

HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. 1519

03/05/2015 Authored by Swedzinski, Hoppe, Anzelc, Atkins, Lillie and others
The bill was read for the first time and referred to the Committee on Commerce and Regulatory Reform
03/23/2015 Adoption of Report: Placed on the General Register as Amended
Read Second Time

1.1 A bill for an act
1.2 relating to lawful gambling; modifying provisions relating to gambling managers;
1.3 providing for certain raffles; increasing prize limits; prescribing local regulation;
1.4 amending Minnesota Statutes 2014, sections 349.12, subdivision 19; 349.167,
1.5 subdivisions 1, 2; 349.173; 349.181, subdivision 2; 349.211, subdivision 1;
1.6 349.213, subdivision 1.

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

1.8 Section 1. Minnesota Statutes 2014, section 349.12, subdivision 19, is amended to read:

1.9 Subd. 19. **Gambling manager.** "Gambling manager" means a person who has been
1.10 designated by ~~the~~ an organization to supervise the lawful gambling conducted by it, has
1.11 been an active member of ~~the~~ an organization for at least the most recent ~~six months~~
1.12 90 days at the time of the application for a gambling manager license, and meets other
1.13 qualifications as prescribed by the board by rule.

1.14 Sec. 2. Minnesota Statutes 2014, section 349.167, subdivision 1, is amended to read:

1.15 Subdivision 1. **Gambling manager required.** (a) All lawful gambling conducted by
1.16 a licensed organization must be under the supervision of a gambling manager. A gambling
1.17 manager designated by an organization to supervise lawful gambling is responsible for the
1.18 gambling gross receipts of the organization and for its conduct in compliance with all laws
1.19 and rules. A person designated as a gambling manager shall maintain a dishonesty bond in
1.20 the sum of \$10,000 in favor of the organization conditioned on the faithful performance
1.21 of the manager's duties. A person designated as a gambling manager for more than one
1.22 organization shall maintain a separate dishonesty bond in a sum of \$10,000 in favor of
1.23 each organization that designates the person as gambling manager. The terms of the

2.1 bond must provide that notice be given to the board in writing not less than 30 days
2.2 before its cancellation.

2.3 (b) Except as otherwise provided under this paragraph, a person may not act as a
2.4 gambling manager for more than one organization. If a lawful gambling organization loses
2.5 its gambling manager or its gambling manager is not capable of performing the manager's
2.6 duties, an interim gambling manager from another lawful gambling organization may be
2.7 appointed by the organization with a vacancy to fill the vacant gambling manager position.
2.8 An interim gambling manager may not serve at an organization with a vacancy for more
2.9 than 120 days. A gambling manager serving as an interim gambling manager under this
2.10 paragraph is not required to be a member of the lawful gambling organization with a
2.11 vacancy at the time the interim manager begins service to the organization with a vacancy.

2.12 (c) An organization may not conduct lawful gambling without having a gambling
2.13 manager.

2.14 (d) An organization may not have more than one gambling manager at any time.

2.15 Sec. 3. Minnesota Statutes 2014, section 349.167, subdivision 2, is amended to read:

2.16 Subd. 2. **Gambling managers; licenses.** (a) A person may not serve as a gambling
2.17 manager for an organization unless the person possesses a valid gambling manager's
2.18 license issued by the board or otherwise meets the temporary requirements allowed under
2.19 paragraph (d). In addition to the disqualifications in section 349.155, subdivision 3, the
2.20 board may not issue a gambling manager's license to a person applying for the license who:

2.21 (1) has not complied with subdivision 4, clauses (1) and (2);

2.22 (2) within the five years before the date of the license application, has committed a
2.23 violation of law or board rule that resulted in the revocation of a license issued by the board;

2.24 (3) has ever been convicted of a criminal violation involving fraud, theft, tax
2.25 evasion, misrepresentation, or gambling; or

2.26 (4) has engaged in conduct the board determines is contrary to the public health,
2.27 welfare, or safety or the integrity of lawful gambling.

2.28 (b) A gambling manager's license runs concurrent with ~~the~~ an organization's license
2.29 unless the gambling manager's license is suspended or revoked by the board or otherwise
2.30 terminated by the organization or gambling manager.

2.31 (c) The annual fee for a gambling manager's license is \$100.

2.32 (d) At the time of the death, disability, or termination of a gambling manager, the
2.33 organization must:

2.34 (1) contact the board within one business day to establish a plan to replace the
2.35 gambling manager; and

3.1 (2) submit a complete application and fee within four business days.

3.2 (e) An organization that fails to meet the requirements of paragraph (d) must
3.3 discontinue its gambling operation until a gambling manager application and fee is
3.4 received by the board and a license has been issued by the board and received by the
3.5 gambling manager.

3.6 Sec. 4. Minnesota Statutes 2014, section 349.173, is amended to read:

3.7 **349.173 CONDUCT OF RAFFLES.**

3.8 (a) Raffle tickets or certificates of participation at a minimum must list the three
3.9 most expensive prizes to be awarded and include the location, date, and time of the
3.10 selection of the winning entries. If additional prizes will be awarded, a complete list of
3.11 additional prizes must be publicly posted at the event and copies of the complete prize list
3.12 made available upon request. Raffles conducted under the exemptions in section 349.166
3.13 may use tickets that contain only the sequential number of the raffle ticket and no other
3.14 information if the organization makes a list of prizes and a statement of other relevant
3.15 information required by rule available to persons purchasing tickets and if tickets are only
3.16 sold at the event and on the date when the tickets are drawn.

3.17 (b) Raffles must be conducted in a manner that ensures:

3.18 (1) all entries in the raffle have an equal chance of selection;

3.19 (2) entry in the raffle is not conditioned upon any other purchase, except that a
3.20 certificate of participation may be a button with a nominal value of less than \$5;

3.21 (3) the method of selection is conducted in a public forum;

3.22 (4) the method of selection cannot be manipulated or based on the outcome of an
3.23 event not under the control of the organization;

3.24 (5) physical presence at the raffle is not a requirement to win; and

3.25 (6) all sold and unsold tickets or certificates of participation are accounted for.

3.26 (c) An organization that is permitted under this section and authorized by the
3.27 Gambling Control Board to conduct raffles may conduct a raffle in conjunction with a wild
3.28 game or fish taking event. The wild game or fish must be legally taken under chapters 97A
3.29 to 97C, and rules adopted pursuant to those chapters. The organization may sell a combined
3.30 ticket for a single price for the event and raffle, provided that the combined ticket states
3.31 the amount of the price that applies to the wild game or fish event, and the amount that
3.32 applies to the raffle. All other provisions of sections 349.11 to 349.23 apply to the raffle.

3.33 (d) Methods of selecting winning entries from a raffle other than prescribed in rule
3.34 may be used with the prior written approval of the board.

4.1 (e) For 50/50 or "share the pot" raffles conducted by a licensed organization in
4.2 conjunction with a professional or amateur sporting event, the winning entry may be
4.3 selected by use of a random number generator if, at the time of sale, the number contained
4.4 on the raffle ticket is captured by the point of sale system and electronically recorded
4.5 as an entry in the raffle.

4.6 Sec. 5. Minnesota Statutes 2014, section 349.181, subdivision 2, is amended to read:

4.7 Subd. 2. **Gambling manager.** A gambling manager may not participate directly
4.8 or indirectly as a player in any lawful gambling conducted by ~~the~~ an organization for
4.9 which the gambling manager is licensed.

4.10 Sec. 6. Minnesota Statutes 2014, section 349.211, subdivision 1, is amended to read:

4.11 Subdivision 1. **Bingo.** Except as provided in subdivisions 1a and 2, prizes for a
4.12 single bingo game may not exceed ~~\$200~~ \$500 except prizes for a cover-all game, which
4.13 may exceed ~~\$200~~ \$500 if the aggregate value of all cover-all prizes in a bingo occasion
4.14 does not exceed ~~\$1,000~~ \$2,000. Total prizes awarded at a bingo occasion may not exceed
4.15 ~~\$2,800~~ \$5,000, unless a cover-all game is played in which case the limit is ~~\$3,800~~ \$7,000.
4.16 A prize may be determined based on the value of the bingo packet sold to the player. For
4.17 purposes of this subdivision, a cover-all game is one in which a player must cover all
4.18 spaces except a single free space to win and includes a game in which all odd or all even
4.19 numbers are designated by the organization as covered prior to the start of the game.

4.20 Sec. 7. Minnesota Statutes 2014, section 349.213, subdivision 1, is amended to read:

4.21 Subdivision 1. **Local regulation.** (a) A statutory or home rule city or county has the
4.22 authority to adopt more stringent regulation of lawful gambling within its jurisdiction,
4.23 including the prohibition of lawful gambling.

4.24 (b) A statutory or home rule city or county may require a permit for the conduct
4.25 of gambling exempt from licensing under section 349.166. The fee for a permit issued
4.26 under section 349.166 may not exceed \$100.

4.27 (c) The authority granted by this subdivision does not include the authority to require
4.28 a license or fee for a license or permit to conduct gambling by organizations, gambling
4.29 managers, gambling employees, or sales by distributors or linked bingo game providers
4.30 licensed by or registered with the board.

4.31 (d) The authority granted by this subdivision does not include the authority to require
4.32 an organization to make specific expenditures of more than ten percent per year from its
4.33 net profits derived from lawful gambling.

5.1 (e) For the purposes of this subdivision, net profits are gross profits less amounts
5.2 expended for allowable expenses and paid in taxes assessed on lawful gambling.

5.3 (f) A statutory or home rule charter city or a county may not require an organization
5.4 conducting lawful gambling within its jurisdiction to make an expenditure to the city or
5.5 county as a condition to operate within that city or county, except:

5.6 (1) as authorized under section 349.16, subdivision 8, or 297E.02; or

5.7 (2) by an ordinance requirement that such organizations must contribute ten percent
5.8 per year of their net profits derived from lawful gambling conducted at premises within
5.9 the city's or county's jurisdiction to a fund administered and regulated by the responsible
5.10 local unit of government without cost to such fund. The funds must be disbursed by the
5.11 local unit of government for (i) charitable contributions as defined in section 349.12,
5.12 subdivision 7a, or (ii) police, fire, and other emergency or public safety-related services,
5.13 equipment, and training, excluding pension obligations. A contribution made by an
5.14 organization is not considered an expenditure to the city or county nor a tax under section
5.15 297E.02, and is valid and lawful. A city or county receiving and making expenditures
5.16 authorized under this clause must by March 15 of each year file a report with the board, on
5.17 a form the board prescribes, that lists all such revenues collected, interest received on fund
5.18 balances, and expenditures for the previous calendar year. All contributions made by the
5.19 local unit of government or entity selected by the local unit of government to distribute
5.20 funds contributed under this clause must acknowledge the original source of the funds in
5.21 all communications, outreach activities, and distribution of funds.

5.22 (g) A statutory or home rule city or county may by ordinance require that a licensed
5.23 organization conducting lawful gambling within its jurisdiction expend all or a portion
5.24 of its expenditures for lawful purposes on lawful purposes conducted or located within
5.25 the city's or county's trade area. Such an ordinance must be limited to lawful purpose
5.26 expenditures of gross profits derived from lawful gambling conducted at premises within
5.27 the city's or county's jurisdiction, must define the city's or county's trade area, and must
5.28 specify the percentage of lawful purpose expenditures which must be expended within the
5.29 trade area. A trade area defined by a city under this subdivision must include each city and
5.30 township contiguous to the defining city.

5.31 (h) A more stringent regulation or prohibition of lawful gambling adopted by a
5.32 political subdivision under this subdivision must apply equally to all forms of lawful
5.33 gambling within the jurisdiction of the political subdivision, except a political subdivision
5.34 may prohibit the use of paddlewheels.