

COMPULSIVE GAMBLING TREATMENT

This memorandum provides information on state lottery proceeds used for compulsive gambling treatment services, casino and tribal contributions for compulsive gambling treatment services, and a history of lottery revenue transferred to the general fund.

COMPULSIVE GAMBLING TREATMENT

Pursuant to subsection 4 of North Dakota Century Code (NDCC) Section 53-12.1-09, \$50,000 of net proceeds must be transferred from the lottery operating fund to the compulsive gambling prevention

and treatment fund each quarter for a total of \$400,000 each biennium. The Department of Human Services has a continuing appropriation authority under Section 50-06-22 to use this funding for compulsive gambling prevention and treatment services. The schedule below presents information relating to gaming taxes and net lottery proceeds, funding provided for compulsive gambling treatment services, and the percentage of gaming and net lottery proceeds provided for compulsive gambling treatment services:

Biennium	Gaming Taxes Deposited in General Fund ¹	Net Lottery Proceeds ²	Total Gaming and Net Lottery Proceeds	Amount Provided for Compulsive Gambling Treatment	Percentage of Gaming and Net Lottery Proceeds Provided for Compulsive Gambling Treatment
2003-05	\$19,050,271	\$7,669,005	\$26,719,276	\$400,000	1.50%
2005-07	17,748,914	13,000,000	30,748,914	400,000	1.30%
2007-09	20,540,000 ³	12,400,000 ³	32,940,000 ³	400,000	1.21%
Total	\$57,339,185	\$33,069,005	\$90,408,190	\$1,200,000	1.33%

¹Gaming taxes include the tax levied on games of chance conducted by licensed charitable gaming organizations and taxes on pari-mutuel horse racing.

²These amounts reflect net lottery proceeds that include \$400,000 per biennium transferred to the compulsive gambling treatment fund and \$105,625 transferred each quarter in the 2007-09 biennium to the Attorney General multijurisdictional drug task force grant fund.

³These amounts reflect 2007 legislative estimates for the 2007-09 biennium.

INDIAN CASINO AND TRIBAL FUNDING FOR COMPULSIVE GAMBLING TREATMENT

Subsection 1 of Section 29 of the gaming compact between North Dakota Indian tribes and the state of North Dakota provides that the tribes intend to continue voluntary donations in support of effective programs to address gambling addiction. The Indian casinos and tribes do not provide funding to the state for compulsive gambling treatment services. However, according to information received from Lutheran Social Services, the Indian casinos and tribes have provided funding to Lutheran Social Services since 1999 for compulsive gambling treatment services. Lutheran Social Services received \$30,000 each year in 2006 and 2007 and in 2008 Lutheran Social Services has received \$45,000 for these services. Lutheran Social Services uses this funding to provide training to casino employees and financial assistance to individuals for 16 weeks of treatment and transportation costs.

USE OF LOTTERY REVENUE

Pursuant to NDCC Chapter 53-12.1, all revenue from the sale of tickets, interest income, and other fees or collections, less prizes and retailer commissions, are to be deposited in the lottery operating fund. Except for appropriations made by the Legislative Assembly for administrative and

operating costs of the lottery, disbursement of other money in the lottery operating fund must be for the following purposes:

- Payment of a prize for a valid winning ticket;
- Notwithstanding NDCC Section 53-12.1-10, payment of marketing expense that is directly offset by cosponsorship funds collected;
- Payment of a gaming system or related service expense, retailer record and credit check fees, game group dues, and retailer commissions; and
- Transfer of net proceeds:
\$50,000 must be transferred each quarter to the compulsive gambling prevention and treatment fund;

An amount of the lottery's share of a game's prize reserve pool must be transferred to the Multi-State Lottery Association;

Starting July 1, 2007, \$105,625 must be transferred each quarter to the Attorney General multijurisdictional drug task force grant fund; and

The balance of the net proceeds, less holdback of any reserve funds the director may need for continuing operations, must be transferred on at least an annual basis to the general fund. The following schedule presents information on net lottery proceeds transferred to the general fund:

Biennium	Transfer to General Fund
2003-05	\$7,269,005
2005-07	12,600,000
2007-09	11,155,000 ¹
Total	\$31,024,005

¹This amount reflects the 2007 legislative estimate for the 2007-09 biennium.

According to information received from the Attorney General's office, there have been no delays in the use or transfers of lottery revenue.

The following schedule presents information on the distribution of total lottery revenue for the 2003-05 and 2005-07 bienniums:

	2003-05 Biennium	2005-07 Biennium
Prizes	\$11,875,949	\$22,333,788
General fund revenue	7,269,005	12,600,000
Contractual services	2,579,212	4,743,058
Retailer commission	1,244,795	2,321,849
Administration and operating	1,044,457	1,421,258
Advertising and marketing	447,044	870,134
Compulsive gambling fund	400,000	400,000
Multi-State Lottery Association prize reserve pool	251,116	359,111
Total	\$25,111,578	\$45,049,198