



ACM Legislative Update 4/10/06

Call To Action

IMPORTANT!!!

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Please note that we are using 2 different mailing lists (ACM's and the State's Charitable Gambling Organization list) for this IMPORTANT ACM Mailer so you may receive multiple copies. Please pass extra copies on to interested parties.

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Proudly Serving Charitable Gambling Organizations Throughout Minnesota

House Omnibus State Government Finance Bill HF 2833 Includes Charitable Gambling Provisions

On Wednesday, April 5, 2006 the House State Government Finance Committee heard & passed **HF 2833 the House 2006 Omnibus State Government Finance Bill**. Included within **HF 2833** are a number of Charitable Gambling Provisions including **HF 3253 - ACM's Bar Bingo & Pull-tab Bill**, **HF 3254 - ACM's Sports Themed Tipboard Pilot Project Bill**, & the 15% allowable expense carry forward language from **HF 3194 - GCB's Charitable Gambling Policy Bill**. **HF 2833** as amended by the Committee was recommended to pass and re-referred to the House Ways & Means Committee.

A **SPECIAL THANKS** to Representatives **Marty Seifert** of Marshall (Chair) & **Bill Hilty** of Finlayson (Lead-DFL) of the House State Government Finance Committee for allowing us to include these Charitable Gambling provisions in **HF 2833**. A summary of the Charitable Gambling provisions in **HF 2833** is printed on page 4. The 1st Engrossment of **HF 2833 the House 2006 Omnibus State Government Finance Bill** as passed by the Committee had not yet been posted as we went to press but should be available to be viewed in the next few days at: <http://www.revisor.leg.state.mn.us/bin/blbill.php?bill=H2833.1.html&session=ls84>

Charitable Gambling Organization Property Tax Reduction Bill

On Thursday, March 23, 2006 **HF 3882** & **SF 3541** were introduced at the Minnesota Legislature. *These bills would authorize a reduced property classification rate for nonprofit community service-oriented organizations (e.g. American Legion, Eagles, Elks, Moose, Knights of Columbus, VFW, etc.) that make annual charitable contributions at least equal to their previous year's property taxes and that allow the property to be used for public and community meetings free of charge. Estimates are that qualified organizations would save about 30% on their property taxes which would result in additional dollars to be available for lawful purpose contributions.*

A summary of **HF 3883** is printed on pages 2 & 3. To view text & status of **HF 3883/SF 3541** see the URL's printed on page 3.

HF 3882 is authored by Representatives **Ray Vandever** of Forest Lake, **Bob Gunther** of Fairmont, **Bev Scalze** of Little Canada, **Tom Rukavina** of Virginia, **Philip Krinkie** of Lino Lakes, **Jim Abeler** of Anoka, **Tom Emmer** of Delano, **Dennis Ozment** of Rosemount, **Paul Gazelka** of Brainerd, **Connie Ruth** of Owatonna, **Bruce Anderson** of Buffalo Township, **Chris DeLaForest** of Andover, **Michael Beard** of Shakopee, **Andy Westerberg** of Blaine, **Peter Nelson** of Lindstrom, & **Ann Lenczewski** of Bloomington. **SF 2953** is authored by Senators **Michelle Bachmann** of Stillwater, **Debbie Johnson** of Ham Lake, & **Warren Limmer** of Maple Grove.

If you want to see your organization's property taxes reduced your organization members & employees must contact their local Legislators as soon as possible (see below).

Legislative Recess - Great Opportunity To Contact Legislators

The Minnesota Legislature will have a Passover/Easter Recess from Wednesday afternoon, April 12, 2006 until Tuesday noon, April 18, 2006. **As most Legislators will be home during this break we strongly encourage ALL Charitable Gambling organization & company members & employees to contact their Minnesota State Senator & Representative at home with the following message:**

Please SUPPORT the passage this session of the Charitable Gambling Sports-Themed Tipboard Pilot Project language from HF 3253/SF 3388.

Members & employees of organizations that own their Post/Club homes should also deliver the following message:

Please INCLUDE the class 4c property tax reclassification for nonprofit community service-oriented organizations language from HF 3882/SF 3541 in the 2006 Omnibus Tax Bill.

At the very least we need the CEO & Gambling Manager of ALL Licensed Organizations to contact their local Legislators. Please take the time to contact your local Minnesota Legislators during the Legislative Recess. THANKS!!!



House Research Bill Summary

File Number: H.F. 3882

Date: March 28, 2006

Version: As introduced

Status: Taxes Committee

Authors: Vandever and others

Subject: Providing a reduced classification rate to certain nonprofit community service-oriented organizations

Analyst: Karen Baker, 651-296-8959
Steve Hinze, 651-296-8956

This publication can be made available in alternative formats upon request. Please call 651-296-6753 (voice); or the Minnesota State Relay Service at 1-800-627-3529 (TTY) for assistance. Summaries are also available on our website at: www.house.mn/hrd/hrd.htm.

Overview

Authorizes a reduced property classification rate for nonprofit community service-oriented organizations (e.g. VFW, American Legion, Knights of Columbus, etc.) that make annual charitable contributions at least equal to their previous year's property taxes and that allow the property to be used for public and community meetings free of charge. Currently this property is class 3a commercial. Effective for assessment year 2006 and thereafter, taxes payable in 2007 and thereafter.

Section

- 1** **Class 4c.** 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 has a class rate of 1.5 percent and is not subject to the state general tax rate. Under current law, this property is classified 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 rate). Property taxes on these properties would generally be reduced by at least 30 percent through this reclassification.

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. H.F. 3882 leaves that option, but adds a second alternative to qualify and extends the maximum land size to 2 acres. This acreage is made larger primarily to allow for parking lots. 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 and events for no charge. The types of organizations that would be affected by this bill 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. The allowable contributions and donations include: contributions to scholarship funds for defraying the cost of education; contributions to an individual or family suffering from poverty, homelessness, physical or mental disability; contributions for treatment for delayed posttraumatic stress syndrome or for the education, treatment or prevention of compulsive gambling; contribution or expenditures on a public or private nonprofit educational institution; recreation, community, and athletic facilities and activities intended primarily for persons under the age of 21; contributions to member of military marching or color guard unit; etc.

Defines "property taxes" as excluding the state general tax.

Requires the organization to maintain records of its charitable contributions and donations and of public meetings and events held on the property, and to make them available upon request at any time to the assessor to ensure eligibility. Requires an organization meeting these requirements to file an application by May 1 on a form prescribed by the commissioner of revenue.

Effective for the 2006 assessment and thereafter, taxes payable in 2007 and thereafter. For the 2006 assessment year, the application deadline is extended to September 15, 2006.

HF 3882/SF 3541 Text & Status

To view **HF 3882** text go to:

<http://www.revisor.leg.state.mn.us/bin/bldbill.php?bill=H3882.0.html&session=ls84>

To view **HF 3882** status go to:

http://www.revisor.leg.state.mn.us/revisor/pages/search_status/status_detail.php?b=House&f=HF3882&ssn=0&cy=2005

To view **SF 3541** text go to:

<http://www.revisor.leg.state.mn.us/bin/bldbill.php?bill=S3541.0.html&session=ls84>

To view **SF 3541** status go to:

http://www.revisor.leg.state.mn.us/revisor/pages/search_status/status_detail.php?b=Senate&f=SF3541&ssn=0&cy=2005

2006 Gambling Bill Introductions

Listed below are the gambling bills introduced since the 3/17/06 ACM Legislative Update (thru 4/7/06):

Senate File (SF) 3388 (Metzen; Tomassoni; Day; Koering) - Bar bingo and pull tabs provisions modification. (*ACM Bill - Companion to HF 3253*)

SF 3389 (Metzen; Tomassoni; Day; Koering) - Sports themed tipboards pilot project. (*ACM Bill - Companion to HF 3254*)

SF 3524 (Metzen) & House File (HF) 3815 (Beard; Walker; Gunther) - Horse racing licensing application provisions modification.

SF 3595 (Sparks; Wiger; Metzen) - Card club activities and operations provisions modifications. (*Companion to HF 3100*)

To view all 2005-2006 Minnesota House Gambling Bills (47 as of 4/7/06) 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 Minnesota Senate Gambling Bills (53 as of 4/7/06) 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

HF 2833 House Research Bill Summary (Charitable Gambling Provisions)

File Number: H.F. 2833 **Date:** April 4, 2006 **Version:** Amendment A06-1398
Status: State Government Finance Committee **Authors:** Seifert and others
Subject: State Government Finance **Analyst:** Mark Shepard

Article 2: Government Operations

Section

94 Lawful gambling. Provides that for licenses renewed with an effective date between July 1, 2006, and June 30, 2008, an organization shall carry forward an amount equal to 15 percent of any positive allowable expense carryover amount. States that the balance must be used to offset any future negative expense balance at the time of license renewal.

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

96 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.

97 Reports. Requires the commissioner of revenue and the lawful gambling board to develop one form that licensed organizations shall use to report specified information.

98 Pull-tab prizes. Allows cumulative or carryover prizes up to \$2500, and provides these prizes are not subject to the \$599 limit for single pull-tabs.

124 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. Forbids spending state funds to defend a lawsuit challenging legality. Forbids a charitable organization from using net gambling proceeds to defend a lawsuit.

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

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

Please note sections 95, 96, & 98 are effective the day following final enactment. **An amendment deleted section 97 and added new section with the following language:** *"The commissioner of revenue and the executive director of the Gambling Control Board shall conduct a feasibility study pertaining to consolidation and automation of reporting requirements for lawful gambling activities and shall submit a report with findings and recommendations to the legislature and the governor by January 31, 2007."*



Legislative Update
4/10/06

