

North Dakota Gaming Update



December 2010

Inside

New \$100 Delayed	2
License Renewal by E-Mail	2
IRS Publication 3079	2
Interim Study of Charitable Gaming ...	3
2011 Legislative Session	3
Legislative Deadlines	3
Trends in Gaming Activity	4
Gaming Activity Decreased	4
New Employee	4
Annual Inventory Reconciliation	5
Quick Shot Field Test	5

The **Gaming Update** newsletter is published quarterly. Current and previous issues are available for download at no charge, at <http://www.ag.nd.gov/Gaming/Gaming.htm>.

Alcohol Banned as Raffle Prize

Recently the Office of Attorney General was asked for an interpretation of North Dakota Century Code §5-02-01 (Retail Licensing), which prohibits the sale of alcoholic beverages at retail without an appropriate license from the Attorney General and a license from the governing body of a city or county.

Based on this inquiry, the sale of alcoholic beverages covered under this law would include any silent auction, raffle with an alcoholic beverage as one of the prizes, and door prizes if money was paid as admission to the event. After discussion with the attorney who authored this interpretation, we have determined that *organizations cannot offer alcoholic beverage products* as part of a club special, prize board, seal board, or tip board prize *unless* the organization has the appropriate retail alcoholic beverage licenses. As an alternative idea, organizations may offer gift certificates to off-sale liquor stores as a prize.



If you have any questions, please contact Missy Tesky in the Licensing section. ♠

Problem Gambling

People struggling with a gambling problem may feel hopeless, helpless, with no one to talk to and nowhere to turn. Help may be just a phone call away with the 2-1-1 HELP-LINE, run by the Mental Health Association in North Dakota. The toll free number (211) is available 24 hours a day, 7 days a week. All calls are confidential and the call, materials and services of the crisis management specialists are free. ♠

New \$100 Bill Delayed

The Federal Reserve Board announced on October 1st that it will delay issuing the newly redesigned \$100 bills.

The Bureau of Engraving and Printing, which prints the bills, has identified a problem with sporadic creasing of the paper during printing. As a result, the



Federal Reserve will not have sufficient inventory to

begin distributing the newly redesigned \$100 bills on February 10, 2011, as originally scheduled. A

new issuance date has not been announced.

Organizations can obtain training materials and review the new security features of the redesigned \$100 bill on the Department of Treasury's web page at

www.newmoney.gov. ♥

License Renewal by E-mail

The Licensing Section reminds licensed gaming organizations of the option to receive state gaming license renewal forms via e-mail to the designated contact person rather than by regular mail. To participate in the program, complete SFN 54481 "Gaming Organization E-Mail Contact," located on the website at www.ag.nd.gov - Licensing/Gaming License Application. The completed form should be e-mailed to mtesky@nd.gov or faxed to (701) 328-3535.

If there are any questions regarding the e-mail renewal program, contact Missy Tesky at (701) 328-2329. ♦

IRS Publication 3079

The Internal Revenue Service recently revised Publication 3079 "Tax-Exempt Organizations and Gaming."

This document contains useful information for tax-exempt organizations that conduct gaming operations, including Gaming Excise Taxes, Maintaining Records, Reporting Winnings and Withholding Income Tax, and Workers Conducting Gaming Activities, as well as useful exhibits such as a General Tax Calendar for Organizations that Conduct Gaming, and a Summary of other resources that may be important to organizations conducting gaming. Please review this document to insure compliance with IRS requirements.

Organizations can download a copy of this publication from the IRS web page at www.irs.gov under Forms and Publications>> and enter publication number 3079. ♠

Legislative Update

Interim Study of Charitable Gaming

The Interim Judiciary Committee held its final meeting on September 8, 2010, and unanimously approved a bill draft to submit to the 2011 Legislature to eliminate the current pull tab and bingo excise taxes and the four-tiered gaming tax and replace it with a consolidated gaming tax at 1% of gross proceeds. In addition, the four-part expense allowance which is currently calculated on line 16 (a, b, c, and d) of the gaming tax return would be replaced with a single amount of 60% of adjusted gross proceeds.

To insure that local cities and counties continue to receive adequate funding for gaming enforcement the current 3% of total taxes collected which is currently allocated to cities and counties on a quarterly basis would be increased to 10%.

2011 Legislative Session

The 62nd Legislative Assembly met on December 6-8, 2010, for its organizational session. The regular Legislative Session will convene on **January 4, 2011**, with 47 Senators and 94 members of the House of Representatives.



Legislative Deadlines

Below is a list of the Legislative deadlines for the 2011 session:

Date	Legislative Day	Information
January 4	1st	Legislative session begins
January 17	10th	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 24	15th	Deadline for senators to introduce bills.
February 7	25th	Deadline for rereferrals of bills in house of origin to Appropriations committee.
February 22	36th	Bills and resolutions (except constitutional amendments and study resolutions) must be reported out of committee in house of origin.
February 25	39th	Crossover date for bills.
February 28 - March 1		Recess.
March 25	57th	Deadline for rereferrals of bills in second house to Appropriations committee.
April 6	65th	Bills and resolutions must be reported out of committee in second house.
April 27	80th	Session limited to 80 legislative days.

For more information on the 2011 Legislative Session or to track legislation, visit the North Dakota Legislative Branch web page at www.legis.nd.gov/assembly/. ♦

Trends in Gaming Activity

The Gaming Division has been tracking the level of gaming activity by specific game type since January 1, 1986 (unless otherwise noted). Based on the quarterly activity (Gross Proceeds) the highest level of activity was reported in the following quarters:

GAME TYPE	QUARTER ENDING	LEVEL OF ACTIVITY
All Game Types	06/30/93	\$77,023,149
Bingo	03/31/92	15,468,383
Raffles	03/31/10	2,096,331
Pull Tabs - All	06/30/93	52,284,926
Pull tabs - Jar bars	06/30/89	39,083,454
Pull tabs - Dispensing devices (July 92)	06/30/93	15,128,801
Club Specials/Tip, Seal, and Prize boards	12/31/97	551,085
Punchboards	03/31/86	29,241
Sports Pools	12/31/87	89,944
Twenty-one	12/31/05	20,055,035
Calcutta (July 89)	09/30/01	154,742
Paddlewheels w/o table (October 87)	03/31/92	281,124
Paddlewheels with a table (October 91)	03/31/10	1,461,904
Poker (September 2006)	03/31/07	539,706

Gaming Activity Decreased

The amount of money wagered on charitable games of chance for fiscal year ended June 30, 2010, was \$249,446,878 which was **down by 3.4%** or \$8,859,247 when compared to the fiscal year ended June 30, 2009, when \$258,306,125 was wagered. The largest decreases were in twenty-one (down \$4,261,941 or 5.7%) and pull tabs (decrease of \$3,961,687 or 4.8%). Raffles, Sports Pools, and Paddlewheels each had slight increases from the previous fiscal year.

Quarterly gaming activity reports are available online at www.ag.nd.gov on the "Gaming" link. ♦



New Employee

Beth Leintz joined the Gaming Division on June 1, 2010, as an Audit Technician responsible for tax return processing. Beth was most recently employed as a Team Leader with EMC Insurance Companies (Dakota Fire Insurance) in Bismarck. Beth and her husband, Mike, have two children and live in Menoken. The Gaming Division welcomes Beth to our department. ♣

Annual Inventory Reconciliation

Organizations are reminded that North Dakota Administrative Code § 99-01.3-03-09 requires that on an annual basis a person who does not have access to the inventory must do a count and reconciliation of:

- Actual deals and games on hand and in play to the master and site inventory records of all deals and games that have a state gaming stamp affixed to the flares;
- Actual paper bingo cards on hand to the master and site inventory records of paper bingo cards;
- Actual tickets on hand to the master and site inventory records of rolls of tickets;
- Actual cash bank amounts on hand to the ideal cash bank records;
- Actual chips on hand to the inventory of chips that are recorded as being at the home office and sites.



The documentation for the inventory and cash bank reconciliations must include the name and title of the person who conducted the count and reconciliation, date and procedure performed, results, any corrective action taken, and initials of the count person. ♦

Quick Shot Field Test

Nineteen organizations have been or are participating in the “Quick Shot” hand-held bingo card marking device field test at one or more sites, including:

Bismarck-Mandan CVB	North Dakota Assoc. for the Disabled
Citizens Assistance Programs	Northern Prairie Performing Arts
Development Homes	Plains Art Museum
Devils Lake Youth Activities	Prairie Public Broadcasting
Dickinson Charities	Red River Human Services (discontinued 9/13)
Drayton Curling Club	St. Thomas Booster Club
Grafton Curling Club	TeamMakers
Grand Forks Blue Line Club	West Fargo Fire Department
Jamestown Knights of Columbus	West Fargo VFW
Listen, Inc.	

All organizations participating in the field test must submit to the Gaming Division a monthly summary report of the gross proceeds, prizes, adjusted gross proceeds, and cash long/short, and if applicable, any unredeemed credits and unclaimed prizes for each site operating the bingo devices. Delays in getting bingo card marking devices available for operation during the field test have required our office to extend the field test end date. To allow the “Quick Shot” bingo devices to operate for at least one full quarter at each of the test sites, the field test has been extended to March 31, 2011. ♦

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Official Mail
State of North Dakota
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~ 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, Beth, Michelle, Patty, Missy, and Christine.