



ACM Legislative Update 3.25.09

225 9th St E Unit 309 • Saint Paul, MN 55101-2514

Office: 651.224.4533

www.alliedcharitiesmn.org

Fax: 651.255.6703

*** NEW E-mail: alliedcharitiesmn@gmail.com ***

Hotline: 651.255.6702

Proudly Serving Charitable Gambling Organizations Throughout Minnesota

House Gambling Bill Action

On Tuesday, March 17, 2009 the House Commerce and Labor Committee heard and passed **HF 1406 - ACM's 2009 Tax Reform/Reduction Bill**. A technical amendment with changes proposed by the Minnesota Department of Revenue and an amendment dealing with pari-mutuel wagering on horse races were both adopted. The amended bill was recommended to pass and was re-referred to the House Civil Justice Committee.

An overview of **HF 1406 - ACM's 2009 Tax Reform/Reduction Bill** is printed on page 4. The 1st Engrossment of **HF 1406** may be viewed at: <https://www.revisor.leg.state.mn.us/bin/bldbill.php?bill=H1406.1.html&session=ls86>

On Tuesday, March 17, 2009 the House Commerce and Labor Committee heard **HF 1512 - ACM's 2009 Electronic Bingo Bill**. An amendment which basically spells out the gross profit allocation was adopted and **HF 1512** was laid on the table for possible inclusion in the House 2009 Omnibus Lawful Gambling Bill.

An overview of **HF 1512 - ACM's 2009 Electronic Bingo Bill** is printed on page 5. **HF 1512** language as amended is contained within Article 2 of the 1st Engrossment of **HF 1511**.

On Tuesday, March 17, 2009 the House Commerce and Labor Committee heard and passed **HF 1511 - Gambling Control Board's 2009 Charitable Gambling Policy Bill**. A GCB technical amendment and the amended language from **HF 1512** were both adopted making **HF 1511 - the House 2009 Omnibus Lawful Gambling Bill**. The amended bill was recommended to pass and was sent to the House General Register. **HF 1511** received its second reading in the House on Thursday, March 19, 2009. Also on March 19, 2009 **HF 1511**

was re-referred to the House Finance Committee. Bill was sent by the chair to the State Government Finance Division. Bill was sent to Finance because of fiscal note relating to fees in the bill.

An overview of **HF 1511 - the House 2009 Omnibus Lawful Gambling Bill** is printed on pages 2 & 3. The 1st Engrossment of **HF 1511** may be viewed at: <https://www.revisor.leg.state.mn.us/bin/bldbill.php?bill=H1511.1.html&session=ls86>

On Monday, March 23, 2009 the House Civil Justice Committee heard and passed **HF 1406 - ACM's 2009 Tax Reform/Reduction Bill**. A technical amendment dealing with pari-mutuel wagering on horse races was adopted. The amended bill was recommended to pass and was re-referred to the House Taxes Committee.

On Tuesday, March 24, 2009 the House State Government Finance Division heard and passed **HF 1511 - the House 2009 Omnibus Lawful Gambling Bill**. An amendment deleting Article 2 (the amended Electronic Bingo Bill language from **HF 1512**) from the bill was adopted making **HF 1511** back into **Gambling Control Board's 2009 Charitable Gambling Policy Bill**. The amended bill was recommended to pass and was re-referred to the House Finance Committee.

HF 1511 - Gambling Control Board's 2009 Charitable Gambling Policy Bill language as amended is contained within Article 1 of the 1st Engrossment of **HF 1511**.

HF 1512 - ACM's 2009 Electronic Bingo Bill will be reheard in the House Commerce and Labor Committee on Thursday, March 26, 2006 at 4:30 pm in the Basement Hearing Room of the State Office Building.

GCB 2009 Charitable Gambling Policy Bill

Bill Summary

House Research Department

File Number: H.F. 1511

Version: First engrossment (As passed by Commerce)

Date: March 23, 2009

Authors: Atkins

Subject: Lawful Gambling

Analyst: Patrick McCormack

Overview

This is an Omnibus Lawful Gambling Bill, containing a wide range of policy and technical changes, regulatory relief, and game modification.

Section

- 1 Purpose.** Removes from the clause regarding the purpose of the regulation of lawful gambling the phrase “to prevent its commercialization.”
- 2 Allowable expense.** Strikes language limiting the advertising of lawful gambling as an allowable expense. Current language limits amount, and allows content limitations by rule.
- 3 Capital assets.** Clarifies the definition of capital assets to exclude items with limited life spans and cost.
- 4 Charitable contribution.** Clarifies the definition of a charitable contribution to conform to later changes in this bill.
- 5 Electronic bingo device.** Technical change.
- 6 Gambling equipment.** Adds to the list of allowed gambling devices, a programmable electronic device that has no effect on the outcome of a game but that are used to provide a visual or auditory enhancement.
- 7 Gambling manager.** Changes the definition of a gambling manager to allow shorter periods of involvement with an organization as a qualification.
- 8 Gross receipts.** Exempts rental proceeds for owned premises that are leased to other organizations from the definition of gross receipts.
- 9 Lawful purpose.** Amends and expands lawful purpose clauses. Strikes a section allowing payment of audit costs as a lawful purpose; adds a lawful purpose for contributions to other licensed organizations designated to be used for a lawful purpose; allows contributions to parent organizations under specified conditions; allows expenditures for water quality; allows expenditures for repair, maintenance, or improvement of real property and capital assets, or replacement of capital assets, within specified limits; allows a lawful expenditure for acquisition, erection, improvement, or expansion of real property, under specified conditions; allows expenditures for mortgage payments or other debt service payments for buildings damaged or destroyed by catastrophe; states further limitations on uses of funds for real estate purposes; removes current prohibitions on using these funds for these newly legalized purposes; and adds a new prohibition of making contributions to a nonprofit or other entity with an intent of circumventing lawful purposes expenditure restrictions.
- 10 Paddle wheel.** Allows paddle wheels to be turned or spun manually or electronically.
- 11 Pull-tab dispensing device.** Allows pull-tab dispensing devices to have an auditory or visual enhancement to promote or provide information about a game being dispensed, provided that this does not affect the outcome of a game or display the results of a game or an individual ticket.
- 12 Raffle.** Strikes a provision requiring raffle tickets to designate the location, date, and time of selection of winning tickets. This is moved elsewhere.
- 13 Expenditure restrictions, requirements, and civil penalties.** Sunsets a current expenditure restriction requirement as of June 30, 2009. Creates a new provision which evaluates organizations according to the amount of lawful purpose expenditures made. A rating system is created for organizations. Organizations failing to expend a minimum of 30 percent annually of gross profits on lawful purposes are placed on probation; after a failure to improve, organizations may be subject to a civil penalty, which is described in detailed fashion.
- 14 Disaster relief.** Technical.
- 15 Powers and duties.** Changes in the licensing of gambling managers; increase in civil penalties; addition of cause for violations – violating chapter 297E.
- 16 Standards for certain organizations.** Adds festival organizations to the list of those who must meet specified standards.
- 17 Mandatory disqualifications.** Technical, removing renewals as an action to accommodate licensing changes.
- 18 Illegal gambling.** Technical; removes renewals as an action to accommodate licensing changes.
- 19 Issuance of gambling licenses.** A series of licensing changes and modifications, including changes in minimum sizes for organizations, striking of some licensing requirements.
- 20 Term of license.** Makes licenses perpetual and valid unless revoked, suspended, lapsed, or terminated.

- 21 **Lapsed licenses.** Defines a lapsed license, including failure to have a gambling manager, other conditions. Specifies actions the Gambling Control Board may take if a licensed is determined to be lapsed.
- 22 **License fees.** Clarifies that the application fee is the license fee.
- 23 **Monthly regulatory fee.** Re-codifies a monthly regulatory fee, stricken in section 32.
- 24 **Local investigation fee.** Technical and clarifying changes.
- 25 **Agreement to pay taxes.** Technical, removing renewal.
- 26 **Organization license information.** Requires applicants to notify the board within 10 days when application information changes occur.
- 27 **Removal of equipment from inventory.** Technical.
- 28 **Attachments to application.** Requires additional information on applications by linked bingo game providers; a proposed schedule for the cost of providing services to licensed organizations.
- 29 **Licenses; summary suspension.** Adds an additional reason for license suspensions, the failure to pay fees required under a range of statutes.
- 30 **Premises permit required; application.** Makes premises permits perpetual.
- 31 **Contents of application.** Makes lease terms concurrent with the terms of premises permits. Requires a 30 day termination clause. No lease is required for the conduct of a raffle.
- 32 **Fees.** Strikes monthly regulatory fee language, which has been moved to section 23.
- 33 **Off-site permits.** Allows licensed organizations to conduct lawful gambling on a premises other than the organizations permitted premises under specified conditions, for up to 4 occasions per year at a county fair, state fair, church festival, or civic celebration, for up to three days per event.
- 34 **Exemptions.** Makes changes to the exempt license sections.
- 35 **Gambling managers; licenses.** Allows temporary requirements for gambling managers. Requires plans for replacement if there is a death, disability, or termination; specifies requirements for replacement.
- 36 **Compensation paid.** Prohibits payment of compensation to a lessor by a leasing organization, except that this section allows compensation as a seller of pull-tabs and tipboards within a booth on the premises. Prohibits other compensation.
- 37 **Filing required.** Adds linked bingo providers to the list of disclosures for price that may be required by the board.
- 38 **Sales at filed prices.** Prevents price discounts and other sales at less than disclosed price, by linked bingo game providers.
- 39 **Winners.** Clarifies prize delivery for linked bingo games.
- 40 **Bingo cards and sheets.** Specifies design of bingo cards and sheets, and facsimiles thereof.
- 41 **Conduct of bingo.** Removes bingo sheet design language. Allows activation of numbers. Clarifies language for winning a game.
- 42 **Bar bingo.** Removes a provision that allows lessors family and employees to play if not involved with the sale or operation of bar bingo (that language is moved and re-stated in section 45). Allows use of facsimiles of bingo paper sheets, including those purchased from linked bingo game providers.
- 43 **Conduct of raffles.** Requires raffle tickets to list the location, date and time of selection of winning entries.
- 44 **Lease or ownership required; rent limitations.** Makes leases concurrent with premises permits. Removes language allowing the board to limit bingo rents. Removes language allowing employees to participate in lawful gambling, if prizes are posted (that language is moved and re-stated in section 45).
- 45 **Restrictions on who may participate in lawful gambling.** Creates limits on who may participate in lawful gambling, including limits for persons under the age of 18. Persons under the age of 18 are allowed to play bingo at community events if accompanied by a parent or guardian. Restrictions on playing are established for gambling managers, employees, lessor employees, volunteers, and immediate families.
- 46 **Accounts.** Clarifying language for tipboard plays, and for accounting of expenses.
- 47 **Tax refund or credit.** Technical.
- 48 **Expenditures.** Makes a series of technical and organizational changes to expenditure reporting. Requires reporting monthly on expenditures and contributions from lawful gambling. States requirements of reports. Allows electronic transmission of taxes and reports.
- 49 **Reports.** Technical.
- 50 **Pull-tab records.** Technical.
- 51 **Credit restriction.** Technical.
- 52 **Credit and sales to delinquent organizations.** Prevents leasing to delinquent organizations.
- 53 **Credit and sales to delinquent organizations or linked bingo game providers.** Adds linked bingo game providers to this section.
- 54 **Invoices.** Adds linked bingo providers; adds leases to the language.
- 55 **Rules.** Adds linked bingo game providers.
- 56 **Credit; postdated checks.** Adds linked bingo game providers.

- 57 Local regulation.** Technical changes. Adds reporting of interest.
- 58 Local approval.** Deletes current local approval language, replaces it with new language that requires county or city approval of premises permits.
- 59 Checks for gambling purchases.** Adds debit cards to the prohibition contained here.
- 60 Repealer.** Repeals a range of regulatory statutes that are substantially replaced or upgraded throughout this bill. Included are repealers to 349.15, subdivision 4, on alternative premises permits; of 349.154, subdivision 2, on monthly net profit reports; 349.155, subdivision 7, on lapsed licenses; 349.16, subdivisions 9 and 10, on license renewals; 349.166, subdivision 3, on raffles; 349.168, subdivisions 4, 6, 7, and 10, on employment and reporting restrictions for organizations; 349.18, subdivisions 2 and 3, on rental proceeds and raffle conduct on leased or owned land; and 349.2127, subdivision 8, on minimum ages for gambling. New versions of each of these statutes are contained in the body of this bill. Repealed at a later date is 349.15, subdivision 5, on civil penalties, also replaced with a new version in this bill.
- 61 Effective Date.** Makes this effective July 1, 2009.

HF 1511, 1st Engrossment may be viewed at:

<https://www.revisor.leg.state.mn.us/bin/bldbill.php?bill=H1511.1.html&session=ls86>

(Article 1 of this engrossment is what passed the State Government Finance Committee on 3/24/08)

ACM 2009 Tax Reform/Reduction Bill

Bill Summary

House Research Department

File Number: H.F. 1406
Version: As introduced
Date: March 13, 2009
Authors: Dill
Subject: Lawful Gambling Taxes
Analyst: Patrick McCormack

Overview

Reduces and modifies lawful gambling taxes, by eliminating several taxes, and retaining a gross receipts tax at a slightly higher rate.

Section

- 1 Gambling product.** Adds facsimiles of bingo sheets to the definition of gambling product.
- 2 Gross receipts.** Excludes rental proceeds from premises owned by an organization and leased to others for the purposes of lawful gambling from gross receipts.
- 3 Imposition.** Raises the gross receipts tax from 8.5 percent to 9.8 percent, and applies this tax to exempt organizations. Places the liability for the tax as occurring when the product is received by the customer from the distributor.
- 4 Exemptions from tax.** Removes sales to Indian tribal organizations for use on Indian reservations from the tax. Removes sales to other distributors of other states or provinces. Strikes an exemption for exempt organizations.
- 5 Collection; disposition.** Modifies the collection requirements, allowing collection at the last sale of a game. Clarifies where the monthly regulatory fee is placed.
- 6 Untaxed gambling product.** Clarifies that organizations and distributors are liable for gross taxes on inventory registered but later found to be lost.
- 7 Refunds; appropriation.** Allows organizations to file for refunds if the organization's gross receipts were less than \$100,000 in the previous calendar year; specifies how that may be filed for.
- 8 Untaxed gambling equipment.** Technical.
- 9 Lawful purpose.** Technical.
- 10 Exemptions.** Technical and organizing changes.
- 11 Accounts.** Technical.
- 12 Repealer.** Repeals a number of sections, including 297E.02, subdivision 4, the state pull-tab and tipboard tax; 297E.02, subdivision 6, the combined receipts tax; 297E.02, subdivision 11, the rebate for unplayed pull-tabs or tipboards; 349.15, refunds and credits for gross profits; and 349.19, refunds or credits deposit requirements.

HF 1406, 1st Engrossment may be viewed at:

<https://www.revisor.leg.state.mn.us/bin/bldbill.php?bill=H1406.1.html&session=ls86>

ACM 2009 Electronic Bingo Bill

Bill Summary

House Research Department

File Number: H.F. 1512 (was amended and laid on the table for inclusion in HF 1511 3/17/09)

Version: First engrossment (As passed by Commerce in HF 1511 Article 2 3/17/09)

Date: March 23, 2009

Authors: Atkins

Subject: Electronic Bingo

Analyst: Patrick McCormack

Overview

Allows electronic bingo devices and modifies pull-tab dispensing devices.

Section

- 1 Bingo occasion.** Clarifies that linked bingo games played on stationary bingo devices during regular business hours are a separate bingo occasion for purposes of the statutes.
- 2 Electronic bingo device.** Re-defines an electronic bingo device. Requires such devices to be used only for the purposes of this chapter, and not to simulate other games. Defines portable devices, and requires them to be distributed by licensed distributors. Stationary devices are not hand held, and must be provided by linked bingo game providers.
- 3 Gambling equipment.** Adds portable electronic bingo devices to the list of gambling equipment.
- 4 Linked bingo game provider.** Clarifies this definition.
- 5 Linked bingo game system.** Clarifies this definition.
- 6 Linked bingo prize pool.** Technical.
- 7 Pull-tab sales from dispensing devices.** Strikes existing language limiting the use of these machines to specified locations.
- 8 Electronic bingo.** Allows use of facsimiles; makes technical changes.
- 9 Purchase of gambling equipment.** Allows leases; allows purchase or leases from a linked bingo game provider.
- 10 License required.** Adds stationary bingo devices to the list of items for which a license is required.
- 11 Conduct of bingo.** Modifies law on the conduct of bingo to allow bingo machines permitted under this act.
- 12 Bar bingo.** Removes some restrictions on bar bingo. Allows bar bingo but states that bingo hard cards are not used.
- 13 Linked bingo games.** Creates limits for stationary electronic bingo devices, including: limits to no more than 6 devices at premises with fewer than 200 seats; 12 devices at premises with 201 or more seats. Requires these devices to be only used at places licensed for on-sale or off-sale intoxicating or 3.2 malt beverages; places restricting admission to persons age 18 or older; places with permits for existing forms of gambling. Requires a bingo program to be given to the board.
- 14 Lease or ownership required; rent limitations.** Removes existing limits on rent paid by an organization for premises leased for bingo. States that rent for linked bingo games may not exceed 10 percent of the organization's monthly gross profit for those linked bingo games at the premises.
- 15 Gross profit allocation; stationary electronic bingo.** Allocates all gross profits to operators and others.
- 16 Linked bingo prizes.** Adds linked bingo games to existing prize statutes; limits the amount an organization may contribute to a linked bingo game prize pool to 85 percent of gross receipts. Strikes language constraining limits for progressive bingo game prizes.
- 17 Effective date.** Makes this act effective July 1, 2009.

HF 1512 as amended by Commerce Committee is within HF 1511, 1st Engrossment and may be viewed at:

<https://www.revisor.leg.state.mn.us/bin/bldbill.php?bill=H1511.1.html&session=ls86>

(Article 2 of this engrossment is what passed the Commerce Committee on 3/17/09)



225 9th St E Unit 309
Saint Paul, MN 55101-2514

PRESORT
FIRST-CLASS
MAIL
U.S. Postage
PAID
Minneapolis, MN
Permit No. 2967

**Legislative
Update 3.25.09**

ACM 2009 Electronic Bingo Bill Introduced

On Wednesday, March 25, 2009 *ACM's 2009 Electronic Bingo Bill* was introduced in the Minnesota Senate (SF 1875). SF 1875 was referred to the Senate State and Local Government Operations and Oversight Committee. The web link to SF 1875 status page which contains complete information including bill text, authors, descriptions, and actions are printed below. *Or go to the ACM web site and click*

on MN Legislature then House or Senate Gambling Bills 2009 to view.

SF 1875 is authored by Senators **James Metzen** of South St. Paul, **Chris Gerlach** of Apple Valley, **Dan Sparks** of Austin, **David Tomassoni** of Chisholm, and **Charles Wiger** of Maplewood.

SF 1875 Status Page may be viewed at:

https://www.revisor.leg.state.mn.us/revisor/pages/search_status/status_detail.php?b=Senate&f=SF1875&ssn=0&y=0&cls=86

ACM 2009 Tax Reform/Reduction Bill Introduced

On Wednesday, March 25, 2009 *ACM's 2009 Tax Reform/Reduction Bill* was introduced in the Minnesota Senate (SF 1874). SF 1874 was referred to the Senate Taxes Committee. The web link to SF 1874 status page which contains complete information including bill text, authors, descriptions, and actions are printed below. *Or go to the ACM*

web site and click on MN Legislature then House or Senate Gambling Bills 2009 to view.

SF 1874 is authored by Senators **James Metzen** of South St. Paul, **Chris Gerlach** of Apple Valley, **Dan Sparks** of Austin, **David Tomassoni** of Chisholm, and **Charles Wiger** of Maplewood.

SF 1874 Status Page may be viewed at:

https://www.revisor.leg.state.mn.us/revisor/pages/search_status/status_detail.php?b=Senate&f=SF1874&ssn=0&y=0&cls=86

2009 Gambling Bill Introductions

Listed below are the 2009 gambling bills introduced since the 3.10.09 ACM Legislative Update (thru 3/24/09):

director of gambling enforcement.

Senate File (SF) 1358 (Metzen; Sparks; Higgins) - Racing commission occupational licenses issuance authority expansion. (*Companion to HF 1082*)

To view all 2009 Minnesota House Gambling Bills (19 as of 3/24/09) go to the web address below (then bookmark this page):

SF 1395 (Betzold) - State government finance and appropriations; technology lease-purchase, state appropriation bonds, statewide electronic licensing system; cooperative purchasing; environmental quality board transfer to pollution control agency. (*Companion to HF 1781*)

[www.revisor.leg.state.mn.us/revisor/pages/search_status/status_results.php?body=House&search=topic&session=0862009&topic\[\]=1206&submit_topic=GO](http://www.revisor.leg.state.mn.us/revisor/pages/search_status/status_results.php?body=House&search=topic&session=0862009&topic[]=1206&submit_topic=GO)

SF 1644 (Sparks) & HF 2034 (Brown; Rukavina; Otremba) - Electronic pull-tab game rules adoption authorized.

To view all 2009 Minnesota Senate Gambling Bills (16 as of 3/24/09) go to the web address below (then bookmark this page):

HF 1755 (Beard; Morgan) - Agent wagering authorized.

[www.revisor.leg.state.mn.us/revisor/pages/search_status/status_results.php?body=Senate&search=topic&session=0862009&topic\[\]=2479&submit_topic=GO](http://www.revisor.leg.state.mn.us/revisor/pages/search_status/status_results.php?body=Senate&search=topic&session=0862009&topic[]=2479&submit_topic=GO)

HF 1790 (Doty) - Casino machine check report required by