



ACM Legislative Update 3/17/06

225 9th St E Unit 309 • Saint Paul, MN 55101-2514 Office: 651-224-4533

www.alliedcharitiesmn.org

Fax: 651-255-6703

E-mail: kingw@alliedcharitiesmn.org

Hotline: 651-255-6702

Proudly Serving Charitable Gambling Organizations Throughout Minnesota

House Gaming Division Passes Charitable Gambling Bills

On Friday, March 10, 2006 the House Gaming Division heard & passed **HF 3194 - GCB's Charitable Gambling Policy Bill**. **HF 3194** was recommended to pass and referred back to the House Regulated Industries Committee. A summary of **HF 3194** is printed on pages 2 & 3. To view text of **HF 3194** see URL at bottom of page 3. **HF 3194** is authored by Representatives **Andy Westerberg** of Blaine & **Tom Hackbarth** of Cedar. *Contact the Gambling Control Board with questions, comments, or concerns about HF 3194 as soon as possible.*

On Tuesday, March 14, 2006 the House Gaming Division heard & passed **HF 3253 - ACM's Bar Bingo**

& **Pull-tab Bill & HF 3254 - ACM's Sports Themed Tipboard Pilot Project Bill**. **HF 3253 & HF 3254** as amended by the Division were recommended to pass and referred back to the House Regulated Industries Committee. Summaries of **HF 3253 & HF 3254** as amended are printed on page 4. To view text of **HF 3253 & HF 3254** see URLs at bottom of page 3 (please note text with Division amendments will not be available until the bills are passed by House Regulated Industries Committee). **HF 3253 & HF 3254** were authored by Representatives **Tom Hackbarth** of Cedar, **Bill Hilty** of Finlayson, **Sondra Erickson** of Princeton, **Torrey Westrom** of Elbow Lake, & **Aaron Peterson** of Madison.

2006 Gambling Bill Introductions

Listed below are the gambling bills introduced since the 3/8/06 ACM Legislative Update (thru 3/15/06):

Senate File (SF) 2953 (Rest; Vickerman; Wergin; Hann; Solon) & House File (HF) 3194 (Westerberg; Hackbarth) - Lawful gambling clarifying, conforming, and technical changes provided; and expenditure restriction requirements modified. (*GCB Bill*)

SF 3003 (Sparks; Metzen; Wiger; Day) & HF 3448 (Hoppe; Erickson; Beard) - Card club provisions modified, banked card games provided, and electronic pari-mutuel wagers authorized.

SF 3004 (Day; Robling) & HF 3448 (Hoppe; Erickson; Beard) - Constitutional amendment for gambling at licensed racetracks. (*Companion to HF 3101*)

SF 3128 (Betzold) & HF 3488 (Nelson, P.) - Revisor's bill providing erroneous, ambiguous, and omitted text and obsolete references.

SF 3195 (Tomassoni; Wergin; Scheid; Metzen; Nienow) & HF 3215 (Erickson; Otremba; Finstad; Simpson; Heidgerken; Zellers; Sviggum; Rukavina) -

Video lottery terminals established, state lottery director duties and powers expanded, use of video lottery revenues clarified, lawful gambling taxes modified, and conforming changes provided.

HF 3253 (Hackbarth; Hilty; Erickson; Westrom; Peterson, A.) - Bar bingo and pull-tab game requirements modified. (*ACM Bill*)

HF 3253 (Hackbarth; Hilty; Erickson; Westrom; Peterson, A.) - Sports-themed tipboard game pilot project authorized. (*ACM Bill*)

To view all 2005-2006 House Gambling Bills go to the URL below (then bookmark this page):

www.revisor.leg.state.mn.us/revisor/pages/search_status/status_results.php?body=House&search=topic&session=0842005&topic%5B%5D=%27Gambling%27&submit_topic=GO

To view all 2005-2006 Senate Gambling Bills go to the URL below (then bookmark this page):

www.revisor.leg.state.mn.us/revisor/pages/search_status/status_results.php?body=Senate&search=topic&session=0842005&topic%5B%5D=%27Gambling%27&submit_topic=GO

House Research Bill Summary - HF 3194

File Number: H.F. 3194 **Date:** March 10, 2006 **Version:** As introduced

Status: Regulated Industries Committee **Authors:** Westerberg

Subject: Lawful gambling bill **Analyst:** Elisabeth Long

Overview

This bill makes a variety of changes to Minnesota's lawful gambling laws, including numerous technical and housekeeping changes. Among other things, the bill authorizes button raffles, permits certain electronic fund transfers between organization accounts, clarifies conflict of interest provisions, and clarifies restrictions on local government fees for conducting lawful gambling. The bill also updates several provisions of current law to reflect the 2005 legislative authorization of electronic bingo devices.

The bill makes two changes related to statutory limits on allowable expenses for lawful gambling organizations. First, it authorizes the Gambling Control Board (board) to grant licensees waivers to the statutory allowable expense limits under certain circumstances (§§ 6, 7). Second, it allows the board to impose sanctions against organizations violating statutory allowable expenses limits (§ 10).

Section

1 Bingo. Clarifies the definition of bingo to allow facsimile bingo paper sheets to be used in conjunction with an electronic bingo device.

2 Electronic bingo device. Clarifies that electronic bingo devices may be used to monitor facsimile bingo paper sheets in addition to bingo paper sheets.

3 Gambling equipment. Modifies the definition of gambling equipment to include electronic bingo devices.

4 Gross receipts. Modifies the definition of gross receipts to include receipts from sales of facsimile bingo paper sheets (used with electronic bingo devices) and the rental of electronic bingo devices.

5 Lawful purpose. Clarifies how organizations can contribute to scholarship funds as lawful purpose expenditures.

6 Expenditure restrictions (waivers). Allows the board to authorize waivers of statutory limits imposed on an organization's allowable expenses - 70 percent of bingo gross profits and 60 percent of other lawful gambling gross profits - for licenses issued after June 30, 2006. (See section 7.) Permits the issuance of a waiver only when the board determines that an organization was not able to comply with expense limits due to unforeseen or extraordinary expenses beyond the organization's control, or for expenses relating to permanent gambling equipment. Requires an organization receiving a waiver to be in compliance with the statutory expense limits within one year of receiving the waiver. Prohibits the board from granting waivers to organizations that failed to take steps to monitor expenses or to reduce expenses within their control.

7 Powers and duties (Board). Gives the board authority to approve or deny requests from licensees for waivers from statutory limits on allowable expenses. (See section 6.)

8 Electronic bingo. Modifies the requirement that bingo rules promulgated by the board must require electronic bingo devices to be used with bingo paper sheets to also allow electronic bingo devices to be used with facsimile bingo paper sheets printed at the point of sale.

9 Conflict of interest. Strikes an obsolete statutory reference. Prohibits the director of the board, members of the board, and employees of the board from purchasing any chance in a lawful gambling game, unless the purchase is part of an investigation.

10 Issuance of gambling licenses. Clarifies that the board may impose sanctions against an organization for violating allowable expense limits.

11 Prohibition (Registration of equipment). Strikes obsolete statutory language.

12 Sales from facilities. Strikes obsolete reference to unaffixed registration stamps.

13 Attachments to application (for linked bingo provider licenses). Reduces from \$250,000 to \$100,000 the principal bond requirement for applicants for linked bingo provider licenses.

(continued from page 2)

14 Prohibition (linked bingo provider licenses). Current law prohibits linked bingo game providers from (1) holding financial or managerial interests in leased bingo premises; (2) being licensed as a distributor or holding any financial or managerial interest in a distributor; (3) selling or leasing linked bingo game equipment to anyone not licensed as an organization; (4) purchasing gambling equipment to be used exclusively in a linked bingo game from any person not licensed as a manufacturer; and (5) providing a lessor of gambling premises or an appointed official any compensation, gift, gratuity, premium or contribution.

This section expands the prohibitions that currently apply to linked bingo game providers to also apply to the employees, representatives, agents, and affiliates of linked bingo game providers. This section also identifies a new type of prohibited conduct: giving the employee or agent of an organization anything worth more than \$25 per year, per organization.

15 Exclusions. Clarifying language.

16 Exemptions. Specifies that the board may refuse to issue an exempt permit to an applicant whose application is incomplete or knowingly contains false or inaccurate information.

17 Gambling manager required. Makes a technical change to clarify the responsibilities of gambling managers for their organization's gambling gross receipts.

18 Employment of certain persons. Clarifies who can be employed by a lawful gambling organization. Specifies that an organization leasing premises cannot compensate the lessor, a member of the lessor's immediate family, or the lessor's employees, except for selling pull-tabs and tipboards within a booth operation on the premises. Allows an organization to compensate a member of a lessor's immediate family for the conduct of gambling at other sites not owned by the lessor.

19 Bingo cards and sheets. Clarifies how bingo is conducted using electronic bingo devices.

20 Conduct of bingo. Clarifies how bingo is conducted using electronic bingo devices. Removes references to obsolete bingo equipment.

21 Conduct of raffles. Authorizes the sale of buttons (with a nominal value of less than \$5) as certificates of participation for entry in a raffle. (In button raffles, each button has a unique number, much like a raffle ticket.)

22 Lease or ownership required; rent limitations. Strikes obsolete dates and references. Clarifies that no activity other than lawful gambling may be conducted in a booth operation on leased premises. Provides that employees of a lessor not involved in the conduct of lawful gambling on the premises and nongambling employees of an organization conducting lawful gambling on the premises may participate in lawful gambling on the premises if the organization posts the major prizes awarded for pull-tabs and tipboards.

23 Accounts. Allows an organization to transfer the amount of gambling taxes due from the organization's gambling account to its general account when taxes become due. Restricts organizations to a single electronic fund transfer for the payment of the taxes of the organization as a whole.

24 Expenditures. Clarifies the expenditures of lawful gambling gross profits that can be transferred electronically from an organization's gambling account directly to bank accounts, specifying that payments for taxes and allowable expenses may be transferred as such. Clarifies that electronic payments of allowable expenses are permitted only if they are verifiable, the organization keeps supporting documentation, and the organization's membership approves of the electronic payments.

25 Local regulation. Clarifies local fee restrictions on permits for the conduct exempt gambling. Current law prohibits local units of government from requiring a license or fee for a license or permit to conduct gambling by organizations or sales by licensed distributors or licensed linked bingo game providers. This section clarifies that local fees are also prohibited for licenses or permits to conduct gambling by gambling managers, gambling employees, and for distributors or linked bingo game providers registered with the board.

HF 3194, HF 3253, & HF 3254 Text

To view **HF 3194** text go to:

<http://www.revisor.leg.state.mn.us/bin/bldbill.php?bill=H3194.0.html&session=ls84>

To view **HF 3253** text go to:

<http://www.revisor.leg.state.mn.us/bin/bldbill.php?bill=H3253.0.html&session=ls84>

To view **HF 3254** text go to:

<http://www.revisor.leg.state.mn.us/bin/bldbill.php?bill=H3254.0.html&session=ls84>

House Research Bill Summary - HF 3253 & HF 3254

File Number: H.F. 3253 **Date:** March 14, 2006 **Version:** As Amended (Division Report)
Status: Regulated Industries Committee **Authors:** Hackbarth and others
Subject: Bar bingo and pull-tabs **Analyst:** Elisabeth Long

Overview

This bill authorizes linked bingo games at bar bingo occasions. The bill also requires the Gambling Control Board (board) to authorize, by rule (1) cumulative and carryover pull-tabs (subject to a statutory a maximum prize limit of \$2,500); and (2) pull-tab event games.

Section

1 Bar bingo. Strikes language prohibiting linked bingo games at bar bingo occasions.

2 Conduct of pull-tabs. Establishes a new section of law regulating cumulative and carryover pull-tab games and event games.

Subdivision 1. Cumulative or carryover games. Requires the board to authorize, by rule, the conduct of pull-tab games with multiple seals and to adopt rules for pull-tab games with cumulative or carryover prizes.

Subd. 2. Event games. Requires the board to authorize, by rule, pull-tab games in which winners are determined either by the random selection of bingo numbers or by another method approved by the board.

3 Pull-tab prizes. Current law limits the maximum prize awarded for a single pull-tab to \$599. This bill would establish a different prize limit for cumulative or carryover prizes - \$2,500.

File Number: H.F. 3254 **Date:** March 14, 2006 **Version:** As Amended (Division Report)
Status: Regulated Industries Committee **Authors:** Hackbarth and others
Subject: Sports-themed tipboard pilot project **Analyst:** Elisabeth Long

Overview

This bill directs the Gambling Control Board (board) to conduct a sports-themed tipboard pilot project. This language was included in the omnibus gaming policy bill passed by the House last session (H.F. 1801, third engrossment), but was removed during conference committee.

Section

1 Sports-themed tipboards.

Subdivision 1. Pilot project. Directs the board to conduct a sports-themed tipboard pilot project. Requires the pilot project to provide for operation procedures, internal control standards, posted information, records, reports, award of prizes, method of payout, wagers, determination of winners, and specifications of tipboards. Limits maximum prizes awarded to \$500 and limits the maximum price of each chance to \$10. Requires the board to select ten sites for sale of sports-themed tipboards, selected to achieve geographic balance. Makes the board responsible for all administrative costs associated with establishing the pilot project.

Subd. 2. Report. Requires a report to the legislature by February 15, 2007.

Subd. 3. Sunset. Provides that this section expires January 15, 2007.



Legislative Update
3/17/06

