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State of Minnesota  
**HOUSE OF REPRESENTATIVES**

**EIGHTY-FIFTH  
SESSION**

**HOUSE FILE No. 3397**

February 25, 2008

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The bill was read for the first time and referred to the Committee on Commerce and Labor

1.1 A bill for an act  
1.2 relating to lawful gambling; making changes to expenditure restrictions;  
1.3 modifying bingo games and prizes; making clarifying and technical changes  
1.4 to lawful gambling; amending Minnesota Statutes 2006, section 349.213,  
1.5 subdivisions 1, 3; Minnesota Statutes 2007 Supplement, sections 349.15,  
1.6 subdivision 1; 349.17, subdivision 8; 349.211, subdivisions 2, 2a, 2c, 3, by  
1.7 adding a subdivision.

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

1.9 Section 1. Minnesota Statutes 2007 Supplement, section 349.15, subdivision 1, is  
1.10 amended to read:

1.11 Subdivision 1. **Expenditure restrictions.** Gross profits from lawful gambling  
1.12 may be expended only for lawful purposes or allowable expenses as authorized by the  
1.13 membership of the conducting organization at a monthly meeting of the organization's  
1.14 membership. Provided that no more than 70 percent of the gross profit from bingo, and  
1.15 no more than 60 percent of the gross profit from other forms of lawful gambling, may  
1.16 be expended biennially during the term of the license for allowable expenses related to  
1.17 lawful gambling, except that for the period of July 1, 2008, to June 30, 2009, no more  
1.18 than 75 percent of the gross profit from bingo, and no more than 65 percent of the gross  
1.19 profit from other forms of lawful gambling, may be expended for allowable expenses  
1.20 related to lawful gambling. For licenses issued after June 30, 2006, compliance with this  
1.21 subdivision will be measured on a biennial basis that is concurrent with the term of the  
1.22 license. Compliance with this subdivision is a condition for the renewal of any license  
1.23 beginning on July 1, 2008. For licenses renewed with an effective date between July 1,  
1.24 2006, and June 30, 2008, an organization shall carry forward an amount equal to 15

2.1 percent of any positive allowable expense carryover amount. This balance must be used to  
2.2 offset any future negative expense balance at the time of license renewal.

2.3 Sec. 2. Minnesota Statutes 2007 Supplement, section 349.17, subdivision 8, is  
2.4 amended to read:

2.5 Subd. 8. **Linked bingo games.** (a) A licensed organization may conduct or  
2.6 participate in not more than two linked bingo games per occasion, one of which may be  
2.7 a progressive game in which a portion of the prize is carried over from one occasion to  
2.8 another until won by a player achieving a bingo within a predetermined amount of bingo  
2.9 numbers called.

2.10 (b) Each participating licensed organization shall contribute to each prize awarded  
2.11 in a linked bingo game in an amount not to exceed \$300.

2.12 (c) An electronic bingo device as defined in section 349.12, subdivision 12a, may  
2.13 be used for a linked bingo game.

2.14 (d) The board may adopt rules to:

2.15 (1) specify the manner in which a linked bingo game must be played and how the  
2.16 linked bingo prizes must be awarded;

2.17 (2) specify the records to be maintained by a linked bingo game provider;

2.18 (3) require the submission of periodic reports by the linked bingo game provider and  
2.19 specify the content of the reports;

2.20 (4) establish the qualifications required to be licensed as a linked bingo game  
2.21 provider; and

2.22 (5) any other matter involving the operation of a linked bingo game.

2.23 Sec. 3. Minnesota Statutes 2007 Supplement, section 349.211, subdivision 2, is  
2.24 amended to read:

2.25 Subd. 2. **Progressive bingo games.** Except as provided in subdivision 1a, a prize  
2.26 of up to \$2,000 may be awarded for a progressive bingo game, including a cover-all  
2.27 game. The prize for a progressive bingo game may start at \$500 and be increased by  
2.28 up to \$100 for each occasion during which the progressive bingo game is played. A  
2.29 consolation prize of up to \$200 for a progressive bingo game may be awarded in each  
2.30 occasion during which the progressive bingo game is played and the accumulated prize is  
2.31 not won. ~~The total amount awarded in progressive bingo game prizes in any calendar year~~  
2.32 ~~may not exceed \$48,000.~~

3.1 Sec. 4. Minnesota Statutes 2007 Supplement, section 349.211, subdivision 2a, is  
3.2 amended to read:

3.3 Subd. 2a. **Pull-tab prizes.** The maximum prize which may be awarded for any  
3.4 single pull-tab is \$599 for \$2 and under pull-tabs, \$899 for \$3 pull-tabs, \$1,199 for  
3.5 \$4 pull-tabs, and \$1,499 for \$5 pull-tabs, not including any cumulative or carryover  
3.6 prizes. Cumulative or carryover prizes in a pull-tab game shall not exceed \$2,500. An  
3.7 organization may not sell any pull-tab for more than \$5.

3.8 Sec. 5. Minnesota Statutes 2007 Supplement, section 349.211, subdivision 2c, is  
3.9 amended to read:

3.10 Subd. 2c. **Tipboard prizes.** The maximum prize which may be awarded for a  
3.11 tipboard ticket is \$599 for \$2 and under tipboard tickets, \$899 for \$3 tipboard tickets,  
3.12 \$1,199 for \$4 tipboard tickets, and \$1,499 for \$5 tipboard tickets, not including any  
3.13 cumulative or carryover prizes. Cumulative or carryover prizes in tipboard games shall  
3.14 not exceed \$2,500. An organization may not sell any tipboard ticket for more than \$5.

3.15 Sec. 6. Minnesota Statutes 2007 Supplement, section 349.211, is amended by adding a  
3.16 subdivision to read:

3.17 Subd. 2d. **Raffle prizes.** The board may not impose an annual limit on the value of  
3.18 raffle prizes awarded by licensed organizations but the total value of an individual raffle  
3.19 prize may not exceed \$50,000.

3.20 Sec. 7. Minnesota Statutes 2007 Supplement, section 349.211, subdivision 3, is  
3.21 amended to read:

3.22 Subd. 3. **Other gambling.** The board by rule shall establish a schedule of prize  
3.23 limits for all other forms of gambling consistent with the purposes set out in section  
3.24 349.11. The schedule may include daily ~~and annual~~ prize limits and prize limits for each  
3.25 game, raffle or operation of a gambling device.

3.26 Sec. 8. Minnesota Statutes 2006, section 349.213, subdivision 1, is amended to read:

3.27 Subdivision 1. **Local regulation.** (a) A statutory or home rule city or county has the  
3.28 authority to adopt more stringent regulation of lawful gambling within its jurisdiction,  
3.29 including the prohibition of lawful gambling, and may require a permit for the conduct of  
3.30 gambling exempt from licensing under section 349.166. The fee for a permit issued under  
3.31 section 349.166 may not exceed \$100. The authority granted by this subdivision does not  
3.32 include the authority to require a license or fee for a license or permit to conduct gambling

4.1 by organizations, gambling managers, gambling employees, or sales by distributors or  
4.2 linked bingo game providers licensed by or registered with the board. The authority  
4.3 granted by this subdivision does not include the authority to require an organization to  
4.4 make specific expenditures of more than ~~ten~~ five percent per year from its net profits  
4.5 derived from lawful gambling. For the purposes of this subdivision, net profits are gross  
4.6 profits less amounts expended for allowable expenses and paid in taxes assessed on  
4.7 lawful gambling. A statutory or home rule charter city or a county may not require an  
4.8 organization conducting lawful gambling within its jurisdiction to make an expenditure to  
4.9 the city or county as a condition to operate within that city or county, except as authorized  
4.10 under section 349.16, subdivision 8, or 297E.02; provided, however, that an ordinance  
4.11 requirement that such organizations must contribute ~~ten~~ five percent per year of their  
4.12 net profits derived from lawful gambling conducted at premises within the city's or  
4.13 county's jurisdiction to a fund administered and regulated by the responsible local unit of  
4.14 government without cost to such fund, for disbursement by the responsible local unit of  
4.15 government of the receipts for (i) charitable contributions as defined in section 349.12,  
4.16 subdivision 7a, or (ii) police, fire, and other emergency or public safety-related services,  
4.17 equipment, and training, excluding pension obligations, is not considered an expenditure  
4.18 to the city or county nor a tax under section 297E.02, and is valid and lawful. A city or  
4.19 county making expenditures authorized under this paragraph must by March 15 of each  
4.20 year file a report with the board, on a form the board prescribes, that lists all such revenues  
4.21 collected and actual expenditures for the previous calendar year.

4.22 (b) A statutory or home rule city or county may by ordinance require that a licensed  
4.23 organization conducting lawful gambling within its jurisdiction expend all or a portion  
4.24 of its expenditures for lawful purposes on lawful purposes conducted or located within  
4.25 the city's or county's trade area. Such an ordinance must be limited to lawful purpose  
4.26 expenditures of gross profits derived from lawful gambling conducted at premises within  
4.27 the city's or county's jurisdiction, must define the city's or county's trade area, and must  
4.28 specify the percentage of lawful purpose expenditures which must be expended within the  
4.29 trade area. A trade area defined by a city under this subdivision must include each city and  
4.30 township contiguous to the defining city.

4.31 (c) A more stringent regulation or prohibition of lawful gambling adopted by a  
4.32 political subdivision under this subdivision must apply equally to all forms of lawful  
4.33 gambling within the jurisdiction of the political subdivision, except a political subdivision  
4.34 may prohibit the use of paddlewheels.

4.35 Sec. 9. Minnesota Statutes 2006, section 349.213, subdivision 3, is amended to read:

5.1           Subd. 3. **Local gambling tax.** A statutory or home rule charter city that has one  
5.2 or more licensed organizations operating lawful gambling, and a county that has one or  
5.3 more licensed organizations outside incorporated areas operating lawful gambling, may  
5.4 impose a local gambling tax on each licensed organization within the city's or county's  
5.5 jurisdiction. The tax may be imposed only if the amount to be received by the city or  
5.6 county is necessary to cover the costs incurred by the city or county to regulate lawful  
5.7 gambling. The tax imposed by this subdivision may not exceed three percent per year for  
5.8 cities of the first class or one percent per year for all other cities or counties of the gross  
5.9 receipts of a licensed organization from all lawful gambling less prizes actually paid out  
5.10 by the organization. A city or county may not use money collected under this subdivision  
5.11 for any purpose other than to regulate lawful gambling. All documents pertaining to site  
5.12 inspections, fines, penalties, or other corrective action involving local lawful gambling  
5.13 regulation must be shared with the board within 30 days of filing at the city or county of  
5.14 jurisdiction. A tax imposed under this subdivision is in lieu of all other local taxes and  
5.15 local investigation fees on lawful gambling. A city or county that imposes a tax under this  
5.16 subdivision shall annually, by March 15, file a report with the board in a form prescribed  
5.17 by the board showing (1) the amount of revenue produced by the tax during the preceding  
5.18 calendar year, and (2) the actual use of the proceeds of the tax.

5.19           Sec. 10. **EFFECTIVE DATE.**

5.20           Sections 1 to 9 are effective the day following final enactment.