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State of Minnesota  
**HOUSE OF REPRESENTATIVES**

EIGHTY-SEVENTH SESSION

**H. F. No. 1485**

04/14/2011 Authored by Kriesel, Dill, Tillberry, Hoppe, Zellers and others  
The bill was read for the first time and referred to the Committee on Commerce and Regulatory Reform  
04/27/2011 Adoption of Report: Pass as Amended and re-referred to the Committee on State Government Finance  
05/10/2011 Adoption of Report: Pass as Amended and re-referred to the Committee on Taxes  
05/22/2011 Adoption of Report: Amended and re-referred to the Committee on Ways and Means without further recommendation  
04/02/2012 By motion, recalled and re-referred to the Committee on Commerce and Regulatory Reform  
04/03/2012 Adoption of Report: Pass as Amended and re-referred to the Committee on Rules and Legislative Administration  
04/05/2012 Adoption of Report: Pass and re-referred to the Committee on Taxes  
04/20/2012 Amended and re-referred to the Committee on Ways and Means without further recommendation

1.1 A bill for an act  
1.2 relating to gambling; modifying certain rates of tax on lawful gambling;  
1.3 providing for electronic linked bingo games, electronic pull-tab games, and  
1.4 sports-themed tipboard games; making clarifying, conforming, and technical  
1.5 changes; appropriating money; amending Minnesota Statutes 2010, sections  
1.6 297E.01, subdivisions 7, 8, 9; 297E.02, subdivisions 1, 3, 6, 7, 10, 11, by adding  
1.7 a subdivision; 297E.13, subdivision 5; 349.12, subdivisions 3b, 3c, 5, 6a, 12a,  
1.8 18, 25, 25b, 25c, 25d, 29, 31, 32, 34, 35, by adding subdivisions; 349.13;  
1.9 349.151, subdivisions 4b, 4c, by adding subdivisions; 349.155, subdivisions 3, 4;  
1.10 349.161, subdivisions 1, 5; 349.162, subdivision 5; 349.163, subdivisions 1, 5, 6;  
1.11 349.1635, subdivisions 2, 3, by adding a subdivision; 349.165, subdivision 2;  
1.12 349.17, subdivisions 6, 7, 8, by adding a subdivision; 349.1711, subdivisions 1,  
1.13 2; 349.1721; 349.18, subdivision 1; 349.19, subdivisions 2, 3, 5, 10; 349.211,  
1.14 subdivisions 1a, 2c; repealing Minnesota Statutes 2010, sections 297E.02,  
1.15 subdivision 4; 349.15, subdivision 3; 349.19, subdivision 2a.

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

1.17 Section 1. Minnesota Statutes 2010, section 297E.01, subdivision 7, is amended to read:

1.18 Subd. 7. **Gambling product.** "Gambling product" means bingo hard cards, bingo  
1.19 paper sheets, ~~or~~ linked bingo paper sheets, or electronic linked bingo games; pull-tabs;  
1.20 electronic pull-tab games; tipboards; paddle tickets and paddle ticket cards; raffle tickets;  
1.21 or any other ticket, card, board, placard, device, or token that represents a chance, for  
1.22 which consideration is paid, to win a prize.

1.23 **EFFECTIVE DATE.** This section is effective July 1, 2012.

1.24 Sec. 2. Minnesota Statutes 2010, section 297E.01, subdivision 8, is amended to read:

1.25 Subd. 8. **Gross receipts.** "Gross receipts" means all receipts derived from lawful  
1.26 gambling activity including, but not limited to, the following items:

2.1 (1) gross sales of bingo hard cards ~~and~~, paper sheets, linked bingo paper sheets, and  
2.2 electronic linked bingo games before reduction for prizes, expenses, shortages, free plays,  
2.3 or any other charges or offsets;

2.4 (2) the ideal gross of pull-tab, electronic pull-tab games, and tipboard deals or games  
2.5 less the value of unsold and defective tickets and before reduction for prizes, expenses,  
2.6 shortages, free plays, or any other charges or offsets;

2.7 (3) gross sales of raffle tickets and paddle tickets before reduction for prizes,  
2.8 expenses, shortages, free plays, or any other charges or offsets;

2.9 (4) admission, commission, cover, or other charges imposed on participants in  
2.10 lawful gambling activity as a condition for or cost of participation; and

2.11 (5) interest, dividends, annuities, profit from transactions, or other income derived  
2.12 from the accumulation or use of gambling proceeds.

2.13 Gross receipts does not include proceeds from rental under section 349.18,  
2.14 subdivision 3.

2.15 **EFFECTIVE DATE.** This section is effective July 1, 2012.

2.16 Sec. 3. Minnesota Statutes 2010, section 297E.01, subdivision 9, is amended to read:

2.17 Subd. 9. **Ideal gross.** "Ideal gross" means the total amount of receipts that would be  
2.18 received if every individual ticket in the pull-tab, electronic pull-tab games or tipboard  
2.19 deal, paddle wheel game, and raffle ticket was sold at its face value. In the calculation of  
2.20 ideal gross and prizes, a free play ticket pull-tab or electronic pull-tab shall be valued at  
2.21 face value. "Ideal gross" also means the total amount of receipts that would be received  
2.22 if every bingo paper sheet, linked bingo paper sheet, and electronic linked bingo games  
2.23 were sold at face value.

2.24 **EFFECTIVE DATE.** This section is effective July 1, 2012.

2.25 Sec. 4. Minnesota Statutes 2010, section 297E.02, subdivision 1, is amended to read:

2.26 Subdivision 1. **Imposition.** A tax is imposed on all lawful gambling other than (1)  
2.27 paper or electronic pull-tab deals or games; (2) tipboard deals or games; ~~and~~ (3) electronic  
2.28 linked bingo; and (4) items listed in section 297E.01, subdivision 8, clauses (4) and (5), at  
2.29 the rate of 8.5 percent on the gross receipts as defined in section 297E.01, subdivision 8,  
2.30 less prizes actually paid. The tax imposed by this subdivision is in lieu of the tax imposed  
2.31 by section 297A.62 and all local taxes and license fees except a fee authorized under  
2.32 section 349.16, subdivision 8, or a tax authorized under subdivision 5.

3.1 The tax imposed under this subdivision is payable by the organization or party  
3.2 conducting, directly or indirectly, the gambling.

3.3 **EFFECTIVE DATE.** This section is effective for games reported as played after  
3.4 June 30, 2012.

3.5 Sec. 5. Minnesota Statutes 2010, section 297E.02, subdivision 3, is amended to read:

3.6 Subd. 3. **Collection; disposition.** (a) Taxes imposed by this section ~~other than in~~  
3.7 ~~subdivision 4~~ are due and payable to the commissioner when the gambling tax return  
3.8 is required to be filed. ~~Taxes imposed by subdivision 4 are due and payable to the~~  
3.9 ~~commissioner on or before the last business day of the month following the month in~~  
3.10 ~~which the taxable sale was made.~~ Distributors must file their monthly sales figures with  
3.11 the commissioner on a form prescribed by the commissioner. Returns covering the taxes  
3.12 imposed under this section must be filed with the commissioner on or before the 20th day  
3.13 of the month following the close of the previous calendar month. The commissioner  
3.14 may require that the returns be filed via magnetic media or electronic data transfer. The  
3.15 proceeds, along with the revenue received from all license fees and other fees under  
3.16 sections 349.11 to 349.191, 349.211, and 349.213, must be paid to the commissioner of  
3.17 management and budget for deposit in the general fund.

3.18 (b) The sales tax imposed by chapter 297A on the sale of pull-tabs and tipboards by  
3.19 the distributor is imposed on the retail sales price. The retail sale of pull-tabs or tipboards  
3.20 by the organization is exempt from taxes imposed by chapter 297A and is exempt from all  
3.21 local taxes and license fees except a fee authorized under section 349.16, subdivision 8.

3.22 (c) One-half of one percent of the revenue deposited in the general fund under  
3.23 paragraph (a), is appropriated to the commissioner of human services for the compulsive  
3.24 gambling treatment program established under section 245.98. One-half of one percent  
3.25 of the revenue deposited in the general fund under paragraph (a), is appropriated to  
3.26 the commissioner of human services for a grant to the state affiliate recognized by  
3.27 the National Council on Problem Gambling to increase public awareness of problem  
3.28 gambling, education and training for individuals and organizations providing effective  
3.29 treatment services to problem gamblers and their families, and research relating to problem  
3.30 gambling. Money appropriated by this paragraph must supplement and must not replace  
3.31 existing state funding for these programs.

3.32 **EFFECTIVE DATE.** This section is effective July 1, 2012.

3.33 Sec. 6. Minnesota Statutes 2010, section 297E.02, subdivision 6, is amended to read:

4.1 Subd. 6. **Combined net receipts tax.** In addition to the taxes imposed under  
 4.2 ~~subdivisions~~ subdivision 1 and 4, a tax is imposed on the combined receipts of the  
 4.3 organization. As used in this section, "combined net receipts" is the sum of the  
 4.4 organization's gross receipts from lawful gambling less gross receipts directly derived  
 4.5 from the conduct of paper bingo, raffles, and paddle wheels, as defined in section 297E.01,  
 4.6 subdivision 8, and less the net prizes actually paid, other than prizes actually paid for  
 4.7 paper bingo, raffles, and paddle wheels, for the fiscal year. The combined net receipts of  
 4.8 an organization are subject to a tax computed according to the following schedule:

4.9	If the combined net	The tax is:
4.10	receipts for the fiscal year	
4.11	are:	
4.12	Not over <del>\$500,000</del> <u>\$87,500</u>	<del>zero</del> <u>6.89 percent</u>
4.13	Over <del>\$500,000</del> <u>\$87,500</u> ,	<del>1.7</del> <u>\$6,029</u> plus 13.78 percent of the
4.14	but not over <del>\$700,000</del>	amount over <del>\$500,000</del> <u>\$87,500</u> , but
4.15	<u>\$122,500</u>	not over <del>\$700,000</del> <u>\$122,500</u>
4.16	Over <del>\$700,000</del> <u>\$122,500</u> ,	<del>\$3,400</del> <u>\$10,852</u> plus <del>3.4</del> <u>20.67</u>
4.17	but not over <del>\$900,000</del>	percent of the amount over <del>\$700,000</del>
4.18	<u>\$157,500</u>	<u>\$122,500</u> , but not over <del>\$900,000</del>
4.19		<u>\$157,500</u>
4.20	Over <del>\$900,000</del> <u>\$157,500</u>	<del>\$10,200</del> <u>\$18,086</u> plus <del>5.1</del> <u>27.56</u>
4.21		percent of the amount over <del>\$900,000</del>
4.22		<u>\$157,500</u>

4.23 **EFFECTIVE DATE.** This section is effective July 1, 2012.

4.24 Sec. 7. Minnesota Statutes 2010, section 297E.02, is amended by adding a subdivision  
 4.25 to read:

4.26 Subd. 6a. **Unaccounted games.** If a licensed distributor cannot account for a  
 4.27 pull-tab game, an electronic pull-tab game, a tipboard deal, paddletickets, an electronic  
 4.28 linked bingo game, bingo paper sheets, or linked bingo paper sheets, the distributor must  
 4.29 report the sheets or games to the commissioner as lost and remit a tax of six percent  
 4.30 on the ideal gross of the sheets or games.

4.31 **EFFECTIVE DATE.** This section is effective July 1, 2012.

4.32 Sec. 8. Minnesota Statutes 2010, section 297E.02, subdivision 7, is amended to read:

4.33 Subd. 7. **Untaxed gambling product.** (a) In addition to penalties or criminal  
 4.34 sanctions imposed by this chapter, a person, organization, or business entity possessing or  
 4.35 selling a pull-tab, electronic pull-tab game or tipboard upon which the tax imposed by  
 4.36 ~~subdivision 4~~ this chapter has not been paid is liable for a tax of six percent of the ideal

5.1 gross of each pull-tab, electronic pull-tab game, or tipboard. The tax on a partial deal  
5.2 must be assessed as if it were a full deal.

5.3 (b) In addition to penalties and criminal sanctions imposed by this chapter, a person  
5.4 not licensed by the board who conducts bingo, linked bingo, electronic linked bingo,  
5.5 raffles, or paddle wheel games is liable for a tax of six percent of the gross receipts  
5.6 from that activity.

5.7 (c) The tax must be assessed by the commissioner. An assessment must be  
5.8 considered a jeopardy assessment or jeopardy collection as provided in section 270C.36.  
5.9 The commissioner shall assess the tax based on personal knowledge or information  
5.10 available to the commissioner. The commissioner shall mail to the taxpayer at the  
5.11 taxpayer's last known address, or serve in person, a written notice of the amount of tax,  
5.12 demand its immediate payment, and, if payment is not immediately made, collect the tax  
5.13 by any method described in chapter 270C, except that the commissioner need not await the  
5.14 expiration of the times specified in chapter 270C. The tax assessed by the commissioner  
5.15 is presumed to be valid and correctly determined and assessed. The burden is upon the  
5.16 taxpayer to show its incorrectness or invalidity. The tax imposed under this subdivision  
5.17 does not apply to gambling that is exempt from taxation under subdivision 2.

5.18 **EFFECTIVE DATE.** This section is effective July 1, 2012.

5.19 Sec. 9. Minnesota Statutes 2010, section 297E.02, subdivision 10, is amended to read:

5.20 Subd. 10. **Refunds; appropriation.** A person who has, under this chapter, paid  
5.21 to the commissioner an amount of tax for a period in excess of the amount legally due  
5.22 for that period, may file with the commissioner a claim for a refund of the excess. The  
5.23 amount necessary to pay the refunds under this subdivision ~~and subdivision 4, paragraph~~  
5.24 ~~(d)~~, is appropriated from the general fund to the commissioner.

5.25 **EFFECTIVE DATE.** This section is effective July 1, 2012.

5.26 Sec. 10. Minnesota Statutes 2010, section 297E.02, subdivision 11, is amended to read:

5.27 Subd. 11. ~~**Unplayed or Defective pull-tabs or tipboards gambling products.** If a~~  
5.28 ~~deal of pull-tabs or tipboards registered with the board or bar coded in accordance with this~~  
5.29 ~~chapter and chapter 349 and upon which the tax imposed by subdivision 4 has been paid is~~  
5.30 ~~returned unplayed to the distributor, the commissioner shall allow a refund of the tax paid.~~

5.31 If a defective deal registered with the board or bar coded in accordance with this  
5.32 chapter and chapter 349 ~~and upon which the taxes have been paid~~ is returned to the  
5.33 manufacturer, the distributor shall submit to the commissioner of revenue certification

6.1 from the manufacturer that the deal was returned and in what respect it was defective.  
6.2 The certification must be on a form prescribed by the commissioner and must contain  
6.3 additional information the commissioner requires.

6.4 The commissioner may require ~~that no refund~~ under this subdivision ~~be made~~  
6.5 ~~unless the~~ that all defective and returned pull-tabs or, tipboards have been, paddle tickets,  
6.6 paper bingo sheets, and linked bingo paper sheets be set aside for inspection by the  
6.7 commissioner's employee.

6.8 Reductions in previously paid taxes authorized by this subdivision must be made  
6.9 when and in the manner prescribed by the commissioner.

6.10 **EFFECTIVE DATE.** This section is effective for games sold by a licensed  
6.11 distributor after June 30, 2012.

6.12 Sec. 11. Minnesota Statutes 2010, section 297E.13, subdivision 5, is amended to read:

6.13 Subd. 5. **Untaxed gambling equipment.** It is a gross misdemeanor for a person to  
6.14 possess gambling equipment for resale in this state that has not been stamped or bar-coded  
6.15 in accordance with this chapter and chapter 349 and upon which the taxes imposed by  
6.16 chapter 297A or section 297E.02, ~~subdivision 4,~~ have not been paid. The director of  
6.17 alcohol and gambling enforcement or the commissioner or the designated inspectors  
6.18 and employees of the director or commissioner may seize in the name of the state of  
6.19 Minnesota any unregistered or untaxed gambling equipment.

6.20 **EFFECTIVE DATE.** This section is effective for actions occurring after June  
6.21 30, 2012.

6.22 Sec. 12. Minnesota Statutes 2010, section 349.12, subdivision 3b, is amended to read:

6.23 Subd. 3b. **Bar operation.** "Bar operation" means a method of selling and redeeming  
6.24 disposable gambling equipment by an employee of the lessor within a leased premises  
6.25 which is licensed for the on-sale of alcoholic beverages ~~where such sales and redemptions~~  
6.26 ~~are made by an employee of the lessor from a common area where food and beverages~~  
6.27 ~~are also sold.~~

6.28 Sec. 13. Minnesota Statutes 2010, section 349.12, subdivision 3c, is amended to read:

6.29 Subd. 3c. **Bar bingo.** "Bar bingo" is a bingo occasion conducted at a permitted  
6.30 premises in an area where intoxicating liquor or 3.2 percent malt beverages are sold and  
6.31 where the licensed organization conducts another form of lawful gambling. Bar bingo  
6.32 does not include bingo games linked to other permitted premises.

7.1 Sec. 14. Minnesota Statutes 2010, section 349.12, subdivision 5, is amended to read:

7.2 Subd. 5. **Bingo occasion.** "Bingo occasion" means a single gathering or session at  
 7.3 which a series of one or more successive bingo games is played. There is no limit on the  
 7.4 number of games conducted during a bingo occasion ~~but~~. A bingo occasion must not last  
 7.5 longer than eight consecutive hours; except that linked bingo games played on electronic  
 7.6 bingo devices may be played during regular business hours of the permitted premises,  
 7.7 and all play during this period is considered a bingo occasion for reporting purposes. For  
 7.8 permitted premises where the primary business is bingo, regular business hours shall be  
 7.9 defined as the hours between 8:00 a.m. and 2:00 a.m.

7.10 Sec. 15. Minnesota Statutes 2010, section 349.12, subdivision 6a, is amended to read:

7.11 Subd. 6a. **Booth operation.** "Booth operation" means a method of selling and  
 7.12 redeeming disposable gambling equipment by an employee of a licensed organization in  
 7.13 a premises the organization leases or owns ~~where such sales and redemptions are made~~  
 7.14 ~~within a separate enclosure that is distinct from areas where food and beverages are sold.~~

7.15 Sec. 16. Minnesota Statutes 2010, section 349.12, subdivision 12a, is amended to read:

7.16 Subd. 12a. **Electronic bingo device.** "Electronic bingo device" means ~~an~~ a  
 7.17 handheld and portable electronic device that:

7.18 (a) is used by a bingo player to:

7.19 (1) monitor bingo paper sheets or a facsimile of a bingo paper sheet ~~when~~ purchased  
 7.20 and played at the time and place of an organization's bingo occasion and which (1)  
 7.21 provides a means for bingo players to, or to play an electronic bingo game that is linked  
 7.22 with other permitted premises;

7.23 (2) activate numbers announced by a bingo caller; (2) compares or displayed, and  
 7.24 to compare the numbers entered by the player to the bingo faces previously stored in  
 7.25 the memory of the device; and

7.26 (3) ~~identifies~~ identify a winning bingo pattern; or game requirement; and

7.27 (4) play against other bingo players;

7.28 (b) limits the play of bingo faces to 36 faces per game;

7.29 (c) requires coded entry to activate play but does not allow the use of a coin,  
 7.30 currency, or tokens to be inserted to activate play;

7.31 (d) may only be used for play against other bingo players in a bingo game;

7.32 (e) has no additional function as an amusement or gambling device other than as an  
 7.33 electronic pull-tab game defined under section 349.12, subdivision 12c;

7.34 (f) has the capability to ensure adequate levels of security and internal controls;

8.1 (g) has the capability to permit the board to electronically monitor the operation of  
8.2 the device and the internal accounting systems; and

8.3 (h) has the capability to allow use by a player who is visually impaired.

8.4 ~~Electronic bingo device does not mean any device into which coin, currency, or tokens are~~  
8.5 ~~inserted to activate play.~~

8.6 Sec. 17. Minnesota Statutes 2010, section 349.12, is amended by adding a subdivision  
8.7 to read:

8.8 Subd. 12b. **Electronic pull-tab device.** "Electronic pull-tab device" means a  
8.9 handheld and portable electronic device that:

8.10 (a) is used to play one or more electronic pull-tab games;

8.11 (b) requires coded entry to activate play but does not allow the use of coin, currency,  
8.12 or tokens to be inserted to activate play;

8.13 (c) requires that a player must activate or open each electronic pull-tab ticket and  
8.14 each individual line, row, or column of each electronic pull-tab ticket;

8.15 (d) maintains information pertaining to accumulated win credits that may be applied  
8.16 to games in play or redeemed upon termination of play;

8.17 (e) has no spinning symbols or other representations that mimic a video slot machine;

8.18 (f) has no additional function as a gambling device other than as an electronic linked  
8.19 bingo game played on a device defined under section 349.12, subdivision 12a;

8.20 (g) may incorporate an amusement game feature as part of the pull-tab game but  
8.21 may not require additional consideration for that feature or award any prize, or other  
8.22 benefit for that feature;

8.23 (h) may have auditory or visual enhancements to promote or provide information  
8.24 about the game being played, provided the component does not affect the outcome of  
8.25 a game or display the results of a game;

8.26 (i) maintains, on nonresettable meters, a printable, permanent record of all  
8.27 transactions involving each device and electronic pull-tab games played on the device;

8.28 (j) is not a pull-tab dispensing device as defined under subdivision 32a; and

8.29 (k) has the capability to allow use by a player who is visually impaired.

8.30 Sec. 18. Minnesota Statutes 2010, section 349.12, is amended by adding a subdivision  
8.31 to read:

8.32 Subd. 12c. **Electronic pull-tab game.** "Electronic pull-tab game" means a pull-tab  
8.33 game containing:

8.34 (a) facsimiles of pull-tab tickets that are played on an electronic pull-tab device;

- 9.1 (b) a predetermined, finite number of winning and losing tickets, not to exceed  
 9.2 7,500 tickets;  
 9.3 (c) the same price for each ticket in the game;  
 9.4 (d) a price paid by the player of not less than 25 cents per ticket;  
 9.5 (e) tickets that are in conformance with applicable board rules for pull-tabs;  
 9.6 (f) winning tickets that comply with prize limits under section 349.211;  
 9.7 (g) a unique serial number that may not be regenerated;  
 9.8 (h) an electronic flare that displays the game name, form number, predetermined,  
 9.9 finite number of tickets in the game, and prize tier; and  
 9.10 (i) no spinning symbols or other representations that mimic a video slot machine.

9.11 Sec. 19. Minnesota Statutes 2010, section 349.12, is amended by adding a subdivision  
 9.12 to read:

9.13 Subd. 12d. **Electronic pull-tab game system.** "Electronic pull-tab game system"  
 9.14 means the equipment leased from a licensed distributor and used by a licensed organization  
 9.15 to conduct, manage, and record electronic pull-tab games, and to report and transmit the  
 9.16 game results as prescribed by the board and the Department of Revenue. The system must  
 9.17 provide security and access levels sufficient so that internal control objectives are met as  
 9.18 prescribed by the board. The system must contain a point of sale station.

9.19 Sec. 20. Minnesota Statutes 2010, section 349.12, subdivision 18, is amended to read:

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

9.22 (a) Disposable gambling equipment includes the following:

9.23 (1) bingo hard cards or paper sheets, including linked bingo paper sheets, ~~devices for~~  
 9.24 ~~selecting bingo numbers, electronic bingo devices;~~

9.25 (2) paper and electronic pull-tabs;

9.26 (3) jar tickets, ~~paddle wheels, paddle wheel tables;~~

9.27 (4) paddle tickets, and paddle ticket cards;

9.28 (5) tipboards, and tipboard tickets; and

9.29 (6) promotional tickets that mimic a pull-tab or tipboard, ~~pull-tab dispensing devices,~~  
 9.30 ~~and programmable electronic devices that have no effect on the outcome of a game and~~  
 9.31 ~~are used to provide a visual or auditory enhancement of a game.~~

9.32 (b) Permanent gambling equipment includes the following:

9.33 (1) devices for selecting bingo numbers;

9.34 (2) electronic bingo devices;

- 10.1           (3) electronic pull-tab devices;  
10.2           (4) pull-tab dispensing devices;  
10.3           (5) programmable electronic devices that have no effect on the outcome of a game  
10.4 and are used to provide a visual or auditory enhancement of a game;  
10.5           (6) paddle wheels; and  
10.6           (7) paddle wheel tables.

10.7           Sec. 21. Minnesota Statutes 2010, section 349.12, subdivision 25, is amended to read:

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

10.10           (1) any expenditure by or contribution to a 501(c)(3) or festival organization, as  
10.11 defined in subdivision 15a, provided that the organization and expenditure or contribution  
10.12 are in conformity with standards prescribed by the board under section 349.154, which  
10.13 standards must apply to both types of organizations in the same manner and to the same  
10.14 extent;

10.15           (2) a contribution to or expenditure for goods and services for an individual or  
10.16 family suffering from poverty, homelessness, or disability, which is used to relieve the  
10.17 effects of that suffering;

10.18           (3) a contribution to a program recognized by the Minnesota Department of Human  
10.19 Services for the education, prevention, or treatment of problem gambling;

10.20           (4) a contribution to or expenditure on a public or private nonprofit educational  
10.21 institution registered with or accredited by this state or any other state;

10.22           (5) a contribution to an individual, public or private nonprofit educational institution  
10.23 registered with or accredited by this state or any other state, or to a scholarship fund of a  
10.24 nonprofit organization whose primary mission is to award scholarships, for defraying the  
10.25 cost of education to individuals where the funds are awarded through an open and fair  
10.26 selection process;

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

10.32           (i) members of a military marching or color guard unit for activities conducted  
10.33 within the state;

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

- 11.1 (iii) members of military marching, color guard, or honor guard units may be  
11.2 reimbursed for participating in color guard, honor guard, or marching unit events within  
11.3 the state or states contiguous to Minnesota at a per participant rate of up to \$35 per diem; or
- 11.4 (iv) active military personnel and their immediate family members in need of  
11.5 support services;
- 11.6 (7) recreational, community, and athletic facilities and activities intended primarily  
11.7 for persons under age 21, provided that such facilities and activities do not discriminate on  
11.8 the basis of gender and the organization complies with section 349.154, subdivision 3a;
- 11.9 (8) payment of local taxes authorized under this chapter, taxes imposed by the  
11.10 United States on receipts from lawful gambling, the taxes imposed by section 297E.02,  
11.11 subdivisions 1, ~~4~~, 5, and 6, and the tax imposed on unrelated business income by section  
11.12 290.05, subdivision 3;
- 11.13 (9) payment of real estate taxes and assessments on permitted gambling premises  
11.14 owned by the licensed organization paying the taxes, or wholly leased by a licensed  
11.15 veterans organization under a national charter recognized under section 501(c)(19) of the  
11.16 Internal Revenue Code;
- 11.17 (10) a contribution to the United States, this state or any of its political subdivisions,  
11.18 or any agency or instrumentality thereof other than a direct contribution to a law  
11.19 enforcement or prosecutorial agency;
- 11.20 (11) a contribution to or expenditure by a nonprofit organization which is a church  
11.21 or body of communicants gathered in common membership for mutual support and  
11.22 edification in piety, worship, or religious observances;
- 11.23 (12) an expenditure for citizen monitoring of surface water quality by individuals  
11.24 or nongovernmental organizations that is consistent with section 115.06, subdivision 4,  
11.25 and Minnesota Pollution Control Agency guidance on monitoring procedures, quality  
11.26 assurance protocols, and data management, provided that the resulting data is submitted  
11.27 to the Minnesota Pollution Control Agency for review and inclusion in the state water  
11.28 quality database;
- 11.29 (13) a contribution to or expenditure on projects or activities approved by the  
11.30 commissioner of natural resources for:
- 11.31 (i) wildlife management projects that benefit the public at large;
- 11.32 (ii) grant-in-aid trail maintenance and grooming established under sections 84.83  
11.33 and 84.927, and other trails open to public use, including purchase or lease of equipment  
11.34 for this purpose; and
- 11.35 (iii) supplies and materials for safety training and educational programs coordinated  
11.36 by the Department of Natural Resources, including the Enforcement Division;

12.1 (14) conducting nutritional programs, food shelves, and congregate dining programs  
12.2 primarily for persons who are age 62 or older or disabled;

12.3 (15) a contribution to a community arts organization, or an expenditure to sponsor  
12.4 arts programs in the community, including but not limited to visual, literary, performing,  
12.5 or musical arts;

12.6 (16) an expenditure by a licensed fraternal organization or a licensed veterans  
12.7 organization for payment of water, fuel for heating, electricity, and sewer costs for:

12.8 (i) up to 100 percent for a building wholly owned or wholly leased by and used as  
12.9 the primary headquarters of the licensed veteran or fraternal organization; or

12.10 (ii) a proportional amount subject to approval by the director and based on the  
12.11 portion of a building used as the primary headquarters of the licensed veteran or fraternal  
12.12 organization;

12.13 (17) expenditure by a licensed veterans organization of up to \$5,000 in a calendar  
12.14 year in net costs to the organization for meals and other membership events, limited to  
12.15 members and spouses, held in recognition of military service. No more than \$5,000 can be  
12.16 expended in total per calendar year under this clause by all licensed veterans organizations  
12.17 sharing the same veterans post home;

12.18 (18) payment of fees authorized under this chapter imposed by the state of Minnesota  
12.19 to conduct lawful gambling in Minnesota;

12.20 (19) a contribution or expenditure to honor an individual's humanitarian service  
12.21 as demonstrated through philanthropy or volunteerism to the United States, this state,  
12.22 or local community;

12.23 (20) a contribution by a licensed organization to another licensed organization with  
12.24 prior board approval, with the contribution designated to be used for one or more of the  
12.25 following lawful purposes under this section: clauses (1) to (7), (11) to (15), (19), and (25);

12.26 (21) an expenditure that is a contribution to a parent organization, if the parent  
12.27 organization: (i) has not provided to the contributing organization within one year of the  
12.28 contribution any money, grants, property, or other thing of value, and (ii) has received  
12.29 prior board approval for the contribution that will be used for a program that meets one or  
12.30 more of the lawful purposes under subdivision 7a;

12.31 (22) an expenditure for the repair, maintenance, or improvement of real property  
12.32 and capital assets owned by an organization, or for the replacement of a capital asset that  
12.33 can no longer be repaired, with a fiscal year limit of five percent of gross profits from  
12.34 the previous fiscal year, with no carryforward of unused allowances. The fiscal year is  
12.35 July 1 through June 30. Total expenditures for the fiscal year may not exceed the limit  
12.36 unless the board has specifically approved the expenditures that exceed the limit due to

13.1 extenuating circumstances beyond the organization's control. An expansion of a building  
13.2 or bar-related expenditures are not allowed under this provision.

13.3 (i) The expenditure must be related to the portion of the real property or capital asset  
13.4 that must be made available for use free of any charge to other nonprofit organizations,  
13.5 community groups, or service groups, or is used for the organization's primary mission or  
13.6 headquarters.

13.7 (ii) An expenditure may be made to bring an existing building that the organization  
13.8 owns into compliance with the Americans with Disabilities Act.

13.9 (iii) An organization may apply the amount that is allowed under item (ii) to the  
13.10 erection or acquisition of a replacement building that is in compliance with the Americans  
13.11 with Disabilities Act if the board has specifically approved the amount. The cost of  
13.12 the erection or acquisition of a replacement building may not be made from gambling  
13.13 proceeds, except for the portion allowed under this item;

13.14 (23) an expenditure for the acquisition or improvement of a capital asset with a cost  
13.15 greater than \$2,000, excluding real property, that will be used exclusively for lawful  
13.16 purposes under this section if the board has specifically approved the amount;

13.17 (24) an expenditure for the acquisition, erection, improvement, or expansion of real  
13.18 property, if the board has first specifically authorized the expenditure after finding that the  
13.19 real property will be used exclusively for lawful purpose under this section; or

13.20 (25) an expenditure, including a mortgage payment or other debt service payment,  
13.21 for the erection or acquisition of a comparable building to replace an organization-owned  
13.22 building that was destroyed or made uninhabitable by fire or catastrophe or to replace an  
13.23 organization-owned building that was taken or sold under an eminent domain proceeding.  
13.24 The expenditure may be only for that part of the replacement cost not reimbursed by  
13.25 insurance for the fire or catastrophe or compensation not received from a governmental  
13.26 unit under the eminent domain proceeding, if the board has first specifically authorized  
13.27 the expenditure.

13.28 (b) Expenditures authorized by the board under clauses (24) and (25) must be  
13.29 51 percent completed within two years of the date of board approval; otherwise the  
13.30 organization must reapply to the board for approval of the project. "Fifty-one percent  
13.31 completed" means that the work completed must represent at least 51 percent of the value  
13.32 of the project as documented by the contractor or vendor.

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

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

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

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

14.6 (4) a contribution to a 501(c)(3) organization or other entity with the intent or effect  
14.7 of not complying with lawful purpose restrictions or requirements.

14.8 Sec. 22. Minnesota Statutes 2010, section 349.12, subdivision 25b, is amended to read:

14.9 Subd. 25b. **Linked bingo game provider.** "Linked bingo game provider" means  
14.10 any person who provides the means to link bingo prizes in a linked bingo game, who  
14.11 ~~provides linked bingo paper sheets to the participating organizations~~ games, who provides  
14.12 linked bingo prize management, and who provides the linked bingo game system.

14.13 Sec. 23. Minnesota Statutes 2010, section 349.12, subdivision 25c, is amended to read:

14.14 Subd. 25c. **Linked bingo game system.** "Linked bingo game system" means the  
14.15 equipment used by the linked bingo provider to conduct, transmit, and track a linked  
14.16 bingo game. The system must be approved by the board before its use in this state and  
14.17 it must have ~~dial-up or other~~ the capability to permit the board to electronically monitor  
14.18 its operation remotely. For linked electronic bingo games, the system includes electronic  
14.19 bingo devices.

14.20 Sec. 24. Minnesota Statutes 2010, section 349.12, subdivision 25d, is amended to read:

14.21 Subd. 25d. **Linked bingo prize pool.** "Linked bingo prize pool" means the total  
14.22 of all prize money that each participating organization has contributed to a linked bingo  
14.23 game prize and includes any portion of the prize pool that is carried over from one  
14.24 ~~occasion~~ game to another in a progressive linked bingo game.

14.25 Sec. 25. Minnesota Statutes 2010, section 349.12, subdivision 29, is amended to read:

14.26 Subd. 29. **Paddle wheel.** "Paddle wheel" means a vertical wheel marked off into  
14.27 sections containing one or more numbers, and which, after being turned or spun, uses a  
14.28 pointer or marker to indicate winning chances, and may only be used to determine a  
14.29 winning number or numbers matching a winning paddle ticket purchased by a player. A  
14.30 paddle wheel may be an electronic device that simulates a paddle wheel.

14.31 Sec. 26. Minnesota Statutes 2010, section 349.12, subdivision 31, is amended to read:

15.1 Subd. 31. **Promotional ticket.** A paper pull-tab ticket or paper tipboard ticket  
 15.2 created and printed by a licensed manufacturer with the words "no purchase necessary" and  
 15.3 "for promotional use only" and for which no consideration is given is a promotional ticket.

15.4 Sec. 27. Minnesota Statutes 2010, section 349.12, subdivision 32, is amended to read:

15.5 Subd. 32. **Pull-tab.** "Pull-tab" means a single folded or banded paper ticket ~~or a~~  
 15.6 multi-ply card with perforated break-open tabs, or a facsimile of a paper pull-tab ticket  
 15.7 used in conjunction with an electronic pull-tab device, the face of which is initially  
 15.8 covered to conceal one or more numbers or symbols, and where one or more of each set of  
 15.9 tickets ~~or~~ cards, or facsimiles has been designated in advance as a winner.

15.10 Sec. 28. Minnesota Statutes 2010, section 349.12, subdivision 34, is amended to read:

15.11 Subd. 34. **Tipboard.** "Tipboard" means a board, placard or other device containing  
 15.12 a seal that conceals the winning number or symbol, and that serves as the game flare for a  
 15.13 tipboard game. A sports-themed tipboard is a board, placard, or other device that contains a  
 15.14 grid of predesignated numbers for which the winning numbers are determined in whole or  
 15.15 in part by the numerical outcome of one or more professional sporting events, serves as the  
 15.16 game flare for player registration, but is not required to contain a seal. For a sports-themed  
 15.17 tipboard, the winning numbers must be determined solely by the numerical outcome.

15.18 Sec. 29. Minnesota Statutes 2010, section 349.12, subdivision 35, is amended to read:

15.19 Subd. 35. **Tipboard ticket.** "Tipboard ticket" is a single folded or banded ticket,  
 15.20 or multi-ply card, the face of which is initially covered or otherwise hidden from view  
 15.21 to conceal a number, symbol, or set of symbols, some of which have been designated in  
 15.22 advance and at random as prize winners. For a sports-themed tipboard, the tipboard ticket  
 15.23 contains a set of numbers used to determine the winner based on the numerical outcome  
 15.24 of a professional sporting event.

15.25 Sec. 30. Minnesota Statutes 2010, section 349.13, is amended to read:

15.26 **349.13 LAWFUL GAMBLING.**

15.27 Lawful gambling is not a lottery or gambling within the meaning of sections 609.75  
 15.28 to 609.76 if it is conducted under this chapter. A pull-tab dispensing device, electronic  
 15.29 bingo device, and electronic pull-tab device permitted under this chapter and by board  
 15.30 rule is not a gambling device within the meaning of sections 609.75 to 609.76 and chapter  
 15.31 299L. An electronic game device allowed under this chapter may not be a slot machine.  
 15.32 Electronic game devices, including but not limited to electronic bingo devices, electronic

16.1 paddle wheels, and electronic pull-tab devices authorized under this chapter, may only  
16.2 be used in the conduct of lawful gambling permitted under this chapter and board rule  
16.3 and may not display or simulate any other form of gambling or entertainment, except  
16.4 as otherwise allowed under this chapter.

16.5 Sec. 31. Minnesota Statutes 2010, section 349.151, subdivision 4b, is amended to read:

16.6 Subd. 4b. **Pull-tab sales from dispensing devices.** (a) The board may by rule  
16.7 authorize but not require the use of pull-tab dispensing devices.

16.8 ~~(b) Rules adopted under paragraph (a):~~

16.9 ~~(1) must limit the number of pull-tab dispensing devices on any permitted premises~~  
16.10 ~~to three; and~~

16.11 ~~(2) must limit the use of pull-tab dispensing devices to a permitted premises which is~~  
16.12 ~~(i) a licensed premises for on-sales of intoxicating liquor or 3.2 percent malt beverages;~~  
16.13 ~~or (ii) a premises where bingo is conducted and admission is restricted to persons 18~~  
16.14 ~~years or older.~~

16.15 ~~(c) Notwithstanding rules adopted under paragraph (b), pull-tab dispensing devices~~  
16.16 ~~may be used in establishments licensed for the off-sale of intoxicating liquor, other than~~  
16.17 ~~drugstores and general food stores licensed under section 340A.405, subdivision 1.~~

16.18 Sec. 32. Minnesota Statutes 2010, section 349.151, subdivision 4c, is amended to read:

16.19 Subd. 4c. **Electronic bingo devices.** (a) The board may by rule authorize but not  
16.20 require the use of electronic bingo devices.

16.21 ~~(b) Rules adopted under paragraph (a):~~

16.22 ~~(1) must limit the number of bingo faces that can be played using an electronic~~  
16.23 ~~bingo device to 36;~~

16.24 ~~(2) must require that an electronic bingo device be used with corresponding bingo~~  
16.25 ~~paper sheets or a facsimile, printed at the point of sale, as approved by the board;~~

16.26 ~~(3) must require that the electronic bingo device site system have dial-up capability~~  
16.27 ~~to permit the board to remotely monitor the operation of the device and the internal~~  
16.28 ~~accounting systems; and~~

16.29 ~~(4) must prohibit the price of a face played on an electronic bingo device from being~~  
16.30 ~~less than the price of a face on a bingo paper sheet sold at the same occasion.~~

16.31 (b) The board, or the director if authorized by the board, may require the deactivation  
16.32 of an electronic bingo device for violation of a law or rule and to implement any other  
16.33 controls deemed necessary to ensure and maintain the integrity of electronic bingo devices  
16.34 and the electronic bingo games played on the devices.

17.1 Sec. 33. Minnesota Statutes 2010, section 349.151, is amended by adding a subdivision  
17.2 to read:

17.3 Subd. 4d. **Electronic pull-tab devices and electronic pull-tab game system.** (a)  
17.4 The board may adopt rules it deems necessary to ensure the integrity of electronic pull-tab  
17.5 devices, the electronic pull-tab games played on the devices, and the electronic pull-tab  
17.6 game system necessary to operate them.

17.7 (b) The board may not require an organization to use electronic pull-tab devices.

17.8 (c) Before authorizing the lease or sale of electronic pull-tab devices and the  
17.9 electronic pull-tab game system, the board shall examine electronic pull-tab devices  
17.10 allowed under section 349.12, subdivision 12b. The board may contract for the  
17.11 examination of the game system and electronic pull-tab devices and may require a working  
17.12 model to be transported to locations the board designates for testing, examination, and  
17.13 analysis. The manufacturer must pay all costs of any testing, examination, analysis, and  
17.14 transportation of the model. The system must be approved by the board before its use in  
17.15 the state and must have the capability to permit the board to electronically monitor its  
17.16 operation and internal accounting systems.

17.17 (d) The board may require a manufacturer to submit a certificate from an independent  
17.18 testing laboratory approved by the board to perform testing services, stating that the  
17.19 equipment has been tested, analyzed, and meets the standards required in this chapter  
17.20 and any applicable board rules.

17.21 (e) The board, or the director if authorized by the board, may require the deactivation  
17.22 of an electronic pull-tab device for violation of a law or rule and to implement any other  
17.23 controls deemed necessary to ensure and maintain the integrity of electronic pull-tab  
17.24 devices and the electronic pull-tab games played on the devices.

17.25 Sec. 34. Minnesota Statutes 2010, section 349.151, is amended by adding a subdivision  
17.26 to read:

17.27 Subd. 4e. **Sports-themed tipboard rules.** The board may adopt rules for the  
17.28 conduct of tipboards for which the winning numbers are determined in whole or in part  
17.29 by the numerical outcome of one or more professional sporting events. The rules must  
17.30 provide for operation procedures, internal control standards, posted information, records,  
17.31 and reports. The rules must provide for the award of prizes, method of payout, wagers,  
17.32 determination of winners, and the specifications of these tipboards.

17.33 Sec. 35. Minnesota Statutes 2010, section 349.155, subdivision 3, is amended to read:

18.1 Subd. 3. **Mandatory disqualifications.** (a) In the case of licenses for manufacturers,  
 18.2 distributors, distributor salespersons, linked bingo game providers, and gambling  
 18.3 managers, the board may not issue or renew a license under this chapter, and shall revoke  
 18.4 a license under this chapter, if the applicant or licensee, or a director, officer, partner,  
 18.5 governor, or person in a supervisory or management position of the applicant or licensee:

- 18.6 (1) has ever been convicted of a felony or a crime involving gambling;  
 18.7 (2) has ever been convicted of (i) assault, (ii) a criminal violation involving the use  
 18.8 of a firearm, or (iii) making terroristic threats;  
 18.9 (3) is or has ever been connected with or engaged in an illegal business;  
 18.10 (4) owes \$500 or more in delinquent taxes as defined in section 270C.72;  
 18.11 (5) had a sales and use tax permit revoked by the commissioner of revenue within  
 18.12 the past two years; or  
 18.13 (6) after demand, has not filed tax returns required by the commissioner of revenue.

18.14 The board may deny or refuse to renew a license under this chapter, and may revoke a  
 18.15 license under this chapter, if any of the conditions in this paragraph are applicable to  
 18.16 an affiliate or direct or indirect holder of more than a five percent financial interest in  
 18.17 the applicant or licensee.

18.18 (b) In the case of licenses for organizations, the board may not issue a license under  
 18.19 this chapter, and shall revoke a license under this chapter, if the organization, or an officer  
 18.20 or member of the governing body of the organization:

- 18.21 (1) has been convicted of a felony or gross misdemeanor involving theft or fraud; or  
 18.22 (2) has ever been convicted of a crime involving gambling; or  
 18.23 ~~(3) has had a license issued by the board or director permanently revoked for~~  
 18.24 ~~violation of law or board rule.~~

18.25 Sec. 36. Minnesota Statutes 2010, section 349.155, subdivision 4, is amended to read:

18.26 Subd. 4. **License revocation, suspension, denial; censure.** (a) The board may by  
 18.27 order (i) deny, suspend, revoke, or refuse to renew a license or premises permit, or (ii)  
 18.28 censure a licensee or applicant, if it finds that the order is in the public interest and that the  
 18.29 applicant or licensee, or a director, officer, partner, governor, person in a supervisory or  
 18.30 management position of the applicant or licensee, an employee eligible to make sales on  
 18.31 behalf of the applicant or licensee, or direct or indirect holder of more than a five percent  
 18.32 financial interest in the applicant or licensee:

- 18.33 (1) has violated or failed to comply with any provision of this chapter or chapter  
 18.34 297E or 299L, or any rule adopted or order issued thereunder;

19.1 (2) has filed an application for a license that is incomplete in any material respect, or  
19.2 contains a statement that, in light of the circumstances under which it was made, is false,  
19.3 misleading, fraudulent, or a misrepresentation;

19.4 (3) has made a false statement in a document or report required to be submitted to  
19.5 the board or the commissioner of revenue, or has made a false statement to the board, the  
19.6 compliance review group, or the director;

19.7 (4) has been convicted of a crime in another jurisdiction that would be a felony if  
19.8 committed in Minnesota;

19.9 (5) is permanently or temporarily enjoined by any gambling regulatory agency from  
19.10 engaging in or continuing any conduct or practice involving any aspect of gambling;

19.11 (6) has had a gambling-related license revoked or suspended, or has paid or been  
19.12 required to pay a monetary penalty of \$2,500 or more, by a gambling regulator in another  
19.13 state or jurisdiction;

19.14 (7) has been the subject of any of the following actions by the director of alcohol  
19.15 and gambling enforcement or commissioner of public safety: (i) had a license under  
19.16 chapter 299L denied, suspended, or revoked, (ii) been censured, reprimanded, has paid or  
19.17 been required to pay a monetary penalty or fine, or (iii) has been the subject of any other  
19.18 discipline by the director or commissioner;

19.19 (8) has engaged in conduct that is contrary to the public health, welfare, or safety, or  
19.20 to the integrity of gambling; or

19.21 (9) based on past activities or criminal record poses a threat to the public interest or  
19.22 to the effective regulation and control of gambling, or creates or enhances the dangers of  
19.23 unsuitable, unfair, or illegal practices, methods, and activities in the conduct of gambling  
19.24 or the carrying on of the business and financial arrangements incidental to the conduct of  
19.25 gambling.

19.26 (b) The revocation or suspension of an organization's license may not exceed a  
19.27 period of ten years, including any revocation or suspension imposed by the board prior to  
19.28 the effective date of this paragraph, except that:

19.29 (1) any prohibition placed by the board on who may be involved in the conduct,  
19.30 oversight, or management of the revoked organization's lawful gambling activity is  
19.31 permanent; and

19.32 (2) a revocation or suspension will remain in effect until any taxes, fees, and fines  
19.33 that are delinquent have been paid by the organization to the satisfaction of the board.

19.34 Sec. 37. Minnesota Statutes 2010, section 349.161, subdivision 1, is amended to read:

19.35 Subdivision 1. **Prohibited acts; licenses required.** (a) No person may:

20.1 (1) sell, offer for sale, or furnish gambling equipment for use within the state other  
20.2 than for lawful gambling exempt or excluded from licensing, except to an organization  
20.3 licensed for lawful gambling;

20.4 (2) sell, offer for sale, or furnish gambling equipment for use within the state without  
20.5 having obtained a distributor license or a distributor salesperson license under this section  
20.6 except that an organization authorized to conduct bingo by the board may loan bingo  
20.7 hard cards and devices for selecting bingo numbers to another organization authorized to  
20.8 conduct bingo and a linked bingo game provider may provide electronic bingo devices for  
20.9 linked electronic bingo games;

20.10 (3) sell, offer for sale, or furnish gambling equipment for use within the state that is  
20.11 not purchased or obtained from a manufacturer or distributor licensed under this chapter; or

20.12 (4) sell, offer for sale, or furnish gambling equipment for use within the state that  
20.13 has the same serial number as another item of gambling equipment of the same type sold  
20.14 or offered for sale or furnished for use in the state by that distributor.

20.15 (b) No licensed distributor salesperson may sell, offer for sale, or furnish gambling  
20.16 equipment for use within the state without being employed by a licensed distributor or  
20.17 owning a distributor license.

20.18 (c) No distributor or distributor salesperson may also be licensed as a linked bingo  
20.19 game provider under section 349.1635.

20.20 Sec. 38. Minnesota Statutes 2010, section 349.161, subdivision 5, is amended to read:

20.21 Subd. 5. **Prohibition.** (a) No distributor, distributor salesperson, or other employee  
20.22 of a distributor, may also be a wholesale distributor of alcoholic beverages or an employee  
20.23 of a wholesale distributor of alcoholic beverages.

20.24 (b) No distributor, distributor salesperson, or any representative, agent, affiliate, or  
20.25 other employee of a distributor, may: (1) be involved in the conduct of lawful gambling  
20.26 by an organization; (2) keep or assist in the keeping of an organization's financial records,  
20.27 accounts, and inventories; or (3) prepare or assist in the preparation of tax forms and other  
20.28 reporting forms required to be submitted to the state by an organization.

20.29 (c) No distributor, distributor salesperson, or any representative, agent, affiliate,  
20.30 or other employee of a distributor may provide a lessor of gambling premises any  
20.31 compensation, gift, gratuity, premium, or other thing of value.

20.32 (d) No distributor, distributor salesperson, or any representative, agent, affiliate, or  
20.33 other employee of a distributor may provide an employee or agent of the organization  
20.34 any compensation, gift, gratuity, premium, or other thing of value greater than \$25 per  
20.35 organization in a calendar year.

21.1 (e) No distributor, distributor salesperson, or any representative, agent, affiliate, or  
21.2 other employee of a distributor may participate in any gambling activity at any gambling  
21.3 site or premises where gambling equipment purchased or leased from that distributor or  
21.4 distributor salesperson is being used in the conduct of lawful gambling.

21.5 (f) No distributor, distributor salesperson, or any representative, agent, affiliate, or  
21.6 other employee of a distributor may alter or modify any gambling equipment, except to  
21.7 add a "last ticket sold" prize sticker for a paper pull-tab game.

21.8 (g) No distributor, distributor salesperson, or any representative, agent, affiliate, or  
21.9 other employee of a distributor may: (1) recruit a person to become a gambling manager  
21.10 of an organization or identify to an organization a person as a candidate to become  
21.11 gambling manager for the organization; or (2) identify for an organization a potential  
21.12 gambling location.

21.13 (h) No distributor or distributor salesperson may purchase or lease gambling  
21.14 equipment for resale or lease to a person for use within the state from any person not  
21.15 licensed as a manufacturer under section 349.163, except for gambling equipment  
21.16 returned from an organization licensed under section 349.16, or exempt or excluded from  
21.17 licensing under section 349.166.

21.18 (i) No distributor or distributor salesperson may sell gambling equipment, except  
21.19 gambling equipment identified as a promotional ticket, to any person for use in Minnesota  
21.20 other than (i) a licensed organization or organization excluded or exempt from licensing,  
21.21 or (ii) the governing body of an Indian tribe.

21.22 (j) No distributor or distributor salesperson may sell or otherwise provide a paper  
21.23 pull-tab or tipboard deal with the symbol required by section 349.163, subdivision 5,  
21.24 paragraph (d), visible on the flare to any person other than in Minnesota to a licensed  
21.25 organization or organization exempt from licensing.

21.26 Sec. 39. Minnesota Statutes 2010, section 349.162, subdivision 5, is amended to read:

21.27 Subd. 5. **Sales from facilities.** (a) All gambling equipment purchased or possessed  
21.28 by a licensed distributor for resale or lease to any person for use in Minnesota must, prior  
21.29 to the equipment's resale or lease, be unloaded into a storage facility located in Minnesota  
21.30 which the distributor owns or leases; and which has been registered, in advance and in  
21.31 writing, with the Division of Alcohol and Gambling Enforcement as a storage facility of  
21.32 the distributor. All unregistered gambling equipment and all unaffixed registration stamps  
21.33 owned by, or in the possession of, a licensed distributor in the state of Minnesota shall be  
21.34 stored at a storage facility which has been registered with the Division of Alcohol and  
21.35 Gambling Enforcement. No gambling equipment may be moved from the facility unless

22.1 the gambling equipment has been first registered with the board or the Department of  
22.2 Revenue. A distributor must notify the board of the method that it will use to sell and  
22.3 transfer electronic pull-tab games to licensed organizations, and must receive approval of  
22.4 the board before implementing or making changes to the approved method.

22.5 (b) Notwithstanding section 349.163, subdivisions 5, 6, and 8, a licensed  
22.6 manufacturer may ship into Minnesota approved or unapproved gambling equipment if the  
22.7 licensed manufacturer ships the gambling equipment to a Minnesota storage facility that  
22.8 is: (1) owned or leased by the licensed manufacturer; and (2) registered, in advance and  
22.9 in writing, with the Division of Alcohol and Gambling Enforcement as a manufacturer's  
22.10 storage facility. No gambling equipment may be shipped into Minnesota to the  
22.11 manufacturer's registered storage facility unless the shipment of the gambling equipment  
22.12 is reported to the Department of Revenue in a manner prescribed by the department.  
22.13 No gambling equipment may be moved from the storage facility unless the gambling  
22.14 equipment is sold to a licensed distributor and is otherwise in conformity with this chapter,  
22.15 is shipped to an out-of-state site and the shipment is reported to the Department of  
22.16 Revenue in a manner prescribed by the department, or is otherwise sold and shipped as  
22.17 permitted by board rule. A manufacturer must notify the board of the method that it will  
22.18 use to sell and transfer electronic pull-tab games to licensed distributors, and must receive  
22.19 approval of the board before implementing or making changes to the approved method.

22.20 (c) All storage facilities owned, leased, used, or operated by a licensed distributor  
22.21 or manufacturer may be entered upon and inspected by the employees of the Division of  
22.22 Alcohol and Gambling Enforcement, the Division of Alcohol and Gambling Enforcement  
22.23 director's authorized representatives, employees of the Gambling Control Board or its  
22.24 authorized representatives, employees of the Department of Revenue, or authorized  
22.25 representatives of the director of the Division of Special Taxes of the Department of  
22.26 Revenue during reasonable and regular business hours. Obstruction of, or failure to  
22.27 permit, entry and inspection is cause for revocation or suspension of a manufacturer's or  
22.28 distributor's licenses and permits issued under this chapter.

22.29 (d) Unregistered gambling equipment found at any location in Minnesota other than  
22.30 the manufacturing plant of a licensed manufacturer or a registered storage facility are  
22.31 contraband under section 349.2125. This paragraph does not apply:

22.32 (1) to unregistered gambling equipment being transported in interstate commerce  
22.33 between locations outside this state, if the interstate shipment is verified by a bill of lading  
22.34 or other valid shipping document; and

22.35 (2) to gambling equipment registered with the Department of Revenue for  
22.36 distribution to the tribal casinos.

23.1 Sec. 40. Minnesota Statutes 2010, section 349.163, subdivision 1, is amended to read:

23.2 Subdivision 1. **License required.** No manufacturer of gambling equipment may  
23.3 sell any gambling equipment to any person for use or resale within the state, unless the  
23.4 manufacturer has a current and valid license issued by the board under this section and has  
23.5 satisfied other criteria prescribed by the board by rule. A manufacturer licensed under this  
23.6 section may also be licensed as a linked bingo game provider under section 349.1635.

23.7 A manufacturer licensed under this section may not also be directly or indirectly  
23.8 licensed as a distributor under section 349.161.

23.9 Sec. 41. Minnesota Statutes 2010, section 349.163, subdivision 5, is amended to read:

23.10 Subd. 5. **Paper pull-tab and tipboard flares.** (a) A manufacturer may not ship or  
23.11 cause to be shipped into this state or sell for use or resale in this state any deal of paper  
23.12 pull-tabs or tipboards that does not have its own individual flare as required for that deal  
23.13 by this subdivision and rule of the board. A person other than a manufacturer may not  
23.14 manufacture, alter, modify, or otherwise change a flare for a deal of paper pull-tabs or  
23.15 tipboards except as allowed by this chapter or board rules.

23.16 (b) The flare of each paper pull-tab and tipboard game must have affixed to  
23.17 or imprinted at the bottom a bar code that provides all information required by the  
23.18 commissioner of revenue under section 297E.04, subdivision 2.

23.19 The serial number included in the bar code must be the same as the serial number  
23.20 of the tickets included in the deal. A manufacturer who manufactures a deal of paper  
23.21 pull-tabs must affix to the outside of the box containing that game the same bar code that  
23.22 is affixed to or imprinted at the bottom of a flare for that deal.

23.23 (c) No person may alter the bar code that appears on the outside of a box containing  
23.24 a deal of paper pull-tabs and tipboards. Possession of a box containing a deal of paper  
23.25 pull-tabs and tipboards that has a bar code different from the bar code of the deal inside  
23.26 the box is prima facie evidence that the possessor has altered the bar code on the box.

23.27 (d) The flare of each deal of paper pull-tabs and tipboards sold by a manufacturer for  
23.28 use or resale in Minnesota must have imprinted on it a symbol that is at least one inch high  
23.29 and one inch wide consisting of an outline of the geographic boundaries of Minnesota  
23.30 with the letters "MN" inside the outline. The flare must be placed inside the wrapping of  
23.31 the deal which the flare describes.

23.32 (e) Each paper pull-tab and tipboard flare must bear the following statement printed  
23.33 in letters large enough to be clearly legible:

23.34 "Pull-tab (or tipboard) purchasers – This pull-tab (or tipboard) game is not legal in  
23.35 Minnesota unless:

24.1 – an outline of Minnesota with letters "MN" inside it is imprinted on this sheet, and  
24.2 – the serial number imprinted on the bar code at the bottom of this sheet is the same  
24.3 as the serial number on the pull-tab (or tipboard) ticket you have purchased."

24.4 (f) The flare of each paper pull-tab and tipboard game must have the serial number  
24.5 of the game imprinted on the bar code at the bottom of the flare in numerals at least  
24.6 one-half inch high.

24.7 Sec. 42. Minnesota Statutes 2010, section 349.163, subdivision 6, is amended to read:

24.8 Subd. 6. **Samples of gambling equipment.** (a) The board shall require each  
24.9 licensed manufacturer to submit to the board one or more samples of each item of gambling  
24.10 equipment ~~the manufacturer manufactures~~ manufactured for use or resale in this state.  
24.11 For purposes of this subdivision, a manufacturer is also required to submit the applicable  
24.12 version of any software necessary to operate electronic devices and related systems.

24.13 (b) The board shall inspect and test all the equipment, including software and  
24.14 software upgrades, it deems necessary to determine the equipment's compliance with  
24.15 law and board rules. Samples required under this subdivision must be approved by the  
24.16 board before the equipment being sampled is shipped into or sold for use or resale in this  
24.17 state. The board shall impose a fee of \$25 for each item of gambling equipment that the  
24.18 manufacturer submits for approval or for which the manufacturer requests approval. The  
24.19 board shall impose a fee of \$100 for each sample of gambling equipment that it tests.

24.20 (c) The board may require samples of gambling equipment to be tested by an  
24.21 independent testing laboratory prior to submission to the board for approval. All costs  
24.22 of testing by an independent testing laboratory must be borne by the manufacturer. An  
24.23 independent testing laboratory used by a manufacturer to test samples of gambling  
24.24 equipment must be approved by the board before the equipment is submitted to the  
24.25 laboratory for testing.

24.26 (d) The board may request the assistance of the commissioner of public safety and  
24.27 the director of the State Lottery in performing the tests.

24.28 Sec. 43. Minnesota Statutes 2010, section 349.1635, subdivision 2, is amended to read:

24.29 Subd. 2. **License application.** The board may issue a license to a linked bingo game  
24.30 provider or to a manufacturer licensed under section 349.163 who meets the qualifications  
24.31 of this chapter and the rules promulgated by the board. The application shall be on a form  
24.32 prescribed by the board. The license is valid for two years and the fee for a linked bingo  
24.33 game provider license is \$5,000 per year.

25.1 Sec. 44. Minnesota Statutes 2010, section 349.1635, subdivision 3, is amended to read:

25.2 Subd. 3. **Attachments to application.** An applicant for a linked bingo game  
25.3 provider license must attach to its application:

25.4 (1) evidence of a bond in the principal amount of \$100,000 payable to the state of  
25.5 Minnesota conditioned on the payment of all linked bingo prizes and any other money due  
25.6 and payable under this chapter;

25.7 (2) detailed plans and specifications for the operation of the linked bingo game and  
25.8 the linked bingo system, along with a proposed fee schedule for the cost of providing  
25.9 services and equipment to licensed organizations which may not exceed 15 percent of  
25.10 gross profits, unless a higher percentage, not to exceed 20 percent, is authorized by the  
25.11 board. The fee schedule must incorporate costs paid to distributors for services provided  
25.12 under subdivision 5; and

25.13 (3) any other information required by the board by rule.

25.14 Sec. 45. Minnesota Statutes 2010, section 349.1635, is amended by adding a  
25.15 subdivision to read:

25.16 Subd. 5. **Linked bingo game services requirements.** (a) A linked bingo game  
25.17 provider must contract with licensed distributors for linked bingo game services including,  
25.18 but not limited to, the solicitation of agreements with licensed organizations, and  
25.19 installation, repair, or maintenance of the linked bingo game system.

25.20 (b) A distributor may not charge a fee to licensed organizations for services  
25.21 authorized and rendered under paragraph (a).

25.22 (c) A linked bingo game provider may not contract with any distributor on an  
25.23 exclusive basis.

25.24 (d) A linked bingo game provider may refuse to contract with a licensed distributor  
25.25 if the linked bingo game provider demonstrates that the licensed distributor is not capable  
25.26 of performing the services under the contract.

25.27 Sec. 46. Minnesota Statutes 2010, section 349.165, subdivision 2, is amended to read:

25.28 Subd. 2. **Contents of application.** An application for a premises permit must  
25.29 contain:

25.30 (1) the name and address of the applying organization;

25.31 (2) a description of the site for which the permit is sought, including its address and,  
25.32 where applicable, its placement within another premises or establishment;

25.33 (3) if the site is leased, the name and address of the lessor and information about the  
25.34 lease the board requires, including all rents and other charges for the use of the site. The

26.1 lease term is concurrent with the term of the premises permit. The lease must contain a  
 26.2 ~~30-day~~ termination clause. No lease is required for the conduct of a raffle; and  
 26.3 (4) other information the board deems necessary to carry out its purposes.

26.4 An organization holding a premises permit must notify the board in writing within  
 26.5 ten days whenever any material change is made in the above information.

26.6 Sec. 47. Minnesota Statutes 2010, section 349.17, subdivision 6, is amended to read:

26.7 Subd. 6. **Conduct of bingo.** The price of a face played on an electronic bingo  
 26.8 device may not be less than the price of a face on a bingo paper sheet sold for the same  
 26.9 game at the same occasion. A game of bingo begins with the first letter and number called  
 26.10 or displayed. Each player must cover, mark, or activate the numbers when bingo numbers  
 26.11 are randomly selected, ~~and announced, and or displayed to the players, either manually~~  
 26.12 ~~or with a flashboard and monitor.~~ The game is won when a player, using bingo paper,  
 26.13 bingo hard card, or a facsimile of a bingo paper sheet, has completed, as described in the  
 26.14 bingo program, a previously designated pattern or previously determined requirements  
 26.15 of the game and declared bingo. The game is completed when a winning card, sheet, or  
 26.16 facsimile is verified and a prize awarded pursuant to subdivision 3.

26.17 Sec. 48. Minnesota Statutes 2010, section 349.17, subdivision 7, is amended to read:

26.18 Subd. 7. **Bar bingo.** An organization may conduct bar bingo subject to the  
 26.19 following restrictions:

26.20 (1) the bingo is conducted at a site the organization owns or leases and which has a  
 26.21 license for the sale of intoxicating beverages on the premises under chapter 340A; and

26.22 (2) the bingo is conducted using only bingo paper sheets or facsimiles of bingo paper  
 26.23 sheets purchased from a licensed distributor or licensed linked bingo game provider; and

26.24 ~~(3) no rent may be paid for a bar bingo occasion.~~

26.25 Sec. 49. Minnesota Statutes 2010, section 349.17, subdivision 8, is amended to read:

26.26 Subd. 8. **Linked bingo games.** (a) A licensed organization may conduct or  
 26.27 participate in ~~not more than two~~ linked bingo games ~~per occasion, one of which may be a~~  
 26.28 including progressive game games in which a portion of the prize is carried over from  
 26.29 one ~~occasion~~ game to another until won by a player achieving a valid bingo ~~within a~~  
 26.30 ~~predetermined amount of bingo numbers called~~ based upon a predetermined and posted  
 26.31 win determination.

26.32 (b) ~~Each participating licensed organization shall contribute to each prize awarded in~~  
 26.33 ~~a linked bingo game in an amount not to exceed \$300.~~ Linked bingo games may only be

27.1 conducted by licensed organizations who have a valid agreement with the linked bingo  
 27.2 game provider.

27.3 (c) An electronic bingo device as defined in section 349.12, subdivision 12a, may  
 27.4 be used for a linked bingo game.

27.5 (d) The board may adopt rules to:

27.6 (1) specify the manner in which a linked bingo game must be played and how the  
 27.7 linked bingo prizes must be awarded;

27.8 (2) specify the records to be maintained by a linked bingo game provider;

27.9 (3) require the submission of periodic reports by the linked bingo game provider and  
 27.10 specify the content of the reports;

27.11 (4) establish the qualifications required to be licensed as a linked bingo game  
 27.12 provider; and

27.13 (5) any other matter involving the operation of a linked bingo game.

27.14 Sec. 50. Minnesota Statutes 2010, section 349.17, is amended by adding a subdivision  
 27.15 to read:

27.16 **Subd. 9. Linked bingo games played exclusively on electronic bingo devices. In**  
 27.17 **addition to the requirements of subdivision 8, the following requirements and restrictions**  
 27.18 **apply when linked bingo games are played exclusively on electronic bingo devices.**

27.19 (a) The permitted premises must be:

27.20 (1) a premises licensed for the on-sale or off-sale of intoxicating liquor or 3.2 percent  
 27.21 malt beverages, except for a general food store or drug store permitted to sell alcoholic  
 27.22 beverages under section 340A.405, subdivision 1; or

27.23 (2) a premises where bingo is conducted as the primary business and has a seating  
 27.24 capacity of at least 100.

27.25 (b) The number of electronic bingo devices is limited to:

27.26 (1) no more than six devices in play for permitted premises with 200 seats or less;

27.27 (2) no more than 12 devices in play for permitted premises with 201 seats or more;

27.28 and

27.29 (3) no more than 50 devices in play for permitted premises where bingo is the  
 27.30 primary business.

27.31 Seating capacity is determined as specified under the local fire code.

27.32 (c) Prior to a bingo occasion, the linked bingo game provider, on behalf of the  
 27.33 participating organizations, must provide to the board a bingo program in a format  
 27.34 prescribed by the board.

28.1 (d) Before participating in the play of a linked bingo game, a player must present  
28.2 and register a valid picture identification card that includes the player's address and  
28.3 date of birth.

28.4 (e) An organization may remove from play a device that a player has not maintained  
28.5 in an activated mode for a specified period of time determined by the organization. The  
28.6 organization must provide the notice in its house rules.

28.7 Sec. 51. Minnesota Statutes 2010, section 349.1711, subdivision 1, is amended to read:

28.8 Subdivision 1. **Sale of tickets.** (a) Tipboard games must be played using only  
28.9 tipboard tickets that are either (1) attached to a placard and arranged in columns or rows,  
28.10 or (2) separate from the placard and contained in a receptacle while the game is in play.  
28.11 The placard serves as the game flare.

28.12 (b) Except for a sports-themed tipboard, the placard must contain a seal that conceals  
28.13 the winning number or symbol. When a tipboard ticket is purchased and opened from a  
28.14 game containing more than 32 tickets, each player having a tipboard ticket with one or  
28.15 more predesignated numbers or symbols must sign the placard at the line indicated by the  
28.16 number or symbol on the tipboard ticket.

28.17 Sec. 52. Minnesota Statutes 2010, section 349.1711, subdivision 2, is amended to read:

28.18 Subd. 2. **Determination of winners.** When the predesignated numbers or symbols  
28.19 have all been purchased, or all of the tipboard tickets for that game have been sold,  
28.20 the seal must be removed to reveal a number or symbol that determines which of the  
28.21 predesignated numbers or symbols is the winning number or symbol. A tipboard may also  
28.22 contain consolation winners, or winning chances that are determined in whole or in part  
28.23 by the numerical outcome of one or more professional sporting events, that need not be  
28.24 determined by the use of the seal.

28.25 Sec. 53. Minnesota Statutes 2010, section 349.1721, is amended to read:

28.26 **349.1721 CONDUCT OF PULL-TABS.**

28.27 Subdivision 1. **Cumulative or carryover games.** The board shall by rule permit  
28.28 pull-tab games with multiple seals. The board shall also adopt rules for pull-tab games with  
28.29 cumulative or carryover prizes. The rules shall also apply to electronic pull-tab games.

28.30 Subd. 2. **Event games.** The board shall by rule permit pull-tab games in which  
28.31 certain winners are determined by the random selection of one or more bingo numbers  
28.32 or by another method approved by the board. The rules shall also apply to electronic  
28.33 pull-tab games.

29.1 **Subd. 3. Pull-tab dispensing device location restrictions and requirements.**

29.2 The following pertain to pull-tab dispensing devices as defined under section 349.12,  
29.3 subdivision 32a.

29.4 (a) The use of any pull-tab dispensing device must be at a permitted premises  
29.5 which is:

29.6 (1) a licensed premises for on-sale of intoxicating liquor or 3.2 percent malt  
29.7 beverages;

29.8 (2) a premises where bingo is conducted as the primary business; or

29.9 (3) an establishment licensed for the off-sale of intoxicating liquor, other than drug  
29.10 stores and general food stores licensed under section 340A.405, subdivision 1.

29.11 (b) The number of pull-tab dispensing devices located at any permitted premises  
29.12 is limited to three.

29.13 **Subd. 4. Electronic pull-tab device requirements and restrictions.** The following  
29.14 pertain to the use of electronic pull-tab devices as defined under section 349.12,  
29.15 subdivision 12b.

29.16 (a) The use of any electronic pull-tab device may only be at a permitted premises  
29.17 that is:

29.18 (1) a premises licensed for the on-sale or off-sale of intoxicating liquor or 3.2 percent  
29.19 malt beverages, except for a general food store or drug store permitted to sell alcoholic  
29.20 beverages under section 340A.405, subdivision 1; or

29.21 (2) a premises where bingo is conducted as the primary business and has a seating  
29.22 capacity of at least 100; and

29.23 (3) where the licensed organization sells paper pull-tabs.

29.24 (b) The number of electronic pull-tab devices is limited to:

29.25 (1) no more than six devices in play at any permitted premises with 200 seats or less;

29.26 (2) no more than 12 devices in play at any permitted premises with 201 seats

29.27 or more; and

29.28 (3) no more than 50 devices in play at any permitted premises where the primary  
29.29 business is bingo.

29.30 Seating capacity is determined as specified under the local fire code.

29.31 (c) The hours of operation for the devices are limited to 8:00 a.m. to 2:00 a.m.

29.32 (d) All electronic pull-tab games must be sold and played on the permitted premises  
29.33 and may not be linked to other permitted premises.

29.34 (e) Electronic pull-tab games may not be transferred electronically or otherwise to  
29.35 any other location by the licensed organization.

30.1 (f) Electronic pull-tab games may be commingled if the games are from the same  
 30.2 family of games and manufacturer and contain the same game name, form number, type  
 30.3 of game, ticket count, prize amounts, and prize denominations. Each commingled game  
 30.4 must have a unique serial number.

30.5 (g) An organization may remove from play a device that a player has not maintained  
 30.6 in an activated mode for a specified period of time determined by the organization. The  
 30.7 organization must provide the notice in its house rules.

30.8 (h) Before participating in the play of an electronic pull-tab game, a player must  
 30.9 present and register a valid picture identification card that includes the player's address  
 30.10 and date of birth.

30.11 (i) Each player is limited to the use of one device at a time.

30.12 Subd. 5. **Multiple chance games.** The board may permit pull-tab games in which  
 30.13 the holders of certain predesignated winning tickets, with a prize value not to exceed \$75  
 30.14 each, have the option of turning in the winning tickets for the chance to win a prize of  
 30.15 greater value.

30.16 Sec. 54. Minnesota Statutes 2010, section 349.18, subdivision 1, is amended to read:

30.17 Subdivision 1. **Lease or ownership required; rent limitations.** (a) An organization  
 30.18 may conduct lawful gambling only on premises it owns or leases. Leases must be on a  
 30.19 form prescribed by the board. The term of the lease is concurrent with the premises permit.  
 30.20 Leases approved by the board must specify that the board may authorize an organization  
 30.21 to withhold rent from a lessor for a period of up to 90 days if the board determines that  
 30.22 illegal gambling occurred on the premises or that the lessor or its employees participated  
 30.23 in the illegal gambling or knew of the gambling and did not take prompt action to stop the  
 30.24 gambling. The lease must authorize the continued tenancy of the organization without  
 30.25 the payment of rent during the time period determined by the board under this paragraph.  
 30.26 Copies of all leases must be made available to employees of the board and the Division of  
 30.27 Alcohol and Gambling Enforcement on request.

30.28 (b) Rent paid by an organization for leased premises for the conduct of ~~pull-tabs,~~  
 30.29 ~~tipboards, and paddle wheels~~ lawful gambling is subject to the following limits and  
 30.30 restrictions:

30.31 (1) For booth operations, ~~including booth operations where a pull-tab dispensing~~  
 30.32 ~~device is located, booth operations where a bar operation is also conducted, and booth~~  
 30.33 ~~operations where both a pull-tab dispensing device is located and a bar operation is also~~  
 30.34 ~~conducted, the maximum rent is:~~ monthly rent may not exceed ten percent of gross profits

31.1 for that month. Total rent paid to a lessor from all organizations from leases governed by  
 31.2 this clause may not exceed \$1,750 per month.

31.3 ~~(i) in any month where the organization's gross profit at those premises does not~~  
 31.4 ~~exceed \$4,000, up to \$400; and~~

31.5 ~~(ii) in any month where the organization's gross profit at those premises exceeds~~  
 31.6 ~~\$4,000, up to \$400 plus not more than ten percent of the gross profit for that month in~~  
 31.7 ~~excess of \$4,000;~~

31.8 (2) For bar operations, ~~including bar operations where a pull-tab dispensing device~~  
 31.9 ~~is located but not including bar operations subject to clause (1), and for locations where~~  
 31.10 ~~only a pull-tab dispensing device is located:~~ monthly rent may not exceed:

31.11 (i) 15 percent of the gross profits for that month from pull-tabs sold from a pull-tab  
 31.12 dispensing device, electronic pull-tab games, and electronic linked bingo games; and

31.13 (ii) more than 20 percent of gross profits from all other forms of lawful gambling.

31.14 ~~(i) in any month where the organization's gross profit at those premises does not~~  
 31.15 ~~exceed \$1,000, up to \$200; and~~

31.16 ~~(ii) in any month where the organization's gross profit at those premises exceeds~~  
 31.17 ~~\$1,000, up to \$200 plus not more than 20 percent of the gross profit for that month~~  
 31.18 ~~in excess of \$1,000;~~

31.19 (3) ~~a lease not governed by clauses (1) and (2) must be approved by the board before~~  
 31.20 ~~becoming effective;~~ For electronic linked bingo games and electronic pull-tab games that  
 31.21 are operated for separate time periods within a business day by an organization and the  
 31.22 lessor, monthly rent may not be more than:

31.23 (i) 15 percent of the gross profits for that month for the time periods operated by  
 31.24 the lessor. The lessor is responsible for cash shortages that occur during the time periods  
 31.25 the games are operated by the lessor; and

31.26 (ii) ten percent of gross profits for that month for the time periods operated by the  
 31.27 organization. The organization is responsible for cash shortages that occur during the time  
 31.28 periods the games are operated by the organization.

31.29 ~~(4) total rent paid to a lessor from all organizations from leases governed by clause~~  
 31.30 ~~(1) may not exceed \$1,750 per month.~~

31.31 ~~(c) Rent paid by an organization for leased premises for the conduct of bingo is~~  
 31.32 ~~subject to either of the following limits at the option of the parties to the lease:~~

31.33 ~~(1)~~ (4) For bingo conducted at a leased premises where the primary business is  
 31.34 bingo, rent is limited to either not more than ten percent of the monthly gross profit from  
 31.35 all lawful gambling activities held during bingo occasions, excluding bar bingo or at a

32.1 rate based on a cost per square foot not to exceed 110 percent of a comparable cost per  
 32.2 square foot for leased space as approved by the director; ~~and~~.

32.3 ~~(2)~~ (5) No rent may be paid for bar bingo as defined in section 349.12, subdivision 3c.

32.4 (6) A lease not governed by clauses (1) to (5) must be approved by the director  
 32.5 before becoming effective.

32.6 ~~(d)~~ (c) Amounts paid as rent under leases are all-inclusive. No other services or  
 32.7 expenses provided or contracted by the lessor may be paid by the organization, including,  
 32.8 but not limited to, trash removal, janitorial and cleaning services, snow removal, lawn  
 32.9 services, electricity, heat, security, security monitoring, storage, and other utilities or  
 32.10 services, ~~and, in the case of bar operations, cash shortages,~~ unless approved by the  
 32.11 director. The lessor shall be responsible for the cost of any communications network or  
 32.12 service required to conduct electronic pull-tab games or electronic bingo games. Any  
 32.13 other expenditure made by an organization that is related to a leased premises must be  
 32.14 approved by the director. For bar operations, the lessor is responsible for cash shortages.  
 32.15 An organization may not provide any compensation or thing of value to a lessor or the  
 32.16 lessor's employees from any fund source other than its gambling account. Rent payments  
 32.17 may not be made to an individual.

32.18 ~~(e)~~ (d) Notwithstanding paragraph (b), an organization may pay a lessor for food  
 32.19 or beverages or meeting room rental if the charge made is comparable to similar charges  
 32.20 made to other individuals or groups.

32.21 ~~(f) No entity other than the~~ (e) A licensed organization may not conduct any activity  
 32.22 ~~within a booth operation~~ on behalf of the lessor on a leased premises.

32.23 Sec. 55. Minnesota Statutes 2010, section 349.19, subdivision 2, is amended to read:

32.24 Subd. 2. **Accounts.** (a) Gross receipts from lawful gambling by each organization  
 32.25 must be segregated from all other revenues of the conducting organization and placed in a  
 32.26 separate gambling bank account.

32.27 (b) All expenditures for allowable expenses, taxes, and lawful purposes must be  
 32.28 made from the separate account except (1) in the case of expenditures previously approved  
 32.29 by the organization's membership for emergencies as defined by board rule, (2) as provided  
 32.30 in subdivision 2a, or (3) when restricted to one electronic fund transaction for the payment  
 32.31 of taxes for the organization as a whole, the organization may transfer the amount of taxes  
 32.32 related to the conduct of gambling to the general account at the time when due and payable.

32.33 (c) The name and address of the bank, the account number for the separate account,  
 32.34 and the names of organization members authorized as signatories on the separate account

33.1 must be provided to the board when the application is submitted. Changes in the  
33.2 information must be submitted to the board at least ten days before the change is made.

33.3 (d) Except for gambling receipts from electronic pull-tab games and linked  
33.4 electronic bingo games, gambling receipts must be deposited into the gambling bank  
33.5 account within four business days of completion of the bingo occasion, deal, or game from  
33.6 which they are received.

33.7 (1) A deal of paper pull-tabs is considered complete when either the last pull-tab of  
33.8 the deal is sold or the organization does not continue the play of the deal during the next  
33.9 scheduled period of time in which the organization will conduct pull-tabs.

33.10 (2) A tipboard game is considered complete when the seal on the game flare is  
33.11 uncovered or the organization does not continue the play of the deal during the next  
33.12 scheduled period of time in which the organization will conduct tipboards.

33.13 (e) Gambling receipts from all electronic pull-tab games and all linked electronic  
33.14 bingo games must be recorded on a daily basis and deposited into the gambling bank  
33.15 account within two business days.

33.16 ~~(e)~~ (f) Deposit records must be sufficient to allow determination of deposits made  
33.17 from each bingo occasion, deal, or game at each permitted premises.

33.18 ~~(f)~~ (g) The person who accounts for gambling gross receipts and profits may not be  
33.19 the same person who accounts for other revenues of the organization.

33.20 Sec. 56. Minnesota Statutes 2010, section 349.19, subdivision 3, is amended to read:

33.21 Subd. 3. **Expenditures.** (a) All expenditures of gross profits from lawful gambling  
33.22 must be itemized as to payee, purpose, amount, and date of payment.

33.23 (b) Each licensed organization must report monthly to the board ~~on a form~~ in an  
33.24 electronic format prescribed by the board each expenditure or contribution of net profits  
33.25 from lawful gambling. The reports must provide for each expenditure or contribution:

33.26 (1) the name of the recipient of the expenditure or contribution;

33.27 (2) the date the expenditure or contribution was approved by the organization;

33.28 (3) the date, amount, and check number or electronic transfer confirmation number  
33.29 of the expenditure or contribution;

33.30 (4) a brief description of how the expenditure or contribution meets one or more of  
33.31 the purposes in section 349.12, subdivision 25; and

33.32 (5) in the case of expenditures authorized under section 349.12, subdivision 25,  
33.33 paragraph (a), clause (7), whether the expenditure is for a facility or activity that primarily  
33.34 benefits male or female participants.

34.1 (c) Authorization of the expenditures must be recorded in the monthly meeting  
34.2 minutes of the licensed organization.

34.3 (d) Checks or authorizations for electronic fund transfers for expenditures of gross  
34.4 profits must be signed by at least two persons authorized by board rules to sign the  
34.5 checks or authorizations.

34.6 (e) Expenditures of gross profits from lawful gambling for local, state, and federal  
34.7 taxes as identified in section 349.12, subdivision 25, paragraph (a), clause (8), may be  
34.8 transferred electronically from the organization's gambling account directly to bank  
34.9 accounts identified by local, state, or federal agencies if the organization's gambling  
34.10 account monthly bank statement specifically identifies the payee by name, the amount  
34.11 transferred, and the date of the transaction.

34.12 (f) Expenditures of gross profits from lawful gambling for payments for lawful  
34.13 purpose expenditures and allowable expenses may be transferred electronically from the  
34.14 organization's gambling account directly to bank accounts identified by the vendor if the  
34.15 organization's gambling account monthly bank statement specifically identifies the payee  
34.16 by name, the amount transferred, the account number of the account into which the funds  
34.17 were transferred, and the date of the transaction.

34.18 (g) Expenditures of gross profits from lawful gambling for payroll compensation  
34.19 to an employee's account and for the payment of local, state, and federal withholding  
34.20 taxes may be transferred electronically to and from the account of a payroll processing  
34.21 firm provided that the firm:

34.22 (1) is currently registered with and meets the criteria of the Department of Revenue  
34.23 as a third-party bulk filer under section 290.92, subdivision 30;

34.24 (2) is able to provide proof of a third-party audit and an annual report and statement  
34.25 of financial condition;

34.26 (3) is able to provide evidence of a fidelity bond; and

34.27 (4) can provide proof of having been in business as a third-party bulk filer for the  
34.28 most recent three years.

34.29 (h) Electronic payments of taxes, lawful purpose expenditures, and allowable  
34.30 expenses are permitted only if they have been authorized by the membership, the  
34.31 organization maintains supporting documentation, and the expenditures can be verified.

34.32 **EFFECTIVE DATE.** This section is effective July 1, 2012.

34.33 Sec. 57. Minnesota Statutes 2010, section 349.19, subdivision 5, is amended to read:

34.34 Subd. 5. **Reports.** (a) A licensed organization must report monthly to the  
34.35 ~~Department of Revenue~~ board in an electronic format prescribed by the board and to its

35.1 membership ~~monthly, or quarterly in the case of a licensed organization which does not~~  
 35.2 ~~report more than \$1,000 in gross receipts from lawful gambling in any calendar quarter,~~  
 35.3 ~~on its gross receipts, expenses, profits, and expenditure of profits from lawful gambling~~  
 35.4 ~~for each permitted premises. The organization must account for and report on each form~~  
 35.5 ~~of lawful gambling conducted. The report organization must include a reconciliation of~~  
 35.6 ~~the organization's profit carryover with its cash balance on hand. If the organization~~  
 35.7 ~~conducts both bingo and other forms of lawful gambling, the figures for both must be~~  
 35.8 ~~reported separately.~~

35.9 (b) The organization must report ~~annually to its membership and annually file with~~  
 35.10 ~~the board a financial summary report in a format prescribed by the board that identifies the~~  
 35.11 ~~organization's receipts and use of lawful gambling proceeds, including: monthly to the~~  
 35.12 ~~commissioner of revenue as required under section 297E.06.~~

35.13 (1) ~~gross receipts;~~

35.14 (2) ~~prizes paid;~~

35.15 (3) ~~allowable expenses;~~

35.16 (4) ~~lawful purpose expenditures, including annual totals for types of charitable~~  
 35.17 ~~contributions and all taxes and fees as per section 349.12, subdivision 25, paragraph~~  
 35.18 ~~(a), clauses (8) and (18);~~

35.19 (5) ~~the percentage of annual gross profits used for charitable contributions; and~~

35.20 (6) ~~the percentage of annual gross profits used for all taxes and fees as per section~~  
 35.21 ~~349.12, subdivision 25, paragraph (a), clauses (8) and (18).~~

35.22 **EFFECTIVE DATE.** This section is effective July 1, 2012.

35.23 Sec. 58. Minnesota Statutes 2010, section 349.19, subdivision 10, is amended to read:

35.24 Subd. 10. **Pull-tab records.** (a) The board shall by rule require a licensed  
 35.25 organization to require each winner of a paper pull-tab prize of \$50 or more to present  
 35.26 identification in the form of a driver's license, Minnesota identification card, or other  
 35.27 identification the board deems sufficient to allow the identification and tracking of the  
 35.28 winner. The rule must require the organization to retain winning paper pull-tabs of \$50 or  
 35.29 more, and the identification of the winner of the pull-tab, for 3-1/2 years.

35.30 (b) An organization must maintain separate cash banks for each deal of paper  
 35.31 pull-tabs unless (1) the licensed organization uses a pull-tab dispensing device, or (2) the  
 35.32 organization uses a cash register, of a type approved by the board, which records all  
 35.33 sales of paper pull-tabs by separate deals.

35.34 (c) The board shall:

36.1 (1) by rule adopt minimum technical standards for cash registers that may be used  
 36.2 by organizations, and shall approve for use by organizations any cash register that meets  
 36.3 the standards; and

36.4 (2) before allowing an organization to use a cash register that commingles receipts  
 36.5 from several different paper pull-tab games in play, adopt rules that define how cash  
 36.6 registers may be used and that establish a procedure for organizations to reconcile all  
 36.7 pull-tab games in play at the end of each month.

36.8 Sec. 59. Minnesota Statutes 2010, section 349.211, subdivision 1a, is amended to read:

36.9 Subd. 1a. **Linked bingo prizes.** Prizes for a linked bingo game shall be limited  
 36.10 as follows:

36.11 ~~(1) no organization may contribute more than \$300 per linked bingo game to a~~  
 36.12 ~~linked bingo prize pool for linked bingo games played without electronic bingo devices,~~  
 36.13 an organization may not contribute to a linked bingo game prize pool more than \$300  
 36.14 per linked bingo game per site;

36.15 (2) for linked bingo games played exclusively with electronic bingo devices, an  
 36.16 organization may not contribute more than 85 percent of the gross receipts per permitted  
 36.17 premises to a linked bingo game prize pool;

36.18 ~~(2)~~ (3) no organization may award more than \$200 for a linked bingo game  
 36.19 consolation prize. For purposes of this subdivision, a linked bingo game consolation  
 36.20 prize is a prize awarded by an organization after a prize from the linked bingo prize pool  
 36.21 has been won; ~~and~~

36.22 ~~(3)~~ (4) for a progressive linked bingo game, if no player declares a valid bingo  
 36.23 ~~within the~~ for a progressive prize or prizes based on a predetermined amount of bingo  
 36.24 ~~numbers called and posted win determination,~~ a portion of the prize is gross receipts  
 36.25 may be carried over to another occasion game until the accumulated progressive prize  
 36.26 is won. The portion of the prize that is not carried over must be awarded to the first  
 36.27 player or players who declares a valid bingo as additional numbers are called. If a valid  
 36.28 bingo is declared within the predetermined amount of bingo numbers called, the entire  
 36.29 prize pool for that game is awarded to the winner. The annual limit for progressive bingo  
 36.30 game prizes contained in subdivision 2 must be reduced by the amount an organization  
 36.31 contributes to progressive linked bingo games during the same calendar year; and

36.32 (5) for linked bingo games played exclusively with electronic bingo devices, linked  
 36.33 bingo prizes in excess of \$599 shall be paid by the linked bingo game provider to the  
 36.34 player within three business days. Winners of linked bingo prizes in excess of \$599 will  
 36.35 be given a receipt or claim voucher as proof of a win.

37.1 Sec. 60. Minnesota Statutes 2010, section 349.211, subdivision 2c, is amended to read:

37.2 Subd. 2c. **Tipboard prizes.** (a) The maximum prize which may be awarded for  
37.3 a tipboard ticket is \$599 for \$2 and under tipboard tickets, \$899 for \$3 tipboard tickets,  
37.4 \$1,199 for \$4 tipboard tickets, and \$1,499 for \$5 tipboard tickets, not including any  
37.5 cumulative or carryover prizes. Cumulative or carryover prizes in tipboard games shall  
37.6 not exceed \$2,500. An organization may not sell any tipboard ticket for more than \$5.

37.7 (b) For sports-themed tipboards, the total prize payout may not exceed the amount in  
37.8 section 349.2113, and each chance or ticket may not be sold for more than \$10.

37.9 Sec. 61. **APPROPRIATION.**

37.10 \$880,000 in fiscal year 2013 is appropriated from the lawful gambling regulation  
37.11 account in the special revenue fund to the Gambling Control Board for operating expenses  
37.12 related to the regulatory oversight of lawful gambling for electronic pull-tabs and  
37.13 electronic linked bingo.

37.14 Sec. 62. **REPEALER.**

37.15 Minnesota Statutes 2010, sections 297E.02, subdivision 4; 349.15, subdivision 3;  
37.16 and 349.19, subdivision 2a, are repealed.

37.17 **EFFECTIVE DATE.** This section is effective for games sold by a licensed  
37.18 distributor after June 30, 2012, and the commissioner of revenue retains the authority to  
37.19 issue refunds under Minnesota Statutes 2010, section 297E.02, subdivision 4, paragraph  
37.20 (d), for games sold before July 1, 2012.

37.21 Sec. 63. **SEVERABILITY.**

37.22 If any provision of this act is found to be invalid because it is in conflict with a  
37.23 provision of the Minnesota Constitution or the Constitution of the United States, or for any  
37.24 other reason, all other provisions of this act shall remain valid and any rights, remedies,  
37.25 and privileges that have been otherwise accrued by this act, shall remain in effect and may  
37.26 be proceeded with and concluded under this act.

37.27 Sec. 64. **EFFECTIVE DATE.**

37.28 Unless otherwise specifically provided, this act is effective the day following final  
37.29 enactment.