



Minnesota Gambling Control Board

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**TO:** Governor Tim Pawlenty  
Greg Hubinger, Director, Legislative Coordinating Commission  
Michele Timmons, Revisor of Statutes  
Senator Ann Rest, Chair, State & Local Government Operations & Oversight Committee  
Senator Chris Gerlach, Ranking Minority Member, State & Local Government Operations & Oversight Committee  
Senator Don Betzold, Chair, State Government Budget Division Committee  
Senator Claire Robling, Ranking Minority Member, State Government Budget Division Committee  
Representative Joe Atkins, Chair, Commerce and Labor Committee  
Representative Kurt Zellers, Lead-GOP, Commerce and Labor Committee  
Representative Phyllis Kahn, Chair, State Government Finance Committee  
Representative Joyce Peppin, Lead-GOP, State Government Finance Committee

**DATE:** October 25, 2010

**FROM:** Tom Barrett, Executive Director

**RE:** Annual Report on Obsolete, Unnecessary, or Duplicative Rules, as Required by Minnesota Statutes, Section 14.05, Subdivision 5

Attached is the Board's obsolete rules report, which is unchanged from the previous report filed in December 2009.

The Board's last rules changes became effective on March 19, 2007 and eliminated all obsolete rules. However, since that time legislation was passed in 2007, 2008, and 2009 that has created obsolete and technically incorrect rules as noted in the attached report.

The Board initiated a rulemaking process on October 26, 2009, and it is anticipated that the proposed rules will be adopted in early 2011.

If you have any questions regarding this report, please contact:  
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Encl.

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The following rules are obsolete or technically inaccurate based on legislative changes that occurred in 2007, 2008, and 2009. The Board is proposing to delete and/or amend the obsolete rules in its rulemaking process initiated by the Board on October 19, 2009, with a Request for Comments published in the State Register on October 26, 2009. It is anticipated that the proposed rules will be adopted in early 2011. The Board last completed an extensive two year rules process on March 19, 2007. NOTE: The Board completed a required lawful gambling study of the industry and reported to the Legislature by January 15, 2009 with recommendations for changes.

<b>DEFINITIONS</b>		
<b>Rule cite</b>	<b>Current rule language</b>	<b>Change needed</b>
7861.0210 Subp. 23 Fraternal organization	Subp. 23. "Fraternal organization" means a nonprofit organization that is a branch, lodge, or chapter of a national or state organization and exists for the common business, fraternal, or other interests of its members. The term does not include college or high school fraternities and sororities.	Effective August 1, 2007, "fraternal organization" is defined more specifically in Minn. Stat. 349.12, Subd. 16a, making this rule obsolete.
7861.0210, - Subp. 29 Lawful Gambling - Subp. 43 Promotional pull-tabs.	Rule language defines what is considered the conduct of lawful gambling, i.e. bingo, raffles, paddlewheels, tipboards, and paddlewheels, and prohibits the combination of any of those five activities.	Effective May 2, 2008, promotional tickets were defined as lawful gambling equipment (Minn. Stat. 349.12, Subd. 18) but are not used in the conduct of lawful gambling (Minn. Stat. 349.12, Subd. 31). The rule needs to be amended to clarify the definition of lawful gambling as it relates to the use of promotional pull-tab and tipboard tickets.
7861.0210, Subp. 33 Linked bingo equipment	Subp. 33. "Linked bingo equipment" means the bingo paper sheet used to conduct a linked bingo game.	Effective May 2, 2008, electronic bingo devices may be used in the conduct of a linked bingo game, per Minn. Stat. 349.17, Subd. 8, paragraph (c). Therefore this rule definition needs to be amended to make it technically correct and conform to the statute.
<b>ORGANIZATION LICENSE</b>		
<b>Rule cite</b>	<b>Current rule language</b>	<b>Change needed</b>
7861.0220 Licensed Organization	Applications. Subp. 3, item H requires a list of lawful purpose expenditures for which organization proposes to expend net gambling funds.	Effective July 1, 2009, this requirement was eliminated from Minn. Stat. 349.16, Subd. 2, paragraph (e), making this rule item obsolete.

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<b>ORGANIZATION LICENSE, GAMBLING MANAGER LICENSE, AND PREMISES PERMITS - Renewals</b>		
<b>Rule cite</b>	<b>Current rule language</b>	<b>Change needed</b>
7861.0220 Licensed Organization	Current language references license renewals and terms of license and permits in these rule parts. <b>7861.0220 Licensed Organization:</b> <ul style="list-style-type: none"> <li>Subpart 1. Organization license required.</li> <li>Subpart 5. Changes in organization license application information.</li> <li>Subpart 6. Issuing or denying a new or renewal organization license.</li> </ul>	Effective July 1, 2009, license renewals were eliminated with the establishment of perpetual terms for organization licenses, gambling manager licenses, and permits.
7861.0230 Gambling Manager and Assistant Gambling Manager	<b>7861.0230 Gambling Manager and Assistant GM:</b> <ul style="list-style-type: none"> <li>Subpart 1. Gambling manager license required.</li> <li>Subpart 3. Gambling manager seminar and continuing education requirement.</li> <li>Subpart 4. Contents of gambling manager license application</li> <li>Subpart 5. Changes in gambling manager license application information.</li> <li>Subpart 6. Issuing or denying a new or renewal manager license; license for an emergency gambling manager.</li> <li>Subpart 7. Effective date and length of gambling manager license.</li> </ul>	Rules language needs to be amend to eliminate obsolete references to "renewals," "term of license," "term of premises permit," and related language.  Minn. Stat. 349.16, Subd. 3 Minn. Stat. 349.167, Subd. 2(b) and (c) Minn. Stat. 349.165, Subd. 1
7861.0240 Premises Permits	<b>7861.0240 Premises Permits</b> <ul style="list-style-type: none"> <li>Subpart 1. Premises permit required.</li> <li>Subpart 4. Changes in premises permit application and lease information.</li> <li>Subpart 5. Issuing or denying a new or renewal premises permit; violation of lease agreement</li> <li>Subpart 6. Permit effective date and length of premises permit.</li> </ul>	

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<b>GAMBLING MANAGER LICENSE; ASSISTANT GAMBLING MANAGER</b>		
<b>Rule cite</b>	<b>Current rule language</b>	<b>Change needed</b>
<p>7861.0230, Subp. 2, item E</p> <p>Gambling manager qualifications – training</p>	<p>Subp. 2. <b>Gambling manager licensing qualifications.</b>            In addition to the qualifications in Minnesota Statutes, sections 349.155, subdivision 3, and 349.167, a person does not qualify for a license if the person is any of the following....            E. a person who failed to complete the education requirements in subpart 3.</p>	<p>Effective May 2, 2008, training requirements for gambling managers are contained in Minn. Stat. 349.167.</p> <ul style="list-style-type: none"> <li>- Item E points the reader to 7861.0230, Subpart 3. Items A and B in Subpart 3 are now obsolete because of this legislative change. It is necessary to remove this reference that points to obsolete language.</li> </ul>
<p>7861.0230, Subp. 3, item A</p> <p>Gambling manager training</p>	<p>Subp. 3. Gambling manager seminar and continuing education requirement.            A. To qualify for a new gambling manager license, a person must have attended within the last 12 months a board-authorized gambling manager seminar and passed a board examination that tests the person's knowledge of gambling manager responsibilities, and lawful gambling procedures, laws, and rules. This item does not apply to an emergency gambling replacement as allowed under subpart 6, item E.</p>	<p>Effective May 2, 2008, the training requirement for <b>new applicants</b> for a gambling manager license is now outlined in Minn. Stat. 349.167, Subd. 4, clause (1) and Subd. 7, and was changed from having received training within the preceding 12 months to the preceding 6 months, per Minn. Stat. 349.167, Subd. 4, clause (1).</p> <p>Because training requirements are now contained in statute, this rule item is obsolete.</p>
<p>7861.0230, Subp. 3, item B</p> <p>Gambling manager training – continuing education requirements</p>	<p>B. To qualify for a gambling manager license renewal, the gambling manager must attend board-authorized continuing education classes as follows:            (1) For a gambling manager with a two-year license term the gambling manager must attend a class during each year of the two-year license term. When no other board-approved training is available before the end of the 12<sup>th</sup> or 24<sup>th</sup> month of the gambling manager's two-year license, the gambling manager must pass a special gambling manager's examination administered by the board.            (2) For a replacement gambling manager whose license term is 13 months or greater but less than 24 months the gambling manager must attend a class in the last 12 months of the license term.            (3) For a replacement gambling manager whose license term is 12 months or less, the gambling manager seminar and examination in item A qualifies as a continuing education class for the license term.</p>	<ul style="list-style-type: none"> <li>• Effective May 2, 2008, the training requirement for <b>licensed</b> gambling managers is now outlined in Minn. Stat. 349.167, Subd. 4(2). Training must be completed within a calendar year, not within each year of the license term.</li> <li>• Effective July 1, 2009, gambling manager license renewals were eliminated [Minn. Stat. 349.167, Subd. 2(b)]</li> </ul> <p>Item B is therefore obsolete, but the special exam language in subitem (1) will be retained and clarified in relation to the calendar year training requirement.</p>

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<b>GAMBLING MANAGER LICENSE; ASSISTANT GAMBLING MANAGER (continued)</b>		
<b>Rule cite</b>	<b>Current rule language</b>	<b>Change needed</b>
7861.0230, Subp. 6, item D  Gambling manager training	D. A gambling manager whose application was denied for failing to comply with this part may not apply for a license or for an emergency replacement gambling manager's license. The person may apply for a new gambling manager's license if the person attended the board-authorized gambling manager's seminar and passed the examination within the 12 months immediately preceding the effective date of the new license.	Effective May 2, 2008, a person who will be a gambling manager must have attended a seminar within the previous 6 months, per Minn. Stat. 349.167, Subd. 4, paragraph (1). Therefore the rule is in conflict with statute and must be amended.
7861.0230, Subp. 6, item E, subitems (1) and (2)  Gambling manager training	Current rule language requires an organization to temporarily shut down its gambling operation if a gambling manager quits, dies, or is unable to perform the duties.  E. If a gambling manager quits, dies, or is unable to perform the duties, the organization must stop gambling until a replacement emergency gambling manager has applied for and received a license from the board.  (1) The replacement emergency gambling manager must attend the board-authorized gambling manager seminar and pass the examination within 90 days of being issued a gambling manager's license.  (2) If the person fails to pass the examination or fails to comply with the licensing qualifications contained in subpart 2, the board may summarily suspend the gambling manager's license under Minnesota Statutes, section 349.1641.	Effective July 1, 2009, Minn. Stat. 349.167, Subd. 2(d) was amended to allow an organization to temporarily continue its gambling operation for four days without a licensed gambling manager, making this rule technically incorrect. The rule needs to be amended to conform to the statutory change.  Effective May 2, 2008, training requirements for replacement emergency gambling managers is contained in Minn. Stat. 349.167, Subd. 4, clause (2) and Subd. 7, making the language in item E, subitem (1) redundant of statutory language.  The Board is required to revoke, not suspend, a replacement gambling manager's license for failing to pass the examination within 90 days of being issued a license, per Minn. Stat. 349.167, Subd. 7. Therefore the rule language in item E, subitem (2) pertaining to the examination and summary suspension is in conflict with statute and is obsolete.

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<b>PREMISES PERMITS</b>		<b>Change needed</b>
<b>Rule cite</b>	<b>Current rule language</b>	
7861.0240, Subp. 3, item A, subitem (6), unit (d)  Lease information - participation in bar bingo	Lease information Item A, subitem (6), unit (d): " the lessor, the lessor's immediate family, and any agents or gambling employees of the lessor will not participate as players in the conduct of lawful gambling on the premises;"	Effective May 2, 2008, statute was amended to allow the lessor's immediate family and employees to participate in bar bingo if they are not involved with the sale or operation of bar bingo, per Minn. Stat. 349.17, Subd. 7, clause (4), making the rule is in conflict with statute.  However, effective July 1, 2009, who may and may not participate in lawful gambling is now outlined in Minn. Stat. 349.181, making this rule language technically incorrect, as the lessor's immediate family and lessor's gambling employee may participate under certain conditions.
<b>CONDUCT OF LAWFUL GAMBLING</b>		
<b>Rule cite</b>	<b>Current rule language</b>	<b>Change needed</b>
7861.0260, Subp. 1, item B	B. All playing of lawful gambling must be on a cash basis, in advance of any play, except that raffle tickets and certificates of participation may be purchased by personal check.	Effective July 1, 2009, Minn. Stat. 349.2127, Subd. 7 was amended to allow the use of debit cards to pay for raffle tickets, making this rule technically incorrect.
7861.0260, Subp. 4, item C  Raffle prizes	C. The total value for all raffle prizes awarded by a licensed organization must not exceed \$100,000 in a calendar year.	Effective May 2, 2008, the Board may not impose an annual limit on raffle prizes, per Minn. Stat. 349.211, Subdivision 2d and Subdivision 3. Therefore the prize limit in rule is obsolete.

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<b>BINGO</b>		
<b>Rule cite</b>	<b>Current rule language</b>	<b>Change needed</b>
7861.0270, Subp. 3, item E Linked bingo	Item E. Linked bingo paper sheets must not be included as part of a packet or package. All linked bingo paper sheets must be sold as a separate item.	Effective May 2, 2008, electronic bingo devices may be used for linked bingo games, per Minn. Stat. 349.17, Subd. 8, paragraph (c). Therefore, the second sentence in item E must be amended to include " or facsimiles of linked bingo paper sheets."
7861.0270, Subp. 10, item A. Linked bingo	A. An organization must not conduct more than one linked bingo game at each bingo occasion.	Effective May 26, 2007, Minn. Stat. 349.17, Subd. 8, paragraph (a) was amended to state, "A licensed organization may conduct or participate in <b>not more than two</b> linked bingo games per occasion, one of which may be a progressive game in which a portion of the prize is carried over from one occasion to another until won by a player achieving a bingo within a predetermined amount of bingo numbers called." The statutory change makes the rule obsolete.
7861.0270, Subp. 10, item B Linked bingo	B. Linked bingo prize pools must not be carried over from one bingo occasion to another.	<ul style="list-style-type: none"> <li>- Effective August 1, 2007, the definition of "linked bingo prize pool" was amended in Minn. Stat. 349.12, Subd. 25d to allow for progressive prizes.</li> <li>- Effective May 26, 2007, Minn. Stat. 349.17, Subd. 8, paragraph (a) was amended to allow for progressive linked bingo games.</li> <li>- These statutory changes make the rule obsolete as it is in conflict with statute that now allows for linked bingo games with progressive prizes.</li> </ul>

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<b>BINGO (continued)</b>		
<b>Rule cite</b>	<b>Current rule language</b>	<b>Change needed</b>
7861.0270, Subp. 10, items C, H, and I  Linked bingo	<p>C. An organization must only sell approved linked bingo paper sheets for a linked bingo game. Duplicate linked bingo paper sheet faces are not allowed in the same linked bingo game. An electronic bingo device may not be used for a linked bingo game.</p> <p>H. Sales of linked bingo paper sheets must be stopped at least 15 minutes before the first bingo number is selected. The organization must report the sales to the linked bingo game provider before the first bingo number is selected.</p> <p>I. After a winning combination of bingo numbers has been declared by a player, the winning linked bingo paper sheet face must be verified by the participating organization and confirmed by the linked bingo game provider.</p>	<p>Effective May 2, 2008, electronic bingo devices may be used for linked bingo games, per Minn. Stat. 349.17, Subd. 8, paragraph (c).</p> <ul style="list-style-type: none"> <li>- The first sentence in item C must be amended to include "or facsimiles of bingo paper sheets" after "paper sheets."</li> <li>- The second sentence in item C must be amended to include "or facsimiles of linked bingo paper sheet faces" after "sheet faces."</li> <li>- The third sentence in item C prohibiting electronic bingo devices is in conflict with statute, is obsolete, and must be deleted from rule.</li> <li>- The first sentence in Item H must be amended to include "or facsimiles of linked bingo paper sheets" after "bingo paper sheets."</li> <li>- Item I must be amended to include "or facsimile of a linked bingo paper sheet face" after "bingo paper sheet face."</li> </ul>
<b>PULL-TABS</b>		
<b>Rule cite</b>	<b>Current rule language</b>	<b>Change needed</b>
7861.0280, Subp. 1 item A Restrictions	<p>A. A gambling employee or volunteer who is involved in the sale of pull-tabs may not purchase pull-tabs at the premises where the person is employed. The sale of pull-tabs includes but is not limited to the sale of pull-tabs to players, auditing pull-tab games, redeeming winning pull-tabs, performing inventory of pull-tab games, and making deposits of receipts from pull-tab games.</p>	<p>Effective July 1, 2009, a new section was added to Chapter 349. Minn. Stat. 349.181 now establishes in statute who may and may not participate in lawful gambling, with certain restrictions and exceptions. The statutory change makes the first sentence in item A obsolete, and the remaining language redundant of statutory language.</p>

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<b>TIPBOARDS</b>		
<b>Rule cite</b>	<b>Current rule language</b>	<b>Change needed</b>
7861.0290, Subp. 1, item A. Restrictions	A. A gambling employee or volunteer who is involved in the sale of tipboards may not purchase tipboards at the premises where the person is employed. The sale of tipboards includes but is not limited to the sale of tipboard tickets to players, auditing tipboard games, redeeming winning tipboard tickets, performing inventory of tipboard games, and making deposits of receipts from tipboard games.	Effective July 1, 2009, a new section was added to Chapter 349. Minn. Stat. 349.181 now establishes in statute who may and may not participate in lawful gambling, with certain restrictions and exceptions. The statutory change makes the first sentence in item A obsolete, and the remaining language redundant of statutory language.
7861.0290, Subp. 3, item B Tipboard game	B. An organization must sell the tipboard tickets for the price printed on the flare. A tipboard ticket or group of banded tickets may not be sold for more than \$2. A tipboard ticket may not be given to a player free of charge or for any other consideration.	Effective May 26, 2007, the maximum tipboard ticket price was established for the first time in statute and increased to \$5, per Minn. Stat. 349.211, Subd. 2c. Therefore the second sentence in item B is obsolete as it is in conflict with the statute.
<b>PADDLEWHEELS</b>		
7861.0300, Subp. 1, item E Restrictions	E. A gambling employee or volunteer may not purchase paddletickets at the site of the employee's place of employment.	Effective July 1, 2009, a new section was added to Chapter 349. Minn. Stat. 349.181 now establishes in statute who may and may not participate in lawful gambling, with certain restrictions and exceptions. The statutory change makes language in item E obsolete.
<b>RAFFLES</b>		
7861.0310, Subp. 7 Conducting a button raffle	Item A, subitem (3) may not be used at the event to obtain trademarked merchandise for a reduce price or free.	Effective July 1, 2009, the mandate to prevent the commercialization of lawful gambling was removed from Minn. Stat. 349. 11, making this subitem obsolete.

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<b>ORGANIZATION OPERATIONS, ACCOUNTS, AND REPORTS</b>		
<b>Rule cite</b>	<b>Current rule language</b>	<b>Change needed</b>
7861.0320, Subp. 1, item F, subitem (15)	Subitem (15) monitoring the organization's expense calculations	Effective July 1, 2009, expense calculations were eliminated and replaced with a lawful purpose rating. The rule is currently in conflict with Minn. Stat. 349.15, Subd. 1 and therefore is obsolete.
7861.0320, Subp. 5 Reimbursements to gambling bank account	An organization may not deposit funds from a nongambling source into the gambling bank account unless the organization is required by the board or as otherwise required by statute or rule to reimburse its gambling account for the following reasons, including but not limited to: .... D. negative expense calculation; F. advertising expenses as allowed by Minnesota Statutes, section 349.12, subdivision 3a;	<ul style="list-style-type: none"> <li>Effective July 1, 2009 expense calculations were eliminated, per Minn. Stat. 349.15, Subd. 1. However, it is noted that the Board has until December 31, 2009 to require reimbursements for negative expense calculations, per Minn. Stat. 349.15, subd. 5. This makes item D obsolete as of 12-31-09, as the Board's official rulemaking process will be started after that date.</li> <li>Effective July 1, 2009, the statutory limit on advertising expenses was removed, per Minn. Stat. 349.12, subd. 3a, making item F obsolete.</li> </ul>
7861.0320, Subp. 7 Report of lawful purpose expenditures to board required.	Item A. An organization must file with the board a report of lawful purpose expenditures and board-approved expenditures, as required by Minnesota Statutes, section 349.154, subdivision 2...	Effective July 1, 2009, language in Minn. Stat. 349.154, subd. 2 was repealed and moved to Minn. Stat. 349.19, subd. 3, making this rule cite technically incorrect.
7861.0320, Subp. 10 Allowable expenses; expense calculations	Subpart 10 references allowable expense calculation requirements.	Effective July 1, 2009, organizations are no longer required to maintain allowable expense calculation balances, as the provisions of Minn. Stat. 349.15, subd. 1(b) expired on June 30, 2009. Plus, the Board's authority under Minn. Stat. 349.15, Subd. 5 to impose sanctions for expense calculation violations will expire on December 31, 2009 (repealed). Therefore the language in Subpart 10 is obsolete.

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<b>ORGANIZATION OPERATIONS, ACCOUNTS, AND REPORTS (continued)</b>		
<b>Rule cite</b>	<b>Current rule language</b>	<b>Change needed</b>
7861.0320, Subp. 11 Expense calculations for licenses issued with an effective date before July 1, 2006. Subp. 12 Expense calculations for licenses issued with an effective date of July 1, 2006 and after.	Subparts 11 and 12 contain the expense calculation requirements that an organization has to meet to renew its license.	Effective July 1, 2009, organizations are no longer required to maintain allowable expense calculation balances, as the provisions of Minn. Stat. 349.15, Subd. 1(b) expired on June 30, 2009. In addition, effective July 1, 2009, the term of an organization's license became a perpetual term, with no expiration date unless suspended or revoked by the Board or otherwise terminated by the organization, under Minn. Stat. 349.16, Subd. 3. That statutory change effectively eliminated license renewals and the Board's authority to require expense calculation compliance at the time of an organization's license renewal. These changes make Subparts 11 and 12 obsolete.
7861.0320, Subp. 13 Allowable expense for alternative premises payment	The language in Subpart 13 clarified a statutory allowance for organizations to make an allowable expense payment to themselves for the use of their premises for gambling in lieu of paying their property tax as a lawful purpose expenditure.	Effective July 1, 2009, Minn. Stat. 349.15, subd. 4 was repealed and an organization may no longer pay itself, <b>as an allowable expense</b> , up to \$1,000 per month as an alternative to paying real estate taxes <b>as a lawful purpose expenditure</b> . The repealed statutory language makes the language in Subpart 13 obsolete.
7861.0320, Subp. 14 Standards for 501(c)(3) organizations and 501(c)(4) festival organizations	<ul style="list-style-type: none"> <li>- Item A: The language in item A contains a reference for "licenses renewed with an effective date of July 1, 2007, and after" and in item A, subitem (2) references "new or renewal license application."</li> <li>- Item D. Nothing in this subpart prohibits an organization from making other lawful purpose expenditures as allowed under Minnesota Statutes, section 349.12, subdivision 25, paragraph (a), clauses (2) to (19), and paragraph (b).</li> </ul>	<ul style="list-style-type: none"> <li>- Effective July 1, 2009, the term of an organization's license is perpetual, with no expiration date, unless suspended or revoked by the Board or otherwise terminated by the organization, under Minn. Stat. 349.16, Subd. 3. Therefore the references are obsolete and in conflict with statutory language.</li> <li>- Effective July 1, 2009, existing language in Minn. Stat. 349.12, Subd. 25, paragraph (b) was deleted, moved, and amended in 349.12, subd. 25, paragraph (a) as new clauses, making the statutory cites in item D obsolete or technically incorrect.</li> </ul>

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<b>ORGANIZATION OPERATIONS, ACCOUNTS, AND REPORTS (continued)</b>		
<b>Rule cite</b>	<b>Current rule language</b>	<b>Change needed</b>
7861.0320, Subp. 15 Lawful purpose expenditures allowed	In item J reference is made to "Minnesota Statutes, section 349.12, subdivision 25, paragraph (a) clause (13) and paragraph (b), clause (3)(i)..."	Effective July 1, 2009, lawful purpose expenditures requiring Board approval were removed from Minn. Stat. 349.12, subd. 25, paragraph (b), clause (3)(i) and modified and clarified in Minn. Stat. 349.12, subd. 25, paragraph (a), new clauses (23) and (24). Those changes make the rule language technically incorrect and must be modified to be in conformance with the new statutory cites.
7861.0320, Subp. 16 Lawful purpose expenditures requiring board or director approval	This subpart contains language pertaining to lawful purpose expenditures of gambling funds that require prior board or director approval.	Effective July 1, 2009, many changes were made to Minn. Stat. 349.12, subd. 25 (expenditures allowed, not allowed, and allowed with board or director approval). Language from existing language and rule pertaining to lawful purpose expenditures allowed, including expenditures that require prior board or director (delegated authority) was consolidated and clarified in Minn. Stat. 349.12, Subd. 25, paragraph (a), effective July 1, 2009. These extensive statutory changes make the language in Minn. Rule 7861.0320, Subp. 16, items A, D, E, and F obsolete or redundant; a portion of the language in item B obsolete; and in item C the reference to "item A or B" is technically incorrect.
7861.0320, Subp. 17 Lawful purpose expenditures not allowed	The rule language contains a reference to "In addition to Minnesota Statutes, section 349.12, subdivision 25, paragraph (b), lawful purpose does not include..."	Effective July 1, 2009, Minn. Stat. 349.12, subd. 25 was amended to move lawful purpose expenditures that are not allowed from paragraph (b) to new paragraph (c), making this rule cite technically incorrect and in conflict with statute.
<b>DISTRIBUTORS</b>		
<b>Rule cite</b>	<b>Current rule language</b>	<b>Change needed</b>
7863.0220, Subpart 16, item A  Delinquent organization (payment to distributor)	A. If a distributor has not received payment from an organization within <b>35</b> days of the invoice or lease agreement date, the distributor must report the delinquency to the board in writing, by e-mail, or by facsimile. The distributor must ensure that the board will receive the notice by the <b>36<sup>th</sup></b> day, or the next business day, after the invoice date for the sale or lease of the gambling equipment...	Effective May 2, 2008, the payment must be received by the 30 <sup>th</sup> day, and if not received by the 30 <sup>th</sup> day the board must receive the delinquency notice by the 31 <sup>st</sup> day. Therefore, the rule must be amended to change "35" to "30", and to change "36 <sup>th</sup> " to "31 <sup>st</sup> ". The rule is technically in conflict with Minn. Stat. 349.191, Subd. 1a.

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<b>LINKED BINGO GAME PROVIDERS</b>		
<b>Rule cite</b>	<b>Current rule language</b>	<b>Change needed</b>
7863.0260, Subp. 2, items C and F Sales of linked bingo paper, etc.	<p>B. If an organization's license is revoked, not renewed, or terminated,....</p> <p>F. A linked bingo game provider may establish a minimum fee by premises for licensed organizations to conduct linked bingo games.</p>	<p>C. Effective July 1, 2009, organization license renewals were eliminated with the establishment of perpetual organization licenses, making the reference to "not renewed" obsolete in item C (Minn. Stat. 349.16, Subd. 3).</p> <p>F. Effective July 1, 2009, a linked bingo game provider must submit a proposed fee schedule for the cost of providing services and equipment to licensed organizations, per Minn. Stat. 349.1635, Subd. 3(2). The rule is obsolete and in conflict with statutory language and must be amended to conform to the statute.</p>
7863.0260, Subpart 7, item A  Delinquent organization (payment to linked bingo game provider)	<p>A. If a linked bingo game provider has not received payment from an organization within <b>35</b> days of the invoice date, the linked bingo game provider must report the delinquency to the board in writing, by e-mail, or by facsimile. The linked bingo game provider must ensure that the board will receive the notice by the <b>36<sup>th</sup></b> day, or the next business day, after the invoice date for the sale of the linked bingo paper...</p>	<p>Effective May 2, 2008, the payment must be received by the 30<sup>th</sup> day, and if not received by the 30<sup>th</sup> day the board must receive the delinquency notice by the 31<sup>st</sup> day. Therefore, the rule must be amended to change "35" to "30", and to change "36<sup>th</sup>" to "31<sup>st</sup>". The rule is technically in conflict with Minn. Stat. 349.191, Subd. 1a.</p>
<b>MANUFACTURERS</b>		
<b>Rule cite</b>	<b>Current rule language</b>	<b>Change needed</b>
7864.0230, Subp.1, item F, subitem (2)  Progressive pull-tab game	<p>F. For a separate progressive jackpot flare, the minimum information printed on the front of the flare must include:          ....(2) cost per play, which may not exceed \$2;</p>	<p>Effective May 26, 2007, the maximum pull-tab ticket price was increased to \$5, per Minn. Stat. 349.211, Subd. 2a. Therefore the rule is in conflict with statute and must be amended.</p>
7864.0230, Subp. 2 Manuf. standards for pull-tab dispensing devices	<p>A. The electrical, electronic, and programming features of the pull-tab dispensing device must:....          (2) have an illuminated display of the monetary value of currency validated and must not be capable of displaying advertising messages or graphics;</p>	<p>Effective July 1, 2009, the mandate to prevent the commercialization of lawful gambling was removed from Minn. Stat. 349.11, thereby making the reference to "advertising messages" obsolete in this rule language.</p>

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<b>MANUFACTURERS (continued)</b>		
<b>Rule cite</b>	<b>Current rule language</b>	<b>Change needed</b>
7864.0230, Subp. 3, item C, subitem (1) Tipboard tickets	C. Tipboard tickets must be manufactured and packaged according to the following: (1) the standards in subpart 1, item C. The cost per play must not exceed \$2.	Effective May 26, 2007, the sentence "The cost per play must not exceed \$2" is obsolete, as Minn. Stat. 349.211, Subd. 2c was amended to state "An organization may not sell any tipboard for more than \$5." Therefore, the rule must be amended to be consistent with statute by pointing the reader to the statutory cite.
7864.0230, Subp. 3, item D, subitem (7) Tipboard flare	D. The front of a tipboard flare must include: . . . (7) cost per play, which may not exceed \$2;	Effective May 26, 2007, the maximum tipboard ticket price was established for the first time in statute and increased to \$5, per Minn. Stat. 349.211, Subd. 2c. Therefore the rule must be amended to be consistent with statute and instead point the reader to Minn. Stat. 349.211, Subd 2c.
7864.0230, Subp. 6. Manuf. standards for bingo number selection devices	Item B....The device must not have any other games, information, entertainment programs, or advertising stored in or on the device... Item F. must allow for manual electronic "catch-up" daubing by a player, but must not have an automatic electronic daub feature.	Effective July 1, 2009, the mandate to prevent the commercialization of lawful gambling was removed from Minn. Stat. 349.11, thereby making the reference to "advertising" obsolete in this rule language. Effective July 1, 2009, the definition of an electronic bingo device was amended (Minn. Stat. 349.12, Subd. 12a to clarify that a player may "activate" a bingo number, rather than inputting the number.
7864.0240, Subp. 7, item A Delinquent distributor or linked bingo game provider (payment to manufacturer)	A. If a manufacturer has not received payment from a distributor or linked bingo game provider within 35 days of the invoice or lease agreement date, the manufacturer must report the delinquency to the board in writing, by e-mail, or by facsimile. The manufacturer must ensure that the board will receive the notice by the 36 <sup>th</sup> day, or the next business day, after the invoice date for the sale or lease of the gambling equipment...	Effective May 2, 2008, the payment must be received by the 30 <sup>th</sup> day, and if not received by the 30 <sup>th</sup> day the board must receive the delinquency notice by the 31 <sup>st</sup> day. Therefore, the rule must be amended to change "35" to "30", and to change "36 <sup>th</sup> " to "31 <sup>st</sup> ." The rule is currently in conflict with Minn. Stat. 349.191, Subd. 1b.

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**CRG, GAMBLING LICENSEES; DISCIPLINARY ACTIONS**

<b>Rule cite</b>	<b>Current rule language</b>	<b>Change needed</b>
7865.0230, Subpart 1  Board sanctions	Subp. 1. Imposition of civil fine by board. The board may impose a civil fine upon any licensee for violation of any provision of Minnesota Statutes, sections 349.11 to 349.23, or a violation of the board's rules. The civil penalty may not exceed \$500 per violation.	Effective July 1, 2009, Minn. Stat. 349.151, Subd. 4, paragraph (a), clause (10) and paragraph (b) was amended to allow the Board to impose civil penalties/citations of not more than \$1,000 per violation on licensees for violating or failing to comply with any provision of chapter 349, <b>chapter 297E (new)</b> , or any Board rule or order. Also effective July 1, 2009, the Board has authority to impose a civil fine of up to \$10,000 for violation of Minn. Stat. 349.15, Subd. 1. The rule is technically incorrect and must be modified to conform to statute.
7865.0230, Subpart 2  Board sanctions	Subp. 2. Imposition of fines and sanctions by board or director for violation of Minnesota Statutes, section 349.15, subdivision 1 ( <b>expense calculations</b> ). The following apply to a proposed fine issued and sanctions imposed by the board or director under Minnesota Statutes, section 349.16, subdivision 2, paragraph (h). If an organization exceeds expense calculations for the 24 <sup>th</sup> month, the organization is subject to a fine of up to \$500 or suspension or revocation of the organization's license, in addition to reimbursing the excess expense as required by part 7861.0320, subpart 11 or 12.	Effective May 2, 2008, the criteria for determining a suspension or penalty for a violation of the expense limits was prescribed in Minn. Stat. 349.15, Subd. 5, paragraphs (a) and (b), giving the Board authority to impose a fine that exceeded \$500. However, effective July 1, 2009, expense calculation requirements were repealed with the Board given authority until December 31, 2009 to issue fines/sanctions for expense calculation violations that occurred through June 30, 2009.  These changes make Minn. Rule 7865.0230, Subpart 2, obsolete.
7865.0260,	Subp. 3. Contested case hearing to determine if organization failed to submit complete <b>renewal</b> application.	Effective July 1, 2009, organization license renewals were eliminated with the establishment of perpetual organization licenses (Minn. Stat. 349.16, Subd. 3), making Subpart 3 obsolete.