

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
05/14/2015 Calendar for the Day, Amended
Read Third Time as Amended
Passed by the House as Amended and transmitted to the Senate to include Floor Amendments

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, subdivisions 18, 19, by
1.5 adding subdivisions; 349.13; 349.163, subdivision 2; 349.167, subdivision 1;
1.6 349.173; 349.211, subdivision 1; 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, is amended by adding a
1.9 subdivision to read:

1.10 Subd. 12e. **Electronic raffle selection system.** "Electronic raffle selection system"
1.11 means a system which uses a board-approved random number generator to select winning
1.12 raffle numbers and includes raffle sales devices.

1.13 Sec. 2. Minnesota Statutes 2014, section 349.12, subdivision 18, is amended to read:

1.14 Subd. 18. **Gambling equipment.** "Gambling equipment" means gambling
1.15 equipment that is either disposable or permanent gambling equipment.

1.16 (a) Disposable gambling equipment includes the following:

1.17 (1) bingo hard cards or paper sheets, including linked bingo paper sheets;

1.18 (2) paper and electronic pull-tabs;

1.19 (3) jar tickets;

1.20 (4) paddle tickets and paddle ticket cards;

1.21 (5) tipboards and tipboard tickets; and

1.22 (6) promotional tickets that mimic a pull-tab or tipboard.

1.23 (b) Permanent gambling equipment includes the following:

1.24 (1) devices for selecting bingo numbers;

(2) electronic bingo devices;
(3) electronic pull-tab devices;
(4) pull-tab dispensing devices;
(5) programmable electronic devices that have no effect on the outcome of a game and are used to provide a visual or auditory enhancement of a game;
(6) paddlewheels; ~~and~~
(7) paddlewheel tables; and
(8) electronic raffle selection systems.

Sec. 3. Minnesota Statutes 2014, section 349.12, subdivision 19, is amended to read:

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

Sec. 4. Minnesota Statutes 2014, section 349.12, is amended by adding a subdivision to read:

Subd. 33a. **Raffle sales device.** "Raffle sales device" is an attendant-operated cashier station used as a point of sale for raffle tickets from which a raffle participant may purchase a raffle ticket.

Sec. 5. Minnesota Statutes 2014, section 349.12, is amended by adding a subdivision to read:

Subd. 33b. **Share the pot raffle.** "Share the pot raffle" means a raffle in which the prize amount is a percentage of the raffle's gross receipts.

Sec. 6. Minnesota Statutes 2014, section 349.13, is amended to read:

349.13 LAWFUL GAMBLING.

Lawful gambling is not a lottery or gambling within the meaning of sections 609.75 to 609.76 if it is conducted under this chapter. A pull-tab dispensing device, electronic bingo device, and electronic pull-tab device permitted under this chapter and by board rule is not a gambling device within the meaning of sections 609.75 to 609.76 and chapter 299L. An electronic game device allowed under this chapter may not be a slot machine. Electronic game devices, including but not limited to electronic bingo devices, electronic paddlewheels, ~~and~~ electronic pull-tab devices, and electronic raffle selection systems

authorized under this chapter, may only be used in the conduct of lawful gambling permitted under this chapter and board rule and may not display or simulate any other form of gambling or entertainment, except as otherwise allowed under this chapter.

Sec. 7. Minnesota Statutes 2014, section 349.163, subdivision 2, is amended to read:

Subd. 2. **License; fee.** The annual fee for a manufacturer's license is \$9,000. The annual license fee for manufacturers of only electronic raffle selection systems license is \$1,000.

Sec. 8. Minnesota Statutes 2014, section 349.167, subdivision 1, is amended to read:

Subdivision 1. **Gambling manager required.** (a) All lawful gambling conducted by a licensed organization must be under the supervision of a gambling manager. A gambling manager designated by an organization to supervise lawful gambling is responsible for the gambling gross receipts of the organization and for its conduct in compliance with all laws and rules. A person designated as a gambling manager shall maintain a dishonesty bond in the sum of \$10,000 in favor of the organization conditioned on the faithful performance of the manager's duties. The terms of the bond must provide that notice be given to the board in writing not less than 30 days before its cancellation.

(b) Except as otherwise provided under this paragraph, a person may not act as a gambling manager for more than one organization. If a lawful gambling organization loses its gambling manager or its gambling manager is not capable of performing the duties, and no organization member is available to perform the duties of gambling manager, an interim gambling manager from another lawful gambling organization may be appointed by the organization with a vacancy to fill the vacant gambling manager position. An interim gambling manager must obtain a license from the board as a gambling manager for the lawful gambling organization with a vacancy. An interim gambling manager license shall not be valid for more than 120 days. A gambling manager serving as an interim gambling manager under this paragraph is not required to be a member of the lawful gambling organization with a vacancy at the time the interim gambling manager begins service to the organization with a vacancy. The fee for an interim gambling manager's license is \$100.

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

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

Sec. 9. Minnesota Statutes 2014, section 349.173, is amended to read:

349.173 CONDUCT OF RAFFLES.

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

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

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

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

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

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

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

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

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

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

(e) For raffles conducted by a licensed organization, the entries may be selected by use of a board-approved random number generator if, at the time of sale, the number contained on the raffle ticket is captured by the electronic raffle selection system and electronically recorded as an entry in the raffle.

(f) The board may by rule authorize but not require the use of electronic raffle selection systems.

(g) The board may by rule adopt minimum technical standards for electronic raffle selection systems.

Sec. 10. Minnesota Statutes 2014, section 349.211, subdivision 1, is amended to read:

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

Sec. 11. Minnesota Statutes 2014, section 349.213, subdivision 1, is amended to read:

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

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

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

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

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

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

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

(2) by an ordinance requirement that such organizations must contribute ten percent per year of their net profits derived from lawful gambling conducted at premises within the city's or county's jurisdiction to a fund administered and regulated by the responsible local unit of government without cost to such fund. The funds must be disbursed by the local unit of government for (i) charitable contributions as defined in section 349.12,

subdivision 7a, or (ii) police, fire, and other emergency or public safety-related services, equipment, and training, excluding pension obligations. A contribution made by an organization is not considered an expenditure to the city or county nor a tax under section 297E.02, and is valid and lawful. A city or county receiving and making expenditures authorized under this clause must by March 15 of each year file a report with the board, on a form the board prescribes, that lists all such revenues collected, interest received on fund balances, and expenditures for the previous calendar year. A home rule or statutory city or county making charitable contributions authorized under this clause must acknowledge financial contributions of organizations conducting lawful gambling to the community and to the recipients of the funds. This may occur in communications about the funds as well as in the distribution of funds.

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

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

Sec. 12. **EFFECTIVE DATE.**

This act is effective the day following final enactment.