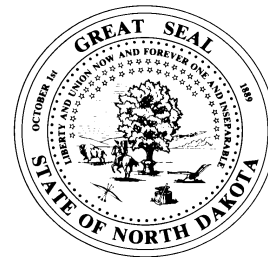


Gaming Update



December 2008

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Coin Operated Amusement Devices

The Office of Attorney General occasionally receives questions about the legality of coin-operated amusement devices that may appear to operate similar to gambling devices. Coin-operated amusement games and devices use the application of skill rather than the element of chance in determining the award of merchandise prizes. Coin-operated amusement devices have several restrictions, outlined below:

- ◆ Cost per play may not exceed \$2 if a merchandise prize, toy, or novelty is awarded;
- ◆ A prize may not be displayed which cannot be won;
- ◆ No games or devices may pay cash or give credits, tokens, or other items redeemable for cash;
- ◆ A merchandise prize, toy, or novelty may not have a wholesale value or cost exceeding 16 times the cost of play, except that a trade-up of a merchandise prize, toy, or novelty is allowed provided that the trade-up item can't have a wholesale value or cost exceeding \$150;
- ◆ Merchandise prizes may not consist of gift certificates, discount coupons or certificates, or other like items which may be the equivalent to a cash prize;
- ◆ Any merchandise prizes, toys, or novelties awarded to a player as the result of operation of the amusement game or device must be contained within the amusement game or device or located on the premises and within the proximity of the game or device;
- ◆ The game or device cannot contain features which would prevent it from being operated in a fair and honest manner; and
- ◆ Each amusement game or device must have its operator's number assigned by the Attorney General's Licensing Division affixed to the device or if the location is licensed (no more than 10 amusement devices) the location license must be displayed on or near the machines.

A copy of **GAMING UPDATE** is provided free of charge to all gaming distributors and organizations, and to the Gaming Commission and Advisory Board members. Please share this newsletter.

Note: Carnivals operated under the jurisdiction of state and county fair boards have separate laws and rules which may be more liberal from those of amusement device operators licensed by the Office of Attorney General.

Analysis of Gaming Activity

The amount of money wagered on charitable games of chance for the quarter ended June 30, 2008, was up 6.8% or \$4,569,854 when compared to the June 30, 2007, quarter. The largest increases were in pull tabs, which increased to \$1,931,912 or 8.4% and twenty-one, with an increase of \$1,413,302 or 7.2%. Bingo, which had been steadily declining since the smoking ban in bingo halls passed by 2005 legislature, also had an increase of 6% or \$509,123.

Quarter Ended June 30, 2008

	Gross Proceeds	Prizes	Adjusted Gross Proceeds
Bingo	\$8,507,317	\$6,476,476	\$2,030,841
Raffles	792,933	340,241	452,692
Pull Tabs	22,985,211	18,086,842	4,898,369
Pull Tabs - Dispensing	13,993,655	10,826,543	3,167,112
Club Specials, Tip, Seal & Prize Boards	308,668	231,041	77,627
Punch Boards	2,441	1,901	540
Sports Pools	2,785	2,121	664
Twenty-One	19,619,897	16,577,667	3,042,230
Calcuttas	6,643	5,825	818
Paddlewheels	34,990	17,642	17,348
Paddlewheels – with Table	1,297,462	966,129	331,333
Poker	128,481	99,292	29,189
Other (Cash Long/Interest)	10,946	0	10,946
Totals:	\$67,691,429	\$53,631,720	\$14,059,709

Less: ND Excise Tax	\$1,606,570
Federal Excise Tax	25,081
ND Bingo Excise Tax	<u>247,565</u>
Total Adjusted Gross Proceeds	\$12,180,493

Less: Gaming Tax	\$863,003
Total Allowed Expenses	<u>7,011,011</u>
Total Deductible Expenses	\$7,874,014
Net Proceeds Earned	\$4,306,479

Eligible Use Contributions	\$4,922,156
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Gaming Activity ~ Fiscal Year Ended June 30, 2008

The amount of money wagered on charitable games of chance for the fiscal year ended June 30, 2008, was up by 2.9% or \$7,400,242 when compared to the year ended June 30, 2007. The largest dollar increases were in pull tabs \$3,561,165 or 4.2% and twenty-one with an increase of \$2,170,811 or 2.9%, while bingo declined slightly by (\$242,109) or a negative .7%. Prize Boards had the largest percentage increase in the fiscal year ended June 30, 2008, with an increase of \$325,487 or 34.4% when compared with the year ended June 30, 2007.

Fiscal Year End June 30, 2008

	Gross Proceeds	Prizes	Adjusted Gross Proceeds
Bingo	\$33,119,959	\$25,581,214	\$7,538,745
Raffles	4,094,132	1,672,120	2,422,012
Pull Tabs	88,721,705	69,860,265	18,861,440
Pull Tabs - Dispensing	53,476,742	41,362,599	12,114,143
Club Specials, Tip, Seal & Prize Boards	1,271,646	953,509	318,137
Punch Boards	16,441	12,497	3,944
Sports Pools	115,132	92,606	22,526
Twenty-One	77,014,739	64,778,841	12,235,898
Calcuttas	144,326	120,999	23,327
Paddlewheels	153,790	79,414	74,376
Paddlewheels – with Table	4,904,799	3,624,391	1,280,408
Poker	1,000,020	798,469	201,551
Totals:	\$264,033,431	\$208,936,924	\$55,096,507

Plus: Other (Cash Long/Interest/Poker) \$59,722

Less: ND Excise Tax \$6,181,651

Federal Excise Tax 97,061

Bingo Excise Tax 963,793

Total Adjusted Gross Proceeds \$47,913,724

Less: Gaming Tax \$3,273,863

Total Allowed Expenses 27,646,865

Total Deductible Expenses \$30,920,728

Net Proceeds Earned \$16,992,996

Eligible Use Contributions \$17,515,919



Top Twenty Organizations

Quarter Ended June 30, 2008

Name	Active Sites	Gross Proceeds	Prizes	Adjusted Gross Proceeds
ND Association for the Disabled, Grand Forks	9	\$6,180,024	\$4,802,519	\$1,377,505
Plains Art Museum, Fargo	4	4,139,501	3,333,695	805,806
Prairie Public Broadcasting, Inc., Fargo	11	3,742,574	2,936,931	805,643
Minot Junior Golf Association, Inc., Minot	8	1,924,033	1,544,335	379,698
Development Homes, Inc., Grand Forks	10	1,945,719	1,579,883	365,836
Grand Forks Blue Line Club, Inc., Grand Forks	2	1,695,557	1,345,610	349,947
Minot Hockey Boosters, Inc., Minot	18	1,656,148	1,322,704	333,444
West Fargo Hockey Assn., Inc., West Fargo	6	1,674,978	1,349,422	325,556
Knights of Columbus Council, Jamestown	16	1,368,558	1,083,358	285,200
Bismarck-Mandan CVB, Bismarck	6	1,574,466	1,292,192	282,274
American Foundation for Wildlife, Bismarck	25	1,300,144	1,044,329	255,815
Fort Abraham Lincoln Foundation, Mandan	16	1,394,357	1,143,751	250,606
Red River Human Services FND, Fargo	5	1,484,046	1,238,725	245,321
Listen Inc., Grand Forks	9	1,317,142	1,072,960	244,182
Dickinson Youth Activities, Dickinson	5	1,190,779	951,501	239,278
Northern Prairie Performing Arts, Fargo	8	1,274,965	1,036,812	238,153
Williston State College FND, Williston	10	1,069,812	868,815	200,997
Cystic Fibrosis Assoc. of North Dakota, Bismarck	8	1,002,655	806,372	196,283
Share House, Inc., Fargo	3	878,058	699,644	178,414
The Team Makers Club Inc., West Fargo	<u>3</u>	<u>954,089</u>	<u>795,125</u>	<u>158,964</u>
	182	\$37,767,605	\$30,248,683	\$7,518,922

Note: The organizations are listed in descending order by Adjusted Gross Proceeds prior to adjustments for Cash Long (+), Interest (+), Gaming Excise Tax (-), and Bingo Excise Tax (-).

New Lottery Director Appointed

Attorney General Wayne Stenehjem has appointed Randy Miller as the new Lottery Director. Randy began his employment with the Office of Attorney General in mid-September. He is a North Dakota State University graduate with a degree in Business Administration with 13 years of business and financial management experience most recently with the ND Department of Health as a billing program director. Randy and his wife have two children and reside in Mandan.



2009 Legislative Session

The 61st Legislative Assembly met on December 1-3, 2008, for its organizational session. The regular Legislative Session will convene on January 6, 2009 with 47 Senators and 94 members of the House of Representatives. For more information on the 2009 Legislative Session visit the North Dakota Legislative Branch web page at www.legis.nd.gov. Below is a list of the Legislative deadlines for the 2009 session:

DATE	LEGIS-LATIVE DAY	DEADLINE
January 6	1 st	Legislative session begins.
January 19	10 th	Martin Luther King Day. Deadline for representatives to introduce bills. No more than 3 bills may be introduced by each senator after this date.
January 26	15 th	Deadline for senators to introduce bills.
February 5	23 rd	Deadline for re-referrals of bills in house of origin to Appropriations Committee.
February 17	31 st	Bills and resolutions (except constitutional amendments and study resolutions) must be reported out of committee in house of origin.
February 20	34 th	Crossover date for bills
February 20-24	Recess	
March 16	47 th	Deadline for re-referrals of bills in second house to Appropriations Committee.
March 26	55 th	Bills and resolutions must be reported out of committee in second house.
April 30	80 th	Session limited to 80 legislative days. (The 2007 Legislative Assembly adjourned on the 78 th legislative day)

Note: During recent legislative sessions, the House and Senate have worked on several state holidays including Martin Luther King Day, George Washington's Birthday, and Good Friday.

Under and Excess Expenses by Type of Organization

The chart below reflects the under and excess expenses, by organization type, for the fiscal year ended June 30, 2008.

Organization Type	Under Expenses			Excess Expenses		
	No.	%	Amount	No.	%	Amount
Educational	4	100	\$68,978	0	0	\$0
Religious	4	100	33,537	0	0	0
Charitable	6	32	52,717	13	68	929,571
Civic/Service	23	70	125,098	10	30	68,666
Fraternal	24	80	702,008	6	20	54,099
Public Safety	31	62	167,472	19	38	105,242
Veterans	47	71	572,295	19	29	118,775
Public Spirited	82	59	934,252	58	41	1,938,254
	221		\$2,656,357	125		\$3,214,607

*"Under expenses" is the amount that organizations' actual expenses are below the allowable expense limit.
 "Excess expenses" is the amount that organizations' actual expenses exceed the allowable expense limit.*



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NAFTM 2007 Annual Report Now Available

The National Association of Fundraising Ticket Manufacturers (NAFTM), a trade association of companies that manufacture pull tabs, bingo cards, and related supplies, recently released its 2007 Annual Report entitled "Charity Gaming in North America." The report summarizes statistics and other information regarding 34 states, the District of Columbia, and nine Canadian Provinces, related to the operation of charitable gaming.

Courtesy copies were mailed to State Gaming Commission and Advisory Board members, however, other interested individuals may obtain a copy by contacting NAFTM, 1360 Energy Park Dr. #210, St. Paul, MN. 55108, by phone at 615-644-4710, or through NAFTM's web page at www.naftm.org.

Holiday Greetings

Best wishes for a happy holiday season from the staff of the Attorney General's Gaming division and Licensing section:

Keith, Tracy, Colleen, Jennifer, Laura, Rebecca, Renae, Deb, Jayme, Monica, Terry, Marguerite, Sonja, Michelle, Patty, Missy, and Coleen