

**HOUSE BILL NO. 1416**

Introduced by

Representatives Mahoney, Carlson, Delmore, Wald

Senators Cook, D. Mathern

1 A BILL for an Act to amend and reenact section 53-06.1-01 of the North Dakota Century Code,  
2 relating to games of chance definitions.

3 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

4 **SECTION 1. AMENDMENT.** Section 53-06.1-01 of the North Dakota Century Code is  
5 amended and reenacted as follows:

6 **53-06.1-01. Definitions.** As used in this chapter:

- 7 1. "Adjusted gross proceeds" means gross proceeds less cash prizes, and cost of  
8 merchandise prizes, ~~sales tax on bingo cards, pull tab excise tax, and federal~~  
9 ~~excise tax imposed under section 4401 of the Internal Revenue Code [26 U.S.C.~~  
10 ~~4401].~~
- 11 2. "Charitable organization" means an organization whose primary purpose is for  
12 relief of poor, distressed, underprivileged, diseased, elderly, or abused persons,  
13 prevention of cruelty to children or animals, or similar condition of public concern.
- 14 3. "Civic and service organization" means an organization whose primary purpose is  
15 to promote the common good and social welfare of a community as a sertoma,  
16 lion, rotary, jaycee, kiwanis, or similar organization.
- 17 4. "Closely related organization" means an organization that controls, is controlled by,  
18 or is under common control with another organization. Control exists when an  
19 organization has the authority or ability to elect, appoint, or remove a majority of  
20 the officers or directors of another organization or, by policy, contract, or otherwise,  
21 has the authority or ability to directly or indirectly direct or cause the direction of the  
22 management or policies of another organization.

- 1           5. "Compulsive gambler" means an individual who is chronically and progressively  
2           preoccupied with gambling and the urge to gamble and with gambling behavior that  
3           compromises, disrupts, or damages personal, family, or vocational pursuits.
- 4           6. "Distributor" means a person that sells, markets, or distributes equipment usable in  
5           the conduct of games.
- 6           7. "Educational organization" means a nonprofit public or private elementary or  
7           secondary school, two-year or four-year college, or university.
- 8           8. "Eligible organization" means veterans, charitable, educational, religious, fraternal,  
9           civic and service, public safety, or public-spirited organization domiciled in North  
10          Dakota, incorporated as a nonprofit organization, and which has been actively  
11          fulfilling its primary purpose within this state during the two immediately preceding  
12          years. However, an educational organization does not need to be incorporated.  
13          An organization's primary purpose may not involve the conduct of games. The  
14          organization may be issued a license by the attorney general.
- 15          9. "Fraternal organization" means an organization, except a school fraternity, which is  
16          a branch, lodge, or chapter of a national or state organization and exists for the  
17          common business, brotherhood, or other interests of its members. The  
18          organization must have qualified for exemption from federal income tax under  
19          section 501(c)(8) or 501(c)(10) of the Internal Revenue Code.
- 20          10. "Games" means games of chance.
- 21          11. "Gross proceeds" means all cash and checks received from conducting games,  
22          sales tax on bingo cards, and admissions.
- 23          12. "Licensed organization" means an eligible organization licensed by the attorney  
24          general.
- 25          13. "Local permit" means a permit issued to a nonprofit organization or group of people  
26          domiciled in North Dakota by a governing body of a city or county.
- 27          14. "Manufacturer" means, for a pull tab or bingo card, a person who designs, prints,  
28          assembles, or produces the product. For a pull tab or bingo card dispensing  
29          device, a manufacturer means the person who directly controls and manages  
30          development of and owns the rights to the proprietary software encoded on a  
31          processing chip that enables the device to operate.

Fifty-seventh  
Legislative Assembly

- 1           15. "Net proceeds" means adjusted gross proceeds less allowable expenses ~~and~~,  
2                   gaming tax, sales tax on bingo cards, pull tab excise tax, and federal excise tax  
3                   imposed under section 4401 of the Internal Revenue Code [26 U.S.C. 4401].
- 4           16. "Person" means any person, partnership, corporation, limited liability company,  
5                   association, or organization.
- 6           17. "Public safety organization" means an organization whose primary purpose is to  
7                   provide firefighting, ambulance service, crime prevention, or similar emergency  
8                   assistance.
- 9           18. "Public-spirited organization" means an organization whose primary purpose is for  
10                   scientific research, amateur sports competition, safety, arts, agriculture,  
11                   preservation of cultural heritage, educational activities, educational public service,  
12                   youth, economic development, tourism, community recreation, or similar  
13                   organization, which does not meet the definition of any other type of eligible  
14                   organization. However, a nonprofit organization or a group of people recognized  
15                   as a public-spirited organization by a governing body of a city or county for  
16                   obtaining a local permit does not need to meet this definition.
- 17          19. "Qualified treatment service provider" means an entity based in North Dakota  
18                   which is experienced in and capable of delivering compulsive gambling education,  
19                   prevention, awareness, crisis intervention, rehabilitation, and financial counseling  
20                   and mental health treatment services as defined by the department of human  
21                   services.
- 22          20. "Religious organization" means a church, body of communicants, or group  
23                   gathered in common membership whose primary purpose is for advancement of  
24                   religion, mutual support and edification in piety, worship, and religious  
25                   observances.
- 26          21. "Total adjusted gross proceeds" means adjusted gross proceeds less sales tax on  
27                   bingo cards, pull tab excise tax, and federal excise tax imposed under section 4401  
28                   of the Internal Revenue Code [26 U.S.C. 4401].
- 29          22. "Veterans organization" means any congressionally chartered post organization, or  
30                   any branch or lodge or chapter of a nonprofit national or state organization whose  
31                   membership consists of individuals who are or were members of the armed

Fifty-seventh  
Legislative Assembly

- 1 services or forces of the United States. The organization must have qualified for
- 2 exemption from federal income tax under section 501(c)(19) of the Internal
- 3 Revenue Code.