

North Dakota Gaming Update



June 2010

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A copy of GAMING UPDATE is provided free of charge to all gaming distributors and organizations, and to the Gaming Commission and Advisory Board members. Please share this newsletter.

Training Schedule

The Gaming Division will be conducting training sessions in five major cities during the month of August 2010:

Bismarck: Wednesday, August 4, 2010

Dickinson: Tuesday, August 10, 2010

Minot: Wednesday, August 11, 2010

Grand Forks: Tuesday, August 17, 2010

Fargo: Tuesday, August 17, 2010

Additional training has been scheduled in **Fargo** on Wednesday, September 8, 2010 and **Bismarck** on Tuesday, September 14, 2010.

Pre-registration

Pre-registration is required and is limited to three individuals per organization. Class sizes are limited and registration will be taken as received. A **pre-registration form is enclosed** and also can be downloaded at www.ag.nd.gov on the Gaming link.

Register by Mail: send it to the address on the form; OR

Register by Fax: (701) 328-3535; OR

Register by phone: (701) 328-4848. When calling, please have the registration information available.

A gaming manager and an employee who is principally responsible for auditing closed games, daily activity, or does bookkeeping, and has no previous gaming related experience in those capacities shall request training from the attorney general within thirty days of employment. The training must include the gaming law and rules, recordkeeping, internal control, and tax return.

N.D.A.C. § 99-01.3-02-10(1).



Top 20 Organizations

Quarter Ended December 31, 2009

Name	Active Sites	Gross Proceeds	Prizes	Adjusted Gross Proceeds
ND Association for the Disabled, Grand Forks	8	\$4,619,503	\$3,714,199	\$905,304
Prairie Public Broadcasting, Inc., Fargo	13	3,788,629	3,075,514	713,115
Plains Art Museum, Fargo	3	2,504,745	2,023,343	481,402
Grand Forks Blue Line Club, Inc., Grand Forks	4	1,948,484	1,540,844	407,640
Minot Junior Golf Association, Inc., Minot	8	1,872,549	1,522,643	349,906
Minot Hockey Boosters, Inc., Minot	17	1,773,420	1,442,423	330,997
Development Homes, Inc., Grand Forks	9	1,796,411	1,470,142	326,269
Share House, Inc., Fargo	4	1,505,589	1,224,623	280,966
Bismarck-Mandan CVB, Bismarck	6	1,418,509	1,142,490	276,019
American Foundation for Wildlife, Bismarck	25	1,295,546	1,029,785	265,761
Fort Abraham Lincoln Foundation, Mandan	13	1,279,246	1,024,144	255,102
Knights of Columbus Council, Jamestown	14	1,142,570	891,135	251,435
Listen Inc., Grand Forks	9	1,367,831	1,127,489	240,342
Williston State College FND, Williston	10	1,098,649	867,041	231,608
Veterans Club, Kenmare	14	921,620	705,103	216,517
Cystic Fibrosis Assn. of ND, Bismarck	9	1,004,539	790,992	213,547
West Fargo Hockey Assn., Inc., West Fargo	7	1,231,783	1,038,886	192,897
Dickinson Youth Activities, Dickinson	5	1,008,428	823,413	185,015
Northern Prairie Performing Arts, Fargo	7	944,822	769,760	175,062
The Team Makers Club, Inc., West Fargo	3	933,088	762,226	170,862
	188	33,455,961	26,986,195	6,469,766

Note: The organizations are listed in descending order by Adjusted Gross Proceeds prior to adjustments for Cash Long (+), Interest (+), Gaming Excise Tax (-), and Bingo Sales Tax (-).

Study of Charitable Gaming

The Office of Attorney General presented the Interim Judiciary Committee with the results from the organization survey conducted earlier this year and Legislative Council staff presented the first draft of a bill to consolidate the gaming taxes (pull tab and bingo excise taxes and gaming taxes) and allowable expenses.

The original draft of the bill was revenue neutral, with a single 3.16% tax rate on gross proceeds for the calculation of gaming taxes and 58% of adjusted gross proceeds for allowable expenses. The committee asked the Gaming Division to calculate the anticipated gaming tax revenue if the bill was amended to various lesser rates between 1% and 3% of gross proceeds. Additional information will be presented at a future meeting to analyze the financial impact of lowering the single tax rate. Senator Nething asked that the single allowable expense rate be increased from 58% to 60% of adjusted gross proceeds. The next committee meeting will be held on September 8 or 9, 2010. The meeting agenda and minutes are available for review online at <http://www.legis.nd.gov/assembly/61-2009/interim-info/minutes/index.html>, under the heading of the Judiciary Committee.



Redesigned \$100 Bill Unveiled

On April 21, 2010, the US government unveiled features of the redesigned \$100 bill that will enter circulation in early 2011. The new security features came after more than a decade of research and development to protect the currency from counterfeiting. To ensure a seamless introduction of the new \$100 bill



into the financial system, the US Department of the Treasury will conduct a global public education program to ensure that users of US currency are aware of the new security features.

Two new security features included in the redesigned \$100 bill are the blue 3-D Security Ribbon and the Bell in the Inkwell on the front of the new bill. The new 3-D Security Ribbon contains images of bells and 100s that move and change from one to the other as you tilt the new \$100 bill. The Bell in the Inkwell changes color from copper to green when the bill is tilted, an effect that makes it seem to appear and disappear within the copper inkwell.

The new design for the \$100 bill retains three effective security features from the previous design including the portrait watermark of Benjamin Franklin, the security thread, and the color-shifting numeral 100. The new bill also displays American symbols of freedom, including phrases from the Declaration of Independence and the quill the Founding Fathers used to sign this historic document. Both are located to the right of the portrait on the front of the bill. The back of the \$100 bill has a new portrait of Independence Hall which has been enlarged and the oval that previously appeared around the image has been removed. The \$100 bill is the most widely circulated and most often counterfeited denomination outside of the US. For more information, visit www.newmoney.gov.

New Child Support Enforcement Requirements

Beginning July 1, 2010, all gaming operators required to file an IRS form W-2G (or a substantially similar form), on a player's winnings, are required to check the state Child Support Enforcement website before making payment and to withhold some or all of the winnings from the player if past due child support payments are due. Gaming operators may withhold an additional \$3.00 from the winnings to cover the expense in transmitting the funds to the Child Support Enforcement agency. The new law imposes certain duties on the gaming operator but also provides immunity from suit or liability for complying with the law. The direct link will be available from the Child Support Enforcement website, <http://www.nd.gov/dhs/services/childsupport/>.

Quarter Analysis of Gaming Activity

The amount of money wagered on charitable games of chance for the quarter ended December 31, 2009, was \$61,672,382. This represents an overall decrease of 4.5% or \$2,882,200 from wagers made during the same quarter in 2008 when \$64,554,582 was wagered. Several major game types had decreases in activity including twenty-one which decreased 7.2% or \$1,372,331, pull tabs which decreased 6.6% or \$1,343,661, and pull tab dispensing devices decreased 2.7% or \$393,247. The largest dollar increase was in raffle ticket sales which increased 19% or \$176,397 during the quarter.

Quarter Ended December 31, 2009

	Gross Proceeds	Prizes	Adjusted Gross Proceeds
Bingo	\$7,741,288	\$6,235,920	\$1,505,368
Raffles	926,299	423,776	502,523
Pull Tabs	19,107,785	15,075,259	4,032,526
Pull Tabs – Dispensing Devices	14,173,225	10,957,594	3,215,631
Club Specials, Tip, Seal & Prize Boards	306,693	221,764	84,929
Punch Boards	3,800	2,797	1,003
Sports Pools	56,242	44,240	12,002
Twenty-One	17,734,698	14,950,112	2,784,586
Calcuttas	32,080	26,927	5,153
Paddlewheels	58,560	32,507	26,053
Paddlewheels – with Table	1,267,460	941,395	326,065
Poker	257,442	207,680	49,762
Other (Cash Long/Interest)	6,810	0	6,810
Totals:	\$61,672,382	\$49,119,971	\$12,552,411

Less: ND Pull Tab Excise Tax	\$976,987
Federal Excise Tax	22,339
ND Bingo Excise Tax	<u>225,277</u>
Total Adjusted Gross Proceeds	\$11,327,808

Less: Gaming Tax	\$713,865
Total Allowed Expenses	<u>6,537,909</u>
Total Deductible Expenses	\$7,251,774

Net Proceeds Earned \$4,076,034

Eligible Use Contributions \$4,705,606

Annual Analysis of Gaming Activity

The amount of money wagered on charitable games of chance for calendar year ended December 31, 2009, was \$250,845,409, a 5.6% decrease from calendar year 2008, when \$265,755,398 was wagered. Most major game types had decreases in the amount wagered, including pull tabs (-9%) twenty-one (-8.3%) and bingo (-3.3%). Other game types only had slight changes in the amount wagered, although poker had a 26.5% increase (+\$197,081 on total wagers of \$939,741).

Calendar Year Ended December 31, 2009

	Gross Proceeds	Prizes	Adjusted Gross Proceeds
Bingo	\$31,936,360	\$25,110,662	\$6,825,698
Raffles	4,132,907	1,794,412	2,338,495
Pull Tabs	80,108,374	63,186,097	16,922,277
Pull Tabs – Dispensing Devices	56,177,815	43,475,992	12,701,823
Club Specials, Tip, Seal & Prize Boards	992,879	707,301	285,578
Punch Boards	9,328	5,430	3,898
Sports Pools	117,240	94,753	22,487
Twenty-One	70,962,689	59,856,290	11,106,399
Calcuttas	182,890	154,595	28,295
Paddlewheels	158,680	88,119	70,561
Paddlewheels – with Table	5,093,756	3,819,386	1,274,370
Poker	939,741	756,668	183,073
Other (Cash Long/Interest)	32,750	0	32,750
Totals:	\$250,845,409	\$199,049,705	\$51,795,704

Less: ND Pull Tab Excise Tax	\$4,975,978
Federal Excise Tax	92,172
ND Bingo Excise Tax	<u>929,356</u>
Total Adjusted Gross Proceeds	\$45,798,198

Less: Gaming Tax	\$3,003,054
Total Allowed Expenses	<u>26,434,953</u>
Total Deductible Expenses	\$29,438,007

Net Proceeds Earned \$16,360,191

Eligible Use Contributions \$19,550,900

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Rulemaking Process Completed

The State Gaming Commission met on March 18, 2010, to consider and act on the public comments expressed during the rule-making process. The Gaming Advisory Board and Office of Attorney General were represented at this meeting. The finalized rules take effect on July 1, 2010. New rule books have been printed and are available online at www.ag.nd.gov, on the Gaming link. **An order form is also enclosed.**

Quick Shot Bingo Games Field Test

During the March 18, 2010, State Gaming Commission meeting, the commission directed the Gaming Division to conduct a field test on hand-held bingo card marking devices for 24 number (Quick Shot) bingo games. The division is reviewing the manufacturer's products to establish specific guidelines for conducting the field test. Any organization interested in participating in the field test should contact its distributor about site feasibility. The Field Test will begin sometime after July 1, 2010.

Licensed Distributors and Manufacturers

The Office of Attorney General recently completed the re-licensing process of Gaming Distributors and Manufacturers for the fiscal year April 1, 2010 through March 31, 2011. The list of all Licensed Gaming Distributors and Manufacturers for the current licensing year is available online at www.ag.nd.gov on the Gaming link.