

**SENATE BILL NO. 2301**

Introduced by

Senators Luick, J. Lee

Representatives Mitskog, O'Brien, Schreiber-Beck

1 A BILL for an Act to create and enact section 53-06.1-12.4 of the North Dakota Century Code,  
2 relating to the creation of the charitable gaming technology fund; to amend and reenact  
3 subsection 2 of section 53-06.1-03 and sections 53-06.1-08.2, 53-06.1-12, and 53-06.1-14 of  
4 the North Dakota Century Code, relating to gaming license fees, taxes, and allocation and  
5 electronic pull tab device prize amounts; to provide a continuing appropriation; and to provide  
6 an allocation.

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

8 **SECTION 1. AMENDMENT.** Subsection 2 of section 53-06.1-03 of the North Dakota  
9 Century Code is amended and reenacted as follows:

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

13 a. First securing approval for a site authorization from the governing body of the city  
14 or county in which the proposed site is located. Approval, which may be granted  
15 at the discretion of the governing body, must be recorded on a site authorization  
16 form that is to accompany the license application to the attorney general for final  
17 approval. A governing body may not require an eligible organization to donate net  
18 proceeds to the city, county, or related political subdivision or for community  
19 programs or services within the city or county as a condition for receiving a site  
20 authorization from the city or county. A governing body may limit the number of  
21 tables for the game of twenty-one per site and the number of sites upon which a  
22 licensed organization may conduct games within the city or county. A governing  
23 body may charge a one hundred dollar fee for a site authorization; and

- 1           b.   Annually applying for a license from the attorney general before July first on a  
2                   form prescribed by the attorney general and remitting a one hundred  
3                   ~~fiftyseventy-five~~ dollar license fee for each city or county that approves a site  
4                   authorization. The attorney general shall deposit twenty-five dollars of this license  
5                   fee into the charitable gaming technology fund. However, the attorney general  
6                   may allow an organization that only conducts a raffle or calcutta in two or more  
7                   cities or counties to annually apply for a consolidated license and remit a one  
8                   hundred ~~fiftyseventy-five~~ dollar license fee for each city or county in which a site  
9                   is located. The attorney general shall deposit twenty-five dollars of this license  
10                  fee into the charitable gaming technology fund. An organization shall document  
11                  that it qualifies as an eligible organization. If an organization amends its primary  
12                  purpose as stated in its articles of incorporation or materially changes its basic  
13                  character, the organization shall reapply for licensure.

14           **SECTION 2. AMENDMENT.** Section 53-06.1-08.2 of the North Dakota Century Code is  
15 amended and reenacted as follows:

16           **53-06.1-08.2. Electronic pull tab device requirements.**

17           An electronic pull tab device must display an electronic pull tab in which the player may win  
18 credits that can be redeemed for cash or used to purchase more pull tabs. The device may not  
19 directly dispense coins, cash, tokens, or anything else of value other than a credit ticket  
20 voucher. The amount of prizes may not exceed eighty-five percent of the gross proceeds for  
21 each deal.

22           **SECTION 3. AMENDMENT.** Section 53-06.1-12 of the North Dakota Century Code is  
23 amended and reenacted as follows:

24           **53-06.1-12. Gaming tax - Deposits and allocations.**

- 25           1.   A gaming tax is imposed on the total adjusted gross proceeds received by a licensed  
26                  organization in a quarter and it must be computed and paid to the attorney general on  
27                  a quarterly basis on the tax return. This tax must be paid from adjusted gross  
28                  proceeds and is not part of the allowable expenses. For a licensed organization with  
29                  adjusted gross proceeds:

- 30                  a.   Not exceeding one ~~million five hundred thousand dollars per quarter,~~ the tax is  
31                      ~~one~~three and three-fourths percent of the adjusted gross proceeds.

- 1           b. ~~Exceeding~~In excess of one million five hundred thousand dollars per quarter, but  
2           not in excess of three hundred thousand dollars per quarter, the tax is fifteen-  
3           thousand dollars plus two and twenty-five hundredths~~five~~ percent of the adjusted  
4           gross proceeds ~~exceeding one million five hundred thousand dollars.~~
- 5           c. In excess of three hundred thousand dollars per quarter, but not in excess of one  
6           million dollars per quarter, the tax is eight and three-fourths percent of the  
7           adjusted gross proceeds.
- 8           d. In excess of one million dollars per quarter, the tax is ten and three-fourths  
9           percent of the adjusted gross proceeds.
- 10          2. The tax must be paid to the attorney general at the time tax returns are filed.
- 11          3. Except as provided in subsection 4, the attorney general shall deposit gaming taxes,  
12          monetary fines, and interest and penalties collected in the general fund in the state  
13          treasury.
- 14          4. The attorney general shall deposit seven percent of the total taxes, less refunds,  
15          collected under this section into a gaming tax allocation fund. Pursuant to legislative  
16          appropriation, moneys in the fund must be distributed quarterly to cities and counties  
17          in proportion to the taxes collected under this section from licensed organizations  
18          conducting games within each city, for sites within city limits, or within each county, for  
19          sites outside city limits. If a city or county allocation under this subsection is less than  
20          two hundred dollars, that city or county is not entitled to receive a payment for the  
21          quarter and the undistributed amount must be included in the total amount to be  
22          distributed to other cities and counties for the quarter.

23          **SECTION 4.** Section 53-06.1-12.4 of the North Dakota Century Code is created and  
24          enacted as follows:

25          **53-06.1-12.4. Charitable gaming technology fund - Continuing appropriation.**

26          There is created in the state treasury the charitable gaming technology fund to be  
27          administered by the attorney general. The fund consists of all moneys deposited in the fund  
28          under this chapter. Moneys in the fund are appropriated to the attorney general on a continuing  
29          basis for contracting for and purchasing equipment and software for a charitable gaming  
30          technology system, training employees to operate the system, and maintaining and updating  
31          the system.

1       **SECTION 5. AMENDMENT.** Section 53-06.1-14 of the North Dakota Century Code is  
2 amended and reenacted as follows:

3       **53-06.1-14. Distributors and manufacturers.**

- 4       1. A manufacturer of pull:
- 5           a. Pull tabs, bingo cards, electronic quick shot bingo devices and systems,  
6            electronic pull tab devices and systems, or bingo card marking devices shall  
7            apply annually for a license and pay a license fee of ~~four~~five thousand five  
8            hundred dollars. ~~A manufacturer of pull~~The attorney general shall deposit one  
9            thousand five hundred dollars of each license fee into the charitable gaming  
10           technology fund.
- 11           b. Paper pull tab dispensing devices shall apply annually for a license and pay a  
12            license fee of one thousand five hundred dollars. ~~A manufacturer of fifty-fifty~~The  
13            attorney general shall deposit five hundred dollars of this license fee into the  
14            charitable gaming technology fund.
- 15           c. Fifty-fifty raffle systems shall apply annually for a license and pay a license fee of  
16            ~~five hundred~~one thousand dollars. The attorney general shall deposit five  
17            hundred dollars of this license fee into the charitable gaming technology fund.
- 18       2. A distributor shall apply annually for a license and pay a license fee of ~~one~~two  
19            ~~thousand five hundred~~ dollars. ~~Application must be made before~~The attorney general  
20            shall deposit five hundred dollars of this license fee into the charitable gaming  
21            technology fund.
- 22       3. Each year, before the first day of April in each year, a manufacturer or distributor shall  
23            apply to the attorney general for a license as required under this section on a form  
24            prescribed by the attorney general.
- 25       ~~2-4.~~ A licensed distributor may not sell, market, or distribute gaming equipment except to a  
26            licensed distributor, licensed organization, organization that has a permit, or other  
27            person authorized by gaming rule or the attorney general. A manufacturer of a pull tab  
28            dispensing device, pull tab, electronic pull tab device, bingo card marking device,  
29            bingo card, or fifty-fifty raffle system may only sell, market, or distribute the  
30            manufacturer's pull tab dispensing device and processing chip encoded with  
31            proprietary software, pull tab, electronic pull tab device, bingo card marking device,

1 bingo card, or fifty-fifty raffle system to a licensed distributor. A licensed distributor may  
2 purchase or acquire a pull tab dispensing device and processing chip encoded with  
3 proprietary software, pull tab, electronic pull tab device, bingo card marking device,  
4 bingo card, or fifty-fifty raffle system only from a licensed manufacturer or licensed  
5 distributor. However, a distributor may purchase or acquire a used pull tab dispensing  
6 device or electronic pull tab device from a licensed organization. A distributor may not  
7 duplicate a manufacturer's processing chip encoded with proprietary software. No  
8 gaming equipment or prize may be sold or leased at an excessive price.

9 ~~3-5.~~ A licensed distributor shall affix a North Dakota gaming stamp to each deal of pull  
10 tabs, raffle board, punchboard, sports pool board, calcutta board, and series of  
11 paddlewheel ticket cards sold or otherwise provided to a licensed organization or  
12 organization that has a permit and shall purchase the stamps from the attorney  
13 general for ~~thirty-five~~forty cents each. ~~Ten~~Twelve cents of each stamp sold by the  
14 attorney general, up to ~~thirty-six~~one hundred thousand dollars per biennium, must be  
15 credited to the attorney general's operating fund to defray the costs of issuing and  
16 administering the gaming stamps.

17 ~~4-6.~~ A licensed organization, organization that has a permit, licensed manufacturer, or  
18 North Dakota wholesaler of liquor or alcoholic beverages may not be a distributor or  
19 stockholder of a distributor. A distributor may not be a stockholder of a manufacturer.

20 ~~5-7.~~ In addition to the license fee, the attorney general may require advance payment of  
21 any fee necessary to pay the cost of a record check of an applicant according to  
22 subdivision c of subsection 5 of section 53-06.1-06.

23 ~~6-8.~~ A licensed manufacturer may not refuse to sell deals of pull tabs, paper bingo cards, or  
24 gaming equipment to a licensed distributor unless:

- 25 a. A specific deal of pull tabs is sold on an exclusive basis;
- 26 b. The manufacturer does not sell deals of pull tabs, paper bingo cards, or gaming  
27 equipment to any distributor in the state;
- 28 c. A gaming law or rule prohibits the sale;
- 29 d. The distributor has not provided the manufacturer with proof of satisfactory credit  
30 or is delinquent on any payment owed to the manufacturer; or

- 1           e.    The distributor has not met the manufacturer's standard minimum order quantity  
2                    and freight terms.

3           **SECTION 6. GAMING TAX ALLOCATION - EXCEPTION.** Notwithstanding the provisions  
4 of section 53-06.1-12, from the deposits designated for deposit in the general fund under  
5 subsection 3 of section 53-06.1-12 in fiscal year 2020, the attorney general shall deposit four  
6 hundred thousand dollars into the charitable gaming technology fund.