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Allowable Expenses

Percentage allowed

For the period of **July 1, 2008 to June 30, 2009**, the percent of gross profits that may be used for allowable expenses will temporarily increase to:

- 75% for bingo (currently 70%), and
- 65% for all others forms of lawful gambling (currently 60%).

[Minn. Stat. 349.15, Subdivision 1]

Penalty imposed violation

If an organization exceeds the expense limits (with a negative balance at the end of the 2-year license period after applying any carryforward amount), the Board may:

- suspend the organization's license, or
- impose a civil penalty as follows:
 - (1) up to 5% of the reimbursement amount for the first violation;
 - (2) up to 10% of the reimbursement amount for a second consecutive violation; and
 - (3) up to 25% of the reimbursement amount for subsequent consecutive violations.

[Minn. Stat. 349.15, Subd. 5, paragraph (a)]

In determining any suspension or penalty, the Board must consider any unique factors or extraordinary circumstances that directly caused the organization to exceed the expense limits. Those factors or circumstances include, but are not limited to:

- the purchase of capital assets necessary to conduct lawful gambling;
- road or other construction causing impaired access to the premises; and
- flood, tornado, or other catastrophe that had a direct impact on the continuing lawful gambling operation. *[Minn. Stat. 349.15, Subd. 5, paragraph (b)]*

The civil penalty imposed by the Board may exceed \$500 for violation of the expense limits. *[Minn. Stat. 349.15, Subd. 5, paragraph (c)]*

Delinquent organizations

If a distributor or linked bingo game provider does not receive payment in full from an organization within **30 days** of the day immediately following the date of the invoice, the distributor or linked bingo game provider must notify the Board in writing of the delinquency on the next business day. Previously the time allowed for receipt of the payment by the distributor was 35 days. *[Minn. Stat. 349.191, Subdivision 1a, paragraph (a)]*

Bingo - Effective May 2, 2008



Bar bingo - The lessor's immediate family and lessor's employees may participate in bar bingo if they are not involved with the sale or operation of bar bingo. **NOTE:** The lessor is still prohibited from participating in any lawful gambling. *[Minn. Stat. 349.17, Subdivision 7]*

Linked bingo game - An electronic bingo device may be used for a linked bingo game. *[Minn. Stat. 349.17, Subdivision 8, paragraph (c)]*

Progressive bingo game - The annual prize limit of \$48,000 for progressive bingo games was removed. *[Minn. Stat. 349.211, Subdivision 2]*

Loan of certain bingo equipment allowed - An organization authorized to conduct bingo by the Board may loan bingo hard cards and devices for selecting bingo numbers to another organization authorized to conduct bingo.

[Minn. Stat. 349.161, Subdivision 1]

Pull-tab, Tipboard, and Paddlewheel Games - Effective May 2, 2008

Cash banks	Language was clarified to allow a licensed organization to commingle cash banks for all pull-tab deals played from a pull-tab dispensing device . <i>[Minn. Stat. 349.19, Subdivision 10]</i>
Prizes; payouts	The maximum prize which may be awarded for any single pull-tab or tipboard ticket is: <ul style="list-style-type: none">• \$599 for games with \$2 and under tickets;• \$899 for games with \$3 tickets;• \$1,199 for games with \$4 tickets; and• \$1,499 for games with \$5 tickets. <i>[Minn. Stat. 349.211, Subdivisions 2a and 2c]</i> Prize payout limits for pull-tab or tipboard deals were clarified to pertain to "games," not "deals" (due to cumulative games being allowed). <i>[Minn. Stat. 349.2113]</i>
Games with 32 numbers or tickets	A technical change pertaining to paddlewheels and tipboards was made to make statutory language consistent, as previous language in some sections referred to 30 numbers or tickets and in other sections referred to 32 numbers or tickets. <i>[Minn. Stat. 349.18, Subdivision 1, paragraph (i) and 349.211, Subdivision 4, paragraph (b)]</i>

Promotional Tickets - Effective May 2, 2008

Promotional tickets are gambling equipment	<ul style="list-style-type: none">• The definition of "gambling equipment" is expanded to include "promotional tickets that mimic a pull-tab or tipboard." <i>[Minn. Stat. 349.12, Subdivision 18]</i>• The definition of "promotional ticket" now clarifies that a promotional ticket is a pull-tab or tipboard ticket "created and printed by a licensed manufacturer" with the words "no purchase necessary" and "for promotional use only" and for which no consideration is given. <i>[Minn. Stat. 349.12, Subdivision 31]</i>• Promotional tickets may be sold by a licensed distributor to any person for use in Minnesota. <i>[Minn. Stat. 349.161, Subdivision 5]</i>
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Raffle Prize Limits - Effective May 2, 2008

No annual limit	The Board may not impose an annual limit on the value of raffle prizes awarded by a licensed organization. <i>[Minn. Stat. 349.211, Subdivision 2d and Subdivision 3]</i> The Board's rule (Minnesota Rule 7861.0260, Subpart 4C) which imposed an annual limit of \$100,000 each calendar year for raffle prizes awarded by a licensed organization is therefore obsolete.
Individual raffle prize limit	The total value of an individual raffle prize awarded by a licensed organization may not exceed \$50,000. <i>[Minn. Stat. 349.211, Subdivision 2d]</i>

Continuing Education Requirements - Effective May 2, 2008

New gambling managers

A **new** gambling manager must have received training within the *last six months* before being issued a new license. In the case of the death, disability, *resignation*, or termination of a gambling manager, a replacement gambling manager must receive the training within 90 days of being issued a license. [Minn. Stat. 349.167, Subdivision 4, paragraph (1); and Minn. Stat. 349.167, Subdivisions 2 and 7]

Licensed gambling managers

Each gambling manager must receive **continuing education** training at least once during **each calendar year**, instead of once during each license year. [Minn. Stat. 349.167, Subdivision 4, paragraph (2)]

Sanction for failure to attend class

The Board may summarily suspend the license of a gambling manager who fails to attend a class each calendar year. The suspension of a gambling manager's license may be kept in effect until the gambling manager passes an examination prepared and administered by the Board. The examination does not qualify as continuing education credit for the next calendar year. [Minn. Stat. 349.1641]

REMINDER: If a gambling manager's license is suspended, the organization must cease gambling until the gambling manager passes the required examination.

Delinquent Distributors - Effective May 2, 2008

Pay in 30 days

If a manufacturer does not receive payment in full from a distributor within 30 days of the day immediately following the date of invoice, the manufacturer must notify the Board in writing of the delinquency on the next business day. [Minn. Stat. 349.191, Subdivision 1b, paragraph (a)]

Lawful Gambling Study and Report

- The Gambling Control Board is required to review operational and regulatory procedures, accounting functions, tax structure, and recent trends in lawful purpose contributions and allowable expenses incurred by licensed charitable organizations relating to lawful gambling activities.
- The Board must seek public input including comment from licensees and professionals working in the lawful gambling industry.
- The Board must provide a report with recommendations and proposed legislation, if any, to the chairs of the legislative standing committees with jurisdiction over lawful gambling by January 15, 2009.