

CHAPTER 155—S.F.No. 566

An act relating to lawful gambling; authorizing certain groupings of paddleticket cards; authorizing certain lawful purpose expenditures; increasing percentage of lawful gambling gross profits that may be spent for expenses; restricting authority of gambling control board to impose sanctions against lawful gambling premises permits for illegal gambling; increasing maximum bingo prices; authorizing certain social skill games; amending Minnesota Statutes 1996, sections 297E.04, subdivision 3; 349.12, subdivisions 25 and 26a; 349.15, subdivision 1; 349.155, by adding a subdivision; 349.16, by adding a subdivision; 349.163, subdivision 8; 349.211, subdivisions 1 and 2; and 609.761, by adding a subdivision.

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

Section 1. Minnesota Statutes 1996, section 297E.04, subdivision 3, is amended to read:

Subd. 3. **PADDLETICKET CARD MASTER FLARES.** Each sealed grouping of 100 or fewer paddleticket cards must have its own individual master flare. The manufacturer of the paddleticket cards must affix to or imprint at the bottom of each master flare a bar code that provides:

- (1) the name of the manufacturer;
- (2) the first paddleticket card number in the group;
- (3) the number of paddletickets attached to each paddleticket card in the group; and
- (4) all other information required by the commissioner. This subdivision applies to paddleticket cards (i) sold by a manufacturer after June 30, 1995, for use or resale in Minnesota or (ii) shipped into or caused to be shipped into Minnesota by a manufacturer after June 30, 1995. Paddleticket cards that are subject to this subdivision may not have a registration stamp affixed to the master flare.

Sec. 2. Minnesota Statutes 1996, section 349.12, subdivision 25, is amended to read:

Subd. 25. **LAWFUL PURPOSE.** (a) "Lawful purpose" means one or more of the following:

- (1) any expenditure by or contribution to a 501(c)(3) or festival organization, as defined in subdivision 15a, provided that the organization and expenditure or contribution are in conformity with standards prescribed by the board under section 349.154, which standards must apply to both types of organizations in the same manner and to the same extent;
- (2) a contribution to an individual or family suffering from poverty, homelessness, or physical or mental disability, which is used to relieve the effects of that poverty, homelessness, or disability;
- (3) a contribution to an individual for treatment for delayed posttraumatic stress syndrome or a contribution to a program recognized by the Minnesota department of human services for the education, prevention, or treatment of compulsive gambling;
- (4) a contribution to or expenditure on a public or private nonprofit educational institution registered with or accredited by this state or any other state;

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(5) a contribution to a scholarship fund for defraying the cost of education to individuals where the funds are awarded through an open and fair selection process;

(6) activities by an organization or a government entity which recognize humanitarian or military service to the United States, the state of Minnesota, or a community, subject to rules of the board, provided that the rules must not include mileage reimbursements in the computation of the per occasion reimbursement limit and must impose no aggregate annual limit on the amount of reasonable and necessary expenditures made to support:

(i) members of a military marching or colorguard unit for activities conducted within the state; or

(ii) members of an organization solely for services performed by the members at funeral services;

(7) recreational, community, and athletic facilities and activities intended primarily for persons under age 21, provided that such facilities and activities do not discriminate on the basis of gender and the organization complies with section 349.154;

(8) payment of local taxes authorized under this chapter, taxes imposed by the United States on receipts from lawful gambling, the taxes imposed by section 297E.02, subdivisions 1, 4, 5, and 6, and the tax imposed on unrelated business income by section 290.05, subdivision 3;

(9) payment of real estate taxes and assessments on permitted gambling premises wholly owned by the licensed organization paying the taxes, not to exceed:

(i) for premises used for bingo, the amount that an organization may expend under board rules on rent for bingo; and

(ii) \$35,000 per year for premises used for other forms of lawful gambling;

(10) a contribution to the United States, this state or any of its political subdivisions, or any agency or instrumentality thereof other than a direct contribution to a law enforcement or prosecutorial agency;

(11) a contribution to or expenditure by a nonprofit organization which is a church or body of communicants gathered in common membership for mutual support and edification in piety, worship, or religious observances;

(12) payment of one-half of the reasonable costs of an audit required in section 297E.06, subdivision 4;

(13) a contribution to or expenditure on a wildlife management project that benefits the public at-large, provided that the state agency with authority over that wildlife management project approves the project before the contribution or expenditure is made; or

(14) expenditures, approved by the commissioner of natural resources, by an organization for grooming and maintaining snowmobile trails that are (1) grant-in-aid trails established under section 85.019, or (2) other trails open to public use, including purchase or lease of equipment for this purpose; or

(15) conducting nutritional programs, food shelves, and congregating dining programs primarily for persons who are age 62 or older or disabled.

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(b) Notwithstanding paragraph (a), "lawful purpose" does not include:

(1) any expenditure made or incurred for the purpose of influencing the nomination or election of a candidate for public office or for the purpose of promoting or defeating a ballot question;

(2) any activity intended to influence an election or a governmental decision-making process;

(3) the erection, acquisition, improvement, expansion, repair, or maintenance of real property or capital assets owned or leased by an organization, unless the board has first specifically authorized the expenditures after finding that (i) the real property or capital assets will be used exclusively for one or more of the purposes in paragraph (a); (ii) with respect to expenditures for repair or maintenance only, that the property is or will be used extensively as a meeting place or event location by other nonprofit organizations or community or service groups and that no rental fee is charged for the use; (iii) with respect to expenditures, including a mortgage payment or other debt service payment, for erection or acquisition only, that the erection or acquisition is necessary to replace with a comparable building, a building owned by the organization and destroyed or made uninhabitable by fire or natural disaster, provided that the expenditure may be only for that part of the replacement cost not reimbursed by insurance; or (iv) with respect to expenditures, including a mortgage payment or other debt service payment, for erection or acquisition only, that the erection or acquisition is necessary to replace with a comparable building a building owned by the organization that was acquired from the organization by eminent domain or sold by the organization to a purchaser that the organization reasonably believed would otherwise have acquired the building by eminent domain, provided that the expenditure may be only for that part of the replacement cost that exceeds the compensation received by the organization for the building being replaced;

(4) an expenditure by an organization which is a contribution to a parent organization, foundation, or affiliate of the contributing organization, if the parent organization, foundation, or affiliate has provided to the contributing organization within one year of the contribution any money, grants, property, or other thing of value;

(5) a contribution by a licensed organization to another licensed organization unless the board has specifically authorized the contribution. The board must authorize such a contribution when requested to do so by the contributing organization unless it makes an affirmative finding that the contribution will not be used by the recipient organization for one or more of the purposes in paragraph (a); or

(6) a contribution to a statutory or home rule charter city, county, or town by a licensed organization with the knowledge that the governmental unit intends to use the contribution for a pension or retirement fund.

Sec. 3. Minnesota Statutes 1996, section 349.12, subdivision 26a, is amended to read:

Subd. 26a. **MASTER FLARE.** "Master flare" is the posted display, with registration stamp affixed or bar code imprinted or affixed, that is used in conjunction with sealed groupings of 100 or fewer sequentially numbered paddleticket cards.

Sec. 4. Minnesota Statutes 1996, section 349.15, subdivision 1, is amended to read:

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Subdivision 1. **EXPENDITURE RESTRICTIONS.** Gross profits from lawful gambling may be expended only for lawful purposes or allowable expenses as authorized by the membership of the conducting organization at a monthly meeting of the organization's membership. Provided that no more than ~~60~~ 65 percent of the gross profit less the tax imposed under section 297E.02, subdivision 1, from bingo, and no more than ~~50~~ 55 percent of the gross profit from other forms of lawful gambling, may be expended for allowable expenses related to lawful gambling.

Sec. 5. Minnesota Statutes 1996, section 349.155, is amended by adding a subdivision to read:

Subd. 4a. **ILLEGAL GAMBLING.** The board may not deny, suspend, revoke, or refuse to renew an organization's premises permit because illegal gambling occurred at the site for which the premises permit was issued, unless the board determines that: (1) the organization knowingly participated in the illegal gambling; or (2) the organization or any of its agents knew or reasonably should have known of the illegal gambling and the organization did not notify the lessor of the premises, in writing and with specificity, that illegal gambling was being conducted on the premises and requesting that the lessor take appropriate action.

Sec. 6. Minnesota Statutes 1996, section 349.16, is amended by adding a subdivision to read:

Subd. 10. **LICENSE RENEWAL TO MERGED FIRE RELIEF ASSOCIATIONS.** A new relief association formed from the merger of the relief associations of two separate city fire departments, mandated under Laws 1995, chapter 262, article 11, may apply for a license renewal under this section. The board shall consider the application as a license renewal of one of the relief associations that is a licensed organization and was merged to form the new relief association.

Sec. 7. Minnesota Statutes 1996, section 349.163, subdivision 8, is amended to read:

Subd. 8. **PADDLETICKET CARD MASTER FLARES.** Each sealed grouping of 100 or fewer paddleticket cards must have its own individual master flare. The manufacturer must affix to or imprint at the bottom of the master flare a bar code that provides all information required by the commissioner of revenue under section 297E.04, subdivision 3.

This subdivision applies to paddleticket cards sold by a manufacturer after June 30, 1995, for use or resale in Minnesota or shipped into or caused to be shipped into Minnesota by a manufacturer after June 30, 1995. Paddleticket cards which are subject to this subdivision shall not have a registration stamp affixed to the master flare.

Sec. 8. Minnesota Statutes 1996, section 349.211, subdivision 1, is amended to read:

Subdivision 1. **BINGO.** Except as provided in subdivision 2, prizes for a single bingo game may not exceed ~~\$100~~ \$200 except prizes for a cover-all game, which may exceed ~~\$100~~ \$200 if the aggregate value of all cover-all prizes in a bingo occasion does not exceed \$1,000. Total prizes awarded at a bingo occasion may not exceed \$2,500, unless a cover-all game is played in which case the limit is \$3,500. 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.

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Sec. 9. Minnesota Statutes 1996, section 349.211, subdivision 2, is amended to read:

Subd. 2. **PROGRESSIVE BINGO GAMES.** A prize of up to \$1,000 \$2,000 may be awarded for a progressive bingo game, including a cover-all game. The prize for a progressive bingo game may start at \$300 and be increased by up to \$100 for each occasion during which the progressive bingo game is played. A consolation prize of up to \$100 for a progressive bingo game may be awarded in each occasion during which the progressive bingo game is played and the accumulated prize is not won. The total amount awarded in progressive bingo game prizes in any calendar year may not exceed \$36,000.

Sec. 10. Minnesota Statutes 1996, section 609.761, is amended by adding a subdivision to read:

Subd. 3. **SOCIAL SKILL GAME.** Sections 609.755 and 609.76 do not prohibit tournaments or contests that satisfy all of the following requirements:

(1) the tournament or contest consists of the card games of chance commonly known as cribbage, skat, sheephead, bridge, euchre, pinochle, gin, 500, smear, or whist;

(2) the tournament or contest does not provide any direct financial benefit to the promoter or organizer; and

(3) the sum of all prizes awarded for each tournament or contest does not exceed \$200.

Sec. 11. **EFFECTIVE DATE.**

Sections 1 to 10 are effective the day following final enactment.

Presented to the governor May 14, 1997

Signed by the governor May 15, 1997, 3:35 p.m.

CHAPTER 156—S.F.No. 1351

An act relating to public employment; making technical changes; modifying definitions; modifying certain arbitration procedures; ratifying certain labor agreements and proposals; amending Minnesota Statutes 1996, sections 3.855, subdivision 2; 43A.06, subdivision 1; 179A.03, subdivision 14; 179A.10, subdivision 1; and 179A.11, subdivision 1.

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

Section 1. Minnesota Statutes 1996, section 3.855, subdivision 2, is amended to read:

Subd. 2. **STATE EMPLOYEE NEGOTIATIONS.** (a) The commissioner of employee relations shall regularly advise the commission on the progress of collective bargaining activities with state employees under the state public employment labor relations act. During negotiations, the commission may make recommendations to the commissioner as it deems appropriate but no recommendation shall impose any obligation or grant any right or privilege to the parties.

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