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State of Minnesota
HOUSE OF REPRESENTATIVES
NINETIETH SESSION

H. F. No. 3558

03/08/2018 Authored by West
The bill was read for the first time and referred to the Committee on Commerce and Regulatory Reform

1.1 A bill for an act
1.2 relating to lawful gambling; modifying record-keeping requirements for certain
1.3 lawful gambling organizations; modifying the period for assessment of certain
1.4 taxes for certain lawful gambling organizations; amending Minnesota Statutes
1.5 2016, sections 289A.38, subdivision 1; 297E.06, subdivision 2; 297E.11,
1.6 subdivision 1; 349.1635, subdivision 6; 349.166, subdivisions 1, 2; 349.17,
1.7 subdivision 9; 349.1721, subdivision 4; 349.19, subdivisions 6, 10.

1.8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.9 Section 1. Minnesota Statutes 2016, section 289A.38, subdivision 1, is amended to read:

1.10 Subdivision 1. **General rule.** Except as otherwise provided in this section, the amount
1.11 of taxes assessable must be assessed:

1.12 (1) within 3-1/2 years after the date the return is filed; or

1.13 (2) for an organization licensed to conduct lawful gambling under chapter 349, for taxes
1.14 imposed on unrelated business income under section 290.05, subdivision 3, within three
1.15 years after the date the return is filed.

1.16 **EFFECTIVE DATE.** This section is effective for returns first due after December 31,
1.17 2018.

1.18 Sec. 2. Minnesota Statutes 2016, section 297E.06, subdivision 2, is amended to read:

1.19 Subd. 2. **Business records.** An organization shall maintain records supporting the
1.20 gambling activity reported to the commissioner. Records include, but are not limited to, the
1.21 following items:

2.1 (1) all winning and unsold tickets, cards, or stubs for pull-tab, tipboard, paddlewheel,
2.2 and raffle games;

2.3 (2) all reports and statements, including checker's records, for each bingo occasion;

2.4 (3) all cash journals and ledgers, deposit slips, register tapes, and bank statements
2.5 supporting gambling activity receipts;

2.6 (4) all invoices that represent purchases of gambling product;

2.7 (5) all canceled checks or copies of substitute checks as defined in Public Law 108-100,
2.8 section 3, check recorders, journals and ledgers, vouchers, invoices, bank statements, and
2.9 other documents supporting gambling activity expenditures; and

2.10 (6) all organizational meeting minutes.

2.11 All records required to be kept by this section must be preserved by the organization for
2.12 at least ~~3-1/2~~ three years and may be inspected by the commissioner of revenue at any
2.13 reasonable time without notice or a search warrant.

2.14 **EFFECTIVE DATE.** This section is effective for returns first due after June 30, 2018.

2.15 Sec. 3. Minnesota Statutes 2016, section 297E.11, subdivision 1, is amended to read:

2.16 Subdivision 1. **General rule.** Except as otherwise provided in this chapter, the amount
2.17 of taxes assessable must be assessed within ~~3-1/2~~ three years after the return is filed, whether
2.18 or not the return is filed on or after the date prescribed. A return must not be treated as filed
2.19 until it is in processible form. A return is in processible form if it is filed on a permitted
2.20 form and contains sufficient data to identify the taxpayer and permit the mathematical
2.21 verification of the tax liability shown on the return. For purposes of this section, a tax return
2.22 filed before the last day prescribed by law for filing is considered to be filed on the last day.

2.23 **EFFECTIVE DATE.** This section is effective for returns first due after June 30, 2018.

2.24 Sec. 4. Minnesota Statutes 2016, section 349.1635, subdivision 6, is amended to read:

2.25 Subd. 6. **Linked bingo game provider license termination plan.** (a) A linked bingo
2.26 game provider that surrenders, withdraws, or otherwise terminates its license must submit
2.27 to the board, in writing, a termination plan. Termination of a license may occur due to
2.28 revocation or denial of the license by the board, or by the linked bingo game provider
2.29 voluntarily quitting its business. Termination plans must be approved by the executive
2.30 director.

3.1 (b) The license termination plan must include the reconciliation and refund of all
3.2 unredeemed prize pool contributions to organizations and the disposal of equipment.

3.3 (c) The linked bingo game provider or its designated agent must keep all invoices and
3.4 other required documentation related to the sale or disposal of gambling equipment for ~~3-1/2~~
3.5 three years after the license has been terminated.

3.6 **EFFECTIVE DATE.** This section is effective for the sale or disposal of gambling
3.7 equipment after June 30, 2018.

3.8 Sec. 5. Minnesota Statutes 2016, section 349.166, subdivision 1, is amended to read:

3.9 Subdivision 1. **Exclusions.** (a) Bingo, with the exception of linked bingo games, may
3.10 be conducted without a license and without complying with sections 349.168, subdivisions
3.11 1 and 2; 349.17, subdivisions 4 and 5; 349.18, subdivision 1; and 349.19, if it is conducted:

3.12 (1) by an organization in connection with a county fair, the state fair, or a civic celebration
3.13 and is not conducted for more than 12 consecutive days and is limited to no more than four
3.14 separate applications for activities applied for and approved in a calendar year; or

3.15 (2) by an organization that conducts bingo on four or fewer days in a calendar year.

3.16 An organization that holds a license to conduct lawful gambling under this chapter may
3.17 not conduct bingo under this subdivision.

3.18 (b) Bingo may be conducted within a nursing home or a senior citizen housing project
3.19 or by a senior citizen organization if the prizes for a single bingo game do not exceed \$10,
3.20 total prizes awarded at a single bingo occasion do not exceed \$200, only members of the
3.21 organization or residents and their guests of the nursing home or housing project are allowed
3.22 to play in a bingo game, no compensation is paid for any persons who conduct the bingo,
3.23 and a manager is appointed to supervise the bingo. Bingo conducted under this paragraph
3.24 is exempt from sections 349.11 to 349.23, and the board may not require an organization
3.25 that conducts bingo under this paragraph, or the manager who supervises the bingo, to
3.26 register or file a report with the board. The gross receipts from bingo conducted under the
3.27 limitations of this subdivision are exempt from taxation under chapter 297A.

3.28 (c) Raffles may be conducted by an organization without registering with the board if
3.29 the value of all raffle prizes awarded by the organization in a calendar year does not exceed
3.30 \$1,500 or, if the organization is a 501(c)(3) organization, if the value of all raffle prizes
3.31 awarded by the organization at one event in a calendar year does not exceed \$5,000.

4.1 (d) Except as provided in paragraph (b), the organization must maintain all required
4.2 records of excluded gambling activity for ~~3-1/2~~ three years.

4.3 **EFFECTIVE DATE.** This section is effective for excluded bingo conducted after June
4.4 30, 2018.

4.5 Sec. 6. Minnesota Statutes 2016, section 349.166, subdivision 2, is amended to read:

4.6 Subd. 2. **Exemptions.** (a) Lawful gambling, with the exception of linked bingo games,
4.7 may be conducted by an organization without a license and without complying with sections
4.8 349.168, subdivisions 1 and 2; 349.17, subdivision 4; 349.18, subdivision 1; and 349.19 if:

4.9 (1) the organization conducts lawful gambling on five or fewer days in a calendar year;

4.10 (2) the organization does not award more than \$50,000 in prizes for lawful gambling in
4.11 a calendar year;

4.12 (3) the organization submits a board-prescribed application and pays a fee of \$100 to
4.13 the board for each gambling occasion, and receives an exempt permit number from the
4.14 board. If the application is postmarked or received less than 30 days before the gambling
4.15 occasion, the fee is \$150 for that application. The application must include the date and
4.16 location of the occasion, the types of lawful gambling to be conducted, and the prizes to be
4.17 awarded;

4.18 (4) the organization notifies the local government unit 30 days before the lawful gambling
4.19 occasion, or 60 days for an occasion held in a city of the first class;

4.20 (5) the organization purchases all gambling equipment and supplies from a licensed
4.21 distributor; and

4.22 (6) the organization reports to the board, on a single-page form prescribed by the board,
4.23 within 30 days of each gambling occasion, the gross receipts, prizes, expenses, expenditures
4.24 of net profits from the occasion, and the identification of the licensed distributor from whom
4.25 all gambling equipment was purchased.

4.26 (b) No more than one organization exempted or excluded from licensing requirements
4.27 may conduct an individual raffle.

4.28 (1) Exempted or excluded organizations may not combine the use of raffle tickets.

4.29 (2) Raffle tickets must not be attached to or combined with other exempted or excluded
4.30 organizations' raffle tickets and must be sold separately from other exempted or excluded
4.31 organizations' raffle tickets.

5.1 (c) If the organization fails to file a timely report as required by paragraph (a), clause
5.2 (6), the board shall not issue any authorization, license, or permit to the organization to
5.3 conduct lawful gambling on an exempt, excluded, or licensed basis until the report has been
5.4 filed and the organization may be subject to penalty as determined by the board. The board
5.5 may refuse to issue any authorization, license, or permit if a report or application is
5.6 determined to be incomplete or knowingly contains false or inaccurate information.

5.7 (d) Merchandise prizes must be valued at their fair market value.

5.8 (e) Organizations that qualify to conduct exempt raffles under paragraph (a) are exempt
5.9 from section 349.173, paragraph (b), clause (2), if the raffle tickets are sold only in
5.10 combination with an organization's membership or a ticket for an organization's membership
5.11 dinner and are not included with any other raffle conducted under the exempt permit.

5.12 (f) Unused pull-tab and tipboard deals must be returned to the distributor within seven
5.13 working days after the end of the lawful gambling occasion. The distributor must accept
5.14 and pay a refund for all returns of unopened and undamaged deals returned under this
5.15 paragraph.

5.16 (g) The organization must maintain all required records of exempt gambling activity for
5.17 ~~3-1/2~~ three years.

5.18 **EFFECTIVE DATE.** This section is effective for exempt lawful gambling conducted
5.19 after June 30, 2018.

5.20 Sec. 7. Minnesota Statutes 2016, section 349.17, subdivision 9, is amended to read:

5.21 Subd. 9. **Linked bingo games played exclusively on electronic bingo devices.** In
5.22 addition to the requirements of subdivision 8, the following requirements and restrictions
5.23 apply when linked bingo games are played exclusively on electronic bingo devices.

5.24 (a) The permitted premises must be:

5.25 (1) a premises licensed for the on-sale of intoxicating liquor or on-sale 3.2 percent malt
5.26 beverages; or

5.27 (2) a premises where bingo is conducted as the primary business and has a seating
5.28 capacity of at least 100.

5.29 (b) The number of electronic bingo devices is limited to:

5.30 (1) no more than six devices in play for permitted premises with 200 seats or less;

5.31 (2) no more than 12 devices in play for permitted premises with 201 seats or more; and

6.1 (3) no more than 50 devices in play for permitted premises where bingo is the primary
6.2 business.

6.3 Seating capacity is determined as specified under the local fire code.

6.4 (c) Prior to a bingo occasion, the linked bingo game provider, on behalf of the
6.5 participating organizations, must provide to the board a bingo program in a format prescribed
6.6 by the board.

6.7 (d) Before participating in the play of a linked bingo game, a player must present a valid
6.8 picture identification card that includes the player's date of birth. Except for prize receipts
6.9 required by section 349.19, subdivision 10, an organization is not required to register or
6.10 retain any information contained on the player's picture identification card.

6.11 (e) A licensed organization must require each person cashing out an electronic linked
6.12 bingo device with \$600 or more in credits to present identification in the form of a driver's
6.13 license, Minnesota identification card, or other identification the board deems sufficient to
6.14 allow the identification and tracking of the winner. The organization must retain the winner's
6.15 identification in the form of a prize receipt for ~~3-1/2~~ three years. A prize receipt for electronic
6.16 linked bingo must include the same information as is required in board rules for a paper
6.17 pull-tab game prize receipt.

6.18 (f) Except for prize receipts required by paragraph (e), an organization is not required
6.19 to register or retain any information contained on the player's picture identification card.

6.20 (g) An organization may remove from play a device that a player has not maintained in
6.21 an activated mode for a specified period of time determined by the organization. The
6.22 organization must provide the notice in its house rules.

6.23 **EFFECTIVE DATE.** This section is effective for prize receipts for linked bingo games
6.24 played after June 30, 2018.

6.25 Sec. 8. Minnesota Statutes 2016, section 349.1721, subdivision 4, is amended to read:

6.26 Subd. 4. **Electronic pull-tab device requirements and restrictions.** The following
6.27 pertain to the use of electronic pull-tab devices as defined under section 349.12, subdivision
6.28 12b.

6.29 (a) The use of any electronic pull-tab device may only be at a permitted premises that
6.30 is:

6.31 (1) a premises licensed for the on-sale of intoxicating liquor or on-sale 3.2 percent malt
6.32 beverages; or

7.1 (2) a premises where bingo is conducted as the primary business and has a seating
7.2 capacity of at least 100; and

7.3 (3) where a licensed organization sells paper pull-tabs and consents to the conduct of
7.4 electronic pull-tab devices on the premises.

7.5 (b) The number of electronic pull-tab devices is limited to:

7.6 (1) no more than six devices in play at any permitted premises with 200 seats or less;

7.7 (2) no more than 12 devices in play at any permitted premises with 201 seats or more;
7.8 and

7.9 (3) no more than 50 devices in play at any permitted premises where the primary business
7.10 is bingo.

7.11 Seating capacity is determined as specified under the local fire code.

7.12 (c) The hours of operation for the devices are limited to 8:00 a.m. to 2:00 a.m.

7.13 (d) All electronic pull-tab games must be sold and played on the permitted premises and
7.14 may not be linked to other permitted premises.

7.15 (e) Electronic pull-tab games may not be transferred electronically or otherwise to any
7.16 other location by the licensed organization.

7.17 (f) Electronic pull-tab games may be commingled if the games are from the same family
7.18 of games and manufacturer and contain the same game name, form number, type of game,
7.19 ticket count, prize amounts, and prize denominations. Each commingled game must have
7.20 a unique serial number.

7.21 (g) An organization may remove from play a device that a player has not maintained in
7.22 an activated mode for a specified period of time determined by the organization. The
7.23 organization must provide the notice in its house rules.

7.24 (h) Before participating in the play of an electronic pull-tab game, a player must present
7.25 a valid picture identification card that includes the player's date of birth. Except for prize
7.26 receipts required by section 349.19, subdivision 10, an organization is not required to register
7.27 or retain any information contained on the player's picture identification card.

7.28 (i) A licensed organization must require each person cashing out an electronic pull-tab
7.29 device with \$600 or more in credits to present identification in the form of a driver's license,
7.30 Minnesota identification card, or other identification the board deems sufficient to allow
7.31 the identification and tracking of the winner. The organization must retain the winner's
7.32 identification in the form of a prize receipt for ~~3-1/2~~ three years. A prize receipt for electronic

8.1 pull-tabs must include the same information as is required in board rules for a paper pull-tab
8.2 game prize receipt.

8.3 (j) Except for prize receipts required by paragraph (i), an organization is not required to
8.4 register or retain any information contained on the player's picture identification card.

8.5 (k) Each player is limited to the use of one device at a time.

8.6 **EFFECTIVE DATE.** This section is effective for prize receipts for electronic pull-tab
8.7 games played after June 30, 2018.

8.8 Sec. 9. Minnesota Statutes 2016, section 349.19, subdivision 6, is amended to read:

8.9 Subd. 6. **Preservation of records.** Records required to be kept by this section must be
8.10 preserved by a licensed organization for at least ~~3-1/2~~ three years and may be inspected by
8.11 the commissioner of revenue, the board, or the commissioner of public safety at any
8.12 reasonable time without notice or a search warrant.

8.13 **EFFECTIVE DATE.** This section is effective for lawful gambling conducted after June
8.14 30, 2018.

8.15 Sec. 10. Minnesota Statutes 2016, section 349.19, subdivision 10, is amended to read:

8.16 Subd. 10. **Pull-tab records.** (a) The board shall by rule require a licensed organization
8.17 to require each winner of a paper pull-tab prize of \$100 or more to present identification in
8.18 the form of a driver's license, Minnesota identification card, or other identification the board
8.19 deems sufficient to allow the identification and tracking of the winner. The rule must require
8.20 the organization to retain winning paper pull-tabs of \$100 or more, and the identification
8.21 of the winner of the pull-tab, for ~~3-1/2~~ three years.

8.22 (b) A licensed organization must require each person cashing out an electronic pull-tab
8.23 device with \$600 or more in credits to present identification in the form of a driver's license,
8.24 Minnesota identification card, or other identification the board deems sufficient to allow
8.25 the identification and tracking of the winner. The organization must retain the identification
8.26 of the winner for ~~3-1/2~~ three years.

8.27 (c) An organization must maintain separate cash banks for each deal of paper pull-tabs
8.28 unless (1) the licensed organization uses a pull-tab dispensing device, or (2) the organization
8.29 uses a cash register, of a type approved by the board, which records all sales of paper
8.30 pull-tabs by separate deals.

8.31 (d) The board shall:

9.1 (1) by rule adopt minimum technical standards for cash registers that may be used by
9.2 organizations, and shall approve for use by organizations any cash register that meets the
9.3 standards; and

9.4 (2) before allowing an organization to use a cash register that commingles receipts from
9.5 several different paper pull-tab games in play, adopt rules that define how cash registers
9.6 may be used and that establish a procedure for organizations to reconcile all pull-tab games
9.7 in play at the end of each month.

9.8 **EFFECTIVE DATE.** This section is effective for paper pull-tabs played after June 30,
9.9 2018.