

**HOUSE BILL NO. 1342**

Introduced by

Representatives Heinert, Berg, Dockter, Headland, Meier, J. Olson, Porter, Toman, D.  
Anderson

Senators Cory, Sickler

1 A BILL for an Act to amend and reenact section 53-06.1-14, subsection 11 of section  
2 53-06.2-01, and sections 53-06.2-07 and 53-06.2-10 of the North Dakota Century Code, relating  
3 to the authorized sale of electronic gaming devices by manufacturers and live or simulcast  
4 horse racing.

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

6 **SECTION 1. AMENDMENT.** Section 53-06.1-14 of the North Dakota Century Code is  
7 amended and reenacted as follows:

8 **53-06.1-14. Distributors and manufacturers.**

9 1. A manufacturer of pull tabs, bingo cards, electronic quick shot bingo systems and  
10 devices, or bingo card marking devices shall apply annually for a license and pay a  
11 license fee of five thousand five hundred dollars. A manufacturer of electronic pull tab  
12 systems and devices shall apply annually for a license and pay a license fee of ten  
13 thousand dollars. The attorney general shall deposit one thousand five hundred dollars  
14 of these fees into the charitable gaming technology fund under section 53-06.1-12.4. A  
15 manufacturer of paper pull tab dispensing devices shall apply annually for a license  
16 and pay a license fee of one thousand five hundred dollars. The attorney general shall  
17 deposit five hundred dollars of this fee into the charitable gaming technology fund  
18 under section 53-06.1-12.4. A manufacturer of electronic raffle systems shall apply  
19 annually for a license and pay a license fee of one thousand dollars. The attorney  
20 general shall deposit five hundred dollars of this fee into the charitable gaming  
21 technology fund under section 53-06.1-12.4. A distributor shall apply annually for a  
22 license and pay a license fee of two thousand dollars. The attorney general shall  
23 deposit five hundred dollars of this fee into the charitable gaming technology fund

1 under section 53-06.1-12.4. Application must be made before the first day of April in  
2 each year on a form prescribed by the attorney general.

3 2. A licensed distributor may not sell, market, or distribute gaming equipment except to a  
4 licensed distributor, licensed organization, organization that has a permit, or other  
5 person authorized by gaming rule or the attorney general. A manufacturer of a pull tab  
6 dispensing device, pull tab, ~~electronic pull tab device~~, bingo card marking device,  
7 bingo card, or fifty-fifty raffle system may only sell, market, or distribute the  
8 manufacturer's pull tab dispensing device and processing chip encoded with  
9 ~~proprietary software~~, pull tab, ~~electronic pull tab device~~, bingo card marking device,  
10 bingo card, or fifty-fifty raffle system to a licensed distributor. A manufacturer of an  
11 electronic pull tab device, electronic quick shot bingo system or device, or other  
12 electronic gaming device may sell, market, or distribute the manufacturer's electronic  
13 pull tab device, electronic quick shot bingo system or device, or other electronic  
14 gaming device to a licensed distributor or licensed organization. A licensed distributor  
15 may purchase or acquire a pull tab dispensing device and processing chip encoded  
16 with proprietary software, pull tab, electronic pull tab device, bingo card marking  
17 device, bingo card, ~~or~~ fifty-fifty raffle system, or other electronic gaming device only  
18 from a licensed manufacturer or licensed distributor. However, a distributor may  
19 purchase or acquire a used pull tab dispensing device or electronic pull tab device  
20 from a licensed organization. A distributor may not duplicate a manufacturer's  
21 processing chip encoded with proprietary software. No gaming equipment or prize  
22 may be sold or leased at an excessive price.

23 3. A licensed distributor shall affix a North Dakota gaming stamp to each deal of paper  
24 pull tabs, raffle board, punchboard, sports pool board, calcutta board, and series of  
25 paddlewheel ticket cards sold or otherwise provided to a licensed organization or  
26 organization that has a permit and shall purchase the stamps from the attorney  
27 general for thirty-five cents each. Ten cents of each stamp sold by the attorney  
28 general, up to thirty-six thousand dollars per biennium, must be credited to the  
29 attorney general's operating fund to defray the costs of issuing and administering the  
30 gaming stamps. If an organization hosts an event with a raffle board and only sells

1            numbered squares on the day of event, the organization is exempt from the  
2            requirements under this subsection.

3            4. A licensed organization, organization that has a permit, licensed manufacturer, or  
4            North Dakota wholesaler of liquor or alcoholic beverages may not be a distributor or  
5            stockholder of a distributor. A distributor may not be a stockholder of a manufacturer.

6            5. In addition to the license fee, the attorney general may require advance payment of  
7            any fee necessary to pay the cost of a record check of an applicant according to  
8            subdivision c of subsection 5 of section 53-06.1-06.

9            6. A licensed manufacturer may not refuse to sell deals of pull tabs, paper bingo cards, or  
10           gaming equipment to a licensed distributor unless:

11           a. A specific deal of pull tabs is sold on an exclusive basis;

12           b. The manufacturer does not sell deals of pull tabs, paper bingo cards, or gaming  
13           equipment to any distributor in the state;

14           c. A gaming law or rule prohibits the sale;

15           d. The distributor has not provided the manufacturer with proof of satisfactory credit  
16           or is delinquent on any payment owed to the manufacturer; or

17           e. The distributor has not met the manufacturer's standard minimum order quantity  
18           and freight terms.

19           **SECTION 2. AMENDMENT.** Subsection 11 of section 53-06.2-01 of the North Dakota  
20 Century Code is amended and reenacted as follows:

21           11. "Racing" means live or simulcast horse racing under the certificate system or  
22           ~~simulcast dog racing under the certificate system.~~

23           **SECTION 3. AMENDMENT.** Section 53-06.2-07 of the North Dakota Century Code is  
24 amended and reenacted as follows:

25           **53-06.2-07. Issuance of licenses - Applications.**

26           1. On compliance by an applicant with this chapter and the approval of the attorney  
27           general, the commission may issue a license to conduct races. The attorney general  
28           may not grant a license denied by the commission.

29           2. An application for a license to conduct a racing meet must be signed under oath and  
30           filed with the commission. The application must contain at least the following:

31           a. The name and post-office address of the applicant.

- 1           b. The location of the racetrack and whether it is owned or leased. If the racetrack is
- 2           leased, a copy of the lease must be included.
- 3           c. A statement of the applicant's previous history and association sufficient to
- 4           establish that the applicant is an eligible organization.
- 5           d. The time, place, and number of days the racing meet is proposed to be
- 6           conducted.
- 7           e. ~~The type of racing to be conducted.~~
- 8           f. Other information the commission requires.
- 9        3. At least thirty days before the commission issues or renews a license to conduct
- 10        races, the applicant shall deliver a complete copy of the application to the local
- 11        jurisdiction governing body. The application to the commission must include a
- 12        certificate verified by a representative of the applicant, indicating delivery of the
- 13        application copy to the governing body. If the governing body of the local jurisdiction
- 14        adopts a resolution disapproving the application for license or renewal and so informs
- 15        the executive director within thirty days of receiving a copy of the application, the
- 16        license to conduct races may not be issued or renewed.
- 17        4. A totalizator or service provider licensee may not use its license to offer bets or wagers
- 18        on dog races.

19        **SECTION 4. AMENDMENT.** Section 53-06.2-10 of the North Dakota Century Code is  
20        amended and reenacted as follows:

21        **53-06.2-10. Certificate system - Rules.**

22        The certificate system allows a licensee to receive money from any person ~~present at~~ a  
23        live ~~horse race, or~~ simulcast horse race, ~~or simuleast dog race~~ who desires to bet on any entry in  
24        that race. A person betting on an entry to win acquires an interest in the total money bet on all  
25        entries in the race, in proportion to the amount of money bet by that person, under rules  
26        adopted by the commission. The licensee shall receive the bets and for each bet on a live or  
27        simulcast horse race shall issue a certificate to the bettor on which is at least shown the number  
28        of the race, the amount bet, and the number or name of the entry selected by the bettor. The  
29        commission may adopt rules for place, show, quinella, combination, or other types of ~~betting-~~  
30        ~~usually connected with racing~~ wagering on live or simulcast horse races.