

HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. 1060

02/28/2013 Authored by Atkins, Hoppe, Zellers, Anzels and Dettmer

The bill was read for the first time and referred to the Committee on Commerce and Consumer Protection Finance and Policy

03/21/2013 Adoption of Report: Pass as Amended and Read Second Time

1.1 A bill for an act
 1.2 relating to lawful gambling; modifying account, record keeping, and other
 1.3 regulatory provisions; amending Minnesota Statutes 2012, sections 297E.06,
 1.4 subdivision 4; 349.1635, subdivision 3; 349.165, subdivision 5; 349.19,
 1.5 subdivisions 2, 10.

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

1.7 Section 1. Minnesota Statutes 2012, section 297E.06, subdivision 4, is amended to read:

1.8 Subd. 4. **Annual audit, certified inventory, and cash count.** (a) An organization
 1.9 licensed under chapter 349 with gross receipts from lawful gambling of more than
 1.10 ~~\$500,000~~ \$750,000 in any year must have an annual financial audit of its lawful gambling
 1.11 activities and funds for that year.

1.12 (b) The commissioner may require a financial audit of the lawful gambling activities
 1.13 and funds of an organization licensed under chapter 349, with gross receipts less than
 1.14 ~~\$500,000~~ \$750,000 annually, when an organization has:

- 1.15 (1) failed to timely file required gambling tax returns;
 1.16 (2) failed to timely pay the gambling tax or regulatory fee;
 1.17 (3) filed fraudulent gambling tax returns;
 1.18 (4) failed to take corrective actions required by the commissioner; or
 1.19 (5) failed to otherwise comply with this chapter.

1.20 (c) Audits under this subdivision must be performed by an independent accountant
 1.21 licensed in accordance with chapter 326A.

1.22 (d) An organization licensed under chapter 349 must perform an annual certified
 1.23 inventory and cash count at the end of its fiscal year and submit the report to the
 1.24 commissioner within 30 days after the end of its fiscal year. The report shall be on a form
 1.25 prescribed by the commissioner.

2.1 (e) The commissioner of revenue shall prescribe standards for the audits, certified
2.2 inventory, and cash count reports required under this subdivision. The standards may
2.3 vary based on the gross receipts of the organization. The standards must incorporate and
2.4 be consistent with standards prescribed by the American Institute of Certified Public
2.5 Accountants. A complete, true, and correct copy of the audits, certified inventory, and
2.6 cash count report must be filed as prescribed by the commissioner.

2.7 Sec. 2. Minnesota Statutes 2012, section 349.1635, subdivision 3, is amended to read:

2.8 Subd. 3. **Attachments to application.** An applicant for a linked bingo game
2.9 provider license must attach to its application:

2.10 (1) evidence of a bond in the principal amount of not less than \$100,000 payable to
2.11 the state of Minnesota conditioned on the payment of all linked bingo prizes and any other
2.12 money due and payable under this chapter;

2.13 (2) detailed plans and specifications for the operation of the linked bingo game and
2.14 the linked bingo system, along with a proposed fee schedule for the cost of providing
2.15 services and equipment to licensed organizations which may not exceed 15 percent of
2.16 gross profits, unless a higher percentage, not to exceed 20 percent, is authorized by the
2.17 board. The fee schedule must incorporate costs paid to distributors for services provided
2.18 under subdivision 5; and

2.19 (3) any other information required by the board by rule.

2.20 Sec. 3. Minnesota Statutes 2012, section 349.165, subdivision 5, is amended to read:

2.21 Subd. 5. **Off-site permits.** (a) A licensed organization may conduct lawful
2.22 gambling on a premises other than the organization's permitted premises if it has first
2.23 submitted to the board an application and lease on forms provided by the board, obtained
2.24 authorization required under section 349.213, and received a permit from the board for
2.25 up to ~~four~~ 12 events in a calendar year in connection with a county fair, the State Fair, a
2.26 church festival, or a civic celebration, not to exceed three days per event.

2.27 (b) No lease is required for the conduct of a raffle.

2.28 (c) No fee may be assessed for an off-site permit by the board or by local authority
2.29 under section 349.213.

2.30 Sec. 4. Minnesota Statutes 2012, section 349.19, subdivision 2, is amended to read:

2.31 Subd. 2. **Accounts.** (a) Gross receipts from lawful gambling by each organization
2.32 must be segregated from all other revenues of the conducting organization and placed in a
2.33 separate gambling bank account.

3.1 (b) All expenditures for allowable expenses, taxes, and lawful purposes must be
3.2 made from the separate account except (1) in the case of expenditures previously approved
3.3 by the organization's membership for emergencies as defined by board rule, (2) as provided
3.4 in subdivision 2a, or (3) when restricted to one electronic fund transaction for the payment
3.5 of taxes for the organization as a whole, the organization may transfer the amount of taxes
3.6 related to the conduct of gambling to the general account at the time when due and payable.

3.7 (c) The name and address of the bank, the account number for the separate account,
3.8 and the names of organization members authorized as signatories on the separate account
3.9 must be provided to the board when the application is submitted. Changes in the
3.10 information must be submitted to the board at least ten days before the change is made.

3.11 (d) ~~Except for gambling receipts from electronic pull-tab games and linked~~
3.12 ~~electronic bingo games,~~ Gambling receipts must be deposited into the gambling bank
3.13 account within four business days of completion of the bingo occasion, deal, or game from
3.14 which they are received.

3.15 (1) A deal of paper pull-tabs is considered complete when either the last pull-tab of
3.16 the deal is sold or the organization does not continue the play of the deal during the next
3.17 scheduled period of time in which the organization will conduct pull-tabs.

3.18 (2) A tipboard game is considered complete when the seal on the game flare is
3.19 uncovered or the organization does not continue the play of the deal during the next
3.20 scheduled period of time in which the organization will conduct tipboards.

3.21 (e) Gambling receipts from all electronic pull-tab games and all linked electronic
3.22 bingo games must be recorded on a daily basis ~~and deposited into the gambling bank~~
3.23 ~~account within two business days.~~

3.24 (f) Deposit records must be sufficient to allow determination of deposits made from
3.25 each bingo occasion, deal, or game at each permitted premises.

3.26 (g) The person who accounts for gambling gross receipts and profits may not be the
3.27 same person who accounts for other revenues of the organization.

3.28 Sec. 5. Minnesota Statutes 2012, section 349.19, subdivision 10, is amended to read:

3.29 Subd. 10. **Pull-tab records.** (a) The board shall by rule require a licensed
3.30 organization to require each winner of a paper pull-tab prize of ~~\$50~~ \$100 or more to
3.31 present identification in the form of a driver's license, Minnesota identification card, or
3.32 other identification the board deems sufficient to allow the identification and tracking of
3.33 the winner. The rule must require the organization to retain winning paper pull-tabs of ~~\$50~~
3.34 \$100 or more, and the identification of the winner of the pull-tab, for 3-1/2 years.

4.1 (b) An organization must maintain separate cash banks for each deal of paper
4.2 pull-tabs unless (1) the licensed organization uses a pull-tab dispensing device, or (2) the
4.3 organization uses a cash register, of a type approved by the board, which records all
4.4 sales of paper pull-tabs by separate deals.

4.5 (c) The board shall:

4.6 (1) by rule adopt minimum technical standards for cash registers that may be used
4.7 by organizations, and shall approve for use by organizations any cash register that meets
4.8 the standards; and

4.9 (2) before allowing an organization to use a cash register that commingles receipts
4.10 from several different paper pull-tab games in play, adopt rules that define how cash
4.11 registers may be used and that establish a procedure for organizations to reconcile all
4.12 pull-tab games in play at the end of each month.