



2004 Legislative Changes

Minnesota Gambling Control Board

| | |
|---|--------|
| Bingo | Page 3 |
| <ul style="list-style-type: none">• Prize limits increased• Age limit modified for licensed organizations for one annual community event | |
| Cash shortages | Page 6 |
| <ul style="list-style-type: none">• Reported by site on fiscal year basis (July 1 to June 30) | |
| Lawful purpose | Page 4 |
| <ul style="list-style-type: none">• Recognizing military service...special one-time expenditure for May 27-30, 2004 WWII Memorial dedication in Washington, D.C. | |
| Lease | Page 2 |
| <ul style="list-style-type: none">• Lessor expenses included in rent (all-inclusive) | |
| Lessor's immediate family | Page 2 |
| <ul style="list-style-type: none">• Prohibited from being compensated | |
| Off-site activity | Page 3 |
| <ul style="list-style-type: none">• Four separate days plus one 12-day event per calendar year | |
| Rent | Page 2 |
| <ul style="list-style-type: none">• Bar op rent limit increased to \$2,500 | |
| Technical changes | Page 5 |
| <ul style="list-style-type: none">• Class of organization license (GM training; reporting exception)• Gambling manager fee• Manufacturer sales• Tipboard rules | |

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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.

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

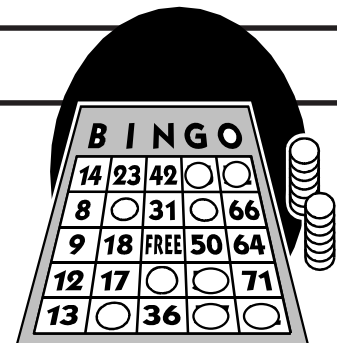
The LG230 Application to Conduct Off-Site Gambling and the LG224 Lease for Off-Site Activity have been updated. The forms are available at www.gcb.state.mn.us.

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

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|--------------------------------------|--|
| Class of organization license | <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"> • 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> • Language which referenced "class C license" for reporting exceptions was deleted. <i>[Minnesota Statute 349.19, Subd. 5]</i> |
| Gambling manager fee | <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> |
| Manufacturer sales | <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> |
| Tipboard rules | <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.

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