

# North Dakota Gaming Update



March 2011

## Inside

Currency Fun Facts 2

License Renewals - Helpful Hints 2,5

2011 Legislative Session Update 3,4

Quick Shot Field Test 4

Breakdown of Taxes Collected 5

State Gaming Commission Back

The **Gaming Update** newsletter is published quarterly. Current and previous issues are available online at [www.ag.nd.gov](http://www.ag.nd.gov) on the Gaming link.

## Gaming Activity Increased

Over \$61.1 million was wagered on charitable games of chance for the quarter ended September 30, 2010. Charitable gaming was **up by 1.6%** (\$1,006,894) when compared to the same quarter in 2009.



The largest increases were in raffles (up \$404,033 or **47.5%**), twenty-one (up \$309,752 or **1.8%**), and pull tab dispensing devices (up \$264,447 or **1.8%**).

Quarterly gaming activity reports are online at [www.ag.nd.gov](http://www.ag.nd.gov) on the "Gaming" link. ♣

## Top Ten Eligible Uses

During the most recent fiscal year, seventy-two "eligible use" codes were used and just over \$19 million was spent by licensed gaming organizations. Ten eligible use codes accounted for the majority of the money spent:

Code	Eligible Use	Amount
A-37	Youth Activities	3,641,544
A-15	The Disabled	2,019,836
C-20	The Arts	1,478,290
A-03	Alcohol and Drug Abuse	1,347,446
C-25	Educational Public Services	1,154,198
C-80	Scholarships	866,049
I-00	Extraordinary Medical Expenses	820,797
K-30	Tourism	664,984
G-50	Parks and Recreation	647,802
C-50	Educational Institutions & Activities	628,775



# 2011 Legislative Session - Update

Following is an overview and status of the gaming-related bills, as of March 2, 2011.



- ***HOUSE BILL 1117: Repeals Regulation of Gaming Schools under the Authority of the Attorney General.***

Introduced by the Judiciary Committee at the request of the Attorney General's office. When the game of twenty-one became legal in the early 1980's a concern existed that Gaming Schools should be regulated. After a brief time of actual dealer training by independent persons, licensed gaming organizations began exclusively training their own dealers. Detailed dealing procedures already exist under the State Gaming Commission's Administrative rules. As no independent Gaming School has existed in the past 25 years, this specific authority is not necessary. Passed in the House (89-1)

- ***HOUSE BILL 1179: Authorizes the Conduct of a New Manual Horse Racing Game.*** Introduced on behalf of a Dickinson resident who designed a manual horse racing game which may be conducted by licensed charitable gaming organizations. The bill allows wagers of \$2.00. Five bets are authorized including win, place, show, exacta, and trifecta. Players may not bet more than \$20 per race with cash or merchandise prizes awarded. A minor amendment was approved which clarified the wager amount per individual bet. Passed in the House (77-13)

- ***HOUSE BILL 1238: Authorizes Charity Local Permits Holders to Two Poker Occasions and Unlimited Other Games Up to the \$12,000 per Year Prize Limit.*** Eliminates the current restriction of one event per year for organizations that conduct under a charity local permit and allows the organizations to conduct poker on two occa-

sions per year and unlimited other games types allowed under a charity local permit provided that the prizes don't exceed \$12,000 per year. Passed in the House (74-16)

- ***HOUSE BILL 1243: Eliminates the Current 3% Excise Tax on Bingo.*** Eliminates the current 3% excise tax on bingo only. The fiscal impact of this bill would be a \$1.8 million reduction on excise tax from bingo to the state's general fund. The bill does not adjust the 3% tax payback to cities and counties for law enforcement, resulting in a payback funding cut to cities and counties of approximately 10.6%. Failed in the House (13-78)

- ***HOUSE BILL 1279: Allows the Use of Paperless Pull Tabs and Paperless Pull Tab Devices.*** Adds the definition of pull tabs to the Century Code and expands the definition to include the use of paperless pull tabs; permits the use of paperless pull tab devices and authorizes the Attorney General's office to approve the devices and allow employees of alcoholic beverage establishments to provide limited assistance in the conduct of paperless pull tabs through the devices. Failed in the House (30-63)

- ***HOUSE BILL 1280: Expands the Definition of Racing to Include the Transmission and Wagering on Historic Previously Run Horse and Dog Races.*** Allows charitable gaming organizations under the direction of the State Race Commission to operate pari-mutuel wagering on historic previously run horse and dog races. Wagers would be made through special wagering devices that provide limited information on the horses or dogs in a particular race. Bets would be consolidated with other wagers and used to determine the level

*continued on page (4)*

of payout and the odds structure. Note: Although this wagering would be controlled by the State Racing Commission it was included in the publication based on the potential impact to gaming organizations. Failed in the House (25–67)

- **HOUSE BILL 1380: Allows One Additional Foreign Corporation to Conduct Charitable Games of Chance under the Definition of an Eligible Organization.** Introduced at the request of the National Wild Turkey Federation which has its principal executive office in Edgefield, SC and is currently not eligible to receive a state gaming license. This organization receives proceeds from a wild turkey hunt by Governor’s proclamation that is either raffled or auctioned but desires to conduct additional raffles through its statewide chapters. All proceeds from the special raffle or auction are used for wild turkey management and related projects in our state. Passed in the House (90–1)
- **SENATE BILL 2003: Attorney General’s Office Appropriation.** Introduced at the request of the Governor’s office and provides an additional appropriation of \$1,227 on behalf of the State Gaming Commission. The total appropriation for the State Gaming Commission would be \$7,368 for the 2011-13 biennium. This bill also retains the \$510,000 appropriation for local gaming enforcement grants. Passed in the Senate (44-1)
- **SENATE BILL 2042: Consolidates the Gaming Taxes and Allowable Expenses.** Introduced on behalf of the Interim Judiciary Committee and consolidates the current pull tab (3%) and bingo (3%) excise taxes and four-tiered (5% – 20%) gaming taxes into a single gaming tax based on 1% of gross proceeds. The multi-structured allowable expense amount is also consolidated into a single 60% expense allowance based on adjusted gross proceeds. The tax payback to cit-

ies and counties is increased from 3% to 10% of the total taxes collected to insure no reduction in local law enforcement grants. An amendment to the definition of adjusted gross proceeds was approved to insure that a larger portion of this bill’s tax savings goes to eligible uses. Passed in the Senate (41-5).

- **SENATE BILL 2145: Exempts Nonprofit Organizations that Sell an Alcoholic Beverage as part of a Fundraising Activity from Licensing Requirements.** Provides an exemption for nonprofit organizations that provide an alcoholic beverage as part of a fundraising activity from the alcoholic beverage licensing requirements. According to the bill a fundraising activity includes an auction, raffle, or other prize contest for which consideration is given. A minor amendment was adopted to clarify that alcoholic beverages sold as part of a fundraising event could not be consumed at the event. Passed in the Senate (47–0). ♦

---

## Quick Shot Field Test

The State Gaming Commission has extended the field test until at least the end of the current fiscal year. Twenty organizations currently are participating in the field test at one or more of their sites, four have discontinued operating the bingo devices, and three organizations are pending placement of the bingo devices.

All organizations participating in the “Quick Shot” bingo card field test are providing monthly activity reports to the Gaming Division. Initial player acceptance of the “Quick Shot” bingo devices appears to vary based on the site. ♦

# Breakdown of Taxes Collected

The Legislative session has generated discussion about the taxes collected from various forms of gambling in North Dakota. During the four quarters ended June 30, 2010, charitable games of chance, the state lottery, and horse racing generated the following tax revenue to the state's general fund:

Pull Tab Excise Tax	\$3,970,000
Bingo Excise Tax	930,000
Gaming Tax	<u>2,990,000</u>
Total Taxes	<b>\$7,890,000</b>
North Dakota Lottery <sup>1</sup>	\$5,100,000
Horse Racing <sup>2</sup>	\$60,068



<sup>1</sup> - This amount does not include a \$200,000 transfer for Compulsive Gambling and a \$422,500 transfer to the Multi Jurisdictional Drug Task Force.

<sup>2</sup> - This amount does not include other portions of the wager which are distributed to other racing-related funds including the promotion, purse, and breeders' funds.

---

## Licensing Renewals - Helpful Hints: continued from Page (2)

individual name be used. Never enter the manager's name or "doing business as" name of the establishment.

**5** Remember to answer question numbers 1 – 8 on the rental agreement and enter the monthly rent being paid per game type as well as the total monthly rental amount on this form.



**GAMING SITE  
OFFICE OF ATTC  
SFN 17326 (10-2009)**

chance under the license of  
at the following location: \_\_\_\_\_  
(Street)

Date(s) Authorized: Beginning - \_\_\_\_\_  
Specific location where games of \_\_\_\_\_

Number of twenty-one tables (re \_\_\_\_\_)

**6** List the specific location where games of chance will be conducted and played by customers at a site. A restroom may not be included in the gaming area.

**7** Either enter the number of twenty-one tables on the site authorization form or enter "none" or "0" if twenty-one is not conducted at a site.

**?** For assistance with the license renewal process, contact **Missy Tesky** or **Christine Grundy** at (701) 328-2329.

**RESTRICTIONS: (to be comp \_\_\_\_\_)**

1. Days of week of gaming op \_\_\_\_\_  
2. Hours of gaming \_\_\_\_\_  
3. List each specific game type \_\_\_\_\_

Office of Attorney General  
**Gaming Division**  
600 East Boulevard Avenue  
Dept 125  
Bismarck, ND 58505-0040

[www.ag.nd.gov](http://www.ag.nd.gov)

**Official Mail**  
**State of North Dakota**  
**Return Service Requested**

# State Gaming Commission

---

The State Gaming Commission rewrites the gaming rules and regulations after the Legislative sessions. The commission consists of the chairman and four other members appointed by the governor with the consent of the senate. The members, who must be residents of the state and cannot have a financial interest in gaming, serve three-year terms. Terms end on June 30 (or when a successor is appointed), and are staggered: The current members are:

Chairman James Wang (term ends 2011), Lois Altenburg (2013), Charles Axtman (2012), Sandi Frenzel (2012), and Blake Krabseth (2013).