

2017 SENATE GOVERNMENT AND VETERANS AFFAIRS

SB 2181

2017 SENATE STANDING COMMITTEE MINUTES

Government and Veterans Affairs Committee

Sheyenne River Room, State Capitol

SB 2181

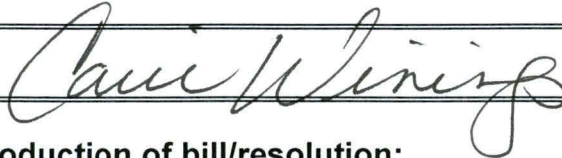
1/20/2017

Job Number 27166

☐ Subcommittee

☐ Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A BILL for an Act to amend and reenact section 53-06.1-10.1 of the North Dakota Century Code, relating to conducting a raffles using a random number generator.

Minutes:

Attachments: 1-2

Chairman Poolman: Opened the hearing on SB 2181. Sponsor was not available.

Rick Stenseth, Team Makers Club Inc.: See Attachment #1 for testimony in support of the bill. (See Attachment #2 for testimony provided from Jody Hodgson, General Manager, Ralph Engelstad Arena.)

(4:55) Senator Vedaa: Have they seen in other states where people avoid playing this or do they play it more because of it. Is it a quicker process for selling?

Rick Stenseth: It does not speed up that process. It is more of a staffing process, but it would allow us sell tickets longer so that perhaps the lines are not quite as long because there would not be as much of a crunch time. Currently, we sell through halftime and then we have to wait for the printing process to finish before we can make a draw. This way, as soon as we sell the last ticket, which could probably be through the 3rd quarter, we could have an immediate draw.

Senator Vedaa: Have you ever reached the \$25,000 cash prize? And if you go over that what do you do with the rest of money?

Rick Stenseth: That particular limit on cash prizes is waved because we support amateur athletic functions. I do not know exactly where that is. I believe Ms. McDaniel can address that. The limit used to apply to all raffles. It was \$1000 but we moved it to \$4000 as a group and then that moved to \$25,000 I believe. It still exists for the traditional raffles conducted all over with the exception of the 50/50 which has its own chapter in the administrative rules and it is exempt from the limitations.

Chairman Poolman: It is in this bill.

(7:40) Deb McDaniel, Attorney General's Office: Here for any information needed or to answer any questions. We are not for or against this bill. I am here to let you know that we can regulate it if necessary.

Chairman Poolman: Closed the hearing on SB 2181. Asked the committee their wishes.

Senator Bekkedahl: Moved a Do Pass.

Senator Meyer: Seconded.

A Roll Call Vote Was Taken: 5 yeas, 0 nays, 1 absent.

Motion Carried.

Senator Meyer will carry the bill.

Date: 1/20
Roll Call Vote #:

2017 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2181

Senate Government and Veterans Affairs 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 Bekkedahl Seconded By Meyer

Senators	Yes	No	Senators	Yes	No
Chairman Poolman	<input checked="" type="checkbox"/>		Senator Marcellais	<input checked="" type="checkbox"/>	
Vice Chairman Davison	<input checked="" type="checkbox"/>				
Senator Bekkedahl	<input checked="" type="checkbox"/>				
Senator Meyer	<input checked="" type="checkbox"/>				
Senator Vedaa	<input checked="" type="checkbox"/>				

Total (Yes) 5 No 0

Absent 1

Floor Assignment Meyer

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

REPORT OF STANDING COMMITTEE

SB 2181: Government and Veterans Affairs Committee (Sen. Poolman, Chairman)
recommends **DO PASS** (5 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING).
SB 2181 was placed on the Eleventh order on the calendar.

2017 HOUSE JUDICIARY

SB 2181

2017 HOUSE STANDING COMMITTEE MINUTES

Judiciary Committee
Prairie Room, State Capitol

SB 2181
3/13/2017
29085

☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

Relating to conducting a raffle using a random number generator.

Minutes:

1,

Chairman K. Koppelman: Opened the hearing on SB 2181.

Rep. Blum: Introduced the bill. (#1) Testimony.

Rick Stenseth, Team Makers Club Inc., Fargo: This will would allow us to use a random number generator to determine a winner in our 50-50 raffle draws. This bill would let the machine pick the winner. We print up to a 100,000 raffle tickets that get dropped in a huge barrel and then we draw from those to determine a winner. It would make things so much simpler for us. This would have a machine pick the winner and it would be so much easier even for audits. It is tested and proven to be reliable.

Representative Klemin: You said it was tested and proven to be reliable? Do you have some documentation to support that statement?

Rick Stenseth: Yes, there are reports from the company who provides us the d we do software has the reports from the testing lavatory, IGT and yes we do have that documentation.

Representative Klemin: Could you go through the process on how it works now and would when or if this bill was passed?

Rick Stenseth: Each roll of tickets are 2,000 to a roll. One half goes to the person who bought it and the other one goes into a box or container. Then the winner is selected from there randomly. In our case our current system we have hand held units. The tickets you receive as a purchaser are handed to you with the numbers on that ticket instead of individual tickets. That is already in place. That number that is sold goes into the software that prints a ticket out into the drum; the tickets are about like an open match book and prints into a

drum. Once all of the tickets are sold and printed we dig into the drum and pull out a ticket just like has been the case for years. The only change would be instead of printing those tickets into the drum; as the numbers come into the system they just stay in the system. Then a random number generator that is part of the software automatically selects a winner randomly from all the numbers that have been chosen.

Representative Klemin: This is going to be limited to the location where the athletic event is taking place?

Rick Stenseth: Yes. To conduct a 50-50 raffle you have to be a licensed organization; you have to get a city authorization from the city; you have to be an organization that benefits university sponsored things. In our state right now there are three of us; the Ralph, UND, Dickinson state and that is it. There may be a few more schools that would take advantage of this with the investment of hardware being a lot less for smaller events.

Rep. Karls: So in this bill would there still be paper involved and dispensed? What is the purchaser receiving for their money?

Rick Stenseth: Traditional 50-50 have a two-part ticket. What we are already doing is if you bought five numbers; I give you one receipt that has five numbers on it and that is your claiming receipt.

Representative Paur: Can you use the rolls with the two sets of tickets?

Rick Stenseth: Yes, you can. This doesn't affect what has been going on now.

Representative Klemin: You were asked by Rep. Karls do they get a receipt? The purchaser would still get a receipt that shows those numbers that he purchased?

Rick Stenseth: Yes, we have to do that. There are safe guards built in with the control number also on the receipt.

Representative Klemin: Then you are printing out each individual ticket that is being drawn.

Rick Stenseth: Yes, the player or purchaser would still have a list of the numbers that they purchased.

Representative Magrum: Why was there resistance to it?

Rick Stenseth: Last session in the Senate and had a favorable consideration there. That also happened again this year. When we got to the House, there was a split voter on the committee and I think it was because there wasn't a full understanding about what it was we were trying to accomplish. Some people thought it was a new game type and where it could be located. We were close on the House floor and that is where it failed.

Representative Jones: Rep. Blum said the bill was safe. How subject is it to hacking or corruption when it is an electronic format?

Rick Stenseth: Those issues have already been addressed as best they can. The system is built with safeguards in it.

Representative Klemin: How much money are we talking about here? How much area the tickets?

Rick Stenseth: Tickets cost \$1/1 ticket; \$5/6 tickets; \$10/15 tickets and \$20/40 tickets. The distribution on those are probably $\frac{1}{4}$ of those is \$5; $\frac{1}{5}$ is \$1; \$10 accounts for 30%; \$20 sales account for about 50%. The pots at these football games are in the \$50,000 neighborhood. We would expect to see more efficiency in our sales and maybe see the number go over \$50,000 and closer to \$60,000 which means the prize winner is going to get \$25,000; the organization is going to get \$25,000 and the state is going to the 1% off the gross number.

Representative Klemin: This is for organizations that support amateur collegiate athletics. What do you do with your \$25,000?

Rick Stenseth: All of our money goes into the NDSU Scholarship fund. Those people determine how it is distributed. It is not one sport based. It goes into a general scholarship fund.

Chairman K. Koppelman: So you print the tickets yourselves?

Rick Stenseth: Yes we do.

Chairman K. Koppelman: Hacking as I understand it they get into the electronics of the system and they mess with it that way. How can you be so sure that isn't a danger? You could hack in such a way where you could create a false winner?

Rick Stenseth: We have been doing this a long time so I think we would be able to figure it out.

Representative Klemin: I was thinking this random number would be generator would be located on it; so is it somewhere else connected by Wi-Fi?

Rick Stenseth: No it is on site. What I meant by Wi-Fi is if I was going to send information to your computer; that would go thorough secure cell network. Your computer would then pick that winning number. There is off site backup.

Representative Klemin: What is the home office?

Rick Stenseth: Fifty-fifty Central is the name of the company that we lease the software from. They are national site and they work with all the major sports and it is all over the country. They back up our information but we maintain all our information on site. It is supposed to be secure.

Representative Paur: Has it happened where a winner hasn't claimed their prize?

Rick Stenseth: No sir. It has happened on the traditional type of raffle with the double admission tickets where you tear them in half. It has not happened with our electronic 50-50 system.

Representative Magrum: What is your maximum prize can be \$25,000? Can you sell up to \$50,000 worth of tickets and then pay out half of that?

Rick Stenseth: Yes.

Chairman K. Koppelman: Your current electronic system is that just the electronic printing of the electronic of the multiple ticket receipt. Is that what you are talking about?

Rick Stenseth: Yes it also does that. We want to not print the second half of that ticket.

Chairman K. Koppelman: You said there was someone who did not claim on the double tickets you use to use. Why doesn't it happen with the electronics?

Rick Stenseth: No it just hasn't happened.

Opposition: None

Neutral:

Deb McDaniel, Gaming Director for Office of Attorney General; it is a very secure method so I was not going to speak on this bill. This system is on site and the testing component can be sealed so if we audit we can see if it has been tampered with. GLI tests these systems and they have standards for these.

Representative Jones: This is a real common thing they are doing with computers now. You are comfortable with this system?

Deb McDaniel: Definitely.

Representative Klemm: It would simplify audits by the Attorney General's office. How would you do it if this was approved?

Deb McDaniel; Currently all the tickets are printed out in a barrel so we have thousands of tickets so our office has to go individually and there is a bar code on there and scan each and every ticket to make sure we have them all. The computer system would verify that all of the tickets were printed and it would be a lot simpler.

Hearing closed.

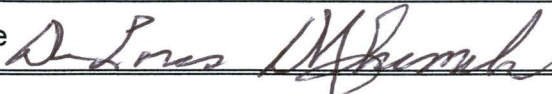
2017 HOUSE STANDING COMMITTEE MINUTES

Judiciary Committee
Prairie Room, State Capitol

SB 2181
3/13/2017
29095

☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

Minutes:

1,2

Chairman K. Koppelman: Opened the meeting on SB 2181. (#1) proposed amendment. Went over the amendment. I did share this proposal with the components of the bill and they have indicated they have no objection to that.

Representative Klemin: Pass out proposed amendment (#2) proposed amendment. My amendment says tickets must be sold on site at the athletic events and date of the athletic event. That makes sure what happens. How you have taken the word athletic out of the bill so maybe just the word event then.

Rep. Karls: Now we are switching from 50-50 to just raffles? Then you can change a lot of things.

Chairman K. Koppelman: It means any organization that is authorized to do raffles could do a 50-50 raffle.

Motion made to be the Koppelman amendment by Rep. Maragos; Seconded by Rep. Satrom.

Discussion:

Voice vote carried.

Representative Klemin: I would remove the word athletic out of the proposed language.

Motion Made to move the Klemin amendment with athletic stricken by Representative Vetter: Seconded by Rep. Satrom.

Discussion:

Voice vote carried.

Do Pass as Amended Motion Made by Rep. Maragos: Seconded by Rep. Blum

Discussion:

Representative Paur: We are expanding this 50-50 to any organization that can do raffles?

Chairman K. Koppelman: I am looking at the statute language and it doesn't name 50-50 raffles here.

Representative Nelson: We are saying any of these organizations doing 50-50 could use this random number generator system. We are not expanding who can do 50-50. They cannot have over \$25,000 in prizes. We are just changing how they can do 50-50s.

Representative Klemin: I think the cost is probably enough so small events aren't going to do it.

Roll Call Vote: 15 Yes 0 No 0 Absent **Carrier: Rep. Magrum**

Closed.

Proposed Amendments Drafted for Rep. Koppelman
Prepared by Kelly Johnson, Intern
March 13, 2017

PROPOSED AMENDMENTS TO SB. NO. 2181

Page 1, line 15, replace "A" with "An"

Page 1, line 15, remove "licensed"

Page 1, line 15, remove "that supports amateur collegiate athletics"

Page 1, line 15, after "organization" insert "permitted to conduct raffles in this state"

Amendments for Rep. Klemin
Prepared By Kelly Johnson, Intern
March 13, 2017

PROPOSED AMENDMENTS TO SB NO. 2181

Page 1, line 16, after "generator." insert "Tickets must be sold and drawings held onsite at the location and date of the athletic event."

3/13/17 DE

17.0694.01001
Title.02000

Adopted by the Judiciary Committee

March 13, 2017

PROPOSED AMENDMENTS TO SENATE BILL NO. 2181

Page 1, line 15, replace "A licensed organization that supports amateur collegiate athletics"
with "An organization permitted to conduct raffles in this state"

Page 1, line 16, after the underscored period insert "Fifty-fifty raffle tickets must be sold and
drawings held onsite at the location of and on the date of the event."

Renumber accordingly

Date: 3-13-17
Roll Call Vote 1

**2017 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2181**

House Judiciary Committee

☐ Subcommittee

Amendment LC# or Description: Koppelman

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. Satrom

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					

0
Total (Yes) _____ No _____

Absent _____

Floor Assignment Rep. _____

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

Voice Vote carried
P. 1, Line 15, replace "A" with "An"
P. 1, Line 15, remove "licensed"
P. 1, Line 15 remove "that supp."
P. 1, Line 15, after "organiz. . . ."

Date: 3/13
Roll Call Vote 2

2017 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2181

House Judiciary Committee

☐ Subcommittee

Amendment LC# or Description: Klemin's

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. Vetter Seconded By Rep. Satrom

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					

0
Total (Yes) _____ No _____

Absent _____

Floor Assignment Rep. _____

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

Vote carried.
P1, Line 16, after "generator." Insert, "Tickets."

Date: 3/13
Roll Call Vote 3

2017 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2181

House Judiciary Committee

☐ Subcommittee

Amendment LC# or Description: 17.0694.01001

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. Blum

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	✓				

0
Total (Yes) 15 No 0

Absent 0

Floor Assignment Rep. Magrum

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

REPORT OF STANDING COMMITTEE

SB 2181: Judiciary Committee (Rep. K. Koppelman, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (15 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2181 was placed on the Sixth order on the calendar.

Page 1, line 15, replace "A licensed organization that supports amateur collegiate athletics" with "An organization permitted to conduct raffles in this state"

Page 1, line 16, after the underscored period insert "Fifty-fifty raffle tickets must be sold and drawings held onsite at the location of and on the date of the event."

Renumber accordingly

2017 TESTIMONY

SB 2181

TESTIMONY ON SB2181

On behalf of Team Makers Club, Inc., we offer this written testimony as documentation of our oral presentation before the Government and Veterans Affairs Committee.

Chair Poolman, Members of the Committee;

SB2181 is an amendment to the section of the Code that allows the conduct of Raffles by licensed charitable gaming operators. This particular language is in reference to the popular 50/50 Raffles conducted by our organization, the Ralph Engelstad arena at UND, and Dickinson State.

This change would allow us to conduct the drawing of a raffle winner by use of a random number generator, as opposed to the current draw from individual paper tickets. Here are some examples of how this change will be effective and improve efficiencies, without jeopardizing the integrity of the game:

We currently print well over 90,000 individual tickets for a typical football raffle. These are each printed into a drawing barrel where the winner is hand selected. This change will allow us save the costs for paper and printers while greatly reducing the need for space to store records, as required by Administrative Rule.

By not having to wait for tickets sold to be printed, we can reduce the time between when the sales of ticket end and the draw occurs. This would be helpful as it would allow us to sell tickets for a longer period and hopefully increase participation.

The random number generator exists as a part of the 5050 Raffle system we have had in use for a number of years. The system itself has proven to be very reliable and auditable. The operation of the system and the random number generator have been tested and approved by independent laboratories recognized by States all over the country.

5050 Central, which is the company we lease the software from, operates in 31 States. They work with many professional franchises in football, baseball, hockey, etc. Many other non-profit organizations also use this tool for fundraising. The use of a random number generator for the draw is allowed in 26 of the 31 States;

Minnesota, South Dakota, Louisiana, Texas, Arizona, Oregon, Illinois, Indiana, Michigan, Tennessee, Missouri, Kansas, Oklahoma, Colorado, Nevada, Maine, Rhode Island, Massachusetts, New York, Pennsylvania, Washington D.C., Maryland, North and South Carolina, Georgia, and Florida

RNGs are also just recently approved for use in all Canadian Provinces.

50/50 raffles are currently allowed by Law and have been operating successfully for many years. They are an excellent funding tool for organizations. There are only a few organizations that could be directly affected by this change, all involved with supporting ND colleges and their athletic programs.

We ask that you support the proposed language amendment.
Thank you for your time and consideration.

Ralph Engelstad Arena

One Ralph Engelstad Arena Drive
Grand Forks, ND 58203
Phone: 701.777.4167
Fax: 701.777.6643
theralph.com

January 19, 2017

Senator Nicole Poolman
3609 Bogey Drive
Bismarck, ND 58503-9195

Dear Senator Nicole Poolman,

By way of introduction, my name is Jody Hodgson and I am the General Manager at the Ralph Engelstad Arena in Grand Forks. I am also serving as the Gaming Manager at the Ralph Engelstad Arena. I am writing to request your support for Senate Bill No. 2181 in Sixty-fifth Legislative Assembly of North Dakota. As you may or may not be aware, Ralph Engelstad Arena offers the opportunity for fans to take part in an electronic fifty-fifty raffle during the UND men's home hockey games and select special events at the facility.

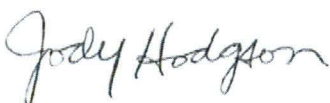
The Ralph Engelstad Arena qualifies as a public-spirited gaming organization that supports amateur athletics based on our mission to support the University of North Dakota and their athletic department. Current regulations require us to print each individual fifty-fifty ticket for the purpose of manually drawing a winner, and also retaining each fifty-fifty ticket for compliance with gaming regulations. Many nights, this means that the printers may print as many as 25,000 individual tickets or more. This is an extremely inefficient way of determining a winner.

There is a more efficient, effective, and secure way to determine a winner. The opportunity exists to utilize a random number generator that would eliminate the time and expense associated with printing tickets and will improve the process of determining the winning ticket for the electronic fifty-fifty raffle. Additionally, the random number generator should make the gaming department's periodic audits more efficient as well.

I would ask you to support Senate Bill 2181 and help us improve the process of picking a winner for the electronic fifty-fifty raffle games by using a random number generator.

Please feel free to reach out to me if you have any questions about this issue. I can be reached by telephone at (701) 777-6633 or by email at JodyH@theralph.com. Thanks for all that you for Grand Forks and North Dakota!

Sincerely,



Jody Hodgson
General Manager, Ralph Engelstad Arena

NDLA, H JUD - Shimek, Delores

#1
2181

3-13-17

From: Blum, Jake
Sent: Monday, March 13, 2017 10:46 AM
To: NDLA, H JUD - Shimek, Delores
Subject: Introductory Testimony SB 2181

Testimony in Support of SB 2181
By Rep. Jake Blum
House Judiciary Committee
Monday, March 13, 2017

Mr. Chairman and members of the House Judiciary Committee:

I am Rep. Jake Blum from District 42 in Grand Forks. I stand before the committee today to introduce SB 2181. Unfortunately, Sen. Ron Sorvaag from District 45 – the prime sponsor of this bill – was unable to be here today. SB 2181 will allow collegiate athletic organizations which are currently conducting 50/50 raffles to use a random number generator to select a winner of the raffle, rather than having to draw a single slip of paper from thousands of pieces. This method of picking a winner is much more efficient – and safer – than the method currently used. It makes the auditing of winners easier also.

Mr. Chairman, at this time I would like to introduce Rick Stenseth, Gaming Director for The Team Makers Club Inc. Mr. Stenseth will be able to further explain this technology change, and answer any questions the committee may have. Thank you for the opportunity to testify today. I ask for your “DO PASS” recommendation on SB 2181.

#1
2181
3-13-17

Proposed Amendments Drafted for Rep. Koppelman
Prepared by Kelly Johnson, Intern
March 13, 2017

PROPOSED AMENDMENTS TO SB. NO. 2181

Page 1, line 15, replace "A" with "An"

Page 1, line 15, remove "licensed"

Page 1, line 15, remove "that supports amateur collegiate athletics"

Page 1, line 15, after "organization" insert "permitted to conduct raffles in this state"

#2
2181
3-13-17

Amendments for Rep. Klemin
Prepared By Kelly Johnson, Intern
March 13, 2017

PROPOSED AMENDMENTS TO SB NO. 2181

Page 1, line 16, after "generator." insert "Tickets must be sold and drawings held onsite at the location and date of the athletic event."