

Charitable Gaming's View: Charitable gaming organizations like Irving deserve level playing field

By [Allen Lund](#) Today at 12:31 a.m.



Spent pull tabs litter the bar at Foster's Sports Bar and Grill in Hermantown in March 2009. Pull-tab sales help support charitable efforts in Duluth and around Minnesota. (2009 News Tribune file photo)

A seven-page bill to legalize daily fantasy sports recently was heard in committee in the Minnesota House. The bill would license, regulate, and tax for-profit companies like FanDuel and DraftKings. All in the space of seven pages.



Al Lund

By comparison, Minnesota's community-based, nonprofit charitable gaming organizations — the operators of bingo, raffles, and pull-tab games that invest directly in their local communities — have at least 200 pages of statutes and rules that regulate everything they do.

The organizations the Legislature apparently believes need more regulation than the secretive, billion-dollar fantasy-sports enterprises include groups like Duluth's Irving Community Club. This nonprofit raises funds for youth education and athletic programs, mostly helping underserved kids through organizations like the Boys & Girls Clubs, LifeHouse, Valley Youth Centers and a number of local athletic teams.

In addition to excessive regulation, Irving is taxed at a rate of 36 percent and now pays \$439,294 more in taxes to the state annually than it is able to spend on its core charitable mission.

Irving is only one of many organizations working throughout Northeastern Minnesota to make our communities better places to live and work — at no cost to taxpayers.

The Legislature's treatment of Irving Community Club and similar groups is unfair, and here's why: Charitable gaming is not opposed to competition or afraid of competition, but a leveling of the playing field is needed. Giving the keys to the state to for-profit competitors that only take is hard to understand and even harder to stomach.

Fantasy sports will be the fourth group of for-profit direct competitors to charitable gaming, following card rooms, horse racing and casinos. They all are being regulated and taxed at a fraction of charitable gaming.

We in the charitable gaming community would take their deal in a heartbeat. These other gaming organizations are taxed at only the corporate rate of 9.5 percent. If charitable gaming organizations had that rate, we would have had another \$35 million to help our communities and missions. Charities are paying up to seven times the rate of their for-profit competition. That is an insult to everything we do and stand for.

The behemoths in daily fantasy sports, FanDuel and DraftKings, have not paid any tax or provided any social benefit to Minnesota in the five years they've been in business.

Charitable gaming is paying \$60 million in taxes this fiscal year and putting another \$60 million into our communities. Add to that our employment of thousands of people and our payments of \$25 million in local rents, helping to keep our sites in business.

The Legislature either should treat the for-profit gaming companies like Minnesota charitable gaming groups or, and this is our preference, treat us like they likely will be treated, presuming the fantasy-sports bill passes.

The fantasy-sports bill passed the committee on a voice vote and was moved to the House floor for a vote. Meanwhile, the bill Allied Charities of Minnesota introduced to provide relief to charities stalled with no sign of resuscitation this session. Despite a \$1.6 billion state surplus, a bipartisan agreement on the need for tax reform for overburdened groups, and a clear message from the 2016 elections that voters in nonmetro Minnesota feel left behind, most legislators refused to even listen to us.

Perhaps the greatest irony and slap in the face is that community-based charities are paying tax rates of up to 36 percent in order to pay for the billion-dollar NFL stadium in Minneapolis. Meanwhile, fantasy sports couldn't exist without taxpayer-funded stadiums. So we have Minnesota charities being forced to turn down local grant requests so they can help pay for the NFL stadium while fantasy sports (and other forms of gaming in Minnesota) pay a tax rate of less than 10 percent and, in many cases, ship all the benefits out of state.

We're not giving up. Allied Charities of Minnesota plans to redouble our efforts in the coming legislative sessions to gain some sort of regulatory and tax relief for charities. We hope everyone who cares about the future vitality of Duluth will urge their legislators to support us.

Allen Lund is executive director of the St. Paul-based Allied Charities of Minnesota (alliedcharitiesmn.org). He wrote this for the News Tribune.

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