

A bill for an act

relating to lawful gambling; providing for electronic bingo; making clarifying and conforming changes; amending Minnesota Statutes 2008, sections 349.12, subdivisions 5, 12a, 18, 25b, 25c, 25d; 349.151, subdivision 4c; 349.16, subdivision 7; 349.1635, subdivision 1; 349.17, subdivisions 6, 7, 8; 349.18, subdivision 1; 349.211, subdivision 1a; proposing coding for new law in Minnesota Statutes, chapter 349.

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

Section 1. Minnesota Statutes 2008, section 349.12, subdivision 5, is amended to read:

Subd. 5. **Bingo occasion.** "Bingo occasion" means a single gathering or session at which a series of one or more successive bingo games is played. There is no limit on the number of games conducted during a bingo occasion ~~but~~. A bingo occasion must not last longer than eight consecutive hours, except that all linked bingo games played on stationary electronic bingo devices during the regular daily business hours of the permitted premises are considered a separate bingo occasion.

Sec. 2. Minnesota Statutes 2008, section 349.12, subdivision 12a, is amended to read:

Subd. 12a. **Electronic bingo device.** (a) "Electronic bingo device" means ~~an~~ a portable or stationary electronic bingo device used by a bingo player to (1) monitor bingo paper sheets or facsimile of a bingo paper sheet when purchased at the time and place of an organization's bingo occasion and which (1) provides a means for bingo players to input; (2) activate numbers announced by a bingo caller; (2) ~~compares~~ or displayed and compare the numbers ~~entered by the player~~ to the bingo faces previously stored in the memory of the device; and (3) ~~identifies~~ identify a winning bingo pattern.

(b) An electronic bingo device may be used only in the conduct of bingo permitted under this chapter and may not display or simulate any other form of gambling or entertainment. A portable electronic bingo device is considered a device that is handheld and portable and must be provided by a licensed distributor. A stationary electronic bingo device is considered a device that is not readily portable and must be provided by a linked bingo game provider as part of its linked bingo game system. Electronic bingo device does not mean any device into which coin, currency, or tokens are inserted to activate play.

Sec. 3. Minnesota Statutes 2008, section 349.12, subdivision 18, is amended to read:

Subd. 18. **Gambling equipment.** "Gambling equipment" means: bingo hard cards or paper sheets, linked bingo paper sheets, devices for selecting bingo numbers, portable electronic bingo devices, pull-tabs, jar tickets, paddle wheels, paddle wheel tables, paddle tickets, paddle ticket cards, tipboards, tipboard tickets, promotional tickets that mimic a pull-tab or tipboard, and pull-tab dispensing devices.

Sec. 4. Minnesota Statutes 2008, section 349.12, subdivision 25b, is amended to read:

Subd. 25b. **Linked bingo game provider.** "Linked bingo game provider" means any person who provides the means to link bingo ~~prizes in a linked bingo game, who provides linked bingo paper sheets to the participating organizations~~ games, who provides linked bingo prize management, and who provides the linked bingo game system.

Sec. 5. Minnesota Statutes 2008, section 349.12, subdivision 25c, is amended to read:

Subd. 25c. **Linked bingo game system.** "Linked bingo game system" means the equipment used by the linked bingo provider to conduct, transmit, and track a linked bingo game. The system must be approved by the board before its use in this state and it must have ~~dial-up or other~~ the capability to permit the board to monitor its operation remotely.

Sec. 6. Minnesota Statutes 2008, section 349.12, subdivision 25d, is amended to read:

Subd. 25d. **Linked bingo prize pool.** "Linked bingo prize pool" means the total of all prize money that each participating organization has contributed to a linked bingo game prize and includes any portion of the prize pool that is carried over from one ~~occasion~~ game to another in a progressive linked bingo game.

Sec. 7. Minnesota Statutes 2008, section 349.151, subdivision 4c, is amended to read:

Subd. 4c. **Electronic bingo.** (a) The board may by rule authorize but not require the use of electronic bingo devices.

(b) Rules adopted under paragraph (a):

(1) must limit the number of bingo faces that can be played using an electronic bingo device to 36;

(2) must require that an electronic bingo device be used with corresponding bingo paper sheets or a facsimile, ~~printed at the point of sale, of a bingo paper sheet~~ as approved by the board;

(3) must require that the electronic bingo device site system have ~~dial-up~~ the capability to permit the board to remotely monitor the operation of the device and the internal accounting systems; and

(4) must prohibit the price of a face played on an electronic bingo device from being less than the price of a face on a bingo paper sheet sold at the same occasion.

Sec. 8. Minnesota Statutes 2008, section 349.16, subdivision 7, is amended to read:

Subd. 7. **Purchase of gambling equipment.** An organization may purchase or lease gambling equipment only from a person licensed as a distributor or linked bingo game provider.

Sec. 9. Minnesota Statutes 2008, section 349.1635, subdivision 1, is amended to read:

Subdivision 1. **License required.** No person may do any of the following without having first obtained a license from the board:

(1) provide the means to link prizes in a linked bingo game;

(2) provide linked bingo game prize management;

(3) provide the linked bingo system; or

(4) provide linked bingo paper sheets or stationary electronic bingo devices to an organization.

Sec. 10. Minnesota Statutes 2008, section 349.17, subdivision 6, is amended to read:

Subd. 6. **Conduct of bingo.** (a) Each bingo hard card and paper sheets must have five horizontal rows of spaces with each row except one having five numbers. The center row must have four numbers and the center space marked "free." Each column must have one of the letters B-I-N-G-O in order at the top. Bingo paper sheets may also have numbers that are not preprinted but are filled in by players.

(b) A game of bingo begins with the first letter and number called or displayed. Each player must cover ~~or~~ mark, or activate the numbers when bingo numbers are randomly ~~selected, announced, and selected and announced~~ or displayed to the players, ~~either manually or with a flashboard and monitor~~. The game is won when a player, using bingo

~~paper, bingo hard card, or a facsimile of a bingo paper sheet, has covered or marked completed, as described in the bingo program, a previously designated arrangement of numbers on the card or sheet pattern or previously determined requirements of the game and declared bingo. The game is completed when a winning card or, sheet, or facsimile is verified and a prize awarded, except that prizes won in linked bingo games may be awarded pursuant to subdivision 3.~~

Sec. 11. Minnesota Statutes 2008, section 349.17, subdivision 7, is amended to read:

Subd. 7. **Bar bingo.** An organization may conduct bar bingo subject to the following restrictions:

(1) the bingo is conducted at a site the organization owns or leases and which has a license for the sale of intoxicating beverages on the premises under chapter 340A; and

~~(2) the bingo is conducted using only bingo paper sheets purchased from a licensed distributor;~~

~~(3) no rent may be paid for a bar bingo occasion; and~~

~~(4) the lessor's immediate family and employees may participate if they are not involved with the sale or operation of bar bingo.~~

(2) bingo hard cards are not used.

Sec. 12. Minnesota Statutes 2008, section 349.17, subdivision 8, is amended to read:

Subd. 8. **Linked bingo games.** (a) A licensed organization may conduct or participate in ~~not more than two~~ linked bingo games ~~per occasion, one, some~~ of which may be a progressive game in which a portion of the prize is carried over from one ~~occasion game~~ to another until won by a player achieving a bingo within a predetermined amount of bingo numbers called.

~~(b) Each participating licensed organization shall contribute to each prize awarded in a linked bingo game in an amount not to exceed \$300.~~

~~(c)~~ An electronic bingo device as defined in section 349.12, subdivision 12a, may be used for a linked bingo game. No more than six stationary electronic bingo devices may be located at a permitted premises with 200 seats or less. No more than 12 stationary electronic bingo devices may be located at a permitted premises with 201 seats or more. Seating capacity is determined as specified under local fire code.

~~(d)~~ (c) A stationary electronic bingo device may be located only at a permitted premises where the organization conducts another form of gambling and the premises is:

(1) a licensed premises for on-sale or off-sale of intoxicating liquor or 3.2 percent malt beverages except that stationary electronic bingo may not be allowed at a licensee

for a general foods store or drug store permitted to operate under section 340A.405,
subdivision 1; or

(2) where bingo is conducted and admission is restricted to persons 18 years or older.

(d) Prior to a bingo occasion for linked bingo games played on stationary electronic
bingo devices, the linked bingo game provider, on behalf of the participating organizations,
must provide to the board a bingo program in a format prescribed by the board.

(e) The board may adopt rules to:

(1) specify the manner in which a linked bingo game must be played and how the
linked bingo prizes must be awarded;

(2) specify the records to be maintained by a linked bingo game provider;

(3) require the submission of periodic reports by the linked bingo game provider and
specify the content of the reports;

(4) establish the qualifications required to be licensed as a linked bingo game
provider; and

(5) any other matter involving the operation of a linked bingo game.

Sec. 13. Minnesota Statutes 2008, section 349.18, subdivision 1, is amended to read:

Subdivision 1. **Lease or ownership required; rent limitations.** (a) An organization
may conduct lawful gambling only on premises it owns or leases. Leases must be on a
form prescribed by the board. The term of the lease may not begin before the effective date
of the premises permit and must expire on the same day that the premises permit expires.
Leases approved by the board must specify that the board may authorize an organization
to withhold rent from a lessor for a period of up to 90 days if the board determines that
illegal gambling occurred on the premises and that the lessor or its employees participated
in the illegal gambling or knew of the gambling and did not take prompt action to stop the
gambling. The lease must authorize the continued tenancy of the organization without
the payment of rent during the time period determined by the board under this paragraph.
Copies of all leases must be made available to employees of the board and the Division of
Alcohol and Gambling Enforcement on request. ~~The board may prescribe by rule limits~~
~~on the amount of rent which an organization may pay to a lessor for premises leased for~~
~~bingo. Any rule adopted by the board limiting the amount of rent to be paid may only be~~
~~effective for leases entered into, or renewed, after the effective date of the rule.~~

(b) Rent paid by an organization for leased premises for the conduct of pull-tabs,
tipboards, and paddle wheels is subject to the following limits:

(1) for booth operations, including booth operations where a pull-tab dispensing
device is located, booth operations where a bar operation is also conducted, and booth

operations where both a pull-tab dispensing device is located and a bar operation is also conducted, the maximum rent is:

(i) in any month where the organization's gross profit at those premises does not exceed \$4,000, up to \$400; and

(ii) in any month where the organization's gross profit at those premises exceeds \$4,000, up to \$400 plus not more than ten percent of the gross profit for that month in excess of \$4,000;

(2) for bar operations, including bar operations where a pull-tab dispensing device is located but not including bar operations subject to clause (1), and for locations where only a pull-tab dispensing device is located:

(i) in any month where the organization's gross profit at those premises does not exceed \$1,000, up to \$200; and

(ii) in any month where the organization's gross profit at those premises exceeds \$1,000, up to \$200 plus not more than 20 percent of the gross profit for that month in excess of \$1,000;

(3) a lease not governed by clauses (1) and (2) must be approved by the board before becoming effective;

(4) total rent paid to a lessor from all organizations from leases governed by clause (1) may not exceed \$1,750 per month. Total rent paid to a lessor from all organizations from leases governed by clause (2) may not exceed \$2,500 per month.

(c) Rent paid by an organization for leased premises for the conduct of bingo is subject to either of the following limits at the option of the parties to the lease:

(1) not more than ten percent of the monthly gross profit from all lawful gambling activities held during bingo occasions excluding bar bingo or at a rate based on a cost per square foot not to exceed 110 percent of a comparable cost per square foot for leased space as approved by the director; and

(2) no rent may be paid for bar bingo, except as allowed under section 349.185.

(d) Amounts paid as rent under leases are all-inclusive. No other services or expenses provided or contracted by the lessor may be paid by the organization, including, but not limited to, trash removal, janitorial and cleaning services, snow removal, lawn services, electricity, heat, security, security monitoring, storage, other utilities or services, and, in the case of bar operations, cash shortages, unless approved by the director. Any other expenditure made by an organization that is related to a leased premises must be approved by the director. An organization may not provide any compensation or thing of value to a lessor or the lessor's employees from any fund source other than its gambling account. Rent payments may not be made to an individual.

(e) Notwithstanding paragraph (b), an organization may pay a lessor for food or beverages or meeting room rental if the charge made is comparable to similar charges made to other individuals or groups.

(f) No entity other than the licensed organization may conduct any activity within a booth operation on a leased premises.

(g) Employees of a lessor not involved in the conduct of lawful gambling on the premises or nongambling employees of an organization conducting lawful gambling on the premises may participate in lawful gambling on the premises provided if pull-tabs or tipboards are sold, the organization posts the major prizes awarded.

(h) A gambling employee may purchase pull-tabs or tipboards at the site of the employee's place of employment provided:

(1) the organization posts the major prizes for pull-tab or tipboard games; and

(2) the employee is not involved in the sale of pull-tabs or tipboards at that site.

(i) At a leased site where an organization uses a paddle wheel consisting of 32 numbers or less or a tipboard consisting of 32 tickets or less, tickets may be sold throughout the permitted premises, but winning tickets must be redeemed, the paddle wheel must be located, and the tipboard seal must be opened within the leased premises.

Sec. 14. [349.185] GROSS PROFIT ALLOCATION; STATIONARY ELECTRONIC BINGO.

Subdivision 1. **Definition.** For the purposes of this section, a "year" is determined to start on the first date of operation of a stationary electronic bingo device at a permitted premises.

Subd. 2. **Gross profit allocation.** The allocation of gross profits from the operation of a stationary electronic bingo device is as follows:

(a) The licensed organization shall receive:

(1) a minimum of 50 percent of gross profits to be used exclusively for lawful purpose expenditures as defined under section 349.12, subdivision 25; and

(2) no more than 15 percent each year for allowable expenses as defined under section 349.12, subdivision 3a, including the cost of a lease or purchase of the stationary electronic bingo devices.

(b) A linked bingo game provider shall receive no more than 25 percent of gross profits in the first year, no more than 19 percent in the second year, and no more than 15 percent thereafter.

(c) When a stationary electronic bingo device is placed in a location where the primary business is not bingo, the allocation for rent to the lessor shall be no more than

ten percent of gross profits in the first year, no more than 16 percent in the second year, and no more than 20 percent thereafter. The lessor and the lessor's employees shall operate the devices on behalf of the licensed organization, and the lessor is responsible for cash shortages.

(d) When a stationary electronic bingo device is placed in a location where the primary business is bingo, the lessor is limited to the rent limitations under section 349.18, subdivision 1, paragraph (c), clause (1).

Sec. 15. Minnesota Statutes 2008, section 349.211, subdivision 1a, is amended to read:

Subd. 1a. **Linked bingo prizes.** Prizes for a linked bingo game shall be limited as follows:

(1) ~~no~~ for each participating permitted premises, an organization may not contribute more than \$300 per linked bingo game to a linked bingo prize pool; and for a linked bingo game played with stationary electronic bingo devices an organization may not contribute more than 85 percent of the gross receipts to a linked bingo game prize pool;

(2) ~~no~~ an organization may not award more than \$200 for a linked bingo game consolation prize. For purposes of this subdivision, a linked bingo game consolation prize is a prize awarded by an organization after a prize from the linked bingo prize pool has been won; and

(3) for a progressive linked bingo game, if no player declares a valid bingo within the predetermined amount of bingo numbers called, a portion of the prize is carried over to another ~~occasion~~ game until the accumulated prize is won. The portion of the prize that is not carried over must be awarded to the first player or players who declares a valid bingo as additional numbers are called. If a valid bingo is declared within the predetermined amount of bingo numbers called, the entire prize pool for that game is awarded to the winner. ~~The annual limit for progressive bingo game prizes contained in subdivision 2 must be reduced by the amount an organization contributes to progressive linked bingo games during the same calendar year.~~

Sec. 16. **EFFECTIVE DATE.**

Sections 1 to 15 are effective July 1, 2009.