

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1509

Page 1, line 2, after "of" insert "internet", after the first semicolon insert "to amend and reenact section 50-06-22 of the North Dakota Century Code, relating to the compulsive gambling prevention and treatment fund;", and after the second semicolon insert "to provide a continuing appropriation;"

Page 1, after line 4, insert:

**"SECTION 1. AMENDMENT.** Section 50-06-22 of the North Dakota Century Code is amended and reenacted as follows:

**50-06-22. Compulsive gambling prevention and treatment fund - Continuing appropriation.** Funds deposited in the compulsive gambling prevention and treatment fund under section 53-12-21 and section 2 of this Act are appropriated to the department on a continuing basis for the purpose of providing the services under section 50-06-21."

Page 1, underscore line 7

Page 1, line 8, underscore "1. "Adjusted gross proceeds" means any sums wagered", replace "in" with "by", and underscore "an internet live poker" and insert immediately thereafter "player"

Page 1, line 9, remove "hand" and underscore "which may be retained by the licensed internet live poker establishment as"

Page 1, underscore lines 10 through 23

Page 1, line 24, underscore "regulation, and operation of internet live poker in the state." and insert immediately thereafter "The rules must include provisions concerning the financial responsibility of persons licensed under this chapter, the conduct of internet live poker, recordkeeping, the establishment and maintenance of internal controls, security of the internet poker site, and the deposit and payment of moneys received and disbursed by the licensee."

Page 2, line 1, underscore "**Internet live poker sites**" and insert immediately thereafter "License - User fee" and underscore "**- Tax.**"

Page 2, underscore lines 2 and 3

Page 2, line 4, underscore "sites in the state. The program must include a" and insert immediately thereafter "nonrefundable license application fee of fifty thousand dollars and, upon meeting the requirements for licensure, an annual", underscore "license fee" and insert immediately thereafter "of twenty-five thousand dollars", and underscore "for each person that"

Page 2, line 5, underscore "operates an internet live poker site", replace "and" with ". The license may be renewed annually upon compliance with this chapter and rules adopted by the attorney general and payment of a twenty-five thousand dollar license renewal fee. The licensee shall pay to the attorney general", underscore "an annual", replace "licensing" with "user", and underscore "fee of ten dollars for"

Page 2, line 6, underscore "each player who plays internet live poker at a site. A single annual", replace "licensing" with "user", and underscore "fee"

Page 2, underscore lines 7 through 16

Page 2, line 17, underscore "3. The licensed internet live poker establishment shall remit the tax" and insert immediately thereafter "and player user fees" and underscore "to the attorney"

Page 2, underscore line 18

Page 2, line 19, underscore "fees," and insert immediately thereafter "player user fees." and underscore "and any other moneys collected under this chapter to the state treasurer for"

Page 2, underscore line 20

Page 2, after line 20, insert:

**"Internet live poker surcharge - Attorney general legal defense fund established - Continuing appropriation.** A five percent surcharge is imposed on the adjusted gross proceeds of each establishment authorized to conduct internet live poker under this chapter. The licensed internet live poker establishment shall remit the surcharge to the attorney general on a quarterly basis. The attorney general shall remit the surcharge to the state treasurer for deposit in the attorney general legal defense fund. The moneys in the fund are appropriated on a continuing basis to the attorney general for the purpose of funding legal services to defend legal challenges to the internet live poker established under this chapter. The surcharge imposed under this section must be suspended upon notification of the state treasurer to the attorney general that the balance in the attorney general legal defense fund has exceeded two million dollars. The attorney general may reinstate the surcharge if the balance in the fund is less than two million dollars."

Page 2, line 21, underscore "**Internet live poker proceeds fund**" and insert immediately thereafter "**- Continuing appropriation**" and underscore ". There is created in the state treasury an internet"

Page 2, underscore line 22

Page 2, line 23, underscore "any other moneys collected under this chapter.", replace "Annually, all" with "The attorney general shall transfer twenty-five thousand dollars per quarter from the internet live poker proceeds fund to the state treasurer for deposit in the compulsive gambling prevention and treatment fund under section 50-06-22. The total amount transferred under this section to the compulsive gambling prevention and treatment fund may not exceed two million dollars. All remaining", and underscore "moneys in the fund must be"

Page 2, line 24, underscore "allocated" and insert immediately thereafter "by the state treasurer and are provided as a standing and continuing appropriation" and underscore "for:"

Page 2, line 25, underscore "1. Annual transfer to the counties for direct property tax relief." and insert immediately thereafter "The percentage of each allocation under this subsection to each county must be equal to the percentage that property taxes levied by that county is of all county property taxes levied in the state." and underscore "The amount allocated"

Page 2, underscore lines 26 through 31

Page 3, line 1, underscore "2. Annual transfers to" and replace "the common schools trust fund to become a part of the" with "school districts for direct property tax relief. The percentage of each allocation under this subsection to each school district must be equal to the percentage that property taxes levied by that school district is of all school district property taxes levied in this state. The amount allocated to a school district under this subsection must be subtracted from the school district's base year tax levy under section 57-15-01.1 for the purpose of determining the school district's maximum levy under section 57-15-01.1 and subtracted from the maximum levy in dollars that would be produced by the maximum levy in mills under section 57-15-14."

Page 3, line 2, remove "principal of that fund." and underscore "Transfers under this subsection must equal twenty percent"

Page 3, underscore lines 3 through 6

Page 3, after line 6, insert:

**"Authority of attorney general. The attorney general may:**

1. Inspect all sites or premises in which internet live poker is conducted.
2. Inspect all internet live poker equipment or other items on a site or premises used to conduct or, to assist in the conducting of, internet live poker.
3. Seize and remove from a site or premises and impound any equipment, supplies, or books and records for the purpose of examination and inspection.
4. Demand access to and inspect, examine, photocopy, and audit all books and records, stored data, software, and other data compilation in any form of applicants or licensees concerning compliance with this chapter or rules adopted by the attorney general. The attorney general may require a licensee to reimburse the attorney general for the reasonable actual cost of expenses incurred in conducting the inspection or audit.
5. Based on reasonable grounds or written complaint, suspend, deny, or revoke an application or license of the applicant or licensee or any officer, director, agent, member, or employee of the applicant or licensee for a violation of this chapter or rule adopted by the attorney general.
6. Impose a monetary fine on a licensee for failure to comply with this chapter or any rule adopted by the attorney general.
7. At any time within three years after any amount of fees, monetary fines, or tax required to be paid under this chapter becomes due, bring a civil action to collect the amount due. An action may be brought regardless of whether the person owing the fees, fines, or tax presently is licensed.
8. Institute an action in any district court for declaratory or injunctive relief against a person, regardless of whether the person is an internet live poker licensee, as the attorney general considers necessary to prevent noncompliance with this chapter or the rules adopted by the attorney general.
9. Require the applicant or licensee to provide information and records in the form and manner determined by the attorney general to determine qualification for issuance of a license or to determine compliance with this chapter and the rules adopted by the attorney general.

**Location of licensee site, premises, records, and equipment.** The internet live poker licensee shall establish and maintain a physical site premises within the state only and may not conduct internet live poker at sites or premises outside this state. The licensee shall maintain within this state, in accordance with this chapter and rules adopted by the attorney general, all servers, records, books, stored data, software, hardware, compiled data, and any other equipment or items used to conduct internet live poker.

**Qualifications of licensee.** In addition to the qualifications required by this chapter and to any rules adopted by the attorney general, to be licensed under this chapter, a person must:

1. If an individual, be at least eighteen years of age;
2. Be of good character and reputation;
3. Have sufficient financial resources to support the activities required to conduct internet live poker under this chapter;
4. Be current in the payment of all taxes, interest, and penalties owed to the state, excluding items under formal dispute or appeal pursuant to applicable statutes; and
5. If an organization, be authorized to conduct business in this state.

**Persons not qualified to be a licensee.** A person may not be licensed by the attorney general to conduct internet live poker under this chapter if the person:

1. Is an individual, an organization or any of the organization's officers or directors, or the employees or agents of an individual or an organization involved in the conduct of internet live poker in this state who had pled or been found guilty or pled nolo contendere in this state or any other jurisdiction to a criminal offense classified as a felony or an offense authorizing the imposition of more than one year imprisonment, unless at least ten years have passed since satisfactory completion of the sentence or probation imposed by the court for each offense;
2. Has been found to have violated any provision of this chapter or any rule adopted by the attorney general;
3. Has been found to have a background, including a criminal record, or prior activities that pose a threat to the public interest of the state or to the security and integrity of the conduct of internet live poker; create or enhance the dangers of unsuitable, unfair, or illegal practices, methods, and activities in the conduct of internet live poker; or present questionable business practices and financial arrangements incidental to conduct activities authorized by this chapter; or
4. Has knowingly made a false statement of material fact to the attorney general.

**Persons prohibited from playing internet live poker.**

1. An individual under the age of eighteen years may not play internet live poker at a site licensed under this chapter. An internet live poker licensee may not permit an individual under the age of eighteen years to play internet live poker and shall adopt internal controls and procedures approved by the attorney general to block access to the site or to prohibit play by those individuals.

2. A licensee or the licensee's officers, directors, partners, employees, or the licensee's authorized agents may not play internet live poker at any site licensed under this chapter.

Page 3, underscore lines 7 through 31

Page 4, underscore lines 1 through 13

Page 4, line 14, underscore "implement this chapter" and remove "or who plays without first obtaining a license from the"

Page 4, line 15, remove "attorney general in that individual's name" and underscore "is guilty of a class B misdemeanor."

Page 4, line 16, underscore "**Internet live poker records - Confidential.**" and replace "All records and information with respect to" with:

1. The following information and records are confidential:
  - a. Sales and income tax information, financial statements, and credit reports of applicants and licensees; criminal and background check information of the applicant, licensee, and other persons obtained by the attorney general in the application process; and application information other than an applicant's name and address;
  - b. Internal control and security procedures and information on bids or contractual data, the disclosure of which is harmful to the efforts of the attorney general to contract for goods and services on favorable terms; and
  - c. Personal information regarding and the identity of an internet live poker player.
2. Information related to a person that owes a debt to the state or that has a debt collected through a state agency which is made confidential by another state law or rule remains confidential under this section.
3. The information made confidential under this section may be disclosed within the attorney general's office or to authorized persons in the proper administration of this chapter or rules adopted by the attorney general or in accordance with a judicial order.

### **SECTION 3. ATTORNEY GENERAL INTERNET LIVE POKER IMPLEMENTATION AND OPERATING FUND - CONTINUING APPROPRIATION.**

There is established an attorney general internet live poker implementation and operating fund of one million dollars which consists of gifts, grants, and other funds obtained from nongovernmental sources. The moneys deposited in the fund are appropriated on a continuing basis to the attorney general for the purpose of paying the costs and expenses associated with the implementation, administration, and enforcement of this chapter incurred until June 30, 2007. Expenditures may not be made from the fund until the effective date of this Act and until the sum of one million dollars has been deposited in the fund."

Page 4, remove lines 17 through 20

Renumber accordingly