

economy because of social or economic disadvantage. This disadvantage may arise from cultural, social or economic circumstances or background, physical location if the person resides or is employed in an area declared as a labor surplus area by the United States department of commerce, or other similar cause.

(c) "Physically handicapped person" means a person who has suffered a substantial physical disability or dysfunction.

(d) "Award" means the granting of a contract in accordance with all applicable laws, regulations and rules governing competitive bidding except as hereinafter specifically modified.

(e) "Contract" means an agreement entered into between a business entity and the state of Minnesota for the construction of transportation improvements.

(f) "Subcontractor" means a business entity which enters into a legally binding agreement with another business entity which is a party to a contract as defined in clause (e).

Approved March 16, 1978.

CHAPTER 507-H.F.No.405

[Coded in Part]

An act relating to gambling; authorizing the operation of certain gambling devices by licensed organizations; providing a penalty; amending Minnesota Statutes 1976, Sections 325.54, Subdivision 1; 340.14, Subdivision 2; 609.75, Subdivisions 1 and 3; Chapters 349, by adding a section; and 609, by adding a section.

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

Section 1. Minnesota Statutes 1976, Section 325.54, Subdivision 1, is amended to read:

325.54 GAMBLING DEVICE; POSSESSION OF. Subdivision 1. INTENTIONAL POSSESSION; WILFUL KEEPING. The intentional possession or wilful keeping of a gambling device upon any licensed premises is cause for the revocation of any license under which the licensed business is carried on upon the premises where the gambling device is found, provided that possession of gambling devices commonly known as "paddlewheels" or "tipboards" or apparatus used in conducting raffles on the premises of a nonprofit organization and operated by organizations licensed for such operation pursuant to section 3 shall not be cause for revocation of a license.

Sec. 2. Minnesota Statutes 1976, Section 340.14, Subdivision 2, is amended to read:

Subd. 2. **RESTRICTIONS.** Every licensee shall be responsible for the conduct of **Changes or additions indicated by underline deletions by ~~strikeout~~**

his place of business and for conditions of sobriety and order therein. No licensee shall keep, possess, or operate, or permit the keeping, possession, or operation of, on the licensed premises, or in any room adjoining the licensed premises, any slot machine, dice, or any gambling device or apparatus, nor permit any gambling therein, nor permit the licensed premises or any room in the same, or in any adjoining building, directly or indirectly under its control to be used as a resort for prostitutes or other disorderly persons, except that gambling devices may be kept or operated and raffles conducted on licensed premises and adjoining rooms when such activities are licensed by the local unit of government pursuant to section 3. No person under 18 years of age shall be employed in any rooms constituting the place in which intoxicating liquors are sold at retail "on-sale", except that persons under 18 years of age may be employed as musicians or to perform the duties of a busboy or dishwashing services in places defined as a restaurant or hotel or motel serving food in rooms in which intoxicating liquors are sold at retail "on-sale".

Sec. 3. Minnesota Statutes 1976, Chapter 349, is amended by adding a section to read:

[349.26] GAMBLING DEVICES. Subdivision 1. For the purposes of this section the terms defined in this section have the meanings given them.

Subd. 2. "Gambling devices" mean those gambling devices known as "paddlewheels" or "tipboards", or apparatus used in conducting raffles.

Subd. 3. "Paddlewheel" means a wheel marked off into sections containing one or more numbers, and which, after being turned or spun, uses a pointer or marker to indicate winning chances.

Subd. 4. "Tipboard" means a board, placard or other device measuring at least 12 inches square, marked off in a grid or similar pattern, in which each section contains a hidden number or numbers, or other symbol, which determines the winning chances.

Subd. 5. "Raffle" means a game in which a participant buys a ticket for a chance at a prize with the winner determined by a random drawing.

Subd. 6. "Profit" means the gross receipts from the operation of gambling devices and the conduct of raffles, less reasonable sums expended for prizes, local licensing fees, taxes and maintenance costs for the devices.

Subd. 7. Nothing in this section shall be construed to authorize any use, possession or operation of:

(a) Any gambling device which is activated by the insertion of a coin or token; or

(b) Any gambling game or device in which the winning numbers, tickets or chances are in any way determined by the outcome of any athletic contest or sporting event.

Subd. 8. Any county or city may establish a system for the licensing of
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organizations to operate gambling devices and to conduct raffles. The system may include a fee for each license in an amount to be determined by the local governing body. Licenses issued pursuant to this section shall be valid for one year, and may be suspended or revoked for any violation of this section. A local governing body shall act on a license application within 180 days from the date of application, but shall not issue a license until at least 30 days after the date of the application. Nothing in this section shall be construed to prohibit a county or city from adopting rules or ordinances for the operation of gambling devices or the conduct of raffles that are more restrictive than state law, including rules or ordinances prohibiting the operation of such devices.

Subd. 9. Licenses shall be issued only to a fraternal, religious, veterans or other nonprofit organization covered by section 290.05, subdivision 1, clause (i) or (k), which organization has been in existence for at least three years and has at least 30 active members, as defined in section 349.12, subdivision 2.

Subd. 10. Profits from the operation of gambling devices or the conduct of raffles shall be used solely for lawful purposes as defined in section 349.12, subdivision 6, and as authorized at a regular meeting of the organization.

Subd. 11. All operation of gambling devices and the conduct of raffles shall be under the supervision of a single gambling manager designated by the organization. The gambling manager shall be responsible for gross receipts and profits from gambling devices and raffles and for their operation. The gambling manager shall give a fidelity bond in the sum of \$10,000 in favor of the organization conditioned on the faithful performance of his duties, and the bond and the waiver thereof shall be subject to the same provisions as those applying to the bond required of a bingo manager pursuant to section 349.17, subdivision 7. A person may act as both gambling manager and bingo manager for a single organization, but a gambling manager for a single organization shall not act as either a gambling manager or bingo manager for any other organization. A gambling manager for an organization shall be an active member of the organization, as defined in section 349.12, subdivision 2.

Subd. 12. No compensation shall be paid to any person in connection with the operation of a gambling device or the conduct of a raffle by a licensed organization. No person who is not an active member of an organization, or its auxiliary, or the spouse or surviving spouse of an active member may participate in the organization's operation of a gambling device or conduct of a raffle.

Subd. 13. Each organization licensed to operate gambling devices shall keep records of its gross receipts, expenses and profits for each single gathering or occasion at which gambling devices are operated or a raffle is conducted. All deductions from gross receipts for each single gathering or occasion shall be documented with receipts or other records indicating the amount, a description of the purchased item or service or other reason for the deduction, and the recipient. The distribution of profits shall be itemized as to payee, purpose, amount and date of payment.

Gross receipts from the operation of gambling devices and the conduct of raffles shall be segregated from other revenues of the organization, including bingo gross

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receipts, and placed in a separate account. Each organization shall have separate records of its gambling operations. The person who accounts for gross receipts, expenses and profits from the operation of gambling devices or the conduct of raffles shall not be the same person who accounts for other revenues of the organization, except that such person may be the same person who accounts for bingo gross receipts, expenses and profits.

Each organization licensed to operate gambling devices or to conduct raffles shall report monthly to its membership, and to the licensing local unit of government, its gross receipts, expenses and profits from gambling devices or raffles, and the distribution of profits itemized as required in this subdivision.

Records required by this section shall be preserved for three years, and organizations shall make available their records relating to operation of gambling devices and the conduct of raffles for public inspection at reasonable times and places.

Subd. 14. Gambling devices shall be operated and raffles conducted by a licensed organization only upon premises which it owns or leases except that tickets for raffles conducted in accordance with this section may be sold off the premises. Leases, unless authorized in another location by the local unit of government, shall be for a period of not less than one year and shall be in writing. No lease shall provide that rental payments be based on a percentage of receipts or profits from gambling devices or raffles. Copies of all leases shall be provided to the licensing local unit of government.

Subd. 15. Total prizes from the operation of paddlewheels and tipboards awarded in any single day in which they are operated shall not exceed \$500. Total prizes resulting from any single spin of a paddlewheel, or from any single tipboard, shall not exceed \$100. Total prizes awarded in any calendar year by any organization from the operation of paddlewheels and tipboards and the conduct of raffles shall not exceed \$15,000. Merchandise prizes shall be valued at fair market retail value.

Subd. 16. Violation of any provision of this section is a misdemeanor. This subdivision shall not preclude civil or criminal action under other applicable law or preclude any agency of government from investigating or prosecuting violations of the provisions of this section.

Sec 4. Minnesota Statutes 1976, Section 609.75, Subdivision 1, is amended to read:

609.75 GAMBLING; DEFINITIONS. Subdivision 1. **LOTTERY.** A lottery is a plan designed for or resulting in any private pecuniary gain to the sponsors or their agents, and which provides for the distribution of money, property or other reward or benefit to persons selected by chance from among participants some or all of whom have given a consideration for the chance of being selected. Acts in this state in furtherance of a lottery conducted outside of this state are included notwithstanding its validity where conducted.

Sec. 5. Minnesota Statutes 1976, Section 609.75, Subdivision 3, is amended to read:

Subd. 3. **WHAT ARE NOT BETS.** The following are not bets:

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(1) A contract to insure, indemnify, guarantee or otherwise compensate another for a harm or loss sustained, even though the loss depends upon chance.

(2) A contract for the purchase or sale at a future date of securities or other commodities.

(3) Offers of purses, prizes or premiums to the actual contestants in any bona fide contest for the determination of skill, speed, strength, endurance, or quality or to the bona fide owners of animals or other property entered in such a contest.

(4) The game of bingo when conducted in compliance with sections 349.11 to 349.23.

(5) A private social bet not part of or incidental to organized, commercialized, or systematic gambling.

(6) The operation of a gambling device or the conduct of a raffle as defined in section 3, by an organization licensed for such operation by a local unit of government pursuant to section 3.

Sec. 6. Minnesota Statutes 1976, Chapter 609, is amended by adding a section to read:

[609.761] OPERATION PERMITTED. Notwithstanding sections 609.755 and 609.76, a fraternal, religious, veterans or other nonprofit organization may set up or operate a gambling device or conduct a raffle as defined in section 3, if licensed by the local unit of government and conducted pursuant to section 3, and a person may manufacture, sell or offer for sale a gambling device to the organization.

Became law without the governor's signature on March 18, 1978.

CHAPTER 508-S.F.No.2236

[Coded in Part]

An act relating to abortion; declaring a state policy on abortion and childbirth and the medical assistance funding thereof; appropriating money; amending Minnesota Statutes 1976, Sections 256B.02, Subdivision 8; 393.07, by adding a subdivision; Chapters 256B, by adding sections; and 261, by adding a section.

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

Section 1. Minnesota Statutes 1976, Chapter 256B, is amended by adding a section to read:

[256B.011] POLICY FOR CHILDBIRTH AND ABORTION FUNDING. Between normal childbirth and abortion it is the policy of the state of Minnesota that normal

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