North Dakota
Gaming Update

March 2016

The Gaming Update newsletter is published quarterly. Issues are available for download on the Gaming page at www.ag.nd.gov.

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Changes to Gaming Rules

On January 6, 2016, the State Gaming Commission and Advisory Board met to review the 74 comments and submitted written testimony received in response to the proposed rule changes. More than 70 people attended the public hearings, held across the state in December 2015.

In response to the comments and testimony, the Commission made amendments to some of the proposed rules. The amendments adopted by the Commission can be viewed on the Office of Attorney General's website at www.ag.nd.gov, on the Gaming Rules and Regulations page. The Gaming Commission has received formal approval of the rules from the Office of Attorney General. The rules have been filed with Legislative Council and will be formally discussed by the Legislative Administrative Rules Committee on March 14, 2016, with a promulgation date of April 1, 2016.

The Gaming Division will no longer have printed rule books for sale. Beginning this year, organizations, distributors, and manufacturers are responsible for printing needed copies of the promulgated rules. The final rules will be available for download and printing from the Gaming Rules and Regulations page beginning April 1, 2016. ♠

Burglary Alert

We have received several reports from east/central ND of thefts from individuals breaking into dispensing devices. To help mitigate potential losses, we encourage organizations to service devices more frequently than the required seven-day interim period, especially if there has been a high volume of activity.

The bar is responsible for replacing any loss of the temporary loan of funds made by the organization to the bar. ♣

Defective Pull Tab Deals

Occasionally organizations come across pull tab deals that are defective. The majority of defective deals are due to mixed serial numbers or incorrect prizes (extra winners or missing winners). If your organization determines a deal is defective, notify the distributor immediately.

1. If a defective deal has been put into play, immediately suspend play of the commingled game, conduct an audit, and remove any unsold tickets remaining for the defective deal.

2. Send the unsold tickets, redeemed winning tickets from the defective deal, a copy of the audit, and a brief written description of the problem to the distributor in the deal's original container (if available).

3. Include the activity from the defective deal with the activity of the commingled game when reporting the game on Schedule B of the gaming tax return. Indicate on the tax return which stamp number(s) belong to the deal(s) that were determined to be defective. Deposit into the gaming account any reimbursement received for winners paid out for a defective deal.

4. The distributor is responsible for submitting the Defective Game Return form to the Gaming Division. If the defect is due to a manufacturing error, the distributor must send the Defective Game Return form, along with items submitted by the organization, to the manufacturer within 14 business days of receiving the items. The manufacturer must review the defective deal and return the form, documentation, and defective deal (if it had been put into play) to the distributor within 14 business days of receipt of the defective deal.

5. Any played defective deal(s) will be returned to the organization by the distributor, along with a copy of the Defective Game Return form, after the manufacturer's review is completed.

Detailed information on the procedures for handling defective deals can be found on the Gaming Rules and Regulations page of the Attorney General's website, at www.ag.nd.gov.

Please contact the Gaming Division if you have any questions. ♦

Prize Boards - Sales Tax Exemption

There have been questions regarding whether sales tax should be assessed for sales of coins used in prize boards.

North Dakota Century Code § 57-39.2-04 exempts sales of legal tender coins and currency from sales tax. However, according to a tax department representative, for the exemption to apply to legal tender coins used in a prize board, the coins must be separately itemized on a sales invoice. Novelty coins are not legal tender and do not qualify for the exemption. Mint sets, however, are legal tender (and therefore, exempt), since the set could be broken apart and the individual coins spent as currency.

If you have questions regarding the sales tax on coins used on prize boards, please contact the general sales tax compliance section of the North Dakota Tax Department at 701-328-1246. ♣

GAMING ACTIVITY

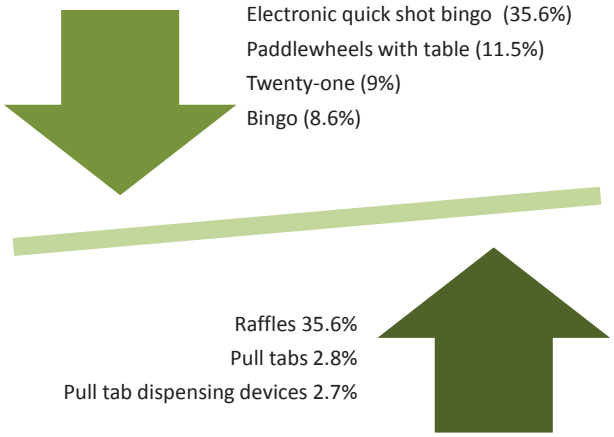
Gross proceeds wagered, which included the resumed activity for electronic quick shot bingo, for the quarter ended September 30, 2015, were $68,178,893, resulting in the lowest quarter since September 30, 2013, at $66,290,437.

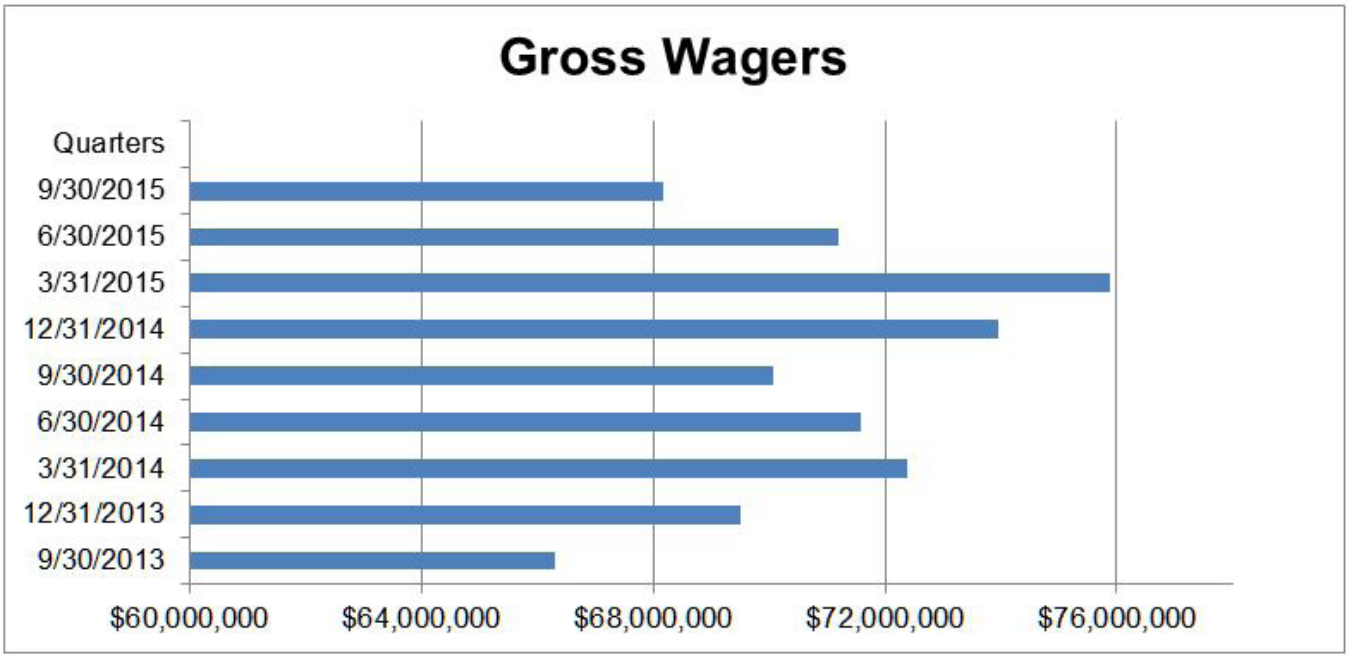
This was also a decrease of 2.7% ($1,864,698) when compared to the quarter ended September 30, 2014.

Although the quarter overall was lower, an all-time high record for calcuttas was reached with gross proceeds of $193,090 and adjusted gross proceeds of $49,379. ♥

Significant Decreases & Increases

Quarter ended 9/30/15 compared to same quarter in 2014.





DID YOU KNOW???

- An inventory reconciliation includes stamped deals or boards that are currently in play.
- Transfer of an amount equal to or greater than the adjusted gross proceeds, less gaming taxes, and less the greater of actual or allowable gaming expenses for the quarter MUST be made by the last day of the quarter following the quarter in which the net proceeds were earned.
- One of the most frequently missed required items on a raffle ticket is the location and address of the raffle drawing. ♠

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www.ag.nd.gov

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Farewell

The Gaming Division said goodbye to audit technician Lynn Henke on February 19, 2016, and receptionist Colleen Braun on March 2, 2016. We wish them all the best in their future endeavors.