

Introduced by

Senators Hogue, D. Larsen, Schaible

Representatives B. Koppelman, Porter, D. Ruby

1 A BILL for an Act to amend and reenact subsection 1 of section 53-06.1-03 and
2 section 53-06.1-11.1 of the North Dakota Century Code, relating to permitting charitable gaming
3 organizations to use net proceeds for a political purpose.

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

5 **SECTION 1. AMENDMENT.** Subsection 1 of section 53-06.1-03 of the North Dakota
6 Century Code is amended and reenacted as follows:

7 1. Except as authorized by the attorney general, an organization that has its license
8 suspended or revoked, or has relinquished or not renewed its license and not
9 disbursed its net proceeds, is ineligible for a license or permit. Only one of two or more
10 closely related organizations may have a license or permit at one time. A college or
11 university fraternity, sorority, or club is not closely related to an educational
12 organization. An organization shall apply for a permit as follows:

13 a. An organization recognized as a public-spirited organization by the governing
14 body of a city or county may apply for permits. A local permit may allow the
15 organization to conduct only raffles, bingo, or sports pools. A restricted event
16 permit may allow the organization to conduct only raffles, bingo, sports pools,
17 paddlewheels, twenty-one, and poker. The organization or closely related
18 organizations as a whole may only award a primary prize that does not exceed
19 eight thousand dollars and total prizes of all games do not exceed forty thousand
20 dollars per year. These maximum prize amounts do not apply to raffles conducted
21 under chapter 20.1-08. The determination of what is a "public-spirited
22 organization" is within the sole discretion of the governing body. An organization
23 shall disclose on the application its intended use of the net income from the

1 gaming activity. A governing body may issue a permit for games to be held at
2 designated times and places.

3 b. An organization shall apply to the governing body of the city or county in which
4 the proposed site is located. Application must be made on a form prescribed by
5 the attorney general. Approval may be granted at the discretion of the governing
6 body. A governing body may establish a fee not to exceed twenty-five dollars for
7 each permit. A permit must be on a fiscal year basis from July first to June
8 thirtieth or on a calendar-year basis.

9 c. ~~Except for the restriction of subsection 1 of section 53-06.1-11.1, an~~An
10 organization that has a local permit may use the net income from the gaming
11 activity for any purpose that does not violate this chapter or gaming rules.

12 d. An organization that has a restricted event permit is restricted to one event per
13 year and:

- 14 (1) May not pay remuneration to employees for personal services;
- 15 (2) Shall use chips as wagers;
- 16 (3) Shall redeem a player's chips for merchandise prizes or cash;
- 17 (4) Shall disburse net income to eligible uses referenced by ~~subsection 2 of in~~in
18 section 53-06.1-11.1; and
- 19 (5) Shall file a report prescribed by the attorney general with the governing
20 body and attorney general.

21 **SECTION 2. AMENDMENT.** Section 53-06.1-11.1 of the North Dakota Century Code is
22 amended and reenacted as follows:

23 **~~53-06.1-11.1. Restricted use of money in certain political activities - Eligible uses of~~**
24 **net proceeds.**

- 25 1. ~~A licensed organization or an organization that has a permit may not use money from~~
26 ~~any source for placing an initiated or referred measure on a ballot or for a political~~
27 ~~campaign to promote or oppose a person for public office. Except for a use related to~~
28 ~~an organization's primary purpose, a licensed organization or organization that has a~~
29 ~~permit may not use net proceeds to influence legislation or promote or oppose~~
30 ~~referendums or initiatives. Any funds expended by a licensed organization or an~~
31 ~~organization that has a permit to promote or oppose an initiated or referred measure~~

1 that is on the ballot or for any activities of a lobbyist under section 54-05.1-02, that are
2 not compensation or expenses paid to a lobbyist, and that are not required to be
3 reported under section 54-05.1-03 must be reported to the attorney general as
4 prescribed by the attorney general. A violation of this subsection subjects an
5 organization to a suspension of its license or permit for up to one year.

- 6 2. A licensed organization or an organization that has a restricted event permit shall
7 disburse net proceeds within the period prescribed by rule and for only these
8 educational, charitable, patriotic, fraternal, religious, or public-spirited uses:
- 9 a. Uses for stimulating and promoting state and community-based economic
10 development programs within the state which improve the quality of life of
11 community residents.
 - 12 b. Uses for developing, promoting, and supporting tourism within a city, county, or
13 the state.
 - 14 c. Uses benefiting an indefinite number of persons by bringing them under the
15 influence of education, cultural programs, or religion which include disbursements
16 to provide:
 - 17 (1) Scholarships for students, if the disbursement is deposited in a scholarship
18 fund for defraying the cost of education to students and the scholarships are
19 awarded through an open and fair selection process.
 - 20 (2) Supplementary assistance to a public or private nonprofit educational
21 institution registered with or accredited by any state.
 - 22 (3) Assistance to libraries and museums.
 - 23 (4) Assistance for the performing arts and humanities.
 - 24 (5) Preservation of cultural heritage.
 - 25 (6) Youth community, social welfare, and athletic activities.
 - 26 (7) Adult amateur athletic activities within the state, including team uniforms
27 and equipment.
 - 28 (8) Maintenance of places of public worship or support of a body of
29 communicants, gathered in common membership for mutual support and
30 edification in piety, worship, or religious observances.
 - 31 (9) Scientific research.

- 1 d. Uses benefiting an indefinite number of persons by relieving them of disease,
2 suffering, or constraint which include disbursements to provide:
- 3 (1) Assistance to an individual or family suffering from poverty or
4 homelessness.
- 5 (2) Encouragement and enhancement of the active participation of the elderly in
6 our society.
- 7 (3) Services to the abused.
- 8 (4) Services to persons with an addicted behavior toward alcohol, gambling, or
9 drugs.
- 10 (5) Funds to combat juvenile delinquency and rehabilitate ex-offenders.
- 11 (6) Relief for the sick, diseased, and terminally ill and their physical well-being.
- 12 (7) Funds for emergency relief and volunteer services.
- 13 (8) Funds to nonprofit nursing homes, nonprofit day care centers, and nonprofit
14 medical facilities.
- 15 (9) Social services and education programs aimed at aiding emotionally and
16 physically distressed, handicapped, elderly, and underprivileged persons.
- 17 (10) Funds for crime prevention, fire protection and prevention, and public safety.
- 18 (11) Funds to relieve, improve, and advance the physical and mental conditions,
19 care and medical treatment, and health and welfare of injured or disabled
20 veterans.
- 21 e. Uses that perpetuate the memory and history of the dead.
- 22 f. Uses increasing comprehension of and devotion to the principles upon which the
23 nation was founded, including disbursements to aid in teaching the principles of
24 liberty, truth, justice, and equality. However, beauty pageants do not qualify.
- 25 g. The erection or maintenance of public buildings, facilities, utilities, or waterworks.
- 26 h. Uses lessening the burden of government which include disbursements to an
27 entity that is normally funded by a city, county, state, or United States government
28 and disbursements directly to a government entity or its agency.
- 29 i. Uses benefiting a definite number of persons who are the victims of loss of home
30 or household possessions through explosion, fire, flood, or storm and the loss is
31 not covered by insurance.

- 1 j. Uses benefiting a definite number of persons suffering from a seriously disabling
2 disease or injury causing severe loss of income or incurring extraordinary
3 medical expense which is not covered by insurance.
- 4 k. Uses, for community service projects, by chambers of commerce exempt from
5 federal income tax under section 501(c)(6) of the Internal Revenue Code. A
6 project qualifies if it develops or promotes public services, including education,
7 housing, transportation, recreation, crime prevention, fire protection and
8 prevention, safety, tourism, and health. Uses that directly benefit a chamber of
9 commerce do not qualify.
- 10 l. Uses for or of benefit to efforts in support of the health, comfort, or well-being of
11 the community which include disbursements to provide:
- 12 (1) Funds for adult bands, including drum and bugle corps.
- 13 (2) Funds for trade shows and conventions conducted in this state.
- 14 (3) Funds for nonprofit organizations that operate a humane society, zoo, or fish
15 or wildlife reproduction and habitat enhancement program.
- 16 (4) Funds for public transportation, community celebration, and recreation.
- 17 (5) Funds for preservation and cleanup of the environment.
- 18 m. To the extent net proceeds are used toward the primary purpose of a charitable,
19 educational, religious, public safety, or public-spirited organization, or are used
20 for a veterans or public cemetery by a veterans organization, that has obtained a
21 final determination from the internal revenue service as qualifying for exemption
22 from federal income tax under section 501(c)(3) or 501(c)(19) of the Internal
23 Revenue Code, the organization may establish a special trust fund or foundation
24 as a contingency for funding or maintaining the organization's future program
25 services should the organization discontinue conducting games or dissolve.
- 26 n. Uses for a fundraising activity unrelated to an organization's primary purpose
27 provided that the gross revenue from the activity is disbursed to uses prescribed
28 by this subsection.
- 29 o. Uses for a political purpose.
- 30 ~~3-2.~~ With the exception of a veterans organization, the uses in subsection 21 do not
31 include the erection, acquisition, improvement, maintenance, or repair of real or

- 1 personal property owned or leased by an organization unless it is used exclusively for
- 2 an eligible use.
- 3 4.3. A licensed organization or recipient of net proceeds may not use net proceeds for
- 4 administrative or operating expenses involving the conduct of games.