CHAPTER 139--H.F.No. 3102

An act relating to lawful gambling; modifying provisions relating to gambling managers; providing for certain raffles; increasing prize limits; prescribing local regulation;amending Minnesota Statutes 2014, sections 349.12, subdivision 19, by adding subdivisions; 349.13; 349.168, subdivision 1; 349.17, by adding a subdivision; 349.213, subdivision 1; Minnesota Statutes 2015 Supplement, sections 349.12, subdivisions 18, 21a; 349.173; 349.211, subdivision 1.

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

Section 1. Minnesota Statutes 2014, section 349.12, is amended by adding a subdivision to read:

Subd. 12e. **Electronic raffle selection system.** "Electronic raffle selection system" means a system which uses a random number generator to select winning raffle numbers and includes raffle sales devices.

Sec. 2. Minnesota Statutes 2015 Supplement, section 349.12, subdivision 18, is amended to read:

Subd. 18. **Gambling equipment.** "Gambling equipment" means gambling equipment that is either disposable or permanent gambling equipment.

(a) Disposable gambling equipment includes the following:

(1) bingo hard cards or paper sheets, including linked bingo paper sheets;

(2) paper and electronic pull-tabs;

(3) jar tickets;

(4) paddle tickets and paddle ticket cards;

(5) tipboards and tipboard tickets;

(6) promotional tickets that mimic a pull-tab or tipboard;

(7) application software and those computer programs provided by a licensed manufacturer in the production, play, and reporting of board-approved electronic pull-tab games or electronic bingo games;

(8) raffle boards; and

(9) a disposable sealed placard, containing all 75 randomly placed bingo letter and number combinations, that, when opened, is used to select the bingo numbers in a single game of bingo.

(b) Permanent gambling equipment includes the following:

(1) devices for selecting bingo numbers;

(2) electronic bingo devices;

(3) electronic pull-tab devices;

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(4) pull-tab dispensing devices;

(5) programmable electronic devices that have no effect on the outcome of a game and are used to provide a visual or auditory enhancement of a game;

(6) paddlewheels; ~~and~~

(7) paddlewheel tables~~.~~; and

(8) electronic raffle selection systems.

Sec. 3. Minnesota Statutes 2014, section 349.12, subdivision 19, is amended to read:

Subd. 19. **Gambling manager.** "Gambling manager" means a person who has been designated by the organization to supervise the lawful gambling conducted by it, has been an active member of the organization for at least the most recent ~~six months~~ 90 days at the time of the application for a gambling manager license, and meets other qualifications as prescribed by the board by rule.

Sec. 4. Minnesota Statutes 2015 Supplement, section 349.12, subdivision 21a, is amended to read:

Subd. 21a. **Hot-ball bingo prize.** "Hot-ball bingo prize" is an additional prize awarded for a winning bingo face for which the last bingo number called in the bingo game matches a previously designated bingo number announced to all players immediately prior to the beginning of the bingo game or the bingo occasion. ~~All players participating in a bingo game that offers a hot-ball bingo prize must be eligible to win the hot-ball bingo prize at no additional cost to the player.~~

Sec. 5. Minnesota Statutes 2014, section 349.12, is amended by adding a subdivision to read:

Subd. 33b. **Raffle sales device.** "Raffle sales device" is an attendant-operated cashier station used as a point of sale for raffle tickets from which a raffle participant may purchase a raffle ticket to participate in an electronic raffle selection system.

Sec. 6. Minnesota Statutes 2014, section 349.12, is amended by adding a subdivision to read:

Subd. 33c. **Share the pot raffle.** "Share the pot raffle" means a raffle in which the prize amount is a percentage of the raffle's gross receipts.

Sec. 7. Minnesota Statutes 2014, section 349.13, is amended to read:

349.13 LAWFUL GAMBLING.

Lawful gambling is not a lottery or gambling within the meaning of sections 609.75 to 609.76 if it is conducted under this chapter. A pull-tab dispensing device, electronic bingo device, and electronic pull-tab device permitted under this chapter and by board rule is not a gambling device within the meaning of sections 609.75 to 609.76 and chapter 299L. An electronic game device allowed under this chapter may not be a slot machine. Electronic game devices, including but not limited to electronic bingo devices, electronic paddlewheels, ~~and~~ electronic pull-tab devices, and electronic raffle selection systems authorized under this chapter, may only be used in the conduct of lawful gambling permitted under this chapter and board rule and may not display or simulate any other form of gambling or entertainment, except as otherwise allowed under this chapter.

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Sec. 8. Minnesota Statutes 2014, section 349.168, subdivision 1, is amended to read:

Subdivision 1. **Registration of employees.** A person may not receive compensation for participating in the conduct of lawful gambling as an employee of a licensed organization unless the person has first registered with the ~~board~~ licensed organization on a United States government-required form ~~the board prescribes~~ documenting the person's identity and employment authorization. The form must require each registrant to provide the person's name, address, and date of birth, and the name, address, and license number of the employing organization.

Sec. 9. Minnesota Statutes 2014, section 349.17, is amended by adding a subdivision to read:

Subd. 10. **Hot-ball bingo prize.** A hot-ball bingo prize may be funded by an organization or by players. If funded by an organization, all players participating in a bingo game that offers a hot-ball bingo prize must be eligible to win the hot-ball bingo prize at no additional cost to the player. If a hot-ball bingo prize is funded by players, players that have paid to be eligible to win the hot-ball bingo prize must be provided a bingo paper sheet that is a different color than players participating in the bingo game that are not eligible to win the hot-ball bingo prize.

Sec. 10. Minnesota Statutes 2015 Supplement, section 349.173, is amended to read:

349.173 CONDUCT OF RAFFLES.

(a) Raffle tickets or certificates of participation at a minimum must list the three most expensive prizes to be awarded and include the location, date, and time of the selection of the winning entries. If additional prizes will be awarded, a complete list of additional prizes must be publicly posted or visibly on display at the event and copies of the complete prize list made available upon request. Raffles conducted under the exemptions in section 349.166 may use tickets that contain only the sequential number of the raffle ticket and no other information if the organization makes a list of prizes, or visibly displays the prizes at the event, and a statement of other relevant information required by rule available to persons purchasing tickets and if tickets are only sold at the event and on the date when the tickets are drawn.

(b) Raffles must be conducted in a manner that ensures:

(1) all entries in the raffle have an equal chance of selection;

(2) entry in the raffle is not conditioned upon any other purchase, except that a certificate of participation may be a button with a nominal value of less than $5, or as provided under paragraph (c) or (d);

(3) the method of selection is conducted in a public forum;

(4) the method of selection cannot be manipulated or based on the outcome of an event not under the control of the organization;

(5) physical presence at the raffle is not a requirement to win; and

(6) all sold and unsold tickets or certificates of participation are accounted for.

(c) An organization that is permitted under chapters 97A to 97C and authorized by the Gambling Control Board to conduct raffles may conduct a raffle in conjunction with a wild game or fish taking event. The wild game or fish must be legally taken under chapters 97A to 97C, and rules adopted pursuant to those chapters. The organization may sell a combined ticket for a single price for the event and raffle, provided

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that the combined ticket states the amount of the price that applies to the wild game or fish event, and the amount that applies to the raffle. All other provisions of sections 349.11 to 349.23 apply to the raffle.

(d) An organization that is permitted under this section and authorized by the Gambling Control Board to conduct raffles may, once each calendar year, conduct a raffle in conjunction with an organization membership event. The organization may sell a combined ticket for a single price for the membership event and raffle, provided that the combined ticket states the amount of the price that applies to the membership event, and the amount that applies to the raffle. All other provisions of sections 349.11 to 349.23 apply to the raffle.

(e) Methods of selecting winning entries from a raffle other than prescribed in rule may be used with the prior written approval of the board.

(f) For raffles conducted by a licensed organization, the entries may be selected by use of a random number generator if, at the time of sale, the number contained on the raffle ticket is captured by the electronic raffle selection system and electronically recorded as an entry in the raffle.

(g) The board may by rule authorize but not require the use of electronic raffle selection systems.

(h) The board may by rule adopt minimum technical standards for electronic raffle selection systems.

Sec. 11. Minnesota Statutes 2015 Supplement, section 349.211, subdivision 1, is amended to read:

Subdivision 1. **Bingo.** Except as provided in subdivisions 1a, 1b, and 2, prizes for a single bingo game may not exceed ~~$200~~ $500 except prizes for a cover-all or cover-none game, which may exceed ~~$200~~ $500 if the aggregate value of all cover-all or cover-none prizes in a bingo occasion does not exceed ~~$1,000~~ $2,000. ~~Total prizes awarded at a bingo occasion may not exceed $2,800, unless a cover-all and cover-none game is played in which case the limit is $4,800.~~ 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 and includes a game in which all odd or all even numbers are designated by the organization as covered prior to the start of the game and a cover-none game is one in which a player does not cover any numbered spaces to win.

Sec. 12. Minnesota Statutes 2014, section 349.213, subdivision 1, is amended to read:

Subdivision 1. **Local regulation.** (a) A statutory or home rule city or county has the authority to adopt more stringent regulation of lawful gambling within its jurisdiction, including the prohibition of lawful gambling.

(b) A statutory or home rule city or county may require a permit for the conduct of gambling exempt from licensing under section 349.166. The fee for a permit issued under section 349.166 may not exceed $100.

(c) The authority granted by this subdivision does not include the authority to require a license or fee for a license or permit to conduct gambling by organizations, gambling managers, gambling employees, or sales by distributors or linked bingo game providers licensed by or registered with the board.

(d) The authority granted by this subdivision does not include the authority to require an organization to make specific expenditures of more than ten percent per year from its net profits derived from lawful gambling.

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(e) For the purposes of this subdivision, net profits are gross profits less amounts expended for allowable expenses and paid in taxes assessed on lawful gambling.

(f) A statutory or home rule charter city or a county may not require an organization conducting lawful gambling within its jurisdiction to make an expenditure to the city or county as a condition to operate within that city or county, except:

(1) as authorized under section 349.16, subdivision 8, or 297E.02; or

(2) by an ordinance requirement that such organizations must contribute ten percent per year of their net profits derived from lawful gambling conducted at premises within the city's or county's jurisdiction to a fund administered and regulated by the responsible local unit of government without cost to such fund. The funds must be disbursed by the local unit of government for (i) charitable contributions as defined in section 349.12, subdivision 7a, or (ii) police, fire, and other emergency or public safety-related services, equipment, and training, excluding pension obligations. A contribution made by an organization is not considered an expenditure to the city or county nor a tax under section 297E.02, and is valid and lawful. A city or county receiving and making expenditures authorized under this clause must by March 15 of each year file a report with the board, on a form the board prescribes, that lists all such revenues collected, interest received on fund balances, and expenditures for the previous calendar year. A home rule or statutory city or county making charitable contributions authorized under this clause must acknowledge financial contributions of organizations conducting lawful gambling to the community and to the recipients of the funds. This may occur in communications about the funds as well as in the distribution of funds.

(g) A statutory or home rule city or county may by ordinance require that a licensed organization conducting lawful gambling within its jurisdiction expend all or a portion of its expenditures for lawful purposes on lawful purposes conducted or located within the city's or county's trade area. Such an ordinance must be limited to lawful purpose expenditures of gross profits derived from lawful gambling conducted at premises within the city's or county's jurisdiction, must define the city's or county's trade area, and must specify the percentage of lawful purpose expenditures which must be expended within the trade area. A trade area defined by a city under this subdivision must include each city and township contiguous to the defining city.

(h) A more stringent regulation or prohibition of lawful gambling adopted by a political subdivision under this subdivision must apply equally to all forms of lawful gambling within the jurisdiction of the political subdivision, except a political subdivision may prohibit the use of paddlewheels.

Sec. 13. **EFFECTIVE DATE.**

This act is effective July 1, 2016.

Presented to the governor May 19, 2016

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