



ACM Legislative Update & ALERT 5/6/03

Call To Action

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Proudly Serving Charitable Gambling Organizations Throughout Minnesota

Important!

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Important!!!!!

Dear Charitable Gambling Industry,

Please note that this is probably the most important Update & ALERT that ACM will send out this year. Both the Minnesota House of Representatives & Minnesota Senate have passed their Omnibus State Government Appropriations & Operations Bills (see page 2). **The House Omnibus State Government Finance Bill, HF 749, includes SIGNIFICANTLY INCREASED Charitable Gambling Fees effective July 1, 2003 (see pages 3 & 4).** These increased fees will cost our industry an additional \$2,224,275 per year (\$1,929,575 from a new premises permit fee which is really a NEW CHARITABLE GAMBLING TAX). **The Senate Omnibus State Departments Appropriations Bill, SF 1524, makes NO CHANGES to current Charitable Gambling Fees (see pages 3 & 4).** Below is a summary of the House & Senate Omnibus bills relating to the Gambling Control Board & Charitable Gambling Fees:

Gambling Control Board would have FY 2004 budget of \$2,728,000 & FY 2005 budget of \$2,526,000 under House Omnibus Bill which significantly raises or adds new Charitable Gambling Fees.

Gambling Control Board would have FY 2004 budget of \$3,292,000 & FY 2005 budget of \$3,226,000 under Senate Omnibus Bill which keeps Charitable Gambling Fees as is.

The Omnibus State Departments Appropriations Bill Conference Committee will likely be appointed midweek and will start to work out the major differences in the two bills. *Obviously, we are recommending they ADOPT the Senate position relating to the Gambling Control Board Budget & Charitable Gambling Fees. By Tuesday, May 13, 2003 we need you and as many members & employees of your organization/company as possible to CALL their Minnesota State Representative & Senator NOW (see white insert for phone #'s). Ask that they talk to the Omnibus State Departments Appropriations Bill Conferees and strongly encourage them to please ADOPT the Senate Position relating to the Gambling Control Board & Charitable Gambling Fees (see sample phone message 1 below).* If every Legislator would get 100+ CALLS from constituents in their Legislative District it would greatly reduce the prospects of a Charitable Gambling Fee increase. If we want to make sure Charitable Gambling Fees are not increased we need to make sure the Conferees are hearing from their Colleagues that this is an IMPORTANT ISSUE to the folks back home.

It is also **EXTREMELY CRITICAL** over the next several days that anyone & everyone involved in Minnesota's Charitable Gambling Industry **CALL Governor Pawlenty and ask that he reconsider his decision to SIGNIFICANTLY INCREASE Charitable Gambling Fees, particularly the new premises permit fee which is really a NEW CHARITABLE GAMBLING TAX (see sample phone message 2 below).** The Governor's phone #'s are (651) 296-3391 or (800) 657-3717.

Respectfully,

King Wilson

King Wilson
Executive Director

P.S. - If you prefer to e-mail your Legislators & Governor Pawlenty please see sample e-mail messages on page 2. The Governor's e-mail address is tim.pawlenty@state.mn.us & for legislators e-mail addresses go to the ACM Web page (see above) & click on Legislative E-Mail Addresses. *However, you choose to make contact please try to be polite, being rude or discourteous doesn't help our cause. Remember, we need you to make these important contacts NOW - Time is of the Essence!!!*

Sample Phone Message 1 - Call Your Minnesota State Representative & Senator NOW!

Hello, this is (your name) of the (name of organization/company). We would appreciate Senator or Representative (last name) strongly encouraging the Omnibus State Departments Appropriations Bill Conferees to please ADOPT the Senate Position relating to the Gambling Control Board Budget & Charitable Gambling Fees. We currently pay enough Charitable Gambling Fees & Taxes to adequately fund the Gambling Control Board. Thank You!

Sample Phone Message 2 - Call Governor Pawlenty ASAP!!!

Hello, this is (your name) of the (name of organization/company). We would appreciate Governor Pawlenty reconsidering his decision to SIGNIFICANTLY INCREASE Charitable Gambling Fees, particularly the new premises permit fee which is really a NEW CHARITABLE GAMBLING TAX. We currently pay more than enough Charitable Gambling Fees & Taxes to adequately fund the Gambling Control Board. We much prefer the Senate Position relating to the Gambling Control Board Budget & Charitable Gambling Fees from SF 1524. Thank You!

Charitable Gambling Fees UNCHANGED In Senate Omnibus State Departments Appropriations Bill

On Tuesday evening, April 29, 2003 the Minnesota Senate passed their Omnibus State Departments Appropriations Bill, **SF 1524**, by a vote of 34-29. **SF 1524 INCLUDES NO INCREASED OR NEW CHARITABLE GAMBLING FEES (all fees remain as is).**

SF 1524 keeps the Gambling Control Board as a stand alone agency with its current base budget of \$2,426,000 from general fund, and adds \$866,000 for FY 2004 and \$800,000 in FY 2005 from general fund to Gambling Control Board for increased gambling enforcement. **SF 1524** did not include any other Charitable Gambling provisions.

Language from **SF 1524** dealing with the Gambling Control Board & Charitable Gambling can be found on page 3. **A comparison of Charitable Gambling Fees under Senate Omnibus Bill & House Omnibus Bill can be found on page 4.**

The Minnesota Senate clearly recognized the \$57 million currently collected in Charitable Gambling Fees & Taxes is more than enough to adequately fund the Gambling Control Board. They also saw the need to provide much needed additional funding to the Gambling Control Board.

Charitable Gambling Fees SIGNIFICANTLY INCREASED In House Omnibus State Government Finance Bill

On Thursday evening, May 1, 2003 the Minnesota House Of Representatives passed their Omnibus State Government Finance Bill, **HF 749**, by a vote of 71-62. **HF 749 INCLUDES ALL OF THE GOVERNOR'S CHARITABLE GAMBLING FEE CHANGES (one of which is really a New Charitable Gambling Tax).**

The 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 premise permits with a fee based on % of gross receipts (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. **Interestingly enough the GCB account will take in about \$459,500 per year more than their base budget of \$2,526,000.**

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.

HF 749 also includes 2 other Charitable Gambling provisions:

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.*

Language from **HF 749** dealing with the Gambling Control Board & Charitable Gambling (except for sports boards) can be found on page 3. **A comparison of Charitable Gambling Fees under House Omnibus Bill & Senate Omnibus Bill can be found on page 4.**

Sample E-mail Messages - State Legislator or Governor Pawlenty

Subject: Charitable Gambling Fees/Taxes

Representative or Senator (last name),

As a constituent of yours I would appreciate you strongly encouraging the Omnibus State Departments Appropriations Bill Conferees to please **ADOPT** the Senate Position relating to the Gambling Control Board Budget & Charitable Gambling Fees. We currently pay more than enough Charitable Gambling Fees & Taxes to adequately fund the Gambling Control Board.

or

Governor Pawlenty,

We would appreciate you reconsidering your decision to **SIGNIFICANTLY INCREASE** Charitable Gambling Fees, particularly the new premises permit fee which is really a **NEW CHARITABLE GAMBLING TAX**. We currently pay more than enough Charitable Gambling Fees & Taxes to adequately fund the Gambling Control Board. We much prefer the Senate Position relating to the Gambling Control Board Budget & Charitable Gambling Fees from SF 1524.

Respectfully,

Name
Organization/Company
Address

SF 1524 Omnibus State Departments Appropriations Bill - Lawful Gambling & GCB Language

APPROPRIATIONS Available for the Year Ending June 30

	2004	2005
GAMBLING CONTROL	3,292,000	3,226,000

\$866,000 the first year and \$800,000 the second year are from the general fund for increased gambling enforcement.

HF 749 Omnibus State Government Finance Bill - Lawful Gambling & GCB Language

APPROPRIATIONS Available for the Year Ending June 30

	2004	2005
GAMBLING CONTROL	2,728,000	2,526,000
Summary by Fund		
General	202,000	-0-
Special Revenue	2,526,000	2,526,000

The general fund appropriation in fiscal year 2004 is intended to assist with the transition to fee-based funding. The commissioner of finance must approve the use of this onetime appropriation and may require that it be reimbursed to the general fund if sufficient resources are available in the special revenue fund. The special revenue fund appropriation is made from the lawful gambling regulation account.

349.12 Subd. 11a. [DISTRIBUTOR SALESPERSON.] “Distributor salesperson” means a person who in any manner receives orders for gambling equipment or who solicits a licensed, exempt, or excluded organization to purchase gambling equipment from a licensed distributor.

349.12 Subd. 25. [LAWFUL PURPOSE.] (a) “Lawful purpose” means one or more of the following: (19) payment of fees authorized under this chapter imposed by the state of Minnesota to conduct lawful gambling in Minnesota.

349.151 Subd. 4. [POWERS AND DUTIES.] (c) All fees and penalties received by the board must be deposited in the general fund. (d) All fees imposed by the board under sections 349.16 to 349.165 must 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 87.31 from the legislature.

349.16 Subd. 6. [LICENSE CLASSIFICATIONS FEES.] The board may issue four classes of organization licenses: a class A license authorizing all forms of lawful gambling; a class B license authorizing all forms of lawful gambling except bingo; a class C license authorizing bingo only, or bingo and pull-tabs if the gross receipts for any combination of bingo and pull-tabs does not exceed \$50,000 per year; and a class D license authorizing raffles only. The board shall not charge a fee for an organization impose a fee of \$100 for an organization’s initial license application. There is no charge for a renewal license.

349.161, Subdivision 1. [PROHIBITED ACTS; LICENSES REQUIRED.] (b) No licensed distributor salesperson may sell, offer for sale, or furnish gambling equipment for use within the state without being employed by a licensed distributor or owning a distributor license.

349.161 Subd. 4. [FEES.] (a) The initial annual fee for a distributor’s license is \$3,500 \$6,000. The initial term of a distributor’s license is one year. Renewal licenses under this section are valid for two years and the fee for the renewal license is \$7,000. (b) The annual fee for a distributor salesperson license is \$100.

349.163 Subd. 2. [LICENSE; FEE.] The initial license under this section is valid for one year. The fee for the initial license is \$5,000. Renewal licenses under this section are valid for two years and the fee for the renewal license is \$10,000. The annual fee for a manufacturer’s license is \$9,000.

349.163 Subd. 6. [SAMPLES OF GAMBLING EQUIPMENT.] The board shall require each licensed manufacturer to submit to the board one or more samples of each item of gambling equipment the manufacturer manufactures for use or resale in this state. The board shall inspect and test all the equipment it deems necessary to determine the equipment’s compliance with law and board rules. Samples required under this subdivision must be approved by the board before the equipment being sampled is shipped into or sold for use or resale in this state. The board shall impose a fee of \$25 for each item of gambling equipment that the manufacturer submits for approval or for which the manufacturer requests approval. The board shall impose a fee of \$100 for each sample of gambling equipment that it tests. The board may require samples of gambling equipment to be tested by an independent testing laboratory prior to submission to the board for approval. All costs of testing by an independent testing laboratory must be borne by the manufacturer. An independent testing laboratory used by a manufacturer to test samples of gambling equipment must be approved by the board before the equipment is submitted to the laboratory for testing. The board may request the assistance of the commissioner of public safety and the director of the state lottery in performing the tests.

349.164 Subd. 4. [FEES; TERM OF LICENSE.] The initial annual fee for a bingo hall license is \$2,500 \$4,000. An initial license under this section is valid for one year. Renewal licenses under this section are valid for two years and the fee for the renewal license is \$5,000.

349.165 Subd. 3. [FEES.] (a) The board may issue four classes of premises permits corresponding to the classes of licenses authorized under section 349.16, subdivision 6. The fee for each class of permit is: (1) \$400 for a class A permit; (2) \$250 for a class B permit; (3) \$200 for a class C permit; and (4) \$150 for a class D permit. (b) If a premises permit is issued during the second year of an organization’s license, the fee for each class of permit is: (1) \$200 for a class A permit; (2) \$125 for a class B permit; (3) \$100 for a class C permit; and (4) \$75 for a class D permit. 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.

349.2113 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.

[GAMBLING CONTROL; FEE TRANSITION.] Effective July 1, 2003, all licensees regulated by the gambling control board must begin paying the applicable fees under Minnesota Statutes, sections 349.16 to 349.165. The gambling control board shall provide a onetime, prorated credit against these fees to licensees who paid for licenses before July 1, 2003, that were to extend beyond July 1, 2003.

Charitable Gambling Fees (Current vs. House vs. Senate)

Lawful Gambling License Category (# of licenses)	Current Fees (annualized)	Current Revenues (annualized)	House Bill Fees (annualized)	House Bill Revenues (annualized)	Senate Bill Fees (annualized)	Senate Bill Revenues (annualized)
Manufacturer 8	\$5,000	\$ 40,000	\$9,000	\$ 72,000	\$5,000	\$ 40,000
Distributor 18	3,500	63,000	6,000	108,000	3,500	63,000
Bingo Hall 12	2,500	30,000	4,000	48,000	2,500	30,000
Organization 1,503	0	0	0	0	0	0
Gambling Manager 1,503	100	150,300	100	150,000	100	150,300
Class A site 395	200	79,000	Eliminate	0	200	79,000
Class B site 2,630	125	328,750	Eliminate	0	125	328,750
Class C site 17	100	1,700	Eliminate	0	100	1,700
Class D site 13	75	975	Eliminate	0	75	975
Site Permit 3,055	n/a	n/a	0.18% of gross receipts	2,340,000	n/a	n/a
Exempt Permit 2,700	25	67,500	50	135,000	25	67,500
Excluded Permit	0	0	0	0	0	0
Distributor Salesperson 150	n/a	n/a	100	15,000	n/a	n/a
Game Testing 300	n/a	n/a	100	30,000	n/a	n/a
Game Approvals 3,500	n/a	n/a	25	87,500	n/a	n/a
TOTAL		\$761,225		\$2,985,500		\$761,225

Charitable Gambling Fees QUADRUPLED If Using House Bill

Charitable Gambling Fees UNCHANGED If Using Senate Bill

Which Do You Prefer?

Premises Permit Fees (Current vs. House vs. Senate)

Current	House Bill	Senate Bill
Premise Permit Fees	Premise Permit Fees	Premise Permit Fees
Class A \$ 79,000	Gross Receipts \$1,300,000,000	Class A \$ 79,000
Class B 328,750	x 0.18%	Class B 328,750
Class C 1,700	Total Fees \$ 2,340,000	Class C 1,700
Class D 975	570% of Current Fees	Class D 975
Total Fees \$410,425	Increase of \$1,929,575 (470%)	Total Fees \$410,425

Charitable Gambling Fees QUINTUPLED If Using House Bill

Charitable Gambling Fees UNCHANGED If Using Senate Bill

Which Do You Prefer?

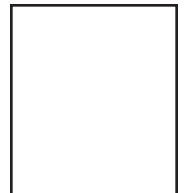


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COLORED LABELS are from ACM mailing list database.

Contact ACM with corrections.

WHITE LABELS are from State of Minnesota mailing list database. Contact GCB with corrections



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