

**FIRST ENGROSSMENT
with Senate Amendments
ENGROSSED HOUSE BILL NO. 1497**

Introduced by

Representatives Kempenich, Klemin, Lefor, Nathe, Schauer

Senators Hogue, Klein, Schaible

1 A BILL for an Act to amend and reenact section 53-06.1-03 of the North Dakota Century Code,
2 relating to the maximum number of gaming sites allowed and the maximum number of
3 electronic pull tab devices allowed at a site; and to provide for a legislative management study .

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

5 **SECTION 1. AMENDMENT.** Section 53-06.1-03 of the North Dakota Century Code is
6 amended and reenacted as follows:

7 **53-06.1-03. Permits, site authorization, and licenses - Organization requirements -**
8 **Site inspection.**

- 9 1. Except as authorized by the attorney general, an organization that has its license
10 suspended or revoked, or has relinquished or not renewed its license and not
11 disbursed its net proceeds, is ineligible for a license or permit. Only one of two or more
12 closely related organizations may have a license or permit at one time. A college or
13 university fraternity, sorority, or club is not closely related to an educational
14 organization. An organization shall apply for a permit as follows:
- 15 a. An organization recognized as a public-spirited organization by the governing
16 body of a city or county may apply for permits. A local permit may allow the
17 organization to conduct only raffles, bingo, or sports pools. A restricted event
18 permit may allow the organization to conduct only raffles, bingo, sports pools,
19 paddlewheels, twenty-one, and poker. The organization or closely related
20 organizations as a whole may only award a primary prize that does not exceed
21 eight thousand dollars and total prizes of all games do not exceed forty thousand
22 dollars per year. These maximum prize amounts do not apply to raffles conducted
23 under chapter 20.1-08. The determination of what is a "public-spirited
24 organization" is within the sole discretion of the governing body. An organization

1 shall disclose on the application its intended use of the net income from the
2 gaming activity. A governing body may issue a permit for games to be held at
3 designated times and places.

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

10 c. An organization that has a local permit or a restricted event permit may use the
11 net income from the gaming activity for any purpose that does not violate this
12 chapter or gaming rules, unless the organization is a state political party or
13 legislative district party committee, the organization may use the net income from
14 a raffle for a political purpose. For purposes of this subdivision, a public-spirited
15 use includes a political purpose.

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

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

19 (2) Shall use chips as wagers;

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

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

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

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

28 a. First securing approval for a site authorization from the governing body of the city
29 or county in which the proposed site is located. Approval, which may be granted
30 at the discretion of the governing body, must be recorded on a site authorization
31 form that is to accompany the license application to the attorney general for final

1 approval. A governing body may not require an eligible organization to donate net
2 proceeds to the city, county, or related political subdivision or for community
3 programs or services within the city or county as a condition for receiving a site
4 authorization from the city or county. A governing body may limit the number of
5 tables for the game of twenty-one per site and the number of sites upon which a
6 licensed organization may conduct games within the city or county. A governing
7 body may charge a one hundred dollar fee for a site authorization; and

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

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

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

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

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

29 b. Except for a temporary site authorized for fourteen or fewer consecutive days for
30 not more than two events per quarter or a licensed organization authorized on or
31 before January 1, 2023, to conduct gaming at more than fifteen sites, a licensed

1 organization, including any of the organization's affiliates, may not have more
2 than ~~twenty-five~~fifteen sites unless granted a waiver by the attorney general. If
3 the attorney general finds that there is no other licensed organization interested
4 in 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 during the hours
8 when alcoholic beverages may be dispensed according to applicable regulations
9 of the state, county, or city.

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

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

19 f. An organization with more than fifteen licensed sites under subdivision b may not
20 increase its number of sites beyond the number of sites licensed as of January 1,
21 2023.

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

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

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

30 **SECTION 2. LEGISLATIVE MANAGEMENT STUDY - CHARITABLE GAMING.**

- 1 1. During the 2023-24 interim, the legislative management shall study the state's
2 charitable gaming industry. The study must include:
 - 3 a. An evaluation of whether charitable gaming is being expanded properly;
 - 4 b. An evaluation of the accessibility to gaming sites for small charities;
 - 5 c. An evaluation of gambling addiction prevention and treatment services;
 - 6 d. A review of charitable gambling revenue;
 - 7 e. An evaluation of restricting the placement of electronic pull tab devices to a
8 designated area within an alcoholic beverage establishment, including:
 - 9 (1) Limiting the permissible locations of electronic pull tab devices based on
10 gross sales of alcohol;
 - 11 (2) Creating barriers to limit the visibility and audibility of electronic pull tab
12 devices; and
 - 13 (3) Preventing minors from accessing electronic pull tab devices; and
 - 14 f. An evaluation of whether the laws relating to gaming taxation, eligible uses for
15 proceeds, the authorization of gambling sites and locations, limitations on
16 gaming, and gaming play and conduct are properly enforced, fair, adequate, and
17 appropriate.
- 18 2. The legislative management shall report its findings and recommendations, together
19 with any legislation required to implement the recommendations, to the sixty-ninth
20 legislative assembly.