

**2023 SENATE JUDICIARY**

**SB 2304**

# 2023 SENATE STANDING COMMITTEE MINUTES

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

SB 2304  
1/31/2023

A bill relating to gaming licenses for alcoholic beverage establishments and bingo halls.

9:56 AM Chairman Larson opened the meeting.

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

## **Discussion Topics:**

- Bar definition
- Gaming Licensing
- Convenience stores
- Veteran's Groups
- Charities

9:57 AM Senator Klein introduced the bill.

10:03 AM Deb McDaniel, Director, Charitable Gaming Division, spoke neutral on the bill.

10:15 AM Russ Kroshus, spoke opposed to the bill.

10:19 AM Brett Narloch spoke opposed to the bill.

10:28 AM Jo Vroman, Bismarck Gymnastics Academy, spoke opposed to bill.

10:33 AM Mark Meyer, Gaming Manager, American Legion, testified opposed to the bill and provided written testimony #18172.

10:40 AM Dave Weiler spoke opposed to the bill.

10:37 AM Jody Plecity, Vice President, Horace Lions Club, spoke opposed to the bill.

10:49 AM Troy Fleck, VFW, spoke opposed to the bill.

10:54 AM Bill Kalanek testified opposed to the bill and provided written testimony #18024.

10:58 AM Chairman Larson held the public hearing open.

## **Additional written testimony:**

Janelle Mitzel, #17569

Don Santer, #17657

Chad Thompson, #17728

Chad Richeson, #17729

Rick Stenseth, #17894

Chad Haugen, #17897

Robin Nelson, #17950

Thomas Samuelson, #17953

Mitch McWilliams, #18009

Arlin Fisher, #18015

Sarah Fisher, #18016

Scott Meske, #18019

David Delaney, #18029

Joe Arnold, #18030

Bryan Schmidt, #18042

Danelle Johnson, #18046

Rachel Hafner, #18047

Daryl A Johnson, #18048

Jason Campbell, #18052

Jason Olsen, #18088

Matthew Jameson, #18173

10:58 AM Chairman Larson closed the meeting.

*Rick Schuchard, Committee Clerk*

# 2023 SENATE STANDING COMMITTEE MINUTES

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

SB 2304  
1/31/2023  
PM

A bill relating to gaming licenses for alcoholic beverage establishments and bingo halls.

3:59 PM Chairman Larson opened the meeting.

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

## **Discussion Topics:**

- Bar definition
- Gaming licensing
- Convenience stores
- Veteran's groups
- Charities

4:00 PM Chris Ebertz, Chairman, Trustees and Charity Committee, Bismarck VFW, Office of Attorney General, provided oral testimony.

4:10 PM Scott Meske, North Dakota Gaming Alliance spoke opposed to the bill. No written testimony.

4:15 PM Rudie Martinson, Lobbyist, North Dakota Hospitality Association testified opposed to the bill.

4:20 PM Chairman Larson closed the public hearing.

4:20 PM Chairman Larson closed the meeting.

*Rick Schuchard, Committee Clerk*



# 2023 SENATE STANDING COMMITTEE MINUTES

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

SB 2304  
2/14/2023

A bill relating to gaming licenses for alcoholic beverage establishments and bingo halls.

10:01 AM Chairman Larson opened the meeting.

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

### **Discussion Topics:**

- Committee action

10:01 The committee has discussion on proposed amendments LC 23.0974.01003, #20793.

10:15 AM Deb McDaniel, North Dakota Attorney General's Office, Gaming Division, provided oral testimony to the committee.

10:30 AM Senator Myrdal moves to adopt the amendment LC 23.0974.01003. Motion seconded by Senator Luick.

10:32 AM Senator Myrdal and Senator Luick reconsider and withdraw their motion and second.

10:34 AM Senator Luick moves to adopt amendment LC 23.0974.01003 with additional language of "gaming activities must be conducted in an area where only persons 21 and older can enter". Motion seconded by Senator Myrdal.

10:34 AM Roll call vote is taken.

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

Motion passes 6-1-0.

10:34 AM Senator Luick moved to Do Pass the bill as amended. Motion seconded by Senator Myrdal.

10:34 AM Roll call vote is taken.

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

Motion passes 5-2-0.

Senator Larson will carry the bill.

This bill does not affect workforce development.

10:43 AM Chairman Larson closed the meeting.

*Rick Schuchard, Committee Clerk*

February 16, 2023

AG  
2-20-23  
(1-1)

PROPOSED AMENDMENTS TO SENATE BILL NO. 2304

Page 1, line 1, remove "and subsection 2 of section"

Page 1, line 2, remove "53-06.1-03"

Page 1, line 3, remove "and bingo halls"

Page 1, line 12, replace "the licensed premises" with "an establishment"

Page 1, line 13, replace the first "and" with an underscored comma

Page 1, line 13, remove "under an on-sale license and patrons must be"

Page 1, line 14, replace "twenty-one years of age or older to enter. The term" with ", and consumed. This"

Page 1, line 14, replace "a" with "an off-sale liquor store."

Page 1, line 15, after the underscored period insert "An alcoholic beverage establishment must be licensed under chapter 5-02 and be devoted to the service of alcoholic beverages for consumption by guests on the premises. The term includes a bar located within a hotel, bowling center, golf course, or restaurant."

Page 4, remove lines 12 through 31

Page 5, remove lines 1 through 8

Renumber accordingly

**REPORT OF STANDING COMMITTEE**

**SB 2304: Judiciary Committee (Sen. Larson, Chairman) recommends AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (5 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING). SB 2304 was placed on the Sixth order on the calendar. This bill does not affect workforce development.

Page 1, line 1, remove "and subsection 2 of section"

Page 1, line 2, remove "53-06.1-03"

Page 1, line 3, remove "and bingo halls"

Page 1, line 12, replace "the licensed premises" with "an establishment"

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Page 1, line 14, replace "a" with "an off-sale liquor store."

Page 1, line 15, after the underscored period insert "An alcoholic beverage establishment must be licensed under chapter 5-02 and be devoted to the service of alcoholic beverages for consumption by guests on the premises. Gaming activities must be conducted within an area where only patrons twenty-one years of age or older may enter. The term includes a bar located within a hotel, bowling center, or restaurant."

Page 4, remove lines 12 through 31

Page 5, remove lines 1 through 8

Renumber accordingly

# 2023 SENATE STANDING COMMITTEE MINUTES

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

SB 2304  
2/20/2023

A bill relating to gaming licenses for alcoholic beverage establishments and bingo halls.

10:09 AM Chairman Larson opened the meeting.

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

### Discussion Topics:

- Committee action

10:12 AM John Reiten, North Dakota Governor's Office, spoke to amendment 23.0974.01005 (#21145).

10:12 AM Senator Myrdal moved to reconsider action previously taken by the committee on this bill. Motion seconded by Senator Luick.

10:13 AM Roll call vote was 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 passes 7-0-0.

10:25 AM Deb McDaniel, North Dakota Attorney General's Office, Gaming Division Director, provided oral testimony.

Senator Myrdal moved to adopt amendment 23.0974.01005. Senator Luick seconded the motion.

10:28 AM Roll call vote is 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 moves to Do Pass the bill as amended. Motion is seconded by Senator Myrdal.

10:29 AM Roll call vote is 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 Larson will carry the bill.

This bill does not affect workforce development.

10:32 AM Chairman Larson closed the meeting.

*Rick Schuchard, Committee Clerk*

February 16, 2023

AG  
2-20-23  
(1-1)

PROPOSED AMENDMENTS TO SENATE BILL NO. 2304

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Page 4, remove lines 12 through 31

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Renumber accordingly

**REPORT OF STANDING COMMITTEE**

**SB 2304: Judiciary Committee (Sen. Larson, Chairman) recommends AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2304 was placed on the Sixth order on the calendar. This bill does not affect workforce development.

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Page 4, remove lines 12 through 31

Page 5, remove lines 1 through 8

Re-number accordingly



**2023 HOUSE INDUSTRY, BUSINESS AND LABOR**

**SB 2304**

# 2023 HOUSE STANDING COMMITTEE MINUTES

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

SB 2304  
4/3/2023

Relating to gaming licenses for alcoholic beverage establishments.

Chairman Louser called meeting to order 3:22 PM

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

### Discussion Topics:

- Administrative rules
- Definition of establishment
- Site authorization
- License process
- Statutory definition

### In Favor:

Senator Jerry Klein, District 14, Fessenden, ND, (no written testimony)  
Bill Kalanek, representing the Charitable Gaming Association of ND, #27238  
Kent Blickensderfer, Charity Development Homes (no written testimony)  
Scott Meske, representing ND Gaming Alliance (no written testimony)

### Opposed:

David Weiler, representing Western Distributing Company (no written testimony)

### Neutral:

Deborah McDaniel. Director ND State Gaming, ND Office of the Attorney General, with amendment language, #27265.

### Additional written testimony:

Don Santer, Representing ND Association for the Disabled, #27188

Chairman Louser appointed a subcommittee of Representatives Kasper, Warrey, Thomas and Koppelman to serve as chairman.

Chairman Louser adjourned the meeting 4:07 PM

*Diane Lillis, Committee Clerk*

# 2023 HOUSE STANDING COMMITTEE MINUTES

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

SB 2304  
4/4/2023

Subcommittee

Relating to gaming licenses for alcoholic beverage establishments.
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Subcommittee Chairman Koppelman called meeting to order 4:04 PM

Members Present: Chairman Koppelman, Representatives Kasper, Thomas, Warrey.

### Discussion Topics:

- Sanctions
- Treatment fund
- Arbitrary
- Limiting sites
- Secure lease
- Protections

Deborah McDaniel, Director ND State Gaming, ND Office of the Attorney General (no written testimony)

Bill Kalanek, representing the Charitable Gaming Association of ND, #27291

Rudy Martinson, representing the ND Hospitality Association (no written testimony)

Chairman Koppelman requested a list of all gaming bills for the committee to review, ensuring issues are being addressed and will schedule a subsequent subcommittee meeting.

Subcommittee Chairman Koppelman adjourned the meeting 4:59 PM

*Diane Lillis, Committee Clerk*

# 2023 HOUSE STANDING COMMITTEE MINUTES

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

SB 2304  
4/5/2023

Subcommittee

Relating to gaming licenses for alcoholic beverage establishments.
--

Subcommittee Chairman Koppelman called meeting to order 10:07 AM

Members Present: Chairman Koppelman, Representatives Kasper, Thomas, Warrey.

### Discussion Topics:

- Fraternal organizations
- Bar gaming
- Total rental
- Bar management duties
- Gaming entities
- Charity bar owners

Bill Kalanek, representing the Charitable Gaming Association of ND (no written testimony)  
Deborah McDaniel. Director ND State Gaming, ND Office of the Attorney General, #27306

Subcommittee Chairman Koppelman adjourned the meeting 11:47 AM

*Diane Lillis, Committee Clerk*

# 2023 HOUSE STANDING COMMITTEE MINUTES

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

SB 2304  
4/5/2023

Subcommittee

Relating to gaming licenses for alcoholic beverage establishments.

Subcommittee Chairman Koppelman called meeting to order 4:00 PM

Members Present: Chairman Koppelman, Representatives Kasper, Thomas, Warrey.

### Discussion Topics:

- Updates
- Rent
- Off sale
- Ordinances
- Fees
- Fines

Bill Kalanek, representing the Charitable Gaming Association of ND, #27324

Subcommittee Chairman Koppelman adjourned the meeting 4:32 PM

*Diane Lillis, Committee Clerk*

# 2023 HOUSE STANDING COMMITTEE MINUTES

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

SB 2304  
4/11/2023

Subcommittee

Relating to gaming licenses for alcoholic beverage establishments.
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Subcommittee Chairman Koppelman called meeting to order 2:35 PM

Members Present: Chairman Koppelman, Representatives Kasper, Thomas, Warrey.

### Discussion Topics:

- Machine rent
- Maximum
- License process
- New organization
- Eligible sites

Bill Kalanek, representing the Charitable Gaming Association of ND (no written testimony)

Chairman Koppelman presented an amendment for committee review and discussion, #27477, #27476, LC #23.0974.03001

Committee discussion

Subcommittee Chairman Koppelman adjourned the meeting 3:42 PM

*Diane Lillis, Committee Clerk*

# 2023 HOUSE STANDING COMMITTEE MINUTES

Industry, Business and Labor Committee  
Room JW327C, State Capitol

SB 2304  
4/12/2023

Subcommittee Meeting

Relating to gaming licenses for alcoholic beverage establishments.

Chairman Koppelman called meeting to order 3:31 PM

Members Present: Chairman Koppelman, Representatives Kasper, Thomas, Warrey.

## Discussion Topics:

- Public spirited
- Local control
- Limit sites
- Site approval
- Criteria
- Charitable funds
- Violate ordinances
- Machine counts
- Limited assistance
- Local governing body
- Employee bar assist
- Types of gaming
- Rental rates

Chairman Koppelman presented additional amendment language, #27522

Committee discussion.

Chairman Louser adjourned the meeting 4:25 PM

*Diane Lillis, Committee Clerk*

# 2023 HOUSE STANDING COMMITTEE MINUTES

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

SB 2304  
4/14/2023

Subcommittee

Relating to gaming licenses for alcoholic beverage establishments.
--

Subcommittee Chairman Koppelman called meeting to order 10:32 AM

Members Present: Chairman Koppelman, Representatives Kasper, Thomas, Warrey.

### Discussion Topics:

- Local control
- Board members
- Bar assist
- Additional information
- Limiting establishments
- On sale liquor
- Order of approval
- Affiliated entity
- Market value
- Sanctions
- Administrative rules

Drew Wrigley, Attorney General, ND Office of the Attorney General, #27581

Chairman Koppelman presented an updated amendment for committee review and discussion, LC #23.0974.03003, #27582, #27583

Subcommittee Chairman Koppelman adjourned the meeting 12:22 PM

*Diane Lillis, Committee Clerk*



# 2023 HOUSE STANDING COMMITTEE MINUTES

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

SB 2304  
4/17/2023

Relating to gaming licenses for alcoholic beverage establishments.

Chairman Louser called meeting to order 10:07 AM

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

### Discussion Topics:

- Committee work

Chairman Koppelman presented an amendment, #27583, #27582, LC #23.0974.03005 based on the subcommittee work and moved to adopt.

Representative Kasper seconded.

Roll call vote:

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

Motion passed 12-0-2

Representative Koppelman moved a do pass as amended.  
Representative Kasper seconded.

Roll call vote:

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

Motion passed 12-0-2

Representative Koppelman will carry the bill.

Chairman Louser adjourned the meeting 10:53 AM

*Diane Lillis, Committee Clerk*

April 17, 2023

OK  
147  
4-17-23

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2304

- Page 1, line 1, after "to" insert "create and enact a new section to chapter 53-06.1 and a new subsection to section 53-06.1-15.1 of the North Dakota Century Code, relating to alcoholic beverage establishment requirements and the authority of the attorney general to impose fines for gaming violations; and to"
- Page 1, line 1, replace "section" with "sections"
- Page 1, line 1, after "53-06.1-01" insert "and 53-06.1-03, and subsections 2 and 5 of section 53-06.1-11"
- Page 1, line 2, after "establishments" insert ", the maximum number of gaming sites allowed, the maximum number of pull tab devices allowed at a site, approval for a gaming site authorization and licensure, modification of allowable expense limits, and rent limits for electronic pull tab devices"
- Page 1, line 11, after "establishment" insert "licensed under chapter 5-02"
- Page 1, line 12, after "consumed" insert "by guests on the premises"
- Page 1, line 12, replace "This" with "The term"
- Page 1, line 12, replace "an off-sale" with "a"
- Page 1, line 13, after "store" insert "licensed for off sale only"
- Page 1, line 13, remove "An alcoholic beverage"
- Page 1, remove lines 14 through 16
- Page 3, line 10, after "17." insert "\"Off sale\" means the sale of alcoholic beverages that are to be consumed off the licensed premises."
18. "On sale" means the sale of alcoholic beverages that are meant to be consumed on the licensed premises.
- 19."
- Page 3, line 13, replace "18." with "20."
- Page 3, line 15, replace "19." with "21."
- Page 3, line 16, replace "20." with "22."
- Page 3, line 19, replace "21." with "23."
- Page 3, line 27, replace "22." with "24."
- Page 4, line 4, replace "23." with "25."
- Page 4, line 7, replace "24." with "26."
- Page 4, after line 11, insert:

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

OK  
287  
4-17-23

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

1. Except as authorized by the attorney general, an organization that has its license suspended or revoked, or has relinquished or not renewed its license and not disbursed its net proceeds, is ineligible for a license or permit. Only one of two or more closely related organizations may have a license or permit at one time. A college or university fraternity, sorority, or club is not closely related to an educational organization. An organization shall apply for a permit as follows:
  - a. An organization recognized as a public-spirited organization by the governing body of a city or county may apply for permits. A local permit may allow the organization to conduct only raffles, bingo, or sports pools. A restricted event permit may allow the organization to conduct only raffles, bingo, sports pools, paddlewheels, twenty-one, and poker. The organization or closely related organizations as a whole may only award a primary prize that does not exceed eight thousand dollars and total prizes of all games do not exceed forty thousand dollars per year. These maximum prize amounts do not apply to raffles conducted under chapter 20.1-08. The determination of what is a "public-spirited organization" is within the sole discretion of the governing body. An organization shall disclose on the application its intended use of the net income from the gaming activity. A governing body may issue a permit for games to be held at designated times and places.
  - b. An organization shall apply to the governing body of the city or county in which the proposed site is located. Application must be made on a form prescribed by the attorney general. Approval may be granted at the discretion of the governing body. A governing body may establish a fee not to exceed twenty-five dollars for each permit. A permit must be on a fiscal year basis from July first to June thirtieth or on a calendar-year basis.
  - c. An organization that has a local permit or a restricted event permit may use the net income from the gaming activity for any purpose that does not violate this chapter or gaming rules, unless the organization is a state political party or legislative district party committee, the organization may use the net income from a raffle for a political purpose. For purposes of this subdivision, a public-spirited use includes a political purpose.
  - d. An organization that has a restricted event permit is restricted to one event per year and:
    - (1) May not pay remuneration to employees for personal services;
    - (2) Shall use chips as wagers;
    - (3) Shall redeem a player's chips for merchandise prizes or cash;



OR  
377  
4-17-23

- (4) Shall disburse net income to eligible uses referenced in subdivision c, if applicable, and in section 53-06.1-11.1; and
  - (5) Shall file a report prescribed by the attorney general with the governing body and attorney general.
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.
  - b. After securing a lease for a gaming site location, 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. A governing body may:
    - (1) 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. A governing body may;
    - (2) May limit the number of 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. A governing body may;
    - (3) May charge a one hundred dollar fee for a site authorization; and
  - b. (4) May not require a site to enter a lease with a specific organization as a condition of receiving a site authorization;
  - (5) May not deny approval of a site authorization because an organization has not previously conducted gaming at that site;
  - (6) May deny approval of a site authorization if an application is incomplete or if granting approval would violate a local ordinance related to a limitation on the number of site authorizations for which an organization may be approved or whether the organization is public-spirited. An ordinance that places a condition on how charitable funds may be used may not have an effect on the approval of a site authorization; and
  - (7) May deny approval of a site authorization if the organization is not compliant with statute or rule.
- 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 fifty dollar license fee for each city or county that approves a site authorization. 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 fifty dollar license fee for each city or county in which a site is located. 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 shall issue a license to an eligible organization that has obtained approval of site authorization under subdivision b, applied, paid the requisite fee, and demonstrated it qualifies as an eligible organization.

OK  
4/27  
4-17-23

3. A licensed organization or organization that has a permit shall conduct games as follows:
  - a. Only one licensed organization or organization that has a permit may conduct games at an authorized site on a day, except that a raffle may be conducted for a special occasion by another licensed organization or organization that has a permit when one of these conditions is met:
    - (1) When the area for the raffle is physically separated from the area where games are conducted by the regular organization.
    - (2) Upon request of the regular organization and with the approval of the alcoholic beverage establishment, the regular organization's license or permit is suspended for that specific time of day by the attorney general.
  - b. Except for a temporary site authorized for fourteen or fewer consecutive days for not more than two events per quarter or a licensed organization authorized on or before January 1, 2023, to conduct gaming at more than fifteen sites, a licensed organization may not have more than ~~twenty-five~~fifteen sites unless granted a waiver by the attorney general. ~~If the attorney general finds that there is no other licensed organization interested in conducting gaming at a site for which a waiver is being sought, the attorney general may approve the waiver for no more than five sites.~~
  - c. Games of electronic quick shot bingo, pull tabs, punchboards, twenty-one, paddlewheels, poker, and sports pools may be conducted only during the hours when alcoholic beverages may be dispensed according to applicable regulations of the state, county, or city.
  - d. An organization may not permit a person under twenty-one years of age to directly or indirectly play pull tabs, punchboards, twenty-one, calcuttas, sports pools, paddlewheels, or poker. An organization may not permit an individual under eighteen years of age to directly or indirectly play electronic quick shot bingo. An organization may not permit an individual under eighteen years of age to directly or indirectly play bingo unless the individual is accompanied by an adult, bingo is conducted by an organization that has a permit, or the game's prize structure does not exceed that allowed for a permit.
  - e. An organization may not install more than ten electronic pull tab devices at a site.



- DR  
577  
4-17-23
- f. An organization with more than fifteen licensed sites under subdivision b may not increase its number of sites beyond the number of sites licensed as of January 1, 2023.
  4. A permit, or site authorization and license, must be displayed at a site.
  5. The attorney general may issue a conditional license to an eligible organization whose regularly issued license has expired or been suspended, revoked, or relinquished. The attorney general shall designate the time period for which the conditional license is valid and may impose any conditions.
  6. A governing body or local law enforcement official may inspect a site's gaming equipment and examine or cause to be examined any gaming-related books and records of a licensed organization or organization that has a permit.

**SECTION 3.** A new section to chapter 53-06.1 of the North Dakota Century Code is created and enacted as follows:

**Alcoholic beverage establishment - Requirements.**

1. An alcoholic beverage establishment:
  - a. May not interfere with the organization's operation of gaming;
  - b. May not limit the gaming hours of operation, except to limit gaming to the alcoholic beverage establishment's hours of operation;
  - c. May not receive any compensation from gaming proceeds other than rent under this chapter. Compensation includes any financial benefit, direct or indirect, from gaming proceeds;
  - d. May not require an organization to donate net proceeds to any organization or for any purpose as a condition of conducting gaming on the premises;
  - e. May not directly conduct gaming as part of the alcoholic beverage establishment's business;
  - f. May donate a gift certificate, cash, or merchandise intended to be used as a prize to an organization;
  - g. May not give a free or discounted game piece, chip, or play of a game, except for discounts allowed for bingo and raffle activity;
  - h. May offer free or discounted food or beverages in the normal course of business;
  - i. At its own expense, may advertise gaming on promotional drink tickets; and
  - j. If advertising charitable gaming conducted on the premises, shall include the gaming organization's name. An abbreviation of the organization's name may be used.
2. Upon the request of the organization, an alcoholic beverage establishment:

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- a. May sell a gift certificate or merchandise to be used as a gaming prize for no more than fair market value; and
  - b. May assist in redeeming winning pull tabs, credit ticket vouchers, or paying prize board cash prizes involving a dispensing device. If the organization provides the alcoholic beverage establishment temporary loan funds for this purpose, a written agreement must:
    - (1) Be signed by the organization and the alcoholic beverage establishment;
    - (2) Provide for the immediate repayment of the loan if the organization discontinues using a device at the site; and
    - (3) Provide the alcoholic beverage establishment is liable for a loss or theft of the loaned funds.
3. An owner of the alcoholic beverage establishment or a member of the owner's household or an individual who is an officer or board member or involved in the management of the establishment may not:
- a. Loan money or provide gaming equipment to the organization;
  - b. Interfere or attempt to influence an organization's selection of games, determination of prizes, disbursement of net proceeds, selection of a gaming equipment distributor, or the method for which games are conducted;
  - c. Require an organization's employee to assist, with or without compensation, in an alcoholic beverage establishment's business at the site. However, the organization's employee may voluntarily order beverages for customers; or
  - d. Count drop box cash.
4. An owner or employee of the alcoholic beverage establishment may not play pull tabs or prize boards, which involve a dispensing device, or electronic pull tabs while on duty or for three hours after ending duty.
5. An employee of a licensed organization may patronize the alcoholic beverage establishment.

**SECTION 4. 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 are more than one hundred thousand dollars; and
  - b. Sixty-three percent of the adjusted gross proceeds per quarter if the total adjusted gross proceeds for the quarter are equal to or less than one hundred thousand dollars.

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



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 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 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 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 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 hundred dollars.
  - c. If pull tabs is conducted using one or more electronic pull tab devices, the monthly rent may not exceed ~~an additional one hundred~~ fifty dollars per machine for the first five machines in the same venue. For each additional machine in the same venue beyond five, the monthly rent may not exceed ~~an additional fifty~~ one hundred dollars per machine up to a maximum of one thousand ~~one~~ two hundred ~~twenty-five~~ fifty dollars per month for all electronic pull tab devices in a single venue. Notwithstanding the foregoing maximum rent amount, if a gaming employee is not onsite to administer the proceeds, the rent may include an additional fifty dollars per machine for alcoholic beverage establishment employee assistance for up to five machines, resulting in a maximum of one thousand five hundred dollars per month.

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**SECTION 6.** A new subsection to section 53-06.1-15.1 of the North Dakota Century Code is created and enacted as follows:

Impose a monetary fine on an owner of an authorized alcoholic beverage establishment where a licensed gaming activity is conducted or has been conducted for failure to comply with section 3 of this Act or administrative rules that relate to subdivision b of subsection 2 of section 3 of this Act. The monetary fine for each violation by an authorized site owner may not exceed five thousand dollars. An authorized alcoholic beverage establishment subject to a monetary fine under this section may appeal under chapter 28-32."

Renumber accordingly

**REPORT OF STANDING COMMITTEE**

**SB 2304, as engrossed: Industry, Business and Labor Committee (Rep. Louser, Chairman) recommends AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (12 YEAS, 0 NAYS, 2 ABSENT AND NOT VOTING). Engrossed SB 2304 was placed on the Sixth order on the calendar.

Page 1, line 1, after "to" insert "create and enact a new section to chapter 53-06.1 and a new subsection to section 53-06.1-15.1 of the North Dakota Century Code, relating to alcoholic beverage establishment requirements and the authority of the attorney general to impose fines for gaming violations; and to"

Page 1, line 1, replace "section" with "sections"

Page 1, line 1, after "53-06.1-01" insert "and 53-06.1-03, and subsections 2 and 5 of section 53-06.1-11"

Page 1, line 2, after "establishments" insert ", the maximum number of gaming sites allowed, the maximum number of pull tab devices allowed at a site, approval for a gaming site authorization and licensure, modification of allowable expense limits, and rent limits for electronic pull tab devices"

Page 1, line 11, after "establishment" insert "licensed under chapter 5-02"

Page 1, line 12, after "consumed" insert "by guests on the premises"

Page 1, line 12, replace "This" with "The term"

Page 1, line 12, replace "an off-sale" with "a"

Page 1, line 13, after "store" insert "licensed for off sale only"

Page 1, line 13, remove "An alcoholic beverage"

Page 1, remove lines 14 through 16

Page 3, line 10, after "17." insert "\"Off sale\" means the sale of alcoholic beverages that are to be consumed off the licensed premises."

18. "\"On sale\" means the sale of alcoholic beverages that are meant to be consumed on the licensed premises."

19."

Page 3, line 13, replace "18." with "20."

Page 3, line 15, replace "19." with "21."

Page 3, line 16, replace "20." with "22."

Page 3, line 19, replace "21." with "23."

Page 3, line 27, replace "22." with "24."

Page 4, line 4, replace "23." with "25."

Page 4, line 7, replace "24." with "26."

Page 4, after line 11, insert:

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

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

1. Except as authorized by the attorney general, an organization that has its license suspended or revoked, or has relinquished or not renewed its license and not disbursed its net proceeds, is ineligible for a license or permit. Only one of two or more closely related organizations may have a license or permit at one time. A college or university fraternity, sorority, or club is not closely related to an educational organization. An organization shall apply for a permit as follows:
  - a. An organization recognized as a public-spirited organization by the governing body of a city or county may apply for permits. A local permit may allow the organization to conduct only raffles, bingo, or sports pools. A restricted event permit may allow the organization to conduct only raffles, bingo, sports pools, paddlewheels, twenty-one, and poker. The organization or closely related organizations as a whole may only award a primary prize that does not exceed eight thousand dollars and total prizes of all games do not exceed forty thousand dollars per year. These maximum prize amounts do not apply to raffles conducted under chapter 20.1-08. The determination of what is a "public-spirited organization" is within the sole discretion of the governing body. An organization shall disclose on the application its intended use of the net income from the gaming activity. A governing body may issue a permit for games to be held at designated times and places.
  - b. An organization shall apply to the governing body of the city or county in which the proposed site is located. Application must be made on a form prescribed by the attorney general. Approval may be granted at the discretion of the governing body. A governing body may establish a fee not to exceed twenty-five dollars for each permit. A permit must be on a fiscal year basis from July first to June thirtieth or on a calendar-year basis.
  - c. An organization that has a local permit or a restricted event permit may use the net income from the gaming activity for any purpose that does not violate this chapter or gaming rules, unless the organization is a state political party or legislative district party committee, the organization may use the net income from a raffle for a political purpose. For purposes of this subdivision, a public-spirited use includes a political purpose.
  - d. An organization that has a restricted event permit is restricted to one event per year and:
    - (1) May not pay remuneration to employees for personal services;
    - (2) Shall use chips as wagers;
    - (3) Shall redeem a player's chips for merchandise prizes or cash;
    - (4) Shall disburse net income to eligible uses referenced in subdivision c, if applicable, and in section 53-06.1-11.1; and
    - (5) Shall file a report prescribed by the attorney general with the governing body and attorney general.
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.
  - b. After securing a lease for a gaming site location, 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. A governing body may:
    - (1) 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. A governing body may;
    - (2) May limit the number of 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. A governing body may;
    - (3) May charge a one hundred dollar fee for a site authorization; and
  - b- (4) May not require a site to enter a lease with a specific organization as a condition of receiving a site authorization;
  - (5) May not deny approval of a site authorization because an organization has not previously conducted gaming at that site;
  - (6) May deny approval of a site authorization if an application is incomplete or if granting approval would violate a local ordinance related to a limitation on the number of site authorizations for which an organization may be approved or whether the organization is public-spirited. An ordinance that places a condition on how charitable funds may be used may not have an effect on the approval of a site authorization; and
  - (7) May deny approval of a site authorization if the organization is not compliant with statute or rule.
  - 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 fifty dollar license fee for each city or county that approves a site authorization. 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 fifty dollar license fee for each city or county in which a site is located. 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 shall issue a license to an eligible organization that has obtained approval of site authorization under subdivision b, applied, paid the requisite fee, and demonstrated it qualifies as an eligible organization.
3. A licensed organization or organization that has a permit shall conduct games as follows:

- a. Only one licensed organization or organization that has a permit may conduct games at an authorized site on a day, except that a raffle may be conducted for a special occasion by another licensed organization or organization that has a permit when one of these conditions is met:
    - (1) When the area for the raffle is physically separated from the area where games are conducted by the regular organization.
    - (2) Upon request of the regular organization and with the approval of the alcoholic beverage establishment, the regular organization's license or permit is suspended for that specific time of day by the attorney general.
  - b. Except for a temporary site authorized for fourteen or fewer consecutive days for not more than two events per quarter or a licensed organization authorized on or before January 1, 2023, to conduct gaming at more than fifteen sites, a licensed organization may not have more than ~~twenty-five~~fifteen sites ~~unless granted a waiver by the attorney general. If the attorney general finds that there is no other licensed organization interested in conducting gaming at a site for which a waiver is being sought, the attorney general may approve the waiver for no more than five sites.~~
  - c. Games of electronic quick shot bingo, pull tabs, punchboards, twenty-one, paddlewheels, poker, and sports pools may be conducted only during the hours when alcoholic beverages may be dispensed according to applicable regulations of the state, county, or city.
  - d. An organization may not permit a person under twenty-one years of age to directly or indirectly play pull tabs, punchboards, twenty-one, calcuttas, sports pools, paddlewheels, or poker. An organization may not permit an individual under eighteen years of age to directly or indirectly play electronic quick shot bingo. An organization may not permit an individual under eighteen years of age to directly or indirectly play bingo unless the individual is accompanied by an adult, bingo is conducted by an organization that has a permit, or the game's prize structure does not exceed that allowed for a permit.
  - e. An organization may not install more than ten electronic pull tab devices at a site.
  - f. An organization with more than fifteen licensed sites under subdivision b may not increase its number of sites beyond the number of sites licensed as of January 1, 2023.
4. A permit, or site authorization and license, must be displayed at a site.
  5. The attorney general may issue a conditional license to an eligible organization whose regularly issued license has expired or been suspended, revoked, or relinquished. The attorney general shall designate the time period for which the conditional license is valid and may impose any conditions.
  6. A governing body or local law enforcement official may inspect a site's gaming equipment and examine or cause to be examined any gaming-related books and records of a licensed organization or organization that has a permit.

**SECTION 3.** A new section to chapter 53-06.1 of the North Dakota Century Code is created and enacted as follows:

**Alcoholic beverage establishment - Requirements.**

1. An alcoholic beverage establishment:
  - a. May not interfere with the organization's operation of gaming;
  - b. May not limit the gaming hours of operation, except to limit gaming to the alcoholic beverage establishment's hours of operation;
  - c. May not receive any compensation from gaming proceeds other than rent under this chapter. Compensation includes any financial benefit, direct or indirect, from gaming proceeds;
  - d. May not require an organization to donate net proceeds to any organization or for any purpose as a condition of conducting gaming on the premises;
  - e. May not directly conduct gaming as part of the alcoholic beverage establishment's business;
  - f. May donate a gift certificate, cash, or merchandise intended to be used as a prize to an organization;
  - g. May not give a free or discounted game piece, chip, or play of a game, except for discounts allowed for bingo and raffle activity;
  - h. May offer free or discounted food or beverages in the normal course of business;
  - i. At its own expense, may advertise gaming on promotional drink tickets; and
  - j. If advertising charitable gaming conducted on the premises, shall include the gaming organization's name. An abbreviation of the organization's name may be used.
2. Upon the request of the organization, an alcoholic beverage establishment:
  - a. May sell a gift certificate or merchandise to be used as a gaming prize for no more than fair market value; and
  - b. May assist in redeeming winning pull tabs, credit ticket vouchers, or paying prize board cash prizes involving a dispensing device. If the organization provides the alcoholic beverage establishment temporary loan funds for this purpose, a written agreement must:
    - (1) Be signed by the organization and the alcoholic beverage establishment;
    - (2) Provide for the immediate repayment of the loan if the organization discontinues using a device at the site; and
    - (3) Provide the alcoholic beverage establishment is liable for a loss or theft of the loaned funds.

3. An owner of the alcoholic beverage establishment or a member of the owner's household or an individual who is an officer or board member or involved in the management of the establishment may not:
  - a. Loan money or provide gaming equipment to the organization;
  - b. Interfere or attempt to influence an organization's selection of games, determination of prizes, disbursement of net proceeds, selection of a gaming equipment distributor, or the method for which games are conducted;
  - c. Require an organization's employee to assist, with or without compensation, in an alcoholic beverage establishment's business at the site. However, the organization's employee may voluntarily order beverages for customers; or
  - d. Count drop box cash.
4. An owner or employee of the alcoholic beverage establishment may not play pull tabs or prize boards, which involve a dispensing device, or electronic pull tabs while on duty or for three hours after ending duty.
5. An employee of a licensed organization may patronize the alcoholic beverage establishment.

**SECTION 4. 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 are more than one hundred thousand dollars; and
  - b. Sixty-three percent of the adjusted gross proceeds per quarter if the total adjusted gross proceeds for the quarter are equal to or less than one hundred thousand dollars.

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

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 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 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 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 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 hundred dollars.
  - c. If pull tabs is conducted using one or more electronic pull tab devices, the monthly rent may not exceed ~~an additional~~ one hundred

fifty dollars per machine for the first five machines in the same venue. For each additional machine in the same venue beyond five, the monthly rent may not exceed an additional fiftyone hundred dollars per machine up to a maximum of one thousand ~~one~~two hundred ~~twenty-five~~fifty dollars per month for all electronic pull tab devices in a single venue. Notwithstanding the foregoing maximum rent amount, if a gaming employee is not onsite to administer the proceeds, the rent may include an additional fifty dollars per machine for alcoholic beverage establishment employee assistance for up to five machines, resulting in a maximum of one thousand five hundred dollars per month.

**SECTION 6.** A new subsection to section 53-06.1-15.1 of the North Dakota Century Code is created and enacted as follows:

Impose a monetary fine on an owner of an authorized alcoholic beverage establishment where a licensed gaming activity is conducted or has been conducted for failure to comply with section 3 of this Act or administrative rules that relate to subdivision b of subsection 2 of section 3 of this Act. The monetary fine for each violation by an authorized site owner may not exceed five thousand dollars. An authorized alcoholic beverage establishment subject to a monetary fine under this section may appeal under chapter 28-32."

Renumber accordingly



**2023 CONFERENCE COMMITTEE**

**SB 2304**

# 2023 SENATE STANDING COMMITTEE MINUTES

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

SB 2304  
4/22/2023  
Conference Committee

A bill relating to gaming licenses for alcoholic beverage establishments and bingo halls.

9:00 AM Chairman Luick opened the meeting.

Chairman Luick and Senators Paulson, Sickler and Representatives Koppelman, Thomas and Warrey are present.

## **Discussion Topics:**

- Gaming expansion
- Liquor licenses
- Amendments
- Charitable organizations
- Liquor establishments

9:00 AM the committee has discussion on the bill and proposed amendments LC 23.0974.03006, #27819, 27820.

10:04 AM Chairman Luick closed the meeting.

*Rick Schuchard, Committee Clerk*

# 2023 SENATE STANDING COMMITTEE MINUTES

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

SB 2304  
4/24/2023  
Conference Committee

A bill relating to gaming licenses for alcoholic beverage establishments and bingo halls.

11:00 AM Chairman Luick opened the meeting.

Chairman Luick and Senators Paulson, Sickler and Representatives Koppelman, Thomas and Warrey are present.

## **Discussion Topics:**

- Liquor establishment
- E Tab machines
- Bar definition
- Charities
- Bar owners

11:02 AM The committee has discussion on the bill.

11:28 AM Chairman Luick closed the meeting.

*Rick Schuchard, Committee Clerk*

# 2023 SENATE STANDING COMMITTEE MINUTES

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

SB 2304  
4/24/2023  
Conference Committee

A bill relating to gaming licenses for alcoholic beverage establishments and bingo halls.

3:00 PM Chairman Luick opened the meeting.

Chairman Luick and Senators Paulson, Sickler and Representatives Koppelman, Thomas and Warrey are present.

## **Discussion Topics:**

- Definition of a bar
- Amendments
- Charities
- Bar owners

3:01 PM The committee has discussion on the bill.

3:02 PM The committee discusses an amendment from Representative Koppelman #27819, LC 23.0974.03006.

3:33 PM Chairman Luick calls for a recess.

3:36 PM The committee reconvenes.

4:01 PM Chairman Luick closed the meeting.

4:01 PM Chairman Luick closed the meeting.

*Rick Schuchard, Committee Clerk*

# 2023 SENATE STANDING COMMITTEE MINUTES

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

SB 2304  
4/25/2023  
Conference Committee

A bill relating to gaming licenses for alcoholic beverage establishments and bingo halls.

9:30 AM Chairman Luick opened the meeting.

Chairman Luick and Senators Paulson, Sickler and Representatives Koppelman, Thomas and Warrey are present.

## **Discussion Topics:**

- Bar definition
- Bar owners
- Charities
- Convenience stores
- Liquor sales

9:31 AM The committee has discussion on the bill.

9:32 AM Representative Koppelman introduced amendment #27865, 27866.

10:02 AM Senator Sickler introduced amendment #27867.

10:28 AM Chairman Luick closed the meeting.

*Rick Schuchard, Committee Clerk*

# 2023 SENATE STANDING COMMITTEE MINUTES

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

SB 2304  
4/25/2023  
Conference Committee

A bill relating to gaming licenses for alcoholic beverage establishments and bingo halls.

3:00 PM Chairman Luick opened the meeting.

Chairman Luick and Senators Paulson, Sickler and Representatives Koppelman, Thomas and Warrey are present.

## **Discussion Topics:**

- Amendments
- Committee action

3:01 PM The committee has discussion on the bill and amendments LC 23.0974.03010. Representative Koppelman introduced amendments #27904, 27903.

3:41 PM Senator Koppelman moved the House Recede from House amendments and amend with LC 23.0974.03011. Motion is seconded by Senator Paulson.

3:42 AM Roll call vote was taken. Motion carries 6-0-0.

Senator Paulson will carry the bill for the Senate.

Senator Koppelman will carry the bill for the House.

3:44 PM Chairman Luick closed the meeting.

*Rick Schuchard, Committee Clerk*

April 25, 2023

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PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2304

That the House recede from its amendments as printed on pages 1733-1738 of the Senate Journal and pages 2017-2023 of the House Journal and that Engrossed Senate Bill No. 2304 be amended as follows:

Page 1, line 1, replace "section" with "sections"

Page 1, line 1, after "53-06.1-01" insert "and 53-06.1-03, subsection 3 of section 53-06.1-10.1, subsection 5 of section 53-06.1-11, and subsection 10 of section 53-06.1-15.1"

Page 1, line 2, after "to" insert "the definitions of alcoholic beverage establishment and manufacturer, approval for a gaming site authorization and licensure, the maximum number of gaming sites allowed, the maximum number of pull tab devices allowed at a site,"

Page 1, line 2, after "establishments" insert ", electronic fifty-fifty raffles, rent limits for electronic pull tab devices, and the imposition of monetary fines for violations by third-party businesses; to provide for a legislative management study; to provide an effective date; and to declare an emergency"

Page 1, line 11, after the second "establishment" insert "licensed under chapter 5-02"

Page 1, line 12, replace ". This" with "by guests on the premises. The term"

Page 1, line 12, replace "an off-sale" with "a"

Page 1, line 13, remove "An alcoholic beverage"

Page 1, removes lines 14 through 16

Page 3, line 2, after the second comma insert "electronic pull tab device operating system."

Page 3, line 3, overstrike "a fifty-fifty" and insert immediately thereafter "electronic"

Page 3, line 5, after "device" insert "or system"

Page 4, after line 11, insert:

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

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

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



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- a. An organization recognized as a public-spirited organization by the governing body of a city or county may apply for permits. A local permit may allow the organization to conduct only raffles, bingo, or sports pools. A restricted event permit may allow the organization to conduct only raffles, bingo, sports pools, paddlewheels, twenty-one, and poker. The organization or closely related organizations as a whole may only award a primary prize that does not exceed eight thousand dollars and total prizes of all games do not exceed forty thousand dollars per year. These maximum prize amounts do not apply to raffles conducted under chapter 20.1-08. The determination of what is a "public-spirited organization" is within the sole discretion of the governing body. An organization shall disclose on the application its intended use of the net income from the gaming activity. A governing body may issue a permit for games to be held at designated times and places.
  - b. An organization shall apply to the governing body of the city or county in which the proposed site is located. Application must be made on a form prescribed by the attorney general. Approval may be granted at the discretion of the governing body. A governing body may establish a fee not to exceed twenty-five dollars for each permit. A permit must be on a fiscal year basis from July first to June thirtieth or on a calendar-year basis.
  - c. An organization that has a local permit or a restricted event permit may use the net income from the gaming activity for any purpose that does not violate this chapter or gaming rules, unless the organization is a state political party or legislative district party committee, the organization may use the net income from a raffle for a political purpose. For purposes of this subdivision, a public-spirited use includes a political purpose.
  - d. An organization that has a restricted event permit is restricted to one event per year and:
    - (1) May not pay remuneration to employees for personal services;
    - (2) Shall use chips as wagers;
    - (3) Shall redeem a player's chips for merchandise prizes or cash;
    - (4) Shall disburse net income to eligible uses referenced in subdivision c, if applicable, and in section 53-06.1-11.1; and
    - (5) Shall file a report prescribed by the attorney general with the governing body and attorney general.
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 approval for a site authorization from the governing body of the city or county in which the proposed site is located. Approval, which may be granted at the discretion of the governing body, must be recorded on a site authorization form that is to accompany the license application to the attorney general for final



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approval. An eligible organization may request a specific site location on the site authorization form.

- (1) A governing body ~~may~~:
  - (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. ~~A governing body may;~~
  - (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. ~~A governing body may; and~~
  - (e) May charge a one hundred dollar fee for a site authorization; ~~and,~~

- (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. 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 fifty dollar license fee for each city or county that approves a site authorization. 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 fifty dollar license fee for each city or county in which a site is located. 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 are not in compliance with applicable laws and rules.

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

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- a. Only one licensed organization or organization that has a permit may conduct games at an authorized site on a day, except that a raffle may be conducted for a special occasion by another licensed organization or organization that has a permit when one of these conditions is met:
    - (1) When the area for the raffle is physically separated from the area where games are conducted by the regular organization.
    - (2) Upon request of the regular organization and with the approval of the alcoholic beverage establishment, the regular organization's license or permit is suspended for that specific time of day by the attorney general.
  - b. Except for a temporary site authorized for fourteen or fewer consecutive days for not more than two events per quarter or a licensed organization authorized on or before January 1, 2023, to conduct gaming at more than fifteen sites, a licensed organization, including a closely related organization, may not have more than ~~twenty-five~~fifteen sites unless granted a waiver by the attorney general. ~~If the attorney general finds that there is no other licensed organization interested in conducting gaming at a site for which a waiver is being sought, the attorney general may approve the waiver for no more than five sites.~~
  - c. Games of electronic quick shot bingo, electronic pull tabs, pull tabs, punchboards, twenty-one, paddlewheels, poker, and sports pools may be conducted only during the hours when alcoholic beverages may be dispensed according to applicable regulations of the state, county, or city. Electronic pull tabs must be conducted in a designated area where patrons must be twenty-one years of age or older to enter.
  - d. An organization may not permit a person under twenty-one years of age to directly or indirectly play pull tabs, punchboards, twenty-one, calcuttas, sports pools, paddlewheels, or poker. An organization may not permit an individual under eighteen years of age to directly or indirectly play electronic quick shot bingo. An organization may not permit an individual under eighteen years of age to directly or indirectly play bingo unless the individual is accompanied by an adult, bingo is conducted by an organization that has a permit, or the game's prize structure does not exceed that allowed for a permit.
  - e. An organization may not install more than ten electronic pull tab devices at a site.
  - f. An organization with more than fifteen licensed sites under subdivision b may not increase its number of sites beyond the number of sites licensed as of January 1, 2023.
  - g. An organization conducting gaming at an authorized site on January 1, 2023, may continue to operate gaming, including as provided under subsection 1 of section 53-06.1-06, at the authorized site regardless of whether the authorized site is an alcoholic beverage establishment as defined under section 53-06.1-01.
4. A permit, or site authorization and license, must be displayed at a site.



5. The attorney general may issue a conditional license to an eligible organization whose regularly issued license has expired or been suspended, revoked, or relinquished. The attorney general shall designate the time period for which the conditional license is valid and may impose any conditions.
6. A governing body or local law enforcement official may inspect a site's gaming equipment and examine or cause to be examined any gaming-related books and records of a licensed organization or organization that has a permit.

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

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

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

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 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 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 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 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 hundred dollars.
- c. If pull tabs is conducted using one or more electronic pull tab devices, the monthly rent may not exceed ~~an additional~~ seventy-five dollars per machine for the first five machines in the same venue. For each additional machine in the same venue beyond five, the monthly rent may not exceed ~~an additional fifty~~ seventy-five dollars per machine up to a maximum of one thousand ~~one~~ two hundred ~~twenty-five~~ fifty dollars per month for all electronic pull tab devices in a single venue.

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

10. Impose a monetary fine on a licensed organization, organization that has a permit, distributor, ~~or~~ manufacturer, or third-party business operating

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

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

1. During the 2023-24 interim, the legislative management shall study statewide charitable gaming comprehensively. The study must include input from the attorney general, stakeholders from large and small charitable organizations, local political subdivisions that authorize sites, gaming equipment manufacturers and distributors, gambling addiction counselors, and other industry leaders. The study must also include:
  - a. An evaluation of the economic impact of charitable gaming on the state in urban and rural areas;
  - b. An evaluation of gambling addiction and treatment services currently available;
  - c. An evaluation of the civic benefit of charitable gaming to the communities most closely related to the gaming sites;
  - d. An evaluation of how site authorization is approved and renewed, including whether charities have equitable access to sites;
  - e. An evaluation of the gaming tax structure;
  - f. An evaluation of public support for charitable gaming;
  - g. An evaluation of statewide local restrictions placed on charitable gaming;
  - h. An evaluation of gaming expansion;
  - i. An evaluation of site locations where gaming is taking place;
  - j. An evaluation of charitable gaming proceeds and the eligible uses of gaming proceeds, including the percentage of proceeds that may be used for administration;
  - k. An evaluation of the categories of organizations that are allowed to conduct charitable gaming, including the missions of such organizations;
  - l. An evaluation of the placement of gaming activity within a gaming site, including electronic pull tab device placement;
  - m. An evaluation of the rental rate paid by organizations to alcoholic beverage establishments; and

- n. An evaluation of the authority of the attorney general to regulate alcoholic beverage establishments.
2. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-ninth legislative assembly.

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

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

Renumber accordingly

**2023 SENATE CONFERENCE COMMITTEE  
 ROLL CALL VOTES**

BILL/RESOLUTION NO. SB 2304 engrossed

**Senate Judiciary Committee**

- Action Taken**
- SENATE accede to House Amendments
  - SENATE accede to House Amendments and further amend
  - HOUSE recede from House amendments
  - HOUSE recede from House amendments and amend as follows
  - Unable to agree, recommends that the committee be discharged, and a new committee be appointed

Motion Made by: Koppelman Seconded by: Paulson

Senators		4/25		Yes	No	Representatives		4/25		Yes	No
Luick		P		X		Koppelman		P		X	
Paulson		P		X		Thomas		P		X	
Sickler		P		X		Warrey		P		X	
Total Senate Vote				3	0	Total Rep. Vote				3	0

Vote Count      Yes: 6                      No: 0                      Absent: 0

Senate Carrier Paulson                      House Carrier Koppleman

LC Number 23.0974 . 03011 of amendment

LC Number 23.0974 . 05000 of engrossment

Emergency clause added or deleted

Statement of purpose of amendment

Adoption of amendment LC 23.0974.03011



Insert LC: 23.0974.03011  
Senate Carrier: Paulson  
House Carrier: Koppelman

**REPORT OF CONFERENCE COMMITTEE**

**SB 2304, as engrossed:** Your conference committee (Sens. Luick, Paulson, Sickler and Reps. Koppelman, Thomas, Warrey) recommends that the **HOUSE RECEDE** from the House amendments as printed on SJ pages 1733-1738, adopt amendments as follows, and place SB 2304 on the Seventh order:

That the House recede from its amendments as printed on pages 1733-1738 of the Senate Journal and pages 2017-2023 of the House Journal and that Engrossed Senate Bill No. 2304 be amended as follows:

Page 1, line 1, replace "section" with "sections"

Page 1, line 1, after "53-06.1-01" insert "and 53-06.1-03, subsection 3 of section 53-06.1-10.1, subsection 5 of section 53-06.1-11, and subsection 10 of section 53-06.1-15.1"

Page 1, line 2, after "to" insert "the definitions of alcoholic beverage establishment and manufacturer, approval for a gaming site authorization and licensure, the maximum number of gaming sites allowed, the maximum number of pull tab devices allowed at a site,"

Page 1, line 2, after "establishments" insert ", electronic fifty-fifty raffles, rent limits for electronic pull tab devices, and the imposition of monetary fines for violations by third-party businesses; to provide for a legislative management study; to provide an effective date; and to declare an emergency"

Page 1, line 11, after the second "establishment" insert "licensed under chapter 5-02"

Page 1, line 12, replace ". This" with "by guests on the premises. The term"

Page 1, line 12, replace "an off-sale" with "a"

Page 1, line 13, remove "An alcoholic beverage"

Page 1, removes lines 14 through 16

Page 3, line 2, after the second comma insert "electronic pull tab device operating system."

Page 3, line 3, overstrike "a fifty-fifty" and insert immediately thereafter "electronic"

Page 3, line 5, after "device" insert "or system"

Page 4, after line 11, insert:

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

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

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

Insert LC: 23.0974.03011  
Senate Carrier: Paulson  
House Carrier: Koppelman

- a. An organization recognized as a public-spirited organization by the governing body of a city or county may apply for permits. A local permit may allow the organization to conduct only raffles, bingo, or sports pools. A restricted event permit may allow the organization to conduct only raffles, bingo, sports pools, paddlewheels, twenty-one, and poker. The organization or closely related organizations as a whole may only award a primary prize that does not exceed eight thousand dollars and total prizes of all games do not exceed forty thousand dollars per year. These maximum prize amounts do not apply to raffles conducted under chapter 20.1-08. The determination of what is a "public-spirited organization" is within the sole discretion of the governing body. An organization shall disclose on the application its intended use of the net income from the gaming activity. A governing body may issue a permit for games to be held at designated times and places.
  - b. An organization shall apply to the governing body of the city or county in which the proposed site is located. Application must be made on a form prescribed by the attorney general. Approval may be granted at the discretion of the governing body. A governing body may establish a fee not to exceed twenty-five dollars for each permit. A permit must be on a fiscal year basis from July first to June thirtieth or on a calendar-year basis.
  - c. An organization that has a local permit or a restricted event permit may use the net income from the gaming activity for any purpose that does not violate this chapter or gaming rules, unless the organization is a state political party or legislative district party committee, the organization may use the net income from a raffle for a political purpose. For purposes of this subdivision, a public-spirited use includes a political purpose.
  - d. An organization that has a restricted event permit is restricted to one event per year and:
    - (1) May not pay remuneration to employees for personal services;
    - (2) Shall use chips as wagers;
    - (3) Shall redeem a player's chips for merchandise prizes or cash;
    - (4) Shall disburse net income to eligible uses referenced in subdivision c, if applicable, and in section 53-06.1-11.1; and
    - (5) Shall file a report prescribed by the attorney general with the governing body and attorney general.
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 approval for a site authorization from the governing body of the city or county in which the proposed site is located. Approval, which may be granted at the discretion of the governing body, must be recorded on a site authorization form that is to accompany the license application to the attorney general for final approval. An eligible organization may request a specific site location on the site authorization form.



- (1) A governing body ~~may~~:
  - (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. ~~A governing body may;~~
  - (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. ~~A governing body may; and~~
  - (e) May charge a one hundred dollar fee for a site authorization; ~~and.~~
- (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. 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 fifty dollar license fee for each city or county that approves a site authorization. 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 fifty dollar license fee for each city or county in which a site is located. 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 are not in compliance with applicable laws and rules.
3. A licensed organization or organization that has a permit shall conduct games as follows:
  - a. Only one licensed organization or organization that has a permit may conduct games at an authorized site on a day, except that a raffle may be conducted for a special occasion by another licensed

Insert LC: 23.0974.03011  
Senate Carrier: Paulson  
House Carrier: Koppelman

organization or organization that has a permit when one of these conditions is met:

- (1) When the area for the raffle is physically separated from the area where games are conducted by the regular organization.
  - (2) Upon request of the regular organization and with the approval of the alcoholic beverage establishment, the regular organization's license or permit is suspended for that specific time of day by the attorney general.
- b. Except for a temporary site authorized for fourteen or fewer consecutive days for not more than two events per quarter or a licensed organization authorized on or before January 1, 2023, to conduct gaming at more than fifteen sites, a licensed organization, including a closely related organization, may not have more than ~~twenty-five~~fifteen sites ~~unless granted a waiver by the attorney general. If the attorney general finds that there is no other licensed organization interested in conducting gaming at a site for which a waiver is being sought, the attorney general may approve the waiver for no more than five sites.~~
  - c. Games of electronic quick shot bingo, electronic pull tabs, pull tabs, punchboards, twenty-one, paddlewheels, poker, and sports pools may be conducted only during the hours when alcoholic beverages may be dispensed according to applicable regulations of the state, county, or city. Electronic pull tabs must be conducted in a designated area where patrons must be twenty-one years of age or older to enter.
  - d. An organization may not permit a person under twenty-one years of age to directly or indirectly play pull tabs, punchboards, twenty-one, calcuttas, sports pools, paddlewheels, or poker. An organization may not permit an individual under eighteen years of age to directly or indirectly play electronic quick shot bingo. An organization may not permit an individual under eighteen years of age to directly or indirectly play bingo unless the individual is accompanied by an adult, bingo is conducted by an organization that has a permit, or the game's prize structure does not exceed that allowed for a permit.
  - e. An organization may not install more than ten electronic pull tab devices at a site.
  - f. An organization with more than fifteen licensed sites under subdivision b may not increase its number of sites beyond the number of sites licensed as of January 1, 2023.
  - g. An organization conducting gaming at an authorized site on January 1, 2023, may continue to operate gaming, including as provided under subsection 1 of section 53-06.1-06, at the authorized site regardless of whether the authorized site is an alcoholic beverage establishment as defined under section 53-06.1-01.
4. A permit, or site authorization and license, must be displayed at a site.
  5. The attorney general may issue a conditional license to an eligible organization whose regularly issued license has expired or been suspended, revoked, or relinquished. The attorney general shall

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

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

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

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

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

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 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 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 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 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 hundred dollars.
  - c. If pull tabs is conducted using one or more electronic pull tab devices, the monthly rent may not exceed ~~an additional~~ one hundred ~~seventy-five~~ dollars per machine for the first five machines in the same venue. For each additional machine in the same venue beyond five, the monthly rent may not exceed ~~an additional~~ ~~fifty~~ ~~seventy-five~~ dollars per machine up to a maximum of one thousand ~~one~~ ~~two~~ hundred ~~twenty-five~~ ~~fifty~~ dollars per month for all electronic pull tab devices in a single venue.

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

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

a manufacturer is a minimum of five hundred dollars and may not exceed two hundred fifty thousand dollars. This fine may be in addition to or in place of a license suspension or revocation.

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

1. During the 2023-24 interim, the legislative management shall study statewide charitable gaming comprehensively. The study must include input from the attorney general, stakeholders from large and small charitable organizations, local political subdivisions that authorize sites, gaming equipment manufacturers and distributors, gambling addiction counselors, and other industry leaders. The study must also include:
  - a. An evaluation of the economic impact of charitable gaming on the state in urban and rural areas;
  - b. An evaluation of gambling addiction and treatment services currently available;
  - c. An evaluation of the civic benefit of charitable gaming to the communities most closely related to the gaming sites;
  - d. An evaluation of how site authorization is approved and renewed, including whether charities have equitable access to sites;
  - e. An evaluation of the gaming tax structure;
  - f. An evaluation of public support for charitable gaming;
  - g. An evaluation of statewide local restrictions placed on charitable gaming;
  - h. An evaluation of gaming expansion;
  - i. An evaluation of site locations where gaming is taking place;
  - j. An evaluation of charitable gaming proceeds and the eligible uses of gaming proceeds, including the percentage of proceeds that may be used for administration;
  - k. An evaluation of the categories of organizations that are allowed to conduct charitable gaming, including the missions of such organizations;
  - l. An evaluation of the placement of gaming activity within a gaming site, including electronic pull tab device placement;
  - m. An evaluation of the rental rate paid by organizations to alcoholic beverage establishments; and
  - n. An evaluation of the authority of the attorney general to regulate alcoholic beverage establishments.
2. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-ninth legislative assembly.

Insert LC: 23.0974.03011  
Senate Carrier: Paulson  
House Carrier: Koppelman

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

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

Renumber accordingly

Engrossed SB 2304 was placed on the Seventh order of business on the calendar.

**TESTIMONY**

**SB 2034**

**SENATE JUDICIARY COMMITTEE**  
**Testimony on Senate Bill 2304**

January 31<sup>st</sup>, 2023

Submitted by Janelle Mitzel, Development Homes, Inc.

Madam Chairperson Larson & Committee Members,

Thank you for your consideration of a **Do Not Pass** on SB 2304. This bill will be detrimental to the organization I represent.

**Development Homes, Inc:**

- DHI is a non-profit organization in Grand Forks providing community-based support services to persons with disabilities from all over ND.
- DHI has residential services including seven group homes, two duplex facilities, a multi-unit autism living center, a transitional living center and independent living settings.
- DHI provides vocational services including job training and placement, and family services including respite care and in-home support.
- DHI serves approximately two hundred individuals from children to adults, serving through all stages of life.
- DHI is currently the 8<sup>th</sup> largest employer in Grand Forks, employing 450 to 500 people. Our economic footprint is vital to this community.

This bill adds the definition of an alcoholic beverage establishment, limiting charitable gaming to those establishments allowing only 21 years of age or older. This will eliminate gaming in café bars in rural ND, restaurant bars in every major city, hotel bars, senior centers and convention complexes. This bill is an attempt to drastically reduce existing gaming locations across the entire state. This bill paired, with other bills, are attempts to **significantly** reduce charitable gaming, hurt charities that are successful and stifle the charitable gaming industry.

**Development Homes Gaming Revenue Uses:**

- Provides financial funds necessary to supplement new projects, such as bricks & mortar. The \$900,000 DHI autism living center was funded through HUD with matching grants from DHI charitable gaming.
- Specialized adaptive equipment & urgent/crisis care needs for persons served.
- Basic care needs, such as eyeglasses, shoes, and clothing, especially for our children served with their continued growth and ever-changing needs.
- Specialized training for professional staff including nurses, social workers, and expert management.
- Grants to ND communities funding local needs, including police equipment, literacy adaptive equipment and software, drug & alcohol prevention, substance abuse and mental health professional facilitators, daycare facility equipment, and promotion of local community events.

DHI provides imperative services in our community. If these programs are not partially funded through gaming dollars, organizations such as DHI will be requesting major increases in state general fund dollars to supplement the necessary services we provide. Charitable gaming is particularly important to this organization as those dollars are needed to sustain our mission. DHI would appreciate a **Do Not Pass** recommendation on this bill.

**SB 2304**  
**Senate Judiciary Committee**  
**Submitted by Don Santer for NDAD**  
**01-31-2023**

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 of Senate Bill 2304.

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.

Senate Bill 2304 on the surface seems to be intended to prohibit gaming in gas stations, grocery stores, and convenience stores. However, the current wording of the bill may have some unintended consequences.

This bill creates a new definition:

2. "Alcoholic beverage establishment" means the licensed premises where alcoholic beverages are sold and dispensed under an on - sale license and patrons must be twenty - one years of age or older to enter. The term does not include a gas station, grocery store, or convenience store.

By using the words: patrons must be twenty - one years of age or older to enter. This bill will eliminate restaurant bars, rural "café" bars, fraternal and veterans' clubs that sponsor community events, senior citizen centers, and convention and hotel centers.

NDAD does not support gaming in gas stations, grocery, or convenience stores but this bill affects much more than those locations. This bill could be used as an attempt to drastically reduce the number of existing locations and etab machines allowed for charitable gaming across the state. Charitable gaming in ND is very popular with a large portion of the public. There have been many efforts by charitable gaming opponents over the past few years to scale back or even strangle charitable gaming operations. Senate Bill 2304 may be an example of this.

North Dakota charitable gaming raised **\$73 million** this past fiscal year to be distributed in communities across the state. Charitable gaming also contributed over **\$43 million** in taxes this past biennium. A reduction of the existing number of gaming sites will have a colossal negative impact on charities' ability to provide important services in your own districts.

ND charitable gaming has methodically and responsibly grown over the past 40 years into a reputable industry benefitting nearly every city and county across this great state. North Dakota has developed a responsible and highly regulated system for charitable gaming to benefit charitable missions that serve your local communities. At best this bill will serve to severely hinder charitable gaming fundraising efforts and require



organizations to come to the state for funding they are currently providing for themselves.

NDAD would support a bill that excludes gas stations, grocery, or convenience stores as permitted gaming locations but this bill goes too far. This is why I am asking you to consider a **Do Not Pass** recommendation on **SB 2304**.

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  
Chief Executive Officer  
**NDAD**

[dsanter@ndad.org](mailto:dsanter@ndad.org)

Mobile: 701.212.7984

[www.NDAD.org](http://www.NDAD.org)





# NDAD

helping others to help themselves

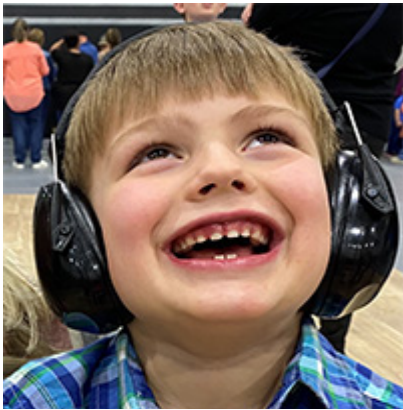
## 2022 Annual Report

### Our Purpose

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

### Who We Help

Here are a few of the many people who shared their NDAD story with us:



**Josiah - Steele**

**His condition:** Autism

**How NDAD helped:** Medical travel expenses to OT/PT and speech therapy.



**Audrianna, Kayden & Charleigh - W. Fargo**

**Their condition:** Behavioral Health issues

**How NDAD helped:** Respite care due to behavioral health needs.



**Gary - Grand Forks**

**His condition:** Diabetes, charcot foot and toe amputation

**How NDAD helped:** Purchased scooter lift for independence.



**Andrea - Minot**

**Her condition:** Diabetes, Cardiomyopathy

**How NDAD helped:** Medical travel expenses and medical supplies.



**Kenneth - Ellendale**

**His condition:** End Stage Renal Disease

**How NDAD helped:** Fuel assistance for monthly dialysis travel and prescription assistance.



**Teresa - Williston**

**Her condition:** Knee Replacement

**How NDAD helped:** Borrowed equipment through our Healthcare Equipment Loan Program (HELP)





January 30, 2023

SB 2304

Att: North Dakota Senators and Congresswomen and Congressmen

**Re: Charitable Gaming in establishments with people under 21**

To Whom It May Concern:

Prairie Grit Adaptive Sports (PGAS) is a North Dakota 501c3 organization whose mission is to provide sports opportunities for youth and adults living with physical and mental disabilities to enhance their quality of life. Since our inception in 2016, we have served over 400 athletes and their families through sports and recreation opportunities in the state of North Dakota.

PGAS has been operating charitable gaming for the past two years and it has had a significant positive financial impact for our non-profit and its participants. We utilize the funds to keep our programming for our participants as close to free as possible, and we have been able to do that because of charitable gaming. Families dealing with a disability have to endure so many financial hurdles, we do not want to further burden them with out-of-pocket costs.

Please consider PGAS and the other North Dakota non-profit organizations that will be negatively impacted if SB2304 passes.

Please vote no on SB 2304

Sincerely,

Chad Thompson  
President of the Board  
Prairie Grit Adaptive Sports



January 30, 2023

SB 2304

Att: North Dakota Senators and Congresswomen and Congressmen

**Re: Charitable Gaming in establishments with people under 21**

To Whom It May Concern:

Prairie Grit Adaptive Sports (PGAS) is a North Dakota 501c3 organization whose mission is to provide sports opportunities for youth and adults living with physical and mental disabilities to enhance their quality of life. Since our inception in 2016, we have served over 400 athletes and their families through sports and recreation opportunities in the state of North Dakota.

We are opposed to SB 2304 as we believe it should be a local control issue and will take away our ability to conduct gaming in any establishment that allows people under the age of 21.

If this passes, it will take away over 3/4 of our revenue derived from gaming, which would have a devastating impact on our annual budget and our ability to serve our athletes and their families. If passed, it would also negatively impact our ability to support organizations that have helped PGAS in the form of volunteer support to drive our mission.

Please consider PGAS and the other North Dakota non-profit organizations that will be negatively impacted if SB 2304 passes.

Please vote no on SB 2304

Sincerely,

Chad Richeson  
Gaming and Fundraising Manager  
Prairie Grit Adaptive Sports

**Testimony in Opposition of  
SENATE BILL NO. 2304  
Senate Judiciary Committee  
January 31, 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), who is an attorney with the Kelsch Ruff Kranda Nagle & Ludwig Law Firm in Mandan.

While SB 2304 is an attempt to better define what an alcoholic beverage establishment is, page one, lines 13 & 14, states and patrons must be twenty - one years of age or older to enter. Should this language be enacted, all current restaurant/bars in cities large and small will be forced to discontinue any gaming in their establishment. Such a change would be detrimental and cause significant harm to charitable organizations and businesses everywhere.

There already is a definition of a "bar" established within the Administrative Rules on Games of Chance (Article 99-01.3 ND Admin. Code). The language was put in place to allow gaming in establishments that fall within that definition. If the language on twenty-one or older were deleted from SB 2304, the statute would mirror what is in the Administrative Rule, see below.

**ARTICLE 99-01.3 GAMES OF CHANCE  
CHAPTER 99-01.3-02 GENERAL RULES  
99-01.3-02-01. Definitions.**

3. "Bar" means retail alcoholic beverage establishment where alcoholic beverages are dispensed and consumed. This does not include off-sale liquor stores or gas stations, grocery, or convenience stores. A bar must be licensed under North Dakota Century Code chapter 05-02 and is devoted to the serving of alcoholic beverages for consumption by guests on the premises. The term includes a bar located within a hotel, bowling center, or restaurant.

We cannot support SB 2304 in its current form. Should an amendment removing the specific language on the age restrictions, and the final version codifies what is written in the above chapter of the Administrative Rules, we would not be opposed to 2304.

Accordingly, 2304 in its current form is opposed. We urge a **DO NOT PASS** recommendation on 2304.

To whom it my concern,

I OPPOSE SB 2304 BECAUSE IT WILL CRIPPLE HORACE LIONS.

Chad Haugen



**BOYS & GIRLS CLUBS**  
OF THE RED RIVER VALLEY

SB 2304 - Support if Amended

Hello Chair Larson and members of the Senate Judiciary Committee.

My name is Robin Nelson, I submit this testimony sharing my support for [SB 2304](#) if it were to be amended.

I reside in District 41, and I serve as the Chief Executive Officer of the Boys & Girls Clubs of the Red River Valley in Fargo. Ours is a non-profit organization that operates 12 licensed child care sites in which we serve approximately 600 school-age youth every day.

Our Boys & Girls Club operates charitable gaming in two sites, Fargo Billiards & Gastropub and The Work Zone. These funds have helped keep the cost of the child care we offer at least 25% lower than similar providers in Fargo, and free for our Teen Club.

I greatly appreciate the intent of the bill sponsors to clarify what is defined as an “Alcoholic beverage establishment”; however, *I ask that the phrase “and patrons must be twenty-one years of age or older to enter” be struck from page one, lines 13-14.*

Fargo Billiards & Gastropub allows children on the premises, but the gaming section is separated from the family areas. This bill would eliminate a gaming site that has operated without issue for over five years if the age component remains.

I respectfully request you amend SB 2304 and support a DO PASS.



I oppose this bill because it would cripple the Lion's charitable gaming operations that provide charity funding in Horace, Casselton and Walcott areas. These communities do not have "Alcoholic beverage establishment" facilities for their charitable fundraising activities. This bill would be harmful to many small towns in North Dakota.

I OPPOSE SB2304 BECAUSE IT WILL CRIPPLE the Gaming operation run for charitable purposes by the HORACE LIONS Club.

I am opposed to SB 2304 because it significantly impacts charitable gaming. The benefits of charitable gaming to our community and any community provide much value and without it, the community will suffer.

I am opposed to SB 2304 because it significantly impacts charitable gaming. The benefits of charitable gaming to our community and any community provide much value and without it, the community will suffer.



## Benefiting North Dakota Communities through Charitable Gaming

January 31, 2023

### Testimony in OPPOSITION of Senate Bill 2304

Madame Chair Larson and Members of the Senate Judiciary Committee:

I'm Scott Meske, representing the North Dakota Gaming Alliance and on behalf of the 152 Members of the NDGA, we stand in opposition to Senate Bill 2304.

ND Gaming Alliance represents all facets of the charitable gaming industry. Veteran and 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. That revenue, injected directly into our communities, offsets the need to rely on other sources of income including property taxes, to meet the charity's stated mission and benefits the citizens and communities.

Senate Bill 2304's intent is to define and limit where a charity may place gaming, specifically electronic pull tabs. This is a result of the Gaming Commission's interpretation of current Century Code and their administrative overreach aimed to limit charitable gaming. The Legislature and the Gaming Commission have set rules for the conduct of charitable gaming in North Dakota. Organizations have employed those rules. Now, there appears to be multiple attempts to reign in those who have been successful – even though the rules set forth have been followed.

The minute this body begins to insert definitions into Century Code, the process never ends. Attempting to define what a "bar" is or isn't will lead to more exemptions, more carve outs, and more confusion. Since the State ultimately gives local political subdivisions the authority to approve a gaming site and charity, why not allow those local elected officials to decide when and where charitable gaming may be conducted in their community? There is a bill in House, HB



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

1484, which does exactly this. If the charity and the proposed host site are properly licensed, shouldn't that decision be local? The local governing bodies know the uniqueness of their communities; the businesses, the organizations, and the culture that make up their community. After all, it is the local charity that provides the direct benefit to its local community. This bill as written removes the local governing body from these decisions. These elected leaders best know the impact of their decisions that affect their community on a myriad of items, and they do so every day. This local autonomy should also apply to charitable gaming.

Madame Chair and Members of the Committee, you will have several bills before you this session that while on the surface look reasonable in their regulatory intent, yet when applied in blanket fashion across the state merely hinder those charities who work to improve our communities, those organizations this activity is designed to support.

There is a process in place to license and approve suitable sites for charitable gaming. In fact, there are already several communities in North Dakota, who have elected to not allow electronic pull tab machines in their jurisdiction. That is their choice, and we ask you to allow the rest of North Dakota's communities to decide for themselves the appropriate locations where charitable gaming should be conducted. Case in point, after almost six years of electronic pull tab machines in North Dakota, there are exactly four convenience stores/gas stations that are a gaming site. Four. It was the local governing body that ultimately decided this was appropriate for their community, and we ask that this remain the case going forward.

The North Dakota Gaming Alliance respectfully asks that you reject SB 2304 and give the bill a DO NOT PASS recommendation from this Committee.

Thank you.

**SENATE JUDICIARY COMMITTEE**  
**Senate Bill 2304**  
**January 31<sup>st</sup>, 2023**  
**Testimony Submitted by Charitable Gaming Association of ND**  
**Bill Kalanek**

The Charitable Gaming Association of North Dakota urges a  
**Do Not Pass** recommendation on SB 2304.

Madam Chair and members of the Senate Judiciary Committee. While charitable gaming in ND has become increasingly popular with the public, many efforts have been made over the past few years to roll-back and stifle charitable gaming operations. Senate Bill 2304 is an example of this.

This bill attempts to limit charitable gaming to “alcoholic beverage establishments”, facilities that are only 21 years of age or older. This bill will eliminate café bars in small towns, fraternal and veterans’ clubs sponsoring community events, senior citizen centers, and convention and hotel centers just to name a few. The code has never defined bars in this way, our cities and counties have had the authority to decide which locations and situations were appropriate for gaming.

CGAND as an organization does not support gaming in gas stations, grocery or convenience stores, but this bill affects much more than that. This legislation is an attempt to drastically reduce the number of **existing** locations and etab machines allowed for charitable gaming across the entire state. Additionally, the language goes well beyond the restrictions discussed during the interim that were approved in administrative rule.

It is concerning to our members to see such opposition to charities creating strong businesses and leadership within the charitable community. It would seem to me this bill is an attempt by outside interests trying to impose their will upon an industry in order to benefit themselves. The benefits to communities created by charitable gaming are helping so many people and especially kids. I serve on the board for the Dakota Junior Golf Association. In the 18 months since our organization has been involved in gaming we’ve expanded from 13 junior events to over 40 statewide, contributed to Bismarck and Mandan parks to build new practice areas for juniors, established a golf learning program for our school systems through physical education teachers, expanded our college scholarship program and contributed to a fantastic Minot program called Prairie Grit that provides assistive technology to kids with disabilities. Strong charities have emerged over many years due to their commitment to hard work and excellence, now we are going to take away their gains. Why is it bad for a charity to operate like a business and be successful using all the tools available.

\$73 million was raised for charitable purposes in the last fiscal year. Charitable gaming reduces the state taxpayer burden for services charities provide in local communities, while having a positive impact on local entities. If these services were not funded through charitable gaming, local entities would be here knocking on your door asking for general fund dollars or increasing county and city property tax levies to fund their needs. Charitable gaming promotes local control by providing funding to local community non-profits.

The charitable gaming industry employs over 2,000 people in ND and contributed an estimated \$43 million in tax revenue. This is a substantial industry in the state, significantly contributing economically. These contributions to our local economies can’t be overlooked.

Thank you for your consideration of a **Do Not Pass** recommendation on SB 2304.



I OPPOSE SB2304 BECAUSE IT WILL CRIPPLE the Gaming operation run for charitable purposes by the HORACE LIONS Club.

I joe Arnold

Oppose sb 2304

Because it will permantly harm the gaming  
operation run for charitable purposes by Horace  
lions

Joe Arnold701-491-2969

I OPPOSE SB2304 BECAUSE IT WILL CRIPPLE the Gaming operation run for charitable purposes by the HORACE LIONS Club. The Lions club provides many community services with proceeds from charitable gaming received from the local small town restaurant/grills. Do not allow this bill to pass.

January 30, 2023

Members of the Senate Judiciary Committee,

I OPPOSE SB2304 BECAUSE IT WILL CRIPPLE the Gaming operation run for charitable purposes by the HORACE LIONS Club. The Horace Lions Club has been an active support for Type 1 Diabetes causes for many years. They take seriously their role and mission in working to reduce the incidence of diabetes of all types. The gaming operation at Big Ervs in Horace is actively supported by our community and also a place where many, many families go for meals in our small town. The Horace Lions Club has actively supported our West Fargo Schools, especially when West Fargo Sheyenne came online, and now Horace High, Middle Schools and Elementary schools. Their ability to fund so many critical needs in our community is made possible due to gaming revenue.

Please consider what this income is taking away from service organizations that help keep the community close knit, by learning the reality of the needs of their residents and actively supporting them where other programs fall short.

Respectfully,  
Danelle R Johnson  
Spouse of Horace Lions Club Member  
Horace Resident for 23 years.

## Senate Judiciary Committee

### SB 2304

January 31, 2023

Chairman Larson and members of the Senate Judiciary Committee, my name is Rachel Hafner. I am the Executive Director for The Arc, Upper Valley in Grand Forks. I am providing your committee with written testimony and asking that you vote **“DO NOT PASS”** on SB 2304.

Our organization has been operating charitable gaming since 1990, which has allowed us to advocate for and with people with intellectual and developmental disabilities (IDD) and their families in Grand Forks, as well as across the state of North Dakota in collaboration with other chapters of The Arc. Not only has charitable gaming allowed us to provide an array of advocacy services that help people with IDD live, work, go to school, and play in their communities, but it has also helped us employ North Dakota citizens. By providing services and employment, we are contributing to the health and wellness of Grand Forks and other communities around the state.

The number of sites that we operate have reduced over time, and we would like to increase the number of sites that we operate, as this is important to our organization’s sustainability. Obtaining new sites in North Dakota is challenging because there are so many charities competing for sites. Because we have a limited number of sites currently, it is important that we sustain what we have. Limiting the number of games, including electronic pull tab (e-tab) machines, and restricting gaming to “alcoholic beverage establishments,” have the potential to end our charitable gaming operations permanently.

If this bill passes as it is currently written, it will hurt charitable organizations financially and could cause many organizations to cease operations altogether. Please vote **“DO NOT PASS”** on SB 2304. I am available by phone or email to answer any questions you may have. Thank you.

Rachel A. Hafner,  
Executive Director

Phone: (701) 772-6191, ext. 11  
Email: rhafner@arcuv.com

January 30, 2023

Members of the Senate Judiciary Committee,

I OPPOSE SB2304 BECAUSE IT WILL CRIPPLE the Gaming operation run for charitable purposes by the HORACE LIONS Club

Respectfully,

Daryl A Johnson

Horace Lions Club Member

Horace Resident for 23 years

Hello, my name is Jason Campbell, Gaming Director for West Fargo Hockey Association. I urge you to vote Do Not Pass on SB 2304 as this bill would hurt many businesses in the State of North Dakota. Almost every town in our state has a bar and grill type establishment. These businesses are essential to many small town and larger ones as well. They are places families go to eat, places kids have bake sales, where families hold events to celebrate weddings and even celebrate life after someone passes. Gaming of all sorts happen in these bar and grills and have for over 30 years, with no major issues. This bill is a back door attempt to limit or eliminate ETabs. The people of the State enjoy this and all Gaming in these establishments and the numbers support it. If the intent of this bill is to not allow Etabs into Gas stations and convenient stores then the language of the bill needs to change. Almost everyone in charitable gaming support banning at gas stations and c stores. The way this is written will be devastating to many businesses as people that like to gamble will be going to the next establishment down the road that has gaming. I close with one last plea that you either drastically amend the wording or this bill or you vote DO NOT PASS.

Thank you,

Jason Campbell



I OPPOSE SB2304 BECAUSE IT WILL CRIPPLE the Gaming operation run for charitable purposes by the HORACE LIONS Club.

# Rud Corporation

1310 N. 8<sup>th</sup> St. \* New Salem, ND \* 58563

\* 701.843.7508

## Family Businesses Since 1916



Date: 1/18/2023

Re: Gaming Renewal

~~REDACTED~~

*here talking to*

I am emailing you regarding your intent to not renew the Charitable Games that are conducted at our 1309 N. 8<sup>th</sup> St, New Salem location.

I believe this location has drawn a lot of attention, especially this year with quite a debate about having etab games in c-stores. For the record, I do not support etab games being placed in gas stations the way a few of them have been recently, ie "On the Run" in Bismarck, and can appreciate the effort to remove those types of locations. To reinforce that opinion, we will be voluntarily stopping gaming at another one of our locations in Glen Ullin, because we agree it does meet the intent of the gaming environment by the legislature.

However, I feel like our 1309 location has been misunderstood, and thus perhaps the focus of attention because of the gas station issue, and I would like to clarify that this is a much different situation now than it was 5 or 10 years ago. We have made great efforts to be compliant with the Attorney General in order to keep operating that space with Etab games.

The building at that address is comprised of 3 different operating businesses. Suite #1 is an office space housing a truck and equipment dealer, Suite #2 in the middle section of the building is a convenience store with gas pumps out front, and Suite #3 is the remainder of the building is dedicated to our restaurant brand, Game Time Burgers and Wings(SOS tradename), which is a nice sit down eating and drinking spot in New Salem. It is frequented daily by more patrons for games, beers and food, than for gas. We are slowly moving away from gas completely at that location over the next 2 to 3 years regardless.

To further clarify its independent nature, I have attached several resources for you to reference, a floor plan layout, pictures, and licenses.

The convenience store has nothing to do with the Bar and Grill, and vice versa. They operate as their own businesses for that matter, no different than the equipment dealership also located in the building.

This layout, other than square footage difference, is no different than other similar type locations such as ~~the Wing and Grill at the Flying Hawk~~, Cheapshots at the Pilot travel center in Bismarck, or for that matter, the Pier in Bismarck with gas, store, bar and restaurant.

With that said, to help clarify the situation, we are taking steps to help clear the air by moving the pertinent licenses and permits into the correct DBA name, in this case "Game Time Burgers and Wings" instead of Cenex, which denotes the location as a gas station prejudiciously.

We are asking that on both our behalf and the American Legion who runs the games there, that this site be renewed for gaming at the end of this gaming year and continue to be allowed to operate as it is. The site operates within the scope of intent of the legislature's definitions of a bar, even with the wording change recently enacted. Game Time "dispenses alcoholic beverages that can be consumed on site", as well, it "is devoted to the serving of alcoholic beverages for consumption by guests on premises", as well as being "located within a restaurant". Customers are often there for football and other sports watching while they eat and drink, as well as play the games.

The site, parsed into 3 different businesses, each with their own suite to operate out of, and sharing restrooms, allows each business to operate autonomously.

I would ask you to reconsider your previous position with the resources I've attached, and grant us the status of knowing you will renew our gaming, as it is a big part of that business profile and ability to draw customers.

Thank you for taking time to look at this from a new perspective.

Brent Rud

Rud Corporation



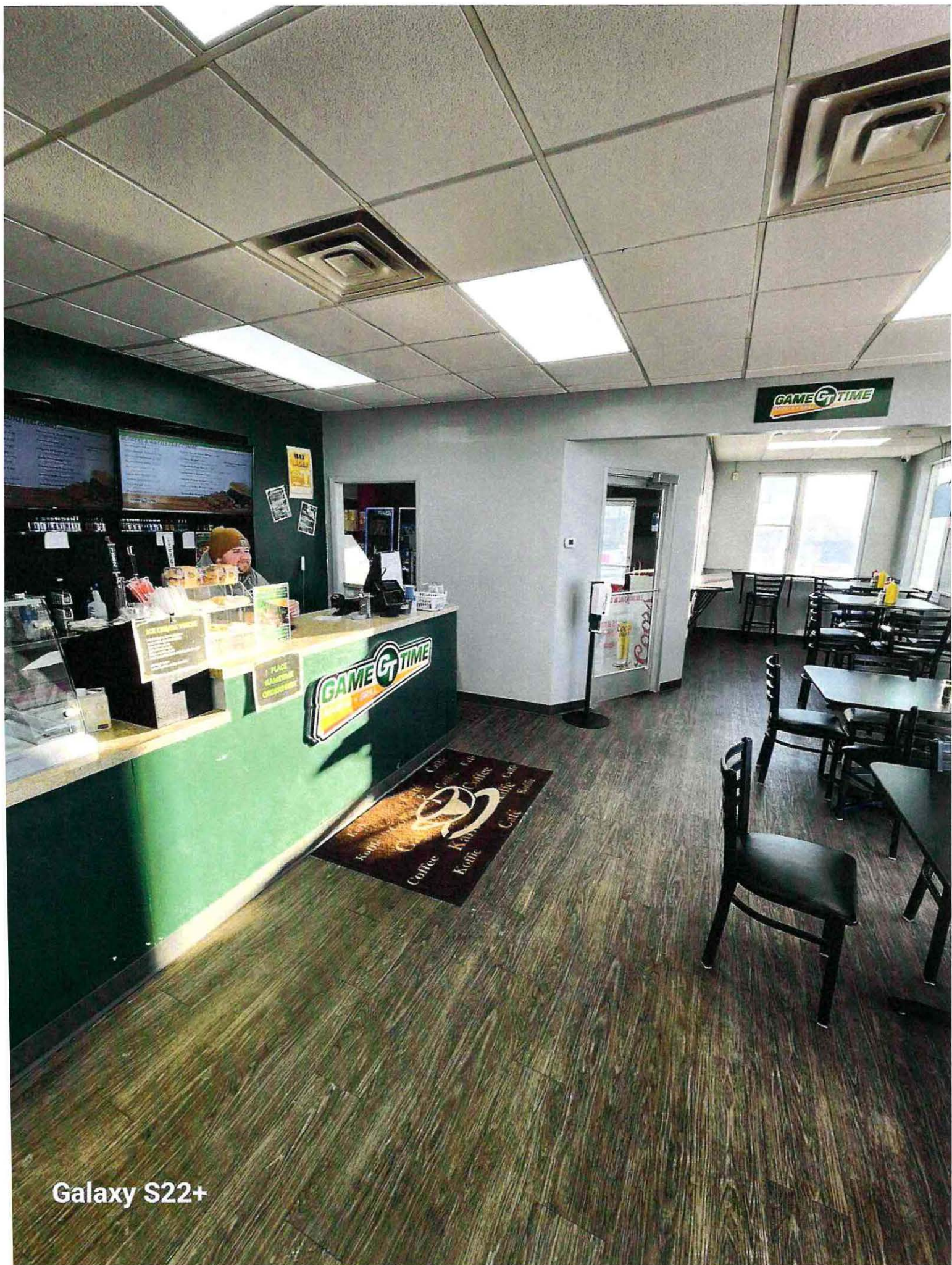
**GAME TIME**  
SPORTS & GRILL

1882  
LAGER

NICE  
0.300L  
NICE  
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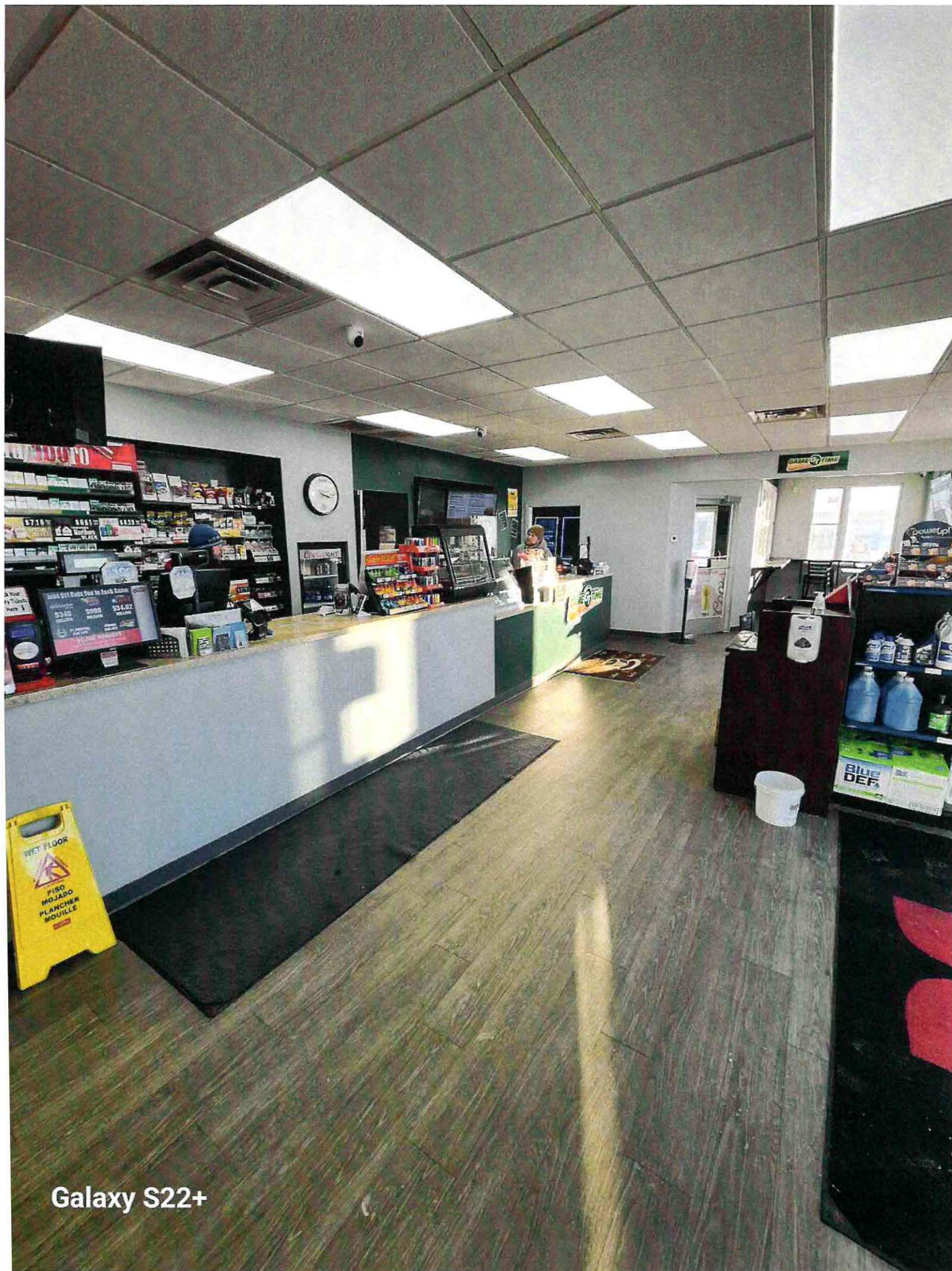
Galaxy S22+





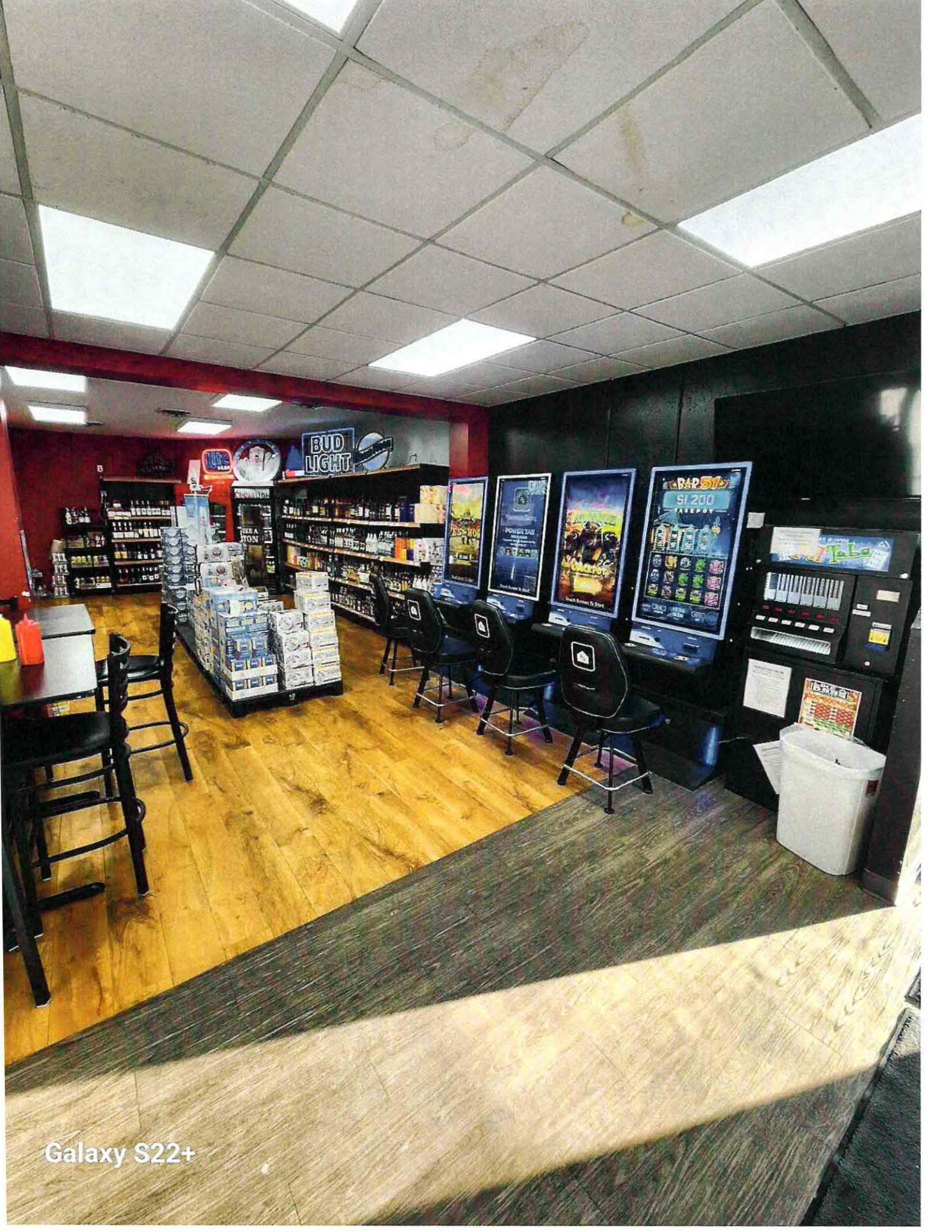
Galaxy S22+





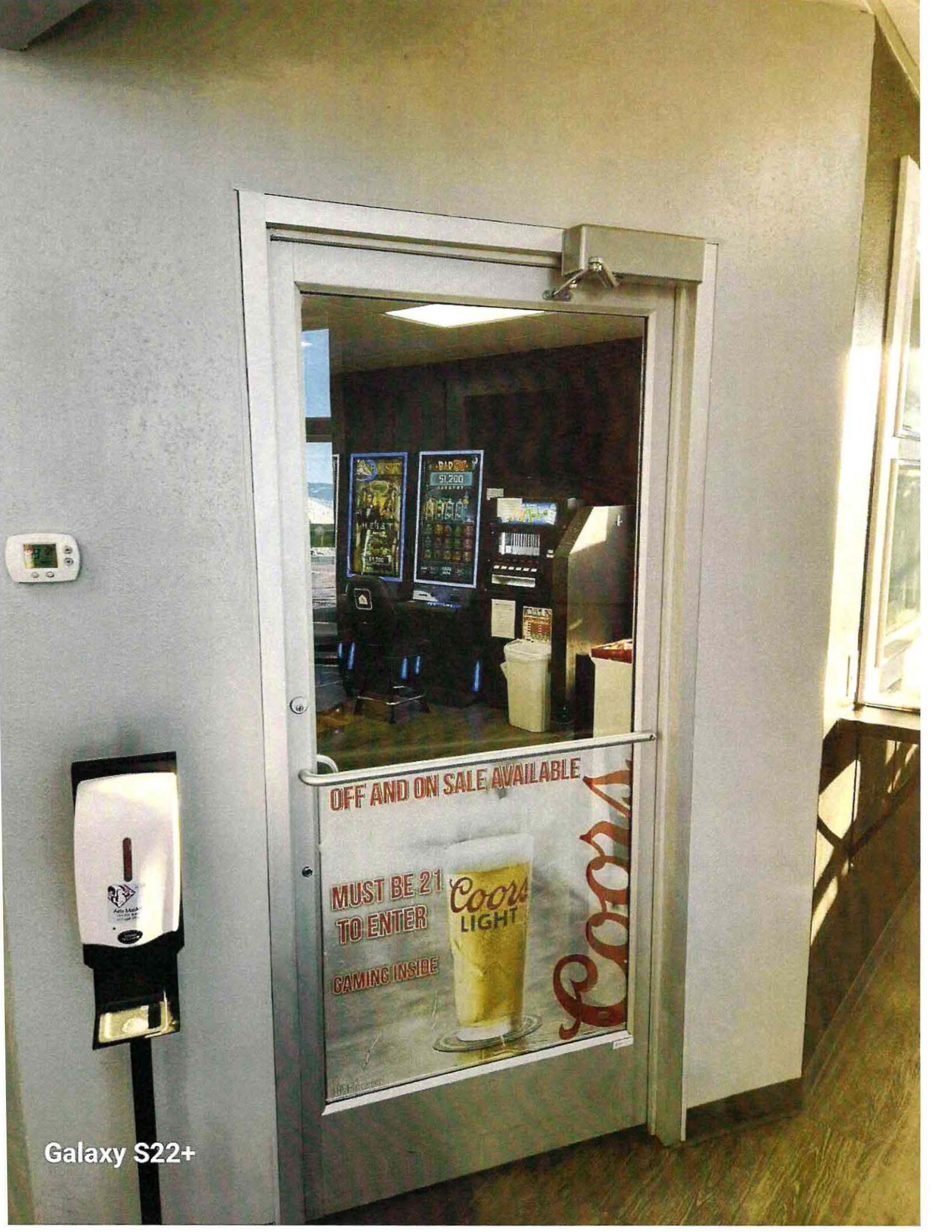
Galaxy S22+





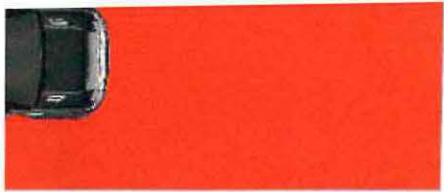
Galaxy S22+





Galaxy S22+





12' 1 3/8"      12' 8 1/2"      21' 6 1/8"      7' 5 5/8"      18' 9 3/8"      14' 2 3/8"

Suite #3  
Bar and Grill

Suite #2  
Store

Suite #1  
Office Space



11' 9 3/8"  
11' 9 3/8"

7' 9 3/4"      47' 7 3/4"      15' 11 3/4"      6' 4 1/2"

100 8 1/2"



No. 01-23

License Fee Received \$1050.00

Monday-Saturday & Sunday Sales

## Retail Liquor License

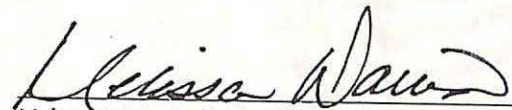
City of New Salem, State of North Dakota

Rud Corporation DBA Game Time Burgers and Wings, New Salem North Dakota, is hereby licensed to sell alcohol and alcoholic beverages at retail on the First Floor of the building located at T139, R85, Sec.16 on the 7th Lot of NE 1/4, New Salem Lands, City of New Salem aforesaid, for consumption **On and Off** said premises, for the period beginning January 1st, 2023 and ending December 31st, 2023, unless this license is revoked for cause.

Licensee hereinbefore named, in consideration of the issuance of this license, hereby agrees to abide by the provisions of the invited law, known as the "Liquor Control Act", enacted at the election held on November 3rd, 1986, and each provision of ordinance No. 8.0601-8.06031 passed by the governing body of said City on the 14th day of June, 2004, and of any future amendments to said law or ordinance.

This license is not transferable without specific authority from governing body of said City.

Dated this 12th day of December, 2022.

  
Melissa Davis, Auditor of New Salem, North Dakota

THIS LICENSE MUST BE POSTED CONSPICUOUSLY IN PLACE OF BUSINESS ON PREMISES LICENSED.



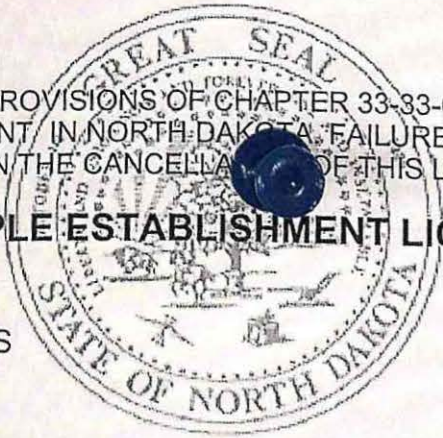
**CUSTER HEALTH**  
**403 BURLINGTON ST SE MANDAN, ND 58554-4271**

THE BELOW NAMED IS LICENSED UNDER THE PROVISIONS OF CHAPTER 33-33-04.1 OF THE NORTH DAKOTA ADMINISTRATIVE CODE TO OPERATE A MULTIPLE ESTABLISHMENT IN NORTH DAKOTA. FAILURE TO COMPLY WITH THESE REGULATIONS MAY RESULT IN THE CANCELLATION OF THIS LICENSE.

DATE: 01-17-2023  
LICENSE NO: 9823

**MULTIPLE ESTABLISHMENT LICENSE**

GAME TIME BURGERS AND WINGS  
RUDCORP DIVISION  
1310 N 8TH ST  
NEW SALEM, ND 58563



License Types: Limited Restaurant, Multiple Establishment

NOTICE: THIS LICENSE IS NOT TRANSFERABLE / POST IN A CONSPICUOUS PLACE

EXPIRES: 12-31-2023

Tuesday, January 31, 2023

## Senate Bill 2304

*VFW Post 1326 Commander Matthew T. Jameson*

---

### - Legality

- If SB 2304 aims to define an “Alcoholic Beverage Establishment”
  - It must currently, without any amendment to law be legal?
  - If this bill has not been signed in to law, why were charities denied access to gas stations and convenience stores?
- Current Licensing Process. How it should work
  - City approval and city license
  - Site Agreement/Rental Agreement
  - State Licensing
- How it really went (Runway Express)

### Denial

- Bismarck City License issued
  - Asked if we wanted to proceed with this even though the site would not approve our license
    - Bismarck City Administrator said he was asked by the AGs office “why they were approving these licenses” **(Strong arming)**
- Site Agreement Complete
- Denied in Person in the Office of the Attorney General
  - Due to Administrative Rule change, the license could not be issued (October)
  - No Administrative Rule Meeting until December

23.0974.01003

Sixty-eighth  
Legislative Assembly  
of North Dakota

**SENATE BILL NO. 2304**

Introduced by

Senators Klein, Hogue, Luick

Representatives Karls, Kempenich, Nathe

1 A BILL for an Act to amend and reenact section 53-06.1-01 ~~and subsection 2 of section~~  
2 ~~53-06.1-03~~ of the North Dakota Century Code, relating to gaming licenses for alcoholic  
3 beverage establishments ~~and bingo halls.~~

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

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

7 **53-06.1-01. Definitions.**

8 As used in this chapter:

- 9 1. "Adjusted gross proceeds" means gross proceeds less cash prizes, cost of  
10 merchandise prizes, gaming tax, and federal excise tax imposed under section 4401  
11 of the Internal Revenue Code [26 U.S.C. 4401].
- 12 2. "Alcoholic beverage establishment" means the licensed premises an establishment  
13 where alcoholic beverages are sold and dispensed under an on-sale license and  
14 patrons must be twenty-one years of age or older to enter. The term, and consumed.  
15 This does not include an off-sale liquor store, gas station, grocery store, or  
16 convenience store. An alcoholic beverage establishment must be licensed under  
17 chapter 5-02 and be devoted to the service of alcoholic beverages for consumption by  
18 guests on the premises within an area where only patrons twenty-one years of age or  
19 older may enter. The term includes a bar located within a hotel, bowling center, or  
20 restaurant.
- 21 3. "Charitable organization" means an organization whose primary purpose is for relief of  
22 poor, distressed, underprivileged, diseased, elderly, or abused persons, prevention of  
23 cruelty to children or animals, or similar condition of public concern.



Sixty-eighth  
Legislative Assembly

- 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 ~~44-12.~~ "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, bingo card  
9 marking device, or a fifty-fifty raffle system, a manufacturer means the person who  
10 directly controls and manages development of and owns the rights to the proprietary  
11 software encoded on a processing chip that enables the device to operate.
- 12 ~~44-15.~~ "Net income" means gross proceeds less cash prizes, cost of merchandise prizes, and  
13 expenses to conduct the gaming activity.
- 14 ~~45-16.~~ "Net proceeds" means adjusted gross proceeds less allowable expenses and gaming  
15 tax.
- 16 ~~46-17.~~ "Permit" means a local permit or restricted event permit issued by a governing body of  
17 a city or county to a nonprofit organization or group of people domiciled in North  
18 Dakota.
- 19 ~~47-18.~~ "Person" means any person, partnership, corporation, limited liability company,  
20 association, or organization.
- 21 ~~48-19.~~ "Prize board" means a board used with pull tabs to award cash or merchandise prizes.
- 22 ~~49-20.~~ "Public safety organization" means an organization whose primary purpose is to  
23 provide firefighting, ambulance service, crime prevention, or similar emergency  
24 assistance.
- 25 ~~20-21.~~ "Public-spirited organization" means an organization whose primary purpose is for  
26 scientific research, amateur sports competition, safety, literary, arts, preservation of  
27 cultural heritage, educational activities, educational public service, youth, economic  
28 development, tourism, community medical care, community recreation, or similar  
29 organization, which does not meet the definition of any other type of eligible  
30 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. Subsection 2 of section 53-06.1-03 of the North Dakota~~  
20 ~~Century Code is amended and reenacted as follows:~~

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

24 ~~a. First securing approval for a site authorization from the governing body of the city~~  
25 ~~or county in which the proposed site is located. Approval, which may be granted~~  
26 ~~at the discretion of the governing body, must be recorded on a site authorization~~  
27 ~~form that is to accompany the license application to the attorney general for final~~  
28 ~~approval. A governing body may not require an eligible organization to donate net~~  
29 ~~proceeds to the city, county, or related political subdivision or for community~~  
30 ~~programs or services within the city or county as a condition for receiving a site~~  
31 ~~authorization from the city or county. A governing body may limit the number of~~



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of North Dakota

**SENATE BILL NO. 2304**

Introduced by

Senators Klein, Hogue, Luick

Representatives Karls, Kempenich, Nathe

1 A BILL for an Act to amend and reenact section 53-06.1-01 ~~and subsection 2 of section~~  
2 ~~53-06.1-03~~ of the North Dakota Century Code, relating to gaming licenses for alcoholic  
3 beverage establishments ~~and bingo halls~~.

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

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

7 **53-06.1-01. Definitions.**

8 As used in this chapter:

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

12 2. "Alcoholic beverage establishment" means the licensed premises an establishment  
13 where alcoholic beverages are sold and dispensed under an on-sale license and  
14 patrons must be twenty-one years of age or older to enter. The term, and consumed.  
15 This does not include a an off-sale liquor store, gas station, grocery store, or  
16 convenience store. An alcoholic beverage establishment must be licensed under  
17 chapter 5-02 and be devoted to the service of alcoholic beverages for consumption by  
18 guests on the premises. The term includes a bar located within a hotel, bowling center,  
19 golf course, or restaurant.

20 3. "Charitable organization" means an organization whose primary purpose is for relief of  
21 poor, distressed, underprivileged, diseased, elderly, or abused persons, prevention of  
22 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 ~~10-11.~~ "Games" means games of chance.

4 ~~11-12.~~ "Gross proceeds" means all cash and checks received from conducting games.

5 ~~12-13.~~ "Licensed organization" means an eligible organization licensed by the attorney  
6 general.

7 ~~13-14.~~ "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, bingo card  
9 marking device, or a fifty-fifty raffle system, a manufacturer means the person who  
10 directly controls and manages development of and owns the rights to the proprietary  
11 software encoded on a processing chip that enables the device to operate.

12 ~~14-15.~~ "Net income" means gross proceeds less cash prizes, cost of merchandise prizes, and  
13 expenses to conduct the gaming activity.

14 ~~15-16.~~ "Net proceeds" means adjusted gross proceeds less allowable expenses and gaming  
15 tax.

16 ~~16-17.~~ "Permit" means a local permit or restricted event permit issued by a governing body of  
17 a city or county to a nonprofit organization or group of people domiciled in North  
18 Dakota.

19 ~~17-18.~~ "Person" means any person, partnership, corporation, limited liability company,  
20 association, or organization.

21 ~~18-19.~~ "Prize board" means a board used with pull tabs to award cash or merchandise prizes.

22 ~~19-20.~~ "Public safety organization" means an organization whose primary purpose is to  
23 provide firefighting, ambulance service, crime prevention, or similar emergency  
24 assistance.

25 ~~20-21.~~ "Public-spirited organization" means an organization whose primary purpose is for  
26 scientific research, amateur sports competition, safety, literary, arts, preservation of  
27 cultural heritage, educational activities, educational public service, youth, economic  
28 development, tourism, community medical care, community recreation, or similar  
29 organization, which does not meet the definition of any other type of eligible  
30 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.

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12 common membership whose primary purpose is for advancement of religion, mutual  
13 support and edification in piety, worship, and religious observances.

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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. Subsection 2 of section 53-06.1-03 of the North Dakota~~  
20 ~~Century Code is amended and reenacted as follows:~~

21 ~~2. An eligible organization shall apply for a license to conduct only bingo, electronic quick-~~  
22 ~~shot bingo, raffles, calcuttas, pull tabs, punchboards, twenty-one, paddlewheels,~~  
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27 ~~form that is to accompany the license application to the attorney general for final~~  
28 ~~approval. A governing body may not require an eligible organization to donate net~~  
29 ~~proceeds to the city, county, or related political subdivision or for community~~  
30 ~~programs or services within the city or county as a condition for receiving a site~~  
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**SB 2304**  
**House Industry Business and Labor Committee**  
**Submitted by Don Santer for NDAD**  
**04/03/2023**

Chairman Louser 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 of Senate Bill 2304.

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.

Senate Bill 2304 on the surface seems to be intended to prohibit gaming in gas stations, grocery stores, and convenience stores. However, the current wording of the bill may have some unintended consequences.

This bill creates a new definition:

2 "Alcoholic beverage establishment" means an establishment where alcoholic beverages are sold, dispensed, and consumed. This does not include an off - sale liquor store, gas station, grocery store, or convenience store. An alcoholic beverage establishment must be licensed under chapter 5 - 02 and be devoted to the service of alcoholic beverages for consumption by guests on the premises. The term includes a bar located within a hotel, bowling center, golf course, or restaurant.

The phrase, devoted to the service of alcoholic beverages, is too ambiguous. Although NDAD does not support having gaming in those types of locations, the interpretation of "devoted to" could lead to the closing of dozens and dozens of gaming sites charities have operated for decades prior to the legalization of etabs.

North Dakota charitable gaming raised **\$73 million** this past fiscal year to be distributed in communities across the state. Charitable gaming will contribute over **\$40 million** in taxes this biennium. A reduction of the existing number of gaming sites will have a colossal negative impact on charities' ability to provide important services in your own districts.

ND charitable gaming has methodically and responsibly grown over the past 40 years into a reputable industry benefitting nearly every city and county across this great state. North Dakota has developed a responsible and highly regulated system for charitable gaming to benefit charitable missions that serve your local communities. At best this bill will serve to severely hinder charitable gaming fundraising efforts and require organizations to come to the state for funding they are currently providing for themselves.

NDAD would support a bill that excludes gas stations, grocery, or convenience stores as permitted gaming locations but this bill goes too far. Therefore I am asking you to consider a **Do Not Pass** recommendation on **SB 2304**.

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**

**HOUSE INDUSTRY, BUSINESS & LABOR COMMITTEE**  
**Senate Bill 2304**  
**April 3, 2023**  
**Testimony Submitted by Charitable Gaming Association of ND**  
**Bill Kalanek**

The Charitable Gaming Association of North Dakota urges a  
**Do Pass** recommendation on SB 2304.

Chairman Louser and members of the House IBL Committee. While charitable gaming in ND has become increasingly popular with the public, many efforts have been made over the past few years to roll-back and stifle charitable gaming operations. Senate Bill 2304 as currently written is an example of this. In the Senate, testimony was submitted by 23 different people representing charities from across the state in opposition to this bill while only 1 person supported the bill in committee. CGAND along with my colleagues who will follow believe that with some minor adjustments to the language we can fully support the bill and address the issues the sponsor of the bill hoped to rectify when it was introduced.

This bill attempts to limit charitable gaming to “alcoholic beverage establishments”. If not crafted carefully this bill will eliminate charities who are legally operating in café bars in small towns, fraternal and veterans’ clubs who sponsor community events, senior citizen centers, convention centers and hotels just to name a few. The code has never defined bars in this way, our cities and counties have had the authority to decide which locations and situations were appropriate for gaming.

CGAND as an organization does not support gaming in off-sale locations such as gas stations, grocery or convenience stores, but this bill could affect much more than that. This legislation seems to be an attempt to negatively impact charities in **existing** locations that operate etab machines. Additionally, the language depending on interpretation could go well beyond the restrictions discussed during the interim that were approved in administrative rule.

It is concerning to the charities to see such opposition to the creation of strong businesses and leadership within the charitable community. The benefits to communities created by charitable gaming are helping so many people and especially kids. I serve on the board for the Dakota Junior Golf Association. In the 18 months since our organization has been involved in gaming we’ve expanded from 13 junior events to over 40 statewide, contributed to Bismarck and Mandan parks to build new practice areas for juniors, established a golf learning program for our school systems through physical education teachers, expanded our college scholarship program and contributed to a fantastic Minot program called Prairie Grit that provides assistive technology to athletes with disabilities. Strong charities have emerged over many years due to their commitment to hard work and excellence, now we are going to take away their gains? I question why it is bad for a charity to operate like a business and be successful using all the tools available.

\$73 million was raised for charitable purposes in the last biennium. Charitable gaming reduces the state taxpayer burden for services charities provide in local communities, while having a positive impact on local entities. If these services were not funded through charitable gaming, local entities would be knocking on your door asking for general fund dollars or increasing county and city property tax levies to fund their needs. Charitable gaming promotes local control by providing funding to local community non-profits.

## PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2304

Page 1, lines 11-16, remove “Alcoholic beverage establishment” means an establishment where alcoholic beverages are sold, dispensed, and consumed. This does not include an off – sale liquor store, gas station, grocery store, or convenience store. An alcoholic beverage establishment must be licensed under chapter 5 - 02 and be devoted to the service of alcoholic beverages for consumption by guests on the premises. The term includes a bar located within a hotel, bowling center, golf course, or restaurant.”

Page 1, line 11, after “2.”, insert “Alcoholic beverage establishment” means an establishment where alcoholic beverages are sold, dispensed, and consumed and which is not owned or operated by a charitable organization. The establishment must be licensed under chapter 5-02 and serve alcoholic beverages for consumption by guests on the premises. The term does not include a gas station, grocery store, convenience store, off-sale liquor store, or any establishment that does not have a separate area in which patrons must be twenty-one years of age or older to participate in lawful charitable game types excluding bingo or raffles. The term includes an alcoholic beverage establishment located within a hotel, bowling center, golf course, or restaurant. An alcoholic beverage establishment may not be located in the same structure as a gas station, grocery store, or convenience store and may not be entered through a gas station, grocery store, or convenience store.”

Renumber accordingly



### Definition of Bar

A new subsection to section 53-06.1-01. Definitions. As used in this chapter:

1. "Adjusted gross proceeds" means gross proceeds less cash prizes, cost of merchandise prizes, gaming tax, and federal excise tax imposed under section 4401 of the Internal Revenue Code [26 U.S.C. 4401].
2. "Alcoholic beverage establishment" means an establishment where alcoholic beverages are sold, dispensed, and consumed. This does not include an off-sale liquor store, gas station, grocery store, or convenience store licensed for off-sale. An alcoholic beverage establishment must be licensed under chapter 5 - 02 and be devoted to the for the service of alcoholic beverages for consumption by guests on the premises. The term includes an bar establishment located within a hotel, bingo hall, bowling center, golf course facility, or restaurant.

### AG authority

A new subsection to section 53-06.1-15.1 of the North Dakota Century Code is created and enacted as follows:

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

11. Impose a monetary fine on an owner of an authorized alcoholic beverage establishment where a licensed gaming activity is conducted or has been conducted for failure to comply with this chapter or any gaming rule. The monetary fine for each violation by an authorized site owner is a minimum of five hundred dollars and may not exceed five thousand dollars.

- a. An authorized site owner will be required to read and acknowledge applicable gaming laws and rules in accordance with 99-01.3-02-10
- b. Fine limits that may be imposed by the office of Attorney General per individual law or gaming rule offense: (to be laid out as levels and described in regulations)
  - (1) Level 1 offense – authorized site owner will be issued a written warning, (minor infractions of rule deemed unintended and did not involve a monetary gain or cause harm to another entity)
  - (2) Level 2 offense – a maximum of one thousand-dollar (\$1,000) fine may be imposed, (an infraction of state law or intentional violation of state rule that may have resulted in a monetary gain for the authorized site owner or caused harm to another entity)
  - (3) Level 3 offense – a maximum of five thousand-dollar (\$5,000) fine may be imposed. (Egregious willful disregard of the applicable gaming laws and rules)



- (4) Multiple ~~subsequent~~ offenses may be subject to further sanction up to and including revocation of gaming privileges or surrender of the license issued under chapter 5-02.
- c. An authorized site owner will have ten (10) business days to present an appeal in writing to the office of Attorney General for any fine imposed.
- d. The office of Attorney General will respond to properly submitted written appeals within thirty (30) calendar days.

Renumber accordingly

### Site Limits

AMENDMENT. Section 53-06.1-03 of the North Dakota Century Code is amended and reenacted as follows: 53-06.1-03. Permits, site authorization, and licenses - Organization requirements - Site inspection.

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

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

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

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

b. Except for a temporary site authorized for fourteen or fewer consecutive days for not more than two events per quarter or a licensed organization authorized on or before January 1, 2023, to conduct gaming at more than fifteen sites, a licensed organization ~~including any of the organization's affiliates,~~ may not have more than ~~twenty-five~~fifteen sites ~~unless granted a waiver by the attorney general. If the attorney general finds that there is no other licensed organization interested in conducting gaming at a site for which a waiver is being sought, the attorney general may approve the waiver for no more than five sites.~~

c. Games of electronic quick shot bingo, pull tabs, punchboards, twenty-one, paddlewheels, poker, and sports pools may be conducted only during the hours when alcoholic beverages may be dispensed according to applicable regulations of the state, county, or city.

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

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

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

### **Addiction Funding**

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

1. There is created in the state treasury the charitable gaming operating fund. The fund consists of all gaming taxes, monetary fines, and interest and penalties collected under this chapter.
2. Excluding moneys in the charitable gaming operating fund appropriated by the legislative assembly for administrative and operating costs associated with charitable gaming, the attorney general shall allocate remaining moneys in the charitable gaming operating fund on a quarterly basis as follows:
  - a. ~~Ten~~ Eighty thousand dollars to the gambling disorder prevention and treatment fund.

### **Site Auth**

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. Securing approval for a site authorization from the governing body of the city or county in which the proposed site is located. Approval, which may be granted at the discretion of the governing body, must be recorded on a site authorization form that is to accompany the license application to the attorney general for final approval. A governing body 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. A governing body may not require a site to enter into a lease with a specific organization as a condition of receiving a site authorization. A governing body may limit the number of 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. A governing body may charge a one hundred dollar fee for a site authorization; and
  - b. 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 fifty dollar license fee for each city or county that approves a site authorization. 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 fifty dollar license fee for each city or county in which a site is located. 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.



**53-06.1-03. Permits, site authorization, and licenses.**

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

- a. Only one licensed organization or organization that has a permit may conduct games at an authorized site on a day, except that a raffle may be conducted for a special occasion by another licensed organization or organization that has a permit when one of these conditions is met:
  - (1) When the area for the raffle is physically separated from the area where games are conducted by the regular organization.
  - (2) Upon request of the regular organization and with the approval of the alcoholic beverage establishment, the regular organization's license or permit is suspended for that specific time of day by the attorney general.
- c. Games of electronic quick shot bingo, pull tabs, punchboards, twenty-one, paddlewheels, poker, and sports pools may be conducted only during the hours when alcoholic beverages may be dispensed according to applicable regulations of the state, county, or city.
- d. An organization may not permit a person under twenty-one years of age to directly or indirectly play pull tabs, punchboards, twenty-one, calcuttas, sports pools, paddlewheels, or poker. An organization may not permit an individual under eighteen years of age to directly or indirectly play electronic quick shot bingo. An organization may not permit an individual under eighteen years of age to directly or indirectly play bingo unless the individual is accompanied by an adult, bingo is conducted by an organization that has a permit, or the game's prize structure does not exceed that allowed for a permit.

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

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

**53-06.1-03. Permits, site authorization, and licenses.**

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

This one 4-5-23

Option 1.

"Alcoholic beverage establishment" means an establishment where alcoholic beverages are sold, dispensed , and consumed by guests on the premises. This does not include an ~~an off-sale~~ liquor store, gas station, grocery store, or convenience store licensed for off-sale only. An alcoholic beverage establishment must be licensed under chapter 5 - 02 ~~and be devoted to the for the~~ service of alcoholic beverages ~~for consumption by guests on the premises~~. The term includes ~~an bar establishment~~ located within a hotel, bowling center, golf ~~course~~ facility, or restaurant.

Option 2.

"Alcoholic beverage establishment" means an establishment where alcoholic beverages are sold, dispensed , and consumed by guests on the premises. This does not include an ~~an off-sale~~ liquor store, gas station, grocery store, or convenience store licensed for off-sale only. An alcoholic beverage establishment must be licensed under chapter 5 - 02 ~~and be devoted to the for the~~ service of alcoholic beverages for consumption by guests on the premises. The term includes, among others, an ~~bar~~ establishment located within a hotel, bowling center, golf ~~course~~ facility, or restaurant.

23.0974.03001  
Title.

Prepared by the Legislative Council staff for  
Representative Koppelman  
April 10, 2023

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2304

Page 1, line 1, after "to" insert "create and enact a new section to chapter 53-06.1 and a new subsection to section 53-06.1-15.1 of the North Dakota Century Code, relating to alcoholic beverage establishment requirements and the authority of the attorney general to impose fines for gaming violations; and to"

Page 1, line 1, replace "section" with "sections"

Page 1, line 1, after "53-06.1-01" insert "and 53-06.1-03, subsection 1 of section 53-06.1-06, and subsections 2 and 5 of section 53-06.1-11"

Page 1, line 2, after "establishments" insert ", the maximum number of gaming sites allowed, the maximum number of pull tab devices allowed at a site, approval for a gaming site authorization and licensure, the authorization of employees to provide limited assistance related to gaming, modification of allowable expense limits, and rent limits for electronic pull tab devices"

Page 1, line 11, after the second "establishment" insert "licensed under chapter 5-02"

Page 1, line 12, after "consumed" insert "by guests on the premises"

Page 1, line 12, replace "This" with "The term"

Page 1, line 12, replace "an off-sale" with "a"

Page 1, line 13, after the third "store" insert "licensed for off sale only"

Page 1, line 13, remove "An alcoholic beverage"

Page 1, remove lines 14 through 16

Page 3, line 10, after "17." insert "\"Off sale\" means the sale of alcoholic beverages that are to be consumed off the licensed premises."

18. "\"On sale\" means the sale of alcoholic beverages that are meant to be consumed on the licensed premises."

19."

Page 3, line 13, replace "18." with "20."

Page 3, line 15, replace "19." with "21."

Page 3, line 16, replace "20." with "22."

Page 3, line 19, replace "21." with "23."

Page 3, line 27, replace "22." with "24."

Page 4, line 4, replace "23." with "25."

Page 4, line 7, replace "24." with "26."

Page 4, after line 11, insert:

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

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

1. Except as authorized by the attorney general, an organization that has its license suspended or revoked, or has relinquished or not renewed its license and not disbursed its net proceeds, is ineligible for a license or permit. Only one of two or more closely related organizations may have a license or permit at one time. A college or university fraternity, sorority, or club is not closely related to an educational organization. An organization shall apply for a permit as follows:
  - a. An organization recognized as a public-spirited organization by the governing body of a city or county may apply for permits. A local permit may allow the organization to conduct only raffles, bingo, or sports pools. A restricted event permit may allow the organization to conduct only raffles, bingo, sports pools, paddlewheels, twenty-one, and poker. The organization or closely related organizations as a whole may only award a primary prize that does not exceed eight thousand dollars and total prizes of all games do not exceed forty thousand dollars per year. These maximum prize amounts do not apply to raffles conducted under chapter 20.1-08. The determination of what is a "public-spirited organization" is within the sole discretion of the governing body. An organization shall disclose on the application its intended use of the net income from the gaming activity. A governing body may issue a permit for games to be held at designated times and places.
  - b. An organization shall apply to the governing body of the city or county in which the proposed site is located. Application must be made on a form prescribed by the attorney general. Approval may be granted at the discretion of the governing body. A governing body may establish a fee not to exceed twenty-five dollars for each permit. A permit must be on a fiscal year basis from July first to June thirtieth or on a calendar-year basis.
  - c. An organization that has a local permit or a restricted event permit may use the net income from the gaming activity for any purpose that does not violate this chapter or gaming rules, unless the organization is a state political party or legislative district party committee, the organization may use the net income from a raffle for a political purpose. For purposes of this subdivision, a public-spirited use includes a political purpose.
  - d. An organization that has a restricted event permit is restricted to one event per year and:
    - (1) May not pay remuneration to employees for personal services;
    - (2) Shall use chips as wagers;
    - (3) Shall redeem a player's chips for merchandise prizes or cash;

- (4) Shall disburse net income to eligible uses referenced in subdivision c, if applicable, and in section 53-06.1-11.1; and
  - (5) Shall file a report prescribed by the attorney general with the governing body and attorney general.
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.
  - b. After securing a lease for a gaming site location, 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. A governing body may:
    - (1) 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. A governing body may;
    - (2) May limit the number of 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. A governing body may;
    - (3) May charge a one hundred dollar fee for a site authorization; and
  - b. (4) May not require a site to enter a lease with a specific organization as a condition of receiving a site authorization;
  - (5) May not deny approval of a site authorization because an organization has not previously conducted gaming at that site; and
  - (6) May deny approval of a site authorization if an application is incomplete or if granting approval would violate a local ordinance. An ordinance that places a condition on how charitable funds may be used may have no effect on the approval of a site authorization.
  - 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 fifty dollar license fee for each city or county that approves a site authorization. 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 fifty dollar license fee for each city or county in which a site is located. 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 shall issue a license to an eligible organization that has obtained approval of site authorization under subdivision b, applied, paid the requisite fee, and demonstrated it qualifies as an eligible organization.

3. A licensed organization or organization that has a permit shall conduct games as follows:
  - a. Only one licensed organization or organization that has a permit may conduct games at an authorized site on a day, except that a raffle may be conducted for a special occasion by another licensed organization or organization that has a permit when one of these conditions is met:
    - (1) When the area for the raffle is physically separated from the area where games are conducted by the regular organization.
    - (2) Upon request of the regular organization and with the approval of the alcoholic beverage establishment, the regular organization's license or permit is suspended for that specific time of day by the attorney general.
  - b. Except for a temporary site authorized for fourteen or fewer consecutive days for not more than two events per quarter or a licensed organization authorized on or before January 1, 2023, to conduct gaming at more than fifteen sites, a licensed organization may not have more than ~~twenty-five~~fifteen sites ~~unless granted a waiver by the attorney general. If the attorney general finds that there is no other licensed organization interested in conducting gaming at a site for which a waiver is being sought, the attorney general may approve the waiver for no more than five sites.~~
  - c. Games of electronic quick shot bingo, pull tabs, punchboards, twenty-one, paddlewheels, poker, and sports pools may be conducted only during the hours when alcoholic beverages may be dispensed according to applicable regulations of the state, county, or city.
  - d. An organization may not permit a person under twenty-one years of age to directly or indirectly play pull tabs, punchboards, twenty-one, calcuttas, sports pools, paddlewheels, or poker. An organization may not permit an individual under eighteen years of age to directly or indirectly play electronic quick shot bingo. An organization may not permit an individual under eighteen years of age to directly or indirectly play bingo unless the individual is accompanied by an adult, bingo is conducted by an organization that has a permit, or the game's prize structure does not exceed that allowed for a permit.
  - e. An organization may not install more than ten electronic pull tab devices at a site.
  - f. An organization with more than fifteen licensed sites under subdivision b may not increase its number of sites beyond the number of sites licensed as of January 1, 2023.
4. A permit, or site authorization and license, must be displayed at a site.



5. The attorney general may issue a conditional license to an eligible organization whose regularly issued license has expired or been suspended, revoked, or relinquished. The attorney general shall designate the time period for which the conditional license is valid and may impose any conditions.
6. A governing body or local law enforcement official may inspect a site's gaming equipment and examine or cause to be examined any gaming-related books and records of a licensed organization or organization that has a permit.

**SECTION 3. AMENDMENT.** Subsection 1 of section 53-06.1-06 of the North Dakota Century Code is amended and reenacted as follows:

1. No person, except a member, volunteer, an employee of a licensed organization or an organization that has a permit, or an employee of a temporary employment agency who provides services to a licensed organization, may manage, control, or conduct any game. "Member" includes a member of an auxiliary organization. In conducting pull tabs or prize boards through a dispensing device, selling pull tabs through a pull-tab device, selling raffle tickets, or conducting sports pools, the attorney general governing body of the city or county in which the site is located may allow an employee of an alcoholic beverage establishment authorized site under section 53-06.1-03, including a location properly licensed by the governing body of the city or county for on sale alcoholic beverage sales, to provide limited assistance to an organization.

**SECTION 4.** A new section to chapter 53-06.1 of the North Dakota Century Code is created and enacted as follows:

**Alcoholic beverage establishment requirements.**

1. When hosting gaming, an alcoholic beverage establishment shall:
  - a. Place a device in a location where alcoholic beverages are dispensed and consumed.
  - b. Prohibit a person from tampering or interfering with the operation or play of a device.
2. An employee of an alcoholic beverage establishment:
  - a. May pay a winning player a cash or merchandise prize won on a prize board.
  - b. Shall deface a winning number or symbol of a pull tab when it is redeemed.
  - c. May not play pull tabs or prize boards, which involve a dispensing device, or electronic pull tabs while on duty.

**SECTION 5. 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:

23.0974.03001

FIRST ENGROSSMENT

Sixty-eighth  
Legislative Assembly  
of North Dakota

ENGROSSED SENATE BILL NO. 2304

Introduced by

Senators Klein, Hogue, Luick

Representatives Karls, Kempenich, Nathe

1 A BILL for an Act to create and enact a new section to chapter 53-06.1 and a new subsection to  
 2 section 53-06.1-15.1 of the North Dakota Century Code, relating to alcoholic beverage  
 3 establishment requirements and the authority of the attorney general to impose fines for gaming  
 4 violations; and to amend and reenact ~~section~~sections 53-06.1-01 and 53-06.1-03, subsection 1  
 5 of section 53-06.1-06, and subsections 2 and 5 of section 53-06.1-11 of the North Dakota  
 6 Century Code, relating to gaming licenses for alcoholic beverage establishments, the maximum  
 7 number of gaming sites allowed, the maximum number of pull tab devices allowed at a site,  
 8 approval for a gaming site authorization and licensure, the authorization of employees to  
 9 provide limited assistance related to gaming, modification of allowable expense limits, and rent  
 10 limits for electronic pull tab devices.

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

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

14 **53-06.1-01. Definitions.**

15 As used in this chapter:

- 16 1. "Adjusted gross proceeds" means gross proceeds less cash prizes, cost of  
 17 merchandise prizes, gaming tax, and federal excise tax imposed under section 4401  
 18 of the Internal Revenue Code [26 U.S.C. 4401].
- 19 2. "Alcoholic beverage establishment" means an establishment licensed under  
 20 chapter 5-02 where alcoholic beverages are sold, dispensed, and consumed by  
 21 guests on the premises. ThisThe term does not include ~~an off-sale~~ liquor store,  
 22 gas station, grocery store, or convenience store licensed for off sale only. An alcoholic  
 23 beverage establishment must be licensed under chapter 5-02 and be devoted to the

~~service of alcoholic beverages for consumption by guests on the premises. The term includes a bar located within a hotel, bowling center, golf course, or restaurant.~~

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

~~3.4.~~ "Civic and service organization" means an organization whose primary purpose is to promote the common good and social welfare of a community as a sertoma, lion, rotary, jaycee, kiwanis, or similar organization.

~~4.5.~~ "Closely related organization" means an organization that controls, is controlled by, or is under common control with another organization. Control exists when an organization has the authority or ability to elect, appoint, or remove a majority of the officers or directors of another organization or, by policy, contract, or otherwise, has the authority or ability to directly or indirectly direct or cause the direction of the management or policies of another organization.

~~5.6.~~ "Distributor" means a person that sells, markets, or distributes equipment designed for use in the conduct of games.

~~6.7.~~ "Educational organization" means a nonprofit public or private elementary or secondary school, two-year or four-year college, or university.

~~7.8.~~ "Electronic pull tab device" means a device, approved by the attorney general, which electronically displays pull tabs.

~~8.9.~~ "Eligible organization" means a veterans, charitable, educational, religious, fraternal, civic and service, public safety, or public-spirited organization domiciled in North Dakota or authorized by the secretary of state as a foreign corporation under chapter 10-33, incorporated as a nonprofit organization, and which has been regularly and actively fulfilling its primary purpose within this state during the two immediately preceding years. However, an educational organization does not need to be incorporated or be in existence for two years. An organization's primary purpose may not involve the conduct of games. The organization may be issued a license by the attorney general. For purposes of this section, a foreign corporation authorized under chapter 10-33 is not an eligible organization unless authorized to conduct a raffle

Sixty-eighth  
Legislative Assembly

1 under chapter 20.1-04 or 20.1-08 and may not conduct a game other than a raffle  
2 under chapter 20.1-04 or 20.1-08.

3 ~~9-10.~~ "Fraternal organization" means an organization, except a school fraternity, which is a  
4 branch, lodge, or chapter of a national or state organization and exists for the common  
5 business, brotherhood, or other interests of its members. The organization must have  
6 qualified for exemption from federal income tax under section 501(c)(8) or 501(c)(10)  
7 of the Internal Revenue Code.

8 ~~40-11.~~ "Games" means games of chance.

9 ~~44-12.~~ "Gross proceeds" means all cash and checks received from conducting games.

10 ~~42-13.~~ "Licensed organization" means an eligible organization licensed by the attorney  
11 general.

12 ~~43-14.~~ "Manufacturer" means, for a pull tab or bingo card, a person who designs, prints,  
13 assembles, or produces the product. For a pull tab dispensing device, bingo card  
14 marking device, or a fifty-fifty raffle system, a manufacturer means the person who  
15 directly controls and manages development of and owns the rights to the proprietary  
16 software encoded on a processing chip that enables the device to operate.

17 ~~44-15.~~ "Net income" means gross proceeds less cash prizes, cost of merchandise prizes, and  
18 expenses to conduct the gaming activity.

19 ~~45-16.~~ "Net proceeds" means adjusted gross proceeds less allowable expenses and gaming  
20 tax.

21 ~~46-17.~~ "Off sale" means the sale of alcoholic beverages that are to be consumed off the  
22 licensed premises.

23 18. "On sale" means the sale of alcoholic beverages that are meant to be consumed on  
24 the licensed premises.

25 19. "Permit" means a local permit or restricted event permit issued by a governing body of  
26 a city or county to a nonprofit organization or group of people domiciled in North  
27 Dakota.

28 ~~47-18-20.~~ "Person" means any person, partnership, corporation, limited liability company,  
29 association, or organization.

30 ~~48-19-21.~~ "Prize board" means a board used with pull tabs to award cash or merchandise  
31 prizes.

1 | ~~19-20-22.~~ "Public safety organization" means an organization whose primary purpose is  
2 | to provide firefighting, ambulance service, crime prevention, or similar emergency  
3 | assistance.

4 | ~~20-21-23.~~ "Public-spirited organization" means an organization whose primary purpose is  
5 | for scientific research, amateur sports competition, safety, literary, arts, preservation of  
6 | cultural heritage, educational activities, educational public service, youth, economic  
7 | development, tourism, community medical care, community recreation, or similar  
8 | organization, which does not meet the definition of any other type of eligible  
9 | organization. However, a nonprofit organization or a group of people recognized as a  
10 | public-spirited organization by a governing body of a city or county for obtaining a  
11 | permit does not need to meet this definition.

12 | ~~21-22-24.~~ "Pull tab" means a folded or banded ticket or jar ticket, a pull tab card with  
13 | break-open tabs, or an electronic pull tab displaying concealed numbers or symbols or  
14 | combinations of concealed numbers and symbols which are exposed by a player to  
15 | determine the outcome. The terms "pull tab" and "jar ticket" are used interchangeably  
16 | unless otherwise stated. A winning pull tab contains certain symbols, numbers, or  
17 | combinations of symbols and numbers and may contain multiple winning symbols,  
18 | numbers, or combinations of symbols and numbers which have been previously  
19 | designated as winning symbols or numbers.

20 | ~~22-23-25.~~ "Religious organization" means a church, body of communicants, or group  
21 | gathered in common membership whose primary purpose is for advancement of  
22 | religion, mutual support and edification in piety, worship, and religious observances.

23 | ~~23-24-26.~~ "Veterans organization" means any congressionally chartered post  
24 | organization, or any branch or lodge or chapter of a nonprofit national or state  
25 | organization whose membership consists of individuals who are or were members of  
26 | the armed services or forces of the United States. The organization must have  
27 | qualified for exemption from federal income tax under section 501(c)(19) of the  
28 | Internal Revenue Code.

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



**53-06.1-03. Permits, site authorization, and licenses - Organization requirements -**

**Site inspection.**

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

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

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

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

- 1 a raffle for a political purpose. For purposes of this subdivision, a public-spirited  
2 use includes a political purpose.
- 3 d. An organization that has a restricted event permit is restricted to one event per  
4 year and:
- 5 (1) May not pay remuneration to employees for personal services;  
6 (2) Shall use chips as wagers;  
7 (3) Shall redeem a player's chips for merchandise prizes or cash;  
8 (4) Shall disburse net income to eligible uses referenced in subdivision c, if  
9 applicable, and in section 53-06.1-11.1; and  
10 (5) Shall file a report prescribed by the attorney general with the governing  
11 body and attorney general.
- 12 2. An eligible organization shall apply for a license to conduct only bingo, electronic quick  
13 shot bingo, raffles, calcuttas, pull tabs, punchboards, twenty-one, paddlewheels,  
14 poker, or sports pools by:
- 15 a. First securing a lease for a gaming site location.  
16 b. After securing a lease for a gaming site location, next securing approval for a site  
17 authorization from the governing body of the city or county in which the proposed  
18 site is located. ~~Approval, which may be granted at the discretion of the governing~~  
19 ~~body,~~ The approved authorization must be recorded on a site authorization form  
20 that is to accompany the license application to the attorney general for final  
21 approval. A governing body ~~may~~;
- 22 (1) May not require an eligible organization to donate net proceeds to the city,  
23 county, or related political subdivision or for community programs or  
24 services within the city or county as a condition for receiving a site  
25 authorization from the city or county. ~~A governing body may~~;
- 26 (2) May limit the number of tables for the game of twenty-one per site and the  
27 number of sites upon which a licensed organization may conduct games  
28 within the city or county. ~~A governing body may~~;
- 29 (3) May charge a one hundred dollar fee for a site authorization; and  
30 ~~b. (4)~~ May not require a site to enter a lease with a specific organization as a  
31 condition of receiving a site authorization;

1 (5) May not deny approval of a site authorization because an organization has  
2 not previously conducted gaming at that site; and

3 (6) May deny approval of a site authorization if an application is incomplete or if  
4 granting approval would violate a local ordinance. An ordinance that places  
5 a condition on how charitable funds may be used may have no effect on the  
6 approval of a site authorization.

7 c. Annually applying for a license from the attorney general before July first on a  
8 form prescribed by the attorney general and remitting a one hundred fifty dollar  
9 license fee for each city or county that approves a site authorization. However,  
10 the attorney general may allow an organization that only conducts a raffle or  
11 calcutta in two or more cities or counties to annually apply for a consolidated  
12 license and remit a one hundred fifty dollar license fee for each city or county in  
13 which a site is located. An organization shall document that it qualifies as an  
14 eligible organization. If an organization amends its primary purpose as stated in  
15 its articles of incorporation or materially changes its basic character, the  
16 organization shall reapply for licensure. The attorney general shall issue a license  
17 to an eligible organization that has obtained approval of site authorization under  
18 subdivision b, applied, paid the requisite fee, and demonstrated it qualifies as an  
19 eligible organization.

- 20 3. A licensed organization or organization that has a permit shall conduct games as  
21 follows:
- 22 a. Only one licensed organization or organization that has a permit may conduct  
23 games at an authorized site on a day, except that a raffle may be conducted for a  
24 special occasion by another licensed organization or organization that has a  
25 permit when one of these conditions is met:
- 26 (1) When the area for the raffle is physically separated from the area where  
27 games are conducted by the regular organization.
- 28 (2) Upon request of the regular organization and with the approval of the  
29 alcoholic beverage establishment, the regular organization's license or  
30 permit is suspended for that specific time of day by the attorney general.

1 b. Except for a temporary site authorized for fourteen or fewer consecutive days for  
2 not more than two events per quarter or a licensed organization authorized on or  
3 before January 1, 2023, to conduct gaming at more than fifteen sites, a licensed  
4 organization may not have more than ~~twenty-five~~fifteen sites ~~unless granted a~~  
5 ~~waiver by the attorney general. If the attorney general finds that there is no other~~  
6 ~~licensed organization interested in conducting gaming at a site for which a waiver~~  
7 ~~is being sought, the attorney general may approve the waiver for no more than~~  
8 ~~five sites.~~

9 c. Games of electronic quick shot bingo, pull tabs, punchboards, twenty-one,  
10 paddlewheels, poker, and sports pools may be conducted only during the hours  
11 when alcoholic beverages may be dispensed according to applicable regulations  
12 of the state, county, or city.

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

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

22 f. An organization with more than fifteen licensed sites under subdivision b may not  
23 increase its number of sites beyond the number of sites licensed as of January 1,  
24 2023.

25 4. A permit, or site authorization and license, must be displayed at a site.

26 5. The attorney general may issue a conditional license to an eligible organization whose  
27 regularly issued license has expired or been suspended, revoked, or relinquished. The  
28 attorney general shall designate the time period for which the conditional license is  
29 valid and may impose any conditions.

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

4       **SECTION 3. AMENDMENT.** Subsection 1 of section 53-06.1-06 of the North Dakota  
5       Century Code is amended and reenacted as follows:

6       1. No person, except a member, volunteer, an employee of a licensed organization or an  
7       organization that has a permit, or an employee of a temporary employment agency  
8       who provides services to a licensed organization, may manage, control, or conduct  
9       any game. "Member" includes a member of an auxiliary organization. In conducting  
10      pull tabs or prize boards through a dispensing device, selling pull tabs through a  
11      pull-tab device, selling raffle tickets, or conducting sports pools, the ~~attorney-~~  
12      ~~general~~governing body of the city or county in which the site is located may allow an  
13      employee of an ~~alcoholic beverage establishment~~authorized site under section  
14      53-06.1-03, including a location properly licensed by the governing body of the city or  
15      county for on sale alcoholic beverage sales, to provide limited assistance to an  
16      organization.

17      **SECTION 4.** A new section to chapter 53-06.1 of the North Dakota Century Code is created  
18      and enacted as follows:

19      **Alcoholic beverage establishment requirements.**

20      1. When hosting gaming, an alcoholic beverage establishment shall:

21      a. Place a device in a location where alcoholic beverages are dispensed and  
22      consumed.

23      b. Prohibit a person from tampering or interfering with the operation or play of a  
24      device.

25      2. An employee of an alcoholic beverage establishment:

26      a. May pay a winning player a cash or merchandise prize won on a prize board.

27      b. Shall deface a winning number or symbol of a pull tab when it is redeemed.

28      c. May not play pull tabs or prize boards, which involve a dispensing device, or  
29      electronic pull tabs while on duty.

30      **SECTION 5. AMENDMENT.** Subsection 2 of section 53-06.1-11 of the North Dakota  
31      Century Code is amended and reenacted as follows:



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

3       a. Sixty percent of the adjusted gross proceeds per quarter if the total adjusted  
4       gross proceeds for the quarter are more than one hundred thousand dollars; and

5       b. Sixty-three percent of the adjusted gross proceeds per quarter if the total  
6       adjusted gross proceeds for the quarter are equal to or less than one hundred  
7       thousand dollars.

8       **SECTION 6. 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 ~~thirty~~ dollars per  
25      machine for the first ~~five~~four machines in the same venue. For each additional  
26      machine in the same venue beyond ~~five~~four, the monthly rent may not exceed ~~an~~  
27      ~~additional fifty~~one hundred dollars per machine up to a maximum of one  
28      thousand one hundred ~~twenty-five~~twenty dollars per month for all electronic pull  
29      tab devices in a single venue. Notwithstanding the foregoing, if no gaming  
30      employee is onsite to administrate the proceeds, the rent may include an  
31      additional fifty dollars per machine for alcoholic beverage establishment

SB 2304 4-17-23

**Alcoholic beverage establishment requirements.**

1. An alcoholic beverage establishment may not interfere with the organization's operation of gaming including the gaming hours of operation if those hours are within the hours of operation of the alcoholic beverage establishment and the method in which the games are conducted. The organization must comply with all laws and rules in addition to the terms of their lease.
2. The alcoholic beverage establishment may not receive any compensation from gaming proceeds other than rent as allowed under law. Compensation includes any financial benefit, direct or indirect, from gaming proceeds. The alcoholic beverage establishment may not require an organization to donate net proceeds to any organization or for any purpose as condition of operation.
3. Gaming may not be directly operated as part of the alcoholic beverage establishment's business; however, the alcoholic beverage establishment may donate a gift certificate, cash, or merchandise intended to be used as prizes to the organization.
4. An owner of the alcoholic beverage establishment, member of the owner's household, management, officer, or board member may not:
  - a. Loan money or provide gaming equipment to the organization;
  - b. Interfere or attempt to influence an organization's selection of games, determination of prizes, disbursement of net proceeds, or influence the selection of a gaming equipment distributor;
  - c. Play any game operated by the organization at the alcoholic beverage establishment;
  - d. Require an organization's employee to assist, with or without compensation, in an alcoholic beverage establishment's business at the site. However, the organization's employee may voluntarily order drinks for customers; or
  - e. Count drop box cash.
5. An employee of an alcoholic beverage establishment may not play pull tabs or prize boards, which involve a dispensing device, or electronic pull tabs while on duty or for three hours after.
6. Upon the request of the organization, an alcoholic beverage establishment may sell a gift certificate or merchandise to be used as a gaming prize provided that the purchase price may not exceed fair market value. An organization's employee may patronize the alcoholic beverage establishment in the normal course of business.
7. An alcoholic beverage establishment may not give free or discounted game piece, chip, or play of a game except for discounts allowed for bingo and raffle activity. However, the alcoholic beverage establishment may offer free or discounted food or beverages in the normal course of business. An alcoholic beverage establishment may at its own expense advertise gaming on promotional drink tickets.
8. Any advertising by the alcoholic beverage establishment, the organization, or both, of lawful charitable gaming conducted by a licensed organization must include the gaming organization's name. An abbreviation of the organization's name may be used.



23.0974.03003

FIRST ENGROSSMENT

Sixty-eighth  
Legislative Assembly  
of North Dakota

ENGROSSED SENATE BILL NO. 2304

Introduced by

Senators Klein, Hogue, Luick

Representatives Karls, Kempenich, Nathe

*In response to the request from Reps. Kasper & Koppelman, I have hand-written this clear ~~and~~ articulation of the views of the Office of Attorney General. [Signature]*

1 A BILL for an Act to create and enact a new section to chapter 53-06.1 and a new subsection to  
2 section 53-06.1-15.1 of the North Dakota Century Code, relating to alcoholic beverage  
3 establishment requirements and the authority of the attorney general to impose fines for gaming  
4 violations; and to amend and reenact ~~sections~~ sections 53-06.1-01 and 53-06.1-03, and  
5 subsections 2 and 5 of section 53-06.1-11 of the North Dakota Century Code, relating to gaming  
6 licenses for alcoholic beverage establishments, the maximum number of gaming sites allowed,  
7 the maximum number of pull tab devices allowed at a site, approval for a gaming site  
8 authorization and licensure, modification of allowable expense limits, and rent limits for  
9 electronic pull tab devices.

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
- 19 chapter 5-02 where alcoholic beverages are sold, dispensed, and consumed by
- 20 guests on the premises. ~~This~~The term does not include an off-sale liquor store,
- 21 gas station, grocery store, or convenience store licensed for off sale only. An alcoholic
- 22 ~~beverage establishment must be licensed under chapter 5-02 and be devoted to the~~
- 23 ~~service of alcoholic beverages for consumption by guests on the premises. The term~~
- 24 ~~includes a bar located within a hotel, bowling center, golf course, or restaurant.~~

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Sixty-eighth  
Legislative Assembly

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



Sixty-eighth  
Legislative Assembly

- 1    ~~9-10.~~ "Fraternal organization" means an organization, except a school fraternity, which is a  
2            branch, lodge, or chapter of a national or state organization and exists for the common  
3            business, brotherhood, or other interests of its members. The organization must have  
4            qualified for exemption from federal income tax under section 501(c)(8) or 501(c)(10)  
5            of the Internal Revenue Code.
- 6    ~~10-11.~~ "Games" means games of chance.
- 7    ~~11-12.~~ "Gross proceeds" means all cash and checks received from conducting games.
- 8    ~~12-13.~~ "Licensed organization" means an eligible organization licensed by the attorney  
9            general.
- 10   ~~13-14.~~ "Manufacturer" means, for a pull tab or bingo card, a person who designs, prints,  
11            assembles, or produces the product. For a pull tab dispensing device, bingo card  
12            marking device, or a fifty-fifty raffle system, a manufacturer means the person who  
13            directly controls and manages development of and owns the rights to the proprietary  
14            software encoded on a processing chip that enables the device to operate.
- 15   ~~14-15.~~ "Net income" means gross proceeds less cash prizes, cost of merchandise prizes, and  
16            expenses to conduct the gaming activity.
- 17   ~~15-16.~~ "Net proceeds" means adjusted gross proceeds less allowable expenses and gaming  
18            tax.
- 19   ~~16-17.~~ "Off sale" means the sale of alcoholic beverages that are to be consumed off the  
20            licensed premises.
- 21   18. "On sale" means the sale of alcoholic beverages that are meant to be consumed on  
22            the licensed premises.
- 23   19. "Permit" means a local permit or restricted event permit issued by a governing body of  
24            a city or county to a nonprofit organization or group of people domiciled in North  
25            Dakota.
- 26   ~~17-18-20.~~ "Person" means any person, partnership, corporation, limited liability company,  
27            association, or organization.
- 28   ~~18-19-21.~~ "Prize board" means a board used with pull tabs to award cash or merchandise  
29            prizes.



1 | ~~49-20.22.~~ "Public safety organization" means an organization whose primary purpose is  
2 | to provide firefighting, ambulance service, crime prevention, or similar emergency  
3 | assistance.

4 | ~~20-21.23.~~ "Public-spirited organization" means an organization whose primary purpose is  
5 | for scientific research, amateur sports competition, safety, literary, arts, preservation of  
6 | cultural heritage, educational activities, educational public service, youth, economic  
7 | development, tourism, community medical care, community recreation, or similar  
8 | organization, which does not meet the definition of any other type of eligible  
9 | organization. However, a nonprofit organization or a group of people recognized as a  
10 | public-spirited organization by a governing body of a city or county for obtaining a  
11 | permit does not need to meet this definition.

12 | ~~21-22.24.~~ "Pull tab" means a folded or banded ticket or jar ticket, a pull tab card with  
13 | break-open tabs, or an electronic pull tab displaying concealed numbers or symbols or  
14 | combinations of concealed numbers and symbols which are exposed by a player to  
15 | determine the outcome. The terms "pull tab" and "jar ticket" are used interchangeably  
16 | unless otherwise stated. A winning pull tab contains certain symbols, numbers, or  
17 | combinations of symbols and numbers and may contain multiple winning symbols,  
18 | numbers, or combinations of symbols and numbers which have been previously  
19 | designated as winning symbols or numbers.

20 | ~~22-23.25.~~ "Religious organization" means a church, body of communicants, or group  
21 | gathered in common membership whose primary purpose is for advancement of  
22 | religion, mutual support and edification in piety, worship, and religious observances.

23 | ~~23-24.26.~~ "Veterans organization" means any congressionally chartered post  
24 | organization, or any branch or lodge or chapter of a nonprofit national or state  
25 | organization whose membership consists of individuals who are or were members of  
26 | the armed services or forces of the United States. The organization must have  
27 | qualified for exemption from federal income tax under section 501(c)(19) of the  
28 | Internal Revenue Code.

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



1       **53-06.1-03. Permits, site authorization, and licenses - Organization requirements -**

2       **Site inspection.**

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

9       a. An organization recognized as a public-spirited organization by the governing  
10       body of a city or county may apply for permits. A local permit may allow the  
11       organization to conduct only raffles, bingo, or sports pools. A restricted event  
12       permit may allow the organization to conduct only raffles, bingo, sports pools,  
13       paddlewheels, twenty-one, and poker. The organization or closely related  
14       organizations as a whole may only award a primary prize that does not exceed  
15       eight thousand dollars and total prizes of all games do not exceed forty thousand  
16       dollars per year. These maximum prize amounts do not apply to raffles conducted  
17       under chapter 20.1-08. The determination of what is a "public-spirited  
18       organization" is within the sole discretion of the governing body. An organization  
19       shall disclose on the application its intended use of the net income from the  
20       gaming activity. A governing body may issue a permit for games to be held at  
21       designated times and places.

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

28       c. An organization that has a local permit or a restricted event permit may use the  
29       net income from the gaming activity for any purpose that does not violate this  
30       chapter or gaming rules, unless the organization is a state political party or  
31       legislative district party committee, the organization may use the net income from



1 a raffle for a political purpose. For purposes of this subdivision, a public-spirited  
2 use includes a political purpose.

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

5 (1) May not pay remuneration to employees for personal services;  
6 (2) Shall use chips as wagers;  
7 (3) Shall redeem a player's chips for merchandise prizes or cash;  
8 (4) Shall disburse net income to eligible uses referenced in subdivision c, if  
9 applicable, and in section 53-06.1-11.1; and  
10 (5) Shall file a report prescribed by the attorney general with the governing  
11 body and attorney general.

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

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

16 b. After securing a lease for a gaming site location, securing approval for a site  
17 authorization from the governing body of the city or county in which the proposed  
18 site is located. ~~Approval, which may be granted at the discretion of the governing~~  
19 ~~body.~~ The approved authorization must be recorded on a site authorization form  
20 that is to accompany the license application to the attorney general for final  
21 approval. A governing body ~~may~~:

22 (1) May not require an eligible organization to donate net proceeds to the city,  
23 county, or related political subdivision or for community programs or  
24 services within the city or county as a condition for receiving a site  
25 authorization from the city or county. ~~A governing body may~~.

26 (2) May limit the number of tables for the game of twenty-one per site and the  
27 number of sites upon which a licensed organization may conduct games  
28 within the city or county. ~~A governing body may~~.

29 (3) May charge a one hundred dollar fee for a site authorization; ~~and~~  
30 b. (4) May not require a site to enter a lease with a specific organization as a  
31 condition of receiving a site authorization;

*We oppose this, so as to avoid the obvious opportunities for corruption*

*we need this language so that political subs have appropriate discretion. This is an important protection.*



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*We strongly oppose this language as will every political sub.*

(5) May not deny approval of a site authorization because an organization has not previously conducted gaming at that site;  
(6) May deny approval of a site authorization if an application is incomplete or if granting approval would violate a local ordinance related to a limitation on the number of site authorizations for which an organization may be approved or whether the organization is public-spirited. An ordinance that places a condition on how charitable funds may be used may not have an effect on the approval of a site authorization; and

(7) May deny approval of a site authorization if the organization is not compliant with statute or rule.

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 fifty dollar license fee for each city or county that approves a site authorization. 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 fifty dollar license fee for each city or county in which a site is located. 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 shall issue a license to an eligible organization that has obtained approval of site authorization under subdivision b, applied, paid the requisite fee, and demonstrated it qualifies as an eligible organization.

*We strongly oppose this language as it makes the oversight into merely a rubber stamp.*

A licensed organization or organization that has a permit shall conduct games as follows:  
a. Only one licensed organization or organization that has a permit may conduct games at an authorized site on a day, except that a raffle may be conducted for a special occasion by another licensed organization or organization that has a permit when one of these conditions is met:  
(1) When the area for the raffle is physically separated from the area where games are conducted by the regular organization.



We oppose this entire page, as it guts what this legislature already agreed to in HB1497!

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- (2) Upon request of the regular organization and with the approval of the alcoholic beverage establishment, the regular organization's license or permit is suspended for that specific time of day by the attorney general.
- b. Except for a temporary site authorized for fourteen or fewer consecutive days for not more than two events per quarter or a licensed organization authorized on or before January 1, 2023, to conduct gaming at more than fifteen sites, a licensed organization may not have more than ~~twenty-five~~fifteen sites ~~unless granted a waiver by the attorney general. If the attorney general finds that there is no other licensed organization interested in conducting gaming at a site for which a waiver is being sought, the attorney general may approve the waiver for no more than five sites.~~
- c. Games of electronic quick shot bingo, pull tabs, punchboards, twenty-one, paddlewheels, poker, and sports pools may be conducted only during the hours when alcoholic beverages may be dispensed according to applicable regulations of the state, county, or city.
- d. An organization may not permit a person under twenty-one years of age to directly or indirectly play pull tabs, punchboards, twenty-one, calcuttas, sports pools, paddlewheels, or poker. An organization may not permit an individual under eighteen years of age to directly or indirectly play electronic quick shot bingo. An organization may not permit an individual under eighteen years of age to directly or indirectly play bingo unless the individual is accompanied by an adult, bingo is conducted by an organization that has a permit, or the game's prize structure does not exceed that allowed for a permit.
- e. An organization may not install more than ten electronic pull tab devices at a site.
- f. An organization with more than fifteen licensed sites under subdivision b may not increase its number of sites beyond the number of sites licensed as of January 1, 2023.
4. A permit, or site authorization and license, must be displayed at a site.
5. The attorney general may issue a conditional license to an eligible organization whose regularly issued license has expired or been suspended, revoked, or relinquished. The



1 attorney general shall designate the time period for which the conditional license is  
2 valid and may impose any conditions.

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

6 **SECTION 3.** A new section to chapter 53-06.1 of the North Dakota Century Code is created  
7 and enacted as follows:

8 Alcoholic beverage establishment - Requirements.

9 1. An alcoholic beverage establishment:

- 10 a. May not interfere with the organization's operation of gaming;  
11 b. May not limit the gaming hours of operation, except to limit gaming to the  
12 alcoholic beverage establishment's hours of operation;  
13 c. May not receive any compensation from gaming proceeds other than rent under  
14 this chapter. Compensation includes any financial benefit, direct or indirect, from  
15 gaming proceeds;  
16 d. May not require an organization to donate net proceeds to any organization or for  
17 any purpose as condition of conducting gaming on the premises;  
18 e. May not directly conduct gaming as part of the alcoholic beverage  
19 establishment's business;  
20 f. May donate a gift certificate, cash, or merchandise intended to be used as a prize  
21 to an organization;  
22 g. May not give a free or discounted game piece, chip, or play of a game, except for  
23 discounts allowed for bingo and raffle activity;  
24 h. May offer free or discounted food or beverages in the normal course of business;  
25 i. May, at its own expense, advertise gaming on promotional drink tickets; and  
26 j. If advertising charitable gaming conducted on the premises, shall include the  
27 gaming organization's name. An abbreviation of the organization's name may be  
28 used.

29 2. Upon the request of the organization, an alcoholic beverage establishment:

- a. May sell a gift certificate or merchandise to be used as a gaming prize for no  
more than fair market value; and

*This is actually a change to permit currently illegal activity for which I recently sanctioned two West Fargo establishments and charities.*

*All of this is already required. It provides no additional clarity or benefit.*



Through line 25,  
This is already in admin rules,  
except line 21.  
Whole page is unnecessary

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b. May assist in redeeming winning pull tabs, credit ticket vouchers, or paying prize board cash prizes involving a dispensing device. If the organization provides the alcoholic beverage establishment temporary loan funds for this purpose, a written agreement must:

- (1) Be signed by the organization and the alcoholic beverage establishment;
- (2) Provide for the immediate repayment of the loan if the organization discontinues using a device at the site; and
- (3) Provide the alcoholic beverage establishment is liable for a loss or theft of the loaned funds.

3. An owner of the alcoholic beverage establishment or a member of the owner's household or an individual who is an officer or board member or involved in the management of the establishment may not:

- a. Loan money or provide gaming equipment to the organization;
- b. Interfere or attempt to influence an organization's selection of games, determination of prizes, disbursement of net proceeds, selection of a gaming equipment distributor, or the method for which games are conducted;
- c. Require an organization's employee to assist, with or without compensation, in an alcoholic beverage establishment's business at the site. However, the organization's employee may voluntarily order beverages for customers; or
- d. Count drop box cash.

4. An owner or employee of the alcoholic beverage establishment may not play pull tabs or prize boards, which involve a dispensing device, or electronic pull tabs while on duty or for three hours after ending duty.

5. An employee of a licensed organization may patronize the alcoholic beverage establishment.

**SECTION 4. 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 are more than one hundred thousand dollars; and



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Impose a monetary fine on an owner of an authorized alcoholic beverage establishment where a licensed gaming activity is conducted or has been conducted for failure to comply with section 3 of this Act or administrative rules that relate to subdivision b of subsection 2 of section 3 of this Act. The monetary fine for each violation by an authorized site owner may not exceed five thousand dollars. An authorized alcoholic beverage establishment subject to a monetary fine under this section may appeal under chapter 28-32.

*This is much too narrow and guts oversight. Instead, we support SB2271 in the form it passed the Senate.*

*This will provide an unfair  
advantage to some charities over others, and  
will reduce amount going to charitable  
purposes. We  
oppose.*

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

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

- 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 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 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 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 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 hundred dollars.
  - c. If pull tabs is conducted using one or more electronic pull tab devices, the monthly rent may not exceed an additional one hundred fifty dollars per machine for the first five machines in the same venue. For each additional machine in the same venue beyond five, the monthly rent may not exceed an additional fiftyone hundred dollars per machine up to a maximum of one thousand onetwo hundred twenty-fivefifty dollars per month for all electronic pull tab devices in a single venue. Notwithstanding the foregoing maximum rent amount, if a gaming employee is not onsite to administer the proceeds, the rent may include an additional fifty dollars per machine for alcoholic beverage establishment employee assistance for up to five machines, resulting in a maximum of one thousand five hundred dollars per month.

**SECTION 6.** A new subsection to section 53-06.1-15.1 of the North Dakota Century Code is created and enacted as follows:



“Alcoholic beverage establishment” means an establishment where alcoholic beverages are sold, dispensed, and consumed and which is not owned or operated by a charitable gaming organization. The establishment must be licensed under chapter 5-02 and serve alcoholic beverages for consumption by guests on the premises. The term does not include a gas station, grocery store, convenience store, off-sale liquor store, or any establishment that does not have a separate area in which patrons must be twenty-one years of age or older to participate in lawful charitable game types excluding bingo or raffles. The term includes an alcoholic beverage establishment located within a hotel, bowling center, golf course, or restaurant. An alcoholic beverage establishment may not be located in the same structure as a gas station, grocery store, or convenience store and may not be entered through a gas station, grocery store, or convenience store.

23.0974.03003  
Title.

Prepared by the Legislative Council staff for  
Representative Koppelman  
April 13, 2023

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2304

Page 1, line 1, after "to" insert "create and enact a new section to chapter 53-06.1 and a new subsection to section 53-06.1-15.1 of the North Dakota Century Code, relating to alcoholic beverage establishment requirements and the authority of the attorney general to impose fines for gaming violations; and to"

Page 1, line 1, replace "section" with "sections"

Page 1, line 1, after "53-06.1-01" insert "and 53-06.1-03, and subsections 2 and 5 of section 53-06.1-11"

Page 1, line 2, after "establishments" insert ", the maximum number of gaming sites allowed, the maximum number of pull tab devices allowed at a site, approval for a gaming site authorization and licensure, modification of allowable expense limits, and rent limits for electronic pull tab devices"

Page 1, line 11, after "establishment" insert "licensed under chapter 5-02"

Page 1, line 12, after "consumed" insert "by guests on the premises"

Page 1, line 12, replace "This" with "The term"

Page 1, line 12, replace "an off-sale" with "a"

Page 1, line 13, after "store" insert "licensed for off sale only"

Page 1, line 13, remove "An alcoholic beverage"

Page 1, remove lines 14 through 16

Page 3, line 10, after "17." insert "\"Off sale\" means the sale of alcoholic beverages that are to be consumed off the licensed premises."

18. "\"On sale\" means the sale of alcoholic beverages that are meant to be consumed on the licensed premises."

19."

Page 3, line 13, replace "18." with "20."

Page 3, line 15, replace "19." with "21."

Page 3, line 16, replace "20." with "22."

Page 3, line 19, replace "21." with "23."

Page 3, line 27, replace "22." with "24."

Page 4, line 4, replace "23." with "25."

Page 4, line 7, replace "24." with "26."

Page 4, after line 11, insert:

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

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

1. Except as authorized by the attorney general, an organization that has its license suspended or revoked, or has relinquished or not renewed its license and not disbursed its net proceeds, is ineligible for a license or permit. Only one of two or more closely related organizations may have a license or permit at one time. A college or university fraternity, sorority, or club is not closely related to an educational organization. An organization shall apply for a permit as follows:
  - a. An organization recognized as a public-spirited organization by the governing body of a city or county may apply for permits. A local permit may allow the organization to conduct only raffles, bingo, or sports pools. A restricted event permit may allow the organization to conduct only raffles, bingo, sports pools, paddlewheels, twenty-one, and poker. The organization or closely related organizations as a whole may only award a primary prize that does not exceed eight thousand dollars and total prizes of all games do not exceed forty thousand dollars per year. These maximum prize amounts do not apply to raffles conducted under chapter 20.1-08. The determination of what is a "public-spirited organization" is within the sole discretion of the governing body. An organization shall disclose on the application its intended use of the net income from the gaming activity. A governing body may issue a permit for games to be held at designated times and places.
  - b. An organization shall apply to the governing body of the city or county in which the proposed site is located. Application must be made on a form prescribed by the attorney general. Approval may be granted at the discretion of the governing body. A governing body may establish a fee not to exceed twenty-five dollars for each permit. A permit must be on a fiscal year basis from July first to June thirtieth or on a calendar-year basis.
  - c. An organization that has a local permit or a restricted event permit may use the net income from the gaming activity for any purpose that does not violate this chapter or gaming rules, unless the organization is a state political party or legislative district party committee, the organization may use the net income from a raffle for a political purpose. For purposes of this subdivision, a public-spirited use includes a political purpose.
  - d. An organization that has a restricted event permit is restricted to one event per year and:
    - (1) May not pay remuneration to employees for personal services;
    - (2) Shall use chips as wagers;
    - (3) Shall redeem a player's chips for merchandise prizes or cash;

- (4) Shall disburse net income to eligible uses referenced in subdivision c, if applicable, and in section 53-06.1-11.1; and
  - (5) Shall file a report prescribed by the attorney general with the governing body and attorney general.
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.
  - b. After securing a lease for a gaming site location, 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. A governing body may:
    - (1) 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. A governing body may;
    - (2) May limit the number of 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. A governing body may;
    - (3) May charge a one hundred dollar fee for a site authorization; and
  - b. (4) May not require a site to enter a lease with a specific organization as a condition of receiving a site authorization;
  - (5) May not deny approval of a site authorization because an organization has not previously conducted gaming at that site;
  - (6) May deny approval of a site authorization if an application is incomplete or if granting approval would violate a local ordinance related to a limitation on the number of site authorizations for which an organization may be approved or whether the organization is public-spirited. An ordinance that places a condition on how charitable funds may be used may not have an effect on the approval of a site authorization; and
  - (7) May deny approval of a site authorization if the organization is not compliant with statute or rule.
- 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 fifty dollar license fee for each city or county that approves a site authorization. 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 fifty dollar license fee for each city or county in which a site is located. 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 shall issue a license to an eligible organization that has obtained approval of site authorization under subdivision b, applied, paid the requisite fee, and demonstrated it qualifies as an eligible organization.

3. A licensed organization or organization that has a permit shall conduct games as follows:
  - a. Only one licensed organization or organization that has a permit may conduct games at an authorized site on a day, except that a raffle may be conducted for a special occasion by another licensed organization or organization that has a permit when one of these conditions is met:
    - (1) When the area for the raffle is physically separated from the area where games are conducted by the regular organization.
    - (2) Upon request of the regular organization and with the approval of the alcoholic beverage establishment, the regular organization's license or permit is suspended for that specific time of day by the attorney general.
  - b. Except for a temporary site authorized for fourteen or fewer consecutive days for not more than two events per quarter or a licensed organization authorized on or before January 1, 2023, to conduct gaming at more than fifteen sites, a licensed organization may not have more than ~~twenty-five~~fifteen sites ~~unless granted a waiver by the attorney general. If the attorney general finds that there is no other licensed organization interested in conducting gaming at a site for which a waiver is being sought, the attorney general may approve the waiver for no more than five sites.~~
  - c. Games of electronic quick shot bingo, pull tabs, punchboards, twenty-one, paddlewheels, poker, and sports pools may be conducted only during the hours when alcoholic beverages may be dispensed according to applicable regulations of the state, county, or city.
  - d. An organization may not permit a person under twenty-one years of age to directly or indirectly play pull tabs, punchboards, twenty-one, calcuttas, sports pools, paddlewheels, or poker. An organization may not permit an individual under eighteen years of age to directly or indirectly play electronic quick shot bingo. An organization may not permit an individual under eighteen years of age to directly or indirectly play bingo unless the individual is accompanied by an adult, bingo is conducted by an organization that has a permit, or the game's prize structure does not exceed that allowed for a permit.
  - e. An organization may not install more than ten electronic pull tab devices at a site.

- f. An organization with more than fifteen licensed sites under subdivision b may not increase its number of sites beyond the number of sites licensed as of January 1, 2023.
4. A permit, or site authorization and license, must be displayed at a site.
5. The attorney general may issue a conditional license to an eligible organization whose regularly issued license has expired or been suspended, revoked, or relinquished. The attorney general shall designate the time period for which the conditional license is valid and may impose any conditions.
6. A governing body or local law enforcement official may inspect a site's gaming equipment and examine or cause to be examined any gaming-related books and records of a licensed organization or organization that has a permit.

**SECTION 3.** A new section to chapter 53-06.1 of the North Dakota Century Code is created and enacted as follows:

**Alcoholic beverage establishment - Requirements.**

1. An alcoholic beverage establishment:
  - a. May not interfere with the organization's operation of gaming;
  - b. May not limit the gaming hours of operation, except to limit gaming to the alcoholic beverage establishment's hours of operation;
  - c. May not receive any compensation from gaming proceeds other than rent under this chapter. Compensation includes any financial benefit, direct or indirect, from gaming proceeds;
  - d. May not require an organization to donate net proceeds to any organization or for any purpose as condition of conducting gaming on the premises;
  - e. May not directly conduct gaming as part of the alcoholic beverage establishment's business;
  - f. May donate a gift certificate, cash, or merchandise intended to be used as a prize to an organization;
  - g. May not give a free or discounted game piece, chip, or play of a game, except for discounts allowed for bingo and raffle activity;
  - h. May offer free or discounted food or beverages in the normal course of business;
  - i. May, at its own expense, advertise gaming on promotional drink tickets; and
  - j. If advertising charitable gaming conducted on the premises, shall include the gaming organization's name. An abbreviation of the organization's name may be used.
2. Upon the request of the organization, an alcoholic beverage establishment:

- a. May sell a gift certificate or merchandise to be used as a gaming prize for no more than fair market value; and
  - b. May assist in redeeming winning pull tabs, credit ticket vouchers, or paying prize board cash prizes involving a dispensing device. If the organization provides the alcoholic beverage establishment temporary loan funds for this purpose, a written agreement must:
    - (1) Be signed by the organization and the alcoholic beverage establishment;
    - (2) Provide for the immediate repayment of the loan if the organization discontinues using a device at the site; and
    - (3) Provide the alcoholic beverage establishment is liable for a loss or theft of the loaned funds.
3. An owner of the alcoholic beverage establishment or a member of the owner's household or an individual who is an officer or board member or involved in the management of the establishment may not:
- a. Loan money or provide gaming equipment to the organization;
  - b. Interfere or attempt to influence an organization's selection of games, determination of prizes, disbursement of net proceeds, selection of a gaming equipment distributor, or the method for which games are conducted;
  - c. Require an organization's employee to assist, with or without compensation, in an alcoholic beverage establishment's business at the site. However, the organization's employee may voluntarily order beverages for customers; or
  - d. Count drop box cash.
4. An owner or employee of the alcoholic beverage establishment may not play pull tabs or prize boards, which involve a dispensing device, or electronic pull tabs while on duty or for three hours after ending duty.
5. An employee of a licensed organization may patronize the alcoholic beverage establishment.

**SECTION 4. 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 are more than one hundred thousand dollars; and
  - b. Sixty-three percent of the adjusted gross proceeds per quarter if the total adjusted gross proceeds for the quarter are equal to or less than one hundred thousand dollars.

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

23.0974.03003

FIRST ENGROSSMENT

Sixty-eighth  
Legislative Assembly  
of North Dakota

ENGROSSED SENATE BILL NO. 2304

Introduced by

Senators Klein, Hogue, Luick

Representatives Karls, Kempenich, Nathe

1 A BILL for an Act to create and enact a new section to chapter 53-06.1 and a new subsection to  
 2 section 53-06.1-15.1 of the North Dakota Century Code, relating to alcoholic beverage  
 3 establishment requirements and the authority of the attorney general to impose fines for gaming  
 4 violations; and to amend and reenact ~~section~~sections 53-06.1-01 and 53-06.1-03, and  
 5 subsections 2 and 5 of section 53-06.1-11 of the North Dakota Century Code, relating to gaming  
 6 licenses for alcoholic beverage establishments, the maximum number of gaming sites allowed,  
 7 the maximum number of pull tab devices allowed at a site, approval for a gaming site  
 8 authorization and licensure, modification of allowable expense limits, and rent limits for  
 9 electronic pull tab devices.

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  
19 chapter 5-02 where alcoholic beverages are sold, dispensed, and consumed by  
20 guests on the premises. ~~This~~ ~~The term~~ does not include ~~an off-sale~~ liquor store,  
21 gas station, grocery store, or convenience store licensed for off sale only. ~~An alcoholic~~  
22 ~~beverage establishment must be licensed under chapter 5-02 and be devoted to the~~  
23 ~~service of alcoholic beverages for consumption by guests on the premises. The term~~  
24 ~~includes a bar located within a hotel, bowling center, golf course, or restaurant.~~



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

Sixty-eighth  
Legislative Assembly

- 1    ~~9-10.~~ "Fraternal organization" means an organization, except a school fraternity, which is a  
2                    branch, lodge, or chapter of a national or state organization and exists for the common  
3                    business, brotherhood, or other interests of its members. The organization must have  
4                    qualified for exemption from federal income tax under section 501(c)(8) or 501(c)(10)  
5                    of the Internal Revenue Code.
- 6    ~~40-11.~~ "Games" means games of chance.
- 7    ~~44-12.~~ "Gross proceeds" means all cash and checks received from conducting games.
- 8    ~~42-13.~~ "Licensed organization" means an eligible organization licensed by the attorney  
9                    general.
- 10 ~~43-14.~~ "Manufacturer" means, for a pull tab or bingo card, a person who designs, prints,  
11                    assembles, or produces the product. For a pull tab dispensing device, bingo card  
12                    marking device, or a fifty-fifty raffle system, a manufacturer means the person who  
13                    directly controls and manages development of and owns the rights to the proprietary  
14                    software encoded on a processing chip that enables the device to operate.
- 15 ~~44-15.~~ "Net income" means gross proceeds less cash prizes, cost of merchandise prizes, and  
16                    expenses to conduct the gaming activity.
- 17 ~~45-16.~~ "Net proceeds" means adjusted gross proceeds less allowable expenses and gaming  
18                    tax.
- 19 ~~46-17.~~ "Off sale" means the sale of alcoholic beverages that are to be consumed off the  
20                    licensed premises.
- 21 18. "On sale" means the sale of alcoholic beverages that are meant to be consumed on  
22                    the licensed premises.
- 23 19. "Permit" means a local permit or restricted event permit issued by a governing body of  
24                    a city or county to a nonprofit organization or group of people domiciled in North  
25                    Dakota.
- 26 ~~47-18-20.~~ "Person" means any person, partnership, corporation, limited liability company,  
27                    association, or organization.
- 28 ~~48-19-21.~~ "Prize board" means a board used with pull tabs to award cash or merchandise  
29                    prizes.

1 | ~~19.20.22.~~ "Public safety organization" means an organization whose primary purpose is  
2 | to provide firefighting, ambulance service, crime prevention, or similar emergency  
3 | assistance.

4 | ~~20.21.23.~~ "Public-spirited organization" means an organization whose primary purpose is  
5 | for scientific research, amateur sports competition, safety, literary, arts, preservation of  
6 | cultural heritage, educational activities, educational public service, youth, economic  
7 | development, tourism, community medical care, community recreation, or similar  
8 | organization, which does not meet the definition of any other type of eligible  
9 | organization. However, a nonprofit organization or a group of people recognized as a  
10 | public-spirited organization by a governing body of a city or county for obtaining a  
11 | permit does not need to meet this definition.

12 | ~~21.22.24.~~ "Pull tab" means a folded or banded ticket or jar ticket, a pull tab card with  
13 | break-open tabs, or an electronic pull tab displaying concealed numbers or symbols or  
14 | combinations of concealed numbers and symbols which are exposed by a player to  
15 | determine the outcome. The terms "pull tab" and "jar ticket" are used interchangeably  
16 | unless otherwise stated. A winning pull tab contains certain symbols, numbers, or  
17 | combinations of symbols and numbers and may contain multiple winning symbols,  
18 | numbers, or combinations of symbols and numbers which have been previously  
19 | designated as winning symbols or numbers.

20 | ~~22.23.25.~~ "Religious organization" means a church, body of communicants, or group  
21 | gathered in common membership whose primary purpose is for advancement of  
22 | religion, mutual support and edification in piety, worship, and religious observances.

23 | ~~23.24.26.~~ "Veterans organization" means any congressionally chartered post  
24 | organization, or any branch or lodge or chapter of a nonprofit national or state  
25 | organization whose membership consists of individuals who are or were members of  
26 | the armed services or forces of the United States. The organization must have  
27 | qualified for exemption from federal income tax under section 501(c)(19) of the  
28 | Internal Revenue Code.

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

1        **53-06.1-03. Permits, site authorization, and licenses - Organization requirements -**

2        **Site inspection.**

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

9            a. An organization recognized as a public-spirited organization by the governing  
10            body of a city or county may apply for permits. A local permit may allow the  
11            organization to conduct only raffles, bingo, or sports pools. A restricted event  
12            permit may allow the organization to conduct only raffles, bingo, sports pools,  
13            paddlewheels, twenty-one, and poker. The organization or closely related  
14            organizations as a whole may only award a primary prize that does not exceed  
15            eight thousand dollars and total prizes of all games do not exceed forty thousand  
16            dollars per year. These maximum prize amounts do not apply to raffles conducted  
17            under chapter 20.1-08. The determination of what is a "public-spirited  
18            organization" is within the sole discretion of the governing body. An organization  
19            shall disclose on the application its intended use of the net income from the  
20            gaming activity. A governing body may issue a permit for games to be held at  
21            designated times and places.

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

28            c. An organization that has a local permit or a restricted event permit may use the  
29            net income from the gaming activity for any purpose that does not violate this  
30            chapter or gaming rules, unless the organization is a state political party or  
31            legislative district party committee, the organization may use the net income from



- 1 a raffle for a political purpose. For purposes of this subdivision, a public-spirited  
2 use includes a political purpose.
- 3 d. An organization that has a restricted event permit is restricted to one event per  
4 year and:
- 5 (1) May not pay remuneration to employees for personal services;  
6 (2) Shall use chips as wagers;  
7 (3) Shall redeem a player's chips for merchandise prizes or cash;  
8 (4) Shall disburse net income to eligible uses referenced in subdivision c, if  
9 applicable, and in section 53-06.1-11.1; and  
10 (5) Shall file a report prescribed by the attorney general with the governing  
11 body and attorney general.
- 12 2. An eligible organization shall apply for a license to conduct only bingo, electronic quick  
13 shot bingo, raffles, calcuttas, pull tabs, punchboards, twenty-one, paddlewheels,  
14 poker, or sports pools by:
- 15 a. First securing a lease for a gaming site location.  
16 b. After securing a lease for a gaming site location, securing approval for a site  
17 authorization from the governing body of the city or county in which the proposed  
18 site is located. ~~Approval, which may be granted at the discretion of the governing~~  
19 ~~body,~~ The approved authorization must be recorded on a site authorization form  
20 that is to accompany the license application to the attorney general for final  
21 approval. A governing body ~~may~~;
- 22 (1) May not require an eligible organization to donate net proceeds to the city,  
23 county, or related political subdivision or for community programs or  
24 services within the city or county as a condition for receiving a site  
25 authorization from the city or county. ~~A governing body may~~;
- 26 (2) May limit the number of tables for the game of twenty-one per site and the  
27 number of sites upon which a licensed organization may conduct games  
28 within the city or county. ~~A governing body may~~;
- 29 (3) May charge a one hundred dollar fee for a site authorization; ~~and~~  
30 ~~b.~~ (4) May not require a site to enter a lease with a specific organization as a  
31 condition of receiving a site authorization;

1 (5) May not deny approval of a site authorization because an organization has  
2 not previously conducted gaming at that site;

3 (6) May deny approval of a site authorization if an application is incomplete or if  
4 granting approval would violate a local ordinance related to a limitation on  
5 the number of site authorizations for which an organization may be  
6 approved or whether the organization is public-spirited. An ordinance that  
7 places a condition on how charitable funds may be used may not have an  
8 effect on the approval of a site authorization; and

9 (7) May deny approval of a site authorization if the organization is not compliant  
10 with statute or rule.

11 c. Annually applying for a license from the attorney general before July first on a  
12 form prescribed by the attorney general and remitting a one hundred fifty dollar  
13 license fee for each city or county that approves a site authorization. However,  
14 the attorney general may allow an organization that only conducts a raffle or  
15 calcutta in two or more cities or counties to annually apply for a consolidated  
16 license and remit a one hundred fifty dollar license fee for each city or county in  
17 which a site is located. An organization shall document that it qualifies as an  
18 eligible organization. If an organization amends its primary purpose as stated in  
19 its articles of incorporation or materially changes its basic character, the  
20 organization shall reapply for licensure. The attorney general shall issue a license  
21 to an eligible organization that has obtained approval of site authorization under  
22 subdivision b, applied, paid the requisite fee, and demonstrated it qualifies as an  
23 eligible organization.

24 3. A licensed organization or organization that has a permit shall conduct games as  
25 follows:

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

30 (1) When the area for the raffle is physically separated from the area where  
31 games are conducted by the regular organization.

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

4 b. Except for a temporary site authorized for fourteen or fewer consecutive days for  
5 not more than two events per quarter or a licensed organization authorized on or  
6 before January 1, 2023, to conduct gaming at more than fifteen sites, a licensed  
7 organization may not have more than ~~twenty-five~~fifteen sites ~~unless granted a~~  
8 ~~waiver by the attorney general. If the attorney general finds that there is no other~~  
9 ~~licensed organization interested in conducting gaming at a site for which a waiver~~  
10 ~~is being sought, the attorney general may approve the waiver for no more than~~  
11 ~~five sites.~~

12 c. Games of electronic quick shot bingo, pull tabs, punchboards, twenty-one,  
13 paddlewheels, poker, and sports pools may be conducted only during the hours  
14 when alcoholic beverages may be dispensed according to applicable regulations  
15 of the state, county, or city.

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

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

25 f. An organization with more than fifteen licensed sites under subdivision b may not  
26 increase its number of sites beyond the number of sites licensed as of January 1,  
27 2023.

28 4. A permit, or site authorization and license, must be displayed at a site.

29 5. The attorney general may issue a conditional license to an eligible organization whose  
30 regularly issued license has expired or been suspended, revoked, or relinquished. The

1 attorney general shall designate the time period for which the conditional license is  
2 valid and may impose any conditions.

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

6 **SECTION 3.** A new section to chapter 53-06.1 of the North Dakota Century Code is created  
7 and enacted as follows:

8 **Alcoholic beverage establishment - Requirements.**

9 **1. An alcoholic beverage establishment:**

- 10 a. May not interfere with the organization's operation of gaming;  
11 b. May not limit the gaming hours of operation, except to limit gaming to the  
12 alcoholic beverage establishment's hours of operation;  
13 c. May not receive any compensation from gaming proceeds other than rent under  
14 this chapter. Compensation includes any financial benefit, direct or indirect, from  
15 gaming proceeds;  
16 d. May not require an organization to donate net proceeds to any organization or for  
17 any purpose as condition of conducting gaming on the premises;  
18 e. May not directly conduct gaming as part of the alcoholic beverage  
19 establishment's business;  
20 f. May donate a gift certificate, cash, or merchandise intended to be used as a prize  
21 to an organization;  
22 g. May not give a free or discounted game piece, chip, or play of a game, except for  
23 discounts allowed for bingo and raffle activity;  
24 h. May offer free or discounted food or beverages in the normal course of business;  
25 i. May, at its own expense, advertise gaming on promotional drink tickets; and  
26 j. If advertising charitable gaming conducted on the premises, shall include the  
27 gaming organization's name. An abbreviation of the organization's name may be  
28 used.

29 **2. Upon the request of the organization, an alcoholic beverage establishment:**

- 30 a. May sell a gift certificate or merchandise to be used as a gaming prize for no  
31 more than fair market value; and



1 b. May assist in redeeming winning pull tabs, credit ticket vouchers, or paying prize  
2 board cash prizes involving a dispensing device. If the organization provides the  
3 alcoholic beverage establishment temporary loan funds for this purpose, a written  
4 agreement must:

5 (1) Be signed by the organization and the alcoholic beverage establishment;

6 (2) Provide for the immediate repayment of the loan if the organization  
7 discontinues using a device at the site; and

8 (3) Provide the alcoholic beverage establishment is liable for a loss or theft of  
9 the loaned funds.

10 3. An owner of the alcoholic beverage establishment or a member of the owner's  
11 household or an individual who is an officer or board member or involved in the  
12 management of the establishment may not:

13 a. Loan money or provide gaming equipment to the organization;

14 b. Interfere or attempt to influence an organization's selection of games,  
15 determination of prizes, disbursement of net proceeds, selection of a gaming  
16 equipment distributor, or the method for which games are conducted;

17 c. Require an organization's employee to assist, with or without compensation, in an  
18 alcoholic beverage establishment's business at the site. However, the  
19 organization's employee may voluntarily order beverages for customers; or

20 d. Count drop box cash.

21 4. An owner or employee of the alcoholic beverage establishment may not play pull tabs  
22 or prize boards, which involve a dispensing device, or electronic pull tabs while on  
23 duty or for three hours after ending duty.

24 5. An employee of a licensed organization may patronize the alcoholic beverage  
25 establishment.

26 **SECTION 4. AMENDMENT.** Subsection 2 of section 53-06.1-11 of the North Dakota  
27 Century Code is amended and reenacted as follows:

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

30 a. Sixty percent of the adjusted gross proceeds per quarter if the total adjusted  
31 gross proceeds for the quarter are more than one hundred thousand dollars; and

- 1            b. Sixty-three percent of the adjusted gross proceeds per quarter if the total  
2            adjusted gross proceeds for the quarter are equal to or less than one hundred  
3            thousand dollars.

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

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

- 7            a. If twenty-one or paddlewheels is conducted, the monthly rent may not exceed  
8            two hundred dollars multiplied by the necessary number of tables based on  
9            criteria prescribed by gaming rule. For each twenty-one table with a wager  
10           greater than five dollars, an additional amount up to one hundred dollars may be  
11           added to the monthly rent. If pull tabs is also conducted involving only a jar bar,  
12           the monthly rent for pull tabs may not exceed an additional one hundred  
13           seventy-five dollars. If pull tabs is conducted involving only a dispensing device  
14           or a jar bar and dispensing device, the monthly rent for pull tabs may not exceed  
15           an additional three hundred twenty-five dollars.
- 16           b. If twenty-one and paddlewheels are not conducted but pull tabs is conducted  
17           involving either a jar bar or dispensing device, the monthly rent may not exceed  
18           four hundred dollars.
- 19           c. If pull tabs is conducted using one or more electronic pull tab devices, the  
20           monthly rent may not exceed an additional one hundred fifty dollars per machine  
21           for the first five machines in the same venue. For each additional machine in the  
22           same venue beyond five, the monthly rent may not exceed an additional fiftyone  
23           hundred dollars per machine up to a maximum of one thousand ~~one~~two hundred  
24           ~~twenty-five~~fifty dollars per month for all electronic pull tab devices in a single  
25           venue. Notwithstanding the foregoing maximum rent amount, if a gaming  
26           employee is not onsite to administer the proceeds, the rent may include an  
27           additional fifty dollars per machine for alcoholic beverage establishment  
28           employee assistance for up to five machines, resulting in a maximum of one  
29           thousand five hundred dollars per month.

30           **SECTION 6.** A new subsection to section 53-06.1-15.1 of the North Dakota Century Code is  
31 created and enacted as follows:

23.0974.03006

FIRST ENGROSSMENT

Sixty-eighth  
Legislative Assembly  
of North Dakota

ENGROSSED SENATE BILL NO. 2304

Introduced by

Senators Klein, Hogue, Luick

Representatives Karls, Kempenich, Nathe

1 A BILL for an Act to create and enact a new section to chapter 53-06.1 and a new subsection to  
 2 section 53-06.1-15.1 of the North Dakota Century Code, relating to alcoholic beverage  
 3 establishment requirements and the authority of the attorney general to impose fines for gaming  
 4 violations; and to amend and reenact section 53-06.1-01, section 53-06.1-03, subsection 3 of  
 5 section 53-06.1-10.1, and subsections 2 and 5 of section 53-06.1-11 of the North Dakota  
 6 Century Code, relating to the definitions of alcoholic beverage establishment and manufacturer,  
 7 approval for a gaming site authorization and licensure, the maximum number of gaming sites  
 8 allowed, the maximum number of pull tab devices allowed at a site, gaming licenses for  
 9 alcoholic beverage establishments, electronic fifty-fifty raffles, modification of allowable expense  
 10 limits, and rent limits for electronic pull tab devices.

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

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

14 **53-06.1-01. Definitions.**

15 As used in this chapter:

- 16 1. "Adjusted gross proceeds" means gross proceeds less cash prizes, cost of  
 17 merchandise prizes, gaming tax, and federal excise tax imposed under section 4401  
 18 of the Internal Revenue Code [26 U.S.C. 4401].
- 19 2. "Alcoholic beverage establishment" means an establishment licensed under chapter  
 20 5-02 where alcoholic beverages are sold, dispensed, and consumed. ~~This does not~~  
 21 include an off-sale liquor store, gas station, grocery store, or convenience store. An  
 22 alcoholic beverage establishment must be licensed under chapter 5-02 and be  
 23 devoted to the service of alcoholic beverages for consumption by guests on the

1            ~~premises. The term includes a bar located within a hotel, bowling center, golf course,~~  
2            ~~or restaurant.~~

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

6            ~~3-4.~~ "Civic and service organization" means an organization whose primary purpose is to  
7            promote the common good and social welfare of a community as a sertoma, lion,  
8            rotary, jaycee, kiwanis, or similar organization.

9            ~~4-5.~~ "Closely related organization" means an organization that controls, is controlled by, or  
10           is under common control with another organization. Control exists when an  
11           organization has the authority or ability to elect, appoint, or remove a majority of the  
12           officers or directors of another organization or, by policy, contract, or otherwise, has  
13           the authority or ability to directly or indirectly direct or cause the direction of the  
14           management or policies of another organization.

15           ~~5-6.~~ "Distributor" means a person that sells, markets, or distributes equipment designed for  
16           use in the conduct of games.

17           ~~6-7.~~ "Educational organization" means a nonprofit public or private elementary or  
18           secondary school, two-year or four-year college, or university.

19           ~~7-8.~~ "Electronic pull tab device" means a device, approved by the attorney general, which  
20           electronically displays pull tabs.

21           ~~8-9.~~ "Eligible organization" means a veterans, charitable, educational, religious, fraternal,  
22           civic and service, public safety, or public-spirited organization domiciled in North  
23           Dakota or authorized by the secretary of state as a foreign corporation under chapter  
24           10-33, incorporated as a nonprofit organization, and which has been regularly and  
25           actively fulfilling its primary purpose within this state during the two immediately  
26           preceding years. However, an educational organization does not need to be  
27           incorporated or be in existence for two years. An organization's primary purpose may  
28           not involve the conduct of games. The organization may be issued a license by the  
29           attorney general. For purposes of this section, a foreign corporation authorized under  
30           chapter 10-33 is not an eligible organization unless authorized to conduct a raffle



Sixty-eighth  
Legislative Assembly

- 1 under chapter 20.1-04 or 20.1-08 and may not conduct a game other than a raffle  
2 under chapter 20.1-04 or 20.1-08.
- 3 ~~9-10.~~ "Fraternal organization" means an organization, except a school fraternity, which is a  
4 branch, lodge, or chapter of a national or state organization and exists for the common  
5 business, brotherhood, or other interests of its members. The organization must have  
6 qualified for exemption from federal income tax under section 501(c)(8) or 501(c)(10)  
7 of the Internal Revenue Code.
- 8 ~~40-11.~~ "Games" means games of chance.
- 9 ~~44-12.~~ "Gross proceeds" means all cash and checks received from conducting games.
- 10 ~~42-13.~~ "Licensed organization" means an eligible organization licensed by the attorney  
11 general.
- 12 ~~43-14.~~ "Manufacturer" means, for a pull tab or bingo card, a person who designs, prints,  
13 assembles, or produces the product. For a pull tab dispensing device, electronic pull  
14 tab device operating system, bingo card marking device, or ~~a fifty-fifty~~ electronic raffle  
15 system, a manufacturer means the person who directly controls and manages  
16 development of and owns the rights to the proprietary software encoded on a  
17 processing chip that enables the device or system to operate.
- 18 ~~44-15.~~ "Net income" means gross proceeds less cash prizes, cost of merchandise prizes, and  
19 expenses to conduct the gaming activity.
- 20 ~~45-16.~~ "Net proceeds" means adjusted gross proceeds less allowable expenses and gaming  
21 tax.
- 22 ~~46-17.~~ "Permit" means a local permit or restricted event permit issued by a governing body of  
23 a city or county to a nonprofit organization or group of people domiciled in North  
24 Dakota.
- 25 ~~47-18.~~ "Person" means any person, partnership, corporation, limited liability company,  
26 association, or organization.
- 27 ~~48-19.~~ "Prize board" means a board used with pull tabs to award cash or merchandise prizes.
- 28 ~~49-20.~~ "Public safety organization" means an organization whose primary purpose is to  
29 provide firefighting, ambulance service, crime prevention, or similar emergency  
30 assistance.

1 ~~20-21.~~ "Public-spirited organization" means an organization whose primary purpose is for  
2 scientific research, amateur sports competition, safety, literary, arts, preservation of  
3 cultural heritage, educational activities, educational public service, youth, economic  
4 development, tourism, community medical care, community recreation, or similar  
5 organization, which does not meet the definition of any other type of eligible  
6 organization. However, a nonprofit organization or a group of people recognized as a  
7 public-spirited organization by a governing body of a city or county for obtaining a  
8 permit does not need to meet this definition.

9 ~~24-22.~~ "Pull tab" means a folded or banded ticket or jar ticket, a pull tab card with break-open  
10 tabs, or an electronic pull tab displaying concealed numbers or symbols or  
11 combinations of concealed numbers and symbols which are exposed by a player to  
12 determine the outcome. The terms "pull tab" and "jar ticket" are used interchangeably  
13 unless otherwise stated. A winning pull tab contains certain symbols, numbers, or  
14 combinations of symbols and numbers and may contain multiple winning symbols,  
15 numbers, or combinations of symbols and numbers which have been previously  
16 designated as winning symbols or numbers.

17 ~~22-23.~~ "Religious organization" means a church, body of communicants, or group gathered in  
18 common membership whose primary purpose is for advancement of religion, mutual  
19 support and edification in piety, worship, and religious observances.

20 ~~23-24.~~ "Veterans organization" means any congressionally chartered post organization, or  
21 any branch or lodge or chapter of a nonprofit national or state organization whose  
22 membership consists of individuals who are or were members of the armed services  
23 or forces of the United States. The organization must have qualified for exemption  
24 from federal income tax under section 501(c)(19) of the Internal Revenue Code.

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

27 **53-06.1-03. Permits, site authorization, and licenses - Organization requirements -**  
28 **Site inspection.**

29 1. Except as authorized by the attorney general, an organization that has its license  
30 suspended or revoked, or has relinquished or not renewed its license and not  
31 disbursed its net proceeds, is ineligible for a license or permit. Only one of two or more



- 1 closely related organizations may have a license or permit at one time. A college or  
2 university fraternity, sorority, or club is not closely related to an educational  
3 organization. An organization shall apply for a permit as follows:
- 4 a. An organization recognized as a public-spirited organization by the governing  
5 body of a city or county may apply for permits. A local permit may allow the  
6 organization to conduct only raffles, bingo, or sports pools. A restricted event  
7 permit may allow the organization to conduct only raffles, bingo, sports pools,  
8 paddlewheels, twenty-one, and poker. The organization or closely related  
9 organizations as a whole may only award a primary prize that does not exceed  
10 eight thousand dollars and total prizes of all games do not exceed forty thousand  
11 dollars per year. These maximum prize amounts do not apply to raffles conducted  
12 under chapter 20.1-08. The determination of what is a "public-spirited  
13 organization" is within the sole discretion of the governing body. An organization  
14 shall disclose on the application its intended use of the net income from the  
15 gaming activity. A governing body may issue a permit for games to be held at  
16 designated times and places.
- 17 b. An organization shall apply to the governing body of the city or county in which  
18 the proposed site is located. Application must be made on a form prescribed by  
19 the attorney general. Approval may be granted at the discretion of the governing  
20 body. A governing body may establish a fee not to exceed twenty-five dollars for  
21 each permit. A permit must be on a fiscal year basis from July first to June  
22 thirtieth or on a calendar-year basis.
- 23 c. An organization that has a local permit or a restricted event permit may use the  
24 net income from the gaming activity for any purpose that does not violate this  
25 chapter or gaming rules, unless the organization is a state political party or  
26 legislative district party committee, the organization may use the net income from  
27 a raffle for a political purpose. For purposes of this subdivision, a public-spirited  
28 use includes a political purpose.
- 29 d. An organization that has a restricted event permit is restricted to one event per  
30 year and:
- 31 (1) May not pay remuneration to employees for personal services;



- 1 (2) Shall use chips as wagers;
- 2 (3) Shall redeem a player's chips for merchandise prizes or cash;
- 3 (4) Shall disburse net income to eligible uses referenced in subdivision c, if
- 4 applicable, and in section 53-06.1-11.1; and
- 5 (5) Shall file a report prescribed by the attorney general with the governing
- 6 body and attorney general.
- 7 2. An eligible organization shall apply for a license to conduct only bingo, electronic quick
- 8 shot bingo, raffles, calcuttas, pull tabs, punchboards, twenty-one, paddlewheels,
- 9 poker, or sports pools by:
- 10 a. First securing approval for a site authorization from the governing body of the city
- 11 or county in which the proposed site is located. Approval, ~~which~~ may be granted
- 12 at the discretion of the governing body, The approved authorization must be
- 13 recorded on a site authorization form that is to accompany the license application
- 14 to the attorney general for final approval. An eligible organization may request a
- 15 specific site location on the license application. A governing body ~~may~~:
- 16 ~~(1) May not require an eligible organization to donate net proceeds to the city,~~
- 17 ~~county, or related political subdivision or for community programs or~~
- 18 ~~services within the city or county as a condition for receiving a site~~
- 19 ~~authorization from the city or county. A governing body may that an eligible~~
- 20 ~~organization:~~
- 21 ~~(a) Donate net proceeds to the city, county, or related political subdivision~~
- 22 ~~or for community programs or services within the city or county;~~
- 23 ~~(b) Previously have conducted gaming at that site;~~
- 24 ~~(c) Use charitable funds in accordance with a local ordinance; or~~
- 25 ~~(d) Enter a lease with a specific site;~~
- 26 ~~(2) May require as a condition for receiving a site authorization from the city or~~
- 27 ~~county that:~~
- 28 ~~(a) The application is complete; and~~
- 29 ~~(b) The organization's primary purpose benefits the city, county, or related~~
- 30 ~~political subdivisions;~~







- 1 organization, including a closely related organization, may not have more than  
2 ~~twenty-five~~fifteen sites ~~unless granted a waiver by the attorney general. If the~~  
3 ~~attorney general finds that there is no other licensed organization interested in~~  
4 ~~conducting gaming at a site for which a waiver is being sought, the attorney~~  
5 ~~general may approve the waiver for no more than five sites.~~
- 6 c. Games of electronic quick shot bingo, pull tabs, punchboards, twenty-one,  
7 paddlewheels, poker, and sports pools may be conducted only in a designated  
8 area where patrons must be twenty-one years of age or older to enter during the  
9 hours when alcoholic beverages may be dispensed according to applicable  
10 regulations of the state, county, or city.
- 11 d. An organization may not permit a person under twenty-one years of age to  
12 directly or indirectly play pull tabs, punchboards, twenty-one, calcuttas, sports  
13 pools, paddlewheels, or poker. An organization may not permit an individual  
14 under eighteen years of age to directly or indirectly play electronic quick shot  
15 bingo. An organization may not permit an individual under eighteen years of age  
16 to directly or indirectly play bingo unless the individual is accompanied by an  
17 adult, bingo is conducted by an organization that has a permit, or the game's  
18 prize structure does not exceed that allowed for a permit.
- 19 ~~e. An organization may not install more than ten electronic pull tab devices at a site.~~
- 20 ~~f. An organization with more than fifteen licensed sites under subdivision b may not~~  
21 ~~increase its number of sites beyond the number of sites licensed as of January 1,~~  
22 ~~2023.~~
- 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.** A new section to chapter 53-06.1 of the North Dakota Century Code is created  
2 and enacted as follows:

3       **Alcoholic beverage establishment - Requirements.**

4       1. An alcoholic beverage establishment:

5           a. May not interfere with the organization's operation of gaming;

6           b. May not limit the gaming hours of operation, except to limit gaming to the  
7           alcoholic beverage establishment's hours of operation, and shall comply with  
8           subdivision c of subsection 3 of section 53-06.1-03;

9           c. May not receive any compensation from gaming proceeds other than rent under  
10           this chapter. Compensation includes any financial benefit, direct or indirect, from  
11           gaming proceeds;

12           d. May not require an organization to donate net proceeds to any organization or for  
13           any purpose as a condition of conducting gaming on the premises;

14           e. May not directly operate any game as part of the alcoholic beverage  
15           establishment's business;

16           f. May donate a gift certificate, cash, or merchandise intended to be used as a prize  
17           to an organization;

18           g. May not give a free or discounted game piece, chip, or play of a game, except for  
19           discounts allowed for bingo and raffle activity;

20           h. May offer free or discounted food or beverages in the normal course of business;

21           i. At its own expense, may advertise gaming on promotional drink tickets;

22           j. If advertising charitable gaming conducted on the premises, shall include the  
23           gaming organization's name and may not reference the term "casino". An  
24           abbreviation of the organization's name may be used; and

25           k. May not sell a gift certificate or merchandise to be used as a gaming prize.

26       2. Upon the request of the organization, an alcoholic beverage establishment may assist  
27       in redeeming winning pull tabs, credit ticket vouchers, or paying prize board cash  
28       prizes involving a dispensing device. If the organization provides the alcoholic  
29       beverage establishment temporary loan funds for this purpose, a written agreement  
30       must:

31           a. Be signed by the organization and the alcoholic beverage establishment;



- 1            b. Provide for the immediate repayment of the loan if the organization discontinues  
2            using all devices at the site; and
- 3            c. Provide the alcoholic beverage establishment is liable for a loss or theft of the  
4            loaned funds.
- 5            3. An owner of the alcoholic beverage establishment or a member of the owner's  
6            household or an individual who is an officer or board member or involved in the  
7            management of the establishment may not:
- 8            a. Loan money or provide gaming equipment to the organization;
- 9            b. Interfere or attempt to influence an organization's selection of games,  
10           determination of prizes including a bingo jackpot prize, disbursement of net  
11           proceeds, selection of a gaming equipment distributor, or the method for which  
12           games are conducted;
- 13           c. Require an organization's employee to assist, with or without compensation, in an  
14           alcoholic beverage establishment's business at the site. However, the  
15           organization's employee may voluntarily order beverages for customers;
- 16           d. Count drop box cash;
- 17           e. Assist under subsection 2 if redeeming the individual's own winnings; or
- 18           f. Play games at the alcoholic beverage establishment unless the individual:
- 19           (1) Did not approve the lease with the organization; or
- 20           (2) Assisted under subsection 2, if ever, more than three hours before playing  
21           games.
- 22           4. An owner or employee of the alcoholic beverage establishment may not play pull tabs  
23           or prize boards, which involve a dispensing device, or electronic pull tabs while on  
24           duty or for three hours after ending duty.
- 25           5. An employee of a licensed organization:
- 26           a. May patronize the alcoholic beverage establishment;
- 27           b. May not directly or indirectly conduct games as an employee of the organization  
28           if the employee is working in the area of the alcoholic beverage establishment  
29           where beverages are dispensed and consumed.

30            **SECTION 4. AMENDMENT.** Subsection 3 of section 53-06.1-10.1 of the North Dakota  
31            Century Code is amended and reenacted as follows:



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

6       **SECTION 5. 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 are more than one hundred thousand dollars; and  
12       b. Sixty-three percent of the adjusted gross proceeds per quarter if the total  
13       adjusted gross proceeds for the quarter are equal to or less than one hundred  
14       thousand dollars.

15       **SECTION 6. AMENDMENT.** Subsection 5 of section 53-06.1-11 of the North Dakota  
16       Century Code is amended and reenacted as follows:

- 17       5. For a site where bingo is not the primary game:  
18       a. If twenty-one or paddlewheels is conducted, the monthly rent may not exceed  
19       two hundred dollars multiplied by the necessary number of tables based on  
20       criteria prescribed by gaming rule. For each twenty-one table with a wager  
21       greater than five dollars, an additional amount up to one hundred dollars may be  
22       added to the monthly rent. If pull tabs is also conducted involving only a jar bar,  
23       the monthly rent for pull tabs may not exceed an additional one hundred  
24       seventy-five dollars. If pull tabs is conducted involving only a dispensing device  
25       or a jar bar and dispensing device, the monthly rent for pull tabs may not exceed  
26       an additional three hundred twenty-five dollars.  
27       b. If twenty-one and paddlewheels are not conducted but pull tabs is conducted  
28       involving either a jar bar or dispensing device, the monthly rent may not exceed  
29       four hundred dollars.  
30       c. If pull tabs is conducted using one or more electronic pull tab devices, the  
31       monthly rent, which includes any compensation for assistance provided under



## HB2304 Study Language- Rep. Koppelman

1. During the 2023-24 Interim, the legislative management shall study charitable gaming within the state. The study should be a comprehensive study including input from the attorney general, stakeholders from the charities, both large and small, local political subdivisions that authorize sites, gaming equipment manufacturers and distributors, gambling addiction counselors, and other industry leaders. The study must include:
  - a. An evaluation of the positive economic impact of charitable gaming on the state in both urban and rural areas;
  - b. An evaluation of gambling addiction and treatment services currently available;
  - c. An evaluation of the civic benefit of charitable gaming to the communities most closely related to the gaming sites;
  - d. An evaluation of how site authorization is approved and renewed, and whether charities have equitable access to sites;
  - e. An evaluation of the tax structure to see if reductions should be made to maximize charitable benefit;
  - f. An evaluation of the public support for charitable gaming from the general public;
  - g. An evaluation of local restrictions placed on charitable gaming throughout the state;
  - h. An evaluation of gaming expansion and how to ensure it expands properly;
  - i. An evaluation of locations where gaming is taking place, and whether further limitations should be placed on where gaming may occur;
  - j. An evaluation on potential impacts of statewide sports betting;
  - k. An evaluation of charitable gaming proceeds the eligible uses of gaming proceeds, including percentages of proceeds that may be used for administration;
  - l. An evaluation of the categories of organizations that are allowed to conduct charitable gaming, including the missions of such organizations;
  - m. An evaluation of the placement of gaming activity, including electronic pull tab device placement within a gaming site.
2. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-ninth legislative assembly.

23.0974.03008

FIRST ENGROSSMENT

Sixty-eighth  
Legislative Assembly  
of North Dakota

ENGROSSED SENATE BILL NO. 2304

Introduced by

Senators Klein, Hogue, Luick

Representatives Karls, Kempenich, Nathe

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

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

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

16 53-06.1-01. Definitions.

17 As used in this chapter:

- 18 1. "Adjusted gross proceeds" means gross proceeds less cash prizes, cost of  
19 merchandise prizes, gaming tax, and federal excise tax imposed under section 4401  
20 of the Internal Revenue Code [26 U.S.C. 4401].
- 21 2. "Alcoholic beverage establishment" means an establishment licensed under chapter  
22 5-02 where alcoholic beverages are sold, dispensed, and consumed.~~This by guests~~  
23 on the premises. The term does not include ~~an off-sale~~ liquor store, gas station,  
24 grocery store, or convenience store licensed for off-sale only. An alcoholic beverage

~~establishment must be licensed under chapter 5-02 and be devoted to the service of alcoholic beverages for consumption by guests on the premises. The term includes a bar located within a hotel, bowling center, golf course, or restaurant.~~

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

~~3.4.~~ "Civic and service organization" means an organization whose primary purpose is to promote the common good and social welfare of a community as a sertoma, lion, rotary, jaycee, kiwanis, or similar organization.

~~4.5.~~ "Closely related organization" means an organization that controls, is controlled by, or is under common control with another organization. Control exists when an organization has the authority or ability to elect, appoint, or remove a majority of the officers or directors of another organization or, by policy, contract, or otherwise, has the authority or ability to directly or indirectly direct or cause the direction of the management or policies of another organization.

~~5.6.~~ "Distributor" means a person that sells, markets, or distributes equipment designed for use in the conduct of games.

~~6.7.~~ "Educational organization" means a nonprofit public or private elementary or secondary school, two-year or four-year college, or university.

~~7.8.~~ "Electronic pull tab device" means a device, approved by the attorney general, which electronically displays pull tabs.

~~8.9.~~ "Eligible organization" means a veterans, charitable, educational, religious, fraternal, civic and service, public safety, or public-spirited organization domiciled in North Dakota or authorized by the secretary of state as a foreign corporation under chapter 10-33, incorporated as a nonprofit organization, and which has been regularly and actively fulfilling its primary purpose within this state during the two immediately preceding years. However, an educational organization does not need to be incorporated or be in existence for two years. An organization's primary purpose may not involve the conduct of games. The organization may be issued a license by the attorney general. For purposes of this section, a foreign corporation authorized under chapter 10-33 is not an eligible organization unless authorized to conduct a raffle



Sixty-eighth  
Legislative Assembly

1 under chapter 20.1-04 or 20.1-08 and may not conduct a game other than a raffle  
2 under chapter 20.1-04 or 20.1-08.

3 ~~9-10.~~ "Fraternal organization" means an organization, except a school fraternity, which is a  
4 branch, lodge, or chapter of a national or state organization and exists for the common  
5 business, brotherhood, or other interests of its members. The organization must have  
6 qualified for exemption from federal income tax under section 501(c)(8) or 501(c)(10)  
7 of the Internal Revenue Code.

8 ~~40-11.~~ "Games" means games of chance.

9 ~~44-12.~~ "Gross proceeds" means all cash and checks received from conducting games.

10 ~~42-13.~~ "Licensed organization" means an eligible organization licensed by the attorney  
11 general.

12 ~~43-14.~~ "Manufacturer" means, for a pull tab or bingo card, a person who designs, prints,  
13 assembles, or produces the product. For a pull tab dispensing device, electronic pull  
14 tab device operating system, bingo card marking device, or ~~a fifty-fifty~~electronic raffle  
15 system, a manufacturer means the person who directly controls and manages  
16 development of and owns the rights to the proprietary software encoded on a  
17 processing chip that enables the device or system to operate.

18 ~~44-15.~~ "Net income" means gross proceeds less cash prizes, cost of merchandise prizes, and  
19 expenses to conduct the gaming activity.

20 ~~45-16.~~ "Net proceeds" means adjusted gross proceeds less allowable expenses and gaming  
21 tax.

22 ~~46-17.~~ "Off sale" means the sale of alcoholic beverages that are to be consumed off the  
23 licensed premises.

24 18. "Permit" means a local permit or restricted event permit issued by a governing body of  
25 a city or county to a nonprofit organization or group of people domiciled in North  
26 Dakota.

27 ~~47-18-19.~~ "Person" means any person, partnership, corporation, limited liability company,  
28 association, or organization.

29 ~~48-19-20.~~ "Prize board" means a board used with pull tabs to award cash or merchandise  
30 prizes.

1 | ~~19-20-21.~~ "Public safety organization" means an organization whose primary purpose is  
2 | to provide firefighting, ambulance service, crime prevention, or similar emergency  
3 | assistance.

4 | ~~20-21-22.~~ "Public-spirited organization" means an organization whose primary purpose is  
5 | for scientific research, amateur sports competition, safety, literary, arts, preservation of  
6 | cultural heritage, educational activities, educational public service, youth, economic  
7 | development, tourism, community medical care, community recreation, or similar  
8 | organization, which does not meet the definition of any other type of eligible  
9 | organization. However, a nonprofit organization or a group of people recognized as a  
10 | public-spirited organization by a governing body of a city or county for obtaining a  
11 | permit does not need to meet this definition.

12 | ~~21-22-23.~~ "Pull tab" means a folded or banded ticket or jar ticket, a pull tab card with  
13 | break-open tabs, or an electronic pull tab displaying concealed numbers or symbols or  
14 | combinations of concealed numbers and symbols which are exposed by a player to  
15 | determine the outcome. The terms "pull tab" and "jar ticket" are used interchangeably  
16 | unless otherwise stated. A winning pull tab contains certain symbols, numbers, or  
17 | combinations of symbols and numbers and may contain multiple winning symbols,  
18 | numbers, or combinations of symbols and numbers which have been previously  
19 | designated as winning symbols or numbers.

20 | ~~22-23-24.~~ "Religious organization" means a church, body of communicants, or group  
21 | gathered in common membership whose primary purpose is for advancement of  
22 | religion, mutual support and edification in piety, worship, and religious observances.

23 | ~~23-24-25.~~ "Veterans organization" means any congressionally chartered post  
24 | organization, or any branch or lodge or chapter of a nonprofit national or state  
25 | organization whose membership consists of individuals who are or were members of  
26 | the armed services or forces of the United States. The organization must have  
27 | qualified for exemption from federal income tax under section 501(c)(19) of the  
28 | Internal Revenue Code.

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

**53-06.1-03. Permits, site authorization, and licenses - Organization requirements -**

**Site inspection.**

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

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

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

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

1 a raffle for a political purpose. For purposes of this subdivision, a public-spirited  
2 use includes a political purpose.

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

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

6 (2) Shall use chips as wagers;

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

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

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

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

15 a. First securing approval for a site authorization from the governing body of the city  
16 or county in which the proposed site is located. Approval, ~~which~~ may be granted  
17 at the discretion of the governing body; The approved authorization must be  
18 recorded on a site authorization form that is to accompany the license application  
19 to the attorney general for final approval. An eligible organization may request a

20 specific site location on the license application. A governing body ~~may~~:

21 ~~(1) May not require an eligible organization to donate net proceeds to the city,~~

22 ~~county, or related political subdivision or for community programs or~~

23 ~~services within the city or county~~ as a condition for receiving a site

24 authorization from the city or county. ~~A governing body may~~ that an eligible  
25 organization:

26 (a) Donate net proceeds to the city, county, or related political subdivision

27 or for community programs or services within the city or county;

28 (b) Previously have conducted gaming at that site;

29 (c) Use charitable funds in accordance with a local ordinance; or

30 (d) Enter a lease with a specific site;



1 (2) May require as a condition for receiving a site authorization from the city or  
2 county that:

3 (a) The application is complete; and

4 (b) The organization's primary purpose benefits the city, county, or related  
5 political subdivisions;

6 (3) May limit the number of tables for the game of twenty-one per site and the  
7 number of sites upon which a licensed organization may conduct games  
8 within the city or county. ~~A governing body may;~~ and

9 (4) May charge a one hundred dollar fee for a site authorization; ~~and.~~

10 b. Annually applying for a license from the attorney general before July first on a  
11 form prescribed by the attorney general and remitting a one hundred fifty dollar  
12 license fee for each city or county that approves a site authorization. However,  
13 the attorney general may allow an organization that only conducts a raffle or  
14 calcutta in two or more cities or counties to annually apply for a consolidated  
15 license and remit a one hundred fifty dollar license fee for each city or county in  
16 which a site is located. An organization shall document that it qualifies as an  
17 eligible organization. If an organization amends its primary purpose as stated in  
18 its articles of incorporation or materially changes its basic character, the  
19 organization shall reapply for licensure. The attorney general may deny issuance  
20 of a license or deny renewal of a license to an eligible organization that has  
21 obtained approval of site authorization under subdivision a, if the organization or  
22 site are not in compliance with applicable laws and rules.

23 3. A licensed organization or organization that has a permit shall conduct games as  
24 follows:

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

29 (1) When the area for the raffle is physically separated from the area where  
30 games are conducted by the regular organization.

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

4 b. Except for a temporary site authorized for fourteen or fewer consecutive days for  
5 not more than two events per quarter or a licensed organization authorized on or  
6 before January 1, 2023, to conduct gaming at more than fifteen sites, a licensed  
7 organization, including a closely related organization, may not have more than  
8 ~~twenty-five~~fifteen sites ~~unless granted a waiver by the attorney general. If the~~  
9 ~~attorney general finds that there is no other licensed organization interested in~~  
10 ~~conducting gaming at a site for which a waiver is being sought, the attorney~~  
11 ~~general may approve the waiver for no more than five sites.~~

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

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

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

27 f. An organization with more than fifteen licensed sites under subdivision b may not  
28 increase its number of sites beyond the number of sites licensed as of January 1,  
29 2023.

30 4. A permit, or site authorization and license, must be displayed at a site.

1       5. The attorney general may issue a conditional license to an eligible organization whose  
2       regularly issued license has expired or been suspended, revoked, or relinquished. The  
3       attorney general shall designate the time period for which the conditional license is  
4       valid and may impose any conditions.

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

8       **SECTION 3.** A new section to chapter 53-06.1 of the North Dakota Century Code is created  
9       and enacted as follows:

10       **Alcoholic beverage establishment - Requirements.**

11       1. An alcoholic beverage establishment:

12       a. May not interfere with the organization's operation of gaming;

13       b. May not limit the gaming hours of operation, except to limit gaming to the  
14       alcoholic beverage establishment's hours of operation, and the organization shall  
15       comply with subdivision c of subsection 3 of section 53-06.1-03;

16       c. May not receive any compensation other than rent under this chapter.

17       Compensation includes any financial benefit, direct or indirect;

18       d. May not require an organization to donate net proceeds to any organization or for  
19       any purpose as a condition of conducting gaming on the premises;

20       e. May not directly operate any game as part of the alcoholic beverage  
21       establishment's business;

22       f. May donate a gift certificate, cash, or merchandise intended to be used as a prize  
23       to an organization;

24       g. May not give a free or discounted game piece, chip, or play of a game, except for  
25       discounts allowed for bingo and raffle activity;

26       h. May offer free or discounted food or beverages in the normal course of business;

27       i. At its own expense, may advertise gaming on promotional drink tickets;

28       j. If advertising charitable gaming conducted on the premises, shall include the  
29       gaming organization's name or an abbreviation of the organization's name; and

30       k. May not sell a gift certificate or merchandise to be used as a gaming prize.

1 2. Upon the request of the organization, an alcoholic beverage establishment may assist  
2 in redeeming winning pull tabs and credit ticket vouchers, paying prize board cash  
3 prizes involving a dispensing device, and as provided under subsection 1 of section  
4 53-06.1-06. If the organization provides the alcoholic beverage establishment  
5 temporary loan funds for this purpose, a written agreement must:

6 a. Be signed by the organization and the alcoholic beverage establishment;

7 b. Provide for the immediate repayment of the loan if the organization discontinues  
8 using all devices at the site; and

9 c. Provide the alcoholic beverage establishment is liable for a loss or theft of the  
10 loaned funds.

11 3. An owner of the alcoholic beverage establishment, a member of the owner's  
12 household, or an individual who is an officer, board member, or involved in the  
13 management of the establishment:

14 a. May not loan money or provide gaming equipment to the organization;

15 b. May not interfere or attempt to influence an organization's selection of games,  
16 determination of prizes including a bingo jackpot prize, disbursement of net  
17 proceeds, selection of a gaming equipment distributor, or the method for which  
18 games are conducted;

19 c. May not require an organization's employee to assist, with or without  
20 compensation, in an alcoholic beverage establishment's business at the site.  
21 However, the organization's employee may voluntarily order beverages for  
22 customers;

23 d. May not count drop box cash; and

24 e. May not play games other than pull tabs or prize boards, which involve a  
25 dispensing device, or electronic pull tabs at the alcoholic beverage  
26 establishment. If assisting the organization under subsection 2:

27 (1) May not play any game under this subdivision at the alcoholic beverage  
28 establishment for at least three hours after assisting under subsection 2;  
29 and

30 (2) May not redeem the individual's own winnings.



1 4. An employee of the alcoholic beverage establishment may only play pull tabs or prize  
2 boards, which involve a dispensing device, or electronic pull tabs if the employee is off  
3 duty and has been off duty for at least three hours.

4 5. An employee of a licensed organization:

5 a. May patronize the alcoholic beverage establishment; and

6 b. May not directly or indirectly conduct games as an employee of the organization  
7 on the same day the employee has worked or will work in the area of the  
8 alcoholic beverage establishment where beverages are dispensed and  
9 consumed.

10 **SECTION 4. AMENDMENT.** Subsection 3 of section 53-06.1-10.1 of the North Dakota  
11 Century Code is amended and reenacted as follows:

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

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

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

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

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

1 c. If pull tabs is conducted using one or more electronic pull tab devices, the  
2 monthly rent, which includes any compensation for assistance provided under  
3 subsection 2 of section 3 of this Act, may not exceed ~~an additional~~ one hundred  
4 seventy-five dollars per machine for the first five machines in the same venue.  
5 For each additional machine in the same venue beyond five, the monthly rent  
6 may not exceed ~~an additional fifty~~seventy-five dollars per machine up to a  
7 maximum of one thousand ~~one~~two hundred ~~twenty-five~~fifty dollars per month for  
8 all electronic pull tab devices in a single venue.

9 **SECTION 6. AMENDMENT.** Subsection 10 of section 53-06.1-15.1 of the North Dakota  
10 Century Code is amended and reenacted as follows:

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

21 **SECTION 7.** A new subsection to section 53-06.1-15.1 of the North Dakota Century Code is  
22 created and enacted as follows:

23 Impose a monetary fine on an owner of an authorized alcoholic beverage  
24 establishment where a licensed gaming activity is conducted or has been conducted  
25 for failure to comply with section 3 of this Act or administrative rules that relate to  
26 subsection 2 of section 3 of this Act. The monetary fine for each violation by an  
27 authorized site owner may not exceed five thousand dollars. An authorized alcoholic  
28 beverage establishment subject to a monetary fine under this section may appeal  
29 under chapter 28-32.

30 **SECTION 8. LEGISLATIVE MANAGEMENT STUDY - CHARITABLE GAMING.**

- 1        1.    During the 2023-24 interim, the legislative management shall study statewide  
2            charitable gaming comprehensively. The study must include input from the attorney  
3            general, stakeholders from large and small charitable organizations, local political  
4            subdivisions that authorize sites, gaming equipment manufacturers and distributors,  
5            gambling addiction counselors, and other industry leaders. The study must also  
6            include:
  - 7            a.    An evaluation of the positive economic impact of charitable gaming on the state  
8                    in urban and rural areas;
  - 9            b.    An evaluation of gambling addiction and treatment services currently available;
  - 10           c.    An evaluation of the civic benefit of charitable gaming to the communities most  
11                    closely related to the gaming sites;
  - 12           d.    An evaluation of how site authorization is approved and renewed, including  
13                    whether charities have equitable access to sites;
  - 14           e.    An evaluation of the gaming tax structure to determine whether tax reductions  
15                    might maximize the charitable benefit;
  - 16           f.    An evaluation of public support for charitable gaming;
  - 17           g.    An evaluation of statewide local restrictions placed on charitable gaming;
  - 18           h.    An evaluation of gaming expansion and how to ensure it expands properly;
  - 19           i.    An evaluation of site locations where gaming is taking place, and whether further  
20                    limitations are necessary;
  - 21           j.    An evaluation of potential impacts of statewide sports betting;
  - 22           k.    An evaluation of charitable gaming proceeds and the eligible uses of gaming  
23                    proceeds, including the percentage of proceeds that may be used for  
24                    administration;
  - 25           l.    An evaluation of the categories of organizations that are allowed to conduct  
26                    charitable gaming, including the missions of such organizations;
  - 27           m.    An evaluation of the placement of gaming activity within a gaming site, including  
28                    electronic pull tab device placement.
- 29        2.    The legislative management shall report its findings and recommendations, together  
30            with any legislation required to implement the recommendations, to the sixty-ninth  
31            legislative assembly.

23.0974.03008  
Title.

Prepared by the Legislative Council staff for  
Representative Koppelman  
April 24, 2023

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2304

That the House recede from its amendments as printed on pages 1733-1738 of the Senate Journal and pages 2017-2023 of the House Journal and that Engrossed Senate Bill No. 2304 be amended as follows:

Page 1, line 1, after "to" insert "create and enact a new section to chapter 53-06.1 and a new subsection to section 53-06.1-15.1 of the North Dakota Century Code, relating to alcoholic beverage establishment requirements and the authority of the attorney general to impose fines for gaming violations; to"

Page 1, line 1, replace "section" with "sections"

Page 1, line 1, after "53-06.1-01" insert "and 53-06.1-03, subsection 3 of section 53-06.1-10.1, subsections 5 of section 53-06.1-11, and subsection 10 of section 53-06.1-15.1"

Page 1, line 2, after "to" insert "the definitions of alcoholic beverage establishment and manufacturer, approval for a gaming site authorization and licensure, the maximum number of gaming sites allowed, the maximum number of pull tab devices allowed at a site,"

Page 1, line 2, after "establishments" insert ", electronic fifty-fifty raffles, rent limits for electronic pull tab devices, and the imposition of monetary fines for violations by third-party businesses; to provide for a legislative management study; to provide an effective date; and to declare an emergency"

Page 1, line 11, after the second "establishment" insert "licensed under chapter 5-02"

Page 1, line 12, replace ". This" with "by guests on the premises. The term"

Page 1, line 12, replace "an off-sale" with "a"

Page 1, line 13, after the third "store" insert "licensed for off-sale only"

Page 1, line 13, remove "An alcoholic beverage"

Page 1, removes lines 14 through 16

Page 3, line 2, after the second comma insert "electronic pull tab device operating system."

Page 3, line 3, overstrike "a fifty-fifty" and insert immediately thereafter "electronic"

Page 3, line 5, after "device" insert "or system"

Page 3, line 10, after "17." insert """Off sale" means the sale of alcoholic beverages that are to be consumed off the licensed premises."

18."

Page 3, line 13, replace "18." with "19."

Page 3, line 15, replace "19." with "20."

Page 3, line 16, replace "20." with "21."



Page 3, line 19, replace "21." with "22."

Page 3, line 27, replace "22." with "23."

Page 4, line 4, replace "23." with "24."

Page 4, line 7, replace "24." with "25."

Page 4, after line 11, insert:

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

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

1. Except as authorized by the attorney general, an organization that has its license suspended or revoked, or has relinquished or not renewed its license and not disbursed its net proceeds, is ineligible for a license or permit. Only one of two or more closely related organizations may have a license or permit at one time. A college or university fraternity, sorority, or club is not closely related to an educational organization. An organization shall apply for a permit as follows:
  - a. An organization recognized as a public-spirited organization by the governing body of a city or county may apply for permits. A local permit may allow the organization to conduct only raffles, bingo, or sports pools. A restricted event permit may allow the organization to conduct only raffles, bingo, sports pools, paddlewheels, twenty-one, and poker. The organization or closely related organizations as a whole may only award a primary prize that does not exceed eight thousand dollars and total prizes of all games do not exceed forty thousand dollars per year. These maximum prize amounts do not apply to raffles conducted under chapter 20.1-08. The determination of what is a "public-spirited organization" is within the sole discretion of the governing body. An organization shall disclose on the application its intended use of the net income from the gaming activity. A governing body may issue a permit for games to be held at designated times and places.
  - b. An organization shall apply to the governing body of the city or county in which the proposed site is located. Application must be made on a form prescribed by the attorney general. Approval may be granted at the discretion of the governing body. A governing body may establish a fee not to exceed twenty-five dollars for each permit. A permit must be on a fiscal year basis from July first to June thirtieth or on a calendar-year basis.
  - c. An organization that has a local permit or a restricted event permit may use the net income from the gaming activity for any purpose that does not violate this chapter or gaming rules, unless the organization is a state political party or legislative district party committee, the organization may use the net income from a raffle for a political purpose. For purposes of this subdivision, a public-spirited use includes a political purpose.

- d. An organization that has a restricted event permit is restricted to one event per year and:
  - (1) May not pay remuneration to employees for personal services;
  - (2) Shall use chips as wagers;
  - (3) Shall redeem a player's chips for merchandise prizes or cash;
  - (4) Shall disburse net income to eligible uses referenced in subdivision c, if applicable, and in section 53-06.1-11.1; and
  - (5) Shall file a report prescribed by the attorney general with the governing body and attorney general.
  
- 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 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 license application. A governing body may:
    - (1) ~~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. A governing body may that an eligible organization:~~
      - (a) Donate net proceeds to the city, county, or related political subdivision or for community programs or services within the city or county;
      - (b) Previously have conducted gaming at that site;
      - (c) Use charitable funds in accordance with a local ordinance;  
or
      - (d) Enter a lease with a specific site;
    - (2) May require as a condition for receiving a site authorization from the city or county that:
      - (a) The application is complete; and
      - (b) The organization's primary purpose benefits the city, county, or related political subdivisions;
    - (3) May limit the number of 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. A governing body may; and

- (4) May charge a one hundred dollar fee for a site authorization; and.
- b. 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 fifty dollar license fee for each city or county that approves a site authorization. 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 fifty dollar license fee for each city or county in which a site is located. 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 are not in compliance with applicable laws and rules.
3. A licensed organization or organization that has a permit shall conduct games as follows:
- a. Only one licensed organization or organization that has a permit may conduct games at an authorized site on a day, except that a raffle may be conducted for a special occasion by another licensed organization or organization that has a permit when one of these conditions is met:
- (1) When the area for the raffle is physically separated from the area where games are conducted by the regular organization.
- (2) Upon request of the regular organization and with the approval of the alcoholic beverage establishment, the regular organization's license or permit is suspended for that specific time of day by the attorney general.
- b. ~~Except for a temporary site authorized for fourteen or fewer consecutive days for not more than two events per quarter or a licensed organization authorized on or before January 1, 2023, to conduct gaming at more than fifteen sites, a licensed organization, including a closely related organization, may not have more than twenty-fivefifteen sites unless granted a waiver by the attorney general. If the attorney general finds that there is no other licensed organization interested in conducting gaming at a site for which a waiver is being sought, the attorney general may approve the waiver for no more than five sites.~~
- c. Games of electronic quick shot bingo, electronic pull tabs, pull tabs, punchboards, twenty-one, paddlewheels, poker, and sports pools may be conducted only during the hours when alcoholic beverages may be dispensed according to applicable regulations of the state, county, or city. Electronic pull tabs must be conducted in a designated area where patrons must be twenty-one years of age or older to enter.
- d. An organization may not permit a person under twenty-one years of age to directly or indirectly play pull tabs, punchboards, twenty-one, calcuttas, sports pools, paddlewheels, or poker. An organization may

not permit an individual under eighteen years of age to directly or indirectly play electronic quick shot bingo. An organization may not permit an individual under eighteen years of age to directly or indirectly play bingo unless the individual is accompanied by an adult, bingo is conducted by an organization that has a permit, or the game's prize structure does not exceed that allowed for a permit.

- e. An organization may not install more than ten electronic pull tab devices at a site.
  - f. An organization with more than fifteen licensed sites under subdivision b may not increase its number of sites beyond the number of sites licensed as of January 1, 2023.
4. A permit, or site authorization and license, must be displayed at a site.
  5. The attorney general may issue a conditional license to an eligible organization whose regularly issued license has expired or been suspended, revoked, or relinquished. The attorney general shall designate the time period for which the conditional license is valid and may impose any conditions.
  6. A governing body or local law enforcement official may inspect a site's gaming equipment and examine or cause to be examined any gaming-related books and records of a licensed organization or organization that has a permit.

**SECTION 3.** A new section to chapter 53-06.1 of the North Dakota Century Code is created and enacted as follows:

**Alcoholic beverage establishment - Requirements.**

1. An alcoholic beverage establishment:
  - a. May not interfere with the organization's operation of gaming;
  - b. May not limit the gaming hours of operation, except to limit gaming to the alcoholic beverage establishment's hours of operation, and the organization shall comply with subdivision c of subsection 3 of section 53-06.1-03;
  - c. May not receive any compensation other than rent under this chapter. Compensation includes any financial benefit, direct or indirect;
  - d. May not require an organization to donate net proceeds to any organization or for any purpose as a condition of conducting gaming on the premises;
  - e. May not directly operate any game as part of the alcoholic beverage establishment's business;
  - f. May donate a gift certificate, cash, or merchandise intended to be used as a prize to an organization;
  - g. May not give a free or discounted game piece, chip, or play of a game, except for discounts allowed for bingo and raffle activity;



- h. May offer free or discounted food or beverages in the normal course of business;
  - i. At its own expense, may advertise gaming on promotional drink tickets;
  - j. If advertising charitable gaming conducted on the premises, shall include the gaming organization's name or an abbreviation of the organization's name; and
  - k. May not sell a gift certificate or merchandise to be used as a gaming prize.
- 2. Upon the request of the organization, an alcoholic beverage establishment may assist in redeeming winning pull tabs and credit ticket vouchers, paying prize board cash prizes involving a dispensing device, and as provided under subsection 1 of section 53-06.1-06. If the organization provides the alcoholic beverage establishment temporary loan funds for this purpose, a written agreement must:
  - a. Be signed by the organization and the alcoholic beverage establishment;
  - b. Provide for the immediate repayment of the loan if the organization discontinues using all devices at the site; and
  - c. Provide the alcoholic beverage establishment is liable for a loss or theft of the loaned funds.
- 3. An owner of the alcoholic beverage establishment, a member of the owner's household, or an individual who is an officer, board member, or involved in the management of the establishment:
  - a. May not loan money or provide gaming equipment to the organization;
  - b. May not interfere or attempt to influence an organization's selection of games, determination of prizes including a bingo jackpot prize, disbursement of net proceeds, selection of a gaming equipment distributor, or the method for which games are conducted;
  - c. May not require an organization's employee to assist, with or without compensation, in an alcoholic beverage establishment's business at the site. However, the organization's employee may voluntarily order beverages for customers;
  - d. May not count drop box cash; and
  - e. May not play games other than pull tabs or prize boards, which involve a dispensing device, or electronic pull tabs at the alcoholic beverage establishment. If assisting the organization under subsection 2:
    - (1) May not play any game under this subdivision at the alcoholic beverage establishment for at least three hours after assisting under subsection 2; and
    - (2) May not redeem the individual's own winnings.

4. An employee of the alcoholic beverage establishment may only play pull tabs or prize boards, which involve a dispensing device, or electronic pull tabs if the employee is off duty and has been off duty for at least three hours.
5. An employee of a licensed organization:
  - a. May patronize the alcoholic beverage establishment; and
  - b. May not directly or indirectly conduct games as an employee of the organization on the same day the employee has worked or will work in the area of the alcoholic beverage establishment where beverages are dispensed and consumed.

**SECTION 4. AMENDMENT.** Subsection 3 of section 53-06.1-10.1 of the North Dakota Century Code is amended and reenacted as follows:

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

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

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 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 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 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 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 hundred dollars.
  - c. If pull tabs is conducted using one or more electronic pull tab devices, the monthly rent, which includes any compensation for assistance provided under subsection 2 of section 3 of this Act, may not exceed ~~an additional~~ one hundred ~~seventy-five~~ dollars per machine for the first five machines in the same venue. For each additional machine in the same venue beyond five, the monthly rent may not exceed ~~an additional fifty~~ seventy-five dollars per machine up to a maximum of one thousand ~~one~~ two hundred ~~twenty-five~~ fifty dollars per month for all electronic pull tab devices in a single venue.

**SECTION 6. AMENDMENT.** Subsection 10 of section 53-06.1-15.1 of the North Dakota Century Code is amended and reenacted as follows:

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

**SECTION 7.** A new subsection to section 53-06.1-15.1 of the North Dakota Century Code is created and enacted as follows:

Impose a monetary fine on an owner of an authorized alcoholic beverage establishment where a licensed gaming activity is conducted or has been conducted for failure to comply with section 3 of this Act or administrative rules that relate to subsection 2 of section 3 of this Act. The monetary fine for each violation by an authorized site owner may not exceed five thousand dollars. An authorized alcoholic beverage establishment subject to a monetary fine under this section may appeal under chapter 28-32.

**SECTION 8. LEGISLATIVE MANAGEMENT STUDY - CHARITABLE GAMING.**

1. During the 2023-24 interim, the legislative management shall study statewide charitable gaming comprehensively. The study must include input from the attorney general, stakeholders from large and small charitable organizations, local political subdivisions that authorize sites, gaming equipment manufacturers and distributors, gambling addiction counselors, and other industry leaders. The study must also include:
  - a. An evaluation of the positive economic impact of charitable gaming on the state in urban and rural areas;
  - b. An evaluation of gambling addiction and treatment services currently available;
  - c. An evaluation of the civic benefit of charitable gaming to the communities most closely related to the gaming sites;
  - d. An evaluation of how site authorization is approved and renewed, including whether charities have equitable access to sites;
  - e. An evaluation of the gaming tax structure to determine whether tax reductions might maximize the charitable benefit;
  - f. An evaluation of public support for charitable gaming;
  - g. An evaluation of statewide local restrictions placed on charitable gaming;
  - h. An evaluation of gaming expansion and how to ensure it expands properly;

SB 2304

Section 2

NDCC § 53-06.1-03

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 approval for a site authorization from the governing body of the city or county in which the proposed site is located. Approval, which may be granted at the discretion of the governing body, must be recorded on a site authorization form that is to accompany the license application to the attorney general for final approval. A governing body, in exercising its discretion over issuing site authorizations:
  - (1) ~~May~~ 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;
  - (2) May not deny a site authorization solely because the eligible organization has not conducted gaming at that site;
  - (3) May not require that an eligible organization enter a lease with a specific site;
  - (4) ~~A governing body may~~ 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;
  - (5) ~~A governing body may~~ May charge a one hundred dollar fee for a site authorization; and
  - (6). Nothing in this subsection shall be construed to prohibit a governing body from:
    - (a) Creating and enforcing rules that are more stringent than state law regarding charitable gaming; and
    - (b) Denying a site authorization for just cause, including violation of state law or local rules.



## Koppelman, Ben

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**From:** Sickler, Jonathan  
**Sent:** Tuesday, April 25, 2023 1:52 PM  
**To:** Luick, Larry E.; Paulson, Bob L.; Koppelman, Ben; Thomas, Paul J.; Warrey, Jonathan  
**Subject:** 2304 - Section 2

Below is proposed revised language regarding the Section 2 amendment. This is not meant to add any additional authority the political subs, only identify some authority they already have under the existing site authorization process.

- (6). Nothing in this subsection shall be construed to prohibit a governing body from:
- (a) Creating and enforcing rules that are more stringent than state law regarding qualification of eligible organizations, eligibility of sites and layout of gaming operations within sites.
  - (b) Denying a site authorization for just cause, including violation of state law or local rules; and

Senator Jonathan Sickler  
District 17

23.0974.03010

FIRST ENGROSSMENT

Sixty-eighth  
Legislative Assembly  
of North Dakota

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 ~~section~~sections 53-06.1-01 and 53-06.1-03,  
2 subsection 3 of section 53-06.1-10.1, subsection 5 of section 53-06.1-11, and subsection 10 of  
3 section 53-06.1-15.1 of the North Dakota Century Code, relating to the definitions of alcoholic  
4 beverage establishment and manufacturer, approval for a gaming site authorization and  
5 licensure, the maximum number of gaming sites allowed, the maximum number of pull tab  
6 devices allowed at a site, gaming licenses for alcoholic beverage establishments, electronic  
7 fifty-fifty raffles, rent limits for electronic pull tab devices, and the imposition of monetary fines  
8 for violations by third-party businesses; to provide for a legislative management study; to  
9 provide an effective date; 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. ~~This by guests~~  
20 on the premises. The term does not include an off-sale liquor store, gas station,  
21 grocery store, or convenience store. ~~An alcoholic beverage establishment must be~~  
22 licensed under chapter 5-02 and be devoted to the service of alcoholic beverages for  
23 consumption by guests on the premises. The term includes a bar located within a  
24 hotel, bowling center, golf course, or restaurant.

Sixty-eighth  
Legislative Assembly

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

Sixty-eighth  
Legislative Assembly

- 1    9-10.    "Fraternal organization" means an organization, except a school fraternity, which is a  
2            branch, lodge, or chapter of a national or state organization and exists for the common  
3            business, brotherhood, or other interests of its members. The organization must have  
4            qualified for exemption from federal income tax under section 501(c)(8) or 501(c)(10)  
5            of the Internal Revenue Code.
- 6    ~~40-11.~~ "Games" means games of chance.
- 7    ~~44-12.~~ "Gross proceeds" means all cash and checks received from conducting games.
- 8    ~~42-13.~~ "Licensed organization" means an eligible organization licensed by the attorney  
9            general.
- 10 ~~43-14.~~ "Manufacturer" means, for a pull tab or bingo card, a person who designs, prints,  
11            assembles, or produces the product. For a pull tab dispensing device, electronic pull  
12            tab device operating system, bingo card marking device, or ~~a fifty-fifty~~ electronic raffle  
13            system, a manufacturer means the person who directly controls and manages  
14            development of and owns the rights to the proprietary software encoded on a  
15            processing chip that enables the device or system to operate.
- 16 ~~44-15.~~ "Net income" means gross proceeds less cash prizes, cost of merchandise prizes, and  
17            expenses to conduct the gaming activity.
- 18 ~~45-16.~~ "Net proceeds" means adjusted gross proceeds less allowable expenses and gaming  
19            tax.
- 20 ~~46-17.~~ "Permit" means a local permit or restricted event permit issued by a governing body of  
21            a city or county to a nonprofit organization or group of people domiciled in North  
22            Dakota.
- 23 ~~47-18.~~ "Person" means any person, partnership, corporation, limited liability company,  
24            association, or organization.
- 25 ~~48-19.~~ "Prize board" means a board used with pull tabs to award cash or merchandise prizes.
- 26 ~~49-20.~~ "Public safety organization" means an organization whose primary purpose is to  
27            provide firefighting, ambulance service, crime prevention, or similar emergency  
28            assistance.
- 29 ~~20-21.~~ "Public-spirited organization" means an organization whose primary purpose is for  
30            scientific research, amateur sports competition, safety, literary, arts, preservation of  
31            cultural heritage, educational activities, educational public service, youth, economic



1 development, tourism, community medical care, community recreation, or similar  
2 organization, which does not meet the definition of any other type of eligible  
3 organization. However, a nonprofit organization or a group of people recognized as a  
4 public-spirited organization by a governing body of a city or county for obtaining a  
5 permit does not need to meet this definition.

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

14 ~~22-23.~~ "Religious organization" means a church, body of communicants, or group gathered in  
15 common membership whose primary purpose is for advancement of religion, mutual  
16 support and edification in piety, worship, and religious observances.

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

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

24 **53-06.1-03. Permits, site authorization, and licenses - Organization requirements -**  
25 **Site inspection.**

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



- 1 a. An organization recognized as a public-spirited organization by the governing  
2 body of a city or county may apply for permits. A local permit may allow the  
3 organization to conduct only raffles, bingo, or sports pools. A restricted event  
4 permit may allow the organization to conduct only raffles, bingo, sports pools,  
5 paddlewheels, twenty-one, and poker. The organization or closely related  
6 organizations as a whole may only award a primary prize that does not exceed  
7 eight thousand dollars and total prizes of all games do not exceed forty thousand  
8 dollars per year. These maximum prize amounts do not apply to raffles conducted  
9 under chapter 20.1-08. The determination of what is a "public-spirited  
10 organization" is within the sole discretion of the governing body. An organization  
11 shall disclose on the application its intended use of the net income from the  
12 gaming activity. A governing body may issue a permit for games to be held at  
13 designated times and places.
- 14 b. An organization shall apply to the governing body of the city or county in which  
15 the proposed site is located. Application must be made on a form prescribed by  
16 the attorney general. Approval may be granted at the discretion of the governing  
17 body. A governing body may establish a fee not to exceed twenty-five dollars for  
18 each permit. A permit must be on a fiscal year basis from July first to June  
19 thirtieth or on a calendar-year basis.
- 20 c. An organization that has a local permit or a restricted event permit may use the  
21 net income from the gaming activity for any purpose that does not violate this  
22 chapter or gaming rules, unless the organization is a state political party or  
23 legislative district party committee, the organization may use the net income from  
24 a raffle for a political purpose. For purposes of this subdivision, a public-spirited  
25 use includes a political purpose.
- 26 d. An organization that has a restricted event permit is restricted to one event per  
27 year and:
- 28 (1) May not pay remuneration to employees for personal services;  
29 (2) Shall use chips as wagers;  
30 (3) Shall redeem a player's chips for merchandise prizes or cash;



- 1 (4) Shall disburse net income to eligible uses referenced in subdivision c, if  
2 applicable, and in section 53-06.1-11.1; and
- 3 (5) Shall file a report prescribed by the attorney general with the governing  
4 body and attorney general.
- 5 2. An eligible organization shall apply for a license to conduct only bingo, electronic quick  
6 shot bingo, raffles, calcuttas, pull tabs, punchboards, twenty-one, paddlewheels,  
7 poker, or sports pools by:
- 8 a. First securing approval for a site authorization from the governing body of the city  
9 or county in which the proposed site is located. Approval, which may be granted  
10 at the discretion of the governing body, must be recorded on a site authorization  
11 form that is to accompany the license application to the attorney general for final  
12 approval. An eligible organization may request a specific site location on the site  
13 authorization form.
- 14 (1) A governing body ~~may~~:
- 15 (a) May not require an eligible organization to donate net proceeds to the  
16 city, county, or related political subdivision or for community programs  
17 or services within the city or county as a condition for receiving a site  
18 authorization from the city or county. ~~A governing body may~~:
- 19 (b) May not deny a site authorization solely because the eligible  
20 organization has not conducted gaming at the site;
- 21 (c) May not require that an eligible organization enter a lease with a  
22 specific site;
- 23 (d) May limit the type of games and the number of electronic pull tab  
24 devices or tables for the game of twenty-one per site, and the number  
25 of sites upon which a licensed organization may conduct games within  
26 the city or county. ~~A governing body may~~; and
- 27 (e) May charge a one hundred dollar fee for a site authorization; ~~and~~
- 28 (2) This subsection may not be construed to prohibit a governing body from:
- 29 (a) Creating and enforcing rules that are more stringent than state law  
30 regarding charitable gaming as otherwise permitted in code; or



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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. 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 fifty dollar license fee for each city or county that approves a site authorization. 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 fifty dollar license fee for each city or county in which a site is located. 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 are not in compliance with applicable laws and rules.

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

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

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

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

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



- 1 ~~twenty five~~fifteen sites ~~unless granted a waiver by the attorney general. If the~~  
2 ~~attorney general finds that there is no other licensed organization interested in~~  
3 ~~conducting gaming at a site for which a waiver is being sought, the attorney~~  
4 ~~general may approve the waiver for no more than five sites.~~
- 5 c. Games of electronic quick shot bingo, electronic pull tabs, pull tabs,  
6 punchboards, twenty-one, paddlewheels, poker, and sports pools may be  
7 conducted only during the hours when alcoholic beverages may be dispensed  
8 according to applicable regulations of the state, county, or city. Electronic pull  
9 tabs must be conducted in a designated area where patrons must be twenty-one  
10 years of age or older to enter.
- 11 d. An organization may not permit a person under twenty-one years of age to  
12 directly or indirectly play pull tabs, punchboards, twenty-one, calcuttas, sports  
13 pools, paddlewheels, or poker. An organization may not permit an individual  
14 under eighteen years of age to directly or indirectly play electronic quick shot  
15 bingo. An organization may not permit an individual under eighteen years of age  
16 to directly or indirectly play bingo unless the individual is accompanied by an  
17 adult, bingo is conducted by an organization that has a permit, or the game's  
18 prize structure does not exceed that allowed for a permit.
- 19 ~~e. An organization may not install more than ten electronic pull tab devices at a site.~~
- 20 ~~f. An organization with more than fifteen licensed sites under subdivision b may not~~  
21 ~~increase its number of sites beyond the number of sites licensed as of January 1,~~  
22 ~~2023.~~
- 23 ~~g. An organization conducting gaming at an authorized site on January 1, 2023,~~  
24 ~~may continue to operate gaming, including as provided under subsection 1 of~~  
25 ~~section 53-06.1-06, at the authorized site regardless of whether the authorized~~  
26 ~~site is an alcoholic beverage establishment as defined under section 53-06.1-01.~~
- 27 4. A permit, or site authorization and license, must be displayed at a site.  
28 5. The attorney general may issue a conditional license to an eligible organization whose  
29 regularly issued license has expired or been suspended, revoked, or relinquished. The  
30 attorney general shall designate the time period for which the conditional license is  
31 valid and may impose any conditions.



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

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

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

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

- 13      5. For a site where bingo is not the primary game:
- 14      a. If twenty-one or paddlewheels is conducted, the monthly rent may not exceed  
15      two hundred dollars multiplied by the necessary number of tables based on  
16      criteria prescribed by gaming rule. For each twenty-one table with a wager  
17      greater than five dollars, an additional amount up to one hundred dollars may be  
18      added to the monthly rent. If pull tabs is also conducted involving only a jar bar,  
19      the monthly rent for pull tabs may not exceed an additional one hundred  
20      seventy-five dollars. If pull tabs is conducted involving only a dispensing device  
21      or a jar bar and dispensing device, the monthly rent for pull tabs may not exceed  
22      an additional three hundred twenty-five dollars.
- 23      b. If twenty-one and paddlewheels are not conducted but pull tabs is conducted  
24      involving either a jar bar or dispensing device, the monthly rent may not exceed  
25      four hundred dollars.
- 26      c. If pull tabs is conducted using one or more electronic pull tab devices, the  
27      monthly rent may not exceed ~~an additional~~ one hundred seventy-five dollars per  
28      machine for the first five machines in the same venue. For each additional  
29      machine in the same venue beyond five, the monthly rent may not exceed ~~an-~~  
30      ~~additional fifty~~ seventy-five dollars per machine up to a maximum of one thousand



1                    ~~one~~two hundred ~~twenty five~~fifty dollars per month for all electronic pull tab  
2                    devices in a single venue.

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

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

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

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