



ACM Legislative Update & ALERT 3/1/03

Call To Action IMPORTANT!!! Call To Action

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Proudly Serving Charitable Gambling Organizations Throughout Minnesota

Governor's Proposed Budget Quintuples Charitable Gambling Organization Site Permit Fees

On Tuesday, February 18, 2003 the Governor's much anticipated FY 2004-05 Proposed Budget was released. One recommendation was a major change in the financing structure of the Lawful Gambling Control Board with SIGNIFICANT FEE INCREASES to cover the activities of the Gambling Control Board (GCB). Basically, the general fund support for GCB activities will cease, with fees to the Charitable Gambling industry restructured and deposited in a special account to fully recover the GCB operational costs.

The proposed fee changes will be done as follows: 1) increasing the license fee for manufacturers, distributors, & bingo halls; 2) **replacing the flat fee paid for site permits with a fee based on % of gross receipts (proposed rate is .18%);** 3) assessing a license fee on distributor salespersons; & 4) charging manufacturers for game testing. On the back page you will find the current & proposed fees along with the current & projected revenues.

While we had anticipated an increase in licenses & fees for the Charitable Gambling industry due to the State's \$4.5 billion budget deficit *we were shocked that organization site permit fees would go up 5-6 times. This will result in about a 3% reduction in funds available for lawful purpose contributions. Even more astonishing is that not 1 penny of the \$56 million dollars paid in state gambling taxes by the Charitable Gambling industry is to be used for the GCB.*

If you do not want to see Charitable Gambling Site Permit Fees Quintupled we need you and your organization/company to do 3 things:

1) During the next few weeks we need all organization/company members & employees to CALL their Minnesota State Representative & Senator and express their opposition to a Quintupling of Charitable Gambling Site Permit Fees. A sample phone message is printed below and a 2003 House & Senate Directory can be found on pages 2 & 3 of this yellow ACM Legislative Update & ALERT. If we want to keep this SIGNIFICANT FEE INCREASE from taking effect we believe we will need virtually every member/employee of every organization/company to CALL their 2 local legislators.

2) In the next few days we need the CEO & Gambling Manager of EACH & EVERY Charitable Gambling organization to write a letter on behalf of the organization and it's members

to the Minnesota State Representative & Senator that represents the legislative district where the organization is headquartered making the key points below:

** Please do not Quintuple Charitable Gambling Site Permit Fees as the Governor has Proposed in his Budget.*

** The \$57 million dollars collected annually in fees & taxes from Minnesota's Charitable Gambling industry should be more than enough to adequately fund the Minnesota Lawful Gambling Control Board.*

** A Site Permit Fee Increase of 5-6 times as proposed will greatly reduce the funds your organization has available for charitable contributions. (Figure out how much the proposed fee increase will cost your organization. Just multiply your annual gross receipts by .18%).*

** Suggest that a fee based on gross receipts is really a tax and this is a new and significant increase in taxes on Charitable Gambling. Stress Charitable Gambling is already taxed enough!*

** Point out that non-profits and charitable groups are currently being asked to do more and it is difficult to do more with less.*

Again, a 2003 House & Senate Directory can be found on pages 2 & 3 of this yellow ACM Legislative Update & ALERT.

3) If there are any meetings in your area that will be attended by Minnesota Legislators during the next month make sure that representatives from your organization/company attend & speak out on this issue. Or if you should happen to run into a Legislator at church, the supermarket, or local gas station take a few minutes to let them know your thoughts on this matter.

Whether it be by phone, letter, or in person it is ABSOLUTELY CRITICAL that all Minnesota State Representatives & Senators are hearing from THEIR CONSTITUENTS that Charitable Gambling Site Permit Fees should not be Quintupled.

Please note we are strongly supporting that the GCB should, at the very least, be funded at it current level (approximately \$2.53 million annually) and should remain as a stand alone agency. The \$57,000,000 collected annually in fees & taxes from Charitable Gambling in Minnesota should be more than enough to adequately fund the Gambling Control Board.

Sample Phone Message - Call Your Minnesota State Representative & Senator NOW!

Hello, this is (your name) of the (name of organization/company). Please do not Quintuple Charitable Gambling Site Permit Fees as the Governor has Proposed in his Budget. The \$57 million dollars collected annually in fees & taxes from Minnesota's Charitable Gambling Industry should be more than enough to adequately fund the Minnesota Lawful Gambling Control Board. Thank You!

Charitable Gambling Proposed Fee Changes

Lawful Gambling License Category (# in parentheses)	Current Fee (annualized)	Current Revenue (annualized)	Proposed Fee (annualized)	Projected Revenue (annualized)
Manufacturer (8)	\$5,000	\$ 40,000	\$9,000	\$ 72,000
Distributor (18)	3,500	63,000	6,000	108,000
Bingo Hall (12)	2,500	30,000	4,000	48,000
Organization (1,503)	0	0	0	0
Gambling Manager (1,503)	100	150,300	100	150,000
Class A - site (395)	200	79,000	Eliminate	0
Class B - site (2,630)	125	328,750	Eliminate	0
Class C - site (17)	100	1,700	Eliminate	0
Class D - site (13)	75	975	Eliminate	0
Site Permit (3,055)	n/a	n/a	.0018 of gross receipts	2,340,000
Exempt Permit (2,700)	25	67,500	50	135,000
Excluded Permit	0	0	0	0
Distributor Salesperson (150)	n/a	n/a	100	15,000
Game Testing (300)	n/a	n/a	100	30,000
Game Approvals (3,500)	n/a	n/a	25	87,500
TOTAL		\$761,225		\$2,985,500

Site Permit Fees (Current vs. Proposed vs. Reality)

(A) Current	(B) Proposed Site Permit Fees Using Governors Estimate of Gross	(C) Proposed Site Permit Fees Using Actual Last 2-Year Average of Gross
Premise Permit Fees	Gross Receipts	Gross Receipts
Class A \$ 79,000	\$1,300,000,000	\$1,436,000,000
Class B 328,750	<u>x .18%</u>	<u>x .18%</u>
Class C 1,700	Total Fees	Total Fees
Class D <u>975</u>	\$ 2,340,000	\$ 2,584,800
Total Fees \$410,425	570% of Current Fees	630% of Current Fees
	Increase of \$1,929,575 (470%)	Increase of \$2,174,375 (530%)

Site Permit Fees QUINTUPLED If Using Governor's Budget Proposal

Site Permit Fees SEXTUPLED If Using Actual Last 2-Year Average

Due to the importance of this mailing we are using the ACM Member mailing list and the State list of Gambling Managers & CEO's so you may receive multiple copies. **Please pass extra copies on to other interested parties.**



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