was placed on the Fourteenth order on the calendar. This bill does not affect workforce development.

TESTIMONY

HB 1445

Proposed Amendments to HB 1445

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

5. For a site where bingo is not the primary game:

a. If twenty-one or paddlewheels is conducted, the monthly rent may not exceed ~~two~~ four hundred dollars multiplied by the necessary number of tables based on criteria prescribed by gaming rule. For each twenty-one table with a wager greater than five dollars, an additional amount up to ~~one~~ two hundred dollars may be added to the monthly rent. If pull tabs is also conducted involving only a jar bar, the monthly rent for pull tabs may not exceed an additional ~~one hundred seventy-five~~ three hundred fifty dollars. If pull tabs is conducted involving only a dispensing device or a jar bar and dispensing device, the monthly rent for pull tabs may not exceed an additional ~~three hundred twenty-five~~ six hundred fifty dollars.

b. If twenty-one and paddlewheels are not conducted but pull tabs is conducted involving either a jar bar or dispensing device, the monthly rent may not exceed ~~four~~ five hundred dollars.

HB 1445
Senate Judiciary Committee
Submitted on behalf of NDAD
03-06-2023

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 in opposition to HB 1445.

My name is Don Santer, I represent the North Dakota Association for the Disabled (NDAD). NDAD is a statewide charity that for over 47 years has been dedicated to improving the quality of life for persons with disabilities. NDAD pays for most of its services with charitable gaming funds.

Simply put, House Bill 1445 if passed, will force a charity to cover bank shorts for a bar; in other words, money missing from their drawer (the bank). Although it sounds innocent enough, it will result in legalizing theft without ramifications. There are many bar owners that are honest and would never consider intentionally stealing from the charity in their bar. However, it is my experience that without ramifications every excuse eventually results in chronic problems. This bill will result in permitting intentional fraud with no ramifications to the bar owner or their staff. The charities will pay the price and fraud will become the “cost of doing business”.

A bar owner is not required to perform bar assist, it is a choice they make to benefit their establishment. A bar owner would not tolerate theft or continuous loss in their bar till, why should the charity be required to do so.

Please do not defend negligence by legalizing fraud. I ask you to consider a **Do Not Pass** on HB 1445.

Thank you, Madam Chairperson and members of the committee, for your time and thoughtful consideration. Please do not hesitate to contact me with any questions you may have.

Respectfully,

Don Santer, MBA
NDAD
dsanter@ndad.org

www.NDAD.org



Senate Judiciary Committee
Submitted on behalf of CGAND
In opposition to HB 1445
03-06-2023

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 in opposition to HB 1445.

My name is Traci LaDouceur I serve as the treasurer of the Charitable Gaming Association of North Dakota (CGAND), a trade association for charities operating gaming throughout ND. Our membership is composed of small and large organizations across this state who are dedicated to the preservation of gaming as a funding source for charitable purposes. Led by a board of charitable gaming organizations, we are the only organization that has always been, and always will be, solely about keeping gaming truly charitable.

As a CPA and the treasurer of our organization, I was selected to submit testimony on behalf of CGAND. First, I will explain the process. There are many charities, especially in rural areas, that do not have enough or the appropriate staffing to provide staff for a site they are licensed for. Gaming regulations allow for limited bar assistance, what this means is the bar staff can redeem etab vouchers and paper pull tabs from a pull tab dispensing device. The gaming charity loans the bar a suitable amount of cash to be used as the "bar bank". The bar then uses that bank to pay prizes when tickets and vouchers are brought up for redemption. A "runner" from the charity does an audit weekly and buys back all the redeemed tickets and vouchers. This should return the bar bank back to the original amount of loaned cash. If the bar bank is short, it is the responsibility of the bar to repay the short and balance the bar bank.

Bar bank shorts happen for various reasons. The most common reason is the unintended overpayment of a winning ticket. On rare occasions theft may have occurred. Regardless of the reason, it is the bar's responsibility to make up any shorts.

If House Bill 1445 passes, the responsibility of cash shortages will pass to the charity. There are no ramifications or consequences for the bar owner or bar staff laid out in this bill. Essentially, this bill allows for intentional mishandling of cash and possible outright theft.

The risk involved in accepting the necessary loans for the cash bank are a choice for bar owners. Many bar owners in the state choose not to perform this function. It is not a requirement to have gaming, it is a choice they make to benefit their establishment.

A conscientious bar owner would not tolerate theft or continuous loss in their bar tills. Charitable gaming organizations do not tolerate theft or mishandling of cash by their employees. Please do not force charities to be financially responsible for bar employees' actions.

CGAND asks you to consider a **Do Not Pass** on HB 1445.

Respectfully,

Traci LaDouceur



Drew H. Wrigley
ATTORNEY GENERAL

STATE OF NORTH DAKOTA
OFFICE OF ATTORNEY GENERAL
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Senate Judiciary Committee
House Bill No. 1445
Relating to Treatment of Cash Shorts Incurred in Gaming
March 6, 2023, Peace Garden Room

My name is Deb McDaniel, I am the Director of Gaming for the Office of Attorney General. I am here in opposition to House Bill 1445.

As written this bill would reward gaming sites for bad behavior.

Although cash shorts don't always denote bad behavior an organization and gaming site should be held accountable for any cash short, they may incur.

If an organization is "requested" to reimburse a site for the sites cash short, this request could be used as leverage by the site to have cash short reimbursed in order to remain in the site. It is also a possibility that the site employee may inflate a cash short or not be as focused on verifying the correct payouts.

Due to these reasons this office would be in opposition to House Bill 1445.

Thank you for your time,

Deb McDaniel
Director of Gaming
Office of Attorney General