

SPORTS AND AMUSEMENTS

CHAPTER 510

HOUSE BILL NO. 1499
(Richie)

PUBLIC CONCERT PERMIT REQUIREMENTS

AN ACT to amend and reenact sections 53-02-01, 53-02-02, 53-02-03, 53-02-05, 53-02-06, and 53-02-08 of the North Dakota Century Code, relating to definitions; permits required for a public dance or music festival; issuance of permits; application for permits; inquiry by the governing body as to granting a permit; and an officer of the law to be in attendance at a public dance or music festival; and adding public concerts to the provisions of the chapter.

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

SECTION 1. AMENDMENT. Section 53-02-01 of the 1979 Supplement to the North Dakota Century Code is hereby amended and reenacted to read as follows:

53-02-01. DEFINITIONS. In this chapter, unless the context or subject matter otherwise requires:

1. A "music festival" ~~shall-mean~~ means a musical performance by one or more groups held out-of-doors, whether or not an admission fee is charged.
2. A "public dancing place" ~~shall-mean~~ means a room, place, or space open to public patronage where dancing in which the public may participate is carried on and to which an admission may or may not be charged.
3. A "public dance" ~~shall--mean~~ means any dance where the public may participate, whether an admission fee is charged or not.
4. A "person" ~~shall--mean~~ means a natural person, firm, association, or corporation.
5. A "public concert" means a musical performance by one or more groups held indoors where the audience is seated by

reserve or general admission, free of charge, or otherwise.

SECTION 2. AMENDMENT. Section 53-02-02 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

53-02-02. PERMIT FOR PUBLIC DANCE ~~OR, MUSIC FESTIVAL, OR PUBLIC CONCERT~~ REQUIRED - EXCEPTION. No person shall give, hold, or conduct a public dance ~~or, music festival, or public concert~~ unless the owner of the place where the dance ~~or, music festival, or public concert~~ is given, or the person giving the same or in charge thereof, first shall have procured a permit to give, hold, and conduct such dance ~~or, music festival, or public concert~~ as provided in section 53-02-05. This provision shall not apply to a dance held or conducted in a place of public lodging having more than fifty guestrooms, if held or conducted under the immediate control of the owner or operator of such place of public lodging.

SECTION 3. AMENDMENT. Section 53-02-03 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

53-02-03. WHO SHALL ISSUE PERMITS - PERMIT NOT TRANSFERABLE. In each city ~~and organized township~~ in this state, a permit must be procured from the governing body of the ~~municipality or organized township, --- in an unorganized township~~ city to hold an event regulated by this chapter. For events outside the limits of a city, a permit must be obtained from the board of county commissioners of the county in which such a public dance ~~or, music festival, or public concert~~ is to be held or in which the public dancing place or music festival site is located. Such A permit may be issued ~~at any one time~~ for one or more public dances ~~or, music festivals, or public concerts~~, or for a public dancing place or music festival site ~~for a period of not more than one year~~. If a permit is issued to any person to conduct a public dancing place or music festival site, public dances ~~or, music festivals, or public concerts~~ may be conducted in such place only by the person to whom the permit is issued. Such permit shall not be transferable.

SECTION 4. AMENDMENT. Section 53-02-05 of the 1979 Supplement to the North Dakota Century Code is hereby amended and reenacted to read as follows:

53-02-05. APPLICATION FOR PERMIT - SPECIAL PERMITS.

1. Any person desiring to conduct a public dance, music festival, public concert, or special event at a public building, public dancing place, or music festival site shall make application for a permit to do so to the governing body of the ~~municipality or organized township~~ city in which it is to be conducted, if it is to be conducted within the limits of any city ~~or organized township~~. In all other cases, the application shall be made to the board of county commissioners of the county in

which such dance ~~or~~, music festival, or public concert is to be conducted. The application shall set forth:

- a. The name of the applicant.
 - b. The time or period for which the permit is desired.
 - c. The place where such public dance ~~or~~, music festival, or public concert is to be conducted or held.
2. An on sale, off sale, or on or off sale alcoholic beverage licensee desiring to conduct a special event, public dance, ~~or~~ music festival, or public concert wherein alcoholic beverages will be sold shall make an application for a special permit to do so to the governing body of the ~~municipality or organized township~~ city in which it is to be conducted, if it is to be conducted within the limits of any city ~~or organized township~~. In all other cases, the application shall be made to the board of county commissioners of the county in which the special event, dance, ~~or~~ music festival, or public concert is to be conducted. The application shall set forth the information required in subsection 1.

SECTION 5. AMENDMENT. Section 53-02-06 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

53-02-06. INQUIRY BY GOVERNING BODY AS TO GRANTING A PERMIT. The governing body to which such a permit application is made shall make such inquiry and investigation as to the propriety of granting or refusing such permit as shall be deemed necessary. The governing body may hold a hearing upon published notice where citizens can be heard relative to the merits of granting or refusing a permit.

SECTION 6. AMENDMENT. Section 53-02-08 of the 1979 Supplement to the North Dakota Century Code is hereby amended and reenacted to read as follows:

53-02-08. OFFICER OF LAW TO BE IN ATTENDANCE AT PUBLIC DANCE ~~OR~~, MUSIC FESTIVAL, OR PUBLIC CONCERT. It shall be the duty of the sheriff in any county in which any public dance ~~or~~, music festival, or public concert is held outside of an incorporated city, and of the chief peace officer of the city where the dance ~~or~~, music festival, or public concert is held within the limits of a city, to police such dance ~~or~~, music festival, or public concert so that law and order are there maintained. The sheriff or the chief peace officer shall determine the number of deputy sheriffs or special officers needed to police the dance ~~or~~, music festival, or public concert properly. The person conducting any such dance ~~or~~, music festival, or public concert, before the dance ~~or~~, music festival, or public concert shall be held, shall pay to such sheriff or peace officer the expense of any deputy sheriff or special officer required for the proper policing of such dance ~~or~~, music festival, or public concert, and no such dance ~~or~~, music festival, or public

concert shall be permitted to proceed unless such officer or officers are present and fees therefor are paid. The holding of such dance ~~or~~, music festival, or public concert without giving notice thereof to the sheriff of the county or the peace officer of the city, and without making provision for the policing thereof, is unlawful. No person, directly or indirectly interested or concerned in the giving, holding, or conducting of such public dance ~~or~~, music festival, or public concert, or connected with the person conducting the same, shall be eligible to appointment under this section as a special officer.

Approved March 16, 1981

CHAPTER 511

HOUSE BILL NO. 1217
(Conmy)

AMUSEMENT GAME OR DEVICE LICENSE

AN ACT to amend and reenact sections 53-04-03, 53-04-04, and 53-04-06 of the North Dakota Century Code, relating to the license requirements for amusement games or devices.

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

SECTION 1. AMENDMENT. Section 53-04-03 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

53-04-03. ANNUAL LICENSE REQUIRED - FEE. Any person owning who owns any amusement game or device and who displays such amusement game or device, ~~as defined in this chapter,~~ to the public, to be played or operated by the public, shall ~~secure for each game or device an annual license, the fee therefor being due and payable on July first of each year~~ obtain and display as many annual licenses as that person has amusement games or devices displayed. Different amusement games or devices may be displayed throughout the year without obtaining additional licenses as long as there are never more amusement games or devices than licenses on display. No license shall be issued for any fractional portion of a year, except that ~~if the license fee for any additional game or device is put on display at any time after January first and before July first of any year, the license fee for such period until July first shall be~~ is one-half of the amount of the annual license fee ~~provided for in this chapter.~~

SECTION 2. AMENDMENT. Section 53-04-04 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

53-04-04. ANNUAL LICENSE FEE. ~~Before any such game or amusement device is put on display to the public, to be played and operated by the public, the owner thereof shall pay an~~ The annual license fee ~~of~~ shall be fifteen dollars ~~per year for each machine or device.~~ The fee for each license is due and payable on July first of each year.

SECTION 3. AMENDMENT. Section 53-04-06 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

53-04-06. ~~IDENTIFICATION-TAG-ATTACHED-TO-MACHINE--LICENSE TO BE DISPLAYED. Concurrent with the issuance of each license for each machine, the attorney general shall issue an identification tag or other device prescribed by him upon which shall appear the serial number of the license and the manufacturer's serial number or other means of identifying such machine. Such identification tag or other device at all times must be attached firmly to the machine and displayed prominently thereon. The license issued for such machine must at all times be prominently displayed in the premises where such machine is located.~~ All licenses issued under this chapter shall be prominently displayed on the premises where the amusement games or devices are displayed to the public so as to allow public inspection.

Approved March 26, 1981

CHAPTER 512

HOUSE BILL NO. 1541
(Mattson, Heigaard)

AMUSEMENT CONCESSIONS

AN ACT to allow fair boards to conduct amusement games, amusement devices, or bingo; to provide for definitions, eligible organizations, licensing, fees, applications, suspension, revocation, amusement concessions, permitted locations, administrative rules, statements of receipts and expenses, examination of books and records, and unlawful gambling; and to provide a penalty.

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

SECTION 1. DEFINITIONS.

1. "Amusement concession" means any place where a single amusement game or device, or bingo, is conducted by a person for profit, and includes the area within which are confined the equipment, playing area, and other personal property necessary for the conduct of the game.
2. "Amusement games or devices" means such games and devices as electric ray guns, music boxes, picture boxes, bumper-ball, or pinball, and other similar miniature games or devices, whether or not they show a score, where a charge for playing or operating is collected, but do not include any machine which may constitute a lottery under the laws of this state. Amusement games or devices also mean a game, contest, scheme, or device in which a person stakes or risks something of value for an opportunity to win something of value and in which the outcome depends in a material degree upon an element of chance, notwithstanding a person's skill may also be a factor.
3. "Bingo" means that game in which each participant receives one or more cards, each of which is marked off into twenty-five squares and five horizontal rows of five squares each and five vertical rows of five squares each. Each square is designated by number, letter or combination of numbers and letters, no two cards being identical. The players cover squares as the operator of such game

announces the number, letter, or combination of numbers and letters appearing on an object selected by chance, either manually or mechanically, from a receptacle in which have been placed objects bearing numbers, letters, or combination of numbers and letters corresponding to the system used for designating the squares. The winner of each game is the player or players first properly covering a predetermined and announced pattern of squares on a card being used by the player or players.

4. "Carnival" means an aggregation of attractions including any show, circus, act, game, vending device, or amusement device, whether conducted under one management or more, or independently, temporarily set up or conducted in a public place or upon any private premises accessible to the public with or without admission fee, which, from the nature of the aggregation, attracts attendance and causes promiscuous commingling of persons in the spirit of merrymaking and revelry.
5. "Conducts" means a specified activity which occurs when a person owns, promotes, sponsors, or operates a game or activity. A natural person does not "conduct" a game or activity if the person is a participant in a game or activity which complies with this Act.
6. "Fair" means an annual fair or exposition held by the North Dakota state fair board or any county fair board.
7. "Fair board" means the officers of any state or county fair association, or the agents of any such board, duly authorized to make any contract or issue any permit as provided in this Act.
8. "Gross proceeds" means the total revenue received as rent for the privilege of conducting amusement games or devices, or bingo.
9. "Licensee" means an eligible organization licensed under the provisions of this Act.
10. "Licensing authority" means the attorney general of the state of North Dakota.
11. "Net proceeds" means gross proceeds less cash prizes or the price of merchandise prizes.
12. "Person" means any natural person, firm, partnership, or corporation.
13. "Posted" means that the person conducting a game has caused to be placed near the front or playing area of the game a sign at least thirty inches by thirty inches, with permanent material and lettering stating, at the top in

letters at least three inches high, "Rules of the Game". Thereunder, in large, easily readable print, the name of the game, the price to play the game, the complete rules for the game, and the name and permanent mailing address of the owner of the game shall be stated.

14. "Raffle" means a lottery in which each participant buys a ticket for a chance at a prize with the winner determined by a random method. "Raffle" does not include a slot machine.
15. "Rent" means the amount paid by a person or organization for the use of space to conduct amusement games or devices or bingo.

SECTION 2. ORGANIZATIONS ELIGIBLE. Fair boards may conduct or authorize a person to conduct amusement games or devices or bingo under the conditions of this Act. Notwithstanding any other provisions of this Act, fair boards may use the net proceeds of such amusement games or devices or bingo or may use the rent as defined in this Act to directly benefit the fair board. It is the finding of the legislative assembly that it is in the public interest to preserve agricultural fairs and expositions.

SECTION 3. LICENSE - FEES - APPLICATION - SUSPENSION - REVOCATION. A fair board shall apply for a license to conduct amusement games or devices, or bingo, from the attorney general at least thirty days before the operation of such games. Application shall be made upon forms prescribed by the attorney general along with the submission of a fifty dollar license fee.

The license application shall be signed and sworn to by the applicant and shall contain the following:

1. The name and post-office address of the applicant.
2. The location at which the organization will conduct the amusement games or devices, or bingo, whether the organization owns or leases the premises, and a copy of the rental agreement if it leases the premises.
3. A statement of the applicant's previous history and association sufficient to establish the applicant is an eligible organization.
4. A statement of the educational, charitable, patriotic, fraternal, religious, or other public-spirited uses to which the net proceeds of an amusement game or device, or bingo, will be devoted.
5. Such other reasonable and necessary information as the attorney general may require.

The attorney general shall license applicant organizations which conform to the requirements of this Act to conduct amusement games or devices, or bingo. In addition, the attorney general may, on his own motion based on reasonable grounds or on written complaint, suspend or revoke a license in accordance with chapter 28-32 for violation, by the licensee or other officer, director, agent, member, or employee of such licensee, of this Act or any rule adopted pursuant to this Act. Each amusement game or device shall be licensed by the attorney general's office in accordance with chapter 53-04.

SECTION 4. AMUSEMENT CONCESSIONS. An amusement game or device, or bingo, is lawful when conducted by a person at an amusement concession, but only if all of the following are complied with:

1. The location where the game is conducted by the person has been authorized as provided in section 5 of this Act.
2. The person conducting the game has been issued a license pursuant to this Act and prominently displays the license at the playing area of the game.
3. Games of chance other than the licensed game are not conducted or engaged in at the amusement concession.
4. The game is posted and the cost to play the game does not exceed one dollar.
5. A prize is not displayed which cannot be won.
6. Cash prizes are not awarded and merchandise prizes are not repurchased.
7. The game is not operated on a build-up or pyramid basis except a trade up of a prize shall be allowed.
8. The actual retail value of any prize does not exceed twenty-five dollars. If a prize consists of more than one item, unit, or part, the aggregate retail value of all items, units, or parts shall not exceed twenty-five dollars.
9. Concealed numbers or conversion charts are not used to play the game and the game is not designated or adapted with any control device to permit manipulation of the game by the operator to prevent a player from winning or to predetermine who the winner will be. The object target, block, or object of the game must be attainable and possible to perform under the rules stated from the playing position of the player.
10. The game is conducted in a fair and honest manner.

SECTION 5. PERMITTED LOCATIONS. An amusement game or device or bingo may be lawfully conducted by a person at an amusement concession provided the person has written authorization from the sponsor of the fair to conduct the amusement game or device or bingo.

SECTION 6. EXAMINATION OF BOOKS AND RECORDS. The licensing authority and its agents, and representatives of the governing body of a city or county with respect to a fair board authorized by that governing body, shall have the power to examine or cause to be examined the books and records of any fair board licensed or authorized to conduct amusement games or devices, or bingo, under this Act to the extent that such books and records relate to any transaction connected with holding, operating, or conducting of any amusement game or device, or bingo.

SECTION 7. RULES. The licensing authority may adopt rules in accordance with chapter 28-32 relating to, but not limited to, methods of play, conduct, and promotion of amusement games or devices, or bingo; methods, procedures, and minimum standards for accounting and recordkeeping; requiring reports by licensees and authorized organizations; ensuring that the entire net proceeds of amusement games or devices, or bingo, are devoted to educational, charitable, patriotic, fraternal, religious, or other public-spirited uses as defined by this Act; protecting and promoting the public interest; ensuring fair and honest amusement games or devices, or bingo; ensuring that fees and taxes are paid; and seeking to prevent or detect unlawful gambling activity.

SECTION 8. VIOLATION OF ACT - MISDEMEANOR - FORFEITURE OF LICENSURE - INELIGIBILITY FOR YEAR. Any person who knowingly makes a false statement in any application for a license or authorizing resolution or in any statement annexed thereto, or who fails to keep sufficient books and records to substantiate the receipts, expenses, or uses resulting from amusement games or devices, or bingo, conducted under this Act or who falsifies any books or records so far as they relate to any transaction connected with the holding, operating, and conducting of any amusement game or device, or bingo, or who violates any of the provisions of this Act, any rule adopted hereunder, or of any term of a license shall be guilty of a class A misdemeanor. If convicted, such organization or person shall forfeit any license or authorizing resolution issued to it pursuant to this Act and shall be ineligible to reapply for a license or authorization for two years thereafter.

Approved March 31, 1981

CHAPTER 513

HOUSE BILL NO. 1088
(Koski)

PHYSICAL ENDURANCE CONTESTS

AN ACT to amend and reenact section 53-05-06 of the North Dakota Century Code, relating to penalty for violation of restrictions on certain amusements; to repeal section 53-05-05 of the North Dakota Century Code, relating to the prohibition of physical endurance contests; and declaring an emergency.

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

SECTION 1. AMENDMENT. Section 53-05-06 of the 1979 Supplement to the North Dakota Century Code is hereby amended and reenacted to read as follows:

53-05-06. PENALTY. Any person who violates any provision of sections 53-05-02, or 53-05-03, ~~or~~ 53-05-05 is guilty of a class B misdemeanor.

SECTION 2. REPEAL. Section 53-05-05 of the North Dakota Century Code is hereby repealed.

SECTION 3. EMERGENCY. This Act is hereby declared to be an emergency measure and shall be in effect from and after its passage and approval.

Approved March 10, 1981

CHAPTER 514

HOUSE BILL NO. 1277
(Representatives Gerl, Conmy, Wald)
(Senators Cussons, Tallackson)

GAMES OF CHANCE

AN ACT to allow nonprofit veterans, charitable, educational, religious, and fraternal organizations, civic and service clubs, and public-spirited organizations to conduct bingo, raffles, pull tabs, jars, punchboards, sports pools and twenty-one; and to provide for definitions, licensure by the attorney general, city and county approval in certain instances, restrictions on the conduct of games, bookkeeping requirements, expense requirements, a tax based on adjusted gross proceeds, examination of books and records, licensure of distributors, form and display of licensure, and rules; to provide a penalty.

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

SECTION 1. DEFINITIONS.

1. "Adjusted gross proceeds" means gross proceeds less cash prizes or the price of merchandise prizes.
2. "Bona fide guest" means a person who is not a member of an eligible organization, but who is allowed to use the facilities of the organization when invited by a member or the organization in accordance with the eligible organization's bylaws, articles of incorporation, charter, rules, or other written statement.
3. "Charitable organization" means any nonprofit organization operated for the relief of poverty, distress, or other condition of public concern within this state, which has been so engaged within this state for two years.
4. "Civic and service club" means any branch, lodge, or chapter of a nonprofit national or state organization which is authorized by its written constitution, charter, articles of incorporation, or bylaws to engage in a civic or service purpose within this state, which shall have existed in this state for two years. "Civic and service

club" also means a similar local nonprofit organization, not affiliated with a state or national organization, which is recognized by resolution adopted by the governing body of the city in which the organization conducts its principal activities, or by the governing body of a county if such organization conducts its principal activities outside the limits of a city but within a county. Such club shall have existed in this state for two years.

5. "Distributor" means a person, firm, corporation, association, or organization which sells, markets, or otherwise distributes raffle tickets, bingo equipment, or any other implements of gambling usable in the lawful conduct of games of chance under this Act, to an organization licensed or authorized to conduct such games of chance under this Act. "Distributor" does not include a resident printer who prints raffle tickets at the request of a licensed or authorized organization, and who sells or otherwise distributes such raffle tickets to such organization.
6. "Educational, charitable, patriotic, fraternal, religious, or other public-spirited uses" are:
 - a. Uses benefiting those organizations which are exempt from federal taxation under section 501(c) (3) of the Internal Revenue Code.
 - b. Uses benefiting an organization registered with the North Dakota secretary of state under chapter 50-22.
 - c. Uses benefiting an indefinite number of persons either by bringing them under the influence of education or religion or relieving them of disease, suffering, or constraint.
 - d. Fraternal uses specified by an organization's constitution, charter, or bylaws not of direct benefit to the eligible organization or any member thereof.
 - e. Uses increasing comprehension of and devotion to the principles upon which the nation was founded, not of direct benefit to the eligible organization or any member thereof.
 - f. The erection or maintenance of public buildings or works.
 - g. Uses otherwise lessening the burden of government.
 - h. Uses benefiting a definite number of persons who are the victims of loss of home or household possessions through explosion, fire, flood, or storm and the losses uncompensated by insurance.

- i. Uses benefiting a definite number of persons suffering from a seriously disabling disease or injury causing severe loss of income or incurring extraordinary medical expense which is uncompensated by insurance.

Such uses do not include the erection, acquisition, improvement, maintenance, or repair of real, personal, or mixed property unless it is used exclusively for one or more of the stated uses. Uses shall not include any activities consisting of attempts to influence legislation or participation in any political campaign on behalf of any active official or person who is or has been a candidate for public office.

7. "Educational organization" means any nonprofit public or private elementary or secondary school in this state which has been in existence for two years.
8. "Eligible organization" means bona fide nonprofit veterans, charitable, educational, religious, and fraternal organizations, civic and service clubs, and other public-spirited organizations as defined by this Act, which may be licensed by the attorney general or authorized by the governing body of a city or county to conduct games of chance under this Act.
9. "Entire net proceeds" or "net proceeds" means the adjusted gross proceeds less such expenses, charges, fees, taxes, and deductions as are specifically authorized under this Act.
10. "Fraternal organization" means a nonprofit organization within this state, except college and high school fraternities, 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. Such organization shall have existed within this state for two years.
11. "Gross proceeds" means all moneys collected or received from games of chance and admissions thereto.
12. "Licensee" means an eligible organization licensed under the provisions of this Act.
13. "Licensing authority" means the attorney general.
14. "Member" means a person who has qualified for and been admitted to membership in an eligible organization pursuant to its bylaws, articles of incorporation, charter, rules, or other written statement, and who pays regular monthly, annual, or other periodic dues or is a fully paid life member of the eligible organization.

- "Member" includes auxiliary members, but excludes social and honorary members.
15. "Other public-spirited organization" means a nonprofit organization recognized by the governing body of a city or county by resolution as public-spirited and eligible to conduct games of chance under this Act.
 16. "Religious organization" means any nonprofit organization, church, body of communicants, or group gathered in common membership for mutual support and edification in piety, worship, and religious observances which has been so gathered or united in this state for two years.
 17. "Veterans organization" means any congressionally chartered organization within this state, or any branch or lodge or chapter of a nonprofit national or state organization within this state, the membership of which consists of individuals who were members of the armed services or forces of the United States. Such organizations shall have been in existence in this state for two years.

SECTION 2. ORGANIZATIONS ELIGIBLE UNDER ACT - USE OF NET PROCEEDS. Nonprofit veterans, charitable, educational, religious, and fraternal organizations, civic and service clubs, and public-spirited organizations, as those terms are defined by this Act, are eligible to conduct games of chance under the conditions of this Act. The entire net proceeds of such games of chance are to be devoted to educational, charitable, patriotic, fraternal, religious, or other public-spirited uses as defined by this Act. Notwithstanding any other provision of this Act, an eligible organization, which is not required to be licensed by the attorney general, may use the net proceeds of such games of chance to directly benefit the eligible organization; however, none of the proceeds may be used for capital improvements or the purchase of furnishings. For purposes of this section, a capital improvement is defined as the construction, renovation, remodeling or repair of a building which tends to enhance its value, beauty or utility or to adapt it for further purposes. For purposes of this section, a furnishing is defined as furniture, draperies, or equipment.

SECTION 3. LICENSURE - EXCEPTIONS FOR RAFFLES AND BINGO - CITY AND COUNTY LICENSURE - FEES - SUSPENSION AND REVOCATION.

1. Eligible organizations desiring to conduct games of chance shall annually apply for a license from the attorney general before July first on forms provided by the attorney general and shall include with the application a fifty dollar license fee. However, an eligible organization desiring to conduct raffles or bingo in which the primary prize does not exceed one thousand dollars, and the aggregate does not exceed two thousand dollars, shall apply directly to the governing body of the city in

which it conducts its principal activities or, if its principal activities are conducted within a county but outside the limits of a city, it shall apply to the board of county commissioners for a license. Applications for the conduct of raffles and bingo subject to authorization by a city or county shall be made on forms provided by the attorney general and shall be accompanied by a ten dollar permit fee payable to the city or county governing body.

2. The attorney general shall license such organizations which conform to the requirements of this Act by issuing licenses as follows:
 - a. A class A license to an eligible organization licensed as a retail alcoholic beverage dealer in North Dakota that maintains a building for the use of its members and guests, and that offers meals or liquor or both as part of its operation.
 - b. A class B license to any other eligible organization.

The attorney general may deny a class B license to an otherwise eligible organization if the organization is connected, directly or indirectly, to the holder of a North Dakota retail alcoholic beverage license.

3. Games of chance shall be operated or conducted only on premises or sites set forth in the application as follows:
 - a. Class A license applicants shall be limited to one location. A special permit for an alternate location may be granted by the attorney general for a single specific occasion upon written request.
 - b. Class B license applicants shall first secure approval of the proposed site or sites on which it intends to conduct games of chance under this Act from the governing body of the city, if within city limits, or the county, if outside city limits, where the site or sites are located. This approval or permit, which may be granted at the discretion of the governing body, must accompany the license application to the attorney general. The governing body may charge a ten dollar fee for this permit.
 - c. Rented premises shall be subject to rules adopted by the attorney general.
 - d. Only one eligible organization at a time may conduct games of chance at a specific location.
 - e. Licenses, rules of play and state identification devices shall be displayed on forms and in the manner specified in rules adopted by the attorney general.

4. The attorney general shall have the power, on his or her motion, based on reasonable ground or upon written complaint, to suspend or revoke, under the provisions of chapter 28-32, any license granted under this Act for violations by the licensee, or any officer, director, agent, member, or employee of the licensee, of this Act or any rule or regulation adopted under this Act.

SECTION 4. COLLEGE FRATERNITIES AND SORORITIES ALLOWED TO CONDUCT RAFFLES - USE OF PROCEEDS. A college fraternity or sorority recognized by the administration of a North Dakota college or university shall be eligible to conduct raffles and bingo under the provisions of this Act. The entire net proceeds of such raffles shall be devoted to educational, charitable, patriotic, or other public-spirited uses as defined by this Act.

SECTION 5. CITY APPROVAL FOR RAFFLES. A college fraternity or sorority shall apply in writing to the governing body of the city in which it is located, or to the board of county commissioners where the college is located outside the geographical limits of a city, for permission to conduct a raffle at least thirty days prior to each occasion. The application shall state the time, place, and educational, charitable, patriotic, or other public-spirited uses to which the proceeds will be devoted. The applicant fraternity or sorority shall include a signed acknowledgment by the administration of the college or university that the applicant is a recognized fraternity or sorority. The governing body may at its own discretion, and upon application by a fraternity or sorority, grant permission for raffles and bingo to be held at specifically designated times and places for specific uses covering a one-year period. The governing body may by ordinance or resolution establish authorization fees not to exceed ten dollars for an authorization for one occasion and not to exceed twenty-five dollars for an authorization covering more than one occasion. If the governing body, at its own discretion, chooses to authorize raffles or bingo pursuant to this Act, the governing body may do so by resolution.

SECTION 6. PERSONS PERMITTED TO CONDUCT GAMES OF CHANCE - PREMISES - EQUIPMENT - EXPENSES - COMPENSATION.

1. No person, except a member or employee of an eligible organization or a member of an organization auxiliary to an eligible organization, may assist in the holding, operating, or conducting of any game of chance under this Act.
2. No item of expense incurred in connection with the holding, operating, or conducting of any game of chance held, operated, or conducted pursuant to this Act shall be deducted from adjusted gross proceeds, except bona fide expenses in reasonable amounts as provided under section 11. No games of chance shall be conducted with any equipment other than equipment owned by or rented at a reasonable rate from an eligible organization.

3. The governing board of an eligible organization shall be primarily responsible for the proper determination and distribution of the entire net proceeds of any game of chance held in accordance with this Act.
4. The premises where any game of chance is being held, operated, or conducted, or where it is intended that such game will be held, shall be open to inspection by the licensing authority, its agents and employees, by representatives of the governing body authorizing games of chance, and by peace officers of any political subdivision of this state.
5. When any merchandise prize is awarded in a game of chance, its value shall be its current retail price. No merchandise prize shall be redeemable or convertible into cash directly or indirectly.
6. Equipment, prizes, and supplies for games of chance shall not be purchased or sold at prices in excess of the usual price thereof.
7. The entire net proceeds derived from the holding of games of chance must be devoted within three months from the date such proceeds were earned to the uses permitted by this Act. Any organization desiring to hold the net proceeds of games of chance for a period longer than three months from the date such proceeds were earned must apply to the licensing authority or governing body, as the case may be, for special permission, and upon good cause shown, the licensing authority or governing body may grant the request.
8. Only the members of an organization licensed as a class A licensee by the attorney general under this Act and their spouses and bona fide guests may participate in playing games of chance conducted by such licensed organization.
9. No person, firm, corporation, association, or organization convicted of a felony or a class A misdemeanor, or determined by the attorney general to have participated in organized crime or unlawful gambling, shall be permitted to sell, distribute, conduct, or assist in games of chance under this Act.

SECTION 7. GAMES OF CHANCE ALLOWED. Eligible organizations shall be permitted to conduct the following games of chance:

1. Eligible organizations licensed by the attorney general shall be permitted to conduct bingo, raffles, pull tabs, jars, punchboards, twenty-one, and sports pools for professional sports only.

2. College fraternities or sororities may conduct raffles and bingo.

SECTION 8. PUNCHBOARDS AND JARS - SALE OF CHANCES. No person or organization engaged in the selling of chances from jars or punchboards under this Act shall discard the chances from any jar or punchboard once the contents of such jar or punchboard are offered for sale to eligible participants, unless all of the highest denomination of winners have been sold.

SECTION 9. SPORTS POOLS - CONTROL BY LICENSEE - RULES POSTED. Any licensee or other eligible organization may allow the playing of sports pools on the premises or authorized site. Sports pools shall be allowed for professional sports only. If sports pools are allowed, they shall be conducted and controlled by the licensee or other eligible organization. Any rules affecting the conduct of sports pools or requirements of participants shall be clearly posted. The maximum wager on any sports pool shall not exceed five dollars. The amounts paid to sports pool participants in prizes shall not exceed two-thirds of the gross proceeds.

SECTION 10. TWENTY-ONE - SALE OF CHIPS - REDEMPTION - WAGER - LIMIT - RULES OF PLAY. Any licensee or other eligible organization may conduct and control the playing of the card game twenty-one on the licensee's or eligible organization's premises or authorized site, but at no other location. No money shall be allowed on the table. The licensee or eligible organization shall provide playing chips of various denominations to the participants. Chips shall be redeemed by the licensee or eligible organization for their full value. A maximum limit per wager shall be two dollars and no player may play more than two hands. Only the player actually playing a hand may place a wager on any hand. Twenty-one is a card game played by a maximum of seven players and one dealer. The dealer shall be a representative of the eligible organization sponsoring the game of chance. All players play their hand against the dealer's hand. In order to remain in the hand being dealt, neither the player nor the dealer may play a hand with a count greater than twenty-one. A count of twenty-one obtained with two cards is termed a natural twenty-one and is entitled to an automatic pay out. In the case of matching or tie count between the player and the dealer no winner is declared and both persons keep their wager. Each licensee or eligible organization conducting twenty-one shall post rules relating to the conduct of the game in a conspicuous location near where the game is played.

SECTION 11. STATEMENT OF RECEIPTS - EXPENSES.

1. All moneys collected or received from games of chance and admissions thereto, except cash prizes of one hundred dollars or less paid immediately, shall be deposited in a special account of the eligible organization which shall contain only such money. Cash prizes of more than one hundred dollars, the purchase prices of merchandise prizes, and all expenses for such games of chance shall be

withdrawn from such account by consecutively numbered checks duly signed by a specified officer or officers of the eligible organization and payable to a specific person or organization. There shall also be written on the check the nature of the expense or prize for which the check is drawn. No check shall be drawn to "cash" or a fictitious payee.

2. No part of the net proceeds after they have been given over to another organization shall be used by the donee organization to pay any person for services rendered or materials purchased in connection with the conducting of games of chance by the donor organization.
3. No item of expense incurred in connection with holding, operating, or conducting any game of chance pursuant to this Act shall be deducted from adjusted gross proceeds, except bona fide expenses of a reasonable amount actually and necessarily incurred and directly attributable only to the conduct of the games of chance. Bona fide expenses shall not include overhead, capital costs, and general maintenance. Total expenses for games of chance shall not exceed thirty-five percent of the total adjusted gross proceeds from each such occasion. The figure used for adjusted gross proceeds shall be as determined in subsection 1 of section 1 of this Act before any reduction for taxes.
4. Expense payments for games of chance deductible from adjusted gross proceeds shall be made only for the following purposes:
 - a. The purchase of necessary goods, wares, and merchandise.
 - b. The securing of services reasonably necessary for repair of equipment, and for operating or conducting games of chance.
 - c. For rent if the premises or equipment are rented, or for janitorial services if premises are not rented.
 - d. For accountant's fees.
 - e. For license fees.

SECTION 12. TAX BASED ON ADJUSTED GROSS PROCEEDS. A tax of five percent of the total adjusted gross proceeds received by a licensed eligible organization shall be paid to the licensing authority for deposit in the general fund on a quarterly basis in such manner and upon such forms as shall be prescribed by the licensing authority by rule. The figure used for adjusted gross proceeds shall be as determined in subsection 1 of section 1 of this Act before any reduction for expenses. The amount of this tax shall

be paid from adjusted gross proceeds and not charged against the percentage limitation of expenses.

SECTION 13. EXAMINATION OF BOOKS AND RECORDS. The licensing authority and its agents, and representatives of the governing body of a city or county with respect to eligible organizations authorized by that governing body, shall have the power to examine or cause to be examined the books and records of any eligible organization licensed or authorized to conduct games of chance under this Act to the extent that such books and records relate to any transaction connected with holding, operating, or conducting any game of chance.

SECTION 14. DISTRIBUTORS - LICENSURE. Every distributor shall annually apply for a license upon a form prescribed by the attorney general before the first day of April in each year and shall submit a one thousand dollar license fee. Each applicant shall provide such necessary and reasonable information as the attorney general may require.

Every nonresident manufacturer or distributor of raffle tickets or equipment for games of chance doing business in this state shall appoint a North Dakota agent who shall be licensed as a distributor. No distributor shall sell, market, or otherwise distribute raffle tickets or equipment for games of chance except to eligible organizations.

Every eligible organization shall acquire all raffle tickets or equipment for games of chance from a distributor licensed under this Act, unless the raffle tickets or equipment for games of chance are printed, manufactured, or constructed by the eligible organization or unless the raffle tickets are obtained from a resident printer who has printed the raffle tickets at the request of the organization. At no time shall any eligible organization print, manufacture, or construct any raffle tickets or equipment for games of chance for sale to any other eligible organization.

No licensed or authorized eligible organization shall be a distributor. No distributor may be a wholesaler of liquor or alcoholic beverages.

The attorney general shall have the power, on his own motion based on reasonable grounds or on written complaint, to suspend or revoke a license in accordance with chapter 28-32 for violation, by the licensee or any officer, director, agent, member, or employee of the licensee, of this Act or any rule adopted under this Act.

SECTION 15. FORM AND DISPLAY OF LICENSE. Each license or authorization required under this Act shall contain a statement of the name and address of the licensee or authorized eligible organization and such other information as the licensing or authorizing authority may designate.

Each license or resolution issued for the conduct of any game or games of chance shall be conspicuously displayed at the place where the same is to be conducted at all times during any game of chance and for at least thirty minutes thereafter. The sale of a raffle ticket shall not require the display of the license or authorizing resolution.

SECTION 16. VIOLATION OF ACT - MISDEMEANOR - FORFEITURE OF LICENSURE - INELIGIBILITY FOR YEAR. Any person who knowingly makes a false statement in any application for a license or authorizing resolution or in any statement annexed thereto, or who fails to keep sufficient books and records to substantiate the receipts, expenses, or uses resulting from games of chance conducted under this Act, or who falsifies any books or records so far as they relate to any transaction connected with the holding, operating, and conducting of any game of chance, or who violates any of the provisions of this Act, any rule adopted under this Act, or of any term of a license shall be guilty of a class A misdemeanor. If convicted, such organization or person shall forfeit any license or authorizing resolution issued to it pursuant to this Act and shall be ineligible to reapply for a license or authorization for two years thereafter.

SECTION 17. RULES. The licensing authority shall adopt rules in accordance with chapter 28-32, relating to but not limited to methods of play, conduct, and promotion of games of chance; methods, procedures, and minimum standards for accounting and recordkeeping; requiring reports by licensees and authorized organizations; methods of competition and doing business by distributors; and marking or identification of raffle tickets, bingo equipment, jars, pull tabs, punchboards, or any other implements of gambling used or distributed in this state to implement or effectuate the provisions and purposes of this Act; to ensure that the entire net proceeds of games of chance are devoted to educational, charitable, patriotic, fraternal, religious, or other public-spirited uses as defined by this Act; to define capital improvements and furnishings; to protect and promote the public interest; to ensure fair and honest games of chance; to ensure that fees and taxes are paid; and to seek to prevent or detect unlawful gambling activity.

Not approved or disapproved by the Governor

Filed April 15, 1981