



ACM Legislative Update 3.14.08

Please note this Update is being mailed to the Organization CEO at the Organizations address and the Organization Gambling Manager at the Gambling Managers address using mailing list from the State of Minnesota updated 2/4/08. If the CEO/Organization address or GM/GM address info is incorrect you should update with the Gambling Control Board ASAP!

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Proudly Serving Charitable Gambling Organizations Throughout Minnesota

House Committees Pass Omnibus Lawful Gambling Bill

On Tuesday, March 4, 2008 the House Commerce and Labor Committee heard and passed **HF 3397 - ACM's 2008 Charitable Gambling Policy Bill**. A delete all amendment including modified version of ACM's Charitable Gambling Policy Bill (**HF 3397**) & modified version of Gambling Control Board's Charitable Gambling Policy Bill (**HF 3351**) was adopted making **HF 3397 the House 2008 Omnibus Lawful Gambling Bill**. The amended bill was recommended to pass and was re-referred to the House Public Safety & Civil Justice Committee.

On Tuesday, March 11, 2008 the House Public Safety & Civil Justice Committee heard and passed **HF**

3397 the House 2008 Omnibus Lawful Gambling Bill. The bill was recommended to pass and was sent to the House General Register.

An overview of **HF 3397** is printed on pages 2 & 3. The 1st Engrossment of **HF 3397** may be viewed at: <https://www.revisor.leg.state.mn.us/bin/bldbill.php?bill=H3397.1.html&session=ls85>

HF 3397 was authored by Representatives **Joe Atkins** of Inver Grove Heights, **Tom Anzelc** of Balsam Township, **Tom Tillbery** of Fridley, **Sondra Erickson** of Princeton, **Dean Simpson** of Perham, and **Kurt Zellers** of Maple Grove.

2008 Omnibus Tax Bill Passes Legislature – Its The Law

On Thursday, March 6, 2008 the Minnesota Legislature passed **HF 3201 the 2008 Omnibus Tax Bill**. **HF 3201** is primarily the non-controversial items from **HF 2268 the 2007 Omnibus Tax Bill** vetoed by **Governor Tim Pawlenty** last year. With the controversial items removed **Governor Pawlenty** signed into law **Chapter 154 - HF 3201 the 2008 Omnibus Tax Bill** on Friday, March 7, 2008. **HF 3201** includes the classification property class shift for community service-

oriented organizations which House Research indicates will reduce property taxes by about 30%. This provision is in **Article 2 Section 13** of **HF 3201**. An overview of this provision along with the actual language from **HF 3201** is printed on pages 4 & 5. The 4th Engrossment of **HF 3201 the 2008 Omnibus Tax Bill** as passed by the Minnesota Legislature may be viewed at: <https://www.revisor.leg.state.mn.us/bin/bldbill.php?bill=H3201.4.html&session=ls85>

Senate Committee Passes Omnibus Lawful Gambling Bill

On Friday, March 7, 2008 the Senate State and Local Government Operations and Oversight Committee heard and passed **SF 3098 - ACM's 2008 Charitable Gambling Policy Bill**. A delete all amendment including modified version of ACM's Charitable Gambling Policy Bill (**SF 3098**) & modified version of Gambling Control Board's Charitable Gambling Policy Bill (**SF 3171**) was adopted making **SF 3098 the Senate 2008 Omnibus Lawful Gambling Bill**. The amended bill was recommended to pass and was re-referred to the Senate Judiciary Committee. The Senate Judiciary Committee

will likely hear **SF 3098** on March 18 or 19, 2008.

An overview of **SF 3098** is printed on pages 2 & 3. The 1st Engrossment of **SF 3098** may be viewed at: <https://www.revisor.leg.state.mn.us/bin/bldbill.php?bill=S3098.1.html&session=ls85>

SF 3098 was authored by Senators **Tony Lourey** of Kerrick, **Chris Gerlach** of Apple Valley, **Ann Rest** of New Hope, **Claire Robling** of Jordan, and **Dan Sparks** of Austin.

Omnibus Lawful Gambling Bill Overview

SF 3098, 1st Engrossment may be viewed at:
<https://www.revisor.leg.state.mn.us/bin/bldbill.php?bill=S3098.1.html&session=ls85>

HF 3397, 1st Engrossment may be viewed at:
<https://www.revisor.leg.state.mn.us/bin/bldbill.php?bill=H3397.1.html&session=ls85>

Section

- 1 **Gambling equipment.** Includes promotional tickets within the definition of gambling equipment.
- 2 **Promotional ticket.** Clarifies the definition of promotional ticket to specify that they are created and printed by a licensed manufacturer.
- 3 **Expenditure restrictions.** Allows a one year period for higher expense payments, an increase from 70 to 75 percent of gross profits from bingo, and from 60 to 65 percent for other forms of lawful gambling.
- 4 **Civil penalty.** Allows suspension of licenses or civil penalties for exceeding expense limitations. Allows civil penalties to be greater than \$500, specifies matters the board must consider in levying these penalties.
- 5 **Prohibited acts; licenses required.** Allows bingo cards and equipment to be loaned from one licensed organization to another.
- 6 **Prohibition.** Allows distributors to sell promotional tickets.
- 7 **Licenses; summary suspension.** Adds an additional ground for summary suspensions of gambling managers, failing to receive required training.
- 8 **Gambling managers; licenses.** Clarifies the conditions for suspension of a manager's license.
- 9 **Training of gambling managers.** Requires continuing education to come at least once per calendar year.
- 10 **Gambling manager examination.** Allows new gambling managers, after a resignation, to have the 90 day grace period before passing an examination. Removes a clause allowing an exam to substitute for taking required class work.
- 11 **Bar bingo.** Clarifies who can play bar bingo (allows immediate family members of the lessor and employees of the bar to play if they are not involved with sale/operation of bar bingo.)
- 12 **Linked bingo games.** Allows electronic bingo devices to be used in linked bingo games.
- 13 **Lease or ownership required; rent limitations.** Allows for 32 ticket tipboard games (was 30).
- 14 **Pull-tab records.** Clarifies when cash banks can be "commingled" (with a dispensing device).
- 15 **Credit and sales to delinquent organizations.** Lowers the number of days for credit from distributors to organizations, from 35 days to 30.

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(continued from page 2)

- 16 **Credit and sales to delinquent distributors.** Lowers the number of days for credit from manufacturers to distributors, from 35 days to 30.
- 17 **Progressive bingo games.** Removes a cap on total progressive bingo prizes; the current cap is \$48,000 per calendar year.
- 18 **Pull-tab prizes.** Increases prizes for pull-tab games, allowing \$899 for \$3 pull-tabs, \$1,199 for \$4 pull-tabs, and \$1,499 for \$5 pull-tabs.
- 19 **Tipboard prizes.** Increases tipboard prizes; allows \$899 for \$3 tickets; \$1,199 for \$4 tickets; and \$1,499 for \$5 tickets.
- 20 **Raffle prizes.** Removes annual limits on raffle prizes; institutes a cap of \$50,000 for any one prize.
- 21 **Other gambling.** Technical, to comply with Section 20.
- 22 **Prize value.** Allows for 32 ticket tipboard games (was 30).
- 23 **Prize payout limit.** Prize payout limit is per “game” (not “deal”)
- 24 **Report.** Requires the Gambling Control Board to study all operational procedures and lawful gambling activity (use of funds) and provide a report to Legislature by January 15, 2009 with recommendations and proposed legislation focusing on cost saving opportunities. The Board will also get input from the industry including representatives from Revenue and Public Safety.
- 25 **Effective Date.** Makes this act effective the day following final enactment.

SF 3098, 1st Engrossment may be viewed at:

<https://www.revisor.leg.state.mn.us/bin/bldbill.php?bill=S3098.1.html&session=ls85>

HF 3397, 1st Engrossment may be viewed at:

<https://www.revisor.leg.state.mn.us/bin/bldbill.php?bill=H3397.1.html&session=ls85>

Who Represents Me?

Know Your Local Legislators!

Use the District Finder at <http://www.leg.state.mn.us/leg/Districtfinder.asp>
to retrieve a list of your representatives with contact information.

House Public Information Services - Call House Information
for assistance with finding your representative and senator.
Phone: (651) 296-2146 or 1 (800) 657-3550 TTY: (651) 296-9896

Senate Information Office - Call Senate Information for help in identifying your representative and senator.
Phone: (651) 296-0504 or (651) 296-2887

Community Service-Oriented Organizations

HF 3201

Article 2: Property Taxes Overview

Authorizes a reduced property classification rate for qualifying nonprofit community service-oriented organizations (VFWs, American Legions, etc.).

13 Class 4 property (nonhomestead residential and miscellaneous).

Community service-oriented organizations. Expands the 4c property classification to nonprofit community service-oriented organizations that make charitable contributions and donations at least equal to the organization’s previous year’s property taxes and that allow the property to be used for public and community meetings or events at no charge, as appropriate to the size of the facility. This portion of class 4c will have a class rate of 1.5 percent and be subject to the state general tax at the seasonal-recreational rate (see section 16), which is about half of the commercial-industrial tax rate. Under current law, this type of property is classified as commercial class 3a (the first \$150,000 market value has a rate of 1.5 percent, the market value over \$150,000 has a rate of 2 percent, and the property is subject to the state general tax at the commercial-industrial tax rate).

Under current law, real property up to a maximum of one acre that is owned by a nonprofit community service-oriented organization qualifies for class 4c if the property is not used for revenue producing activity for more than six days in the calendar year preceding the year of the assessment. This section leaves that option, but adds a second alternative to qualify.

This second option extends the maximum land size to 3 acres. The acreage is made larger primarily to allow for parking lots, ball fields, etc. Provides that an organization qualifies if it makes annual charitable contributions and donations at least equal to the organization’s previous year’s property taxes and it allows the property to be used, size permitting, for public and community meetings or events for no charge. The types of organizations that would be affected by this change are the VFWs, American Legions, Knights of Columbus, etc.

Defines “charitable contributions and donations” as having the same meaning as the lawful gambling purposes under section 349.12, subdivision 25, excluding those purposes relating to the payment of taxes, assessments, fees, auditing costs and utility payments. Defines “property taxes” to exclude the state general tax.

Effective for the 2008 assessment and thereafter, taxes payable in 2009 and thereafter. For the 2008 assessment year, the application deadline is extended to September 1, 2008.

CHAPTER 154 - HF 3201, 4th Engrossment

ARTICLE 2 PROPERTY TAXES

27.28 Sec. 13. Minnesota Statutes 2006, section 273.13, subdivision 25, is amended to read:
27.29 Subd. 25. **Class 4.** ...

...
28.21 (d) Class 4c property includes:

...
30.3 (3) real property up to a maximum of ~~one acre~~ three acres of land owned and used

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30.4 by a nonprofit community service oriented organization; ~~provided that and that is not used~~
30.5 for residential purposes on either a temporary or permanent basis, qualifies for class 4c
30.6 provided that it meets either of the following:

30.7 (i) the property is not used for a revenue-producing activity for more than six days
30.8 in the calendar year preceding the year of assessment ~~and the property is not used for~~
30.9 residential purposes on either a temporary or permanent basis; or

30.10 (ii) the organization makes annual charitable contributions and donations at least
30.11 equal to the property's previous year's property taxes and the property is allowed to be
30.12 used for public and community meetings or events for no charge, as appropriate to the
30.13 size of the facility.

30.14 For purposes of this clause,

30.15 (A) "charitable contributions and donations" has the same meaning as lawful
30.16 gambling purposes under section 349.12, subdivision 25, excluding those purposes
30.17 relating to the payment of taxes, assessments, fees, auditing costs, and utility payments;

30.18 (B) "property taxes" excludes the state general tax;

30.19 (C) a "nonprofit community service oriented organization" means any corporation,
30.20 society, association, foundation, or institution organized and operated exclusively for
30.21 charitable, religious, fraternal, civic, or educational purposes, and which is exempt from
30.22 federal income taxation pursuant to section 501(c)(3), (10), or (19) of the Internal Revenue
30.23 Code of 1986, as amended through December 31, 1990. ~~For purposes of this clause; and~~

30.24 (D) "revenue-producing activities" shall include but not be limited to property or that
30.25 portion of the property that is used as an on-sale intoxicating liquor or 3.2 percent malt
30.26 liquor establishment licensed under chapter 340A, a restaurant open to the public, bowling
30.27 alley, a retail store, gambling conducted by organizations licensed under chapter 349, an
30.28 insurance business, or office or other space leased or rented to a lessee who conducts a
30.29 for-profit enterprise on the premises.

30.30 Any portion of the property qualifying under item (i) which is used for revenue-producing
30.31 activities for more than six days in the calendar year preceding the year of assessment
30.32 shall be assessed as class 3a. The use of the property for social events open exclusively
30.33 to members and their guests for periods of less than 24 hours, when an admission is
30.34 not charged nor any revenues are received by the organization shall not be considered a
30.35 revenue-producing activity;.

31.1 The organization shall maintain records of its charitable contributions and donations
31.2 and of public meetings and events held on the property and make them available upon
31.3 request any time to the assessor to ensure eligibility. An organization meeting the
31.4 requirement under item (ii) must file an application by May 1 with the assessor for
31.5 eligibility for the current year's assessment. The commissioner shall prescribe a uniform
31.6 application form and instructions;

...

32.28 **EFFECTIVE DATE.** The part of this section relating to class 4c resorts in
32.29 paragraph (d), clause (1), is effective for assessment year 2009 and thereafter, for taxes
32.30 payable in 2010 and thereafter. The part of this section relating to nonprofit community
32.31 service oriented organizations is effective for assessment year 2008 and thereafter, for
32.32 taxes payable in 2009 and thereafter, except that the application date in paragraph (d),
32.33 clause (3), item (ii), for the 2008 assessment is extended to September 1, 2008.

2008 Gambling Bill Introductions

Listed below are the 2008 gambling bills introduced since the 2.28.08 ACM Legislative Update (thru 3.12.08):

Senate File (SF) 3171 (Lourey; Gerlach; Rest) - Gambling penalties provided, and licensing, regulatory, and prize provisions modified, and technical, clarifying, and conforming changes made, and report required. *(GCB Bill - companion to HF 3351)*

SF 3203 (Rest) & House File (HF) 3766 (Tillberry; Atkins) - Horse racing medication regulations modifications.

SF 3231 (Senjem) - Constitutional amendment for lottery receipts dedication to heritage enhancement, parks and trails, clean water, arts humanities, museum and public broadcasting funds and heritage enhancement council establishment.

SF 3384 (Wiger) - Lawful gambling organizations refund provided for lawful purpose expenditures. *(Companion to HF 3170)*

SF 3570 (Skoe; Sparks) & HF 3818 (Howes) - Smoking ban definitions and exceptions added, and posted signs required.

SF 3635 (Day) & HF 3980 (Buesgens; Erickson; Hackbarth; Brod; Zellers; Dean) - State lottery

gaming machines established and contracts authorized for the management and placement of machines and power and duties provided for gaming revenue (racino).

HF 3853 (Cornish) - Bar bingo winner postings required.

HF 3854 (Nornes) - Racetracks allowed outside the seven-county metro area, and racetracks allowed to operate card clubs.

To view all 2007-2008 Minnesota House Gambling Bills (35 as of 3/12/08) go to the web address below (then bookmark this page):

www.revisor.leg.state.mn.us/revisor/pages/search_status/status_results.php?body=House&search=topic&session=0852007&topic%5B%5D=%27Gambling%27&submit_topic=GO

To view all 2007-2008 Minnesota Senate Gambling Bills (36 as of 3/12/08) go to the web address below (then bookmark this page):

www.revisor.leg.state.mn.us/revisor/pages/search_status/status_results.php?body=Senate&search=topic&session=0852007&topic%5B%5D=%27Gambling%27&submit_topic=GO



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