



STATE OF NORTH DAKOTA  
OFFICE OF ATTORNEY GENERAL  
GAMING DIVISION

**OFFICIAL MEMO**

**TO:** Veterans Organizations, Fraternal Organizations and Licensed Gaming Operators

**FROM:** North Dakota Office of Attorney General, Gaming Division

**DATE:** January 16, 2026

**RE:** Statement of General Policy and Interpretation Regarding use of Net Proceeds for Veterans Organization: 20% Food & Beverage Allowance and Real Property Expenses (Veterans/Fraternal Organizations)

**PURPOSE**

This memorandum provides the Gaming Division's policy and interpretation on two key areas of eligible use as they apply to veterans and fraternal organizations conducting charitable gaming:

1. The 20% allowance of net proceeds for food and beverage expenses incurred at veterans organization's club sites with [Senate Bill 2288](#) (2025) ; and
2. The continued and clarified eligibility of expenses related to real property used by veterans and fraternal organizations with [House Bill 1263](#) (2025).

**1. 20% FOOD AND BEVERAGE ALLOWANCE (VETERANS CLUBS)**

Senate Bill 2288 amended [North Dakota Century Code \(N.D.C.C.\) § 53-06.1-11.1](#) to allow a veterans organization to use up to twenty percent (20%) of net proceeds per quarter for food and beverage expenses, including alcoholic beverages, incurred in operating the veterans organization's club.

Key points:

- The allowance applies only to veterans organizations operating one club in one location.
- The 20% is calculated using the prior quarter's net proceeds.
- Funds must be used in the following quarter.
- Disbursements must be made directly to food and beverage vendors based upon costs incurred, and supporting invoices must be retained.
- Veterans organizations intending to use this allowance must file gaming tax returns online.

Example:

If a veterans organization reports \$30,000 in net proceeds for the prior quarter, the maximum amount available for food and beverage expenses in the following quarter is:

$$\$30,000 \times 20\% = \$6,000$$

This \$6,000 may be disbursed only for allowable food and beverage costs incurred and associated with the veterans organization's club.

## **2. ELIGIBLE USE OF NET PROCEEDS FOR REAL PROPERTY (VETERANS/FRATERNAL)**

Clarification regarding fraternal and veterans organizations' use of net proceeds for real property-related expenses, as addressed in [House Bill 1263](#) (2025), [N.D.C.C. § 53-06.1-11.1](#) and [Title 47](#).

Eligible real property expenses include costs related to:

- Erection or acquisition of real property
- Property taxes and special assessments
- Improvement, maintenance, or repair of real property

Real property includes land, and anything affixed to it ([N.D.C.C. § 47-01-03](#)).

Examples of generally allowable real property expenses include, but are not limited to:

- Roof repair or replacement at a veterans organization's club
- Plumbing, electrical, or HVAC systems permanently affixed to the building
- Parking lot paving or repair
- Cleaning and upkeep of the building or fixtures affixed to the property

Examples of generally not allowable under the real property category ([N.D.C.C. § 47-01-07](#)):

- Furniture (tables, chairs, desks)
- Portable or movable freezers or equipment
- Other items classified as personal property and not affixed to the building

Use of proceeds for items that are considered personal property is only allowable if another law or rule specifically authorizes their use as an eligible expense.

## **ONGOING IMPLEMENTATION**

The North Dakota Gaming Commission will be considering draft administrative rules related to these two law changes. The draft rules are intended to implement the laws as outlined above.

Organizations are encouraged to evaluate expenses carefully before submission and to retain documentation supporting all disbursement claimed as eligible uses of net proceeds. Specific questions related to an eligible use by your organization should be discussed with your organization's legal or tax professional.

For questions or additional guidance, please contact the Gaming Division.

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