



ACM Legislative Update & ALERT 3/12/03

Call To Action *IMPORTANT!!!* Call To Action

P.O. Box 583174 • Minneapolis, MN 55458-3174

www.alliedcharitiesmn.org

E-mail: kingw@alliedcharitiesmn.org

Office (612) 659-8399

Hotline (651) 255-6702

Fax (651) 255-6703

Proudly Serving Charitable Gambling Organizations Throughout Minnesota

Governor's State Departments Appropriation Bill Introduced With SIGNIFICANT Charitable Gambling Fee (Tax?) INCREASES

The Governor's Omnibus State Departments Appropriation Bill was introduced in the Minnesota House of Representatives on Thursday, March 6, 2003 and in the Minnesota Senate on Monday, March 10, 2003. **HF 749/SF 777 INCLUDES ALL the Proposed Charitable Gambling Fee Changes** as outlined in the 3/1/03 ACM Legislative Update & ALERT (see back page).

The new Charitable Gambling Premises Permit

Fee (Tax) language from **HF 749/SF 777** can be found on page 3 along with links to view on the Internet.

It is EXTREMELY IMPORTANT at this time that all organization/company members & employees read the article on page 2 and contact their Minnesota State Representative & Senator. Minnesota Legislators need to be hearing from THEIR CONSTITUENTS that these Proposed Charitable Gambling Fee Increases are NOT ACCEPTABLE!

2003 Gambling Bill Introductions

Listed below are all of the gambling bills introduced to date during the 2003 Minnesota Legislative Session (1/7/03 - 3/10/03):

House File (HF) 31 (I. Anderson) & Senate File (SF) 71 (Saxhaug) - Lawful gambling lawful purpose expenditures modified for certain tax expenditures and utility payments by fraternal organizations.

SF 120 (Wiger) & HF 179 (Jaros) - Lawful gambling lawful purpose expenditures modified for utility payments by fraternal organizations.

SF 133 (Belanger & Michel) & HF 171 (Lenczewski, Seagren, C. Nelson, & Larson) - Casino; state-operated or state-licensed gambling facility prohibited in a city which has adopted a resolution of disapproval.

SF 149 (Marty & Neuville) - Tribal governments tribal state compacts revision negotiation request.

HF 183 (Kielkucki, Blaine, Stang, Koenen, & Otremba) & SF 228 (Tomassoni, Murphy, Fischbach, Pariseau, & Kubly) - Townships authorized to regulate and impose investigation fees on lawful gambling organizations.

SF 184 (Sams, Skoe, & Dille) & HF 246 (Otremba, Blaine, Peterson, I. Anderson, Dill, & Koenen) - Lottery prohibited from removing certain computer terminals until July 1, 2005.

HF 360 (Lenczewski) - Lawful gambling lawful purpose expenditures modified for utility payments by fraternal organizations.

SF 576 (Day, Robling, Metzen, Scheid, & Kleis)

& HF 646 (Buesgens, Erickson, Beard, Rhodes, Strachan, Kielkucki, Holberg, Adolphson, Stang, & Dorman) - Racetrack gaming machines provided, and horse racing purse payments established.

SF 604 (Vickerman) & HF 619 (Rhodes & Solberg) - Sports board games as lawful gambling activity authorized.

SF 605 (Vickerman) & HF 620 (Kielkucki, Rhodes, Seifert, Solberg, & Jaros) - Alcoholic beverage establishments social dice games conduct conditions modification.

HF 642 (Stang & Meslow) & SF 723 (Fischbach) - Fantasy sports leagues authorized at retail establishments licensed to sell alcoholic beverages.

SF 666 (Vickerman, Wiger, Metzen, Day, & Robling) & HF 734 (Kielkucki, Rhodes, Solberg, Erickson, Wasiluk, & Kahn) - Lawful gambling linked bingo games regulation (*ACM Bill*).

SF 711 (Day) - Racetrack gaming machines provided, and horse racing purse payments established.

To view House Gambling Bills go to the URL below & click on gambling:

<http://www.revisor.leg.state.mn.us:8181/housetop.html>

To view Senate Gambling Bills go to the URL below & click on gambling:

http://www.revisor.leg.state.mn.us:8181/senate_subjects.html

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.

2 While we had anticipated a proposed 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 Minnesota Lawful Gambling Control Board.*

*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 an updated 2003 House & Senate Directory with names & phone numbers can be found on the enclosed white insert. If we want to keep this SIGNIFICANT FEE INCREASE from taking effect we believe we will need virtually every member and/or 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 their 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 as per the sample letter printed on the next page. Again, an updated 2003 House & Senate Directory with names & addresses can be found on the enclosed white insert.

3) If there are any meetings in your area that will be attended by Minnesota Legislators during the next month make sure that as many representatives as possible 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 Minnesota Lawful Gambling Control Board 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 Minnesota Lawful 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!

Sample Letter - Write Your Minnesota State Representative & Senator ASAP!

Organization (Use Organization Letterhead if possible)
Address, City, State, Zip
Phone Number

March _____, 2003

Honorable _____
Room _____ State Office Building or State Capitol
_____ Rev. Dr. Martin Luther King Jr. Blvd. (100 for SOB or 75 for Cap.)
Saint Paul, MN 55155-_____ (1297 for SOB or 1606 for Cap.)

Dear Representative or Senator _____,

A brief letter in your own words and style making the key points below. Make sure you include # of members of your organization. Keep it short, simple, and to the point. Also, please be polite.

Key Points To Make

** 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.*

Sincerely,

Name
CEO

Name
Gambling Manager

HF 749/SF 777 New Premises Permit Fee (Tax?) Language

Printed below is the new Charitable Gambling premises permit fee language from Article 2, Section 39 of **HF 749/SF 777**, the Governor's Omnibus State Departments Appropriation Bill:

Subd. 3. [FEES.] The monthly fee for a premises permit is 0.18 percent of the organization's gross receipts from lawful gambling conducted at that site. The fee shall be reported and paid on a monthly basis in a format as determined by the commissioner of revenue, and remitted to the commissioner of revenue along with the organization's monthly tax return for that premises. All premises permit fees received by the commissioner of revenue pursuant to this subdivision must be deposited in the lawful gambling regulation account of the special revenue fund according to section 349.151. Failure to pay the monthly premises permit fees in a timely manner may result in disciplinary action by the board.

To view **HF 749** go to:

<http://www.revisor.leg.state.mn.us/cgi-bin/getbill.pl?number=H0749&version=latest&session=ls83>

To view **SF 777** go to:

<http://www.revisor.leg.state.mn.us/cgi-bin/getbill.pl?version=latest&session=ls83&number=S777>

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 \$ 2,340,000	Total Fees \$ 2,584,800
Class D <u>975</u>	570% of Current Fees	630% of Current Fees
Total Fees \$410,425	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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Minneapolis, MN 55458-3174

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