



ACM Legislative Update 4/18/03

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Proudly Serving Charitable Gambling Organizations Throughout Minnesota

House State Government Finance Committee Omnibus Bill Includes Governor's Charitable Gambling Fee INCREASES

On Tuesday evening, April 15, 2003 the House State Government Finance Committee passed their State Government Finance Omnibus Bill, **HF 749**. **HF 749 INCLUDES ALL** of the Governor's Proposed Charitable Gambling Fee Changes as outlined in the 3/1/03 & 3/12/03 ACM Legislative Update & ALERT.

The proposed Charitable Gambling 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 0.18 percent)**; 3) assessing a license fee on distributor salespersons; & 4) charging manufacturers for game testing.

The projected annualized revenue from these **SIGNIFICANTLY INCREASED FEES** is **\$2,985,500** which is **\$2,224,275** more than the current annualized revenue of \$761,225. These fees will be deposited in the state treasury and credited to a lawful gambling regulation account in the special revenue fund. Receipts in this account are available for the operations of the board up to the amount authorized in biennial appropriations from the legislature.

Premise Permit Fees will go from current annualized revenue of **\$410,425** to a projected annualized revenue of **\$2,340,000** - an INCREASE of **\$1,929,575**. **HF 749** does provides that payment of state lawful gambling fees is a "lawful purpose" for expenditure of lawful gambling revenues.

3 amendments relating to charitable gambling were amended into **HF 749** by the Committee:

1) *Prize percentage limit language which states "On or after January 1, 2004, a licensed organization may not put into play a pull-tab or tipboard deal that provides for a prize payout of greater than 85 percent of the ideal gross of the deal."*

2) *Sports Boards run by charitable gambling organizations permitted by redefining tipboard to allow the winning numbers to be determined in whole or in part by the outcome of one or more professional sporting events. GCB to develop rules.*

3) *ACM's Linked Bingo Bill language.*

Senate Omnibus State Government Budget Bill will likely be developed next week. *Stay Tuned!*

Only 2 Gambling Bills Meet 2nd Committee Deadline

As of 4/16/03 only 2 of the many gambling bills introduced this session had met the 2nd Committee deadline of April 11, 2003 after which bills will not be considered unless they have passed through all policy committees of both bodies.

SF 666/HF 734, ACM's Linked Bingo Bill, passed 3 Committees in the House and is on General Orders in the House. It also was amended into **HF 749**, the State Government Finance Omnibus Bill. On the Senate side **SF 666/HF 734** passed out of the policy committee and was sent to the Finance Committee/State Government Budget Division where it was heard and laid on table for possible inclusion into the Senate Omnibus State Government Budget Bill. A summary of **SF 666/HF 734** can be found on page 2.

SF 1153/HF 1244, GCB's Policy Bill, passed out of the House & Senate Gambling Policy Committees and are on General Orders in the House & Senate. A summary of **SF 1153/HF 1244** can be found on page 3.

In the House several other gambling bills passed out of the policy committee and may be included in other Omnibus Bills or offered as amendments to other bills even though their companions did not meet the 2nd deadline in the Senate.

In the Senate **SF 666** & **SF 1153** were the only gambling bills heard and passed by the policy committee. Other gambling bills may still end up being offered as amendments to other bills.

SF 666/HF 734 - Relating to Linked Bingo (ACM Bill)

This bill allows organizations licensed to conduct lawful (charitable) gambling to participate in bingo games that are electronically linked together among organizations to provide a single prize pool. It also provides for the licensing by the gambling control board of the operators of linked bingo game systems.

Section 1. Bingo definition. Provides that the definition of “bingo” in lawful gambling law includes linked bingo.

Section 2. Gambling equipment. Provides that the definition of “gambling equipment” includes linked bingo paper sheets.

Section 3. Linked bingo game definition. Defines “linked bingo game” as a bingo game played at multiple locations where bingo is permitted, with a common prize pool and common selection of winning numbers and transmission of the game by satellite, telephone, or other means.

Section 4. Linked bingo game provider. Defines “linked bingo game provider” as a person who provides the means to link bingo prizes in a linked game, provides paper sheets to participants, manages the game, and provides the game system.

Section 5. Linked bingo game system. Defines “linked bingo game system” as equipment used by a provider to conduct, transmit, and track a linked bingo game. Requires a system to be approved by the board and to have dial-up or other capability that allows the board to monitor its operation remotely.

Section 6. Linked bingo prize pool. Defines “linked bingo prize pool” as the total of all prize money that each organization has contributed. Prohibits organizations from contributing more than \$300 per occasion to a linked pool.

Section 7. Powers and duties of board. Expands the powers and duties of the gambling control board to include licensing linked bingo game providers.

Section 8. Conflict of interest. Adds references to linked bingo game providers in the law prohibiting conflict of interest by gambling board members or employees.

Section 9. Disqualifications. Adds references to linked bingo game providers in the law setting out mandatory disqualifiers for licensing.

Section 10. Sales by manufacturer. Allows licensed manufacturers to sell gambling equipment used exclusively in a linked bingo game directly to a provider without going through a licensed distributor.

Section 11. Linked bingo game provider license. Requires a license from the board to (1) provide the means to link prizes in a linked bingo game, (2) provide linked bingo game management, (3) provide a linked bingo system, or (4) provide linked bingo paper sheets to an organization. Sets a fee of \$5,000 per year. Requires a bond of \$250,000 with the license application conditioned on payment of all prizes. Prohibits a provider from participating in the conduct of other lawful gambling. Prohibits a provider from also being a bingo hall or gambling equipment distributor. Prohibits sale or lease of equipment to anyone other than a licensed organization. Prohibits purchase of equipment from anyone other than a licensed manufacturer. Allows inspection of books and records by board employees and agents of the division of alcohol and gambling enforcement.

Section 12. Excluded bingo. Excludes linked bingo from the list of bingo games that may be played without a gambling license.

Section 13. Exempt bingo. Excludes linked bingo from another list of bingo games that may be played without a license.

Section 14. Recruitment of gambling managers. Adds linked bingo game providers to the list of board licensees who may not recruit gambling managers for organizations.

Section 15. Bingo winners. Allows linked bingo prizes to be delivered within three days of the occasion where won, instead of the day of the occasion as with other bingo prizes.

Section 16. Technical. Makes a similar change in the law governing awarding of bingo prizes as marking the completion of a game.

Section 17. Noon hour bingo. Prohibits linked bingo games from being played as “noon hour bingo.”

Section 18. Conduct of linked bingo games. Allows licensed organizations to participate in linked bingo games. Limits organizations to \$300 in contributions to each prize awarded. Allows the board to adopt rules governing play of linked bingo games.

Section 19. Activities on leased premises. Adds linked bingo game providers to the list of board licensees that may not conduct activities on leased premises where lawful gambling is being conducted.

Section 20. Pool account. Requires organizations participating in linked bingo to maintain a separate account for the organization’s portion of linked bingo game prize pools.

Section 21. Credit restrictions. Prohibits linked bingo game providers from extending credit to an organization.

Section 22. Sales to delinquent organizations. Requires linked bingo game providers to report to the board when organizations are delinquent in their accounts.

Section 23. Prize limits. Exempts linked bingo game prizes from bingo prize limits.

Section 24. Linked bingo prize pool contribution limits. Limits organizations from contributing more than \$300 per occasion to a linked bingo prize pool. Provides that where an organization contributes to a linked pool the amount is deducted from the maximum prize that the organization may award in cover-all games in that occasion (the cover-all limit is \$3,500 per occasion).

SF 1153/HF 1234 - Relating to Charitable Gambling (GCB Bill)

This bill makes various technical and policy changes in the laws governing charitable (lawful) gambling.

Sections 1 and 2. Definitions. Defines “bar operation” and “booth operation”.

Section 3. Gambling manager. Amends the requirement that a gambling manager must have been an active member for at least two years by:

- specifying that the manager must have been a member for two years at the time of initial licensing, or
- has been an active member for at least six months before the date of the organization’s renewal license.

Section 4. Lawful purpose. Changes \$35 per occasion reimbursement for participating in color guard, honor guard, or marching unit events to \$35 per diem. Changes utility payments as LPE to water, fuel for heating, electricity, and sewer costs for veteran organization buildings that are wholly owned or wholly leased. Limits the authorization for veterans organizations to spend up to \$5,000 a year in meals and other events to recognize service, by providing that the \$5,000 limit applies to all organizations sharing the same post home.

Section 5. Veterans post home definition. Defines a “veterans post home” as a building or part of a building leased or owned by one or more veterans organizations that all consider their post home.

Sections 6 and 7. Definitions. Define “wholly-owned” and “wholly-leased” buildings.

Section 8. Pull-tab dispensing devices. Repeals law allowing the director of the gambling board to charge a fee for testing pull-tab dispensing devices.

Section 9. Purchase of equipment by distributors. Allows gambling equipment distributors to buy back gambling equipment from organizations.

Section 10. Raffle exemption. Increases from \$750 to \$1,500 the maximum amount in a year that an organization may award in raffle prizes without being subject to licensing requirements.

Section 11. Gambling manager training. Requires gambling managers to pass an examination if they have not received continuing education training each year. 3

Section 12. Examination. Provides that gambling managers seeking to renew their licenses must pay a fee of up to \$150 if they have failed to receive continuing education as required.

Section 13. Employee registration. Deletes the requirement that gambling employees registering with the board provide a current photo.

Section 14. Employee ID cards. Deletes the requirement that the board issue an identification card to registered employees. Requires employees to display their name while working.

Section 15. Compensation. Requires that where compensation is paid electronically to gambling employees it must be made from the organization’s gambling account to the account of a payroll processing firm.

Section 16. Employment of certain persons. Provides that an organization with a booth operation may not employ lessor or lessor employees for anything other than selling pull-tabs or tipboards

Section 17. Price filing. Provides that manufacturers and distributors must file their prices with the board only when required by the board. Provides that the filing must include all gambling equipment that the manufacturer or distributor currently offers for sale. Deletes requirement that filings are effective on the first day of the month except when amended.

Section 18. Filed prices. Requires filed prices to include volume discounts where applicable.

Section 19. Leases, rent limitations. Deletes references to board rules on maximum rent for gambling premises other than bingo and substitutes new rent formulas with limits based on type of operation. Provides that rent payments are all-inclusive.

Section 20. Expenditures. Requires authorizations for electronic fund transfers for expenditure of gross gambling profits to have two signatures.

Section 21. High school raffles. Requires school districts that conduct raffles that are otherwise exempt from regulation to report in certain circumstances to the board annually on their gross receipts, expenses, prizes, and expenditures of gross receipts. Clarifies raffle tickets must be sold for same price and may not be sold to anyone under 18 years of age.

Section 22. Repealer. Repeals the law that requires organizations to submit annual compensation reports to the board.

2003 Gambling Bill Introductions

Listed below are the gambling bills introduced since the 3/12/03 ACM Legislative Update & ALERT (thru 4/16/03):

SF 788 (Solon) & HF 924 (Huntley, Murphy, Jaros, & Walker) - St. Louis county statewide adolescents compulsive gambling prevention and education project appropriation

HF 830 (Kahn, Rhodes, Jaros, & Solberg)- Sports wagering, pools, and bookmaking authorized under the state lottery; bookmaking tax imposed; and Minnesota active recreation fund established.

SF 846 (Tomassoni & Metzen) - Video lottery terminals

SF 909 (Scheid, Metzen, Betzold, Ourada, & D J Johnson) & HF 1208 (Abeler, Westerberg, DeLaForest, & Tingelstad) - Racino; casino gambling at licensed pari-mutuel racetracks and licensed racetrack operation of casinos on licensed premises authorized, constitutional amendment proposed, and money appropriated.

SF 948 (Scheid) & HF 1162 (Lipman) - State lottery electronic transmissions individuals data classification

SF 966 (Pappas, Stumpf, Metzen, Langseth, & Scheid) & HF 1020 (Haas, Erickson, Rhodes, Mariani, Ellison & Eken) - Casino authorized operated by the state, revenue sharing with Native American governments provided, tax imposed, revenue use specified, on-sale liquor license authorized, bonds issued, and money appropriated.

HF 1074 (Kielkucki, Hackbarth, & Erickson) - Casino authorized in the seven county metropolitan area by constitutional amendment, tax imposed, and money appropriated.

SF 1153 (Vickerman) & HF 1244 (Jacobson) - Lawful gambling clarifying and technical changes provided, definitions provided and modified, resale of certain equipment authorized, and conduct of high school raffles and social dice games clarified.

HF 1180 (Rukavina, Solberg, I Anderson, Seretich, & Howes) & SF 1313 (Tomassoni) - Giants Ridge recreation area card club authorized, and commissioner of public safety powers and duties provided.

HF 1296 (Kahn & Rhodes)- Casino; state lottery authorized to lease and operate a casino in the international airport, and money appropriated.

HF 1329 (Ozment, Hoppe, Haas, Wagenius, Dill, & Tinglestad) & SF 1338 (Rest, Sams, Bakk, Dibble, & Frederickson) - State lottery annual reports required on maximizing revenues to the environmental trust fund.

HF 1411 (Bernardy) - Lawful gambling revenue deposited into lawful gambling revenue fund, and money appropriated.

SF 1436 (Dibble, Chaudhary, & Moua) & HF 1475 (Mullery, Thao, Clark, Walker, & Ellison) - Southeast Asian Problem Gambling Consortium grant provided for prevention and treatment services, and money appropriated.

SF 1450 (Wiger) - Excursion entertainment boat gambling

SF 1456 (Rest) & HF 1520 (Ozment) - State lottery oversight council established, duties and powers established, and report required.

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

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

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

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



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