



Suite 300 South
1711 W. County Road B
Roseville, MN 55113
651-639-4000

2011 Legislation – Effective May 25, 2011

Legislation was passed that reduces the minimum amount that must be expended by certain organizations for lawful purpose.

This provision applies only to organizations that conduct lawful gambling in a location where the primary business is bingo [bingo hall]. Those organizations must expend a minimum of 20 percent annually or be subject to sanctions by the Board.

Minn. Stat. 349.15, subdivision 1, paragraph (d)]

c) For each 12-month period beginning July 1, 2009, a licensed organization will be evaluated by the board to determine a rating based on the percentage of annual lawful purpose expenditures when compared to available gross profits for the same period. The rating will be used to determine the organization's profitability percent and is not a rating of the organization's lawful gambling operation. An organization will be evaluated according to the following criteria:

- (1) an organization that expends 50 percent or more of gross profits on lawful purposes will receive a five-star rating;
- (2) an organization that expends 40 percent or more but less than 50 percent of gross profits on lawful purposes will receive a four-star rating;
- (3) an organization that expends 30 percent or more but less than 40 percent of gross profits on lawful purposes will receive a three-star rating;
- (4) an organization that expends 20 percent or more but less than 30 percent of gross profits on lawful purposes will receive a two-star rating; and
- (5) an organization that expends less than 20 percent of gross profits on lawful purposes will receive a one-star rating.

(d) An organization that fails to expend a minimum of 30 percent annually of gross profits on lawful purposes, **or 20 percent annually for organizations that conduct lawful gambling in a location where the primary business is bingo**, is automatically on probation effective July 1 for a period of one year. The organization must increase its rating to the required minimum or be subject to sanctions by the board. If an organization fails to meet the minimum after a one-year probation, the board may suspend the organization's license or impose a civil penalty as follows:

- (1) in determining any suspension or penalty for a violation of this paragraph, the board must consider any unique factors or extraordinary circumstances that caused the organization to not meet the minimum rate of profitability. Unique factors or extraordinary 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 lawful gambling premises; and flood, tornado, or other catastrophe that had a direct impact on the continuing lawful gambling operation; and
- (2) notwithstanding section 349.151, subdivision 4, paragraph (a), clause (10), the board may impose a civil penalty under this subdivision up to \$10,000.