

CHAPTER 596—S.F.No. 1661

An act relating to charitable gambling; changing the definition of lawful purpose expenditures; clarifying the definition of organization; increasing the percentage of profit that may be used for expenses for certain organizations; licensing bingo halls; changing the definition of bingo occasion; requiring organizations to be directly responsible for the conducting of bingo; changing the definition of gross receipts for the purposes of bingo; requiring a study on charitable gambling; amending Minnesota Statutes 1986, sections 349.19, subdivision 1; Minnesota Statutes 1987 Supplement, sections 349.12, subdivision 11; 349.17, subdivisions 1 and 2; 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 1987 Supplement, section 349.12, subdivision 11, is amended to read:

Subd. 11. "Lawful purpose" means one or more of the following: (a) benefiting persons by enhancing their opportunity for religious or educational advancement, by relieving or protecting them from disease, suffering or distress, by contributing to their physical well-being, by assisting them in establishing themselves in life as worthy and useful citizens, or by increasing their comprehension of and devotion to the principles upon which this nation was founded; (b) initiating, performing, or fostering worthy public works or enabling or furthering the erection or maintenance of public structures; (c) lessening the burdens borne by government or voluntarily supporting, augmenting or supplementing services which government would normally render to the people; or (d) ~~the improving, expanding, maintaining or repairing real property owned or leased by an organization; or~~ (e) payment of taxes imposed under this chapter, and other taxes imposed by the state or the United States on receipts from lawful gambling.

"Lawful purpose" does not include the erection ~~or~~ acquisition, improvement, expansion, repair, or maintenance of any real property owned or leased by the organization, unless the board specifically authorizes the expenditures after finding that the property will be used exclusively for one or more of the purposes specified in ~~this clause~~ clauses (a) to (c). The board may by rule adopt procedures and standards to administer this subdivision.

Sec. 2. [349.164] BINGO HALL LICENSES.

Subdivision 1. LICENSE REQUIRED. No person may lease a facility to more than one licensed organization to conduct bingo without having obtained a bingo hall license under this section, unless the person is a licensed organization.

Subd. 2. LICENSE APPLICATION. The board may issue a bingo hall license to persons who meet the qualifications of this section if the board determines that a license is consistent with the purpose of sections 349.11 to 349.22. Applications must be on a form the board prescribes.

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Subd. 3. QUALIFICATIONS. A license may not be issued under this section to a person, or to a corporation, firm, or partnership which has as an officer, director, or other person in a supervisory or management position, who:

(1) has been convicted of a felony in a state or federal court within the past five years or who has a felony charge pending; or

(2) has been convicted in a state or federal court of a gambling-related offense within ten years of the date of license application.

Subd. 4. FEES. The annual fee for a bingo hall license is \$250.

Subd. 5. CRIMINAL HISTORY. The board may request the assistance of the bureau of criminal apprehension in investigating the background of an applicant for a bingo hall license and may reimburse the bureau for the costs. The board has access to all criminal history data compiled by the bureau on licensees and applicants.

Subd. 6. PROHIBITION. No bingo hall licensee may also be a licensed distributor or registered manufacturer or affiliate of the distributor or manufacturer under section 349.161 or 349.163.

Subd. 7. RESTRICTIONS. A bingo hall licensee or affiliate of the licensee may not:

(1) provide any staff to conduct bingo or any other form of lawful gambling during the bingo occasion;

(2) acquire, provide storage or inventory control, or report the use of any gambling equipment used by an organization that conducts bingo on the premises;

(3) provide accounting services to an organization conducting bingo on the premises;

(4) make any expenditures of gross receipts of an organization from lawful gambling; or

(5) charge any fee to a person at a bingo occasion, without which the person could not play a bingo game.

Subd. 8. LEASES. All of the remuneration to be received from the organization for the conduct of lawful gambling must be stated in the lease. No amount may be paid by the organization or received by the operator of the bingo hall based on the number of participants attending the bingo occasion or on the gross receipts or profit received by the organization.

Subd. 9. REVOCATION AND SUSPENSION. A license under this section may be suspended by the board for a violation of law or board rule or for failure to meet the qualifications in subdivision 3 at any time or revoked for what the board determines to be a pattern of willful violations of law or

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board rule. A revocation or suspension is a contested case under sections 14.57 to 14.69 of the administrative procedure act.

Sec. 3. Minnesota Statutes 1987 Supplement, section 349.17, subdivision 1, is amended to read:

Subdivision 1. **BINGO OCCASIONS.** Not more than six bingo occasions each week may be conducted by an organization. At least 15 bingo games must be held at each occasion and a bingo occasion may not must continue for at least one and one-half hours but not more than four consecutive hours.

Sec. 4. Minnesota Statutes 1987 Supplement, section 349.17, subdivision 2, is amended to read:

Subd. 2. **BINGO ON LEASED PREMISES.** (a) A person or corporation, other than an organization, which leases any premises that it owns to two or more organizations for purposes including the conduct of bingo occasions, may not allow more than 18 bingo occasions to be conducted on the premises in any week.

(b) If an organization conducts bingo on premises it does not own, the organization must provide the board with the name of the owner and lessor of the premises, copies of all agreements between the organization and the owner or lessor, and the names of employees of the owner or lessor who will be responsible for the premises during the bingo occasion held by the organization.

(c) During any bingo occasion held by an organization on premises it does not own, the organization shall be directly responsible for the:

(1) staffing of the bingo occasion;

(2) conducting of lawful gambling during the bingo occasion;

(3) acquiring, storage, inventory control, and reporting of all gambling equipment used by the organization; and

(4) receipt, accounting, and all expenditures of gross receipts from lawful gambling.

Sec. 5. Minnesota Statutes 1986, section 349.19, subdivision 1, is amended to read:

Subdivision 1. **REQUIRED RECORD OF RECEIPTS.** A licensed organization must keep a record of each occasion on which it conducts gambling, including each bingo occasion and each day on which other forms of lawful gambling are conducted. The record must include gross receipts, quantities of free plays if any, expenses, and profits. The board may by rule provide for the methods by which expenses are documented. Gross receipts for bingo include any amount received by the organization which has been paid by a person at the bingo occasion to play the game, without which the player could not play the

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game. In the case of bingo, gross receipts must be compared to the checkers' records for the occasion by a person who did not sell cards for the occasion. Separate records must be kept for bingo and all other forms of lawful gambling.

Sec. 6. **STUDY.**

The senate committee on general legislation and public gaming and the house committee on general legislation, veterans affairs, and gaming shall conduct a joint study to examine whether charitable gambling laws are being properly enforced, whether the amount being devoted to charitable purposes from charitable gambling is appropriate, and whether taxes due on the conduct of charitable gambling are actually being collected. The charitable gambling control board, the commissioner of revenue, and the director of the bureau of criminal apprehension shall cooperate in the conduct of this study. The study must be completed by January 15, 1989.

Sec. 7. **EFFECTIVE DATE.**

Section 1 is effective the day following final enactment.

Approved April 21, 1988

CHAPTER 597—S.F.No. 1708

An act relating to credit unions; permitting managers to be directors; providing conditions for the expulsion of members; amending Minnesota Statutes 1986, sections 52.08; and 52.19.

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

Section 1. Minnesota Statutes 1986, section 52.08, is amended to read:

52.08 ANNUAL MEETING.

At the annual meeting the credit union shall elect a board of directors of not less than five members, a supervisory committee of three members, and may elect a credit committee of not less than three members, all to hold office for the terms provided in the bylaws and until successors qualify. Some or all of the terms of office may be staggered, as provided in the bylaws. A record of the names and addresses of the members of the board and committees and the officers shall be filed with the commissioner of commerce within ten days of their election. ~~No~~ A full time manager of a credit union ~~shall~~ may be a director of a credit union operating under this chapter.

The organization meeting shall be the first annual meeting.

Sec. 2. Minnesota Statutes 1986, section 52.19, is amended to read:

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