



**2006 Legislative Changes.**

**Minnesota Gambling Control Board.**

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## Legislative Changes - Effective May 19, 2006

### Conduct of Bingo

<b>"Bingo balls" replaced with "bingo numbers"</b>	To allow for the use of electronic random selection of bingo numbers, the term "bingo balls" was replaced with "bingo numbers." [Minnesota Statute 349.17, Subd. 6(b)]
<b>Board rulemaking authority for facsimile of bingo face</b>	The Board's rulemaking authority was expanded to allow for the use of facsimile bingo paper sheets printed at the point of sale when used with an electronic bingo device, as approved by the Board. [Minnesota Statute 349.151, Subd. 4c and 349.17, Subdivision 5(a)(1)]
<b>Linked bingo in bar</b>	Linked bingo may be conducted at a bar bingo occasion. [Minnesota Statute 349.17, Subd. 7(4)]
<b>Liquid daubers</b>	The requirement that liquid daubers be used with bingo paper was eliminated. [Minnesota Statute 349.17, Subd. 5(a)(1) and Minnesota Statute 349.17, Subd. 6(b)]

### Bingo and Bingo-Related Definitions

<b>Bingo</b>	The definition of bingo was amended to allow the use of a "facsimile of bingo paper face" in conjunction with an electronic bingo device. [Minnesota Statute 349.12, Subd. 4]
<b>Electronic bingo device</b>	The definition of electronic bingo device was amended to allow the use of a facsimile of a bingo paper sheet. [Minnesota Statute 349.12, Subd 12a.]
<b>Gambling equipment</b>	The definition of gambling equipment was amended to include "electronic bingo devices." [Minnesota Statute 349.12, Subd. 18]
<b>Gross receipts</b>	The definition of gross receipts for lawful gambling activity was amended to include receipts from the rental of electronic bingo device (to players) and receipts from the sale of facsimile bingo paper sheets when used in conjunction with an electronic bingo device. [Minnesota Statute 349.12, Subd. 21]

### Conduct of Raffles

<b>"Button raffles"</b>	A certificate of participation in a raffle may be a button with a nominal value of less than \$5. [Minnesota Statute 349.173(b)(2)]
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### Conduct of Pull-tabs

<b>Cumulative or carryover games and event games</b>	<p>The Board is required to allow by rule the following pull-tab games:</p> <ul style="list-style-type: none"> <li>• games with multiple seals,</li> <li>• games with cumulative or carryover prizes, and</li> <li>• event games in which certain winners are determined by the random selection of one or more bingo numbers or by another method approved by the Board.</li> </ul> <p>[Minnesota Statute 349.1721, Subd. 1 and 2]</p> <p>Cumulative or carryover prizes may not exceed \$2,500. [Minnesota Statute 349.211, Subd. 2a]</p>
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### Conduct on Leased Premises

<b>Activity in booth and on leased premises</b>	No entity other than the licensed organization may conduct any activity within a booth operation on a leased premises. Language pertaining to other entities prohibited from conducting activity when lawful gambling conducted on a leased premises was deleted. [Minnesota Statute 349.18, Subd. 1(f)]
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## Legislative Changes - Effective May 19, 2006

### Compensation and Employment

#### Compensation to lessor's immediate family

An organization may not pay compensation to the lessor, a *lessor's immediate family member*, or lessor's employees other than as a pull-tab or tipboard seller within a booth operation on the premises. A member of the lessor's immediate family may be compensated by an organization for the conduct of gambling at other sites not owned by the lessor. [Minnesota Statute 349.168, Subd. 10]

The prohibition for compensating a lessor's immediate family member was deleted from Minnesota Statute 349.18, Subd. 1(k).

### Electronic Payments and Transfers

#### Electronic transfer to general account for taxes, with restriction

When restricted to one electronic fund transaction for the payment of gambling taxes for the organization as a whole, the organization may transfer the amount of taxes related to the conduct of gambling to the general account at the time when due and payment. [Minnesota Statute 349.19, Subd. 2]

#### Electronic payment of allowable expenses

In addition to the electronic transfer allowed for gambling taxes, an organization may pay all allowable expenses electronically from the gambling account as authorized by the membership. [Minnesota Statute 349.19, Subd. 3(a)]

### Expense Calculations

#### One-time 15% carryover for positive expense calculation balance

For licenses renewed with an effective date between July 1, 2006, and June 30, 2008, an organization shall carry forward an amount equal to 15% of any positive allowable expense carryover amount. This balance must be used to offset any future negative expense balance at the time of license renewal. [Minnesota Statute 349.15, Subd. 1]

#### Reimbursement for license renewal

Reimbursement for excess expenses is a requirement for license renewal. The reimbursement must be from a source of nongambling funds. The Board may by rule impose sanctions or penalties on organizations that exceed the expenditure restrictions under section 349.15, subdivision 1. [Minnesota Statute 349.16, Subd. 2(h)]

### Lawful Purpose Expenditures

#### Lawful purpose - scholarships

##### A-5 Scholarships

A contribution may be made for defraying the cost of education to individuals where the funds are awarded through an open and fair selection process. The contribution may be made to the following:

- an individual,
- a public or private nonprofit educational institution registered with or accredited by Minnesota or any other state, or
- a scholarship fund of a nonprofit organization whose primary mission is to award scholarships.

[Minnesota Statute 349.12 Subd. 25(a)(5)]

## Legislative Changes - Effective May 19, 2006

### Linked Bingo Game Provider

<b>Bond requirement</b>	The principal bond requirement was reduced from \$250,000 to \$100,000. [Minnesota Statute 349.1635, Subd. 3(1)]
<b>Minimum gift to organizations</b>	A linked bingo game provider or employee, representative, agent, affiliate, or other employee of a linked bingo game provider may not provide an employee or agent of an organization with any compensation, gift, gratuity, premium, or other thing of value greater than \$25 per organization in a calendar year. [Minnesota Statute 349.1635, Subd. 4(a)(5) and (6)]

### Local Unit of Government

<b>License and fees</b>	<ul style="list-style-type: none"> <li>• A statutory or home rule city or county (local unit of government) may not require a license or fee for a license or permit to conduct gambling by organizations, gambling managers, gambling employees, or sales by distributors or linked bingo game providers licensed by or registered with the Board.</li> <li>• A city or county may impose a fee of \$100 for nonlicensed organizations which conduct exempt or excluded gambling under <i>Minnesota Statute 349.166</i>. [Minnesota Statute 349.213, Subd. 1]</li> </ul>
<b>Contributions to ten percent fund</b>	When contributions are made to a city or county's "ten percent fund," the gambling proceeds must be used for "charitable contributions" as defined in section 349.12, subdivision 7a. [Minnesota Statute 349.213, Subd. 1]

### Miscellaneous, Technical, and Housekeeping Changes

<b>Conflict of interest</b>	Gambling Control Board members and staff of the Board may not purchase any chance in a lawful gambling game unless it is part of an investigation. [Minnesota Statute 349.153(d)]
<b>Employee participation</b>	Participation in lawful gambling was clarified for employees of a lessor and organization. [Minnesota Statute 349.18, Subd. 1(h) and (i)]
<b>Excluded bingo</b>	For nonlicensed organizations conducting excluded bingo under Minnesota Statute 349.166, subdivision 1, the conduct of bingo was clarified in terms of "days" instead of "occasions." [Minnesota Statute 349.166, Subd. 1(a)(2)]
<b>Exempt permits</b>	The Board may refuse to issue an exempt permit if a report or application is determined to be incomplete or knowingly contains false or inaccurate information. [Minnesota Statute 349.166, Subd. 2(b)]
<b>Gambling manager</b>	A gambling manager is responsible for the "gambling" gross receipts (not the general fund receipts) for the organization [Minnesota Statute 349.167, Subd. 1]
<b>Obsolete language</b>	<p>Obsolete language was deleted for the following:</p> <ul style="list-style-type: none"> <li>• Reference to bingo hall [Minnesota Statute 349.12, Subd. 21 and 349.153(a)]</li> <li>• Distributor date (1/1/91) [Minnesota Statute 349.162, Subd. 4(c)]</li> <li>• Manufacturers (unaffixed stamps) [Minnesota Statute 349.162, Subd. 5(d)]</li> <li>• Lease date (8/1/94) [Minnesota Statute 349.18, Subd. 1(a)]</li> <li>• Sales of pull-tab and tipboards <i>within a leased premises</i> [Minnesota Statute 349.18, Subd. 1(g)]</li> </ul>
<b>Study on automation of reporting requirements</b>	The commissioner of revenue and the Board must conduct a feasibility study pertaining to consolidation and automation of reporting requirements for lawful gambling activity and submit a report to the legislative and governor by January 31, 2007.