

House Research Act Summary

CHAPTER: 124

SESSION: 2009 Regular Session

TOPIC: Lawful Gambling

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Overview

This is an Omnibus Lawful Gambling Bill, containing a wide range of policy and technical changes, regulatory relief, and game modification.

Section

- 1 Annual audit, certified inventory, and cash count.** Eases the audit requirements to allow regulatory relief.
- 2 Purpose.** Removes from the clause regarding the purpose of the regulation of lawful gambling the phrase “to prevent its commercialization.”
- 3 Allowable expense.** Strikes language limiting the advertising of lawful gambling as an allowable expense. Current language limits amount, and allows content limitations by rule.
- 4 Capital assets.** Clarifies the definition of capital assets to exclude items with limited life spans and cost.
- 5 Charitable contribution.** Clarifies the definition of a charitable contribution to conform to later changes in this bill.
- 6 Electronic bingo device.** Technical change.
- 7 Gambling equipment.** Adds to the list of allowed gambling devices, a programmable electronic device that has no effect on the outcome of a game but that are used to provide a visual or auditory enhancement.
- 8 Gambling manager.** Changes the definition of a gambling manager to allow shorter periods of involvement with an organization as a qualification.

- 9 **Gross receipts.** Exempts rental proceeds for owned premises that are leased to other organizations from the definition of gross receipts.
- 10 **Lawful purpose.** Amends and expands lawful purpose clauses. Strikes a section allowing payment of audit costs as a lawful purpose; adds a lawful purpose for contributions to other licensed organizations designated to be used for a lawful purpose; allows contributions to parent organizations under specified conditions; allows expenditures for water quality; allows expenditures for repair, maintenance, or improvement of real property and capital assets, or replacement of capital assets, within specified limits; allows a lawful expenditure for acquisition, erection, improvement, or expansion of real property, under specified conditions; allows expenditures for mortgage payments or other debt service payments for buildings damaged or destroyed by catastrophe; states further limitations on uses of funds for real estate purposes; removes current prohibitions on using these funds for these newly legalized purposes; and adds a new prohibition of making contributions to a nonprofit or other entity with an intent of circumventing lawful purposes expenditure restrictions.
- 11 **Pull-tab dispensing device.** Allows pull-tab dispensing devices to have an auditory or visual enhancement to promote or provide information about a game being dispensed, provided that this does not affect the outcome of a game or display the results of a game or an individual ticket.
- 12 **Raffle.** Strikes a provision requiring raffle tickets to designate the location, date, and time of selection of winning tickets. This is moved elsewhere.
- 13 **Expenditure restrictions, requirements, and civil penalties.** Sunsets a current expenditure restriction requirement as of June 30, 2009. Creates a new provision which evaluates organizations according to the amount of lawful purpose expenditures made. A rating system is created for organizations. Organizations failing to expend a minimum of 30 percent annually of gross profits on lawful purposes are placed on probation; after a failure to improve, organizations may be subject to a civil penalty, which is described in detailed fashion, and may be up to \$10,000.
- 14 **Disaster relief.** Technical.
- 15 **Powers and duties.** Changes in the licensing of gambling managers; increase in civil penalties; addition of cause for violations – violating chapter 297E.
- 16 **Standards for certain organizations.** Adds festival organizations to the list of those who must meet specified standards.
- 17 **Mandatory disqualifications.** Technical, removing renewals as an action to accommodate licensing changes.
- 18 **Illegal gambling.** Technical; removes renewals as an action to accommodate licensing changes.
- 19 **Issuance of gambling licenses.** A series of licensing changes and modifications, including changes in minimum sizes for organizations, striking of some licensing requirements.
- 20 **Term of license.** Makes licenses perpetual and valid unless revoked, suspended, lapsed, or terminated.

- 21 **Lapsed licenses.** Defines a lapsed license, including failure to have a gambling manager, other conditions. Specifies actions the Gambling Control Board may take if a licensed is determined to be lapsed.
- 22 **License fees.** Clarifies that the application fee is the license fee.
- 23 **Monthly regulatory fee.** Re-codifies a monthly regulatory fee, stricken in section 32.
- 24 **Local investigation fee.** Technical and clarifying changes.
- 25 **Agreement to pay taxes.** Technical, removing renewal.
- 26 **Organization license information.** Requires applicants to notify the board within 10 days when application information changes occur.
- 27 **Removal of equipment from inventory.** Technical.
- 28 **Attachments to application.** Requires additional information on applications by linked bingo game providers; a proposed schedule for the cost of providing services to licensed organizations.
- 29 **Licenses; summary suspension.** Adds an additional reason for license suspensions, the failure to pay fees required under a range of statutes; lowers the time for suspensions.
- 30 **Premises permit required; application.** Makes premises permits perpetual.
- 31 **Contents of application.** Makes lease terms concurrent with the terms of premises permits. Requires a 30 day termination clause. No lease is required for the conduct of a raffle.
- 32 **Fees.** Strikes monthly regulatory fee language, which has been moved to section 23.
- 33 **Off-site permits.** Allows licensed organizations to conduct lawful gambling on a premises other than the organizations permitted premises under specified conditions, for up to 4 occasions per year at a county fair, state fair, church festival, or civic celebration, for up to three days per event.
- 34 **Exemptions.** Makes changes to the exempt license sections.
- 35 **Gambling managers; licenses.** Allows temporary requirements for gambling managers. Requires plans for replacement if there is a death, disability, or termination; specifies requirements for replacement.
- 36 **Compensation paid.** Prohibits payment of compensation to a lessor by a leasing organization, except that this section allows compensation as a seller of pull-tabs and tipboards within a booth on the premises. Prohibits other compensation.
- 37 **Filing required.** Adds linked bingo providers to the list of disclosures for price that may be required by the board.
- 38 **Sales at filed prices.** Prevents price discounts and other sales at less than disclosed price, by linked bingo game providers.
- 39 **Winners.** Clarifies prize delivery for linked bingo games.

- 40 **Bingo cards and sheets.** Specifies design of bingo cards and sheets, and facsimiles thereof.
- 41 **Conduct of bingo.** Removes bingo sheet design language. Allows activation of numbers. Clarifies language for winning a game.
- 42 **Bar bingo.** Removes a provision that allows lessors family and employees to play if not involved with the sale or operation of bar bingo (that language is moved and re-stated in section 45). Allows use of facsimiles of bingo paper sheets, including those purchased from linked bingo game providers.
- 43 **Conduct of raffles.** Requires raffle tickets to list the location, date and time of selection of winning entries.
- 44 **Lease or ownership required; rent limitations.** Makes leases concurrent with premises permits. Removes language allowing the board to limit bingo rents. Removes language allowing employees to participate in lawful gambling, if prizes are posted (that language is moved and re-stated in section 45).
- 45 **Restrictions on who may participate in lawful gambling.** Creates limits on who may participate in lawful gambling, including limits for persons under the age of 18. Persons under the age of 18 are allowed to play bingo at community events if accompanied by a parent or guardian. Restrictions on playing are established for gambling managers, employees, lessor employees, volunteers, and immediate families.
- 46 **Accounts.** Clarifying language for tipboard plays, and for accounting of expenses.
- 47 **Tax refund or credit.** Technical.
- 48 **Expenditures.** Makes a series of technical and organizational changes to expenditure reporting. Requires reporting monthly on expenditures and contributions from lawful gambling. States requirements of reports. Allows electronic transmission of taxes and reports.
- 49 **Annual financial audit, filing requirement.** Technical, to conform to lowering of audit standard.
- 50 **Pull-tab records.** Technical.
- 51 **Credit restriction.** Technical.
- 52 **Credit and sales to delinquent organizations.** Prevents leasing to delinquent organizations.
- 53 **Credit and sales to delinquent organizations or linked bingo game providers.** Adds linked bingo game providers to this section.
- 54 **Invoices.** Adds linked bingo providers; adds leases to the language.
- 55 **Rules.** Adds linked bingo game providers.
- 56 **Credit; postdated checks.** Adds linked bingo game providers.
- 57 **Local regulation.** Technical changes. Adds reporting of interest.

- 58 **Local approval.** Deletes current local approval language, replaces it with new language that requires county or city approval of premises permits.
- 59 **Checks for gambling purchases.** Adds debit cards to the prohibition contained here.
- 60 **Repealer.** Repeals a range of regulatory statutes that are substantially replaced or upgraded throughout this bill. Included are repealers to 349.15, subdivision 4, on alternative premises permits; of 349.154, subdivision 2, on monthly net profit reports; 349.155, subdivision 7, on lapsed licenses; 349.16, subdivisions 9 and 10, on license renewals; 349.166, subdivision 3, on raffles; 349.168, subdivisions 4, 6, 7, and 10, on employment and reporting restrictions for organizations; 349.18, subdivisions 2 and 3, on rental proceeds and raffle conduct on leased or owned land; and 349.2127, subdivision 8, on minimum ages for gambling. New versions of each of these statutes are contained in the body of this bill. Repealed at a later date is 349.15, subdivision 5, on civil penalties, also replaced with a new version in this bill.
- 61 **Effective Date.** Makes this effective July 1, 2009.