

**FIRST ENGROSSMENT
with Senate Amendments
ENGROSSED HOUSE BILL NO. 1142**

Introduced by

Representatives Schauer, Klemin, J. Olson, Richter, M. Ruby, Thomas

Senators Dever, Mathern, Paulson, Sorvaag, Wobbema

1 A BILL for an Act to amend and reenact subsection 2 of section 53-06.1-11.1 of the North
2 Dakota Century Code, relating to expanding eligible uses for charitable gaming net proceeds;
3 and to declare an emergency.

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

5 **SECTION 1. AMENDMENT.** Subsection 2 of section 53-06.1-11.1 of the North Dakota
6 Century Code is amended and reenacted as follows:

7 2. A licensed organization or an organization that has a restricted event permit shall
8 disburse net proceeds within the period prescribed by rule and for only these
9 educational, charitable, patriotic, fraternal, religious, or public-spirited uses:

10 a. Uses for stimulating and promoting state and community-based economic
11 development programs within the state which improve the quality of life of
12 community residents.

13 b. Uses for developing, promoting, and supporting tourism within a city, county, or
14 the state.

15 c. Uses benefiting an indefinite number of persons by bringing them under the
16 influence of education, cultural programs, or religion which include disbursements
17 to provide:

18 (1) Scholarships for students, if the disbursement is deposited in a scholarship
19 fund for defraying the cost of education to students and the scholarships are
20 awarded through an open and fair selection process.

21 (2) Supplementary assistance to a public or private nonprofit educational
22 institution registered with or accredited by any state.

23 (3) Assistance to libraries and museums.

24 (4) Assistance for the performing arts and humanities.

- 1 (5) Preservation of cultural heritage.
- 2 (6) Youth community, social welfare, and athletic activities.
- 3 (7) Adult amateur athletic activities within the state, including team uniforms
- 4 and equipment.
- 5 (8) Maintenance of places of public worship or support of a body of
- 6 communicants, gathered in common membership for mutual support and
- 7 edification in piety, worship, or religious observances.
- 8 (9) Scientific research.
- 9 d. Uses benefiting an indefinite number of persons by relieving them of disease,
- 10 suffering, or constraint which include disbursements to provide:
- 11 (1) Assistance to an individual or family suffering from poverty or
- 12 homelessness.
- 13 (2) Encouragement and enhancement of the active participation of the elderly in
- 14 our society.
- 15 (3) Services to the abused.
- 16 (4) Services to persons with an addicted behavior toward alcohol, gambling, or
- 17 drugs.
- 18 (5) Funds to combat juvenile delinquency and rehabilitate ex-offenders.
- 19 (6) Relief for the sick, diseased, and terminally ill and their physical well-being.
- 20 (7) Funds for emergency relief and volunteer services.
- 21 (8) Funds to nonprofit nursing homes, nonprofit day care centers, and nonprofit
- 22 medical facilities.
- 23 (9) Social services and education programs aimed at aiding emotionally and
- 24 physically distressed, handicapped, elderly, and underprivileged persons.
- 25 (10) Funds for crime prevention, fire protection and prevention, and public safety.
- 26 (11) Funds to relieve, improve, and advance the physical and mental conditions,
- 27 care and medical treatment, and health and welfare of injured or disabled
- 28 veterans.
- 29 e. Uses that perpetuate the memory and history of the dead.

- 1 f. Uses increasing comprehension of and devotion to the principles upon which the
2 nation was founded, including disbursements to aid in teaching the principles of
3 liberty, truth, justice, and equality. However, beauty pageants do not qualify.
- 4 g. The erection or maintenance of public buildings, facilities, utilities, or waterworks.
- 5 h. Uses lessening the burden of government which include disbursements to an
6 entity that is normally funded by a city, county, state, or United States government
7 and disbursements directly to a government entity or its agency.
- 8 i. Uses benefiting a definite number of persons who are the victims of loss of home
9 or household possessions through explosion, fire, flood, or storm and the loss is
10 not covered by insurance.
- 11 j. Uses benefiting a definite number of persons suffering from a seriously disabling
12 disease or injury causing severe loss of income or incurring extraordinary
13 medical expense which is not covered by insurance.
- 14 k. Uses, for community service projects, by chambers of commerce exempt from
15 federal income tax under section 501(c)(6) of the Internal Revenue Code. A
16 project qualifies if it develops or promotes public services, including education,
17 housing, transportation, recreation, crime prevention, fire protection and
18 prevention, safety, tourism, and health. Uses that directly benefit a chamber of
19 commerce do not qualify.
- 20 l. Uses for or of benefit to efforts in support of the health, comfort, or well-being of
21 the community which include disbursements to provide:
- 22 (1) Funds for adult bands, including drum and bugle corps.
- 23 (2) Funds for trade shows and conventions conducted in this state.
- 24 (3) Funds for nonprofit organizations that operate a humane society, zoo, or fish
25 or wildlife reproduction and habitat enhancement program.
- 26 (4) Funds for public transportation, community celebration, and recreation.
- 27 (5) Funds for preservation and cleanup of the environment.
- 28 m. To the extent net proceeds are used toward the primary purpose of a charitable,
29 educational, religious, public safety, or public-spirited organization, or are used
30 for a veterans or public cemetery by a veterans organization, that has obtained a
31 final determination from the internal revenue service as qualifying for exemption

- 1 from federal income tax under section 501(c)(3) or 501(c)(19) of the Internal
2 Revenue Code, the organization may establish a special trust fund or foundation
3 as a contingency for funding or maintaining the organization's future program
4 services should the organization discontinue conducting games or dissolve.
- 5 n. Uses for a fundraising activity unrelated to an organization's primary purpose
6 provided that the gross revenue from the activity is disbursed to uses prescribed
7 by this subsection.
- 8 o. The administrative and program management expenses of a statewide veterans'
9 organization.

10 **SECTION 2. EMERGENCY.** This Act is declared to be an emergency measure.