

**FISCAL NOTE**  
**Requested by Legislative Council**  
**01/10/2017**

Amendment to: HB 1216

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2015-2017 Biennium		2017-2019 Biennium		2019-2021 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
<b>Revenues</b>						
<b>Expenditures</b>			\$10,000		\$5,000	
<b>Appropriations</b>			\$10,000		\$5,000	

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2015-2017 Biennium	2017-2019 Biennium	2019-2021 Biennium
<b>Counties</b>			
<b>Cities</b>			
<b>School Districts</b>			
<b>Townships</b>			

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

This bill allows electronic pull tabs and electronic pull tab devices.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

The bill adds electronic pull tabs and electronic pull tab devices to be used to conduct charitable gaming. Electronic pull tab devices will need to be audited.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

No revenue change is anticipated.

- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

An estimated \$10,000 would be needed to purchase an auditing device for electronic pull tab devices.

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

To audit the electronic pull tab devices an estimated \$10,000 would be needed to purchase audit equipment. The Executive budget didn't anticipate this change.

**Name:** Kathy Roll

**Agency:** Office of Attorney General

**Telephone:** 328-3622

**Date Prepared:** 01/16/2017

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**Date Prepared:** 01/16/2017

**2017 HOUSE JUDICIARY**

**HB 1216**

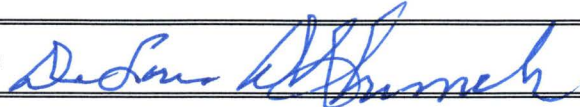
# 2017 HOUSE STANDING COMMITTEE MINUTES

Judiciary Committee  
Prairie Room, State Capitol

HB 1216  
1/31/2017  
27656

- Subcommittee  
 Conference Committee

Committee Clerk Signature



## Explanation or reason for introduction of bill/resolution:

Relating to the use of electronic pull tabs and electronic pull tab devices.

## Minutes:

1,2,3,4,5,6,7,8,9,10,11,12

**Vice Chairman Karls:** Opened the hearing on HB 1216.

**Representative Maragos:** Introducing the bill. I believe what the charitable gaming does is very important to North Dakota. It needs to be modernized and updated and I think this bill will help in that effort. In 1976 the people in North Dakota voted to have legalized gaming, but it was to be used for charity. I think I has been an outstanding effort. There will be some amendments introduced.

**Todd Kranda, Kelsch Kelsch Ruff & Kranda in Mandan:** Distributed testimony and handouts. (#1,2,3,4,5,6,7,8,9,10) (5:53-11:17) Went over the background on charitable gaming in the state. Also went over proposed amendment. (11:18-14:15). In addition to doing pull tabs by paper we are talking about doing them electronically.

**Representative Klemin:** You gave us that printout from the Attorney General's office. There are certainly a lot of charitable uses for these gaming proceeds. Is the intention here to show the use of these electronic devices that these funds will increase?

**Todd Kranda:** No that is not what my intention on this. The fiscal note is \$10,000 so there is a cost for these game implementations.

**Representative Klemin:** You have to increase the amount of gaming. With this electronic type of machine, a person could gamble faster and spend more money.

**Todd Kranda:** That is not necessarily true. These charities have expenses and costs.

**Representative Klemin:** The rule of the Attorney General has a statue?



**Todd Kranda.** There is a criminal code on a slot machine. If it is defined as a slot machine, then there is a technical difference and we have shared this with the Attorney General's office and that hasn't been a response that we have received as a concern.

**Representative Klemin:** Are there any limits on these types of machines that can be at a location?

**Todd Kranda:** The Gaming Commission would want to determine that. Those types of activities are decided by the administrative rules?

**Representative Klemin:** So there could be a lot more than five locations?

**Todd Kranda:** Right now the amendment proposes not to have that limit. Right now there would not be any rule. We think it should be left at the gaming commission.

**Representative Klemin:** Does the machine work like an ATM.

**Todd Kranda:** That is technical and I do not know how that works.

**Representative Satrom:** Do we have any information about the typical gambler?

**Todd Kranda:** I am not sure where we could get that?

**Representative Satrom:** I would like data on that and what percentage that actually goes to the charities. Is this an expansion of locations? We have a limit by statute now as far as how many machines and locations would be going up? Do you see an increase in the use for doing this?

**Todd Kranda:** The data on the typical person who does pull tabs we will have to find that. The eligible use they can give you at the Attorney Generals. Terms of location activity there are about 300 licensed organizations operating 900 gaming sites across the state. Benefits is you don't have the workforce so there are some of those benefits.

**Representative Satrom:** Is there any time on this?

**Todd Kranda:** it is no different than the operational time for pull tabs. It isn't 24-7.

**Representative Klemin:** I cannot find the time now.

**Vice Chairman Karls:** How much do these machines cost?

**Scott Hennemen, Vice President of Oasis Gaming:** (#11) We are licensed in ND and 36 other states. (28:00-36:40) Brought in a paper pull tab box. Discussed the process and delivery of gaming pull tabs.

**Representative Roers Jones:** You said you cannot purchase with credit cards.

**Scott Hennemen:** No there is no way you can put a credit card in them now.

**Representative Klemin:** Could you explain the financial aspect of them and how they are handled.

**Scott Hennemen:** That is handled in ND under administrative rule. The machines do not cost much more than the machines they run now. That is why there are leases available.

**Representative Klemin:** What is the financial part of the lease?

**Scott Hennemen:** We don't get involved in the leasing. The manufacture and a third party leasing is available. Distributors plan to lease the machines to the charities like they do the mechanical dispensers today.

**Representative Jones:** The charities get 45% of this game. What percentage does the players get back in the payout?

**Scott Hennemen:** The payout is about 78% to 80%.

**Representative Jones:** What percentage goes back to the players?

**Scott Hennemen:** I know the players receive 80% payout.

**Representative Jones:** The electronic reporting will be available to the Secretary of State's office faster.

**Scott Hennemen:** Yes the reporting can be nearly instant.

**Representative Klemin:** What about the security? How is it secure so it could not be hacked?"

**Scott Hennemen:** An independent laboratory checks the language so it is difficult for hackers to hack. It is as secure as banks use.

**Representative Jones:** You are saying the time of play. You are saying the time of play of a pull tab is similar to the time of play of an electronic pull tab machine because you still have to open up each one on the screen. So because they are electronic they are not going to be able to go through twice as many because they are electronic.

**Scott Hennemen:** I have seen open play pull tabs opened faster than you could electronically.

**Jonathan Jorgenson, Charitable Gaming of ND and Share House Incorporated:** We are supporting this bill because we feel it will reduce a lot of the cost in North Dakota. We do not feel it will increase revenue coming in. It will increase accuracy compared to paper tickets.

**Vice Chairman Karls:** So you no longer have to go to a small town bar to service those tickets. What about the bank and the bar has to pay out for that voucher that is presented? Don't you have some maintenance on that?

**Jonathan Jorgenson:** The regulations would not be changing. You would still be going to that site weekly which is currently the process for paper tickets. However, we would not have to make further trips during the week to reload the physical pull tabs into the machines.

**Representative Maragos:** To Rep. Jones comment on the 45%. Does that lend yourself to the 20% whole if the payout is 80%, the 45% relates to that 20%? Is that correct?

**Jonathan Jorgenson:** The requirements are 45%.

**Rick Stenseth, Operator:** I would like to second most of what you have heard. This is really a new way of playing an old hand. It does not change any of the rules.

**Vice Chairman Karls:** Part of the appeal of paper pull tabs is the social aspect. Is it possible for a customer to set and monopolize that machine the whole day?

**Rick Stenseth:** I suppose that would be possible if you only had one machine at one location. That is something that is addressed in the Administrative Rules now. Pull tabs do not have any limitations. You can have as many as you want. With one machine there could be some issues.

**Representative Roers Jones:** The operators would still have the option to have paper pull tabs and electronic machines as well?

**Rick Stenseth:** Yes. Our pull tab is down significantly.

**Representative Klemin:** Paper pull tabs are more accessible for everybody?

**Rick Stenseth:** It could have happened with the old rules.

**Representative Jones:** You have three ways of playing the same thing. You are saying that you would want to be able to use all three ways?

**Rick Stenseth:** Those are the three options that would be available. The player option that is electronic gives you more options.

**Chairman K. Koppelman:** The perception of the expansion of gambling is very much a consideration.

**Rick Stenseth:** Some could have made it. This does replace some of lost revenue for many and perhaps could add some additional revenue.

**Mike Schmitz, Horse Racing ND:** We think this opportunity for electronic pull tabs will be more efficient for us. I think it will increase our charitable contributions. It would replace some of those older machines that are older than I am.

**Blair Thorson, Represent Western ND Hospitality Association:** We are in support of this bill. Rudy Mortenson wanted the committee know that the Hospitality Association is in support of this bill with this proposed amendment.

Opposition:

**Joe Richardson, CEO of Gaming:(#12) (1:00:55-1:08:44)** This bill is a pull tab and not a slot machine. In the original bill we wanted the definition of a pull tab. We like pull tabs because they have end point. Went into great discussion on gaming issues. Would like to see a study resolution.

Neutral:

**Deb McDaniel, Attorney General's office:** I was just given the amendments yesterday and we have not been able to review those yet. The Attorney General would like direction as to exactly what type of electronic pull tab dispensing devices and electronic pull tab games would be allowed by statute. As written the bill is open for interpretation. The Attorney General with the Gaming Commission would not like to overstep their bounds when writing administrative rules to regulate this game type. We would assist you. Electronic gaming sites can be compromised.

**Representative Klemin:** Why is this not a slot machine that prohibited under North Dakota law?

**Deb McDaniel:** The criminal code states a gaming device or coin operated gaming device; if it gives you money back and you can replay credits, then it is considered a slot machine. This device is you put in money and you are able to select your pull tab. It doesn't take the winnings and put it into the credit part and let you keep playing the game. You have to stop; go over to the bartender and redeem your prize winning and go back to the machine if you wish to continue playing.

**Representative Klemin:** That is what I see in casinos and they don't pay out money either. This sounds like it would work the same way.

**Deb McDaniel:** It does. I am not an attorney. We suggest the committee and legislative review the criminal code to see if the criminal code needs to be changed. I have no written testimony with me. I was just supposed to come and answer questions.

Hearing closed.

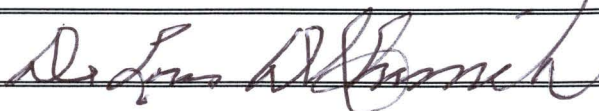
# 2017 HOUSE STANDING COMMITTEE MINUTES

**Judiciary Committee**  
Prairie Room, State Capitol

HB 1216  
2/8/2017  
28079

- Subcommittee  
 Conference Committee

Committee Clerk Signature



## Explanation or reason for introduction of bill/resolution:

Relating to the use of electronic pull tabs and electronic pull tab devices.

Minutes:

1

**Chairman K. Koppelman:** Opened the meeting on HB 1216.

**Representative Maragos:** Passed out the proposed amendment. (#1)

**Made A Motion to Move the amendment 17.0561.01004 by Representative Maragos:  
Seconded by Representative Vetter:**

Discussion:

**Todd Kandra: Kelsch, Kelsch Ruff & Kranda:** (1:09) Went over the proposed amendment.

**Chairman K. Koppelman:** we had another set of amendments that were proposed with the bill. This is in lieu of those? The committee should ignore those.

**Todd Kandra:** It is a little different so we checked with the Attorney General's office. (2:44-7:33) Continued going through the amendment.

**Representative Vetter:** On Section 4 it says an electric pull tab must be available in paper form from a distributor. Essentially the competitor saying he doesn't make the paper ones. Is there a reason why that language is in it?

**Todd Kandra:** The purpose is not necessarily a competitive advantage because anyone can go out there and purchase paper with the manufacturer. If you could play it in paper or electronic they can work together to establish that thru a distributor and provide their product to the market.

**Representative Vetter:** Was that with the advice of the Attorney General?

**Todd Kandra:** I think that was part of our original amendments so it wasn't part of the Attorney General's you need to have this. It was what our concept and intent and what our testimony was. The second point under Section 4 is an AG office request to establish the licensed site and use for pull tabs language.

**Representative Paur:** What is the definition of must be available in paper?

**Todd Kandra:** No it doesn't have to be there at the site. It has to be available in the market. We discussed the administration of that with the Attorney General's office

**Representative Vetter:** So his competitor could just buy paper pull tabs too. He can market it.

**Todd Kandra:** Continuing on with the proposed amendment. (13:00-14:22) Right now there is no limitations to how many bar jars and pull tab machines they can have.

**Representative Klemin:** In places where these electronic pull tabs are located do they also have the paper pull tabs in case somebody doesn't want to use electronic?

**Todd Kandra:** There is not a requirement now. That is going to be up to the organization and cliental and the gaming division can address that.

**Representative Klemin:** Is there any limit to amount of devices or jar bars.

**Representative Hanson:** In the amendment you describe how the credit could be used for cash. Does the game get a slip and then get cash or do you automatically reinvest it?

**Representative Maragos:** The main difference between the electronic machine is they are able to read a bar code so if you get a winning ticket you don't have to go to the bar tender for a \$2; you can stick it in and just have it play and it will kick out the tickets. The main difference between the electronic pull tab if you win the credit will go into the amount that you originally put into the machine. Then you can pull that money out. If you put the paper pull tab that is currently in use; you can't get it out. You have to take the ticket.

**Todd Kandra:** Showed us a bar code on a pull tab. (19:38) Going back through page 2, line 8 on the proposed amendment.

**Chairman K. Koppelman:** The purpose of that is to better define the section.

**Todd Kandra:** I think that is accurate. This definition gave them a comfort level for regulating.

**Representative Klemin:** So this credit ticket voucher can be put back into the machine?

**Todd Kandra:** Yes it does say you that.

**Representative Maragos:** (22:29-23:31) Explained how that works in the mechanical and electronic pull tabs.

**Representative Klemin:** So they can take the voucher home and bring it back next week and use it?

**Representative Maragos:** A winning pull tab has to be redeemed within 15-minute time limit. That is already in rule.

**Representative Jones:** With a machine when you are playing a machine you can win or lose that can go on for a long period of time; then you hit a button and take that to the bar and get it redeemed.

**Representative Satrom:** is this a version of a slot machine?

**Todd Kandra:** No. It is a pull tab machine. So you cannot take you pull tabs home. Discussed in great detail the process.

**Representative Paur:** Pull tab use if falling so they want to use this to attract young players. Will these machines have flashing lights too?

**Todd Kandra:** The machine does have color display.

**Representative Jones:** (28:01-28:47) Explained pull tabs process.

**Representative Satrom:** Is this just a version of a slot machine?

**Representative Paur:** One of the main purposes is to attract young players. Those electronic pull tab machines are going to have flashing lights like a video game?

**Todd Kandra:** It does have color display like paper tickets. Not anything like a casino has.

**Representative Vetter:** (31:17) Clarifying the procedures on the gaming and time limits.

**Representative Maragos:** (mike not on)

**Chairman K. Koppelman:** Is this another way to play the game that is already allow in ND and we are moving into an electronic age? There may have been some statements by Ms. McDaniel that we not quite accurate and I think that is where some of these amendments came from and some of the discussion. Is this simply another way to play the game that is a modernization? Does it represent an expansion of gambling?

**Todd Kandra:** This is a modernization.

**Representative Klemin:** Discussed whether a jar is empty of winners then do they continue to sell tickets?

**Jeff Burns, Distributor:** The rule now is when it gets down to 10 major winners left; that is \$50 or more; they have to dump another bag in. In machines they don't post the winners; it is random.

**Representative Jones:** I was surprised we are up to 70% winner.

**Voice vote carried.**

**Do Pass as Amended Motion Made by Rep. Blum; Seconded by Rep. Magrum**

Discussion:

**Representative Klemin:** It may be a modernization of something, but it is no different than walking into a casino and there are all those machines there and you put in your cash and get your credit voucher out. I don't see how this is not any different than that.

**Representative Maragos:** The gaming industry is all electronic. They have modernized long before our charitable gaming has.

**Chairman K. Koppelman:** I never played pull tabs. They look like a paper version of a slot machine. I am satisfied it is just modernization.

**Representative Paur:** I think this industry is going to be disappointed in this.

**Roll Call Vote: 12 Yes 2 No 1 Absent Carrier: Representative Maragos**

Closed.



2/8/17 DP

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1216

Page 1, line 1, after "Act" insert "to create and enact a new section to chapter 53-06.1 of the North Dakota Century Code, relating to electronic pull tabs; and"

Page 2, line 8, replace "electronically displays pull tabs" with "upon the insertion of cash, dispenses and displays an electronic pull tab in which the player may win credits that can be redeemed for cash or used to purchase more pull tabs. The term does not include a device that directly dispenses coins, cash, tokens, or anything else of value other than a credit ticket voucher"

Page 2, line 31, overstrike the third "or" and insert immediately thereafter an underscored comma

Page 3, line 1, after "device" insert ", or electronic pull tab device"

Page 3, line 24, remove "21. "Pull tab" means a folded or banded ticket or jar ticket, a pull tab card with break-open"

Page 3, remove lines 25 through 31

Page 4, line 1, replace "22." with "21."

Page 4, line 4, replace "23." with "22."

Page 4, line 28, remove "selling pull tabs through"

Page 4, line 29, replace "a" with "electronic pull tabs through an electronic"

Page 4, after line 31, insert:

**"SECTION 4.** A new section to chapter 53-06.1 of the North Dakota Century Code is created and enacted as follows:

**Electronic pull tab and electronic pull tab device requirements.**

1. An electronic pull tab deal also must be available in paper from a distributor.
2. An electronic pull tab device must be located at an organization's licensed site and only may be used for the conduct of electronic pull tabs."

Page 5, line 13, remove "plus an additional one hundred dollars per electronic"

Page 5, remove line 14

Page 5, line 15, remove "any site"

Page 5, line 17, overstrike the first "or" and insert immediately thereafter an underscored comma

Page 5, line 17, overstrike "both" and insert immediately thereafter "electronic pull tab device, or any combination"

Re-number accordingly

2017 HOUSE STANDING COMMITTEE  
 ROLL CALL VOTES  
 BILL/RESOLUTION NO 1216

House Judiciary Committee

Subcommittee

Amendment LC# or Description: 17.0561.01004

Recommendation:  Adopt Amendment  
 Do Pass     Do Not Pass     Without Committee Recommendation  
 As Amended     Rerefer to Appropriations  
 Place on Consent Calendar  
 Other Actions:  Reconsider     \_\_\_\_\_

Motion Made By Rep Maragos Seconded By Rep Vetter

Representatives	Yes	No	Representatives	Yes	No
Chairman K. Koppelman			Rep. Hanson		
Vice Chairman Karls			Rep. Nelson		
Rep. Blum					
Rep. Johnston					
Rep. Jones					
Rep. Klemin					
Rep. Magrum					
Rep. Maragos					
Rep. Paur					
Rep. Roers-Jones					
Rep. Satrom					
Rep. Simons					
Rep. Vetter					

Total (Yes) \_\_\_\_\_ No \_\_\_\_\_

Absent \_\_\_\_\_

Floor Assignment \_\_\_\_\_

If the vote is on an amendment, briefly indicate intent:

Date: 2-8-17  
 Roll Call Vote 2

2017 HOUSE STANDING COMMITTEE  
 ROLL CALL VOTES  
 BILL/RESOLUTION NO 1216

House Judiciary Committee

Subcommittee

Amendment LC# or Description: 17.0561.01004

Recommendation:  Adopt Amendment  
 Do Pass  Do Not Pass  Without Committee Recommendation  
 As Amended  Rerefer to Appropriations  
 Place on Consent Calendar  
 Other Actions:  Reconsider  \_\_\_\_\_

Motion Made By Rep Blum Seconded By Rep. Magrum

Representatives	Yes	No	Representatives	Yes	No
Chairman K. Koppelman	✓		Rep. Hanson	✓	✓
Vice Chairman Karls	✓		Rep. Nelson		✓
Rep. Blum	✓				
Rep. Johnston	✓				
Rep. Jones	✓				
Rep. Klemin		✓			
Rep. Magrum	✓				
Rep. Maragos	✓				
Rep. Paur	✓				
Rep. Roers-Jones	✓				
Rep. Satrom	—	—			
Rep. Simons	✓				
Rep. Vetter	✓				

Total (Yes) 12 No 2

Absent 1

Floor Assignment : Rep. Maragos

If the vote is on an amendment, briefly indicate intent:

**REPORT OF STANDING COMMITTEE**

**HB 1216: Judiciary Committee (Rep. K. Koppelman, Chairman)** recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (12 YEAS, 2 NAYS, 1 ABSENT AND NOT VOTING). HB 1216 was placed on the Sixth order on the calendar.

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**"SECTION 4.** A new section to chapter 53-06.1 of the North Dakota Century Code is created and enacted as follows:

**Electronic pull tab and electronic pull tab device requirements.**

1. An electronic pull tab deal also must be available in paper from a distributor.
2. An electronic pull tab device must be located at an organization's licensed site and only may be used for the conduct of electronic pull tabs.

Page 5, line 13, remove "plus an additional one hundred dollars per electronic"

Page 5, remove line 14

Page 5, line 15, remove "any site"

Page 5, line 17, overstrike the first "or" and insert immediately thereafter an underscored comma

Page 5, line 17, overstrike "both" and insert immediately thereafter "electronic pull tab device, or any combination"

Re-number accordingly

**2017 SENATE JUDICIARY**

**HB 1216**

# 2017 SENATE STANDING COMMITTEE MINUTES

Judiciary Committee  
Fort Lincoln Room, State Capitol

HB 1216  
3/21/2017  
29507

- Subcommittee  
 Conference Committee

Committee Clerk Signature



## Explanation or reason for introduction of bill/resolution:

Relating to electronic pull tabs; relating to the use of electronic pull tabs and electronic pull tab devices.

Minutes:

Testimony attached #

1,2,3,4,5,6

**Chairman Armstrong** called the committee to order on HB 1216. All committee members were present.

**Andrew Maragos, North Dakota State Representative District 3**, briefly introduced and testified in support of the bill. No written testimony.

"I will leave it up to the experts to explain this bill and answer any questions that you may have."

**Todd Kranda, North Dakota attorney (1:05 – 11:10)**, testified in support of the bill. (see attachment 1,2,3,4,5,6)

**Scott Henneman, Vice-President and General Manager of Oasis Gaming (11:30 – 24:35)**, testified in support of the bill. No written testimony.

Scott went over the history of Oasis Gaming. He discussed how electronic pull tabs are the same as paper pull tabs since they both contain a specific amount of winning tickets and the same amount of profit that would be given out.

**Senator Luick (13:25)**: "Do each charities have a different ratio of that profit margin in there? Do you manufacture each of those set ups for those charities or is that set up by law?"

**Scott Henneman**: "It's set up under rule by each state jurisdiction, but we manufacture the ticket/game that fits the regulations and jurisdictions."

**Senator Luick (14:20)**: "If you take the 2500 gross number of tickets in there, and you have x number of payouts, the ratio will be such and such 2500. So if, for example, the Alliance Club wants a 25% return on the profit of that box of 2500, they would have x number of

payout tickets incorporated into that box of 2500. So for each charity they could manipulate the number of winning tickets in that 2500 tickets, right?"

**Scott Henneman:** "The game is pre-manufactured to the standards of those jurisdictions. The likely different payout percentages based on what the charity desires and what kind of profit they want. So like the example you gave if they wanted 25% back to the charity from the selling of those tickets, then that game would have a 75% payout."

**Senator Luick (15:55):** "Is that changeable by location or how is that determined? Can they manipulate the payout on the machine?"

**Scott Henneman:** "No. There is no way once the game arrives at the location that the charity has any way to modify tickets or take out tickets from that pool or deal. It comes out exactly the way it was manufactured."

**Senator Luick (16:55):** "Is there a chip in there or what controls the amount of pay out?"

**Scott Henneman:** "No chip. The game resides upon a hard drive and that hard drive is encrypted and there is no way for that charity to get into that."

**Scott Henneman** continued his testimony.

**Chairman Armstrong (21:10):** "That's an odd way to describe it, you're playing against a finite number aren't you? Not player versus player."

**Scott Henneman:** "It is a social game. It does have the characteristics where players are playing against that finite set of the same time."

**Chairman Armstrong:** "You're not wrong I just think it's an odd way to describe it."

**Rick Stemseth, Operator of Fargo/Moorhead Community Theatre and Team Makers Club, (24:50 – 25:30),** briefly testified in support of the bill. No written testimony.

"I will just add that we have seen a decline in pull tabs over the years and part of the reason is because the newer generations don't find the same excitement as we have over the last 30 years. We hope for a Do Pass from you people so we can continue expanding this industry."

**Senator Nelson (25:48):** "I play pull tabs in a rather small venue. They don't have room for one of these machines but they might have room for tablet sized machines which I know are also available. I think millennials would rather have a tablet sized device to bring pull tabs back to the table to play with them. I'm wondering about the social aspect of these machines compared to the paper ones now?"

**Rick Stemseth:** "Tablets are used for quick shot bingo and they are new to the industry. I think down the road we will look toward that, but this legislation doesn't include that because it works how it works now, just with a machine. This bill is just to look at the alternative for a moment."

**Senator Nelson (28:25):** "On the white board behind the jar bar, there is a number of how many tickets are gone. When the winners are gone do companies still sell all the tickets or are they honest about it and say there are no more winners left?"

**Rick Stemseth:** "I can't vouch for all organizations but we don't."

**Senator Nelson (29:05):** "Do the machines say how many winners are left? And where do they say that?"

**Rick Stemseth:** "Yes, I believe they do."

**Senator Nelson:** "Where does it say that on the machine?"

**Chairman Armstrong:** "We will call Scott back up to address that."

**Janelle Mitzel, Charitable Gaming Association of North Dakota (30:05 – 31:20),** briefly testified in support of the bill. (see attachment 6)

"We support this bill. This should reduce ticket fraud as well as other misinformation by doing this electronically. I believe electronic machines also maintain the integrity of the game."

**Chairman Armstrong (31:20):** "How much do you give to charities? How does your organization track it?"

**Janelle Mitzel:** "Deb McDaniel could answer that a little more clearly."

**Scott Henneman** came back up to podium.

**Senator Nelson:** "Where do you see how many winners are left on the machines?"

**Scott Henneman:** "Many jurisdictions don't want that shown to the player because it could be considered insider information. But to answer your question there would be no problem to show it and where we would show it is where we have the help screen today. Where the pull tab is displayed on screen there is a help button, and the help button takes you to the pay table that shows how many winners are available in each tier of the game."

**Senator Nelson (34:50):** "Does your company make tablet machines?"

**Scott Henneman:** "Yes, in Minnesota."

**Senator Luick (35:25):** "Do the technicalities of payout information have to be in this bill? Or can you just have that there without it being in law?"

**Scott Henneman:** "I think those things are best handled in administrative rules."

**Senator Luick (36:20):** "I'm looking out for the betterment of the people here. If there are no winners left in a box of 600 tickets, I just want to make sure nobody is taken advantage here."



**Chairman Armstrong (37:05):** "I'm fairly certain that paper dispensing machines don't show how many winners are in there."

**Deb McDaniel, Director for Charitable Gaming Division of the Attorney General's Office,** testified in neutrality of the bill.

"I'm just here to answer any question you may have."

**Chairman Armstrong (28:20):** "What is promulgated by rule and what is promulgated by Century Code on paper pull tabs?"

**Deb McDaniel:** "You need to (indistinguishable) games by law. There's a two hour cost per play, and then there's a last sale price that can't be over 500 hundred dollars. Other than that, everything else is propagated by rule."

**Chairman Armstrong (38:50):** "Are paper pull tab jars required by law to tell people what's left?"

**Deb McDaniel:** "No, and it's not required for jar bars either."

**Chairman Armstrong (39:55):** "You're comfortable regulating this?"

**Deb McDaniel:** "Yes."

**Chairman Armstrong (40:05):** "Do you have any data of how much is distributed to charities across the state for charitable gaming and/or a list?"

**Deb McDaniel:** "Todd Kranda handed out that info which is what I gave to him. That's the same info."

**Chairman Armstrong:** "Okay."

**Senator Luick (40:50):** "Do you see the number of dollars going out to these agencies increasing? Decreasing? Staying the same? Do you see gambling addictions increasing across the state?"

**Deb McDaniel:** "Gambling is volatile. Some people do and don't and depends on a lot of factors. Right now it has decreased a little bit. Pull tabs make up about more than 1/2 of net proceeds that come in, both jars and dispensing devices."

**Chairman Armstrong (42:20):** "Is the reason net proceeds are so much higher because the cost of doing blackjack is more?"

**Deb McDaniel:** "Yes. They have additional expenses with blackjack."

**Chairman Armstrong (42:50):** "Are you required to have cameras on pull tabs, and one employee present?"

**Deb McDaniel:** "We do allow bar assist for dispensing prices. But for bingo, 21, and things like that, a charity is running the gambling, not the bar, and so there has to be employees running that."

**Chairman Armstrong (44:00):** "So these electronics will be treated just like paper?"

**Deb McDaniel:** "Yes."

**Senator Luick (44:10):** "People testified that they don't see this as an expansion of gambling but isn't this expanding to the millennials? Wouldn't that be an expansion?"

**Deb McDaniel:** "That's not for me to make a comment on"

**Chairman Armstrong** called a recess on the hearing to be heard on Monday.

# 2017 SENATE STANDING COMMITTEE MINUTES

**Judiciary Committee**  
Fort Lincoln Room, State Capitol

HB 1216 Reconvene  
3/27/2017  
29703

- Subcommittee  
 Conference Committee

Committee Clerk Signature



## Explanation or reason for introduction of bill/resolution:

Relating to electronic pull tabs; relating to the use of electronic pull tabs and electronic pull tab devices.

**Minutes:**

**Testimony attached #**

1,2,3

**Chairman Armstrong** began the discussion on HB 1216. All committee members were present.

“The reason we are hearing this bill again is because Joe Richardson wasn’t able to testify on it last week and I wanted him to provide his thoughts on the bill.”

**Joe Richardson, CEO Gaming Studio (:45 – 16:20)**, testified in support of the bill. (see attachment 1,2,3)

“We support this bill; if you adopt the amendments that Senator Nelson is proposing. Without the amendments we do not support the bill.”

**Chairman Armstrong** closed the hearing on HB 1216.

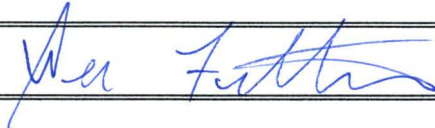
# 2017 SENATE STANDING COMMITTEE MINUTES

**Judiciary Committee**  
Fort Lincoln Room, State Capitol

HB 1216 Committee Work  
3/28/2017  
29750

- Subcommittee  
 Conference Committee

Committee Clerk Signature



## Explanation or reason for introduction of bill/resolution:

Relating to electronic pull tabs; relating to the use of electronic pull tabs and electronic pull tab devices.

**Minutes:**

**Attachments**

1,2

**Chairman Armstrong** began the discussion on HB 1216. All committee members were present.

**Senator Larson** motioned to Adopt the Amendments as a package. **Senator Luick** seconded.

Discussion followed:

**Senator Luick:** "I would not like to see this as packaged because I believe that the one has some validity to it but I think the wheel one is an expansion. I cannot vote for them together."

**Chairman Armstrong:** "I have a little issue with the interest toward the pinwheel amendment from the gaming folks. I know in the last session he was upset that it didn't pass and I told him that these things take time."

**Senator Larson** withdrew her motion. **Senator Nelson** seconded.

**Senator Larson** motioned to Adopt the Amendment (2004) excluding the paddle wheel (see attachment 2). **Senator Nelson** seconded.

A Roll Call Vote was taken. Yea: 3 Nay: 3 Absent: 0.  
The motion failed.

**Senator Luick** motioned for a Do Pass. **Senator Osland** seconded.

A Roll Call Vote was taken. Yea: 3 Nay: 3 Absent: 0.  
The motion failed.

**Senator Larson** motioned Do Not Pass. **Senator Nelson** seconded.

Discussion followed:

**Senator Larson:** “we’ve heard from testimony that this is not an expansion of gambling and yet they said they want this because it’s a great opportunity to attract new players; to appeal to the younger generation. I guess I just don’t see a reason to introduce a gambling addiction to a younger generation.”

**Chairman Armstrong:** “Well, in all fairness, it’s the same as it is now, just in an electronic format.”

**Senator Nelson:** “You can’t carry that big machine over to your table and have fun opening up the tabs. You have to stand up and face that big machine wherever it is. I would have been in favor of tablet sized ones, but not these.”

A Roll Call Vote was taken. Yea: 3 Nay: 3 Absent: 0.  
The motion failed.

**Chairman Armstrong:** “We will try this again tomorrow morning.”

**Chairman Armstrong** ended the discussion on HB 1216.

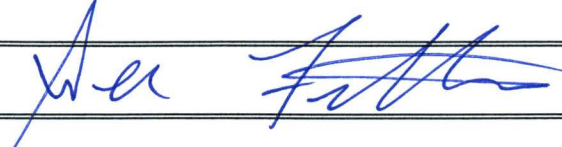
# 2017 SENATE STANDING COMMITTEE MINUTES

**Judiciary Committee**  
Fort Lincoln Room, State Capitol

HB 1216 Committee Work  
3/29/2017  
29798

- Subcommittee  
 Conference Committee

Committee Clerk Signature



## Explanation or reason for introduction of bill/resolution:

Relating to electronic pull tabs; relating to the use of electronic pull tabs and electronic pull tab devices.

**Minutes:**

**Attachments**

1

**Chairman Armstrong** began the discussion on HB 1216 All committee members were present.

Senator Nelson's amendment was reviewed by the committee. (see attachment 1)

**Senator Nelson:** "The point of this amendment is to hoghouse the bill back to what it was originally when it was introduced to the House."

**Senator Nelson** motioned to Adopt the Amendment. **Senator Larson** seconded.

Discussion followed:

**Senator Luick:** "I'm not sure I can vote on this amendment without knowing what's in it. How is this different from before?"

**Senator Nelson:** "What we had, that we talked about the other day, had a lot of management in it. This particular bill, the way it was initially presented, adds the definition of pull tabs, and it inserts pull tabs in section 4, and section 5. That's all it does. It leaves the rule making up to the Attorney General's Office. It defines electronic pull tabs, and pull tabs."

A Roll Call Vote was taken. Yea: 4 Nay: 2 Absent: 0.  
The motion passed.

**Senator Nelson** motioned for a Do Pass as Amended. **Senator Osland** seconded.

A Roll Call Vote was taken. Yea: 3 Nay: 3 Absent: 0.  
The motion failed.

**Chairman Armstrong:** "We have to move the bill, committee. So we need another motion."

**Senator Larson:** "Senator Luick, is the reason you voted no today and yes yesterday because you didn't have time to review the amendment?"

**Senator Luick:** "Absolutely. I have no idea about the changes that are happening here."

**Chairman Armstrong:** "We will take a little break so Senator Luick can review the bill. We will vote again after we reconvene."

**Senator Luick** motioned for Do Pass as Amended. **Senator Osland** seconded.

A Roll Call Vote was taken. Yea: 4 Nay: 2 Absent: 0.  
The motion carried.

**Senator Nelson** carried the bill.

**Chairman Armstrong** ended the discussion on HB 1216.

March 23, 2017

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1216

Page 1, line 3, after "53-06.1-06" insert ", section 53-06.1-08"

Page 1, line 4, after "to" insert "pull tabs and"

Page 2, line 8, replace "insertion" with "payment"

Page 3, line 28, after "21." insert "\"Pull tabs\", whether in paper or electronic form, means a game:

- a. Composed of an initial preset quantity of chances, all of which sell for the same price per chance;
- b. Which contains a preset quantity of winning chances, the value of which is preset and posted with the higher tier chances remaining posted and where players are able to see, directly or through a digital meter, accurate to within five percent, the quantity of chances remaining; and
- c. In which all players are able to access any pool of chances remaining for sale at the location.

22."

Page 4, line 1, replace "22." with "23."

Page 4, after line 28, insert:

"SECTION 4. AMENDMENT. Section 53-06.1-08 of the North Dakota Century Code is amended and reenacted as follows:

**53-06.1-08. Punchboards and pull tabs.**

1. The maximum sales price per pull tab and punchboard punch is two dollars. The maximum prize value of a top tier winning pull tab or punchboard punch is five hundred dollars.
2. The quantity of all pull tab chances remaining during play must be visible to players through a transparent container or, if in electronic form, shown through a visual meter display accurate to within five percent. Each pull tab game or deal must have an initial preset quantity of winning chances, each paying an invariable prize amount that is posted and visible to the public. The updated quantity of top tier winning pull tabs remaining which award a prize value equal to fifty times the price of a chance or higher must be displayed to the public in real time.
3. Unless all top tier winning pull tabs or punchboard punches of a game have been redeemed, or unless otherwise permitted by a gaming rule or the attorney general, a person or organization may not close the game after it has been placed in play. ~~The maximum sales price per pull tab and punchboard punch is two dollars. The maximum prize value of a top tier winning pull tab or punchboard punch is five hundred dollars.~~



4. All players at a location from which paper pull tabs are vended must have an equal opportunity to acquire chances from any game of paper pull tabs offered at the same location. All players with electronic pull tab devices must have an equal opportunity to acquire chances from any game offered on any device at the same location.
5. The game of pull tabs, when conducted in paper with paper tickets, may only be conducted by commingling deals."

Page 5, remove line 2

Page 5, line 3, remove "2."

Renumber accordingly

March 29, 2017

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PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1216

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to amend and reenact section 53-06.1-01, subsection 4 of section 53-06.1-01.1, subsection 1 of section 53-06.1-06, subsection 5 of section 53-06.1-11, and section 53-06.1-14 of the North Dakota Century Code, relating to the use of electronic pull tabs and electronic pull tab devices.

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

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

**53-06.1-01. Definitions.**

As used in this chapter:

1. "Adjusted gross proceeds" means gross proceeds less cash prizes, cost of merchandise prizes, gaming tax, and federal excise tax imposed under section 4401 of the Internal Revenue Code [26 U.S.C. 4401].
2. "Charitable organization" means an organization whose primary purpose is for relief of poor, distressed, underprivileged, diseased, elderly, or abused persons, prevention of cruelty to children or animals, or similar condition of public concern.
3. "Civic and service organization" means an organization whose primary purpose is to promote the common good and social welfare of a community as a sertoma, lion, rotary, jaycee, kiwanis, or similar organization.
4. "Closely related organization" means an organization that controls, is controlled by, or is under common control with another organization. Control exists when an organization has the authority or ability to elect, appoint, or remove a majority of the officers or directors of another organization or, by policy, contract, or otherwise, has the authority or ability to directly or indirectly direct or cause the direction of the management or policies of another organization.
5. "Distributor" means a person that sells, markets, or distributes equipment designed for use in the conduct of games.
6. "Educational organization" means a nonprofit public or private elementary or secondary school, two-year or four-year college, or university.
7. "Electronic pull tab device" means a device, approved by the attorney general, which electronically displays pull tabs.

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8. "Eligible organization" means a veterans, charitable, educational, religious, fraternal, civic and service, public safety, or public-spirited organization domiciled in North Dakota or authorized by the secretary of state as a foreign corporation under chapter 10-33, incorporated as a nonprofit organization, and which has been regularly and actively fulfilling its primary purpose within this state during the two immediately preceding years. However, an educational organization does not need to be incorporated or be in existence for two years. An organization's primary purpose may not involve the conduct of games. The organization may be issued a license by the attorney general. For purposes of this section, a foreign corporation authorized under chapter 10-33 is not an eligible organization unless authorized to conduct a raffle under chapter 20.1-04 or 20.1-08 and may not conduct a game other than a raffle under chapter 20.1-04 or 20.1-08.
- 8-9. "Fraternal organization" means an organization, except a school fraternity, which is a branch, lodge, or chapter of a national or state organization and exists for the common business, brotherhood, or other interests of its members. The organization must have qualified for exemption from federal income tax under section 501(c)(8) or 501(c)(10) of the Internal Revenue Code.
- 9-10. "Games" means games of chance.
- 10-11. "Gross proceeds" means all cash and checks received from conducting games.
- 11-12. "Licensed organization" means an eligible organization licensed by the attorney general.
- 12-13. "Manufacturer" means, for a pull tab or bingo card, a person who designs, prints, assembles, or produces the product. For a pull tab or bingo card dispensing device or bingo card marking device, a manufacturer means the person who directly controls and manages development of and owns the rights to the proprietary software encoded on a processing chip that enables the device to operate.
- 13-14. "Net income" means gross proceeds less cash prizes, cost of merchandise prizes, and expenses to conduct the gaming activity.
- 14-15. "Net proceeds" means adjusted gross proceeds less allowable expenses and gaming tax.
- 15-16. "Permit" means a local permit or charity local permit issued by a governing body of a city or county to a nonprofit organization or group of people domiciled in North Dakota.
- 16-17. "Person" means any person, partnership, corporation, limited liability company, association, or organization.
- 17-18. "Prize board" means a board used with pull tabs to award cash or merchandise prizes.
- 18-19. "Public safety organization" means an organization whose primary purpose is to provide firefighting, ambulance service, crime prevention, or similar emergency assistance.

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19-20. "Public-spirited organization" means an organization whose primary purpose is for scientific research, amateur sports competition, safety, literary, arts, preservation of cultural heritage, educational activities, educational public service, youth, economic development, tourism, community medical care, community recreation, or similar organization, which does not meet the definition of any other type of eligible organization. However, a nonprofit organization or a group of people recognized as a public-spirited organization by a governing body of a city or county for obtaining a permit does not need to meet this definition.

20-21. "Pull tab" means a folded or banded ticket or jar ticket, a pull tab card with break-open tabs, or an electronic pull tab displaying concealed numbers or symbols or combinations of concealed numbers and symbols which are exposed by a player to determine the outcome. The terms "pull tab" and "jar ticket" are used interchangeably unless otherwise stated. A winning pull tab contains certain symbols, numbers, or combinations of symbols and numbers and may contain multiple winning symbols, numbers, or combinations of symbols and numbers which have been previously designated as winning symbols or numbers.

22. "Religious organization" means a church, body of communicants, or group gathered in common membership whose primary purpose is for advancement of religion, mutual support and edification in piety, worship, and religious observances.

21-23. "Veterans organization" means any congressionally chartered post organization, or any branch or lodge or chapter of a nonprofit national or state organization whose membership consists of individuals who are or were members of the armed services or forces of the United States. The organization must have qualified for exemption from federal income tax under section 501(c)(19) of the Internal Revenue Code.

**SECTION 2. AMENDMENT.** Subsection 4 of section 53-06.1-01.1 of the North Dakota Century Code is amended and reenacted as follows:

4. The commission shall adopt rules in accordance with chapter 28-32, to administer and regulate the gaming industry, including methods of conduct, play, and promotion of games; minimum procedures and standards for recordkeeping and internal control; requiring tax returns and reports from organizations or distributors; methods of competition and doing business by distributors and manufacturers; acquisition and use of gaming equipment; quality standards or specifications for the manufacture of pull tabs, paper bingo cards, electronic pull tab devices, pull tab and bingo card dispensing devices, and bingo card marking devices; to ensure that net proceeds are used for educational, charitable, patriotic, fraternal, religious, or public-spirited uses; to protect and promote the public interest; to ensure fair and honest games; to ensure that fees and taxes are paid; and to prevent and detect unlawful gambling activity.

**SECTION 3. AMENDMENT.** Subsection 1 of section 53-06.1-06 of the North Dakota Century Code is amended and reenacted as follows:

1. No person, except a member, volunteer, an employee of a licensed organization or an organization that has a permit, or an employee of a

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temporary employment agency who provides services to a licensed organization, may manage, control, or conduct any game. "Member" includes a member of an auxiliary organization. In conducting pull tabs, prize boards, or bingo through a dispensing device, selling pull tabs through a pull tab device, selling raffle tickets, or conducting sports pools, the attorney general may allow an employee of an alcoholic beverage establishment to provide limited assistance to an organization.

**SECTION 4. AMENDMENT.** Subsection 5 of section 53-06.1-11 of the North Dakota Century Code is amended and reenacted as follows:

- 5. For a site where bingo is not the primary game:
  - a. If twenty-one or paddlewheels is conducted, the monthly rent may not exceed two hundred dollars multiplied by the necessary number of tables based on criteria prescribed by gaming rule. For each twenty-one table with a wager greater than five dollars, an additional amount up to one hundred dollars may be added to the monthly rent. If pull tabs is also conducted involving only a jar bar, the monthly rent for pull tabs may not exceed an additional one hundred seventy-five dollars. If pull tabs is conducted involving only a dispensing device, electronic pull tab device, or ~~both~~ a jar bar and dispensing device or electronic pull tab device, the monthly rent for pull tabs may not exceed an additional three hundred twenty-five dollars.
  - b. If twenty-one and paddlewheels are not conducted but pull tabs is conducted involving either a jar bar or dispensing device, or ~~both~~ electronic pull tab device, or any combination, the monthly rent may not exceed four hundred dollars.

**SECTION 5. AMENDMENT.** Section 53-06.1-14 of the North Dakota Century Code is amended and reenacted as follows:

**53-06.1-14. Distributors and manufacturers.**

- 1. A manufacturer of pull tabs, bingo cards, electronic pull tab devices, or bingo card marking devices shall apply annually for a license and pay a license fee of four thousand dollars. A manufacturer of pull tab dispensing devices shall apply annually for a license and pay a license fee of one thousand dollars. A manufacturer of fifty-fifty raffle systems shall apply annually for a license and pay a license fee of five hundred dollars. A distributor shall apply annually for a license and pay a license fee of one thousand five hundred dollars. Application must be made before the first day of April in each year on a form prescribed by the attorney general.
- 2. A licensed distributor may not sell, market, or distribute gaming equipment except to a licensed distributor, licensed organization, organization that has a permit, or other person authorized by gaming rule or the attorney general. A manufacturer of a pull tab dispensing device, pull tab, electronic pull tab device, bingo card marking device, bingo card, or fifty-fifty raffle system may only sell, market, or distribute the manufacturer's pull tab dispensing device and processing chip encoded with proprietary software, pull tab, electronic pull tab device, bingo card marking device, bingo card, or fifty-fifty raffle system to a licensed distributor. A licensed distributor may purchase or acquire a pull tab dispensing device and processing chip

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encoded with proprietary software, pull tab, electronic pull tab device, bingo card marking device, bingo card, or fifty-fifty raffle system only from a licensed manufacturer or licensed distributor. However, a distributor may purchase or acquire a used pull tab dispensing device or electronic pull tab device from a licensed organization. A distributor may not duplicate a manufacturer's processing chip encoded with proprietary software. No gaming equipment or prize may be sold or leased at an excessive price.

3. A licensed distributor shall affix a North Dakota gaming stamp to each deal of pull tabs and bingo cards, raffle board, punchboard, sports pool board, calcutta board, and series of paddlewheel ticket cards sold or otherwise provided to a licensed organization and shall purchase the stamps from the attorney general for thirty-five cents each. Ten cents of each stamp sold by the attorney general, up to thirty-six thousand dollars per biennium, must be credited to the attorney general's operating fund to defray the costs of issuing and administering the gaming stamps.
4. A licensed organization, organization that has a permit, licensed manufacturer, or North Dakota wholesaler of liquor or alcoholic beverages may not be a distributor or stockholder of a distributor. A distributor may not be a stockholder of a manufacturer.
5. In addition to the license fee, the attorney general may require advance payment of any fee necessary to pay the cost of a record check of an applicant according to subdivision c of subsection 5 of section 53-06.1-06.
6. A licensed manufacturer may not refuse to sell deals of pull tabs, paper bingo cards, or gaming equipment to a licensed distributor unless:
  - a. A specific deal of pull tabs is sold on an exclusive basis;
  - b. The manufacturer does not sell deals of pull tabs, paper bingo cards, or gaming equipment to any distributor in the state;
  - c. A gaming law or rule prohibits the sale;
  - d. The distributor has not provided the manufacturer with proof of satisfactory credit or is delinquent on any payment owed to the manufacturer; or
  - e. The distributor has not met the manufacturer's standard minimum order quantity and freight terms."

Renumber accordingly

**2017 SENATE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. HB 1216**

Senate Judiciary Committee

Subcommittee

Amendment LC# or Description: \_\_\_\_\_

Recommendation:     Adopt Amendment  
                            Do Pass     Do Not Pass     Without Committee Recommendation  
                            As Amended                                    Rerefer to Appropriations  
                            Place on Consent Calendar  
 Other Actions:        Reconsider                                    \_\_\_\_\_

Motion Made By Senator Larson                                   Seconded By Senator Nelson

Senators	Yes	No	Senators	Yes	No
Chairman Armstrong		X	Senator Nelson	X	
Vice-Chair Larson	X				
Senator Luick		X			
Senator Myrdal	X				
Senator Osland		X			

Total    (Yes) 3                                   No 3

Absent    0

Floor Assignment \_\_\_\_\_

If the vote is on an amendment, briefly indicate intent:  
 The Amendment to be adopted was 17.0561.02004 (see attachment 1). The Amendment failed to pass.

**2017 SENATE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. HB 1216**

Senate Judiciary \_\_\_\_\_ Committee

Subcommittee

Amendment LC# or Description: \_\_\_\_\_

Recommendation:     Adopt Amendment  
                               Do Pass     Do Not Pass     Without Committee Recommendation  
                               As Amended                                     Rerefer to Appropriations  
                               Place on Consent Calendar  
 Other Actions:         Reconsider                                     \_\_\_\_\_

Motion Made By Senator Luick \_\_\_\_\_ Seconded By Senator Osland \_\_\_\_\_

Senators	Yes	No	Senators	Yes	No
Chairman Armstrong	X		Senator Nelson		X
Vice-Chair Larson		X			
Senator Luick	X				
Senator Myrdal		X			
Senator Osland	X				

Total    (Yes) 3 \_\_\_\_\_ No 3 \_\_\_\_\_

Absent 0 \_\_\_\_\_

Floor Assignment \_\_\_\_\_

If the vote is on an amendment, briefly indicate intent:



**2017 SENATE STANDING COMMITTEE  
 ROLL CALL VOTES  
 BILL/RESOLUTION NO. HB 1216**

Senate Judiciary Committee

Subcommittee

Amendment LC# or Description: \_\_\_\_\_

Recommendation:  Adopt Amendment  
 Do Pass     Do Not Pass     Without Committee Recommendation  
 As Amended     Rerefer to Appropriations  
 Place on Consent Calendar  
 Other Actions:  Reconsider     \_\_\_\_\_

Motion Made By Senator Larson Seconded By Senator Nelson

Senators	Yes	No	Senators	Yes	No
Chairman Armstrong		X	Senator Nelson	X	
Vice-Chair Larson	X				
Senator Luick		X			
Senator Myrdal	X				
Senator Osland		X			

Total (Yes) 3 No 3

Absent 0

Floor Assignment \_\_\_\_\_

If the vote is on an amendment, briefly indicate intent:

**2017 SENATE STANDING COMMITTEE  
 ROLL CALL VOTES  
 BILL/RESOLUTION NO. HB 1216**

Senate Judiciary Committee

Subcommittee

Amendment LC# or Description: 17.0561.02006

Recommendation:  Adopt Amendment  
 Do Pass     Do Not Pass     Without Committee Recommendation  
 As Amended     Rerefer to Appropriations  
 Place on Consent Calendar  
 Other Actions:  Reconsider     \_\_\_\_\_

Motion Made By Senator Nelson    Seconded By Senator Larson

Senators	Yes	No	Senators	Yes	No
Chairman Armstrong	X		Senator Nelson	X	
Vice-Chair Larson	X				
Senator Luick		X			
Senator Myrdal		X			
Senator Osland	X				

Total (Yes) 4    No 2

Absent 0

Floor Assignment \_\_\_\_\_

If the vote is on an amendment, briefly indicate intent:

**2017 SENATE STANDING COMMITTEE  
 ROLL CALL VOTES  
 BILL/RESOLUTION NO. HB 1216**

Senate Judiciary \_\_\_\_\_ Committee

Subcommittee

Amendment LC# or Description: \_\_\_\_\_

Recommendation:     Adopt Amendment  
                            Do Pass     Do Not Pass     Without Committee Recommendation  
                            As Amended                             Rerefer to Appropriations  
                            Place on Consent Calendar

Other Actions:         Reconsider                             \_\_\_\_\_

Motion Made By Senator Nelson                            Seconded By Senator Osland

Senators	Yes	No	Senators	Yes	No
Chairman Armstrong	X		Senator Nelson	X	
Vice-Chair Larson		X			
Senator Luick		X			
Senator Myrdal		X			
Senator Osland	X				

Total    (Yes)   3                              No   3  

Absent   0  

Floor Assignment \_\_\_\_\_

If the vote is on an amendment, briefly indicate intent:

**2017 SENATE STANDING COMMITTEE  
 ROLL CALL VOTES  
 BILL/RESOLUTION NO. HB 1216**

Senate Judiciary Committee

Subcommittee

Amendment LC# or Description: \_\_\_\_\_

Recommendation:  Adopt Amendment  
 Do Pass     Do Not Pass     Without Committee Recommendation  
 As Amended     Rerefer to Appropriations  
 Place on Consent Calendar  
 Other Actions:  Reconsider     \_\_\_\_\_

Motion Made By Senator Luick Seconded By Senator Osland

Senators	Yes	No	Senators	Yes	No
Chairman Armstrong	X		Senator Nelson	X	
Vice-Chair Larson		X			
Senator Luick	X				
Senator Myrdal		X			
Senator Osland	X				

Total (Yes) 4 No 2

Absent 0

Floor Assignment Senator Nelson

If the vote is on an amendment, briefly indicate intent:

**REPORT OF STANDING COMMITTEE**

**HB 1216, as engrossed: Judiciary Committee (Sen. Armstrong, Chairman)** recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (4 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING). Engrossed HB 1216 was placed on the Sixth order on the calendar.

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to amend and reenact section 53-06.1-01, subsection 4 of section 53-06.1-01.1, subsection 1 of section 53-06.1-06, subsection 5 of section 53-06.1-11, and section 53-06.1-14 of the North Dakota Century Code, relating to the use of electronic pull tabs and electronic pull tab devices.

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

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

**53-06.1-01. Definitions.**

As used in this chapter:

1. "Adjusted gross proceeds" means gross proceeds less cash prizes, cost of merchandise prizes, gaming tax, and federal excise tax imposed under section 4401 of the Internal Revenue Code [26 U.S.C. 4401].
2. "Charitable organization" means an organization whose primary purpose is for relief of poor, distressed, underprivileged, diseased, elderly, or abused persons, prevention of cruelty to children or animals, or similar condition of public concern.
3. "Civic and service organization" means an organization whose primary purpose is to promote the common good and social welfare of a community as a sertoma, lion, rotary, jaycee, kiwanis, or similar organization.
4. "Closely related organization" means an organization that controls, is controlled by, or is under common control with another organization. Control exists when an organization has the authority or ability to elect, appoint, or remove a majority of the officers or directors of another organization or, by policy, contract, or otherwise, has the authority or ability to directly or indirectly direct or cause the direction of the management or policies of another organization.
5. "Distributor" means a person that sells, markets, or distributes equipment designed for use in the conduct of games.
6. "Educational organization" means a nonprofit public or private elementary or secondary school, two-year or four-year college, or university.
7. "Electronic pull tab device" means a device, approved by the attorney general, which electronically displays pull tabs.
8. "Eligible organization" means a veterans, charitable, educational, religious, fraternal, civic and service, public safety, or public-spirited organization domiciled in North Dakota or authorized by the secretary of state as a foreign corporation under chapter 10-33, incorporated as a nonprofit organization, and which has been regularly and actively fulfilling its primary purpose within this state during the two immediately preceding years. However, an educational organization does not need to be incorporated or be in existence for two years. An organization's primary

purpose may not involve the conduct of games. The organization may be issued a license by the attorney general. For purposes of this section, a foreign corporation authorized under chapter 10-33 is not an eligible organization unless authorized to conduct a raffle under chapter 20.1-04 or 20.1-08 and may not conduct a game other than a raffle under chapter 20.1-04 or 20.1-08.

- 8-9. "Fraternal organization" means an organization, except a school fraternity, which is a branch, lodge, or chapter of a national or state organization and exists for the common business, brotherhood, or other interests of its members. The organization must have qualified for exemption from federal income tax under section 501(c)(8) or 501(c)(10) of the Internal Revenue Code.
- 9-10. "Games" means games of chance.
- 10-11. "Gross proceeds" means all cash and checks received from conducting games.
- 11-12. "Licensed organization" means an eligible organization licensed by the attorney general.
- 12-13. "Manufacturer" means, for a pull tab or bingo card, a person who designs, prints, assembles, or produces the product. For a pull tab or bingo card dispensing device or bingo card marking device, a manufacturer means the person who directly controls and manages development of and owns the rights to the proprietary software encoded on a processing chip that enables the device to operate.
- 13-14. "Net income" means gross proceeds less cash prizes, cost of merchandise prizes, and expenses to conduct the gaming activity.
- 14-15. "Net proceeds" means adjusted gross proceeds less allowable expenses and gaming tax.
- 15-16. "Permit" means a local permit or charity local permit issued by a governing body of a city or county to a nonprofit organization or group of people domiciled in North Dakota.
- 16-17. "Person" means any person, partnership, corporation, limited liability company, association, or organization.
- 17-18. "Prize board" means a board used with pull tabs to award cash or merchandise prizes.
- 18-19. "Public safety organization" means an organization whose primary purpose is to provide firefighting, ambulance service, crime prevention, or similar emergency assistance.
- 19-20. "Public-spirited organization" means an organization whose primary purpose is for scientific research, amateur sports competition, safety, literary, arts, preservation of cultural heritage, educational activities, educational public service, youth, economic development, tourism, community medical care, community recreation, or similar organization, which does not meet the definition of any other type of eligible organization. However, a nonprofit organization or a group of people recognized as a public-spirited organization by a governing body of a city or county for obtaining a permit does not need to meet this definition.
- 20-21. "Pull tab" means a folded or banded ticket or jar ticket, a pull tab card with break-open tabs, or an electronic pull tab displaying concealed

numbers or symbols or combinations of concealed numbers and symbols which are exposed by a player to determine the outcome. The terms "pull tab" and "jar ticket" are used interchangeably unless otherwise stated. A winning pull tab contains certain symbols, numbers, or combinations of symbols and numbers and may contain multiple winning symbols, numbers, or combinations of symbols and numbers which have been previously designated as winning symbols or numbers.

22. "Religious organization" means a church, body of communicants, or group gathered in common membership whose primary purpose is for advancement of religion, mutual support and edification in piety, worship, and religious observances.
- 24-23. "Veterans organization" means any congressionally chartered post organization, or any branch or lodge or chapter of a nonprofit national or state organization whose membership consists of individuals who are or were members of the armed services or forces of the United States. The organization must have qualified for exemption from federal income tax under section 501(c)(19) of the Internal Revenue Code.

**SECTION 2. AMENDMENT.** Subsection 4 of section 53-06.1-01.1 of the North Dakota Century Code is amended and reenacted as follows:

4. The commission shall adopt rules in accordance with chapter 28-32, to administer and regulate the gaming industry, including methods of conduct, play, and promotion of games; minimum procedures and standards for recordkeeping and internal control; requiring tax returns and reports from organizations or distributors; methods of competition and doing business by distributors and manufacturers; acquisition and use of gaming equipment; quality standards or specifications for the manufacture of pull tabs, paper bingo cards, electronic pull tab devices, pull tab and bingo card dispensing devices, and bingo card marking devices; to ensure that net proceeds are used for educational, charitable, patriotic, fraternal, religious, or public-spirited uses; to protect and promote the public interest; to ensure fair and honest games; to ensure that fees and taxes are paid; and to prevent and detect unlawful gambling activity.

**SECTION 3. AMENDMENT.** Subsection 1 of section 53-06.1-06 of the North Dakota Century Code is amended and reenacted as follows:

1. No person, except a member, volunteer, an employee of a licensed organization or an organization that has a permit, or an employee of a temporary employment agency who provides services to a licensed organization, may manage, control, or conduct any game. "Member" includes a member of an auxiliary organization. In conducting pull tabs, prize boards, or bingo through a dispensing device, selling pull tabs through a pull tab device, selling raffle tickets, or conducting sports pools, the attorney general may allow an employee of an alcoholic beverage establishment to provide limited assistance to an organization.

**SECTION 4. AMENDMENT.** Subsection 5 of section 53-06.1-11 of the North Dakota Century Code is amended and reenacted as follows:

5. For a site where bingo is not the primary game:
- a. If twenty-one or paddlewheels is conducted, the monthly rent may not exceed two hundred dollars multiplied by the necessary number of tables based on criteria prescribed by gaming rule. For each twenty-one table with a wager greater than five dollars, an additional amount up to one hundred dollars may be added to the monthly rent.

If pull tabs is also conducted involving only a jar bar, the monthly rent for pull tabs may not exceed an additional one hundred seventy-five dollars. If pull tabs is conducted involving only a dispensing device, electronic pull tab device, or ~~both~~ a jar bar and dispensing device or electronic pull tab device, the monthly rent for pull tabs may not exceed an additional three hundred twenty-five dollars.

- b. If twenty-one and paddlewheels are not conducted but pull tabs is conducted involving either a jar bar or dispensing device, or ~~both~~ electronic pull tab device, or any combination, the monthly rent may not exceed four hundred dollars.

**SECTION 5. AMENDMENT.** Section 53-06.1-14 of the North Dakota Century Code is amended and reenacted as follows:

**53-06.1-14. Distributors and manufacturers.**

1. A manufacturer of pull tabs, bingo cards, electronic pull tab devices, or bingo card marking devices shall apply annually for a license and pay a license fee of four thousand dollars. A manufacturer of pull tab dispensing devices shall apply annually for a license and pay a license fee of one thousand dollars. A manufacturer of fifty-fifty raffle systems shall apply annually for a license and pay a license fee of five hundred dollars. A distributor shall apply annually for a license and pay a license fee of one thousand five hundred dollars. Application must be made before the first day of April in each year on a form prescribed by the attorney general.
2. A licensed distributor may not sell, market, or distribute gaming equipment except to a licensed distributor, licensed organization, organization that has a permit, or other person authorized by gaming rule or the attorney general. A manufacturer of a pull tab dispensing device, pull tab, electronic pull tab device, bingo card marking device, bingo card, or fifty-fifty raffle system may only sell, market, or distribute the manufacturer's pull tab dispensing device and processing chip encoded with proprietary software, pull tab, electronic pull tab device, bingo card marking device, bingo card, or fifty-fifty raffle system to a licensed distributor. A licensed distributor may purchase or acquire a pull tab dispensing device and processing chip encoded with proprietary software, pull tab, electronic pull tab device, bingo card marking device, bingo card, or fifty-fifty raffle system only from a licensed manufacturer or licensed distributor. However, a distributor may purchase or acquire a used pull tab dispensing device or electronic pull tab device from a licensed organization. A distributor may not duplicate a manufacturer's processing chip encoded with proprietary software. No gaming equipment or prize may be sold or leased at an excessive price.
3. A licensed distributor shall affix a North Dakota gaming stamp to each deal of pull tabs and bingo cards, raffle board, punchboard, sports pool board, calcutta board, and series of paddlewheel ticket cards sold or otherwise provided to a licensed organization and shall purchase the stamps from the attorney general for thirty-five cents each. Ten cents of each stamp sold by the attorney general, up to thirty-six thousand dollars per biennium, must be credited to the attorney general's operating fund to defray the costs of issuing and administering the gaming stamps.
4. A licensed organization, organization that has a permit, licensed manufacturer, or North Dakota wholesaler of liquor or alcoholic beverages may not be a distributor or stockholder of a distributor. A distributor may not be a stockholder of a manufacturer.



5. In addition to the license fee, the attorney general may require advance payment of any fee necessary to pay the cost of a record check of an applicant according to subdivision c of subsection 5 of section 53-06.1-06.
6. A licensed manufacturer may not refuse to sell deals of pull tabs, paper bingo cards, or gaming equipment to a licensed distributor unless:
  - a. A specific deal of pull tabs is sold on an exclusive basis;
  - b. The manufacturer does not sell deals of pull tabs, paper bingo cards, or gaming equipment to any distributor in the state;
  - c. A gaming law or rule prohibits the sale;
  - d. The distributor has not provided the manufacturer with proof of satisfactory credit or is delinquent on any payment owed to the manufacturer; or
  - e. The distributor has not met the manufacturer's standard minimum order quantity and freight terms."

Renumber accordingly

**2017 TESTIMONY**

**HB 1216**

#1  
1216  
1-31-17

## Testimony in Support of HB 1216

### House Judiciary Committee

January 31, 2017

Chairman Koppelman, House Judiciary Committee members, for the record my name is Todd D. Kranda. I am an attorney with the law firm of Kelsch Kelsch Ruff & Kranda in Mandan. I appear before you today as a lobbyist on behalf of Western Distributing Inc., a licensed gaming distributor, to express support for HB 1216, the paperless pull tab legislation.

Initially, I would like to provide you with some brief background information on charitable gaming operations. There are a number of different types of charitable gaming organizations within North Dakota that support gaming as a funding source for charitable purposes. There are numerous benefits and worthy causes supported by charitable gaming activities. For your reference I have included a handout showing the types of worthwhile programs, services and causes that are supported by charitable gaming activity. See Summary of Eligible Use Contributions for the 2014, 2015 and 2016 Fiscal Years. This information was obtained from the ND Attorney General Gaming Division.

In conclusion, I ask for your favorable consideration of HB 1216 and in doing so, you are supporting the local charities and the various programs that benefit from charitable gaming activity. Please give **HB 1216** a favorable **DO PASS** recommendation. I would be willing to try to answer any questions at this time.

[Note - Introduction provided for Scott Hennaman, of Oasis Gaming, for a technical and expert review of HB 1216, paperless pull tabs.]

#2  
12/16  
1-31-17

North Dakota Office of Attorney General  
Summary of Eligible Use Contributions

User: DMCDANIE

Fiscal Year: 2016  
Quarter: All

Eligible Code	Description	Check Amount	% of Grand Total
A-02	THE ABUSED	135,910	0.7
A-03	ALCOHOL AND DRUG ABUSE	5,018	0.0
A-04	ANIMAL PROTECTION	24,109	0.1
A-05	ALZHEIMERS	8,051	0.0
A-07	THE BLIND	23,476	0.1
A-08	CANCER	102,776	0.5
A-11	CYSTIC FIBROSIS	254,141	1.3
A-12	DIABETES	31,475	0.2
A-15	THE DISABLED	354,852	1.8
A-18	HEART DISEASE	7,979	0.0
A-20	LEARNING DISABILITIES	8,660	0.0
A-24	MENTAL HEALTH	313,931	1.6
A-25	MULTIPLE SCLEROSIS	3,725	0.0
A-26	MUSCULAR DYSTROPHY	5,079	0.0
A-27	THE NEEDY	141,595	0.7
A-28	PARALYSIS	4,975	0.0
A-29	DEVELOPMENTALLY DISABLED CITIZENS	1,023,719	5.3
A-30	SENIOR CITIZENS	250,101	1.3
A-32	TERMINALLY ILL	92,761	0.5
A-36	WILDLIFE	816,008	4.2
A-37	YOUTH ACTIVITIES	4,368,042	22.4
A-46	ADULT ACTIVITIES	220,321	1.1
A-47	HEAD INJURIES	1,900	0.0
A-58	HOME ON THE RANGE	28,882	0.1
A-61	MARCH OF DIMES	300	0.0
A-64	MEALS ON WHEELS	29,444	0.2
A-65	MEDICAL FACILITIES NON-PROFIT	158,060	0.8
A-67	MEMORIAL FUNDS	10,145	0.1
A-70	NURSING HOMES NON-PROFIT	139,232	0.7
A-80	RONALD MCDONALD HOUSE	14,100	0.1
A-81	RED CROSS	1,200	0.0
A-82	SALVATION ARMY	12,300	0.1
A-88	SPECIAL OLYMPICS	116,266	0.6
A-90	DISASTER RELIEF ORGANIZATIONS	1,260	0.0
A-91	UNITED FUND/UNITED WAY	11,725	0.1
A-94	YMCA/YWCA	3,250	0.0
A-97	VOLUNTEER SERVICES	9,236	0.0
A-99	OTHER	17,814	0.1

Subtotal Of Contributions: \$8,751,818      Percent to Grand Total: 45.0%

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User: DMCDANIE

North Dakota Office of Attorney General  
Summary of Eligible Use Contributions

Fiscal Year: 2016  
Quarter: All

Eligible Code	Description	Check Amount	% of Grand Total
B-10	RELIGIOUS USES	265,636	1.4
Subtotal Of Contributions:		\$265,636	Percent to Grand Total: 1.4%

Eligible Code	Description	Check Amount	% of Grand Total
C-10	AGRICULTURE	14,381	0.1
C-20	THE ARTS	292,650	1.5
C-25	EDUCATIONAL PUBLIC SERVICES	935,875	4.8
C-30	SAFETY	24,214	0.1
C-40	4-H ACTIVITIES	51,770	0.3
C-50	EDUCATIONAL INSTITUTIONS AND A	1,031,192	5.3
C-75	PERSERVATION OF CULTURAL HERIT	547,985	2.8
C-80	SCHOLARSHIPS	1,167,852	6.0
C-90	VOCATIONAL WORKSHOPS	7,449	0.0
C-99	OTHER	11,528	0.1
Subtotal Of Contributions:		\$4,084,896	Percent to Grand Total: 21.0%

Eligible Code	Description	Check Amount	% of Grand Total
D-10	CAMP GRASSICK	14,795	0.1
D-20	FRATERNAL FOUNDATIONS	67,302	0.3
D-30	LEGION BASEBALL	381,349	2.0
D-40	VETERAN'S CEMETARY	20,728	0.1
D-50	DISABLED OR INJURED VETERANS A	127,774	0.7
D-60	MILITARY FAMILY SUPPORT	43,925	0.2
D-99	OTHER	68,160	0.4
Subtotal Of Contributions:		\$724,033	Percent to Grand Total: 3.7%

North Dakota Office of Attorney General  
 Summary of Eligible Use Contributions

User: DMCDANIE

Fiscal Year: 2016  
 Quarter: All

Eligible Code	Description	Check Amount	% of Grand Total
E-10	SCOUTING ACTIVITIES AND BOYS O	73,202	0.4
E-30	COMMUNITY BANDS, COLOR AND HONOR GUARDS, FLAG	385,386	2.0
E-99	OTHER	2,255	0.0
Subtotal Of Contributions:		\$460,843	Percent to Grand Total: 2.4%

Eligible Code	Description	Check Amount	% of Grand Total
F-10	ERECTION OR MAINTENANCE OF PUB	300,556	1.5
Subtotal Of Contributions:		\$300,556	Percent to Grand Total: 1.5%

Eligible Code	Description	Check Amount	% of Grand Total
G-10	COMMUNITY EMERGENCY SERVICES	1,133,577	5.8
G-15	DISBURSEMENTS DIRECTLY TO A CI	347,416	1.8
G-25	IMPROVEMENT OF PUBLIC AREAS	118,923	0.6
G-50	PARKS AND RECREATION	736,449	3.8
G-60	LAW ENFORCEMENT	49,606	0.3
G-99	OTHER	98,765	0.5
Subtotal Of Contributions:		\$2,484,736	Percent to Grand Total: 12.8%

Eligible Code	Description	Check Amount	% of Grand Total
H-00	LOSS OF THE HOME VICTIMS	28,411	0.1
Subtotal Of Contributions:		\$28,411	Percent to Grand Total: 0.1%

User: DMCDANIE

North Dakota Office of Attorney General  
Summary of Eligible Use Contributions

Page: 4  
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Fiscal Year: 2016  
Quarter: All

Eligible Code Description	Check Amount	% of Grand Total
I-00 SUFFERERS OF SERIOUS DISABLING	273,696	1.4
Subtotal Of Contributions: \$273,696	Percent to Grand Total: 1.4%	

Eligible Code Description	Check Amount	% of Grand Total
K-10 ECONOMIC DEVELOPMENT	535,870	2.8
K-30 TOURISM	1,099,017	5.6
K-99 OTHER	456,677	2.3
Subtotal Of Contributions: \$2,091,564	Percent to Grand Total: 10.7%	

Eligible Code Description	Check Amount	% of Grand Total
V-00 VOIDED CHECK	0	0.0
Subtotal Of Contributions: \$0	Percent to Grand Total: 0.0%	

Total Of All Contributions: \$19,466,189

--- End of Report ---

4

North Dakota Office of Attorney General  
 Summary of Eligible Use Contributions

User: DMCDANIE

Fiscal Year: 2015  
 Quarter: All

Eligible Code	Description	Check Amount	% of Grand Total
A-02	THE ABUSED	107,494	0.6
A-03	ALCOHOL AND DRUG ABUSE	4,196	0.0
A-04	ANIMAL PROTECTION	15,791	0.1
A-05	ALZHEIMERS	4,975	0.0
A-07	THE BLIND	29,420	0.2
A-08	CANCER	120,567	0.7
A-11	CYSTIC FIBROSIS	258,374	1.4
A-12	DIABETES	7,805	0.0
A-15	THE DISABLED	135,767	0.8
A-18	HEART DISEASE	6,244	0.0
A-20	LEARNING DISABILITIES	12,953	0.1
A-24	MENTAL HEALTH	291,354	1.6
A-25	MULTIPLE SCLEROSIS	1,100	0.0
A-26	MUSCULAR DYSTROPHY	3,450	0.0
A-27	THE NEEDY	128,232	0.7
A-28	PARALYSIS	1,675	0.0
A-29	DEVELOPMENTALLY DISABLED CITIZENS	851,698	4.7
A-30	SENIOR CITIZENS	187,181	1.0
A-32	TERMINALLY ILL	53,325	0.3
A-36	WILDLIFE	307,045	1.7
A-37	YOUTH ACTIVITIES	4,062,628	22.5
A-46	ADULT ACTIVITIES	219,885	1.2
A-47	HEAD INJURIES	2,875	0.0
A-58	HOME ON THE RANGE	33,261	0.2
A-61	MARCH OF DIMES	1,550	0.0
A-64	MEALS ON WHEELS	20,504	0.1
A-65	MEDICAL FACILITIES NON-PROFIT	129,503	0.7
A-67	MEMORIAL FUNDS	19,959	0.1
A-70	NURSING HOMES NON-PROFIT	56,365	0.3
A-80	RONALD MCDONALD HOUSE	13,100	0.1
A-81	RED CROSS	2,750	0.0
A-82	SALVATION ARMY	14,700	0.1
A-88	SPECIAL OLYMPICS	103,945	0.6
A-91	UNITED FUND/UNITED WAY	9,525	0.1
A-94	YMCA/YWCA	2,000	0.0
A-97	VOLUNTEER SERVICES	12,735	0.1
A-98	GAMBLING ADDICTION	300	0.0
A-99	OTHER	53,183	0.3

Subtotal Of Contributions: \$7,287,414 Percent to Grand Total: 40.3%

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User: DMCDANIE

North Dakota Office of Attorney General  
Summary of Eligible Use Contributions

Page: 2  
01/30/17 08:36:49

Fiscal Year: 2015  
Quarter: All

Eligible Code	Description	Check Amount	% of Grand Total
3-10	RELIGIOUS USES	248,886	1.4
Subtotal Of Contributions:		\$248,886	Percent to Grand Total: 1.4%

Eligible Code	Description	Check Amount	% of Grand Total
C-10	AGRICULTURE	32,051	0.2
C-20	THE ARTS	246,030	1.4
C-25	EDUCATIONAL PUBLIC SERVICES	935,158	5.2
C-30	SAFETY	27,970	0.2
C-40	4-H ACTIVITIES	54,813	0.3
C-50	EDUCATIONAL INSTITUTIONS AND A	1,163,310	6.4
C-75	PERSERVATION OF CULTURAL HERIT	583,540	3.2
C-80	SCHOLARSHIPS	1,471,591	8.1
C-90	VOCATIONAL WORKSHOPS	14,825	0.1
C-99	OTHER	12,122	0.1
Subtotal Of Contributions:		\$4,541,410	Percent to Grand Total: 25.1%

Eligible Code	Description	Check Amount	% of Grand Total
D-10	CAMP GRASSICK	20,848	0.1
D-20	FRATERNAL FOUNDATIONS	83,937	0.5
D-30	LEGION BASEBALL	456,333	2.5
D-40	VETERAN'S CEMETARY	20,192	0.1
D-50	DISABLED OR INJURED VETERANS A	51,901	0.3
D-60	MILITARY FAMILY SUPPORT	84,203	0.5
D-99	OTHER	26,780	0.1
Subtotal Of Contributions:		\$744,194	Percent to Grand Total: 4.1%

North Dakota Office of Attorney General  
 Summary of Eligible Use Contributions

User: DMCDANIE

Fiscal Year: 2015  
 Quarter: All

Eligible Code Description	Check Amount	% of Grand Total
3-10 SCOUTING ACTIVITIES AND BOYS O	71,695	0.4
3-30 COMMUNITY BANDS, COLOR AND HONOR GUARDS, FLAG	363,410	2.0
3-99 OTHER	12,044	0.1
Subtotal Of Contributions: \$447,149	Percent to Grand Total: 2.5%	

Eligible Code Description	Check Amount	% of Grand Total
F-10 ERECTION OR MAINTENANCE OF PUB	336,286	1.9
Subtotal Of Contributions: \$336,286	Percent to Grand Total: 1.9%	

Eligible Code Description	Check Amount	% of Grand Total
G-10 COMMUNITY EMERGENCY SERVICES	1,047,342	5.8
G-15 DISBURSEMENTS DIRECTLY TO A CI	349,568	1.9
G-25 IMPROVEMENT OF PUBLIC AREAS	179,322	1.0
G-50 PARKS AND RECREATION	473,624	2.6
G-60 LAW ENFORCEMENT	28,094	0.2
G-99 OTHER	22,869	0.1
Subtotal Of Contributions: \$2,100,819	Percent to Grand Total: 11.6%	

Eligible Code Description	Check Amount	% of Grand Total
H-00 LOSS OF THE HOME VICTIMS	13,900	0.1
Subtotal Of Contributions: \$13,900	Percent to Grand Total: 0.1%	

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User: DMCDANIE

North Dakota Office of Attorney General  
Summary of Eligible Use Contributions

Page: 4  
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Fiscal Year: 2015  
Quarter: All

Eligible Code	Description	Check Amount	% of Grand Total
L-00	SUFFERERS OF SERIOUS DISABLING	268,201	1.5
Subtotal Of Contributions:		\$268,201	Percent to Grand Total: 1.5%

Eligible Code	Description	Check Amount	% of Grand Total
K-10	ECONOMIC DEVELOPMENT	653,926	3.6
K-30	TOURISM	1,121,779	6.2
K-99	OTHER	303,651	1.7
Subtotal Of Contributions:		\$2,079,356	Percent to Grand Total: 11.5%

Eligible Code	Description	Check Amount	% of Grand Total
V-00	VOIDED CHECK	0	0.0
Subtotal Of Contributions:		\$0	Percent to Grand Total: 0.0%

Total Of All Contributions: \$18,067,615

--- End of Report ---

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North Dakota Office of Attorney General  
 Summary of Eligible Use Contributions

User: DMCDANIE

Fiscal Year: 2014  
 Quarter: All

Eligible Code	Description	Check Amount	% of Grand Total
A-02	THE ABUSED	115,821	0.6
A-03	ALCOHOL AND DRUG ABUSE	6,126	0.0
A-04	ANIMAL PROTECTION	10,537	0.1
A-05	ALZHEIMERS	4,146	0.0
A-07	THE BLIND	14,911	0.1
A-08	CANCER	133,202	0.7
A-11	CYSTIC FIBROSIS	263,877	1.4
A-12	DIABETES	12,500	0.1
A-15	THE DISABLED	130,685	0.7
A-18	HEART DISEASE	4,250	0.0
A-20	LEARNING DISABILITIES	1,650	0.0
A-24	MENTAL HEALTH	304,302	1.7
A-25	MULTIPLE SCLEROSIS	50	0.0
A-26	MUSCULAR DYSTROPHY	1,825	0.0
A-27	THE NEEDY	159,946	0.9
A-28	PARALYSIS	1,250	0.0
A-29	DEVELOPMENTALLY DISABLED CITIZENS	1,078,708	5.9
A-30	SENIOR CITIZENS	211,031	1.2
A-32	TERMINALLY ILL	43,270	0.2
A-36	WILDLIFE	422,850	2.3
A-37	YOUTH ACTIVITIES	3,985,792	21.8
A-46	ADULT ACTIVITIES	250,424	1.4
A-47	HEAD INJURIES	3,125	0.0
A-58	HOME ON THE RANGE	22,980	0.1
A-61	MARCH OF DIMES	1,550	0.0
A-64	MEALS ON WHEELS	8,920	0.0
A-65	MEDICAL FACILITIES NON-PROFIT	158,780	0.9
A-67	MEMORIAL FUNDS	5,855	0.0
A-70	NURSING HOMES NON-PROFIT	55,625	0.3
A-80	RONALD MCDONALD HOUSE	5,500	0.0
A-81	RED CROSS	650	0.0
A-82	SALVATION ARMY	13,150	0.1
A-88	SPECIAL OLYMPICS	142,269	0.8
A-90	DISASTER RELIEF ORGANIZATIONS	6,110	0.0
A-91	UNITED FUND/UNITED WAY	4,000	0.0
A-94	YMCA/YWCA	8,075	0.0
A-97	VOLUNTEER SERVICES	18,740	0.1
A-99	OTHER	68,663	0.4

Subtotal Of Contributions: \$7,681,145 Percent to Grand Total: 42.0%

9

User: DMCDANIE

North Dakota Office of Attorney General  
Summary of Eligible Use Contributions

Page: 2  
01/30/17 08:37:07

Fiscal Year: 2014  
Quarter: All

Eligible Code Description	Check Amount	% of Grand Total
B-10 RELIGIOUS USES	284,130	1.6
Subtotal Of Contributions:	\$284,130	Percent to Grand Total: 1.6%

Eligible Code Description	Check Amount	% of Grand Total
C-10 AGRICULTURE	24,655	0.1
C-20 THE ARTS	389,556	2.1
C-25 EDUCATIONAL PUBLIC SERVICES	942,491	5.2
C-30 SAFETY	22,700	0.1
C-40 4-H ACTIVITIES	35,758	0.2
C-50 EDUCATIONAL INSTITUTIONS AND A	1,118,192	6.1
C-75 PERSERVATION OF CULTURAL HERIT	384,102	2.1
C-80 SCHOLARSHIPS	1,269,463	6.9
C-90 VOCATIONAL WORKSHOPS	10,628	0.1
C-99 OTHER	20,762	0.1
Subtotal Of Contributions:	\$4,218,307	Percent to Grand Total: 23.1%

Eligible Code Description	Check Amount	% of Grand Total
D-10 CAMP GRASSICK	7,989	0.0
D-20 FRATERNAL FOUNDATIONS	129,182	0.7
D-30 LEGION BASEBALL	334,441	1.8
D-40 VETERAN'S CEMETARY	32,685	0.2
D-50 DISABLED OR INJURED VETERANS A	73,479	0.4
D-60 MILITARY FAMILY SUPPORT	49,145	0.3
D-99 OTHER	26,161	0.1
Subtotal Of Contributions:	\$653,082	Percent to Grand Total: 3.6%

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User: DMCDANIE

North Dakota Office of Attorney General  
Summary of Eligible Use Contributions

Page: 3  
01/30/17 08:37:07

Fiscal Year: 2014  
Quarter: All

Eligible Code	Description	Check Amount	% of Grand Total
E-10	SCOUTING ACTIVITIES AND BOYS O	77,436	0.4
E-30	COMMUNITY BANDS, COLOR AND HONOR GUARDS, FLAG	380,265	2.1
E-99	OTHER	14,251	0.1
Subtotal Of Contributions:		\$471,952	Percent to Grand Total: 2.6%

Eligible Code	Description	Check Amount	% of Grand Total
F-10	ERECTION OR MAINTENANCE OF PUB	362,562	2.0
Subtotal Of Contributions:		\$362,562	Percent to Grand Total: 2.0%

Eligible Code	Description	Check Amount	% of Grand Total
G-10	COMMUNITY EMERGENCY SERVICES	921,870	5.0
G-15	DISBURSEMENTS DIRECTLY TO A CI	355,051	1.9
G-25	IMPROVEMENT OF PUBLIC AREAS	146,969	0.8
G-50	PARKS AND RECREATION	1,416,952	7.7
G-60	LAW ENFORCEMENT	32,194	0.2
G-99	OTHER	29,200	0.2
Subtotal Of Contributions:		\$2,902,236	Percent to Grand Total: 15.9%

Eligible Code	Description	Check Amount	% of Grand Total
H-00	LOSS OF THE HOME VICTIMS	17,031	0.1
Subtotal Of Contributions:		\$17,031	Percent to Grand Total: 0.1%

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User: DMCDANIE

North Dakota Office of Attorney General  
Summary of Eligible Use Contributions

Page: 4  
01/30/17 08:37:07

Fiscal Year: 2014  
Quarter: All

Eligible Code Description	Check Amount	% of Grand Total
I-00      SUFFERERS OF SERIOUS DISABLING	271,248	1.5
Subtotal Of Contributions:      \$271,248	Percent to Grand Total:      1.5%	

Eligible Code Description	Check Amount	% of Grand Total
K-10      ECONOMIC DEVELOPMENT	384,614	2.1
K-30      TOURISM	741,058	4.0
K-99      OTHER	312,192	1.7
Subtotal Of Contributions:      \$1,437,864	Percent to Grand Total:      7.9%	

Eligible Code Description	Check Amount	% of Grand Total
V-00      VOIDED CHECK	0	0.0
Subtotal Of Contributions:      \$0	Percent to Grand Total:      0.0%	

Total Of All Contributions:      \$18,299,557

--- End of Report ---

12

#3  
1216  
1-31-17

Mandan Baseball Club, Inc.  
103 S. 3<sup>rd</sup> Street, No. 1  
Bismarck, ND 58501

This is a letter of support for House Bill No. 1216 relating to the use of paperless pull tab machines.

Our organization has conducted charitable gaming for 4 years. Our gaming operation has supported and grown our youth baseball club in the Mandan community through gaming funds derived through pull tab machines.

Technology has benefited our society greatly. So utilizing these advancements in our industry seems appropriate. Exploiting technology would afford a more efficient and accurate operation. Paperless pull tab machines would also curtail costs, fraud, cheating, and theft.

Machine maintenance is one our organizations biggest expenses. Paperless pull tab machine would alleviate some of these costs. Paper tickets are prone to warping, not vending properly and jamming. All of which are costly repairs to our organization.

Other benefits include the elimination of defective games that would enhance the integrity of the game. On occasion, we have experienced tickets be glued together, extra winners, not enough winners and multiple serial numbers. All of which would be avoided through this game.

We support the bill and would like the support of our legislators to help us move forward.



Alec Kautzman  
Mandan Baseball Club, Inc.



Dickinson Charities  
67 21st Street East  
Dickinson, ND 58601

#A  
1216  
1-31-17

This is a letter of support for House Bill No. 1216 relating to the use of paperless pull tab machines.

Our organization has been in gaming for 31 years. Throughout the years we have aided our community with the funds generated through the use of pull tab machines.

By supporting the use of paperless pull tab machines our organization, Dickinson Charities, could reduce our expenses and increase our accuracy and auditing at the end of the quarter would also be much easier and less time consuming.

Another benefit would be the cost savings of not having pull tabs to count and pay for at the end of the quarter.

The need to have our service person go to each machine to fill tickets when it runs out will no longer be necessary, which will save our organization money. There are instances when the machine runs out of tickets on a Friday or Saturday and we have to send someone there to put tickets in the machine so we don't lose out on the busy weekend sales. This is a big expense to our charity, especially for the machines we have in other towns. Also, all the problems we have with tickets warping, not vending properly, and jamming in the machine would be gone saving us service costs to get the machine repaired.

We would never have to worry about getting a defective game from the paper manufacturer. There are instances now where we have tickets that are glued together, the ticket windows are glued shut, or there are extra winners or not enough winners in a box of pull tabs.

We support this bill and are looking for support from the legislators to help us move forward.

Respectfully,



Barbara Hauck, Manager  
Dickinson Charities

New Salem Civic Club, Inc.  
103 S. 3<sup>rd</sup> Street, No. 1  
Bismarck, ND 58501

#5  
1216  
1-31-17

This is a letter of support for House Bill No. 1216 relating to the use of paperless pull tab machines.

Our organization has conducted charitable gaming for 28 years. Our gaming operation has supported numerous causes in New Salem and the surrounding communities primarily through the use of pull tab machines.

Technology has benefited our society greatly. So utilizing these advancements in our industry seems appropriate. Exploiting technology would afford a more efficient and accurate operation. Paperless pull tab machines would also curtail costs, fraud, cheating, and theft.

Machine maintenance is one our organizations biggest expenses. Paperless pull tab machine would alleviate some of these costs. Paper tickets are prone to warping, not vending properly and jamming. All of which are costly repairs to our organization.

Other benefits include the elimination of defective games that would enhance the integrity of the game. On occasion, we have experienced tickets be glued together, extra winners, not enough winners and multiple serial numbers. All of which would be avoided through this game.

We support the bill and would like the support of our legislators to help us move forward.



Alec Kautzman  
New Salem Civic Club, Inc.

↓

JAN. 24, 2017

#6

1216

1-31-17

NODAK SPORTSMENS CLUB  
619 RIVERWOOD DR.  
BISMARCK, ND

THIS LETTER IS TO SUPPORT BILL #1216 RELATING TO THE USE OF PAPERLESS PULL TAB MACHINE. OUR ORGANIZATION HAS BEEN IN GAMING FOR OVER 25 YEARS. THROUGHOUT THE YEARS WE HAVE USED PULL TAB MACHINES AS OUR MAIN GAMING.

By SUPPORTING THE USE OF PAPERLESS PULL TAB MACHINE OUR ORGANIZATION COULD REDUCE OUR EXPENSES AND INCREASE OUR ACCURACY. ANOTHER BENEFIT WOULD BE THE COST SAVINGS OF NOT HAVING PULL TABS TO COUNT AND PAY AT THE END OF EACH QTR. ALSO, WE WOULD NEVER HAVE TO WORRY ABOUT GETTING A DEFECTIVE GAME FROM THE PAPER MANUFACTURER. THIS WOULD BE A GAME CHANGER!

WE SUPPORT IS BILL.

*Mike Aude*  
MIKE AUDE

NODAK SPORTSMENS CLUB

(1)

#7  
1256  
1-31-17

Ashley Lions Club  
PO Box 202  
Ashley, ND 58413

*This letter is in support of the paperless pull-tab machine. I have worked in the gaming field for 17 years with this organization.*

*Supporting the installation of a paperless pull-tab machine for the organization would cut down on counterfeited pull-tabs. For example, a player can draw a zero on a \$5.00 winner and the bartender pays the player \$50.00 instead of \$5.00. An audit of the game, would show too many \$50.00 being payed. The player wouldn't have access to the pull-tab with this machine.*

*Another advantage of this machine, the organization wouldn't have to worry about a player leaving the bar and cashing the pull-tab at a different bar. There are times when the bartender doesn't check the name of the game or the pull-tab serial number and pays a player for a wrong game.*

*And also, the organization would be saving money on shipping the tabs and paying the service techs. We pay our employees when there is a pull-tab or dollar jammed in the machine and when they fill the machine. With the way the economy is, the sale of pull-tabs are down - we as organizations need to start cutting costs and the paperless pull-tab machine would help us out and keep a lot of organizations in business and in the black.*

*We support this bill*

Wanda Deltzer  
Ashley Lions Club

Amvets Post #9  
2402 Railroad Avenue  
Bismarck, ND 58501

#8  
1216  
1-31-17

This letter is in support for House Bill No. 1216 relating to the use of paperless pull tab machines. I think that the paperless machine would eliminate fraud, cheating and theft. It will also make auditing much easier each week.

Thank you.

*Lorraine M. Black*

Lorraine M. Black  
Gaming Manager  
Amvets Post #9.

#9  
12/14  
1-31-17

# Paperless Pull Tab Machine



- ❖ **Proven Reliability**
  - Approved by Gaming Laboratories, Inc. and UL and FCC
  - Very few moving parts to service or malfunction
- ❖ **Accountability**
  - Ability to monitor each machine and site from any internet connection. Unlimited information available such as sales, inventory levels, prizes paid, cash in, etc.
  - Availability of several security levels – checkout level, distributor level, site manager level, charity manager level, and AG office level
- ❖ **Security**
  - Eliminates all unintentional human mistakes and even intentional fraud, such as insider information
  - Maintains the games integrity
- ❖ **Delivery System**
  - No need to order or store inventory during the quarter
  - Savings to charities in transportation costs and freight charges
  - Out of stock situations or empty machines are virtually eliminated
  - No excess inventory at the end of the quarter, meaning there are no pull-tabs to count, pay for, or store
- ❖ **Paperless Pull Tab Machine**
  - Offers the same products currently being played in pull tab machines in the state of North Dakota
  - Plays games with the same themes, prize structures, and win ratios that are currently being used
  - All games are finite. They all have an exact amount of tickets, winners, and profit
  - Should be 100% accurate each quarter
  - All games are commingled and dispensed randomly

1

17.0561.01003  
Title.

Prepared by the Legislative Council staff for  
Representative Maragos  
January 30, 2017

#10  
1216  
1-31-17

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1216

Page 1, line 2, remove ", subsection 1 of section 53-06.1-06"

Page 2, line 8, after "electronically" insert "dispenses and"

Page 2, line 8, replace "tabs" with "tab deals that also are available in paper from a distributor"

Page 3, line 24, remove "a folded or banded ticket or jar ticket, a pull tab card with break-open"

Page 3, replace lines 25 through 31 with ", in paper or electronic form, games of chance made up of commingled deals, each with a finite and predetermined quantity of chances among which there are a predetermined quantity of winning chances that pay a posted and predetermined prize."

Page 4, remove lines 22 through 31

Page 5, line 13, remove "plus an additional one hundred dollars per electronic"

Page 5, remove line 14

Page 5, line 15, remove "any site"

Renumber accordingly

(# 11) ①  
1214  
1-31-17

MISTER CHAIRMAN, MEMBERS OF THE COMMITTEE – MY NAME IS SCOTT HENNEMAN. I AM VICE PRESIDENT AND GENERAL MANAGER OF OASIS GAMING A DIVISION OF INTERNATIONAL GAMCO, LOCATED IN OMAHA, NE.

GAMCO IS FIRST AND FOREMOST A PAPER PULLTAB MANUFACTURER. LICENSED IN NORTH DAKOTA AND 36 OTHER STATES. WE HAVE BEEN IN BUSINESS FOR 34 YEARS.

GAMCO CREATED THE OASIS DIVISION OVER 20 YEARS AGO TO DEVELOP NEW TECHNOLOGY FOR PAPER GAMES TO HELP OUR DISTRIBUTORS AND CHARITIES TO COMPETE WITH THE PROLIFERATION OF OTHER FORMS OF GAMING LIKE CASINOS, RIVERBOATS AND ADVANCED LOTTERY PRODUCTS.

GAMCO HAS MARKETED AND PLACED ELECTRONIC PULLTABS IN THE US AND THE CONTRIES OF NORWAY, UNITED KINGDOM AND ARGENTINA.

ELECTRONIC PULLTABS ARE NO DIFFERENT FROM THE PAPER PULLTAB GAME THAT WE MANUFACTUER. LET ME EXPLAIN: (SHOW BOX OF TICKETS)

THIS IS A FINITE BOX OF TICKETS. THERE ARE 2,500 TICKETS IN THIS BOX. WHEN EVERY TICKET IS PLAYED OUT, THERE IS A PREDETERMIND PROFIT FOR THE CHARITIES AND PREDETERMIND PAYOUT TO THE PLAYERS.

OTHER ELECTRONIC GAMING PRODUCTS, LIKE SLOT MACHINES DON'T USE FINITE OUTCOMES THAT CAN BE TRACKED AND SERIALIZED. THEY USE A RNG TO DETERMINE OUTCOMES. THESE OUTCOMES COME FROM A SET OR POOL SIZE THAT ARE USUALLY 17 MILLION OUTCOMES. EACH TIME YOU HIT THE BUTTON ON A SLOT OR POKER MACHINE YOU HAVE THE CHANCE TO GET THE SAME OUTCOME TWICE. IT'S RANDOMLY POSSIBLE.

- WHEN WE DESIGN PAPER PULLTABS THEY START OUT IN OUR ART AND GAMING PLANNING DEPARTMENTS. WHEN ART, SYMBOLS AND LAYOUT ARE CREATED FOR PAPER, WE SIMPLE CONVERT THESE FILES TO ELECTRONIC FILES TO BE USED FOR OUR ELECTRONIC DISPERNERS.



- THESE GAMES ARE NO DIFFERENT FROM THE PAPER PRODUCT IN GRAPHICS, PLAY STYLE AND PAYOUT.

LET ME EXPLAIN THE ORDERING AND DELIVERY SYSTEM:

- CHARITIES ORDER AND PURCHASE THEIR BOXES OR DEALS OF ELECTRONIC PULLTABS FROM THEIR DISTRIBUTOR JUST LIKE THEY DO WITH PAPER.
- DISTRIBUTORS ORDER THE BOXES FROM THE MANUFACTURER AND HERE IS WHERE IT IS DIFFERENT AND MORE SECURE: MANUFACTURERS DELIVER THE ORDERED TICKETS VIA SECURE ENCRYPTED BROADBAND FOR LOADING INTO THE DISPENSERS.
- THERE IS NO COST FOR SHIPPING TO THE CHARITY AND THERE IS NO HUMAN INTERVENTION THAT CAN CAUSE UNINTENTIONAL MISTAKES OR EVEN INTENTIONAL FRAUD.
- ALL OF THIS ACTIVITY CAN BE EASILY TRACKED BY THE GAMING REGULATORS. THEY CAN MONITOR ACTIVITY FROM THEIR OFFICES VIA A SECURE WEB PORTAL. EACH DAY WHEN THEY COME INTO THE OFFICE THEY CAN RUN REPORTS AND DETERMINE SALES LEVELS.
- THIS CREATES AN EASE OF OPERATION AND IS MORE SECURE. OUR MACHINES, GAMES AND CENTRAL SYSTEM HAVE BEEN TESTED AND APPROVED BY A WELL RECOGNIZED GAMING LABORATORY. EACH TIME A DOOR IS OPENED ON A MACHINE IT IS TRACKED AND REPORTED.
- JUST LIKE PAPER PULLTABS – ELECTRONIC PULLTABS ARE SERIALIZED AND TRACKED FROM MGG TO DISTRIBUTOR TO CHARITY TO THE PLAYER.

LET ME EXPLAIN HOW IT IS PLAYED:

- PLAYERS INSERT CASH INTO A SECURE BILL ACCEPTOR.
- THEY THEN SELECT THE GAME AND DENOMINATION OF THE GAME THEY WANT TO PLAY. ONCE A GAME IS SELECTED THE PLAYER SIMPLY TOUCH THE SCREEN TO OPEN TABS JUST LIKE IN PAPER. THERE ARE NO SPINNING SYMBOLS OR REELS.

-PLAYERS REVEAL THE SYMBOL COMBINATIONS UNDER THE TABS TO SEE IF THERE ARE WINNING COMBINATIONS.

-WHEN THEY ARE READY TO COLLECT THEIR WINNINGS, PLAYERS PRESS A BUTTON ON-SCREEN TO RECEIVE A SECURE/TRACKABLE PAPER VOUCHER WITH THEIR WINNING TOTAL. THE TICKET HAS THE NAME OF THE LOCATION, DATE AND TIME STAMP AND OTHER SECURITY INFORMATION. THE PLAYER TAKES THE VOUCHER UP TO THE BAR TO BE PAID.

INCLOSING – ELECTRONIC PULLTABS HAVE BEEN CREATED FOR THOSE THAT WANT TO PLAY AN E-VERSION OF THE PAPER GAME.

MANY OF THE YOUNGER, MILLINIAL GENERATION PERFER TO PLAY GAMES ON SCREEN AND ENJOY A VISUAL AND SOUND STIMULATION EXPIERINCE WHEN PLAYING.

CHARITIES NEED TO ATTRACT NEW PLAYERS AND ELECTRONIC PULLTABS ARE THE BEST AND MOST SECURE WAY OF DOING THAT WITHOUT EXPANDING GAMING.

ELECTRONIC PULLTABS OR E-TABS ARE JUST LIKE THE PAPER PULLTAB GAME THAT HAS BEEN AVAILABLE IN NORTH DAKOTA FOR MANY YEARS.

THANK YOU. I WOULD BE HAPPY TO ANSWER ANY QUESTIONS.

#12  
1216  
1-31-17

Testimony in Favor of HB1216 – House Judiciary Committee

Joe Richardson (Lobbyist 472), Gaming Studio, Fargo, North Dakota

1/31/17

Mr. Chairman, members of the Committee, I am Joe Richardson, CEO of Gaming Studio, a North Dakota based game design firm. Gaming Studio probably has more invested in electronic pull tabs than any other party in North Dakota. Our Nokota Gaming System™ [<http://www.gamingstudio.com/nokota-electronic-pulltab-system.html>] was produced in 1998 as an outgrowth of our 1991 electronic pull tab patent [U.S. 5042809]. We do support electronic pull tabs; however, we do not support HB1216 as currently written, nor do we support the amendment 17.0561.01003 (below). We would support it if the amendment was changed as suggested in discussion of items 1. and 2., page 3 below, in bold.

You may remember that in 2015 I was before the committee speaking on behalf of an electronic paddlewheel bill that was given a “do-pass recommendation” by this committee. Thank you despite its loss on the floor.

**Charitable Gaming Losing Value – Contracting – Not Expanding**

Net consumer spending for charitable gaming in North Dakota is down 32.5% and bottom-line charitable contributions from gaming are down 38.5% over the past 20 years when adjusted for inflation. The value charitable gaming is bringing public spirited projects in North Dakota has eroded by over 1/3 in 20 years. This decline is predictable product fatigue. Entertainment related businesses, among which small-stakes wagering is one, are particularly sensitive to the need to update and refurbish products. Yet, in North Dakota, games are defined in statute making timely upgrades or even modest adaptations exceedingly difficult. The lack of a defined public policy within which game improvements could be designed with a chance of reaching market leaves us importing almost all games used in the state. We could leverage this activity to become a game export state; however, that is near structurally impossible when each change requires legislation.

A reasonable alternative to having games brought repeatedly before the legislature where knowledge of the existing and prior art can be somewhat limited, would be for the legislature to pass defining general parameters for games under, or within which, the North Dakota Gaming Commission along with the Office of the Attorney General could vet, reject or approve. This would not diminish the power of the legislature as it could still overrule selections or refine

parameters. As a North Dakota game design firm, we would welcome a study resolution aimed at discussing and defining possible parameters that would allow a more considered process for selecting modifications to our existing games while protecting the existing public policy context. The hearing for this bill could not have been a greater example of the need to have far more time to consider these games. It was 50 minutes of testimony in favor and time too short for but a couple minutes against. Let's bring our gambling disorder counselors to the table. Let's design games that are fun, responsible and secure.

## Pull Tabs Not Slots

As for this specific bill, we do not support the original draft because it lacks the definition of pull tab that would ensure that the electronic games designed and deployed under this bill were in fact pull tabs and not slots. A pull tab is a finite-probability game of chance that has a pre-set quantity of chances, each selling for the same price, among which there are a pre-set quantity of winning chances, each such winning chance paying a predetermined prize value. There is a fundamental difference between a pull tab game and a slot machine. And, it has nothing to do with the coin-in, coin-out features of the machines. Pull tab games have natural stopping points whereby a player knows further play is not going to result in a win. The tickets run out or the last large winner has been redeemed. This stopping point is desirable because it help those with gambling disorders know, for certain, without deluding themselves, that the next play is not the long sought winner that will make up for previous losses. Slot machines don't have stopping points. They work on a continuum probability basis whereby, theoretically, each chance is a separate and equal chance that might result in a win. Players with gambling disorders sometimes delude themselves into thinking that because they lost so much in the past, a win must be forthcoming. Example: If you flip a coin 10 times in a row coming up with heads, your chance of getting tails on the eleventh flip is no greater or worse than it was for any of the first 10 flips. That is a slot or continuum probability game structure.

Pull tabs are also the most transparent of games. Where can you get a visual representation of how many chances remain in the pool of chances? What other game posts how many larger value winning chances remain? To game designers who have not worked with finite-probabilities, the structure is near gaming heresy. But, we know it mathematically works. This transparency also helps inform players of the reality of their opportunities. All electronic pull tab games should continue to provide the level of transparency provided with the paper.

Electronic pull tabs can bring a more cost-efficient, auditable and secure evolution to charitable games in North Dakota. It trades shipping paper into our state for electricity produced in our state. It creates an opportunity to manufacture in-state. It brings "pull tabs" into the 21<sup>st</sup> century, making them market responsive. It will help stem the decline in funds realized by

many North Dakota nonprofit organizations and public spirited community projects. And, it could provide an opportunity for North Dakota to produce and even export the games.

## Position on Amendment

We support all of the language in the amendment and would support the bill as amended, except for the following:

1. Page 2, line 8, replace "tabs" with "tab deals that also are available in paper from a distributor"

This changes definition: "Electronic pull tab device" means a device, approved by the attorney general, which electronically displays pull tabs.

To: "Electronic pull tab device" means a device, approved by the attorney general, which electronically displays pull tab deals that also are available in paper from a distributor."

Effect: It means a pull tab device would be required to have paper editions of the electronic tabs sold on the device. This is aimed at protecting the manufacturer whose device the distributor who brought this legislation aims to market. It precludes us and anyone else not manufacturing paper tabs from the market. They might as well name the supplier, Oasis Gaming, as the sole approved manufacturer. Please don't cut the only North Dakota designer of electronic pull tabs out of the market. **Strike the amended language above and return to original.**

2. Page 3, replace lines 25 through 31 with ", in paper or electronic form, games of chance made up of commingled deals, each with a finite and predetermined quantity of chances

This defines a pull tab which answers that need in the legislation; however, it requires that all deals be "commingled." This means that another deal is added as one sells down. Thus, they are not finite or predetermined quantities of chances when you keep adding more before one is done. There is no stopping point and it begins to look more like a slot machine than a pull tab. We oppose because we strongly believe in the value of having stopping points that provide a break to players that might provide just enough pause for their brain chemistry to settle down after being engaged in very fast action. Commingled deals came into being because pull tab cashiers were counting the banks for single deals and once those banks showed more than the maximum profit for the

deal, the cashier would tip off their friends to buy out the game for a known profit. The friends would tip the cashier. It wasn't fair to other players. We can defeat this prospect with the electronic game accounting procedures. Therefore, let's do something right in recognition of gambling disorders and those who could use the extra little help. **Strike "commingled."**

#### Proposed Amendment

17.0561.01003

Title.

Prepared by the Legislative Council staff for

Representative Maragos

January 30, 2017

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1216

Page 1, line 2, remove ", subsection 1 of section 53-06.1-06"

Page 2, line 8, after "electronically" insert "dispenses and"

Page 2, line 8, replace "tabs" with "tab deals that also are available in paper from a distributor"

Page 3, line 24, remove "a folded or banded ticket or jar ticket, a pull tab card with break-open"

Page 3, replace lines 25 through 31 with ", in paper or electronic form, games of chance made

up of commingled deals, each with a finite and predetermined quantity of chances

among which there are a predetermined quantity of winning chances that pay a posted

and predetermined prize."

Page 4, remove lines 22 through 31

Page 5, line 13, remove "plus an additional one hundred dollars per electronic"

Page 5, remove line 14

Page 5, line 15, remove "any site"

Renumber accordingly

It is my hope that through good, responsible and secure adaptations of the games we have in market that we can bring charitable gaming back to the value it provided 20 years ago.

Thank you, sincerely,

Joe Richardson, CEO

Gaming Studio, Inc.

Post Office Box 3112

Fargo, North Dakota 58103

701-388-3266

[joe@gamingstudio.com](mailto:joe@gamingstudio.com)

[www.gamingstudio.com](http://www.gamingstudio.com); [www.tri-wheel.com](http://www.tri-wheel.com); [www.pigwheel.com](http://www.pigwheel.com)

[www.gamingstudio.com/nokota-electronic-pulltab-system.html](http://www.gamingstudio.com/nokota-electronic-pulltab-system.html)

#1  
1216  
2-8-17

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1216

Page 1, line 1, after "Act" insert "to create and enact a new section to chapter 53-06.1 of the North Dakota Century Code, relating to electronic pull tabs; and"

Page 2, line 8, replace "electronically displays pull tabs" with "upon the insertion of cash, dispenses and displays an electronic pull tab in which the player may win credits that can be redeemed for cash or used to purchase more pull tabs. The term does not include a device that directly dispenses coins, cash, tokens, or anything else of value other than a credit ticket voucher"

Page 2, line 31, overstrike the third "or" and insert immediately thereafter an underscored comma

Page 3, line 1, after "device" insert ", or electronic pull tab device"

Page 3, line 24, remove "21. "Pull tab" means a folded or banded ticket or jar ticket, a pull tab card with break-open"

Page 3, remove lines 25 through 31

Page 4, line 1, replace "22." with "21."

Page 4, line 4, replace "23." with "22."

Page 4, line 28, remove "selling pull tabs through"

Page 4, line 29, replace "a" with "electronic pull tabs through an electronic"

Page 4, after line 31, insert:

"**SECTION 4.** A new section to chapter 53-06.1 of the North Dakota Century Code is created and enacted as follows:

**Electronic pull tab and electronic pull tab device requirements.**

1. An electronic pull tab deal also must be available in paper from a distributor.
2. An electronic pull tab device must be located at an organization's licensed site and only may be used for the conduct of electronic pull tabs."

Page 5, line 13, remove "plus an additional one hundred dollars per electronic"

Page 5, remove line 14

Page 5, line 15, remove "any site"

Page 5, line 17, overstrike the first "or" and insert immediately thereafter a comma

Page 5, line 17, overstrike "both" and insert immediately thereafter "electronic pull tab device, or any combination"

Renumber accordingly

①

**Testimony in Support of HB 1216**  
**Senate Judiciary Committee**  
March 21, 2017

Chairman Armstrong, Senate Judiciary Committee members, for the record my name is **Todd D. Kranda**. I am an attorney with the law firm of Kelsch Kelsch Ruff & Kranda in Mandan. I appear before you today as a lobbyist on behalf of Western Distributing Inc., a licensed gaming distributor, to express support for **HB 1216**, the paperless pull tab legislation.

Initially, I would like to provide you with some brief background information on charitable gaming operations. There are a number of different types of charitable gaming organizations within North Dakota that support gaming as a funding source for charitable purposes. There are numerous benefits and worthy causes supported by charitable gaming activities. For your reference I have included a handout showing the types of worthwhile programs, services and causes that are supported by charitable gaming activity. See the **Summary of Eligible Use Contributions** for the 2014, 2015 & 2016 Fiscal Years. This information was obtained from the ND Attorney General Gaming Division.

I have also attached for your reference a copy of a **Paperless Pull Tab Machine Fact Sheet** explaining the reliability, accountability, security, delivery system and the equivalent nature of paperless pull tabs as compared to the existing pull tab products.

In anticipation of some general questions about paperless pull tab machines, I have also attached a **HB 1216 Summary** explaining some of the specific provisions that were included.

Paperless pull tabs is simply an electronic format for playing pull tabs and is not an expansion but a technology shift. There is a provision for the "insertion of cash" which was included because it is consistent with current law and does not require bartender assist. The more people handling money and pull tabs or vouchers creates more of a



chance for accounting discrepancies, fraud, theft and insider information. (HB 1216, page 2 lines 7-11 adds “electronic pull tab device” to the definitions.)

There is a provision to have a paper equivalent available from a distributor in the market which was included at the request of several legislators to reaffirm that paperless pull tabs is nothing different than what is currently allowed and available through paper pull tabs, and not a new game type. Each pull tab game can exist in both an electronic and paper form in the market. Any manufacturer or distributor that is authorized and approved by the Attorney General’s Gaming Division may participate and, if necessary, can contract for or enter into joint ventures with another business to offer pull tab games, electronic or paper versions. A pull tab device must be located at the organizations licensed site and only used for pull tabs. (HB 1216, page 5 lines 1-4 adds “electronic pull tab” requirements.)

There is also an inclusion of the term electronic pull tabs within the rental provisions to provide for an appropriate rental amount depending upon the game types conducted at a given gaming site. (HB 1216, page 5 lines 15-16 and 19-20, for rent.)

I have also included a copy of several **Statements** from various charities across the state that support HB 1216, including: New Salem Civic Club, Dickinson Charities, AmVets Post #9, Ashley Lions Club, NoDak Sportsmens Club, Mandan Baseball Club, Comet Athletic Club/Mayport Community Event Center and ND American Legion, all of whom express support for HB 1216 and the opportunities with paperless pull tabs.

In conclusion, I ask for your favorable consideration of HB 1216 and in doing so, you are supporting the local charities and the various programs that benefit from charitable gaming activity. Please give **HB 1216** a favorable **DO PASS** recommendation. I would be willing to try to answer any questions at this time.

[Introduction of Scott Hennaman, of Oasis Gaming, a division of International Gamco, for a technical & expert review of HB 1216, paperless pull tabs.]

North Dakota Office of Attorney General  
 Summary of Eligible Use Contributions

User: DMCDANIE

Fiscal Year: 2016  
 Quarter: All

Eligible Code	Description	Check Amount	% of Grand Total
A-02	THE ABUSED	135,910	0.7
A-03	ALCOHOL AND DRUG ABUSE	5,018	0.0
A-04	ANIMAL PROTECTION	24,109	0.1
A-05	ALZHEIMERS	8,051	0.0
A-07	THE BLIND	23,476	0.1
A-08	CANCER	102,776	0.5
A-11	CYSTIC FIBROSIS	254,141	1.3
A-12	DIABETES	31,475	0.2
A-15	THE DISABLED	354,852	1.8
A-18	HEART DISEASE	7,979	0.0
A-20	LEARNING DISABILITIES	8,660	0.0
A-24	MENTAL HEALTH	313,931	1.6
A-25	MULTIPLE SCLEROSIS	3,725	0.0
A-26	MUSCULAR DYSTROPHY	5,079	0.0
A-27	THE NEEDY	141,595	0.7
A-28	PARALYSIS	4,975	0.0
A-29	DEVELOPMENTALLY DISABLED CITIZENS	1,023,719	5.3
A-30	SENIOR CITIZENS	250,101	1.3
A-32	TERMINALLY ILL	92,761	0.5
A-36	WILDLIFE	816,008	4.2
A-37	YOUTH ACTIVITIES	4,368,042	22.4
A-46	ADULT ACTIVITIES	220,321	1.1
A-47	HEAD INJURIES	1,900	0.0
A-58	HOME ON THE RANGE	28,882	0.1
A-61	MARCH OF DIMES	300	0.0
A-64	MEALS ON WHEELS	29,444	0.2
A-65	MEDICAL FACILITIES NON-PROFIT	158,060	0.8
A-67	MEMORIAL FUNDS	10,145	0.1
A-70	NURSING HOMES NON-PROFIT	139,232	0.7
A-80	RONALD MCDONALD HOUSE	14,100	0.1
A-81	RED CROSS	1,200	0.0
A-82	SALVATION ARMY	12,300	0.1
A-88	SPECIAL OLYMPICS	116,266	0.6
A-90	DISASTER RELIEF ORGANIZATIONS	1,260	0.0
A-91	UNITED FUND/UNITED WAY	11,725	0.1
A-94	YMCA/YWCA	3,250	0.0
A-97	VOLUNTEER SERVICES	9,236	0.0
A-99	OTHER	17,814	0.1

Subtotal Of Contributions: \$8,751,818 Percent to Grand Total: 45.0%

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 HB 1216

North Dakota Office of Attorney General  
Summary of Eligible Use Contributions

User: DMCDANIE

Fiscal Year: 2016

Quarter: All

Eligible Code	Description	Check Amount	% of Grand Total
B-10	RELIGIOUS USES	265,636	1.4
Subtotal Of Contributions:		\$265,636	Percent to Grand Total: 1.4%

Eligible Code	Description	Check Amount	% of Grand Total
C-10	AGRICULTURE	14,381	0.1
C-20	THE ARTS	292,650	1.5
C-25	EDUCATIONAL PUBLIC SERVICES	935,875	4.8
C-30	SAFETY	24,214	0.1
C-40	4-H ACTIVITIES	51,770	0.3
C-50	EDUCATIONAL INSTITUTIONS AND A	1,031,192	5.3
C-75	PERSERVATION OF CULTURAL HERIT	547,985	2.8
C-80	SCHOLARSHIPS	1,167,852	6.0
C-90	VOCATIONAL WORKSHOPS	7,449	0.0
C-99	OTHER	11,528	0.1
Subtotal Of Contributions:		\$4,084,896	Percent to Grand Total: 21.0%

Eligible Code	Description	Check Amount	% of Grand Total
D-10	CAMP GRASSICK	14,795	0.1
D-20	FRATERNAL FOUNDATIONS	67,302	0.3
D-30	LEGION BASEBALL	381,349	2.0
D-40	VETERAN'S CEMETARY	20,728	0.1
D-50	DISABLED OR INJURED VETERANS A	127,774	0.7
D-60	MILITARY FAMILY SUPPORT	43,925	0.2
D-99	OTHER	68,160	0.4
Subtotal Of Contributions:		\$724,033	Percent to Grand Total: 3.7%

North Dakota Office of Attorney General  
Summary of Eligible Use Contributions

User: DMCDANIE

Fiscal Year: 2015  
Quarter: All

Eligible Code	Description	Check Amount	% of Grand Total
A-02	THE ABUSED	107,494	0.6
A-03	ALCOHOL AND DRUG ABUSE	4,196	0.0
A-04	ANIMAL PROTECTION	15,791	0.1
A-05	ALZHEIMERS	4,975	0.0
A-07	THE BLIND	29,420	0.2
A-08	CANCER	120,567	0.7
A-11	CYSTIC FIBROSIS	258,374	1.4
A-12	DIABETES	7,805	0.0
A-15	THE DISABLED	135,767	0.8
A-18	HEART DISEASE	6,244	0.0
A-20	LEARNING DISABILITIES	12,953	0.1
A-24	MENTAL HEALTH	291,354	1.6
A-25	MULTIPLE SCLEROSIS	1,100	0.0
A-26	MUSCULAR DYSTROPHY	3,450	0.0
A-27	THE NEEDY	128,232	0.7
A-28	PARALYSIS	1,675	0.0
A-29	DEVELOPMENTALLY DISABLED CITIZENS	851,698	4.7
A-30	SENIOR CITIZENS	187,181	1.0
A-32	TERMINALLY ILL	53,325	0.3
A-36	WILDLIFE	307,045	1.7
A-37	YOUTH ACTIVITIES	4,062,628	22.5
A-46	ADULT ACTIVITIES	219,885	1.2
A-47	HEAD INJURIES	2,875	0.0
A-58	HOME ON THE RANGE	33,261	0.2
A-61	MARCH OF DIMES	1,550	0.0
A-64	MEALS ON WHEELS	20,504	0.1
A-65	MEDICAL FACILITIES NON-PROFIT	129,503	0.7
A-67	MEMORIAL FUNDS	19,959	0.1
A-70	NURSING HOMES NON-PROFIT	56,365	0.3
A-80	RONALD MCDONALD HOUSE	13,100	0.1
A-81	RED CROSS	2,750	0.0
A-82	SALVATION ARMY	14,700	0.1
A-88	SPECIAL OLYMPICS	103,945	0.6
A-91	UNITED FUND/UNITED WAY	9,525	0.1
A-94	YMCA/YWCA	2,000	0.0
A-97	VOLUNTEER SERVICES	12,735	0.1
A-98	GAMBLING ADDICTION	300	0.0
A-99	OTHER	53,183	0.3

Subtotal Of Contributions: \$7,287,414 Percent to Grand Total: 40.3%

User: DMCDANIE

North Dakota Office of Attorney General  
Summary of Eligible Use Contributions

Fiscal Year: 2015  
Quarter: All

Eligible Code	Description	Check Amount	% of Grand Total
3-10	RELIGIOUS USES	248,886	1.4
Subtotal Of Contributions:		\$248,886	Percent to Grand Total: 1.4%

Eligible Code	Description	Check Amount	% of Grand Total
C-10	AGRICULTURE	32,051	0.2
C-20	THE ARTS	246,030	1.4
C-25	EDUCATIONAL PUBLIC SERVICES	935,158	5.2
C-30	SAFETY	27,970	0.2
C-40	4-H ACTIVITIES	54,813	0.3
C-50	EDUCATIONAL INSTITUTIONS AND A	1,163,310	6.4
C-75	PERSERVATION OF CULTURAL HERIT	583,540	3.2
C-80	SCHOLARSHIPS	1,471,591	8.1
C-90	VOCATIONAL WORKSHOPS	14,825	0.1
C-99	OTHER	12,122	0.1
Subtotal Of Contributions:		\$4,541,410	Percent to Grand Total: 25.1%

Eligible Code	Description	Check Amount	% of Grand Total
D-10	CAMP GRASSICK	20,848	0.1
D-20	FRATERNAL FOUNDATIONS	83,937	0.5
D-30	LEGION BASEBALL	456,333	2.5
D-40	VETERAN'S CEMETARY	20,192	0.1
D-50	DISABLED OR INJURED VETERANS A	51,901	0.3
D-60	MILITARY FAMILY SUPPORT	84,203	0.5
D-99	OTHER	26,780	0.1
Subtotal Of Contributions:		\$744,194	Percent to Grand Total: 4.1%

North Dakota Office of Attorney General  
Summary of Eligible Use Contributions

User: DMCDANIE

Fiscal Year: 2016

Quarter: All

Eligible Code Description	Check Amount	% of Grand Total
E-10 SCOUTING ACTIVITIES AND BOYS O	73,202	0.4
E-30 COMMUNITY BANDS, COLOR AND HONOR GUARDS, FLAG	385,386	2.0
E-99 OTHER	2,255	0.0
Subtotal Of Contributions:	\$460,843	Percent to Grand Total: 2.4%

Eligible Code Description	Check Amount	% of Grand Total
F-10 ERECTION OR MAINTENANCE OF PUB	300,556	1.5
Subtotal Of Contributions:	\$300,556	Percent to Grand Total: 1.5%

Eligible Code Description	Check Amount	% of Grand Total
G-10 COMMUNITY EMERGENCY SERVICES	1,133,577	5.8
G-15 DISBURSEMENTS DIRECTLY TO A CI	347,416	1.8
G-25 IMPROVEMENT OF PUBLIC AREAS	118,923	0.6
G-50 PARKS AND RECREATION	736,449	3.8
G-60 LAW ENFORCEMENT	49,606	0.3
G-99 OTHER	98,765	0.5
Subtotal Of Contributions:	\$2,484,736	Percent to Grand Total: 12.8%

Eligible Code Description	Check Amount	% of Grand Total
H-00 LOSS OF THE HOME VICTIMS	28,411	0.1
Subtotal Of Contributions:	\$28,411	Percent to Grand Total: 0.1%

North Dakota Office of Attorney General  
Summary of Eligible Use Contributions

User: DMCDANIE

Fiscal Year: 2016

Quarter: All

Eligible Code	Description	Check Amount	% of Grand Total
I-00	SUFFERERS OF SERIOUS DISABLING	273,696	1.4
Subtotal Of Contributions:		\$273,696	Percent to Grand Total: 1.4%

Eligible Code	Description	Check Amount	% of Grand Total
K-10	ECONOMIC DEVELOPMENT	535,870	2.8
K-30	TOURISM	1,099,017	5.6
K-99	OTHER	456,677	2.3
Subtotal Of Contributions:		\$2,091,564	Percent to Grand Total: 10.7%

Eligible Code	Description	Check Amount	% of Grand Total
V-00	VOIDED CHECK	0	0.0
Subtotal Of Contributions:		\$0	Percent to Grand Total: 0.0%

Total Of All Contributions: \$19,466,189

--- End of Report ---

North Dakota Office of Attorney General  
Summary of Eligible Use Contributions

User: DMCDANIE

Fiscal Year: 2015  
Quarter: All

Eligible Code Description	Check Amount	% of Grand Total
E-10 SCOUTING ACTIVITIES AND BOYS O	71,695	0.4
E-30 COMMUNITY BANDS, COLOR AND HONOR GUARDS, FLAG	363,410	2.0
E-99 OTHER	12,044	0.1
Subtotal Of Contributions: \$447,149	Percent to Grand Total: 2.5%	

Eligible Code Description	Check Amount	% of Grand Total
F-10 ERECTION OR MAINTENANCE OF PUB	336,286	1.9
Subtotal Of Contributions: \$336,286	Percent to Grand Total: 1.9%	

Eligible Code Description	Check Amount	% of Grand Total
G-10 COMMUNITY EMERGENCY SERVICES	1,047,342	5.8
G-15 DISBURSEMENTS DIRECTLY TO A CI	349,568	1.9
G-25 IMPROVEMENT OF PUBLIC AREAS	179,322	1.0
G-50 PARKS AND RECREATION	473,624	2.6
G-60 LAW ENFORCEMENT	28,094	0.2
G-99 OTHER	22,869	0.1
Subtotal Of Contributions: \$2,100,819	Percent to Grand Total: 11.6%	

Eligible Code Description	Check Amount	% of Grand Total
H-00 LOSS OF THE HOME VICTIMS	13,900	0.1
Subtotal Of Contributions: \$13,900	Percent to Grand Total: 0.1%	



North Dakota Office of Attorney General  
Summary of Eligible Use Contributions

User: DMCDANIE

Fiscal Year: 2015  
Quarter: All

Eligible Code	Description	Check Amount	% of Grand Total
L-00	SUFFERERS OF SERIOUS DISABLING	268,201	1.5
Subtotal Of Contributions:		\$268,201	Percent to Grand Total: 1.5%

Eligible Code	Description	Check Amount	% of Grand Total
K-10	ECONOMIC DEVELOPMENT	653,926	3.6
K-30	TOURISM	1,121,779	6.2
K-99	OTHER	303,651	1.7
Subtotal Of Contributions:		\$2,079,356	Percent to Grand Total: 11.5%

Eligible Code	Description	Check Amount	% of Grand Total
V-00	VOIDED CHECK	0	0.0
Subtotal Of Contributions:		\$0	Percent to Grand Total: 0.0%

Total Of All Contributions: \$18,067,615

--- End of Report ---

North Dakota Office of Attorney General  
Summary of Eligible Use Contributions

User: DMCDANIE

Fiscal Year: 2014  
Quarter: All

Eligible Code	Description	Check Amount	% of Grand Total
A-02	THE ABUSED	115,821	0.6
A-03	ALCOHOL AND DRUG ABUSE	6,126	0.0
A-04	ANIMAL PROTECTION	10,537	0.1
A-05	ALZHEIMERS	4,146	0.0
A-07	THE BLIND	14,911	0.1
A-08	CANCER	133,202	0.7
A-11	CYSTIC FIBROSIS	263,877	1.4
A-12	DIABETES	12,500	0.1
A-15	THE DISABLED	130,685	0.7
A-18	HEART DISEASE	4,250	0.0
A-20	LEARNING DISABILITIES	1,650	0.0
A-24	MENTAL HEALTH	304,302	1.7
A-25	MULTIPLE SCLEROSIS	50	0.0
A-26	MUSCULAR DYSTROPHY	1,825	0.0
A-27	THE NEEDY	159,946	0.9
A-28	PARALYSIS	1,250	0.0
A-29	DEVELOPMENTALLY DISABLED CITIZENS	1,078,708	5.9
A-30	SENIOR CITIZENS	211,031	1.2
A-32	TERMINALLY ILL	43,270	0.2
A-36	WILDLIFE	422,850	2.3
A-37	YOUTH ACTIVITIES	3,985,792	21.8
A-46	ADULT ACTIVITIES	250,424	1.4
A-47	HEAD INJURIES	3,125	0.0
A-58	HOME ON THE RANGE	22,980	0.1
A-61	MARCH OF DIMES	1,550	0.0
A-64	MEALS ON WHEELS	8,920	0.0
A-65	MEDICAL FACILITIES NON-PROFIT	158,780	0.9
A-67	MEMORIAL FUNDS	5,855	0.0
A-70	NURSING HOMES NON-PROFIT	55,625	0.3
A-80	RONALD MCDONALD HOUSE	5,500	0.0
A-81	RED CROSS	650	0.0
A-82	SALVATION ARMY	13,150	0.1
A-88	SPECIAL OLYMPICS	142,269	0.8
A-90	DISASTER RELIEF ORGANIZATIONS	6,110	0.0
A-91	UNITED FUND/UNITED WAY	4,000	0.0
A-94	YMCA/YWCA	8,075	0.0
A-97	VOLUNTEER SERVICES	18,740	0.1
A-99	OTHER	68,663	0.4

Subtotal Of Contributions: \$7,681,145      Percent to Grand Total: 42.0%

User: DMCDANIE

North Dakota Office of Attorney General  
Summary of Eligible Use Contributions

Fiscal Year: 2014  
Quarter: All

Eligible Code	Description	Check Amount	% of Grand Total
B-10	RELIGIOUS USES	284,130	1.6
Subtotal Of Contributions:		\$284,130	Percent to Grand Total: 1.6%

Eligible Code	Description	Check Amount	% of Grand Total
C-10	AGRICULTURE	24,655	0.1
C-20	THE ARTS	389,556	2.1
C-25	EDUCATIONAL PUBLIC SERVICES	942,491	5.2
C-30	SAFETY	22,700	0.1
C-40	4-H ACTIVITIES	35,758	0.2
C-50	EDUCATIONAL INSTITUTIONS AND A	1,118,192	6.1
C-75	PERSERVATION OF CULTURAL HERIT	384,102	2.1
C-80	SCHOLARSHIPS	1,269,463	6.9
C-90	VOCATIONAL WORKSHOPS	10,628	0.1
C-99	OTHER	20,762	0.1
Subtotal Of Contributions:		\$4,218,307	Percent to Grand Total: 23.1%

Eligible Code	Description	Check Amount	% of Grand Total
D-10	CAMP GRASSICK	7,989	0.0
D-20	FRATERNAL FOUNDATIONS	129,182	0.7
D-30	LEGION BASEBALL	334,441	1.8
D-40	VETERAN'S CEMETARY	32,685	0.2
D-50	DISABLED OR INJURED VETERANS A	73,479	0.4
D-60	MILITARY FAMILY SUPPORT	49,145	0.3
D-99	OTHER	26,161	0.1
Subtotal Of Contributions:		\$653,082	Percent to Grand Total: 3.6%

User: DMCDANIE

North Dakota Office of Attorney General  
Summary of Eligible Use Contributions

Fiscal Year: 2014  
Quarter: All

Eligible Code	Description	Check Amount	% of Grand Total
E-10	SCOUTING ACTIVITIES AND BOYS O	77,436	0.4
E-30	COMMUNITY BANDS, COLOR AND HONOR GUARDS, FLAG	380,265	2.1
E-99	OTHER	14,251	0.1
Subtotal Of Contributions:		\$471,952	Percent to Grand Total: 2.6%

Eligible Code	Description	Check Amount	% of Grand Total
F-10	ERECTION OR MAINTENANCE OF PUB	362,562	2.0
Subtotal Of Contributions:		\$362,562	Percent to Grand Total: 2.0%

Eligible Code	Description	Check Amount	% of Grand Total
G-10	COMMUNITY EMERGENCY SERVICES	921,870	5.0
G-15	DISBURSEMENTS DIRECTLY TO A CI	355,051	1.9
G-25	IMPROVEMENT OF PUBLIC AREAS	146,969	0.8
G-50	PARKS AND RECREATION	1,416,952	7.7
G-60	LAW ENFORCEMENT	32,194	0.2
G-99	OTHER	29,200	0.2
Subtotal Of Contributions:		\$2,902,236	Percent to Grand Total: 15.9%

Eligible Code	Description	Check Amount	% of Grand Total
H-00	LOSS OF THE HOME VICTIMS	17,031	0.1
Subtotal Of Contributions:		\$17,031	Percent to Grand Total: 0.1%

North Dakota Office of Attorney General  
Summary of Eligible Use Contributions

User: DMCDANIE

Fiscal Year: 2014  
Quarter: All

Eligible Code Description	Check Amount	% of Grand Total
I-00 SUFFERERS OF SERIOUS DISABLING	271,248	1.5
Subtotal Of Contributions: \$271,248	Percent to Grand Total: 1.5%	

Eligible Code Description	Check Amount	% of Grand Total
K-10 ECONOMIC DEVELOPMENT	384,614	2.1
K-30 TOURISM	741,058	4.0
K-99 OTHER	312,192	1.7
Subtotal Of Contributions: \$1,437,864	Percent to Grand Total: 7.9%	

Eligible Code Description	Check Amount	% of Grand Total
V-00 VOIDED CHECK	0	0.0
Subtotal Of Contributions: \$0	Percent to Grand Total: 0.0%	

Total Of All Contributions: \$18,299,557

--- End of Report ---

3/21/17

3

HB 1216

# Paperless Pull Tab Machine



## ❖ Proven Reliability

- Approved by Gaming Laboratories, Inc. and UL and FCC
- Very few moving parts to service or malfunction

## ❖ Accountability

- Ability to monitor each machine and site from any internet connection. Unlimited information available such as sales, inventory levels, prizes paid, cash in, etc.
- Availability of several security levels – checkout level, distributor level, site manager level, charity manager level, and AG office level

## ❖ Security

- Eliminates all unintentional human mistakes and even intentional fraud, such as insider information
- Maintains the games integrity

## ❖ Delivery System

- No need to order or store inventory during the quarter
- Savings to charities in transportation costs and freight charges
- Out of stock situations or empty machines are virtually eliminated
- No excess inventory at the end of the quarter, meaning there are no pull-tabs to count, pay for, or store

## ❖ Paperless Pull Tab Machine

- Offers the same products currently being played in pull tab machines in the state of North Dakota
- Plays games with the same themes, prize structures, and win ratios that are currently being used
- All games are finite. They all have an exact amount of tickets, winners, and profit
- Should be 100% accurate each quarter
- All games are commingled and dispensed randomly

3/21/17

(4)

HB 1216

## HB 1216 – A PAPERLESS OPTION TO HELP NORTH DAKOTA’S CHARITABLE GAMING INDUSTRY

**HB 1216** allows a charity to use a paperless electronic pull tab device to play pull tabs as currently being done, only in an electronic format. Electronic pull tabs are not a replacement for paper pull tabs but are an affordable, secure and reliable option. This is a “technology shift” – like using a laptop computer instead of a bill book to look at proposed legislation – and NOT an expansion of gaming.

**HB 1216** includes a provision for the availability of a “paper equivalent from a distributor” in the market which means the electronic form of pull tabs is the same as and nothing different than having the paper version other than the use of technology to play the pull tabs. By having an equivalent game of paper available, along with an electronic game, everyone realizes this is not adding a new form of gaming.

**HB 1216** does not restrict any manufacturer or distributor business that is authorized and approved by the Attorney General’s Gaming Division to provide authorized and approved pull tab games either in paper or electronic format. If a business does not have one form or the other, that business can contract for – or enter a joint venture with – another business to offer the pull tab games, paper or electronic, as approved under the law by the Attorney General’s Gaming Division.

**HB 1216** has a provision for the “insertion of cash”. This provision is consistent with current law, for existing paper pull tab dispensing devices. The Attorney General’s Gaming Division (and the distributors) were concerned about not all gaming sites having access to a person being available for pull tab operations, and if this provision were changed to “payment of cash” it would require bartenders to take cash and be more actively involved.

**HB 1216** is supported by the Charitable Gaming Association of North Dakota (CGAND), the North Dakota Hospitality Association, and many charitable gaming non-profit organizations throughout the state of North Dakota.

### **Please support HB 1216**

(This information is being distributed in a paper version but– an equivalent electronic version is also available upon request ☺)

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HB 1216

3/21/17

New Salem Civic Club, Inc.  
103 S. 3<sup>rd</sup> Street, No. 1  
Bismarck, ND 58501

This is a letter of support for House Bill No. 1216 relating to the use of paperless pull tab machines.

Our organization has conducted charitable gaming for 28 years. Our gaming operation has supported numerous causes in New Salem and the surrounding communities primarily through the use of pull tab machines.

Technology has benefited our society greatly. So utilizing these advancements in our industry seems appropriate. Exploiting technology would afford a more efficient and accurate operation. Paperless pull tab machines would also curtail costs, fraud, cheating, and theft.

Machine maintenance is one our organizations biggest expenses. Paperless pull tab machine would alleviate some of these costs. Paper tickets are prone to warping, not vending properly and jamming. All of which are costly repairs to our organization.

Other benefits include the elimination of defective games that would enhance the integrity of the game. On occasion, we have experienced tickets be glued together, extra winners, not enough winners and multiple serial numbers. All of which would be avoided through this game.

We support the bill and would like the support of our legislators to help us move forward.



Alec Kautzman  
New Salem Civic Club, Inc.



Dickinson Charities  
67 21st Street East  
Dickinson, ND 58601

This is a letter of support for House Bill No. 1216 relating to the use of paperless pull tab machines.

Our organization has been in gaming for 31 years. Throughout the years we have aided our community with the funds generated through the use of pull tab machines.

By supporting the use of paperless pull tab machines our organization, Dickinson Charities, could reduce our expenses and increase our accuracy and auditing at the end of the quarter would also be much easier and less time consuming.

Another benefit would be the cost savings of not having pull tabs to count and pay for at the end of the quarter.

The need to have our service person go to each machine to fill tickets when it runs out will no longer be necessary, which will save our organization money. There are instances when the machine runs out of tickets on a Friday or Saturday and we have to send someone there to put tickets in the machine so we don't lose out on the busy weekend sales. This is a big expense to our charity, especially for the machines we have in other towns. Also, all the problems we have with tickets warping, not vending properly, and jamming in the machine would be gone saving us service costs to get the machine repaired.

We would never have to worry about getting a defective game from the paper manufacturer. There are instances now where we have tickets that are glued together, the ticket windows are glued shut, or there are extra winners or not enough winners in a box of pull tabs.

We support this bill and are looking for support from the legislators to help us move forward.

Respectfully,

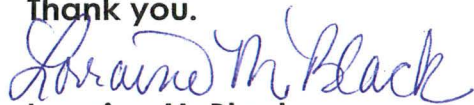


Barbara Hauck, Manager  
Dickinson Charities

Amvets Post #9  
2402 Railroad Avenue  
Bismarck, ND 58501

This letter is in support for House Bill No. 1216 relating to the use of paperless pull tab machines. I think that the paperless machine would eliminate fraud, cheating and theft. It will also make auditing much easier each week.

Thank you.



Lorraine M. Black  
Gaming Manager  
Amvets Post #9.

Ashley Lions Club  
PO Box 202  
Ashley, ND 58413

*This letter is in support of the paperless pull-tab machine. I have worked in the gaming field for 17 years with this organization.*

*Supporting the installation of a paperless pull-tab machine for the organization would cut down on counterfeited pull-tabs. For example, a player can draw a zero on a \$5.00 winner and the bartender pays the player \$50.00 instead of \$5.00. An audit of the game, would show to many \$50.00 being payed. The player wouldn't have access to the pull-tab with this machine.*

*Another advantage of this machine, the organization wouldn't have to worry about a player leaving the bar and cashing the pull-tab at a different bar. There are times when the bartender doesn't check the name of the game or the pull-tab serial number and pays a player for a wrong game.*

*And also, the organization would be saving money on shipping the tabs and paying the service techs. We pay our employees when there is a pull-tab or dollar jammed in the machine and when they fill the machine. With the way the economy is, the sale of pull-tabs are down - we as organizations need to start cutting costs and the paperless pull-tab machine would help us out and keep a lot of organizations in business and in the black.*

*We support this bill*

Wanda Delzer  
Ashley Lions Club

JAN. 24, 2017

NODAK SPORTSMENS CLUB  
619 RIVERWOOD DR.  
BISMARCK, ND

THIS LETTER IS TO SUPPORT BILL #1216 RELATING TO THE USE OF PAPERLESS PULL TAB MACHINE. OUR ORGANIZATION HAS BEEN IN GAMING FOR OVER 25 YEARS. THROUGHOUT THE YEARS WE HAVE USED PULL TAB MACHINES AS OUR MAIN GAMING.

By SUPPORTING THE USE OF PAPERLESS PULL TAB MACHINE OUR ORGANIZATION COULD REDUCE OUR EXPENSES AND INCREASE OUR ACCURACY. ANOTHER BENEFIT WOULD BE THE COST SAVINGS OF NOT HAVING PULL TABS TO COUNT AND PAY AT THE END OF EACH QTR. ALSO, WE WOULD NEVER HAVE TO WORRY ABOUT GETTING A DEFECTIVE GAME FROM THE PAPER MANUFACTURER. THIS WOULD BE A GAME CHANGER!

WE SUPPORT IS BILL.

  
MIKE AUDE

NODAK SPORTSMENS CLUB 5

Mandan Baseball Club, Inc.  
103 S. 3<sup>rd</sup> Street, No. 1  
Bismarck, ND 58501

This is a letter of support for House Bill No. 1216 relating to the use of paperless pull tab machines.


Our organization has conducted charitable gaming for 4 years. Our gaming operation has supported and grown our youth baseball club in the Mandan community through gaming funds derived through pull tab machines.

Technology has benefited our society greatly. So utilizing these advancements in our industry seems appropriate. Exploiting technology would afford a more efficient and accurate operation. Paperless pull tab machines would also curtail costs, fraud, cheating, and theft.

Machine maintenance is one our organizations biggest expenses. Paperless pull tab machine would alleviate some of these costs. Paper tickets are prone to warping, not vending properly and jamming. All of which are costly repairs to our organization.

Other benefits include the elimination of defective games that would enhance the integrity of the game. On occasion, we have experienced tickets be glued together, extra winners, not enough winners and multiple serial numbers. All of which would be avoided through this game.

We support the bill and would like the support of our legislators to help us move forward.



Alec Kautzman  
Mandan Baseball Club, Inc.

From: Brian Pedersen

Comet Athletic Club and Mayport Multipurpose Community Event Center

This is a letter of support for House Bill No. 1216 relating to the use of paperless pull tab machines.

By supporting the use of paperless pull tab machines our organization could reduce our expenses and increase our accuracy. Auditing at the end of the quarter would also be much easier and less time consuming.

Our organizations have been in gaming for 12 years. Throughout the years we have aided our community with the funds generated through the use of our pull tab machines.

Another benefit would be the cost savings of not having pull tabs to count and pay for at the end of each quarter as well as the shipping and delivery costs associated to get the pull tabs to Mayville.

The need to have our service person go to each machine to fill the tickets when it runs out will no longer be necessary, which will save our organization money. There are instances when the machine runs out of tickets on a Friday night or Saturday and we have to send someone there to put tickets in the machine so we don't lose out on the busy weekend sales. We would only need to go to the machine once a week to remove the money and buy back the winning vouchers. This is a big expense to our charity. Also, all the problems we have with tickets warping, not vending properly, and jamming in the machine would be gone, saving us service costs to get the machine repaired.

We would never have to worry about getting a defective game from the paper manufacturer. There are instances now where we have tickets that are glued together, the ticket windows are glued shut, or there are extra winners or not enough winners in a box of pull tabs.

We support this bill and are looking for support from the legislators to help us move forward.

Thank you,

Brian Pedersen

Charity Manager

From: Howard Burns

Member of the N.D. American Legion

This is a letter of support for House Bill No. 1216 relating to the use of paperless pull tab machines.

As a veteran and a member of the American Legion since 1970 I have witnessed the good things the veteran's organizations and American Legions, throughout our state, have been able to do with the money generated from charitable gaming.

With the dwindling number of members in most of the veteran's organizations, it is important that we try to reduce our labor and expenses to keep the doors open. We feel HB1216 does both and will make it easier to operate.

We support this bill and are looking for support from the Senate members to help pass this bill.

Thank you,

Howard Burns

**HOUSE BILL 1216**  
**ELECTRONIC PULL-TAB MACHINE BILL**  
**SENATE JUDICIARY COMMITTEE**  
**SUBMITTED BY JANELLE MITZEL, CGAND**  
**MARCH 21<sup>ST</sup>, 2017**

The Charitable Gaming Association of North Dakota supports HB 1216. This electronic pull tab machine plays identical to pull tab machines currently being used throughout North Dakota, with the only exception being the pull tabs are displayed on the screen instead of having a paper tab loaded and dispensed.

**1. Electronic Pull Tab Machine**

- A. The machine plays games with the same themes, prize structures, and win ratios as we are currently using.
- B. All games are finite. They all have an exact amount of tickets, winners, and profit. Machine should be 100% accurate each quarter.
- C. All games are commingled and dispensed randomly.

**2. Accountability**

- A. Charities will have the ability to monitor information using any internet connection. Sales, inventory levels, prizes paid, and cash in data would be instantaneous.
- B. Human errors, ticket theft, intentional fraud and insider information would be reduced. Electronic machines maintain the integrity of the game.

**3. Savings to the Charity**

- A. Will never run out of product to sell, and machines will always be available with product.
- B. Elimination of ticket jams, or vending extra tickets.
- C. Charities will only pay for tickets that are sold to consumer.
- D. Shipping costs of paper pull tabs eliminated.

CGAND would like to see two amendments to the HB 1216 in current form:

**1. SECTION 1, Page 2, Line 8 – delete insertion and replace with payment**

- A. Bill currently would only allow for machines that have cash bill acceptors, and not allow for electronic pull tab devices. Organizations should be allowed to use hand-held devices where gaming cashiers are available.
- B. Bill acceptors and electronic pull tab machines are very expensive, and this amendment would offer more options to the charities.

**2. SECTION 4, Page 5, Line 2 - 1. An electronic pull tab deal also must be available in paper from a distributor - Strike**

- A. Very costly to have to produce the paper product or have the ability to produce. This limits options to only manufacturers who produce electronic and paper pull tabs, or have that capability.



## Senator Nelson Amendments to HB1216 (17.0561.02004)

Testimony Before Senate Judiciary Committee March 27, 2017

Joe Richardson, CEO, Gaming Studio – Lobbyist 472

Mr. Chairman, members of the Committee, I am Joe Richardson, CEO of Gaming Studio, a North Dakota based game design firm. We support HB1216 as amended by Senator Nelson's proposed amendments. We oppose the bill without such amendments. In 1991 I was first to be awarded a U.S., and subsequently several foreign, patents for electronic pull tabs. I have been on this beat a very long time.

The first set of amendments are aimed at fostering competition, lowering costs to the organizations and making good on the pledge that electronic pull tabs are very much like the pull tab games played presently in North Dakota.

### **Page 2, line 8, replace "insertion" with "payment"**

Without such a change, every electronic pull tab device would need to be equipped with a bill acceptor, drop box and restricted access electronic doors. Essentially each device would be much like a slot-style kiosk. The cost of kiosks, so equipped, is several times what a tablet would cost. The largest electronic pull tab state in the country, with electronic pull tabs operating under their charitable gaming program in over 600 bars does not use kiosk or slot-style cabinets but instead uses electronic tablets – most of which are Ipads that are converted exclusively to host electronic pull tab games. The credits are purchased from a cashier or even a bartender and loaded into the device. All purchases are tracked as well as all payouts and remotely available to both organization gaming managers and regulators. The cash that should be in the game bank is known. Proponents of HB1216 have said all the devices must have bill acceptors in order to reduce the bartenders involvement in the game. However, the bartenders continue to access the organization's cash bank to pay out wins. When cash from sales can be used to pay wins, the amount of cash required on site is markedly reduced. Why should locations that have their own staff available be required, be mandated, to have very expensive devices with bill acceptors? Do we want our bars to appear like slot parlors? Tablets better allow several people to pool their resources, like "let's all throw in \$10 and see if we can win appetizer money," and pass the tablet around --- quite like buying the paper pull tabs as a group now. If the Gaming Commission believes that under certain circumstances a bill acceptor would be preferred, they could require that a bill acceptor pedestal be placed that would allow all tablets on the site to have their credits loaded. This would be at a fraction of the cost of mandating all devices have bill acceptors. The bill acceptor provision is really a very expensive 20<sup>th</sup> century solution in hunt for a 21<sup>st</sup> century market. It is a waste of charitable gaming money.

### **Page 2, line 28, after "21." Insert ""Pull tabs", whether in paper or electronic form, means a game:**

I will address these together. This is to assure legislators and the public that the electronic pull tabs are indeed very close to paper pull tabs we know in North Dakota and not a migration to slot machines. The definition provided here would be impossible for slot machines to fall within.

Pull tabs are often described as finite quantities of chances or in this case “preset quantity of chances.” But what value is “finite” or even a “preset quantity” if you keep adding preset quantities to the initial batch? The value is only realized when player’s are able to view the quantity of chances in the container in comparison with how many of the higher tier wins remain. That is exactly what makes pull tab games, as operated in North Dakota, the most transparent of all games. It makes pull tab games the second cousin to raffles. If players can no longer get a sense of how many chances there are associated with how many higher tier winning chances you have quasi-slots. It is the transparency that distinguishes pull tabs. Then too, players are also able to decide which “jars” or game deals offered they would like to play. So, if you have multiple electronic pull tab devices on a site, all of those devices should be able to access any of the electronic pull tab games they wish to play – simultaneously with other players. That is the way pull tabs are played now. That is not how slots are played.

We don’t have to buy into a device design that was made to mimic a slot machine when we can have devices that are less expensive and truly operate like pull tabs played in North Dakota. You don’t need to pick devices, you need only to define what is important in ensuring that we are truly authorizing pull tab games in keeping with their being among the most transparent games in wagerdom. North Dakota was a pioneer in charitable gaming, let’s not look to commercial casinos as our model. From an engineering perspective, this a bit of work but it is not much of a challenge. If you agree that preserving the unique characteristics of North Dakota style pull tabs is of value – amend to define it and we (and others) will build it.

**Page 5, remove line 2 “1. An electronic pull tab deal also must be available in paper from a distributor”**

It is important to know that there are only four licensed paper pull tab manufacturers serving North Dakota. With a cool \$10 million, you could maybe start one. The last paper pull tab manufactured in North Dakota was in about 1985 – the effort failed. So too did a much more capitalized startup in Minnesota. Producing paper pull tabs is a lot more complicated than one might think. All to say, you just don’t go down to a North Dakota print shop and crank out games.

This clause mandates that say, Gaming Studio, a North Dakota company, would need to take our electronic pull tab game designs to the four out-of-state paper pull tab printers and ask if they would produce the paper version. If they all say no, “why would we want to aid our competition”, then we we’d be out of business. One of them might say, “we will produce it but our press schedule is so tight that it may take a year.” Then too, if our idea was as good as we may have thought, we might see one of the two paper pull tab manufacturers who also produce electronic pull tab games come out with something remarkably similar well before they produce our paper game.

The paper version of an electronic game is not required by this bill to be played while the electronic game is being played. It is not required to be offered at the same location. The game doesn't even have to be in the state – anywhere at any time. While Gaming Studio would have to pay the paper manufacturer to produce the game, we would not control its sale.....we were not the manufacturer. As a manufacturer, we would not be able to sell our paper version to the organizations because we can't be both a manufacturer and a distributor. Some have said that we would be able to "license" the rights to produce the electronic version of an existing game. In other words we would not be able to originate our own games. Even if the paper manufacturers would print the mandated paper editions of our games, the cost, whatever price they might charge, would be passed on to charities buying our electronic games. They would be subsidizing out-of-state printers for something they may never want or use – just to use our electronic games. Or, they will simply find North Dakota electronic game manufacturers too expensive given the mandated payment to out-of-state paper printers. We would continue to import all of our gaming supplies – except wheel games.

This mandate that electronic pull tabs have a paper version is a subsidy to paper pull tab manufacturers and an attempt to limit competition from non-printing companies like Gaming Studio. The justification is said to demonstrate that electronic pull tabs are not an expansion of gaming. The best way to show that the bill is only an electronic version of what is already happening is to define, as this amendment does, North Dakota pull tab games.

The Office of the Attorney General advised those who were drafting this bill not to include the requirement that devices have bill acceptors and not to include the paper game tie-in. They went ahead anyway and should those provisions stand, we would sadly oppose the bill. Sadly, because we know that charitable gaming in North Dakota in the past twenty years is down by over 30% adjusted for inflation. Pull tabs are down over 40% and bingo down far more. The argument over expansion seems weak given the contraction that has been happening.

# Senator Nelson Amendments to HB1216 (17.0561.02002)

Testimony Before Senate Judiciary Committee March 27, 2017

Joe Richardson, CEO, Gaming Studio – Lobbyist 472

## **Paddlewheels**

Mr. Chairman, members of the Committee, I have been the designer of the games composed of large paddlewheels played with a table that are presently in play. There are about 60 locations in North Dakota with the wheels and tables. In the beginning until 1998, the game was the Tri-Wheel®. Since then, it is all about the Pig Wheel™.

For many years I have been aware of problems associated with wheel bias whereby the wheels accept and dispel moisture unevenly as bar humidity changes – often overnight. This requires the organizations to carefully rebalance them daily. A very slight change can pull a wheel toward a certain segment, altering the house edge. Also, associated with bias is pattern spinning, whether inadvertent or intentional. When someone spins the wheel every night, they get to know the feel and can establish a pattern that players pick up on.

In 2015 legislation was given a do-pass that would define paddlewheels in such a way as would allow us to offer electronic wheels with tables that, while still using an operator, would also use virtual chips. Every spin would be random without any rebalancing or pitching problems. Every bet and payout would be recorded and known. It was an upgrade to our existing games.

On the House floor, Representative Klemin gave a strong speech against based on any changes being expansion of gambling. A couple of legislators asked about server connections being secure and unfortunately no one brought up that server connections are already used in acquisition of chances that pay hundreds of millions of dollars by the lottery. Server connections are used in horse racing and electronics are used now in Bingo and in determining raffle wins. The bill for electronic pull tabs that flew through the house also utilizes server connections.

Given that legislators appear more comfortable with electronic editions of existing games this year, we asked Senator Nelson to again try our electronic wheel bill. It solves existing balance and spin problems. It still uses an operator so no jobs are lost. It brings a lot of security and accountability to both gaming managers and regulatory officials. It is from North Dakota.

17.0561.02004  
Title.

Prepared by the Legislative Council staff for  
Senator Nelson

March 23, 2017

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1216

Page 1, line 3, after "53-06.1-06" insert ", section 53-06.1-08"

Page 1, line 4, after "to" insert "pull tabs and"

Page 2, line 8, replace "insertion" with "payment"

Page 3, line 28, after "21." insert "\"Pull tabs\", whether in paper or electronic form, means a game:

- a. Composed of an initial preset quantity of chances, all of which sell for the same price per chance;
- b. Which contains a preset quantity of winning chances, the value of which is preset and posted with the higher tier chances remaining posted and where players are able to see, directly or through a digital meter, accurate to within five percent, the quantity of chances remaining; and
- c. In which all players are able to access any pool of chances remaining for sale at the location.

22."

Page 4, line 1, replace "22." with "23."

Page 4, after line 28, insert:

**"SECTION 4. AMENDMENT.** Section 53-06.1-08 of the North Dakota Century Code is amended and reenacted as follows:

**53-06.1-08. Punchboards and pull tabs.**

1. The maximum sales price per pull tab and punchboard punch is two dollars. The maximum prize value of a top tier winning pull tab or punchboard punch is five hundred dollars.
2. The quantity of all pull tab chances remaining during play must be visible to players through a transparent container or, if in electronic form, shown through a visual meter display accurate to within five percent. Each pull tab game or deal must have an initial preset quantity of winning chances, each paying an invariable prize amount that is posted and visible to the public. The updated quantity of top tier winning pull tabs remaining which award a prize value equal to fifty times the price of a chance or higher must be displayed to the public in real time.
3. Unless all top tier winning pull tabs or punchboard punches of a game have been redeemed, or unless otherwise permitted by a gaming rule or the attorney general, a person or organization may not close the game after it has been placed in play. The maximum sales price per pull tab and punchboard punch is two dollars. The maximum prize value of a top tier winning pull tab or punchboard punch is five hundred dollars.

4. All players at a location from which paper pull tabs are vended must have an equal opportunity to acquire chances from any game of paper pull tabs offered at the same location. All players with electronic pull tab devices must have an equal opportunity to acquire chances from any game offered on any device at the same location.
5. The game of pull tabs, when conducted in paper with paper tickets, may only be conducted by commingling deals."

Page 5, remove line 2

Page 5, line 3, remove "2."

Renumber accordingly

March 3, 2017

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1216

Page 1, line 3, after "53-06.1-06" insert ", section 53-06.1-07.4"

Page 1, line 5, after "devices" insert "and to the game of paddlewheels"

Page 4, after line 28, insert:

**"SECTION 4. AMENDMENT.** Section 53-06.1-07.4 of the North Dakota Century Code is amended and reenacted as follows:

**53-06.1-07.4. Paddlewheels.**

A paddlewheel is a mechanical vertical wheel, or a statewide, server-based, electronically simulated vertical wheel, marked off into equally spaced sections that of no more than three rings which contain numbers or symbols, and which after being spun, uses a pointer to indicate the winning number or symbol. The maximum price per paddlewheel ticket or chip is two dollars. A paddlewheels for which winning numbers or symbols are determined by a statewide server-based random number generator may have up to three rings that work in combination, although with separately generated winning numbers for each ring. Unless all bets are uploaded to a central server and resulting payouts are calculated and directed by the server in real time, a table and chips must be used to register a player's wager when a prize is a variable multiple of the wager. Otherwise Unless the wheel is played with an approved table, a ticket must be used for wagering. A player may not place wagers totaling more than twentyfifty dollars on each spin of the paddlewheel. Cash, chips, or merchandise prizes may be awarded. No single cash prize, value of chips, or the retail value of the merchandise prize to be awarded for a winning ticket or chip may exceed one hundred dollars Wagers on electronic wheels not using a table must be at least one dollar in aggregate, per ticket, per spin. An incremental wager on an electronic wheel may not award a prize value exceeding five hundred dollars. An incremental wager on a mechanical wheel may not award a prize value exceeding one hundred dollars. Tickets issued for electronically simulated paddlewheels may not be valid for more than ten consecutive spins and must be issued and redeemed at a licensed gaming site. A paddlewheel may not be player activated."

Renumber accordingly

HB 1216

3

3/27/17

# Studio Report ND 2016

## North Dakota Charitable Gaming 20 Year Slide Value Down 33% From 1996

Joe Richardson, Gaming Studio, Inc., February 8, 2017, joe@gamingstudio.com  
Next Report - 20 year - Scheduled for July, 2017

### Introduction

In North Dakota, a unique form of charitable gaming allows qualifying non-profit organizations to lease space in city/county approved on-sale liquor serving establishments (bars, taverns, restaurants, etc.) to conduct statutorily defined games of chance. Veterans and fraternal organizations are also allowed to engage in this form of gaming in their own premises; however, they must donate the profits to other bona fide charitable causes. In all 321 organizations were licensed to conduct gaming at 821 locations, using 2,271 paid gaming employees at the end of 2015. The proceeds realized from this activity are vitally important to many publicly spirited community related projects.

The primary game is "pull-tabs" (finite probability ticket games that are somewhat like instant lottery tickets except the overall pool seldom exceeds 4,000 chances among which there are a pre-determined quantity of winning chances, each such winning chance paying a pre-determined value which is publicly posted.) The house advantage for pull tabs in 2015 was 21.5%. "21" is dealt by trained and state regulated organizational employees on 446 tables over 294 sites (2015). "21" has the lowest house advantage of all games in North Dakota charitable gaming with a presumed advantage of about 5%. Bingo is vended in various forms but lately with very few dedicated halls. Bingo carried a 19% house advantage in 2015. Along with "21" the other table game in North Dakota is the Pig Wheel™ which operated in 54 locations and continues to grow. The Pig Wheel is the predominant paddle wheel. No matter how you play it, the house edge is 11.11%. There are numerous other games such as raffles, raffle boards, club specials and punch boards, prize boards, sports boards and poker all together making up less than 10% of the 2015 net consumer spend on charitable gaming. Raffles make up 86% of the "Other" category. While larger in consumer spend than paddle wheels, Gaming Studio has a direct interest in the latter.

North Dakota charitable gaming is essentially "neighborhood gaming" – the players are neighbors. This versus "destination gaming" conducted in casinos that are located miles away from where players live. While the need for game evolution is clear, the sensitivity to being neighborhood based gaming should guide the direction.



## The Data

"Net consumer spend," in our experience, is a more descriptive term than "adjusted gross" used in North Dakota for the after-prize revenue in gaming. For gaming economic analysis the net consumer spend (sometimes also called "gross win") is the important number. Gross bet is only useful in doing certain specific game analysis; however, it is far too often misused as meaningful - perhaps out of the attraction to big numbers.

Comparing net consumer spend in 2015 with that of 1996 requires conversion of 1996 dollars to 2015 dollars. We use the Bureau of Labor Statistics inflation calculator to make an apple-for-apple comparison. For instance, the \$40.3 million dollars spent on pull tabs in 1996 is equal in value to \$60.8 million in 2015. One can't buy a new car today for the price quoted in 1996.

We convert 1996 dollars to 2015 dollars in the third column below. Then, in the fourth column, the 2015 actual net consumer spend is shown (CY2016 data is not yet compiled). The fifth column is the difference between the 1996 number as adjusted for 2015, column three, from 2015 actual or column four. And, finally the difference stated as a percentage.

All numbers stated in thousands

Game Type	1996 Net Consumer Spend <sup>1</sup>	1996 Value Inflation Adjusted For 2015 - Should Be <sup>2</sup>	2015 Actual Net Consumer Spend <sup>3</sup>	Difference '96/'15 Inflation Adjusted	Difference '96/'15 %
Pull Tabs	\$40,255	\$60,765	\$35,005	(\$25,760)	(42.39%)
"21"	\$7,554	\$11,411	\$11,993	\$582	5.1%
Bingo	\$9,181	\$13,869	\$5,112	(\$8,757)	(63.14%)
Paddlewheels	\$103	\$162	\$1,705	\$1,543	952.47%
Other	\$1,136	\$1,716	\$4,882	\$3,166	184%
<b>Total</b>	<b>\$58,203</b>	<b>\$87,923</b>	<b>\$58,697</b>	<b>(\$29,226)</b>	<b>(33.24%)</b>

1. 1996 Net Consumer Spen as recorded as "adjusted gross" by the ND Office of the Atty General quarterly reports.

2. Inflation Calculator U.S Bureau of Labor Statistics: [https://www.bls.gov/data/inflation\\_calculator.htm](https://www.bls.gov/data/inflation_calculator.htm)

3. 2015 Net Consumer Spen as recorded as "adjusted gross" by the ND Office of the Atty General quarterly reports.

Overall, charitable gaming net consumer spend is **down 33.24%** over the past 20 years, when adjusted for inflation. Put another way, charitable gaming in 1996 was half again more valuable as it is today. Bingo has the largest decline being **down 63.14%** followed by pull tabs being **down 42.39%**. These were the two largest games in 1996. On the other hand, "21", paddlewheels and "other" which is mostly raffles increased. Far from "expanding," **charitable gaming is contracting**. Worries that change will "expand" gambling are effectively choking charitable gaming. As a form of entertainment the games, the product, must evolve or the business and the value to communities will be lost.

3/28/17

①

HB 1216

17.0561.02004  
Title.

Prepared by the Legislative Council staff for  
Senator Nelson

March 23, 2017

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1216

Page 1, line 3, after "53-06.1-06" insert ", section 53-06.1-08"

Page 1, line 4, after "to" insert "pull tabs and"

Page 2, line 8, replace "insertion" with "payment"

Page 3, line 28, after "21." insert "\"Pull tabs\", whether in paper or electronic form, means a game:

- a. Composed of an initial preset quantity of chances, all of which sell for the same price per chance;
- b. Which contains a preset quantity of winning chances, the value of which is preset and posted with the higher tier chances remaining posted and where players are able to see, directly or through a digital meter, accurate to within five percent, the quantity of chances remaining; and
- c. In which all players are able to access any pool of chances remaining for sale at the location.

22."

Page 4, line 1, replace "22." with "23."

Page 4, after line 28, insert:

**"SECTION 4. AMENDMENT.** Section 53-06.1-08 of the North Dakota Century Code is amended and reenacted as follows:

**53-06.1-08. Punchboards and pull tabs.**

1. The maximum sales price per pull tab and punchboard punch is two dollars. The maximum prize value of a top tier winning pull tab or punchboard punch is five hundred dollars.
2. The quantity of all pull tab chances remaining during play must be visible to players through a transparent container or, if in electronic form, shown through a visual meter display accurate to within five percent. Each pull tab game or deal must have an initial preset quantity of winning chances, each paying an invariable prize amount that is posted and visible to the public. The updated quantity of top tier winning pull tabs remaining which award a prize value equal to fifty times the price of a chance or higher must be displayed to the public in real time.
3. Unless all top tier winning pull tabs or punchboard punches of a game have been redeemed, or unless otherwise permitted by a gaming rule or the attorney general, a person or organization may not close the game after it has been placed in play. The maximum sales price per pull tab and punchboard punch is two dollars. The maximum prize value of a top tier winning pull tab or punchboard punch is five hundred dollars.

4. All players at a location from which paper pull tabs are vended must have an equal opportunity to acquire chances from any game of paper pull tabs offered at the same location. All players with electronic pull tab devices must have an equal opportunity to acquire chances from any game offered on any device at the same location.
5. The game of pull tabs, when conducted in paper with paper tickets, may only be conducted by commingling deals."

Page 5, remove line 2

Page 5, line 3, remove "2."

Renumber accordingly

3/28/17

2

HB 1216

17.0561.02002  
Title.

Prepared by the Legislative Council staff for  
Senator Nelson

March 3, 2017

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1216

Page 1, line 3, after "53-06.1-06" insert ", section 53-06.1-07.4"

Page 1, line 5, after "devices" insert "and to the game of paddlewheels"

Page 4, after line 28, insert:

**"SECTION 4. AMENDMENT.** Section 53-06.1-07.4 of the North Dakota Century Code is amended and reenacted as follows:

**53-06.1-07.4. Paddlewheels.**

A paddlewheel is a mechanical vertical wheel, or a statewide, server-based, electronically simulated vertical wheel, marked off into equally spaced sections that of no more than three rings which contain numbers or symbols, and which after being spun, uses a pointer to indicate the winning number or symbol. The maximum price per paddlewheel ticket or chip is two dollars. A Paddlewheels for which winning numbers or symbols are determined by a statewide server-based random number generator may have up to three rings that work in combination, although with separately generated winning numbers for each ring. Unless all bets are uploaded to a central server and resulting payouts are calculated and directed by the server in real time, a table and chips must be used to register a player's wager when a prize is a variable multiple of the wager. Otherwise Unless the wheel is played with an approved table, a ticket must be used for wagering. A player may not place wagers totaling more than twentyfifty dollars on each spin of the paddlewheel. Cash, chips, or merchandise prizes may be awarded. No single cash prize, value of chips, or the retail value of the merchandise prize to be awarded for a winning ticket or chip may exceed one hundred dollars Wagers on electronic wheels not using a table must be at least one dollar in aggregate, per ticket, per spin. An incremental wager on an electronic wheel may not award a prize value exceeding five hundred dollars. An incremental wager on a mechanical wheel may not award a prize value exceeding one hundred dollars. Tickets issued for electronically simulated paddlewheels may not be valid for more than ten consecutive spins and must be issued and redeemed at a licensed gaming site. A paddlewheel may not be player activated."

Renumber accordingly

3/29/17

①

HB 1216

17.0561.02006  
Title.

Prepared by the Legislative Council staff for  
Senator Nelson

March 29, 2017

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1216

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to amend and reenact section 53-06.1-01, subsection 4 of section 53-06.1-01.1, subsection 1 of section 53-06.1-06, subsection 5 of section 53-06.1-11, and section 53-06.1-14 of the North Dakota Century Code, relating to the use of electronic pull tabs and electronic pull tab devices.

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

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

**53-06.1-01. Definitions.**

As used in this chapter:

1. "Adjusted gross proceeds" means gross proceeds less cash prizes, cost of merchandise prizes, gaming tax, and federal excise tax imposed under section 4401 of the Internal Revenue Code [26 U.S.C. 4401].
2. "Charitable organization" means an organization whose primary purpose is for relief of poor, distressed, underprivileged, diseased, elderly, or abused persons, prevention of cruelty to children or animals, or similar condition of public concern.
3. "Civic and service organization" means an organization whose primary purpose is to promote the common good and social welfare of a community as a sertoma, lion, rotary, jaycee, kiwanis, or similar organization.
4. "Closely related organization" means an organization that controls, is controlled by, or is under common control with another organization. Control exists when an organization has the authority or ability to elect, appoint, or remove a majority of the officers or directors of another organization or, by policy, contract, or otherwise, has the authority or ability to directly or indirectly direct or cause the direction of the management or policies of another organization.
5. "Distributor" means a person that sells, markets, or distributes equipment designed for use in the conduct of games.
6. "Educational organization" means a nonprofit public or private elementary or secondary school, two-year or four-year college, or university.
7. "Electronic pull tab device" means a device, approved by the attorney general, which electronically displays pull tabs.

8. "Eligible organization" means a veterans, charitable, educational, religious, fraternal, civic and service, public safety, or public-spirited organization domiciled in North Dakota or authorized by the secretary of state as a foreign corporation under chapter 10-33, incorporated as a nonprofit organization, and which has been regularly and actively fulfilling its primary purpose within this state during the two immediately preceding years. However, an educational organization does not need to be incorporated or be in existence for two years. An organization's primary purpose may not involve the conduct of games. The organization may be issued a license by the attorney general. For purposes of this section, a foreign corporation authorized under chapter 10-33 is not an eligible organization unless authorized to conduct a raffle under chapter 20.1-04 or 20.1-08 and may not conduct a game other than a raffle under chapter 20.1-04 or 20.1-08.
- ~~8-9.~~ "Fraternal organization" means an organization, except a school fraternity, which is a branch, lodge, or chapter of a national or state organization and exists for the common business, brotherhood, or other interests of its members. The organization must have qualified for exemption from federal income tax under section 501(c)(8) or 501(c)(10) of the Internal Revenue Code.
- ~~9-10.~~ "Games" means games of chance.
- ~~10-11.~~ "Gross proceeds" means all cash and checks received from conducting games.
- ~~11-12.~~ "Licensed organization" means an eligible organization licensed by the attorney general.
- ~~12-13.~~ "Manufacturer" means, for a pull tab or bingo card, a person who designs, prints, assembles, or produces the product. For a pull tab or bingo card dispensing device or bingo card marking device, a manufacturer means the person who directly controls and manages development of and owns the rights to the proprietary software encoded on a processing chip that enables the device to operate.
- ~~13-14.~~ "Net income" means gross proceeds less cash prizes, cost of merchandise prizes, and expenses to conduct the gaming activity.
- ~~14-15.~~ "Net proceeds" means adjusted gross proceeds less allowable expenses and gaming tax.
- ~~15-16.~~ "Permit" means a local permit or charity local permit issued by a governing body of a city or county to a nonprofit organization or group of people domiciled in North Dakota.
- ~~16-17.~~ "Person" means any person, partnership, corporation, limited liability company, association, or organization.
- ~~17-18.~~ "Prize board" means a board used with pull tabs to award cash or merchandise prizes.
- ~~18-19.~~ "Public safety organization" means an organization whose primary purpose is to provide firefighting, ambulance service, crime prevention, or similar emergency assistance.

- 19-20. "Public-spirited organization" means an organization whose primary purpose is for scientific research, amateur sports competition, safety, literary, arts, preservation of cultural heritage, educational activities, educational public service, youth, economic development, tourism, community medical care, community recreation, or similar organization, which does not meet the definition of any other type of eligible organization. However, a nonprofit organization or a group of people recognized as a public-spirited organization by a governing body of a city or county for obtaining a permit does not need to meet this definition.
- 20-21. "Pull tab" means a folded or banded ticket or jar ticket, a pull tab card with break-open tabs, or an electronic pull tab displaying concealed numbers or symbols or combinations of concealed numbers and symbols which are exposed by a player to determine the outcome. The term "pull tab" and "jar ticket" are used interchangeably unless otherwise stated. A winning pull tab contains certain symbols, numbers, or combinations of symbols and numbers and may contain multiple winning symbols, numbers, or combinations of symbols and numbers which have been previously designated as winning symbols or numbers.
22. "Religious organization" means a church, body of communicants, or group gathered in common membership whose primary purpose is for advancement of religion, mutual support and edification in piety, worship, and religious observances.
- 21-23. "Veterans organization" means any congressionally chartered post organization, or any branch or lodge or chapter of a nonprofit national or state organization whose membership consists of individuals who are or were members of the armed services or forces of the United States. The organization must have qualified for exemption from federal income tax under section 501(c)(19) of the Internal Revenue Code.

**SECTION 2. AMENDMENT.** Subsection 4 of section 53-06.1-01.1 of the North Dakota Century Code is amended and reenacted as follows:

4. The commission shall adopt rules in accordance with chapter 28-32, to administer and regulate the gaming industry, including methods of conduct, play, and promotion of games; minimum procedures and standards for recordkeeping and internal control; requiring tax returns and reports from organizations or distributors; methods of competition and doing business by distributors and manufacturers; acquisition and use of gaming equipment; quality standards or specifications for the manufacture of pull tabs, paper bingo cards, electronic pull tab devices, pull tab and bingo card dispensing devices, and bingo card marking devices; to ensure that net proceeds are used for educational, charitable, patriotic, fraternal, religious, or public-spirited uses; to protect and promote the public interest; to ensure fair and honest games; to ensure that fees and taxes are paid; and to prevent and detect unlawful gambling activity.

**SECTION 3. AMENDMENT.** Subsection 1 of section 53-06.1-06 of the North Dakota Century Code is amended and reenacted as follows:

1. No person, except a member, volunteer, an employee of a licensed organization or an organization that has a permit, or an employee of a

temporary employment agency who provides services to a licensed organization, may manage, control, or conduct any game. "Member" includes a member of an auxiliary organization. In conducting pull tabs, prize boards, or bingo through a dispensing device, selling pull tabs through a pull tab device, selling raffle tickets, or conducting sports pools, the attorney general may allow an employee of an alcoholic beverage establishment to provide limited assistance to an organization.

**SECTION 4. AMENDMENT.** Subsection 5 of section 53-06.1-11 of the North Dakota Century Code is amended and reenacted as follows:

5. For a site where bingo is not the primary game:
  - a. If twenty-one or paddlewheels is conducted, the monthly rent may not exceed two hundred dollars multiplied by the necessary number of tables based on criteria prescribed by gaming rule. For each twenty-one table with a wager greater than five dollars, an additional amount up to one hundred dollars may be added to the monthly rent. If pull tabs is also conducted involving only a jar bar, the monthly rent for pull tabs may not exceed an additional one hundred seventy-five dollars. If pull tabs is conducted involving only a dispensing device, electronic pull tab device, or ~~both a jar bar and dispensing device~~ or electronic pull tab device, the monthly rent for pull tabs may not exceed an additional three hundred twenty-five dollars.
  - b. If twenty-one and paddlewheels are not conducted but pull tabs is conducted involving either a jar bar or dispensing device, or ~~both electronic pull tab device~~ or any combination, the monthly rent may not exceed four hundred dollars.

**SECTION 5. AMENDMENT.** Section 53-06.1-14 of the North Dakota Century Code is amended and reenacted as follows:

**53-06.1-14. Distributors and manufacturers.**

1. A manufacturer of pull tabs, bingo cards, electronic pull tab devices, or bingo card marking devices shall apply annually for a license and pay a license fee of four thousand dollars. A manufacturer of pull tab dispensing devices shall apply annually for a license and pay a license fee of one thousand dollars. A manufacturer of fifty-fifty raffle systems shall apply annually for a license and pay a license fee of five hundred dollars. A distributor shall apply annually for a license and pay a license fee of one thousand five hundred dollars. Application must be made before the first day of April in each year on a form prescribed by the attorney general.
2. A licensed distributor may not sell, market, or distribute gaming equipment except to a licensed distributor, licensed organization, organization that has a permit, or other person authorized by gaming rule or the attorney general. A manufacturer of a pull tab dispensing device, pull tab, electronic pull tab device, bingo card marking device, bingo card, or fifty-fifty raffle system may only sell, market, or distribute the manufacturer's pull tab dispensing device and processing chip encoded with proprietary software, pull tab, electronic pull tab device, bingo card marking device, bingo card, or fifty-fifty raffle system to a licensed distributor. A licensed distributor may purchase or acquire a pull tab dispensing device and processing chip



encoded with proprietary software, pull tab, electronic pull tab device, bingo card marking device, bingo card, or fifty-fifty raffle system only from a licensed manufacturer or licensed distributor. However, a distributor may purchase or acquire a used pull tab dispensing device or electronic pull tab device from a licensed organization. A distributor may not duplicate a manufacturer's processing chip encoded with proprietary software. No gaming equipment or prize may be sold or leased at an excessive price.

3. A licensed distributor shall affix a North Dakota gaming stamp to each deal of pull tabs and bingo cards, raffle board, punchboard, sports pool board, calcutta board, and series of paddlewheel ticket cards sold or otherwise provided to a licensed organization and shall purchase the stamps from the attorney general for thirty-five cents each. Ten cents of each stamp sold by the attorney general, up to thirty-six thousand dollars per biennium, must be credited to the attorney general's operating fund to defray the costs of issuing and administering the gaming stamps.
4. A licensed organization, organization that has a permit, licensed manufacturer, or North Dakota wholesaler of liquor or alcoholic beverages may not be a distributor or stockholder of a distributor. A distributor may not be a stockholder of a manufacturer.
5. In addition to the license fee, the attorney general may require advance payment of any fee necessary to pay the cost of a record check of an applicant according to subdivision c of subsection 5 of section 53-06.1-06.
6. A licensed manufacturer may not refuse to sell deals of pull tabs, paper bingo cards, or gaming equipment to a licensed distributor unless:
  - a. A specific deal of pull tabs is sold on an exclusive basis;
  - b. The manufacturer does not sell deals of pull tabs, paper bingo cards, or gaming equipment to any distributor in the state;
  - c. A gaming law or rule prohibits the sale;
  - d. The distributor has not provided the manufacturer with proof of satisfactory credit or is delinquent on any payment owed to the manufacturer; or
  - e. The distributor has not met the manufacturer's standard minimum order quantity and freight terms."

Renumber accordingly