

# Where is Minnesota's Lawful Gambling Headed?

Presented by Allen Lund, Executive Director of Allied Charities of Minnesota

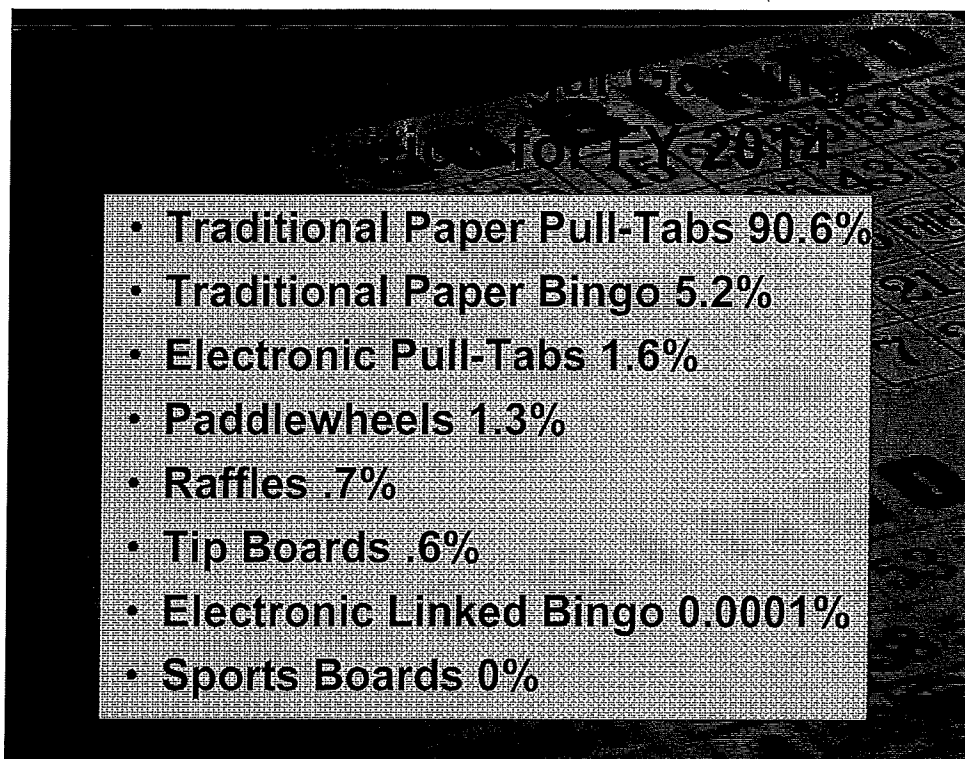


## *Numbers For FY 2014*

*July 1, 2013 - June 30, 2014*

- Sales of \$1.2 Billion, up from \$1.14 Billion in FY 2013, Payout of \$995 Million (82.7% of sales, up from 82.3% in FY 2013)
- Gross Income of \$207.1 million (17.3% of sales), up from \$201.7 million in FY 2013
- Expenses were flat at \$108.3 million (52.3% of gross income)
- Taxes/Fees were \$47.2 million (22.8% of gross income) up from \$39.6 million in FY 2013
- Charitable donations of \$42.9 million (20.7% of gross income) were up from \$41.1 million in FY 2013

**Charitable Gambling in Minnesota  
is Very Healthy, but Needs Your help to  
Modernize/Revitalize to Stay Strong To Continue Missions in our  
Local Communities**



## ***Electronic Pull-Tabs/Electronic Linked Bingo Update***

- *3 manufacturers are offering E-Tab products (Oasis, North Star Gaming and Pilot Games). 200 of our 2800 sites carry electronics. All manufacturers offer their product to all licensed distributors.*
- *Two manufacturers are active in E-Bingo (EGS & Pilot Games).*

**Electronic Pen Tabs  
Why They Can Help Charities**

	Best Case Taxes @ 9%	Best Case Taxes @ 9%	Average Taxes @ 22.8%	Average Taxes @ 22.8%	Worst Case Taxes @36%	Worst Case Taxes @ 36%
State Tax Rate	9%	9%	@ 22.8%	@ 22.8%	@36%	@ 36%
Form	Paper	Electronics	Paper	Electronics	Paper	Electronics
Income	\$ .173 per dollar sold	\$ .15 per dollar sold	\$ .173 per dollar sold	\$ .15 per dollar sold	\$ .173 per dollar sold	\$ .15 per dollar sold
Expenses	\$.09	\$.0465	\$.09	\$.0465	\$.09	\$.0465
Taxes/Fees	\$.0156	\$.0135	\$.039	\$.034	\$.0623	\$.054
Net Income	\$.0674	\$.09	\$.044	\$.0735	\$02.07	\$.0495

## Charity Realities

- 46% of our charities pay the 9% combined receipt tax rate in state taxes throughout a fiscal year. This group gets \$66.95 to the bottom line for missions for every \$1000 in sales and pays 5% of our taxes.
- 12% of our charities pay the 18% combined receipt tax rate in state taxes at some point during a fiscal year. This group gets \$51.38 to the bottom line for missions for every \$1000 in sales and pays 4% of our taxes.
- 9% of our charities pay the 27% combined receipt tax rate in taxes at some point during a fiscal year. This group gets \$35.81 to the bottom line for missions for every \$1000 in sales and pays 4% of our taxes.
- 33% of our charities pay the 36% rate in taxes at some point during a fiscal year. This group gets \$20.24 to the bottom line for missions for every \$1000 in sales and pays 87% of our taxes.

## Proposed Legislation Items for 2015

- Pass the 2014 Policy Legislation vetoed by Governor Dayton. Chapter 349
- Seek authority for Gambling Managers and Assistant Gambling Managers to manage more than one charity. Chapter 349
- Raise the level of prizes for fixed (non progressive) bingo games. Chapter 349
- Raise the amount of total prizes for a bingo session. Chapter 349
- The ability to deduct compensation as an expense before calculating tax liability. Chapter 297E
- All Bingo taxed at 8.5%, no matter what the form. Chapter 297E
- Elimination of up to 10% City tax on net profits. Chapter 297E
- A combined net receipts tax on paper/electronic pull tabs and tip boards of 9% (not over \$100,000), 18% (\$100,000 to \$200,000), 27% (\$200,000 to \$300,000) and 36% (over \$300,000). Chapter 297E
- All pull tab games to be reported (form B2) at close of game only. Chapter 297E
- 1<sup>st</sup> \$50,000 in gross receipts (sales minus prizes) not subject to MN tax. Chapter 297E
- Annual audit requirement with gross receipts of \$750,000 or more removed. Chapter 297E

## *Challenges Ahead for Charitable Gaming*

- **Aging Population (of both supporters and workers)**
- **Internet Gaming**
- **The Work is Becoming Greater Than The Reward**
- **Adjusting to an Ever Changing World**

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***Thank You!***