

resources assistance; and legislative services to Explore Minnesota Tourism through June 30, 2005. Effective July 1, 2005, one full-time equivalent position for communications and one for research is permanently transferred from the Department of Employment and Economic Development to Explore Minnesota Tourism.

(c) Funding for the services in paragraph (b), rent, and salaries shall be added to Explore Minnesota Tourism's base budget for the biennium ending June 30, 2007, and the base budget for the Department of Employment and Economic Development is reduced by that amount.

Sec. 17. Minnesota Statutes 2002, section 160.276, subdivision 5, is amended to read:

Subd. 5. **OFFICE OF EXPLORE MINNESOTA TOURISM.** The commissioner shall provide space free of charge to the Office of Explore Minnesota Tourism for travel information centers. The commissioner shall not charge the Office of Explore Minnesota Tourism for any regular expenses associated with the operation of the travel information centers. The commissioner shall provide highway maps free of charge for use and distribution through the travel information centers.

Sec. 18. Minnesota Statutes 2003 Supplement, section 161.20, subdivision 3, is amended to read:

Subd. 3. **TRUNK HIGHWAY FUND APPROPRIATIONS.** The commissioner may expend trunk highway funds only for trunk highway purposes. Payment of expenses related to Bureau of Criminal Apprehension laboratory, Office of Explore Minnesota Tourism kiosks, Minnesota Safety Council, tort claims, driver education programs, Emergency Medical Services Board, and Mississippi River Parkway Commission do not further a highway purpose and do not aid in the construction, improvement, or maintenance of the highway system.

Sec. 19. Minnesota Statutes 2003 Supplement, section 270B.14, subdivision 13, is amended to read:

Subd. 13. **DISCLOSURE TO OFFICE OF EXPLORE MINNESOTA TOURISM.** The commissioner may disclose to the Office of Explore Minnesota Tourism in the Department of Employment and Economic Development, the name, address, standard industrial North American Industry Classification System (NAICS) code, and telephone number of a travel or tourism related business that is authorized to collect sales and use tax. The data may be used only by the Office of Explore Minnesota Tourism to survey travel or tourism related businesses.

Sec. 20. **REPEALER.**

Minnesota Statutes 2002, sections 116J.01, subdivision 4; 116J.036; 116J.615; 116J.616; and 116J.63, subdivision 4, are repealed.

Sec. 21. **EFFECTIVE DATE.**

Except as specified otherwise, this act is effective July 1, 2004.

Presented to the governor April 28, 2004

Signed by the governor April 30, 2004, 3:05 p.m.

New language is indicated by underline, deletions by ~~strikeout~~.

CHAPTER 172—H.F.No. 2521

An act relating to lawful gambling; making various changes to lawful gambling provisions; amending Minnesota Statutes 2002, sections 349.15, subdivision 2; 349.163, subdivision 9; 349.1711, by adding a subdivision; 349.18, subdivision 2; 349.19, subdivision 5; 349.2127, subdivision 8; Minnesota Statutes 2003 Supplement, sections 349.167, subdivisions 2, 4; 349.18, subdivision 1; 349.211, subdivision 1; repealing Minnesota Statutes 2002, section 349.1711, subdivision 4.

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

Section 1. Minnesota Statutes 2002, section 349.15, subdivision 2, is amended to read:

Subd. 2. **CASH SHORTAGES.** In computing gross profit to determine maximum amounts which may be expended for allowable expenses under subdivision 1, an organization may not reduce its gross receipts by any cash shortages. An organization may report cash shortages to the board only as an allowable expense. An organization may not report cash shortages in any reporting period fiscal year beginning on July 1, 2004, that in total exceed the following percentages of the organization's gross receipts from lawful gambling for that period: until August 1, 1995, four-tenths of one percent; and on and after August 1, 1995, three-tenths of one percent of the organization's gross receipts from lawful gambling at each permitted premises where the organization conducts lawful gambling.

Sec. 2. Minnesota Statutes 2002, section 349.163, subdivision 9, is amended to read:

Subd. 9. **SALES REQUIRED.** No licensed manufacturer may refuse to sell pull-tab games gambling equipment to a licensed distributor unless:

(1) a specific game type of gambling equipment sold on an exclusive basis is at issue;

(2) the manufacturer does not sell pull-tab games gambling equipment to any distributor in Minnesota;

(3) a Minnesota statute or rule prohibits the sale; or

(4) the distributor is delinquent on any payment owed to the manufacturer.

Sec. 3. Minnesota Statutes 2003 Supplement, section 349.167, subdivision 2, is amended to read:

Subd. 2. **GAMBLING MANAGERS; LICENSES.** A person may not serve as a gambling manager for an organization unless the person possesses a valid gambling

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manager's license issued by the board. In addition to the disqualifications in section 349.155, subdivision 3, the board may not issue a gambling manager's license to a person applying for the license who:

- (1) has not complied with subdivision 4, clause (1);
- (2) within the five years before the date of the license application, has committed a violation of law or board rule that resulted in the revocation of a license issued by the board;
- (3) has ever been convicted of a criminal violation involving fraud, theft, tax evasion, misrepresentation, or gambling; or
- (4) has engaged in conduct the board determines is contrary to the public health, welfare, or safety or the integrity of lawful gambling.

A gambling manager's license runs concurrent with the organization's license unless the gambling manager's license is suspended or revoked. The annual fee for a gambling manager's license is \$100.

Sec. 4. Minnesota Statutes 2003 Supplement, section 349.167, subdivision 4, is amended to read:

Subd. 4. **TRAINING OF GAMBLING MANAGERS.** The board shall by rule require all persons licensed as gambling managers to receive periodic training in laws and rules governing lawful gambling. The rules must contain the following requirements:

- (1) each gambling manager must receive training before being issued a new license, except that in the case of the death, disability, or termination of a gambling manager, a replacement gambling manager must receive the training within 90 days of being issued a license;
- (2) each gambling manager applying for a renewal of a license must have received continuing education training, as required by board rule, each year of the two-year license period, or pass a gambling manager examination as required in subdivision 7; and
- (3) the training required by this subdivision may be provided by a person authorized by the board to provide the training. Before authorizing a person to provide training, the board must determine that:
 - (i) the provider and all of the provider's personnel conducting the training are qualified to do so;
 - (ii) the curriculum to be used fully and accurately covers all elements of lawful gambling law and rules that the board determines are necessary for a gambling manager to know and understand;
 - (iii) the fee to be charged for participants in the training sessions is fair and reasonable; and

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(iv) the training provider has an adequate system for documenting completion of training.

The rules may provide for differing training requirements for gambling managers based on the class of license held by the gambling manager's organization.

The board or the director may provide the training required by this subdivision using employees of the board.

Sec. 5. Minnesota Statutes 2002, section 349.1711, is amended by adding a subdivision to read:

Subd. 5. TIPBOARD RULES. The board shall adopt rules for tipboard games with multiple seals. The board shall also adopt rules for cumulative or carryover tipboard prizes.

Sec. 6. Minnesota Statutes 2003 Supplement, 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. Except for leases entered into before August 1, 1994, 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. 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 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

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(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 ~~\$2,000~~ \$2,500 per month.

(c) 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, compensation for cash shortages. 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.

(d) 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.

(e) No person, distributor, manufacturer, lessor, linked bingo game provider, or organization other than the licensed organization leasing the space may conduct any activity other than the sale or serving of food and beverages on the leased premises during times when lawful gambling is being conducted on the premises.

(f) At a site where the leased premises consists of an area on or behind a bar at which alcoholic beverages are sold and employees of the lessor are employed by the organization as pull-tab sellers at the site, pull-tabs and tipboard tickets may be sold and redeemed by those employees at any place on or behind the bar, but the tipboards and receptacles for pull-tabs and cash drawers for lawful gambling receipts must be maintained only within the leased premises.

(g) Employees of a lessor may participate in lawful gambling on the premises provided (1) if pull-tabs or tipboards are sold, the organization voluntarily posts, or is required to post, the major prizes as specified in section 349.172; and (2) any employee of the lessor participating in lawful gambling is not a gambling employee for the organization conducting lawful gambling on the premises.

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

(1) the organization voluntarily posts, or is required to post, the major prizes for pull-tab or tipboard games as specified in section 349.172; and

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

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(i) At a leased site where an organization uses a paddlewheel consisting of 30 numbers or less or a tipboard consisting of 30 tickets or less, tickets may be sold throughout the permitted premises, but winning tickets must be redeemed, the paddlewheel must be located, and the tipboard seal must be opened within the leased premises.

(j) A member of the lessor's immediate family may not be a compensated employee of an organization leasing space at the premises. For purposes of this paragraph, a "member of the immediate family" is a spouse, parent, child, or sibling.

Sec. 7, Minnesota Statutes 2002, section 349.18, subdivision 2, is amended to read:

Subd. 2. **EXCEPTIONS.** (a) An organization may conduct raffles on a premise it does not own or lease.

(b) An organization may, with the permission of the board, conduct bingo on premises it does not own or lease for up to 12 consecutive days in a calendar year, in connection with a county fair, the state fair, or a civic celebration.

(c) A licensed organization may, after compliance with section 349.213, conduct lawful gambling on premises other than the organization's permitted premises for one day four days per calendar year or and one event up to 12 consecutive days in a calendar year in connection with a county fair, the state fair, a church festival, or a civic celebration. A lease for that time period for the exempted premises must accompany the request to the board.

Sec. 8, Minnesota Statutes 2002, section 349.19, subdivision 5, is amended to read:

Subd. 5. **REPORTS.** A licensed organization must report to the Department of Revenue and to its membership monthly, or quarterly in the case of a ~~class C licensee~~ or licensed organization which does not report more than \$1,000 in gross receipts from lawful gambling in any calendar quarter, on its gross receipts, expenses, profits, and expenditure of profits from lawful gambling. The report must include a reconciliation of the organization's profit carryover with its cash balance on hand. If the organization conducts both bingo and other forms of lawful gambling, the figures for both must be reported separately.

Sec. 9, Minnesota Statutes 2003 Supplement, section 349.211, subdivision 1, is amended to read:

Subdivision 1. **BINGO.** Except as provided in subdivisions 1a and 2, prizes for a single bingo game may not exceed \$200 except prizes for a cover-all game, which may exceed \$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~~ \$2,800, unless a cover-all game is played in which case the limit is ~~\$3,500~~ \$3,800. 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. 10. Minnesota Statutes 2002, section 349.2127, subdivision 8, is amended to read:

Subd. 8. **MINIMUM AGE.** (a) A person under the age of 18 years may not buy a pull-tab, tipboard ticket, paddlewheel ticket, or raffle ticket, or a chance to participate in a bingo game other than (1) a bingo game exempt or excluded from licensing, or (2) one bingo occasion conducted by a licensed organization as part of an annual community event if the person under age 18 is accompanied by a parent or guardian. Violation of this paragraph is a misdemeanor.

(b) A licensed organization or employee may not allow a person under age 18 to participate in lawful gambling in violation of paragraph (a). Violation of this paragraph is a misdemeanor.

(c) In a prosecution under paragraph (b), it is a defense for the defendant to prove by a preponderance of the evidence that the defendant reasonably and in good faith relied upon representations of proof of age authorized in section 340A.503, subdivision 6, paragraph (a).

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 11. LAWFUL PURPOSE.

Notwithstanding the definition of "lawful purpose" in Minnesota Statutes, section 349.12, subdivision 25, it is a lawful purpose of lawful gambling conducted by a licensed veterans organization to pay up to \$1,500 per person to send up to two World War II veterans per local veterans organization to Washington D.C., for the dedication events of the National World War II Memorial on May 27 to May 30, 2004. No licensed veterans organization may spend more than \$6,000 under authority of this section.

Sec. 12. REPEALER.

Minnesota Statutes 2002, section 349.1711, subdivision 4, is repealed.

Sec. 13. EFFECTIVE DATE.

Section 1 is effective July 1, 2004. Sections 2 to 9, 11, and 12 are effective the day following final enactment.

Presented to the governor April 28, 2004

Signed by the governor April 30, 2004, 1:10 p.m.

CHAPTER 173—H.F.No. 2930

An act relating to state government; requiring flags in the Capitol area to be flown at half-staff following death of a public safety officer or Minnesota military personnel killed in the line of duty; proposing coding for new law in Minnesota Statutes, chapter 1.

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