Gambling Control
Minnesota Gambling Control Board

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Representative Phyllis Kahn, Chair-Elect, State Government Finance Committee

DATE: December 7, 2006

FROM: Tom Barrett, Executive Director

RE: Annual Report on Obsolete, Unnecessary, or Duplicative Rules, as Required by Minnesota Statutes, Section 14.05, Subdivision 5

The Board's last rules changes became effective on November 1, 2004. Since that time, legislative changes occurred in 2005 and 2006 that need to be addressed in a new rulemaking process that has been initiated. In the new rulemaking process, the Board will eliminate obsolete or unnecessary rules, and will repeal and reenact rules, as identified in the attached document.

If you have any questions regarding this report, please contact:
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Encl.

(NOTE: A copy of this report will be sent to ranking minority members of these committees when appointed.)

Minnesota Gambling Control Board
Obsolete Rules Report – November 22, 2006

To address legislative changes that occurred in 2005, the Board initiated a new rules process with a Request for Comments published in the State Register on August 1, 2005. The Request for Comments was amended twice, on October 31, 2005 and on June 5, 2006 to address legislative changes additional legislative changes. The Board has been mandated to promulgate rules for new pull-tabs games (progressive, cumulative, and event games) and the industry informally requested that the Board develop rules for the use of electronic bingo devices. These changes are being incorporated in the new rules process. The Board is repealing all current rules, and reenacting the rules language with a reorganization of rules language to make the rules easier to locate. Simplification of rules language is being incorporated to make the rules easier to understand for the lay reader.

Current Rule	**Language**	**Change**
7861.0010 Subp. 1b	Bar bingo. "Bar bingo" means a game or games of bingo, conforming to all applicable statutes and rules, that is conducted at a place of business where a licensed organization leases space to conduct lawful gambling, where the lessor's business is the sale of intoxicating liquor or 3.2 percent malt beverages, and where the organization conducts another form of lawful gambling on the premises for which it could pay rent.	Effective 8-1-2005, bar bingo is defined in Minn. Stat. 349.12, Subd. 3C, making this rule duplicative and unnecessary.
7861.0010, Subp. 4	Bingo occasion. "Bingo occasion" means a single gathering at which 15 or more bingo games must be conducted, and which must continue for at least 1-1/2 hours but not more than four consecutive hours. A bingo occasion may have intermissions.	New definition of bingo occasion is contained in Minn. Stat. 349.12, Subd. 5. The rule is obsolete.
7861.0010, Subp. 43	Paddlewheel. "Paddlewheel" is a mechanical, manually operated vertical wheel marked off into sections containing numbers and which, after being spun, uses a pointer to indicate the winning number.	Contained in Minnesota Statutes 349.12, subdivision 29. Duplicative rule.
7861.0020, Subp. 4	A. a copy of its internal control system on a form prescribed by the board must be included with the initial license application filed by the organization.	The requirement that a copy of internal control system be submitted with an organization license application is being deleted because experience has shown that this requirement does not add any merit to licensing qualifications.
7861.0020, Subp. 8C	If the renewal application was denied because the organization has exceeded the limits set forth in Minnesota Statutes, section 349.15, subdivision 1, the organization may deposit sufficient funds from a nongambling source into its gambling account to bring it into compliance with Minnesota Statutes, section 349.15, subdivision 1.	New language is contained in Minnesota Statutes 349.16, subdivision 2. The language is obsolete.
7861.0030, Subp. 12	An organization employing an assistant gambling manager according to this part shall submit to the board a list of the duties that the assistant gambling manager is authorized to perform on behalf of the organization. The list must be signed by the organization's chief executive officer and gambling manager, and must reflect that it conforms to the requirements of this part. Any changes to the list of authorized duties must be submitted to the board in writing 24 hours in advance of implementation of the change.	This is an unnecessary and burdensome requirement, as the Board can obtain this information from the involved organizations if it is deemed necessary.

Current Rule	Language	Change
7861.0040, Subp. 4A(6)	for bingo leased premises an itemized listing, including the cost of any goods or services that the lessee purchases from the lessor or purchases from a third-party vendor pursuant to the items of the lease, including but not limited to, trash removal, snow removal, parking lot maintenance, or building maintenance. All goods or services included in the lease agreement shall be valued at their fair market value;	A change that became effective on August 1, 2005, established "all-inclusive" bingo rent under Minn. Stat. 349.18, Subd. 1(d). Therefore, this rule language is obsolete.
7861.0060, Subp. 2	B. An organization may not pay rent to itself for the conduct of gambling. C. The amount of rent an organization may pay: (1) for bingo and all other gambling activities which occur during that bingo occasion may not exceed: $200 for leased premises of not more than 6,000 square feet, $300 for leased premises of not more than 12,000 square feet, $400 for leased premises of more than 12,000 square feet, and $25 per occasion for bar bingo, and as provided in Minnesota Statutes, section 349.17, subdivision 7;	Item B is being deleted, as this restriction is contained in Minnesota Statutes, section 349.18, subdivision 4. Redundant and unnecessary language. Item C(1) is being deleted because of a legislative change effective August 1, 2005, which establishes bingo rent limits in Minn. Stat. 349.18, Subd. 1(c). This rule is therefore obsolete and being deleted.
7861.0060, Subp. 7	Exchange or transfer of gambling equipment prohibited. A licensed organization may not exchange, sell, or otherwise provide gambling equipment to any other organization.	This language is being deleted because a statute change only allows a licensed distributor to sell or provide gambling equipment to organizations conducting lawful gambling.
7861.0080, Subp. 1	A gambling employee or gambling volunteer of an organization may not purchase pull-tabs at the site of the employee's or gambling volunteer's place of employment unless: (1) the organization posts the major prizes for pull-tab or tipboard games pursuant to Minnesota Statutes, section 349.172; and (2) the gambling employee or gambling volunteer is not involved in the sale of pull-tabs at the site of the employee's or gambling volunteer's place of employment.	The language is unnecessary as Minnesota Statutes, section 349.18, Subd. 1 now states who may purchase pull-tabs. Unnecessary and redundant language.
7861.0090, Subp. 1A	A gambling employee of an organization shall not purchase tipboards at the site of the employee's place of employment. For purposes of this part, the term "employee" includes a volunteer.	Minn. Stat. 349.18, Subd. 1 contains language stating who may and may not play. Unnecessary and redundant language.
7861.0120, Subp. 5C(4)	A contribution to an individual for treatment of delayed posttraumatic stress syndrome if the individual has documentation that the individual has been diagnosed by a licensed medical doctor as suffering from posttraumatic stress syndrome.	This language was deleted from lawful purpose under Minnesota Statutes, section 349.12, subdivision 25a. This language is obsolete.
7861.0120, Subp. 5C(8)	This subitem does not apply to educational institutions or other entities as identified in the Higher Education Act amendments of 1976, United States Code, title 20, section 1681.	The language is not relevant for this item, as contributions to schools may be made as authorized by Minnesota Statute 349.12, Subd. 25(a)(4).

Current Rule	Language	Change
7861.0120, Subp. 5C(9)	Real estate taxes and assessments on permitted gambling premises wholly owned by the licensed organization or licensed veterans organization, or wholly leased by a licensed veterans organization, provided the expenditure does not exceed: (a) for organizations which conduct pull-tabs, tipboards, raffles, and/or paddlewheels, $35,000 per year; and (b) for organizations which conduct bingo, $200 for premises of not more than 6,000 square feet, $300 for owned bingo premises of not more than 12,000 feet, and $400 for premises of more than 12,000 square feet times the number of bingo occasions conducted in a calendar year, based on the space actually used for bingo.	This language is being deleted because a statutory change to Minn. Stat. 349.12, subdivision 25(a)(9), effective June 4, 2005, removed the limit that could be expended for real estate taxes on owned or wholly leased permitted premises. Therefore, this language is obsolete and being deleted.
7861.0130, Subpart 1	An organization that conducts excluded bingo or raffles as allowed by Minnesota Statutes, section 349.166, must register with the board before the conduct of the lawful gambling.	This language is obsolete because of a statutory change that became effective on August 1, 2005, in Minnesota Statutes, section 349.166, subdivision 1, paragraph (c), i.e. organizations conducting excluded raffles are no longer required to register that activity with the board. All references to raffles are being deleted in this subpart. Other language changes and deletions will reflect that this part now pertains to excluded bingo only.
7862.0010	Bingo Hall Licenses - All language repealed.	All language in this part is being repealed because effective August 1, 2005, bingo halls are no longer required to be licensed. Therefore, this part is obsolete. In addition, any references to "bingo halls" throughout rules will be deleted.
7863.0010, Subp. 4 (Distributor license)	participate directly or indirectly in the ownership or management of a bingo hall;	Effective August 1, 2005, bingo hall licenses were repealed in statute, therefore the language is obsolete and being deleted.
7864.0010, Subp. 4F (Manufacturer license)	participate directly or indirectly in the ownership or management of a bingo hall;	Effective August 1, 2005, bingo hall licenses were repealed in statute, therefore the language is obsolete and being deleted
7864.0030, Subp. 3	A manufacturer may not sell, lease, or make available to any distributor any gambling equipment unless the equipment meets the standards in subpart 1 and the distributor has a valid license issued by the board.	This language is not necessary as other rule language already contains this information and is also contained in Minn. Stat. 349.163, making the language redundant.