

State of Minnesota  
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. 133

01/12/2015 Authored by Dettmer, Wills, Gunther and Nash

The bill was read for the first time and referred to the Committee on Commerce and Regulatory Reform

1.1 A bill for an act  
1.2 relating to lawful gambling; adjusting audit amounts for organizations; making  
1.3 clarifying and technical changes; amending Minnesota Statutes 2014, sections  
1.4 297E.06, subdivision 4; 349.19, subdivision 2.

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

1.6 Section 1. Minnesota Statutes 2014, section 297E.06, subdivision 4, is amended to read:

1.7 Subd. 4. **Annual audit, certified inventory, and cash count.** (a) An organization  
1.8 licensed under chapter 349 with gross receipts from lawful gambling of more than  
1.9 ~~\$750,000~~ \$1,000,000 in any year must have an annual financial audit of its lawful  
1.10 gambling activities and funds for that year.

1.11 (b) The commissioner may require a financial audit of the lawful gambling activities  
1.12 and funds of an organization licensed under chapter 349, with gross receipts less than  
1.13 ~~\$750,000~~ \$1,000,000 annually, when an organization has:

- 1.14 (1) failed to timely file required gambling tax returns;  
1.15 (2) failed to timely pay the gambling tax or regulatory fee;  
1.16 (3) filed fraudulent gambling tax returns;  
1.17 (4) failed to take corrective actions required by the commissioner; or  
1.18 (5) failed to otherwise comply with this chapter.

1.19 (c) Audits under this subdivision must be performed by an independent accountant  
1.20 licensed in accordance with chapter 326A.

1.21 (d) An organization licensed under chapter 349 must perform an annual certified  
1.22 inventory and cash count at the end of its fiscal year and submit the report to the  
1.23 commissioner within 30 days after the end of its fiscal year. The report shall be on a form  
1.24 prescribed by the commissioner.

(e) The commissioner of revenue shall prescribe standards for the audits, certified inventory, and cash count reports required under this subdivision. The standards may vary based on the gross receipts of the organization. The standards must incorporate and be consistent with standards prescribed by the American Institute of Certified Public Accountants. A complete, true, and correct copy of the audits, certified inventory, and cash count report must be filed as prescribed by the commissioner.

Sec. 2. Minnesota Statutes 2014, section 349.19, subdivision 2, is amended to read:

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

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

(c) The name and address of the bank, the account number for the separate account, and the names of organization members authorized as signatories on the separate account must be provided to the board when the application is submitted. Changes in the information must be submitted to the board at least ten days before the change is made.

(d) All gambling receipts must be deposited into the gambling bank account within four business days of completion of the bingo occasion, deal, or game from which they are received.

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

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

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

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

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

3.3           Sec. 3. **EFFECTIVE DATE.**

3.4           Sections 1 and 2 are effective the day following final enactment.