

11/18/16 Banquet speech

Welcome:

Thanks go first to you the charities. Please give each other a round of applause. You all deserve it and much more. Thank you President Chuck Kruger, Convention and Expo committee chair Gene Lindahl, the Convention and Expo committee and the entire ACM Board.

I thank our associate members and the exhibitors at the exposition. We need healthy partners to continue to be successful and your support is much appreciated. Please give a big round of applause for this year's ten sponsors. I hope that you had a chance to thank them personally. Applause.

You may have noticed that there will be no guest speaker this evening. We did reach out to Governor Dayton, Speaker of the House Daudt prior to the elections and after the elections the new Senate Majority Leader Senator Gazelka and House Tax Committee chair Davids but they all had previous commitments.

Year in review:

Our Volume was up 13% from the previous fiscal year, we passed the 1.5 billion in sales setting our all-time record for sales. More money got to the bottom line for missions. Our business continues to be strong and grow, now six years in a row. The people that play our games and support our missions are to be thanked.

2016 legislative session:

Gambling manager needs to be a member of the organization for 90 days, down from 6 months.

Hot Ball bingo prize can either be player or organization funded.

Bingo game dollar limits were raised and there is now no session dollar limit.

A random number generator can be used for raffles.

Cities that take the 10% must now recognize where the money comes from.

We did not achieve tax relief, but neither did anyone else as there was no tax bill for two years in a row.

ACM membership is up. We thank you for your continued support. We thank our associate members that work to get their customers to join ACM.

ACM is on firm financial footing and we thank you for that.

What I see on the horizon for charitable gaming:

People that don't have a full grasp of our business equate sales with net profit for our missions. We continually need to help them understand that the two are not necessarily linked. We know if we pay

out more in prizes our sales will most likely increase as well, but there will be less left for our missions. Our overall slice of the total pie continues to shrink, which is of great concern to me.

I spent the summer talking to people that touch our business, letting them know what I see as the dark clouds on the horizon and that I believed without their help in solving these issues that our problems would eventually become their problems.

What I see as the Dark Clouds

Current Tax Structure:

We are now sending the state in excess of \$1 million per week in taxes. According to the website Feeding America.org our \$1 million would buy 11 million meals for the hungry. According to the same website 490,000 Minnesotans struggle with hunger on a regular basis. Think of the impact that our money could be making to help eradicate hunger instead of going to pay for a glass edifice dedicated to billionaires and millionaires. For our games that are subject to the combined receipt tax, we as a group are within one percentage point of paying more to the state than we have available for our chosen missions. Did anyone in this room get involved with their organization to be a tax collector? I sometimes see us as the guy in the movie Animal House who as he was getting pummeled by his fraternity brothers kept saying "thank you sir, may I have another?" I want us to be the guy in the movie Network that said "I'm mad as hell and not going to take this anymore". When are we going to say enough is enough? Charitable gaming was the vehicle to get the Vikings a new stadium. The stadium is built, nobody can take that away. There is more money going into the stadium fund than the required annual bond payments and there are still other payment options that could be used such as a sales tax on the use of suites at the stadium. The time has come for the Governor and the legislature to let us get back to the business of serving our communities and not the Vikings. We were a means to an end. They got the end, time to let up on the means.

Shrinking Bottom Line:

Our piece of the pie continues to shrink. We cannot increase our prices when our costs or taxes increase. More and more charities are telling me that they are at a crossroads in regards to whether they continue to carry a license. Their rewards are being outweighed by the work and the risk. Doing this job without professional help is increasingly difficult. We can receive a visit from the Internal Revenue Service, the MN Department of Revenue, the Gambling Control Board and an outside auditor, all in the same year. All of these groups need to realize that the Golden Goose is getting strangled and needs some much deserved relief or at some point it will not deliver what it is today. When are we going to say enough is enough?

The Internet:

All of our competitors are either already on the Internet or want to be on the Internet. Competing with that option will become increasingly difficult. Our silver lining is that the people that support our missions know that at the end of the day the money they spend with us, what gets to the bottom line, goes to a great cause and stays in the community and is not heading to New York or overseas. At some point we as a group will need to decide what our future use of technology will be, but I for one hope

that we always stay connected with a brick and mortar site. You should have to get up off your rear and go somewhere to gamble. You should have to make an effort of some kind. Making anything too easy to access is probably not a good idea in the long run.

Competition:

They are well funded and well represented at the Capitol. They don't spend the money that they do at the Capitol because they like to spend their money; they do it because they get results. Because of our non-profit status ACM is prohibited from donating money to politics. Think about it, our biggest competitor the State of Minnesota is also our oversight. Our silver lining is you, the voter. Trouble is that we have forgotten how much influence we actually have with our elected officials because we have become frustrated with government and think that nothing will ever change no matter what we do or say. If every member of every organization told their elected state representatives that we demand change to our current onerous tax system, change would happen. When are we going to say enough is enough?

2017 Legislation:

Members have voted that we will have only one item on our agenda and that is the ability to deduct our donations from our taxable income.

2017 Tax Relief Proposal:

If we were allowed to deduct our donations it would mean close to an additional \$16 million would get to the bottom line for mission work. It would benefit all charities, no matter what the size. The current state tax structure for gaming charities in Minnesota is onerous at best. If we were able to deduct our donations we would still be sending just under \$800,000 a week into state coffers. Does anyone here think that is not enough? Does anyone here think that the state should be able to make due with \$40 million a year from us?

As I am fond of saying, we do not feather our own nests; we help others build their nests. We do not keep money other than when saving for a big ticket item like an ambulance or sheet of ice. We have no incentive to build reserves (ask anyone who has paid the Federal or State Ubit tax); we want to give money to our missions and local communities, that is what we do and who we are. I cannot personally think of any other segment of society that does as much good as we do that gets treated like we do by the state. WE MUST STAND UP AND IN UNISON SAY "ENOUGH IS ENOUGH".

2nd Annual Legislative Reception:

On March 20, 2017 we will be having our second Legislative reception with our state legislators at a hotel near the Capitol. You received a "Save the Date" note in your folders. More to come on that as details are set, but we hope that YOU can make the trip to St. Paul to help YOUR legislators better understand how current law hampers YOUR organization's ability to serve YOUR communities. It is only through YOUR efforts to inform and educate YOUR elected state legislators that OUR combined efforts at tax relief will be successful.

I have heard charitable organizations say “ACM wants us to work with our legislators” and while that is true, you are not doing it for ACM. ACM does not hold a gaming license. Any relief would go to YOU, the licensed organizations. YOU need to do this for YOUR organization, YOUR communities and YOUR missions. ACM will be there with you, but this needs to come from YOU. There are those that do not hold a gambling license that are working to help us get tax relief, such as our distributors. What I am hearing back from them is that the Legislators are asking why the charities are not contacting them directly? If it is that important to the charities, why are they not contacting me? If YOU want tax relief You need to get involved.

Close:

Thanks again. ACM and I thank you for all of your past, present and future support. We cannot do what we do without the support of all of you. Our 27th convention and expo will be held in Saint Cloud, November 16 – 18, 2017. As I tell our legislators frequently, you folks are what is good in our local communities; folks that care for their neighbors in thought, word and deed. You walk the talk, you lead by example. You do what you do for the love of your communities. Remember, if it is good for charities, everything else will fall into line and it will be good for everyone involved. If it is not good for charities, it will not work. Together we put \$250 million into the economy annually, that is a tremendous amount of money and you should feel really good about the great work that it does.

If you have not had a chance to sign the petition that will be delivered to Governor Dayton, there is still time. Petitions are in the back of the arena for you to sign before you leave this evening.

One last time I want to thank you for all that you do. I am extremely proud to help represent you and your organizations. I try to remember to say a prayer of thanks every day that I have a job that ultimately helps people that are in need. YOU FOLKS ROCK!