



## 2004 Legislative Changes

### Minnesota Gambling Control Board

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## Legislative Changes - Effective May 1, 2004

### Lessors, Rent, and Lessor's Immediate Family

#### Rent limit amended for "bar operation"

For sites where any licensed organization uses a bar operation (and there is no booth operation), rent is based on the following:

- Up to 20% of gross profits (net after prizes) with a cap (maximum) of **\$2,500** paid per month (increase from \$2,000).
- For sites with less than \$1,000 gross profit per month, the maximum rent allowed is \$200 (no change).
- The maximum rent allowed may not exceed **\$2,500** in total per month for all organizations at the premises.

*[Minnesota Statute 349.18, Subd. 1(b)(4)]*

#### Lease clarification

Language was added that clarifies that all services or **expenses** provided or contracted by the lessor are all-inclusive in the rent amount.

*[Minnesota Statute 349.18, Subd. 1(c)]*

#### Lessor's family - compensation prohibited

A member of the lessor's immediate family may not be a compensated employee of an organization leasing space at the premises. A "member of the immediate family" is defined as a spouse, parent, child, or sibling (brother or sister).

*[Minnesota Statute 349.18 Subd. 1(j)]*

### QUESTIONS AND ANSWERS

**Since the rent limit was raised for bar ops to \$2,500, do we need a new lease if we want to increase the amount we could pay to the lessor?**

Yes.

**May we pay the lessor's spouse to do bookkeeping or audit games?**

No.

### FORMS REVISED

The LG215 Lease for Lawful Gambling Activity and the LG216 Worksheet for Calculating Lawful Gambling Rent have been updated. The forms are available at [www.gcb.state.mn.us](http://www.gcb.state.mn.us).

## Legislative Changes - Effective May 1, 2004

### Gambling Activity

**Off-site activities increased**

A licensed organization may conduct lawful gambling (pull-tabs, bingo, tipboards, paddlewheels, and/or raffles) on a premises other than the organization's permitted premises for:

- four days per calendar year, plus
- one event of up to 12 consecutive days in a calendar year in connection with a county fair, the state fair, a church festival, or a civic celebration.

Approval is required from the appropriate local unit of government (city or county).

*[Minnesota Statute 349.18 Subd. 2(c)]*



#### QUESTIONS AND ANSWERS

**May the receipts from our off-site activity be deposited into our general account?**

No. Receipts from off-site gambling activity must be deposited into your gambling account and reported on the G1 Lawful Gambling Monthly Summary and Tax Return.

#### FORMS REVISED

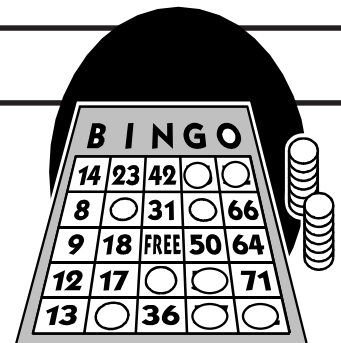
The LG230 Application to Conduct Off-Site Gambling and the LG224 Lease for Off-Site Activity have been updated. The forms are available at [www.gcb.state.mn.us](http://www.gcb.state.mn.us).

### Bingo

**Bingo prize limits increased**

Total prizes awarded at a bingo occasion may not exceed \$2,800, unless a cover-all game is played in which case the limit is \$3,800. (Previous limits were \$2,500 and \$3,500 respectively.)

*[Minnesota Statute 349.211, Subd. 1]*



**Age limit for bingo modified**

A person under the age of 18 years may participate in a bingo game at one bingo occasion conducted by a licensed organization as part of an annual community event if the person under age 18 is accompanied by a parent or guardian.

*[Minnesota Statute 349.2127, Subd. 8]*

## Legislative Changes - Effective May 1, 2004

### Recognizing Military Service

#### Lawful purpose amended for veterans organizations

#### Special one-time expenditure

- Expenditures may be made by a licensed veterans organization to send up to two World War II veterans per local veterans post to Washington, D.C. for the WWII memorial dedication on May 27-30, 2004.
  - Up to \$1,500 may be spent per WWII veteran.
  - The maximum amount that may be spent by each licensed post is \$6,000.
- [Minnesota Statute 349.12, Subd. 25(a)(6)]*



#### QUESTIONS AND ANSWERS

#### May our veterans organization pay the expenses for:

- a member who is a WWII veteran, and
- his wife who is not a WWII veteran?

No. You may only pay for the expenses of your member who is a WWII veteran.

#### May our organization pay the expenses for an auxiliary member?

No. The expenditure is only allowed for a WWII veteran.

#### May we reimburse a WWII veteran who is not a member of our post for the expenses of attending the dedication?

Yes.

#### How is the expenditure reported?

Report the expenditure(s) on your LG1010 Schedule C/D and code it as A-6. Retain supporting documentation for your expenditure(s).

## Legislative Changes - Effective May 1, 2004

### TECHNICAL CHANGES

<b>Class of organization license</b>	<p>Changes were made to be consistent with a statutory change made in 2003 which eliminated the class of organization license.</p> <ul style="list-style-type: none"> <li>• Language which allowed the board to provide by rule for different training requirements for gambling managers based upon the class of organization license was deleted. <i>[Minnesota Statute 349.167, Subd. 4]</i></li> <li>• Language which referenced "class C license" for reporting exceptions was deleted. <i>[Minnesota Statute 349.19, Subd. 5]</i></li> </ul>
<b>Gambling manager fee</b>	<p>A change was made to clarify that the \$100 gambling manager license fee is an annual fee. <i>[Minnesota Statute 349.167, Subd. 2]</i></p>
<b>Manufacturer sales</b>	<p>A licensed manufacturer must make all gambling equipment (not just pull-tabs) available for sale to distributors (except for exclusive games). <i>[Minnesota Statute 349.163, Subd. 9]</i></p>
<b>Tipboard rules</b>	<p>Statutory language which <u>allowed</u> the board to promulgate rules for tipboard games with multiple seals and for cumulative or carryover tipboard prizes was repealed. <i>[Minnesota Statute 349.1711 Subd. 4]</i></p> <p>New language was added which <u>requires</u> the board to develop tipboard rules. <i>[Minnesota Statute 349.1711 Subd. 5]</i></p>

## Legislative Changes - Effective July 1, 2004

### Cash Shortages

#### Cash shortages required to be reported by site and by fiscal year (July 1 - June 30)

##### Reported by premises

Effective July 1, 2004, organizations must report cash shortages for each permitted premises based on the organization's gross receipts from lawful gambling at that site.

##### Reported for fiscal year (July 1 - June 30)

The amount reported for the fiscal year (July 1 through June 30) may not exceed three-tenths of one percent (.3%) of the gross receipts per site. If the amount is exceeded for the fiscal year, the organization must reimburse its gambling account from a source of non-gambling funds by July 20.

*[Minnesota Statute 349.15, Subd. 2]*

#### QUESTIONS AND ANSWERS

##### Did the reimbursement percentage change?

No. The reimbursement percentage is still .3% of gross receipts. However, it is now applied to each site, not to the organization as a whole.

##### Do we still report cash shortages on a monthly basis?

Yes.

##### May we continue to use the current cash shortage worksheet?

- The current cash shortage worksheet (last revised 11/03) may only be used through June 30, 2004.
- After July 1, 2004, you must start over at -0- and use the **new worksheet for each site**.

The Department of Revenue will revise and publish the worksheet on their web site at: [www.taxes.state.mn.us/taxes/special/gambling/worksheets](http://www.taxes.state.mn.us/taxes/special/gambling/worksheets).

##### Do we have to use the cash shortage worksheet for our bar operation?

No. If you have a bar operation only, the worksheet is not required because your lessor reimburses the cash shortages each month. However, the worksheet is required for booth operations.

##### When do we reimburse for cash shortages?

###### Bar operations:

Reimbursements for bar operation cash shortages have not changed. They are reimbursed by the lessor to the organization monthly, usually by deducting the amount from rent.

###### Booth operations:

If the cumulative cash shortages exceed .3% at the end of the fiscal year on June 30, reimbursement must be made no later than July 20. The fiscal year is July 1 through June 30.

For example: For the time period of July 1, 2004 through June 30, 2005, reimbursement must be made no later than July 20, 2005.

We encourage you to monitor shortages on a monthly basis to detect or prevent possible theft and to make changes in internal controls as needed.

**Legislative changes on this page - Effective July 1, 2004**