



ACM Legislative Update 5/28/05

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Minnesota Legislature Passes 2005 Omnibus Gambling Policy Bill (SF 1555)

On Tuesday, May 17, 2005 the Minnesota Senate heard and passed as amended **SF 1555 - the 2005 Omnibus Gambling Policy Bill** by a vote of 66-0. **SF 1555** was authored by Senators **Ann Rest** of New Hope, **Jim Vickerman** of Tracy, **David Tomassoni** of Chisholm, **Sheila Kiscaden** of Rochester, & **Dave Kleis** of St. Cloud.

On Friday, May 20, 2005 the Minnesota House Of Representatives heard and passed as amended their version of **SF 1555 - the 2005 Omnibus Gambling Policy Bill** by a vote of 112-21. The House version of **SF 1555** was authored by Representatives **Tom Hackbarth** of Cedar, **Andy Westerberg** of Blaine, **Sondra Erickson** of Princeton, **Bill Hilty** of Finlayson, & **Joe Hoppe** of Chaska.

As there were about a dozen differences between the Senate & House versions of **SF 1555** a Conference Committee was appointed. The Conferees were Senators **Ann Rest** of New Hope, **Jim Vickerman** of Tracy, &

Dave Kleis of St. Cloud and Representatives **Tom Hackbarth** of Cedar, **Andy Westerberg** of Blaine, & **Paul Thissen** of Minneapolis. The **SF 1555** Conference Committee met on Monday, May 23, 2005, reconciled the differences, and approved a Conference Committee Report. On Monday, May 23, 2005 the Minnesota Senate adopted the **SF 1555** Conference Committee Report and repassed **SF 1555** as amended by Conference by a vote of 56-2. Also on Monday, May 23, 2005 the Minnesota House Of Representatives adopted the **SF 1555** Conference Committee Report and repassed **SF 1555** as amended by Conference by a vote of 114-20. **The bill will now go to the Governor and ACM will send out a copy of SF 1555 - the 2005 Omnibus Gambling Policy Bill to our CURRENT ACM Members & Associate members after it is signed into law.** The **SF 1555** Conference Committee Report as adopted and passed by the Minnesota Legislature on 5/23/05 may be viewed at:

www.revisor.leg.state.mn.us/bin/blbill.php?bill=ccrsf1555.html&session=ls84

SF 1555 Summary (Omnibus Gambling Policy Bill)

ARTICLE 1 LAWFUL GAMBLING

Section 1 defines “bar bingo” as a bingo occasion at a location that is licensed for sale of alcoholic beverages and where there is a premises permit for lawful gambling.

Section 2 adds to definition of “bingo occasion” that there is no limit on the number of games conducted during an occasion but the occasion may not last longer than eight consecutive hours.

Section 3 defines “charitable contribution” as one or more lawful purpose expenditures from §349.12, subd. 25 (a) (1) to (7), (10), (11), (13) to (15), and (19).

Section 4 defines “electronic bingo device” as an electronic device used by bingo players to monitor

bingo paper sheets purchased at a bingo occasion that (1) provides a means for players to input numbers announced by a caller; (2) compares the numbers inputted to the bingo faces stored in the device’s memory; and (3) identifies a winning bingo pattern.

Section 5 amends the definition of “lawful purpose” as follows:

(a)(2) allows expenditure for goods and services for individual or family suffering from poverty, homelessness, or disability, in addition to contributions directly to such an individual or family;

(a)(3) deletes the authorization for contributions to an individual for treatment for delayed post-traumatic stress syndrome & changes “compulsive gambling” reference to “problem gambling”;

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(a)(6) deletes humanitarian service (see new #19) and prohibits gambling board rules from imposing an aggregate annual limit on expenditures for support of active military personnel and their immediate family members;

(a)(9) deletes the requirement that premises must be wholly owned by a licensed organization in order for property taxes to be paid as lawful purpose expenditure and deletes limits on amount of real estate taxes that may be paid as lawful purpose;

(a)(12) modifies authorization for audit costs so that it only applies to audits paid prior to June 30, 2006;

(a)(13) and (14) combined and requires that expenditures for wildlife management projects and grant-in-aid trail maintenance and grooming be approved by the commissioner of natural resources, also adds if approved expenditures for supplies and materials for safety training and educational programs coordinated by the DNR:

(a)(19) adds authorization for expenditure for activities that recognize humanitarian service, by requiring that such humanitarianism be demonstrated through philanthropy or volunteerism;

(b)(3) changes natural disaster to catastrophe.

Makes this section effective the day following final enactment, except (a)(9) is effective January 1, 2006.

Section 6 redefines "raffle" to allow certificates of participation other than tickets. Allows choosing the winners by random selection other than random drawing. Requires all entries to have an equal chance of selection. Requires the location, date, & time of the selection to be printed on the ticket. *Makes this section effective the day following final enactment.*

Section 7 increases from 55 to 60 percent the maximum percentage of gross profit that may be spent on expenses for gambling other than bingo. Provides that beginning on that date compliance is to be measured on a biennial basis, concurrent with the term of the organization's license. Compliance of this subdivision is a condition for the renewal of any license beginning on July 1, 2008. *Makes this section effective July 1, 2006.*

Section 8 deletes references to bingo halls from the list of powers and duties of gambling board. Requires board to report annually to governor & legislature financial summary for each licensed organization, including certain specified information. Authorizes the board to delegate to the director the authority to approve or deny fund-loss requests, contribution of gambling funds to another organization, and property expenditure requests, under criteria established by the

board. Authorizes the board to approve or deny requests for waivers from fee requirements & variances from GCB rules.

Section 9 replaces reference to licensed bingo halls with a reference to premises where bingo is conducted in the law governing pull-tab dispensers.

Section 10 allows the board to authorize by rule (but not require) the use of electronic bingo devices. Requires the rules to allow a maximum of 36 bingo faces to be played using an electronic bingo device; to require that the device be used with corresponding bingo paper sheets; to require the device site system to have dial-up capability for remote monitoring purposes; and to prohibit the price of a face played on an electronic bingo device from being lower than the price of a face on a bingo paper sheet played on the same occasion.

Section 11 adds to the list of duties of the director of the gambling board the duty to approve or deny operational requests from licensees as delegated by the board. Adds a duty to make recommendations to the board on policy and legislative initiatives.

Section 12 deletes references to bingo halls from conflict of interest statute for board members and staff.

Section 13 deletes references to bingo halls from mandatory disqualifications for board licensees, leaving manufacturers, distributors, distributor salespersons, linked bingo game providers, and gambling managers. Amends the disqualifications for such licensees by deleting the disqualification for any felony or gross misdemeanor conviction within five years and substituting a disqualification for felony or gross misdemeanor conviction involving theft or fraud.

Section 14 requires organization to identify as a % of gross profits an annual goal for charitable contributions in its license application. As qualification for licensing organization must not have exceeded the expenditure restrictions imposed under §349.15, subd. 1, or if organization has exceeded the expenditure restrictions imposed under §349.15, subd. 1, the organization has reimbursed any excess expenses from nongambling funds

Section 15 deletes references to bingo halls from the law authorizing a local investigation fee.

Section 16 prohibits a distributor, distributor salespersons, or any representative, agent, affiliate, or other employee of a distributor from giving compensation, gifts, gratuities, or other things of value in excess of \$25 per year to an employee or agent of an organization.

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Section 17 deletes a requirement that all gambling equipment must have a registration stamp.

Section 18 repeals the authorization for licensed manufacturers to possess unaffixed registration stamps. Repeals the prohibition against possessing gambling equipment that has not been stamped.

Section 19 allows gambling equipment to be moved from a distributor warehouse if it is been registered with the Department of Revenue. Deletes reference to gambling equipment not stamped.

Section 20 makes a technical correction.

Section 21 deletes a reference to licensed bingo halls from law governing linked bingo games.

Section 22 allows raffles with total annual prices not exceeding \$1,500 to be conducted without registering with the board.

Section 23 allows the board to impose a penalty on an exempt organization that fails to file a timely report of exempt gambling. Exempts organizations that qualify to conduct exempt raffles from the penalty if raffle tickets are sold only in combination with an organization's membership or a ticket for a membership dinner.

Section 24 changes "fidelity bond" to "dishonesty bond" in gambling manager law.

Section 25 Allows an organization to compensate an employee for the sale of gambling equipment at a bar operation if the activity is conducted one day or less per week and the games are limited to 32 chances or less per game. Prohibits such payment to the site lessor, lessor employee, or immediate family member of the lessor.

Section 26 amends the law that requires use of the bingo paper sheets to allow sheets that have an individual number recorded by a linked bingo game provider.

Section 27 replaces references to noon-hour bingo with references to bar bingo. Allows such games to be played at times other than 11 a.m. to 2 p.m. Deletes provision that limits such bingo to one progressive bingo game per site. Prohibits payment of rent for a bar bingo occasion. Requires bar bingo to be played using only paper sheets purchased from a licensed distributor.

Section 28 amends the requirement that each player in a tipboard game must sign the game placard at the time the tipboard ticket is purchased and opened, by making the requirement apply only to games containing more than 32 tickets.

Section 29 amends the law governing raffles by allowing a certificate of participation other than a ticket. Requires public posting of raffle prices that are not listed on the raffle ticket. Requires raffles to ensure that:

- all entries have an equal chance of selection
- entry in the raffle is not conditioned on any other purchase
- method of selection is conducted in a public forum
- method of selection may not be manipulated or based on the outcome of an event not under the organization's control
- presence at the raffle is not a requirement to win
- all sold and unsold tickets or certificates of participation are accounted for

Allows the board to give prior approval to methods of selecting raffle winners other than methods prescribed by rule. *Makes this section effective the day following final enactment.*

Section 30 specifies that leases approved by the board may authorize an organization to withhold rent from a lessor for up to 90 days if the board finds that illegal gambling occurred on the premises and the lessor (or its employees) participated or knew of the gambling and did not promptly act to stop it. Requires the lease to authorize the continued tenancy of the organization without paying rent during the time set by the board.

Subjects bingo rent to either of the following limits, at the option of the parties of the lease: (1) 10% of monthly gross profit from lawful gambling activities held during all bingo occasions other than bar bingo, or (2) at a rate based on a cost per square foot, not exceeding 10% of a comparable cost per square foot for leased space, as approved by the director. Prohibits payment of rent for bar bingo.

Provides that other services and expenses provided by the lessor may be paid by the organization if approved by the director (e.g. trash removal, janitorial and cleaning services, snow removal, lawn services, electricity, heat).

Allows organization employees to participate in lawful gambling if (1) major pull-tab prizes are posted, and (2) the employee is not a gambling employee.

Allows gambling employees to purchase tipboards as well as pull-tabs at the employee's place of employment.

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Section 31 increases from \$20 to \$50 the minimum size of cash discrepancy in a bingo occasion that must be reported to the board.

Section 32 modifies reporting requirements for licensed organizations, requiring each organization to annually submit to members and the Board a financial summary that identifies the organization's receipts and use of gambling proceeds.

Section 33 amends the law that requires an organization to maintain separate cash banks for each deal of pull-tabs, by changing reference to commingling in a single receptacle to a reference to commingling in a pull-tab dispenser.

Section 34 increases from \$500 to \$599 the maximum prize that may be awarded for a tipboard ticket.

Section 35 deletes references to unstamped gambling equipment from the law defining contraband.

Section 36 expands the prohibition against local authorities requiring a license or permit for organizations or distributors, by including linked bingo game providers. Deletes references to bingo hall licenses. Requires local authorities to share with the board all documents pertaining to site inspections, fines, penalties, or other corrective action relating to local gambling regulation.

Section 37 clarifies that, under certain conditions, it is not a lottery for an employer to distribute a benefit to persons selected by chance from among participants who pay consideration to the employer for the benefit of a registered combined charitable organization.

Section 38 repeals laws relating to unstamped bingo cards or sheets. Repeals requirements relating to minimum number of games at a bingo occasion, maximum number of bingo occasions per week, and minimum and maximum length of bingo occasions. Repeals law requiring bingo halls to be licensed.

ARTICLE 2 LOTTERY SERVICE BUSINESS

Section 1 regulates "lottery service businesses" which are business that purchase lottery tickets for customers or subscribers in exchange for a fee or commission.

ARTICLE 3 VIDEO GAME OF CHANCE

Section 1 exempts video games that simulate horse racing and do not involve a prize payout from the definition of "video game of chance". *Makes this section effective the day following final enactment.*

ARTICLE 4 SOCIAL SKILL GAME

Section 1 adds Texas hold'em to the list of social skill games. Provides that for a contest or tournament involving Texas hold'em: (1) no person under 18 years old may participate, (2) payment of an entry fee or other consideration to participate is prohibited, (3) the value of all prizes awarded to a single winner of a tournament at a single location is capped at \$200 per day, and (4) the organizer or promoter of the tournament or contest must ensure that reasonable accommodations are made for players with disabilities. *Makes this section effective the day following final enactment.*

Unless otherwise specified sections of the bill are effective August 1, 2005.



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