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## **Minnesota Gambling Control Board**

**Bulletin – May 27, 2003**

### **Rent Reform**

### **For Lawful Gambling Signed Into Law**

Legislation pertaining to rent paid by nonprofit organizations licensed to conduct lawful gambling goes into effect on June 1, 2003. New limits for rent payments were established and will be based on gross profits reported by the licensed organization. Lower rates can still be negotiated (and encouraged) between the licensed organization and the lessor but the new limits will allow for an equitable rate of compensation that is the same for all locations.

New rent limits differentiate between a "booth operation" (involving employees of the licensed organization) and a "bar operation" (involving employees of the lessor). The new rent limits cover leases where pull-tabs, tipboards and paddlewheel activity are conducted. No changes were made to bingo rent.

#### **New Rent Limits for a "booth operation" (1).**

For sites where any licensed organization uses a booth operation, rent is based on the following:

- Up to 10% of gross profits (net after prizes) with a cap (maximum) of \$1,750 paid per month.
- For sites with less than \$4,000 gross profit per month, the maximum rent allowed is \$400.
- The maximum rent allowed may not exceed \$1,750 in total per month for **all** organizations at the site/premises.

#### **New Rent Limits for a "bar operation" (2).**

For sites where any licensed organization uses a bar operation, rent is based on the following:

- Up to 20% of gross profits (net after prizes) with a cap (maximum) of \$2,000 paid per month.
- For sites with less than \$1,000 gross profit per month, the maximum rent allowed is \$200.
- The maximum rent allowed may not exceed \$2,000 in total per month for **all** organizations at the site/premises.

**(1) Booth operation** means a method of selling and redeeming gambling equipment by an **employee of a licensed organization** in a site/premises the organization leases or owns where such sales and redemptions are made within a separate enclosure that is distinct from areas where food and beverages are sold. (NOTE: If one organization has a booth operation and another organization has a bar operation, the rent for booth operations applies to both organizations.)

**(2) Bar operation** means a method of selling and redeeming gambling equipment within a leased site/premises licensed for the on-sale of alcoholic beverages where such sales and redemption are made by an **employee of the lessor** from a common area where food and beverages are also sold.

#### **Rent is All-inclusive**

Amounts paid as rent by the organization to the lessor are all-inclusive (except bingo rent). No other services provided or contracted by the lessor may be paid by the organization, including but not limited to trash removal, janitorial and cleaning services, snow removal, lawn services, electricity, heat, security, security monitoring, storage, other utilities or services, and in the case of bar operations, compensation for cash shortages. Compensation (for wages) may not be paid to a lessor or lessor's employees unless the person is employed by the organization only for the sale of pull-tabs and tipboards from a booth operation. Any other expenditure made by an organization that is related to a leased premises must be approved by the director of the Gambling Control Board.