

North Dakota Gaming Update



June 2011

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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>.

New Fundraising Exemption

The 2011 Legislature created a new exemption from state and local retail alcoholic beverage licenses when a nonprofit organization sells an alcoholic beverage as part of a fundraising activity.

A fundraising activity includes an auction, raffle, or other prize contest in which consideration is given. The alcoholic beverage may not be consumed at the fundraising event.

This new law takes effect on August 1, 2011, and *supersedes* the previous interpretation from the Office of Attorney General (December 2010, Gaming Update newsletter).

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



State Gaming Commission Meeting

The State Gaming Commission will meet on **July 14, 2011**, at 1:00 p.m. in the Brynhild Haugland Room at the State Capitol in Bismarck.

The Commission will discuss recent legislative law changes, the potential need for changes to the current Administrative rules and receive an update on the "Quick Shot" bingo field test. ♣

Legislative Changes

Following is an update of the five gaming bills that were passed in the 2011 legislative session. Five other bills were defeated. These bills were explained in detail in the March 2011 issue of Gaming Update.



- HOUSE BILL 1117 repealed the statutory requirement for the Office of Attorney General to regulate gaming schools, effective August 1, 2011. There are no gaming schools in the state.
- HOUSE BILL 1380 allowed one additional foreign corporation (National Wild Turkey Federation) to be an eligible organization to conduct charitable games of chance, effective August 1, 2011.
- SENATE BILL 2003 provided an additional appropriation on behalf of the State Gaming Commission, increasing the total appropriation for the 2011-2013 biennium to \$7,368, effective July 1, 2011.
- SENATE BILL 2042 consolidated the gaming taxes and allowable expenses, effective July 1, 2011, providing a four tiered incremental tax chart which taxes all gross wagers for licensed organizations and a flat rate for allowable expenses. (See "Gaming Tax Rate" on next page for more details.)
- SENATE BILL 2145 exempts nonprofit organizations that sell an alcoholic beverage as part of a fund-raising activity from licensing requirements, effective August 1, 2011. *(Please refer to the information on page 1 of this newsletter.)* ♥

Seeking People Interested in Serving

The Office of Attorney General is soliciting people to serve on the Advisory Board. The two-year terms of all current members expire on June 30, 2011.

Since 1985, the Advisory Board has provided guidance and invaluable assistance to the Gaming Commission and Office of Attorney General on many regulatory policy issues, in revising the gaming rules and recommended law changes. The Advisory Board meets a few times each year as needed. The meetings usually are one-half to one day in length and are normally held in Bismarck. Members serve on a voluntary basis and are not reimbursed for expenses unless they are also members of the legislature.

If you are interested in volunteering to serve on the Advisory Board, please notify this office in writing no later than July 8, 2011.♥

Gaming Tax Rate

Senate Bill 2042 replaced the existing gaming tax chart with a four tiered incremental tax chart which taxes all gross wagers for licensed organizations at the following rates:

1. Organizations with gross wagers not exceeding \$500,000 are taxed at 1% of the entire gross proceeds;
2. Organizations with gross wagers exceeding \$500,000 but not exceeding \$1 million are taxed at 1½% on the entire gross proceeds;
3. Organizations with gross wagers exceeding \$1 million but not exceeding \$1.5 million are taxed at 2% on the entire gross proceeds; and
4. Organizations with gross wagers exceeding \$1.5 million are taxed at 2½% on the entire gross proceeds.

Allowable expenses for all licensed organizations now will be calculated at 60% of the adjusted gross proceeds (which is now defined as “gross proceeds less cash prizes, cost of merchandise prizes, gaming tax, and federal excise tax imposed under section 4401 of the Internal Revenue Code”).

The fiscal impact is estimated at a \$6.8 million reduction in gaming taxes to the entire industry during the 2011-2013 biennium. The Gaming division is revising the gaming tax forms. ♦

Gaming Activity

Over \$64.9 million was wagered on charitable games of chance for the quarter ended December 31, 2010. Charitable gaming was up by \$3,252,876 or 5% compared to the same quarter in 2009. The largest increases were in bingo, up \$1,402,698 or 15.3%, pull tab dispensing devices, up \$832,129 or 5.5%, and pull tabs, up \$521,179 or 2.7%.

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

Legislative Study

On May 10th, the Legislative Management Committee selected the topic of eligibility requirements for veterans’, charitable, educational, religious, fraternal, civic and service, public safety, and public-spirited organizations that conduct charitable gaming in the state for study during the 2011-12 interim.

The study will focus on where the net proceeds are going as well as what eligibility requirements there are for becoming an organization allowed to conduct charitable gaming in the state. Legislative Management will report its findings and recommendations along with any proposed legislation to the 63rd legislative assembly. The first Judiciary Committee meeting will be held on Tuesday, July 26, 2011. ♦

Gaming Enforcement Grants

The Local Gaming Enforcement Grants payable to cities and counties has been maintained at \$510,000 for the 2011-2013 biennium. Grants are distributed to local cities and counties on a quarterly basis based on 6% of the total gaming taxes collected. ♦

Distributors and Manufacturers

The Office of Attorney General completed the re-licensing process of Gaming Distributors and Manufacturers for the fiscal year April 1, 2011 through March 31, 2012. Below is a compiled list of all Licensed Gaming Distributors and Manufacturers for the current licensing year.

List of Licensed Distributors

NAME	MAILING ADDRESS	TELEPHONE
Borchert Distributing LLC	811 8th Ave N, Fargo, ND 58102	(701) 799-8401
Central Gaming, Inc.	2204 HWY 1806 S, Mandan, ND 58554	(701) 667-4550
Charitable Equipment of ND	2100 E Main Ave, West Fargo, ND 58078	(701) 492-8824
Chuck's Inc	PO Box 490, Williston, ND 58801	(701) 572-6254
Dakota Gaming Supply Inc.	1308 E Ave F, Bismarck, ND 58501	(701) 224-0514
FPN Gaming	3317 Fiechtner Dr, Fargo, ND 58103	(701) 293-9400
Lien Games Inc	PO Box 564, Fargo, ND 58103	(701) 232-7755
Mr. Ed's Bingo & Casino Supply	PO Box 848, Fargo, ND 58102	(701) 492-8928
Northland Gaming	6233 Martens Way, Fargo, ND 58104	(701) 232-9318
Plains Gaming Distributing	PO Box 101, Fargo, ND 58107	(218) 790-2323
Western Distributing Co.	PO Box 832, Bismarck, ND 58504	(701) 223-0154

List of Licensed Manufacturers

NAME	MAILING ADDRESS	TELEPHONE
Arrow International Inc.	9900 Clinton Road, Brooklyn, OH 44144	(216) 961-3500
Douglas Press	2810 Madison St, Bellwood, IL 60104	(708) 547-8400
Gametech International Inc.	8850 Double Diamond Pkwy, Reno, NV 89521	(775) 850-6000
International Gamco Inc.	9335 N 48th St, Omaha, NE 68152	(402) 571-2449
Paramount Games Inc.	30 Mills Street, Wheatland, PA 16161	(972) 713-2821
Planet Bingo LLC	41750 Rancho Las Palmas # A, Rancho Mirage, CA	(760) 773-0197
Pollard Games Inc.	504 34th Avenue, Council Bluffs, IA 51501	(712) 366-9553
SH Software LLC	8961 N 79th Ave, Peoria, AZ 85345	(623) 215-2044
Technik Manufacturing Inc.*	1005 17th St, Columbus, NE 68601	(402) 564-3191
Universal Manufacturing Co.	5450 Deramus, Kansas City, MO 64120	(816) 231-2771
Video King & Power Bingo	2717 N 118th Circle # 210, Omaha, NE 68164	(402) 951-2970
World Wide Press Inc.	PO Box 2589, Great Falls, MT 59405	(406) 727-4144
* (Pull Tab Dispensing Device Manufacturers Only)		

Training Schedule

The Gaming division will be conducting training sessions in three regional cities during August, 2011:

- Fargo, Wednesday, August 17, 2011
- Bismarck, Tuesday, August 23, 2011
- Dickinson, Wednesday, August 24, 2011



Pre-Registration

Pre-registration is **required** and limited to three individuals per organization. Class sizes are limited and registration will be taken as received. A pre-registration form is **enclosed** and also can be downloaded at www.ag.nd.gov on the Gaming link. ♠

According to N.D.A.C. § 99-01.3-02-10(1) a gaming manager and an employee who is principally responsible for auditing closed games, daily activity, or does bookkeeping and has no previous gaming-related experience in those capacities shall request training from the attorney general within thirty days of employment. The training must include the gaming law and rules, recordkeeping, internal control, and tax return.

Games of Chance Law Books

The Office of Attorney General is re-printing the cover page and law section of the North Dakota Games of Chance Laws and Administrative Rules book.

The revised cover and replacement pages will be distributed to all organizations which previously ordered the red colored law and rule books. A revised copy of the law is available online at www.ag.nd.gov under the Gaming link and “Rules and Regulations.”

The smaller Set B booklet containing select sections of the laws and rules related to dispensing device sites will not be changed because neither of the law changes affects this booklet. ♦

Updated Employee Acknowledgement Form

An updated Employee Acknowledgment form is **enclosed** and is also available online at www.ag.nd.gov on the “Gaming forms” link.

To reflect legislative changes, the Gaming division has added N.D.C.C. § 53-06.1-12 (Gaming tax – Deposits and allocations) to the required provisions of the Gaming Manager and Bookkeeper positions. Although the rules require these employees to review all provisions outlined on this form, particular attention should be given to the changes made to N.D.C.C. § 53-06.1-11 (Gross proceeds-Allowable expenses-Rent limits) to ensure full compliance.

The Gaming Manager and Bookkeeper **must complete the new form BEFORE the August 1, 2011, effective date** of the new laws. If you have any questions about the form, please contact the gaming division. ♣

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Official Mail
State of North Dakota
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Quick Shot Bingo Field Test

The current Quick Shot bingo field test will be extended until at least the July 14, 2011, Gaming Commission meeting date, in order to give the Commission the opportunity to discuss the test results. ♦