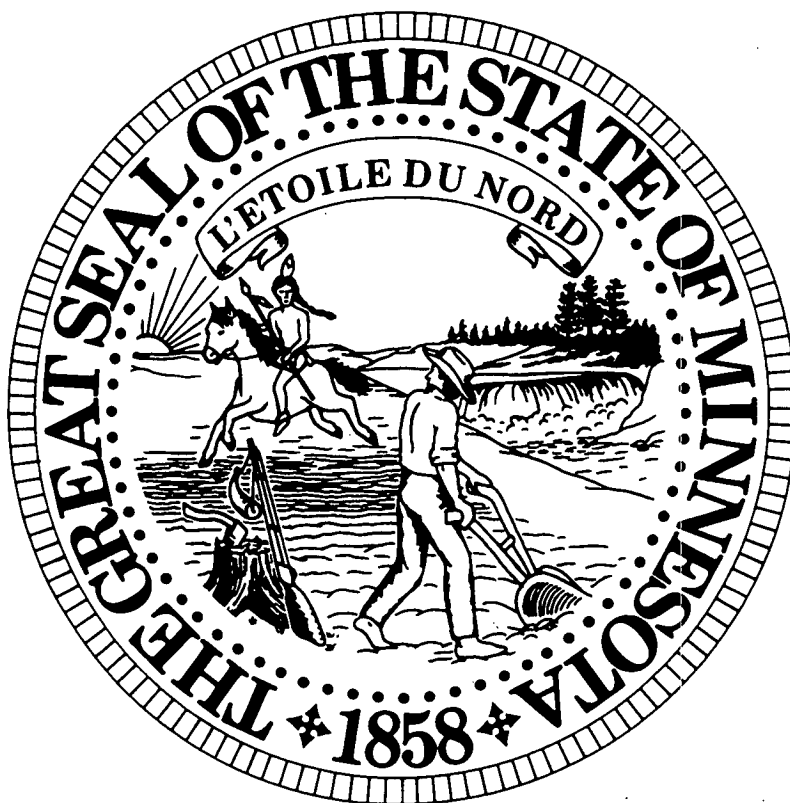


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Department of Administration—Print Communications Division



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# State Register

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The *State Register* is the official publication of the State of Minnesota, containing executive and commissioners' orders, proposed and adopted rules, official and revenue notices, professional-technical-consulting contracts, non-state bids and public contracts and grants.

A *Contracts Supplement* is published Tuesday, Wednesday and Friday and contains bids and proposals for commodities, including printing bids.

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21	Monday 21 November	Monday 7 November	Monday 14 November
22	Monday 28 November	Monday 14 November	Friday 18 November
23	Monday 5 December	Friday 18 November	Monday 28 November

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# Minnesota Rules: Amendments and Additions

## NOTICE: How to Follow State Agency Rulemaking in the State Register

The *State Register* is the official source, and only complete listing, for all state agency rulemaking in its various stages. State agencies are required to publish notice of their rulemaking action in the *State Register*. Published every Monday, the *State Register* makes it easy to follow and participate in the important rulemaking process. Approximately 75 state agencies have the authority to issue rules. Each agency is assigned specific *Minnesota Rule* chapter numbers. Every odd-numbered year the *Minnesota Rules* are published. This is a ten-volume bound collection of all adopted rules in effect at the time. Supplements are published to update this set of rules. Proposed and adopted emergency rules do not appear in this set because of their short-term nature, but are published in the *State Register*.

If an agency seeks outside opinion before issuing new rules or rule amendments, it must publish a NOTICE OF INTENT TO SOLICIT OUTSIDE OPINION in the *Official Notices* section of the *State Register*. When rules are first drafted, state agencies publish them as **Proposed Rules**, along with a notice of hearing, or notice of intent to adopt rules without a hearing in the case of noncontroversial rules. This notice asks for comment on the rules as proposed. Proposed emergency rules and withdrawn proposed rules are also published in the *State Register*. After proposed rules have gone through the comment period, and have been rewritten into their final form, they again appear in the *State Register* as **Adopted Rules**. These final adopted rules are not printed in their entirety in the *State Register*, only the changes made since their publication as Proposed Rules. To see the full rule, as adopted and in effect, a person simply needs two issues of the *State Register*, the issue the rule appeared in as proposed, and later as adopted. For a more detailed description of the rulemaking process, see the *Minnesota Guidebook to State Agency Services*.

The *State Register* features partial and cumulative listings of rules in this section on the following schedule: issues 1-13 inclusive; issues 14-25 inclusive; issue 26, cumulative for issues 1-26; issues 27-38 inclusive; issue 39, cumulative for 1-39; issues 40-51 inclusive; and issue 52, cumulative for 1-52. An annual subject matter index for rules appears in August. For copies of the *State Register*, a subscription, the annual index, the *Minnesota Rules* or the *Minnesota Guidebook to State Agency Services*, contact the Print Communications Division, 117 University Avenue, St. Paul, MN 55155 (612) 297-3000 or toll-free in Minnesota 1-800-657-3757.

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## Proposed Rules

Pursuant to Minn. Stat. §14.22, an agency may propose to adopt, amend, suspend or repeal rules without first holding a public hearing, as long as the agency determines that the rules will be noncontroversial in nature. The agency must first publish a notice of intent to adopt rules without a public hearing, together with the proposed rules, in the *State Register*. The notice must advise the public:

1. that they have 30 days in which to submit comment on the proposed rules;
2. that no public hearing will be held unless 25 or more persons make a written request for a hearing within the 30-day comment period;
3. of the manner in which persons shall request a hearing on the proposed rules; and
4. that the rule may be modified if the modifications are supported by the data and views submitted

If, during the 30-day comment period, 25 or more persons submit to the agency a written request for a hearing of the proposed rules, the agency must proceed under the provisions of §§14.14-14.20, which state that if an agency decides to hold a public hearing, it must publish a notice of intent in the *State Register*.

Pursuant to Minn. Stat. §§14.29 and 14.30, agencies may propose emergency rules under certain circumstances. Proposed emergency rules are published in the *State Register* and, for at least 25 days thereafter, interested persons may submit data and views in writing to the proposing agency.

## Gambling Control Board

### Proposed Permanent Rules Relating to Distributors and Manufacturers

#### Dual Notice:

**Notice of Intent to Adopt a Rule without a Public Hearing unless 25 or More Persons Request a Hearing;**

**Notice of Hearing if 25 or More Persons Request a Hearing**

**and**

**Notice of Cancellation of Hearing if 25 or More Persons Do Not Request a Hearing**

**Introduction.** The Minnesota Gambling Control Board intends to adopt permanent rules without a public hearing following the procedures set forth in the Administrative Procedure Act, *Minnesota Statutes*, sections 14.22 to 14.28. If, however, 25 or more persons submit a written request for a hearing on the rule within 30 days or by December 14, 1994, a public hearing will be held on January 18, 1995. To find out whether the rule will be adopted without a hearing or if the hearing will be held, you should contact the agency contact person after December 14, 1994, the end of the 30-day comment period, and before January 18, 1995, the scheduled hearing date.

**Agency Contact Person.** Comments or questions on the rule and written requests for a public hearing on the rule must be submitted to:

Sharon A. Beighley, Rules Coordinator  
Minnesota Gambling Control Board  
1711 West County Road B  
Suite 300 South  
Roseville MN 55113  
612-639-4000

**Subject of Rule and Statutory Authority.** The proposed rules relate to definitions of commonly used terms within the gambling industry; the licensing of companies and/or individuals who manufacture and distribute lawful gambling equipment for use by gambling organizations in Minnesota; to the operations, accounts, and records of those distributors and manufacturers; and to disciplinary sanctions against licensees of the Board. The statutory authority to adopt the rule is *Minnesota Statutes*, section 349.151, subdivision 4(a), (1994) which lists the powers and duties of the Board. Section 349.151, subdivision 4(a), clause (1) authorizes the Board to regulate lawful gambling to ensure that it is conducted in the public interest, clause (5) authorizes the Board to promulgate rules authorized by this chapter; and clause (17) authorizes the Board to take all necessary steps to insure the integrity of and public confidence in lawful gambling. *Minnesota Statutes* 349.12, subd. (16) (1994) amends the definition of "flare." *Minnesota Statutes* 349.12, subd. (18) amends the definition of "Gambling Equipment." *Minnesota Statutes* 349.12 (1994) was amended to include definitions for "Master Flare" (subd. 26a); "Paddleticket" (subd. 28a); "Paddleticket Card" (subd. 28b); and "Paddleticket Card Number" (subd. 28c). *Minnesota Statutes* 349.12, subd. 30 (1994) amends the definition of "person." *Minnesota Statutes* 349.12, subd. 32 (1994) amends the definition of "Pull-Tab." *Minnesota Statutes* 349.12, subd. 34 (1994) amends the definition of "Tipboard." *Minnesota Statutes* 349.12, subd. 35 (1994) is a new statutory definition for "Tipboard Ticket." *Minnesota Statutes* 359.151, subd. 4 (1994) now includes clause (16) which empowers the Board to order corrective action by distributors and manufacturers. *Minnesota Statutes* 349.151, subd. 4(b) (1994) authorizes the Board to adopt rules governing pull-tab dispensing devices. *Minnesota Statutes* 349.151 (1994) was amended to include subd. 8, which allows the Director of Gambling Enforcement to bill license applicants for the cost of background investigations. *Minnesota Statutes* 349.151 (1994) was amended to include subd. 13,

which authorizes the Board to adopt rules under this chapter. *Minnesota Statutes* 349.152, subd. 6, (1994) was amended to empower the Board Director to recommend corrective action to the Board. *Minnesota Statutes* 349.155 (1994), subd. 3, clauses (1) through (6) set out the conditions under which a distributor or manufacturer license may not be issued or renewed, or under which such a license may be revoked by the Board. *Minnesota Statutes* 349.155 (1994), subd. 4 sets forth circumstances under which the Board may, by order, deny, suspend, revoke, or refuse to renew a license if the Order is found to be in the public interest. *Minnesota Statutes* 349.155 (1994), subd. 6 sets forth the license applicant's rights in the event a license application is denied by the Board. *Minnesota Statutes* 349.155 (1994), subd. 8 requires distributors and manufacturers to notify the Board within 30 days if any of the actions listed in *Minnesota Statutes* 349.155, subd. 4(6) (1994) have been taken against it in another state. *Minnesota Statutes* 349.161, subd. 5(h) (1994) prohibits distributors from selling pull-tab or tipboard deals with the symbol required by *Minnesota Statutes* 349.163, subd. 5(h) (1994) to any person other than a licensed or exempt organization. *Minnesota Statutes* 349.162, subd. 1(b) (1994) has been amended to require manufacturers to return all unused registration stamps in their possession to the Board by 2/1/95; and to prohibit the possession of unplayed pull-tab deals, tipboard deals, or paddelticket master flares with registration stamps affixed after 2/1/96. *Minnesota Statutes* 349.162, subd. 5 (1994) has been amended to allow licensed manufacturers to operate storage facilities in Minnesota to warehouse both approved and unapproved gambling equipment. *Minnesota Statutes* 349.163, subd. 3(c) (1994) prohibits manufacturers from selling or providing pull-tab or tipboard deals with the Minnesota geographic boundary symbol to any entity other than a licensed distributor without first rendering that symbol invisible. *Minnesota Statutes* 349.163, subds. 5(b) and 5(h) (1994) sets forth the requirements for pull-tab and tipboard flares. *Minnesota Statutes* 349.163, subd. 8 (1994) establishes the requirements for paddelticket card master flares. *Minnesota Statutes* 349.163, subd. 1 (1994) has been amended to permit manufacturers and distributors to file pricing reports at any time during a month. *Minnesota Statutes* 349.191, subd. 1(a) (1994) sets forth the requirements for credit and sales to delinquent organizations. *Minnesota Statutes* 349.191, subd. 1(b) (1994) establishes the requirements for credit and sales to delinquent distributors.

A copy of the proposed rule is published in the "State Register" on November 14, 1994 and attached to this notice as mailed. A copy is also available free of charge by contacting the agency contact person.

**Comments.** You have until 4:30 P.M. on Wednesday, December 14, 1994 to submit written comment in support of or in opposition to the proposed rule or any part or subpart of the rule. Your comment must be in writing and received by the agency contact person by the due date. Comment is encouraged. Your comments should identify the portion of the proposed rule addressed, the reason for the comment, and any change proposed.

**Request for a Hearing.** In addition to submitting comments, you may also request that a hearing be held on the rule. Your request for a public hearing must be in writing and must be received by the agency contact person by 4:30 P.M. on Wednesday, December 14, 1994. Your written request for a public hearing must include your name, address, and telephone number. You are encouraged to identify the portion of the proposed rule which caused your request, the reason for the request, and any changes you want made to the proposed rule. If 25 or more persons submit a written request for a hearing, a public hearing will be held unless a sufficient number withdraw their requests in writing.

**Modifications.** The proposed rule may be modified, either as a result of public comment or as a result of the rule hearing process. Modifications must not result in a substantial change in the proposed rule as attached and printed in the "State Register," and must be supported by data and views submitted to the agency or presented at the hearing. If the proposed rule affects you in any way, you are encouraged to participate in the rulemaking process.

**Cancellation of Hearing.** The hearing scheduled for January 18, 1995 will be canceled if the Board does not receive requests from 25 or more persons that a hearing be held on the rule. If you requested a public hearing, the Board will notify you before the scheduled hearing whether or not the hearing will be held. You may also call Sharon A. Beighley at 612-639-4000 after December 14, 1994 to find out whether the hearing will be held.

**Notice of Hearing.** If 25 or more persons submit written requests for a public hearing on the rule, a hearing will be held following the procedures in *Minnesota Statutes*, sections 14.14 to 14.20. The hearing will be held on Wednesday, January 18, 1995 at the Kelly Inn, I-94 & Marion Street, St. Paul, Minnesota beginning at 9:00 A.M. and continuing until all interested persons have been heard. The hearing will continue, if necessary, at additional times and places as determined by the administrative law judge. The administrative law judge assigned to conduct the hearing is Bruce D. Campbell. Judge Campbell can be reached at the Office of Administrative Hearings, #1700 Washington Square, 100 Washington Avenue South, Minneapolis, Minnesota 55401, telephone number 612-341-7602.

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## Proposed Rules

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**Hearing Procedure.** If a hearing is held, you and all interested or affected persons including representatives of associations or other interested groups, will have an opportunity to participate. You may present your views either orally at the hearing or in writing at any time prior to the close of the hearing record. All evidence presented should relate to the proposed rule. You may also mail written material to the administrative law judge to be recorded in the hearing record for five working days after the public hearing ends. This five-day comment period may be extended for a longer period not to exceed 20 calendar days if ordered by the administrative law judge at the hearing. Comments received during this period will be available for review at the Office of Administrative Hearings. You and the agency may respond in writing within five business days after the submission period ends to any new information submitted. All written materials and responses submitted to the administrative law judge must be received at the Office of Administrative Hearings no later than 4:30 P.M. on the due date. No additional evidence may be submitted during the five-day period. This rule hearing procedure is governed by *Minnesota Rules*, parts 1400.0200 to 1400.1200 and *Minnesota Statutes*, sections 14.14 to 14.20. Questions about procedure may be directed to the administrative law judge.

**Statement of Need and Reasonableness.** A statement of need and reasonableness is now available from the agency contact person. This statement describes the need for and reasonableness of each provision of the proposed rule. It also includes a summary of all the evidence and argument which the Board anticipates presenting at the hearing, if one is held. The statement may also be reviewed and copies obtained at the cost of reproduction from the Office of Administrative Hearings.

**Small Business Considerations.** The Minnesota Gambling Control Board is subject to *Minnesota Statutes*, section 14.115 (1992), regarding small business considerations in rulemaking. The Board's evaluation of the applicability of the methods contained in *Minnesota Statutes*, section 14.115, subdivision 2, (1992) for reducing the impact of the proposed rules on small businesses have been considered and discussed in the Statement of Need and Reasonableness. The rule amendments contained in *Minnesota Rules* 7863.0010 (Lawful Gambling Distributors), *Minnesota Rules* 7863.0020 (Distributor Operations, Accounts and Reports), and *Minnesota Rules* 7865.0020 (Suspensions or Revocations) will have a substantial impact on small business. The specific impacts as they relate to the individual subparts and items in the subject rule are discussed in detail in the Statement of Need and Reasonableness in Section X. (Detail of the Proposed Rule and Statement of Need and Reasonableness).

**Expenditure of Public Money by Local Public Bodies.** This rule will not require the expenditure of public money by local public bodies, therefore *Minnesota Statutes*, section 14.11, subd. 1 is not applicable.

**Impact on Agricultural Lands.** This rule will have no impact on agricultural lands, therefore *Minnesota Statutes*, section 14.11, subdivision 2 is not applicable.

**Notice to Department of Finance.** This rule does not set departmental fees or charges, therefore *Minnesota Statutes* 16A.1285, subd. 5 is not applicable.

**Notice to Chairs of Certain Legislative Committees.** This rule does not set departmental fees or charges, therefore it was not necessary to notify the Chairs of the House Ways and Means Committee and the Senate Finance Committee pursuant to *Minnesota Statutes* 16A.1285, subd. 5.

**Lobbyist Registration.** *Minnesota Statutes* chapter 10A requires each lobbyist to register with the Ethical Practices Board. Questions regarding this requirement may be directed to the Ethical Practices Board at First Floor, Centennial Office Building, 658 Cedar Street, St. Paul, Minnesota 55155, telephone number 612-296-5148.

**Adoption Procedure if no Hearing.** If no hearing is required, after the end of the comment period the Board may adopt the rule. The rule and supporting documents will then be submitted to the attorney general for review as to legality and form to the extent forms relates to legality. You may request to be notified of the date the rule is submitted to the attorney general or be notified of the attorney general's decision on the rule. If you want to be so notified, or wish to receive a copy of the adopted rule, submit your request to the agency contact person listed above.

**Adoption Procedure after the Hearing.** If a hearing is held, after the close of the hearing record, the administrative law judge will issue a report on the proposed rule. You may request to be notified of the date on which the administrative law judge's report will be available, after which date the Board may not take any final action on the rule for a period of five working days. If you want to be notified about the report, you may so indicate at the hearing. After the hearing, you may request notification by sending a written request to the administrative law judge. You may also request notification of the date on which the rule is adopted and filed with the Secretary of State. The Board's Notice of Adoption must be mailed on the same day that the rule is filed. If you want to be notified of the adoption, you may so indicate at the hearing or send a request in writing to the agency contact person at any time prior to the filing of the rule with the Secretary of State.

Dated: 27 October 1994

Harry W. Baltzer, Executive Director  
Gambling Control Board

**Rules as Proposed****7861.0010 DEFINITIONS.**

[For text of subps 1 and 2, see M.R.]

**Subp. 2a. Consultant.** "Consultant" means a person, who is not an employee, who provides expert or professional advice on behalf of a licensed distributor or licensed manufacturer, or who receives compensation in any fashion from a licensed distributor or licensed manufacturer, for the sale or design of its lawful gambling equipment in Minnesota.

**Subp. 2b. Family.** "Family" means a group of pull-tab, tipboard, or jar ticket games with the same name.

**Subp. 2c. Family member.** "Family member" means a pull-tab, tipboard, or jar ticket game with the same name as another family member but with a different form number.

**Subp. 2d. Form number or part number.** "Form number" or "part number" means an alphanumeric code assigned by the manufacturer which serves to uniquely identify those characteristics of a game as required by the commissioner of revenue.

[For text of subps 3 to 3b, see M.R.]

**Subp. 3c. Gambling equipment.** "Gambling equipment" means bingo hard cards and paper sheets, devices for selecting bingo numbers, pull-tabs, jar tickets, paddlewheels, paddlewheel tables, paddletickets, paddleticket cards, and tipboards, tipboard tickets, and pull-tab dispensing devices. Permanent gambling equipment consists of devices for selecting bingo numbers, paddlewheels, paddlewheel tables, and pull-tab dispensing devices.

[For text of subp 3d, see M.R.]

**Subp. 3e. Jar ticket.** "Jar ticket" means a single-folded or banded pull-tab ticket.

**Subp. 4. Lawful gambling.** "Lawful gambling" is the operation, conduct, or sale of bingo, raffles, paddlewheels, tipboards, and pull-tabs. Lawful gambling does not include the conduct of a combination of any of the five activities listed in this subpart where the outcome of one of the activities is dependent on the outcome of one of the other activities, except as otherwise permitted by law or rule. Lawful gambling does not include betting related to the outcome of an athletic event.

[For text of subps 5 and 5a, see M.R.]

**Subp. 6. Master flare.** "Master flare" is used in conjunction with sealed groupings of 100 paddleticket cards. The master flare must describe the paddletickets in the group; state the first paddleticket card number in the group; state the price per play of a paddleticket in the group; describe the wagers that may be placed with a paddleticket in the group; and have a state registration stamp affixed to it bearing the number of the first paddleticket card in the group has the meaning given it in Minnesota Statutes, section 349.12.

[For text of subps 7 and 8, see M.R.]

**Subp. 9. Paddleticket.** "Paddleticket" is a preprinted detachable ticket on a paddleticket card that has preprinted on it a paddleticket card number and either (i) one or more numbers corresponding to the numbers on a paddlewheel used without a paddlewheel table; or (ii) every available wager for a paddlewheel used with a paddlewheel table has the meaning given it in Minnesota Statutes, section 349.12.

**Subp. 10. Paddleticket card.** "Paddleticket card" means a card to which is attached either (i) paddletickets bearing all the numbers on a paddlewheel used without a paddlewheel table; or (ii) paddletickets which each bear every available wager for a paddlewheel used with a table. A paddleticket card must have a stub attached that has preprinted on it a paddleticket card number, the price per paddleticket, space for the date played, a facsimile of a state registration stamp with the license number of the card's manufacturer, and a space in which the winning number is written has the meaning given it in Minnesota Statutes, section 349.12.

**Subp. 11. Paddleticket card number.** "Paddleticket card number" means the unique serial number preprinted by the manufacturer on a paddleticket card and its paddletickets has the meaning given it in Minnesota Statutes, section 349.12.

[For text of subps 11a to 13, see M.R.]

**7863.0010 DISTRIBUTORS.**

[For text of subpart 1, see M.R.]

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## Proposed Rules

Subp. 2. **License required.** No person may sell, offer for sale, or otherwise furnish gambling equipment for use in Minnesota to any licensed, exempt, or excluded organization without having obtained a valid distributor's license. Annual application must be made for a distributor's license.

Subp. 3. **Qualifications.** For purposes of this subpart, "director" means a member of the board of directors, "officer" means any person elected, appointed, or otherwise designated as an officer by the board of directors, and "other person in a supervisory or management position" means any person employed to direct and control the personnel and activities of a department or division. A license may not be issued to a person or to a corporation, limited liability company, firm, or partnership which has any officer, director, partner, governor, or other person in a supervisory or management position or employee eligible to make sales on behalf of the distributor who:

[For text of items A and B, see M.R.]

C. has ever been convicted of:

[For text of subitems (1) and (2), see M.R.]

(3) making terroristic threats;

D. is or has ever been engaged in or connected with an illegal business;

E. owes \$500 or more in delinquent taxes to the state of Minnesota;

[For text of item F, see M.R.]

G. after demand, has not filed tax returns required by the commissioner of revenue. The board may deny or refuse to renew a license under this chapter, and may revoke a license under this chapter, if any of the conditions in this item are applicable to an affiliate or direct or indirect holder of more than a five percent financial interest in the applicant or licensee; or

[For text of item H, see M.R.]

Subp. 4. **Restrictions.** For purposes of this subpart, the restrictions apply to the licensees' activities within Minnesota, or while conducting business with organizations authorized to conduct lawful gambling in Minnesota. No distributor or any representative, agent, affiliate, or employee of a distributor may:

[For text of items A to C, see M.R.]

D. provide, or permit an affiliate or person acting on behalf of the distributor to provide, to a lessor of gambling premises any compensation, gift, gratuity, premium, or other thing of value;

E. directly or indirectly give gifts, trips, prizes, loans of money, premiums, or other gratuities to gambling organizations, or their employees, other than nominal gifts not to exceed a value of \$25 per organization in a calendar year. Value means actual market value or suggested market value, whichever is less. Nothing in this item prohibits a distributor, or a representative, agent, affiliate, or employee of a distributor from making a contribution of \$250 or less in any calendar year to an organization, or participating in a fundraising event for an organization, provided that the contribution or fundraising event is unrelated to the organization's conduct of lawful gambling.

F. participate in any gambling activity at any gambling premises where gambling equipment purchased from that distributor is used in the conduct of lawful gambling;

~~F. G.~~ alter or modify any gambling equipment, except to add a last ticket sold pay sale sticker or to repair registered permanent gambling equipment;

~~G. H.~~ recruit a person to become a gambling manager or identify to an organization a person as a candidate to become a gambling manager;

[For text of item F, see M.R.]

~~I. J.~~ purchase gambling equipment from any person not licensed as a manufacturer under part 7864.0010;

~~J. K.~~ lease premises to an organization for the conduct of lawful gambling; ~~or~~

~~K. L.~~ be an officer ~~or~~, director, paid employee, or volunteer of an a licensed, exempt, or excluded organization which conducts lawful gambling, in its conduct of lawful gambling, or represent a licensed, exempt, or excluded organization in the purchase of, or influence the purchase of, lawful gambling equipment;

M. participate directly or indirectly in the ownership or management of a bingo hall;

N. provide or permit an affiliate or person acting on behalf of the distributor to provide any compensation, gift, gratuity, premium, contribution, or thing of value to a board employee or member of the board;

O. sell or otherwise provide a pull-tab, jar ticket, or tipboard deal with the symbol required by Minnesota Statutes, section

349.163, subdivision 5, paragraph (h), visible on the flare to any person other than in Minnesota to a licensed organization or organization exempt from licensing;

P. enter into any agreement with any other distributor that restricts either of them in the sale of gambling equipment; or

Q. enter into any agreement with any other distributor to establish the price at which any gambling equipment may be sold.

Subp. 5. [See repealer.]

Subp. 6. **Contents of application.** The application must be on a form provided by the board, and must contain the following information:

[For text of items A to D, see M.R.]

E. the legal nature of the applicant (corporation, firm, partnership, limited liability company, or sole ~~partnership proprietorship~~);

[For text of item F, see M.R.]

G. a list of all persons or entities with a direct or indirect financial interest of five percent or more in the applicant;

H. a list of the owners, partners, officers, directors, managers, supervisors, and employees eligible to make sales on behalf of the applicant. For purposes of this part, "employees eligible to make sales" means persons who represent a distributor in a transaction that results in the sale of gambling equipment in Minnesota;

[For text of item I, see M.R.]

J. a statement regarding the restrictions contained in subpart 2; ~~item E 4;~~

[For text of item K, see M.R.]

L. an acknowledgment that the distributor will file the certified physical inventory required in this subpart.

M. an organizational chart illustrating the management structure of the applicant; and

N. the signature of the chief executive officer; and

M. additional information as necessary to identify the applicant and ensure compliance with Minnesota Statutes, sections 349.11 to 349.23.

Additional information may be required by the board or director to properly identify the applicant and ensure compliance with Minnesota Statutes, sections 349.11 to 349.23.

Subp. 7. **Attachments to application.** The following items apply to attorney must be included as attachments to a distributor's license application:

A. A distributor personnel form must be completed by all employees of a distributor, and by each owner, partner, director, officer, manager, supervisor, or person eligible to make sales on behalf of the distributor. The form, prescribed by the board, must contain the following information:

(1) owner;

(2) partner;

(3) member of the board of directors or board of governors;

(4) officer (including, but not limited to president, vice-president, secretary, treasurer, controller, or general counsel);

(5) manager and/or supervisor of shipping, sales, personnel, governmental relations, and security;

(6) person authorized to make sales in Minnesota on behalf of the distributor, including employees or persons who represent a distributor in a transaction that results in the sale of gambling equipment in Minnesota. For purposes of this item, any or all of the following activities shall be considered a sale of gambling equipment:

(a) approving orders for gambling equipment;

(b) the promotion of gambling equipment; or

(c) the solicitation of sales of gambling equipment;

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## Proposed Rules

- (7) person or entity with a direct or indirect financial interest of five percent or more in the applicant; and
- (8) consultant.

**B. The form, prescribed by the board, must contain the following information:**

- (1) full name, phone telephone number, and full address of applicant the distributor and license number, if issued, of the distributor;
- (2) full name, home or business address, date of birth, place of birth, social security number, and full name of spouse home telephone number of the individual completing the form;
- (3) full name of the individual's spouse, if married;
- (4) driver's license number, including state of registration;
- (4) (5) branch of military service, if any, and dates of service;
- (5) (6) country of citizenship;
- (6) (7) position with distributor and work phone telephone number;
- (7) (8) employment history for past ten years;
- (8) (9) places of residence for past ten years;
- (9) (10) criminal history statement (except petty misdemeanors);
- (10) (11) name, address, and license or exemption exempt permit number of any organization conducting lawful gambling in Minnesota of which the person is a member, and/or the name and address of any excluded organization conducting lawful gambling in Minnesota of which the person is a member;
- (12) Minnesota tax identification number of businesses that the individual has owned for the past ten years;
- (13) a statement regarding the provisions of subparts 3 and 4;
- (14) (14) notarized signature of person and date signed; and
- (12) (15) additional information as necessary to properly identify the person and ensure compliance with Minnesota Statutes, section 349.11 to 349.23.

**B. A distributor personnel affidavit must be completed, signed, and notarized by the owners, partners, officers, directors, managers, supervisors, and persons eligible to make sales on behalf of the distributor. "A person eligible to make sales" means a person who participates in or represents a distributor in any portion of a transaction that results in the sale of gambling equipment.**

**C. A current photograph of the applicant.**

**Subp. 8. Identification card.** Before a person may perform employment services, including sales, for a distributor, the board must issue the person an identification card. The identification card must be in the possession of the employee at all times the employee is performing services on behalf of the distributor. The identification card must be on a form prescribed by the board and submitted with the personnel form, and must contain:

- A. a picture one inch by 1-1/4 inches head and shoulders photograph, taken not longer than 18 months before the date of application, of the person;**

[For text of items B to D, see M.R.]

- E. the address and business phone telephone number of the distributor;**
- F. the signature of the distributor; and**
- G. the date of issue and the signature of the board director.**

The picture identification card is the property of the state of Minnesota and the bearer must be returned return the card to the board if the bearer is no longer eligible to conduct sales or is no longer employed by the distributor.

No person may be employed by or possess a picture identification card from more than one licensed distributor.

**Any temporary personnel working for a distributor must be registered with the board prior to performing any duties on behalf of the distributor.**

**Subp. 9. Changes in application information.** If any information submitted in the application changes during the term of the license period, the distributor must notify the board in writing within ten days of the change.

**Subp. 10. License fee.** The annual fee for a distributor's license is \$2,500 as established by Minnesota Statutes, section 349.161, subdivision 4. License fees are not prorated or transferable.



**Subp. 11. Investigation.** Before issuing or renewing a distributor's license, the board shall conduct or request the director of gambling enforcement to conduct a background investigation, which may include a review of the applicant's sources of financing, ownership, and organizational structure. Actual costs in addition to the initial and renewal application fees shall be borne by the applicant.

**Subp. 12. Issuance and denial.** The following items apply to issuance and denial of a distributor's license.

**A.** The board shall issue a license to a distributor who submits the information required by subparts 6, 7, and 8, pays the fee required by *Minnesota Statutes*, section 349.161, subdivision 4, and who is eligible to receive a license pursuant to subpart 3, and *Minnesota Statutes*, section 349.161.

**B.** The board shall deny the application of a distributor ineligible to hold a license pursuant to subpart 3, or *Minnesota Statutes*, section 349.161.

**C.** Notwithstanding items A and B, the board may, by order, deny a distributor's license if it finds that the order is in the public interest and that the applicant or licensee, or a director, officer, partner, governor, person in a supervisory or management position of the applicant or licensee, or employee eligible to make sales on behalf of the applicant or licensee, or direct or indirect holder of more than a five percent financial interest in the applicant or licensee:

(1) has violated or failed to comply with any provision of *Minnesota Statutes*, chapter 297E, 299L, or 349, or any rule adopted or order issued thereunder;

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

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

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

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

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

(7) has been the subject of any of the following actions by the director of gambling enforcement or commissioner of public safety:

(a) had a license under *Minnesota Statutes*, chapter 299L, denied, suspended, or revoked;

(b) been censured, reprimanded, has paid or been required to pay a monetary penalty or fine; or

(c) has been the subject of any other discipline by the director or commissioner; or

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

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

**D.** When the board, or director if authorized to act on behalf of the board, determines that a license or premises permit application or renewal should be denied under *Minnesota Statutes*, section 349.155, subdivision 3 or 4, the board or director shall promptly give a written notice to the licensee or applicant stating the grounds for the action and giving reasonable notice of the rights of the licensee or applicant to request a hearing. A hearing must be held not later than 30 days after the board receives the request for the hearing, unless the licensee or applicant and the board agree on a later date. If no hearing is requested within 30 days of the service of the notice, the denial becomes final. Hearings under this item must be conducted in accordance with *Minnesota Statutes*, chapter 14. After the hearing, the board may enter an order making the disposition the facts require. If the applicant fails to appear at the hearing after having been notified of it under this item, the applicant is considered in default and the proceeding may be determined against the person on consideration of the written notice of denial, the allegations of which may be considered to be true. All fees accompanying the license or renewal application are considered earned and are not refundable.

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Subp. 13. Length of license. A distributor license expires one year from the effective date of the license.

Subp. 14. License effective. A new license issued by the board pursuant to this part shall be effective on the first day of the month after board approval.

Subp. 15. License renewal. To renew a license at the end of the term a licensee must submit a complete renewal application on a form prescribed by the board at least 75 days before the expiration of the licensee's existing distributor's license. A renewal application is not complete until it contains the information required in subparts 6, 7, and 8, and the fee required by Minnesota Statutes, section 349.161, subdivision 4. If a distributor's existing license expires on any day of a month other than the last day of a month, the distributor's license renewal shall be effective on the first day of the month preceding the date of expiration of its existing license.

Subp. 16. License termination. To terminate a license, a certified physical inventory on a form prescribed by the board must be received by the board and the commissioner of revenue prior to such proposed termination. Termination of a license may occur due to revocation by the board, voluntary relinquishment, or nonrenewal of a distributor license. The certified physical inventory must include the following information:

A. a certified physical inventory of all gambling equipment at the time the form is prepared;

B. plans for disposal of all gambling equipment by the date of termination of the distributor's license. After the date on which a distributor's license is terminated, it is illegal for a distributor to have gambling equipment in its possession; and

C. the distributor or designated agent shall retain all invoices and other required documentation related to the sale of gambling equipment for 3-1/2 years after cessation of business.

Subp. 17. License suspension. When a license is suspended pursuant to part 7865.0020, the licensee must provide to the commissioner of revenue a certified physical inventory of registered gambling equipment in inventory on the day the suspension begins.

### **7863.0020 DISTRIBUTOR OPERATIONS, ACCOUNTS, AND REPORTS.**

Subpart 1. Purchase of gambling equipment. A distributor may not purchase or otherwise obtain gambling equipment from any manufacturer unless the manufacturer selling or otherwise providing the gambling equipment has a valid license issued by the board. A distributor may not purchase or otherwise obtain gambling equipment for use or sale in Minnesota from any other distributor.

A distributor may not purchase any deal of pull-tabs or tipboards gambling equipment from a manufacturer unless the manufacturer equipment meets the requirements in part 7864.0020 7864.0030.

Within ten days of notification by the board of the termination or expiration of a manufacturer's license, a licensed distributor shall provide to the board a certified physical inventory, including name, form number, and quantity of all gambling equipment currently maintained in inventory or otherwise owned by the distributor which was manufactured by that manufacturer.

Subp. 2. Sale of gambling equipment. The following items apply to sales of gambling equipment:

A. Sales to organizations:

(1) A distributor may not sell or furnish to any organization any gambling equipment unless the organization has a valid license issued by the board, is exempt from licensing and holds a valid exemption exempt permit issued by the board, or is excluded from licensing under Minnesota Statutes, section 349.166, and has a valid authorization issued by the board.

(2) A distributor may not sell or furnish to any organization any gambling equipment before the effective date of the organization's license. This item does not pertain to exempt or excluded organizations provided that the distributor has in its possession a copy of the exempt permit or exclusion authorization for that organization.

(3) A distributor may not sell or furnish to any organization any deal of pull-tabs or tipboards gambling equipment unless the deal gambling equipment has been approved by the board and meets all the requirements in part 7864.0020 7864.0030.

B. A distributor, or a representative, agent, affiliate, or employee of a distributor, may not directly or indirectly give gifts, trips, prizes, loans of money, premiums, or other gratuities to gambling organizations, or their employees, other than nominal gifts not to exceed a value of \$25 per organization in a calendar year.

C. Rebates of purchase prices or discounts offered by a distributor must be separately stated on the original purchase invoice or separately invoiced on a credit memo referencing the original sales invoice and contained in the monthly pricing report.

D. C. Gambling equipment sold for in-state use must be delivered only to the gambling manager or the gambling manager's authorized representative licensed, exempt, or excluded organization that ordered the equipment.

E. Gambling equipment sold by distributors to out-of-state customers for use out of state must be shipped directly from the distributor to the out-of-state site.

D. All gambling equipment sold by a licensed distributor to an Indian tribe must be stored in a separate area of the distributor's warehouse, and cannot bear the symbol required by Minnesota Statutes, section 349.163, subdivision 5.

F. E. No mechanical or coin-operated pull-tab dispensing device shall be sold or otherwise furnished to any organization in this state except as otherwise permitted by law or rule.

E. No distributor may provide any merchandise prize, as part of the sale of any game, either through a gift or sale to any licensed, exempt, or excluded organization, or employee of a licensed, exempt, or excluded organization, conducting lawful gambling.

**Subp. 3. Registration of gambling equipment.** The following items apply to the registration of gambling equipment:

A. A distributor may not sell, transfer, furnish, or otherwise provide any gambling equipment unless the equipment has been registered with the board and has a registration stamp affixed.

B. For gambling equipment actually held in inventory by a distributor before August 1, 1990, the distributor shall place a state registration stamp on the flare of each deal of pull-tabs and each flare for a tipboard.

C. For gambling equipment received by a distributor from a manufacturer on or after August 1, 1990, a distributor shall place a state registration stamp on each master flare for a group of 100 paddleticket cards, on the front of each paddlewheel, on the front of each paddlewheel table, and on each device for selecting bingo numbers. This requirement does not apply to sales by distributors to out-of-state customers for use out of state.

D. The board shall furnish consecutively numbered state registration stamps to each distributor at the cost of five cents each. For equipment that the distributor is required to register, the distributor shall write legibly in ink the manufacturer's game serial number and state registration number on the stamp and affix the stamp directly to the front of the flare of a pull-tab game, the flare for a tipboard, and the master flare for all paddleticket cards before making delivery to any organization.

E. Registration stamps must be placed by a distributor on items that are authorized for use within Minnesota.

F. A distributor may not transfer or furnish Minnesota registration stamps to any person, distributor, or manufacturer.

G. The distributor shall return any and all unused state registration stamps in its possession to the board within five days after the distributor ceases doing business.

A. Pull-tabs, jar tickets, tipboards, tipboard tickets, paddletickets, and paddleticket cards.

(1) A distributor may not sell, transfer, furnish, or otherwise provide any pull-tabs, jar tickets, tipboards, tipboard tickets, paddletickets, or paddleticket cards to a licensed, exempt, or excluded organization unless the pull-tabs, jar tickets, tipboards, tipboard tickets, paddletickets, or paddleticket cards have been approved for sale in Minnesota by the board; and

(a) have a state disposable registration stamp and bar code affixed; or

(b) have a Minnesota geographic symbol, as required by Minnesota Statutes, section 349.163, subdivision 5, paragraph (h), and bar code affixed.

After February 1, 1996, a distributor may only have in inventory and sell pull-tabs, jar tickets, tipboards, tipboard tickets, paddletickets, or paddleticket cards with the Minnesota geographic symbol and bar code affixed.

(2) Until June 30, 1995, the board shall sell consecutively numbered state disposable registration stamps to each distributor, for use on paddletickets only, at the cost of five cents each.

(3) A distributor may not transfer or furnish Minnesota disposable registration stamps to any person, distributor, or manufacturer.

(4) A distributor shall return any and all unused state disposable registration stamps in its possession by the date of termination of the distributor's license or by February 1, 1996, whichever date occurs first.

(5) After February 1, 1996, no distributor may possess any pull-tab, jar ticket, or tipboard deals with a registration stamp affixed to the flare, or any paddleticket cards with a registration stamp affixed to the master flare.

B. One year from the effective date of this rule, a distributor may only have in inventory and sell bingo paper sheet packets with the top sheet colored blue, except for bingo paper sheet packets designated for sale to an Indian tribe. The rest of the sheets in the packet may be of any color except blue.

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## Proposed Rules

### C. Permanent gambling equipment.

(1) A distributor may not sell, transfer, furnish, or otherwise provide any permanent gambling equipment unless the equipment has been approved by the board and has a permanent registration stamp affixed.

(2) A distributor shall place a state permanent registration stamp on the front of each paddlewheel, on the front of each paddlewheel table, and on each device for selecting bingo numbers. A distributor may not sell to a licensed, exempt, or excluded organization any permanent gambling equipment that does not have a permanent state registration stamp affixed to it.

(3) A distributor may not transfer or furnish Minnesota permanent registration stamps to any person, distributor, or manufacturer.

**Subp. 3a. Return of gambling equipment.** The following items pertain to the return of gambling equipment not manufactured in accordance with the standards in part 7864.0030, subpart 1.

#### A. Equipment returned prior to being put into play.

(1) Gambling equipment not manufactured in accordance with the standards in part 7864.0030, subpart 1, must be returned by the distributor to the manufacturer within seven business days of accepting receipt of the gambling equipment from an organization, provided that the organization has provided the distributor with written proof that the gambling equipment does not meet the standards in part 7864.0030, subpart 1.

(2) The distributor must issue a credit invoice to the organization within seven business days of receiving credit from the manufacturer for the returned equipment, unless the distributor notifies the commissioner of revenue in writing that a legitimate business dispute regarding the returned equipment exists. A copy of the credit invoice must be filed electronically, as required by the commissioner of revenue.

(3) If the distributor ships new gambling equipment to the organization as replacement for the returned gambling equipment, the distributor shall prepare a sales invoice consistent with the requirements of part 7863.0020, subpart 4, item A.

(4) Upon receipt of the returned equipment from the organization, the distributor shall void the state disposable registration stamp attached to the flare for the returned gambling equipment, if applicable, and make the appropriate entry in the registration stamp number log maintained by the distributor. After February 1, 1996, this subitem shall no longer apply.

#### B. Gambling equipment returned during play or after being removed from play.

(1) Gambling equipment not manufactured in accordance with the standards in part 7864.0030, subpart 1, must be immediately removed from play and, within seven business days of discovering that the gambling equipment does not meet the standards in part 7864.0030, subpart 1, returned by the organization to the distributor. Within seven business days of receipt of the returned gambling equipment from an organization, the distributor shall return the gambling equipment to the manufacturer for a determination as to whether the gambling equipment was manufactured in accordance with the standards in part 7864.0030, subpart 1. After a determination by the manufacturer, the game shall be returned to the organization and retained as a played game.

(2) Within 14 business days of receiving a written determination from the manufacturer that the gambling equipment is not in compliance with the standards in part 7864.0030, subpart 1, and a credit from the manufacturer, the distributor shall issue a credit invoice to the organization for the cost of the equipment and any bona fide losses incurred and documented by the organization over which the organization had no control or ability to prevent. A copy of the credit invoice must be filed electronically, as required by the commissioner of revenue.

C. Within 30 business days of receipt of returned gambling equipment, the distributor shall file with the board a returned equipment report, in accordance with the requirements in part 7863.0020, subpart 6, item E.

**Subp. 3b. Corrective action.** The following items apply to a board mandated or manufacturer initiated recall of gambling equipment.

A. Pursuant to the terms of part 7864.0030, subpart 6, licensed distributors shall assist licensed manufacturers with a gambling equipment recall that has been mandated by the board or initiated by the manufacturer.

B. Within three business days of receiving notification from the manufacturer, or the board director pursuant to an order of the board, the distributor shall initiate the gambling equipment recall from licensed, exempt, or excluded organizations to which it has sold the subject gambling equipment.

C. Within 15 business days of initiation of the recall proceedings, the recall shall be completed by the distributor, and the distributor shall notify the board and the commissioner of revenue in writing that it has obtained all the recalled product from the licensed, exempt, or excluded organizations, except for games already in play, which must be retained by the organization as played games. Such notification shall include the following:

(1) a complete inventory of the recalled gambling equipment;

(2) complete bar code information, as required by the commissioner of revenue;

(3) state disposable registration stamp numbers, if applicable; and

(4) a complete listing, including license or exempt numbers, of all organizations that the gambling equipment was recalled from.

D. Within seven business days of receipt of credit from the manufacturer, the distributor shall issue credit invoices to all organizations returning product under the recall. Credit invoices shall include the cost of freight paid by the organization and any bona fide losses incurred and documented by the organization over which the organization had no control or ability to prevent. Copies of the credit invoices must be filed electronically as required by the commissioner of revenue.

Subp. 4. **Records and reports required.** The following items apply to records and reports of distributors:

A. Sales invoices:

[For text of subitem (1), see M.R.]

(2) A sales invoice must be on a standard form prescribed by the commissioner of revenue and must contain, at a minimum, the following information as prescribed by the commissioner of revenue:

- (a) the license number of the distributor;
- (b) the complete business name and address of the organization;
- (c) the license number and expiration date of the license of the organization or the exemption permit number of the organization;
- (d) the invoice number;
- (e) the date the gambling equipment was shipped;
- (f) the quantity by the number of deals for pull-tabs, by the number of boards for tipboards, and by the number of paddleticket cards for paddletickets;
- (g) a full description of each item of gambling equipment sold;
- (h) state registration stamp numbers for each item of gambling equipment sold;
- (i) the ideal gross receipts for each type of pull-tab, tipboard, and paddleticket game;
- (j) the ideal net receipts for each type of pull-tab, tipboard, and paddleticket game;
- (k) the identity of the manufacturer from which the distributor purchased the equipment;
- (l) the date of the sale of the gambling equipment;
- (m) the name of the person who ordered the equipment;
- (n) the name of the person who received the equipment;
- (o) for bingo cards or sheets sold on or after January 1, 1991, the individual number of each card; and
- (p) the serial number of the equipment.
- (a) the name and address of the distributor;
- (b) the license number of the distributor;
- (c) the complete business name and address of the organization to whom the sale was made;
- (d) the license number of the licensed organization or the exempt permit number of the organization and the expiration date of the permit, or if the organization is excluded the name and address of the organization and the expiration date of the authorization;
- (e) the invoice number;
- (f) the identification of the distributor's salesperson making the sale;
- (g) the date of shipment of the gambling equipment;

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## Proposed Rules

(h) the identification of the person who ordered the gambling equipment;

(i) the local sales tax and the state sales tax;

(j) unit price; and

(k) the state disposable registration stamp number for each deal of pull-tabs, jar tickets, tipboards, tipboard tickets, paddletickets, or paddleticket cards which are required to have a state disposable registration stamp.

(3) For pull-tabs, jar tickets, and tipboards, the following information must appear on the sales invoice:

(a) the quantity by the number of deals for pull-tabs, jar tickets, and tipboards;

(b) a complete description of each pull-tab deal, jar ticket deal, or tipboard, which includes the name of the game, the manufacturer identification, the part number, and the serial number;

(c) the last sale amount;

(d) the total ideal gross receipts; and

(e) the total gambling tax due.

(4) For paddleticket cards, the following information must appear on the sales invoice:

(a) the number of sealed groupings for paddletickets;

(b) the ideal gross receipts for each sealed grouping; and

(c) for each sealed grouping of paddletickets purchased from a manufacturer after June 30, 1995, a complete description of each sealed grouping of paddletickets, which will include the name of the game, the manufacturer identification, the part number, and the serial number.

(5) For bingo paper sheets, hard cards, and breakopen bingo paper sheets, the following information must appear on the sales invoice:

(a) the serial number and color of each set of breakopen bingo paper sheets sold to an organization, and the price for which the breakopen bingo paper sheet must be sold by the conducting organization;

(b) for bingo sheets the serial number from the top sheet in each packet or the serial number per series for uncollated paper, the color, cut, and the quantity or series; and

(c) for bingo hard cards the price per 100 cards.

(6) For permanent gambling equipment, such as bingo ball selection devices, paddlewheels, and paddlewheel tables, the following information must appear on the sales invoice:

(a) a complete description of the equipment being sold, including the make, model number, and serial number of the permanent gambling equipment; and

(b) the permanent state registration stamp number affixed to the permanent gambling equipment.

(7) Each distributor who sells, leases, or otherwise provides gambling equipment must electronically report the sales made each month to the commissioner of revenue. The report is due by the 20th of the month following the month in which the sale was completed.

### B. Registration stamp number log.

(1) A registration stamp number log in which the Minnesota gambling state disposable registration stamp numbers and the manufacturer's game serial numbers are recorded must be maintained by the distributor until February 1, 1996, on a standard form prescribed by the board, retained by the distributor for 3-1/2 years thereafter, and furnished to the board upon demand. After February 1, 1996, this item pertains only to permanent gambling equipment stamped by the distributor.

### C. Monthly pricing reports.

(1) A licensed distributor must submit a monthly pricing report to the board on a form in a format approved by the board and at a minimum must include:

(+) (a) the name, license number, and full address of distributor;

(2) (b) the month and year of the report; and

(3) the form, description, card count, top winners, gross profit, percent to players, deals per case, price per deal, and volume discounted price, exclusive of transportation costs.

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The report must be filed no later than the first day of each month. Amendments must be filed within five days of the filing. A computer-generated form may be used with the approval of the director if the form complies with the requirements of this subpart.

D. Each distributor shall mail a copy of each sales invoice, as described in this subpart, to the commissioner of revenue to be received by the 15th of the month following the month in which the sale was completed along with the corresponding registration stamp log:

(c) for pull-tabs and jar tickets, the name of the game, form number, price per deal, whether the equipment is subject to rebate, and volume discounted price, exclusive of transportation costs;

(d) for tipboards and tipboard tickets the name of the game, form number, price per deal, whether the equipment is subject to rebate, and volume discounted price, exclusive of transportation costs;

(e) for bingo paper sheets and breakopen bingo paper sheets the price per thousand, whether the paper sheets are collated or uncollated, whether the equipment is subject to rebate, and volume discounted price, exclusive of transportation costs;

(f) for bingo hard cards the price per 100;

(g) for bingo ball selection devices, the price per device, exclusive of transportation costs;

(h) for paddlewheels the price per paddlewheel and for replacement parts, exclusive of transportation costs;

(i) for paddlewheel tables the price per table, exclusive of transportation costs; and

(j) for paddletickets the price per sealed grouping, whether the equipment is subject to rebate, and volume discounted price, exclusive of transportation costs.

(2) The report must be filed no later than the first day of each month. Amendments must be filed within five days of the filing. A distributor may file a pricing report at any time during a month for gambling equipment previously approved by the board. Once a distributor has filed its first pricing report with the board, future pricing reports need only reflect changes, additions, or deletions to the previous month's report.

(3) A computer-generated form may be used with the approval of the board director if it complies with the requirements of this part.

D. For each item of permanent gambling equipment such as bingo ball selection devices, paddlewheels, and paddlewheel tables, sold in Minnesota to a licensed, exempt, or excluded organization, the distributor must provide the following information to the board by the 20th of the month following the month in which the sale was made:

(1) the name, address, and license number of the distributor;

(2) the name, address, and license number of the manufacturer that the distributor purchased the equipment from;

(3) the name and address of the licensed, exempt, or excluded organization that purchased the equipment;

(4) the license number or exempt permit number of the organization that purchased the equipment;

(5) the make, model number, and serial number of the permanent gambling equipment; and

(6) the permanent state registration stamp number affixed to the permanent gambling equipment.

This item applies to the records and reports required for the sale and lease of permanent gambling equipment.

### E. Returned gambling equipment report.

(1) A distributor who accepts returns from licensed, exempt, or excluded organizations of gambling equipment not manufactured in compliance with the standards in part 7864.0030, subpart 1, shall file a monthly report with the board. The report must be in a format approved by the board, and include the following information:

(a) the name, license number, and full address of distributor;

(b) the month and year of the report;

(c) for pull-tabs, jar tickets, and tipboards the number of deals, the form numbers, the standards in part 7864.0030, subpart 1, which were not met, the manufacturer's name, and the name and license number or exempt number of the organization returning the equipment;

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## Proposed Rules

(d) for bingo hard cards, paper sheets, and breakopen bingo paper sheets the number of cases, the serial number or series number, the standards in part 7864.0030, subpart 1, which were not met, the manufacturer's name, and the name and license number or exempt number of the organization returning the equipment;

(e) for paddletickets the number of paddleticket cards, the form number, the standards in part 7864.0030, subpart 1, which were not met, the manufacturer's name, and the name and license number or exempt number of the organization returning the equipment; and

(f) for permanent gambling equipment such as bingo ball selection devices, paddlewheels, and paddlewheel tables, the quantity of equipment returned, the make, model, and serial number of the permanent gambling equipment, the manufacturer's name, and the permanent state registration stamp number affixed to the equipment.

(2) The report covering the preceding month must be filed with the board by no later than the tenth day of the following month.

**E. E.** Report of delinquent organization required:

(1) A distributor shall notify the board by registered mail in writing if a licensed, exempt, or excluded organization is more than 35 days delinquent in its payment to the distributor or has not paid the distributor within 30 days of shipment of gambling equipment for the gambling equipment, or for tax obligations or costs of equipment. The notification shall include:

(a) the name, address, and license number or exempt number of the organization;

(b) the distributor's invoice date;

(c) the distributor's invoice number; and

(d) the total dollar amount of the invoice.

Upon receipt of the notice, the board shall notify all distributors that until further notice from the board, they may sell gambling equipment to the delinquent organization only on a cash basis with no credit extended. For purposes of this item, cash means a check drawn on the organization's gambling account.

(2) The board shall notify the licensed organization of the delinquency and direct the organization to eliminate the delinquency, if one exists.

(3) If the board is notified that the delinquency has not been paid within ten days of the distributor's initial notification to the board, the board shall notify all licensed distributors that no registered gambling equipment may be sold, offered for sale, or furnished to that organization. If a distributor who has notified the board under subitem (1) has not received payment in full from the delinquent organization within 60 days of the notification to the board under subitem (1), the distributor must then notify the board of the continued delinquency. Upon receipt of a notice under subitem (3), the board shall notify all distributors not to sell any gambling equipment to the delinquent organization.

(4) A distributor may not sell, offer for sale, or furnish gambling equipment to an organization that has been determined by the board to be 45 or more days delinquent in its payment to a licensed distributor of a tax obligation or the costs of gambling equipment.

(5) When the delinquency is paid, the distributor must immediately notify the board and the board shall notify all licensed distributors. No distributor may extend credit or sell gambling equipment to an organization in violation of an order under subitem (3) until the board has authorized such credit or sale.

**F. G.** The board, the commissioner of revenue, the commissioner of public safety, and their agents may examine the books and records of any distributor without notice at any time during normal business hours.

**G. H.** Each distributor shall maintain records of the purchase and sale, lease, rental, or loan of gambling equipment for 3-1/2 years.

**I.** A distributor shall notify the board within 30 days of such action, if the distributor has had a gambling-related license revoked or suspended or has been required to pay a monetary penalty of \$2,500 or more by a gambling regulator in another state or jurisdiction.

### 7864.0010 LICENSED MANUFACTURERS.

[For text of subpart 1, see M.R.]

**Subp. 2. License required.** A manufacturer of gambling equipment may not sell or otherwise furnish any gambling equipment for use in Minnesota to any person licensed distributor without having obtained a valid manufacturer's license. Annual application must be made for a manufacturer's license.

**Subp. 3. Qualifications.** For purposes of this subpart, "director" means a member of the board of directors, "officer" means any



person elected, appointed, or otherwise designated as an officer by the board of directors, and "other person in a supervisory or management position" means any person employed to direct and control the personnel and activities of a department or division. A license may not be issued to a person, or to a corporation, limited liability company, firm, or partnership, that has an officer, director, or partner, governor, other person in a supervisory or management position, or person eligible to make sales on behalf of the manufacturer, a person who:

[For text of items A and B, see M.R.]

C. has ever been convicted of:

- (1) assault;
- (2) a ~~crime~~ criminal violation involving the use of a firearm; or
- (3) making terroristic threats;

D. is or has ever been engaged in or connected with an illegal business;

E. owes \$500 or more in delinquent taxes to the state of Minnesota;

F. has had a sales and use tax permit revoked by the commissioner of revenue within the last two years; or

G. ~~has had a license related to gambling revoked or denied by another jurisdiction for a violation of law or rule, after demand, has not filed tax returns required by the commissioner of revenue. The board may deny or refuse to renew a license under this chapter, and may revoke a license under this chapter, if any of the conditions in this item are applicable to an affiliate or direct or indirect holder of more than a five percent financial interest in the applicant or licensee.~~

Subp. 4. ~~Restriction~~ **Restrictions.** For purposes of this subpart, the restrictions apply to the licensee's activities within Minnesota, or while conducting business with distributors authorized to sell lawful gambling equipment in Minnesota. No manufacturer, or any representative, agent, affiliate, or employee of a manufacturer may:

A. sell gambling equipment to any person or entity not licensed as a distributor under part 7863.0010;

B. sell gambling equipment to a distributor in this state that has the same unique serial number, which must be a minimum of five and a maximum of eight characters, as another item of gambling equipment of the same type sold by the manufacturer for use in this state for a period of 3-1/2 years;

[For text of item C, see M.R.]

D. participate in the conduct of lawful gambling or have an owner, officer, director, partner, or employee who is an officer, director, or gambling manager of any organization conducting lawful gambling, or represent a licensed, exempt, or excluded organization in the purchase of, or influence the purchase of, gambling equipment;

[For text of item E, see M.R.]

F. provide or permit an affiliate or person acting on behalf of the manufacturer to provide any compensation, gift, gratuity, premium, contribution, or thing of value to a lessor of gambling premises; ~~or~~

G. lease or rent storage space in Minnesota from any other licensee, or employee of a licensee, of the board;

H. provide or permit an affiliate or person acting on behalf of the manufacturer to provide any compensation, gift, gratuity, premium, contribution, or thing of value ~~to an appointed official, a board employee or member of the board;~~

I. participate directly or indirectly in the ownership or management of a bingo hall;

J. lease premises to an organization for the conduct of lawful gambling;

K. directly or indirectly give gifts, trips, prizes, loans of money, premiums, or other gratuities to gambling organizations or their employees, other than nominal gifts not exceeding a value of \$25 per organization in a calendar year. Value means actual market value or suggested market value, whichever is less. Nothing in this part prohibits a manufacturer, or a representative, agent, affiliate, or employee or a manufacturer from making a contribution of \$250 or less in any calendar year to an organization, or participating in a fundraising event for an organization, provided that the contribution or fundraising event is unrelated to the organization's conduct of lawful gambling; or

L. no manufacturer may provide any merchandise prize, as part of the sale of any game, either through a gift or sale, to any

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licensed, exempt, or excluded organization, or employees of a licensed, exempt, or excluded organization conducting lawful gambling.

Subp. 5. [See repealer.]

Subp. 6. **Contents of application.** The application must be on a form prescribed by the board and include the following information:

- A. the business name and other names used, address, and ~~phone~~ telephone number of the applicant;
- B. the complete addresses of all of the applicant's storage facilities in Minnesota;
- C. the Minnesota tax identification number, if any, of the applicant;
- ~~C.~~ D. the type of business (sole proprietorship, partnership, limited liability company, or corporation);
- E. a list of all persons or entities with a direct or indirect financial interest of five percent or more in the applicant;
- ~~D.~~ E. the type of product to be sold in Minnesota;
- ~~E.~~ G. the full names and titles of the owners, officers, directors, ~~supervisors, managers, and sales employees~~ persons in a supervisory or management position, and persons eligible to make sales in Minnesota on behalf of the manufacturer;
- ~~F.~~ H. the addresses of all facilities where gambling equipment is manufactured;
- ~~G.~~ I. the name, address, and telephone number of the applicant's registered agent in Minnesota;
- J. a list of all other states or jurisdictions where the manufacturer is currently licensed;
- K. an organizational chart illustrating the management structure of the applicant; and
- ~~H.~~ L. the signature of the chief executive officer~~s~~ and.
- ~~I.~~ Additional information ~~as is necessary~~ may be required by the board or director to properly identify the applicant and to ensure compliance with *Minnesota Statutes*, sections 349.11 to 349.23.

Subp. 7. **Attachments to application.** The following items apply to attachments to manufacturer's license applications:

A. A manufacturer's personnel form must be completed by each ~~owner, partner, officer, director, supervisor, manager, or person eligible to make sales on behalf of the manufacturer in Minnesota.~~ The manufacturer's personnel form must include the following information:

- (1) owner;
- (2) partner;
- (3) member of the board of directors or board of governors;
- (4) officer, including but not limited to president, vice-president, secretary, treasurer, controller, or general counsel;
- (5) plant manager, if not identified in subitem (4);
- (6) employee or person who makes sales of gambling equipment on behalf of the manufacturer, provided:
  - (a) the employee or person is located in Minnesota;
  - (b) the employee or person travels to Minnesota for the purpose of making sales of gambling equipment; or
  - (c) the employee or person makes telephone calls to distributors in Minnesota for the purpose of making sales of gambling equipment, and derives all or a portion of his or her salary from these sales;
- (7) each person or entity with a direct or indirect financial interest of five percent or more in the applicant; and
- (8) consultant.

B. The form, prescribed by the board, must include the following information:

- (1) the full name, full address, ~~phone~~ telephone number, and license number, if issued, of the manufacturer;
- (2) the individual's full name, full address, date of birth, place of birth, social security number, and telephone number, and full name of the spouse;
- (3) full name of the individual's spouse, if married;
- ~~the~~ (4) driver's license number, including state of registration;
- (4) ~~the~~ (5) branch of military service information, if any, and dates of service;
- (5) ~~the~~ (6) country of citizenship;

- (6) ~~the~~ (7) position with the manufacturer and work ~~phone~~ telephone number;
- (8) Minnesota tax identification number, if any, of businesses that the individual has owned for the past ten years;
- (7) ~~the~~ (9) employment history for the last ten years;
- (8) ~~the~~ (10) places of residence for the last ten years;
- (9) ~~the~~ (11) name, address, and license ~~number~~, or ~~exemption~~ exemption permit number of any organization conducting lawful gambling in Minnesota of which the person is a member ~~and/or the name and address of any excluded organization conducting lawful gambling in Minnesota of which the person is a member;~~
- (10) (12) a criminal history statement, except petty misdemeanors;
- (13) a statement regarding the provisions of subparts 3 and 4; and
- (11) ~~the~~ (14) notarized signature of the person and date signed; ~~and,~~
- (12) ~~any~~ Additional information ~~as is necessary may be required by the board or director~~ to properly identify the person and to ensure compliance with *Minnesota Statutes*, sections 349.11 to 349.23.

B. ~~An affidavit must be signed and notarized by the applicant and by the officers, directors, partners, supervisors, managers, and persons eligible to make sales on behalf of the applicant in Minnesota.~~

C. The manufacturer must submit a copy of its logo ~~or trademark~~ which will be used to identify the manufacturer on all products sold in Minnesota.

Subp. 8. **Changes in application information.** ~~If any changes in the information submitted in the application changes during the term of the license period, the manufacturer must be filed with notify the board in writing within ten days after of the change. Manufacturer personnel forms must be submitted within ten days for any new personnel identified in subpart 7, item A, hired by the manufacturer during the term of the license.~~

Subp. 9. **License fee.** The annual manufacturer's license fee is \$2,500 ~~as established in~~ Minnesota Statutes, section 349.163, subdivision 2. License fees are not prorated or transferable.

Subp. 10. **Investigation.** Before ~~granting~~ issuing or renewing a manufacturer's license, the board shall conduct, or request the director of gambling enforcement to conduct, a background investigation, which may include a review of the applicant's sources of financing, ownership, and organizational structure. Actual costs in addition to the initial and renewal application fees shall be borne by the applicant.

Subp. 11. **Issuance and denial.** The following items apply to issuance and denial of a manufacturer's license.

A. The board shall issue a license to a manufacturer who submits the information required by subparts 6 and 7, pays the fee required by Minnesota Statutes, section 349.163, subdivision 2, and who is eligible to receive a license pursuant to subpart 3, and Minnesota Statutes, section 349.163.

B. The board shall deny the application of a manufacturer ineligible to hold a license pursuant to subpart 3, or Minnesota Statutes, section 349.161.

C. Notwithstanding items A and B, the board may by order deny a manufacturer's license if it finds that the order is in the public interest and that the applicant or licensee, or a director, officer, partner, governor, person in a supervisory or management position of the applicant or licensee, or direct or indirect holder of more than a five percent financial interest in the applicant or licensee:

- (1) has violated or failed to comply with any provision of Minnesota Statutes, chapter 297E, 299L, or 349, or any rule adopted or order issued thereunder;
- (2) has filed an application for a license that is incomplete in any material respect, or contains a statement that, in light of the circumstances under which it was made, is false, misleading, fraudulent, or a misrepresentation;
- (3) has made a false statement in a document or report required to be submitted to the board or the commissioner of revenue, or has made a false statement to the board, the compliance review group, or the director;
- (4) has been convicted of a crime in another jurisdiction that would be a felony if committed in Minnesota;

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

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

(7) has been the subject of any of the following actions by the director of gambling enforcement or commissioner of public safety:

(a) had a license under Minnesota Statutes, chapter 299L, denied, suspended, or revoked;

(b) been censured, reprimanded, has paid or been required to pay a monetary penalty or fine; or

(c) has been the subject of any other discipline by the director or commissioner; or

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

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

D. When the board, or director if authorized to act on behalf of the board, determines that a license or premises permit application or renewal should be denied under Minnesota Statutes, section 349.155, subdivision 3 or 4, the board or director shall promptly give a written notice to the licensee or applicant stating the grounds for the action and giving reasonable notice of the rights of the licensee or applicant to request a hearing. A hearing must be held not later than 30 days after the board receives the request for the hearing, unless the licensee or applicant and the board agree on a later date. If no hearing is requested within 30 days of the service of the notice, the denial becomes final. Hearings under this item must be conducted in accordance with Minnesota Statutes, chapter 14. After the hearing, the board may enter an order making the disposition the facts require. If the applicant fails to appear at the hearing after having been notified of it under this item, the applicant is considered in default and the proceeding may be determined against the person on consideration of the written notice of denial, the allegations of which may be considered to be true. All fees accompanying the license or renewal application are considered earned and are not refundable.

Subp. 12. Length of license. A manufacturer's license expires one year from the effective date of the license.

Subp. 13. License effective. A new license issued by the board pursuant to this part shall be effective on the first day of the month after board approval.

Subp. 14. License renewal. To renew a license at the end of the term a licensee must submit a complete renewal application on a form prescribed by the board at least 75 days before the expiration of the licensee's existing manufacturer's license. A renewal application is not complete until it contains the information required in subparts 6 and 7, and the fee required by Minnesota Statutes, section 349.163, subdivision 2. If a manufacturer's existing license expires on any day of a month other than the last day of a month, the manufacturer's license renewal shall be effective on the first day of the month preceding the date of expiration of its existing license.

### **7864.0030 MANUFACTURER OPERATIONS, ACCOUNTS, AND RECORDS.**

Subpart 1. Standards for manufacture of gambling equipment. The following items apply to lawful gambling equipment manufactured for sale in Minnesota:

A. All pull-tab tickets and deals manufactured for sale in Minnesota must conform to subitems (1) to (3):

(1) pull-tabs must be constructed so that concealed numbers or symbols cannot be viewed or determined from the outside of the pull-tab ticket or when using a high intensity lamp of up to and including 500 watts with or without a focusing lens;

(2) winning pull-tabs must be distributed and mixed among all other pull-tabs in a deal so as to eliminate any pattern between deals or portions of deals from which the location or approximate location of any winning pull-tab may be determined. The pull-tab deal must be assembled so that no placement of winning or losing pull-tabs exists that allows the possibility of prize manipulation or pickout;

(3) the minimum information printed on a pull-tab must include:

(a) the name of the manufacturer or its board-registered logo;

(b) the name of the game, which must be identical to the name of the game appearing on the flare for that deal;

(c) the manufacturer's form number;

(d) the price per individual pull-tab;

(e) the unique game serial number, which must be a minimum of five and a maximum of eight characters, printed on

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the game information side of the pull-tab, which must not be repeated on gambling equipment of the same type for 3-1/2 years from the date of the manufacturer's invoice to the distributor; and

(f) the number of winners in each tier, and the respective winning numbers or symbols and prize amounts;

(4) each deal must be designed, constructed, glued, and assembled in such a manner so as to prevent the determination of a winning ticket without removing the tabs or otherwise uncovering the symbols or numbers. The glue must be of sufficient strength and type so as to prevent the separation or delamination of the breakopen. Each ticket in a deal must bear the same serial number. There must not be more than one serial number in a deal;

(5) the symbol or number must be fully visible in the window and must be placed so that no part of the symbol or number remains uncovered when a tab is removed. Placement of the number or symbol to the left or right of the center of the window is allowed for increased game security;

(6) it must not be possible to detect or pick out winning pull-tabs due to any manufacturing variations in the tickets;

(7) a winning ticket must be identified as a winner through the use of a unique symbol or printed security device placed in the winning windows;

(8) all winning pull-tabs that award prizes greater than \$50 must utilize a second form of verification to protect against counterfeiting;

(9) the front of the flare for each pull-tab deal must contain the following information:

(a) the name or board-registered logo of the manufacturer;

(b) the name of the game, which must be identical to the name of the game printed on the individual pull-tab tickets in the deal;

(c) the form number;

(d) the ticket count;

(e) the prize structure, including winning pull-tabs by denomination with their respective symbol/number combinations;

(f) the cost per play;

(g) the manufacturer must, for each deal of pull-tabs which is shipped, sold, furnished, or provided for use in Minnesota, affix a bar code as required by the commissioner of revenue on the bottom front of the flare providing all information required by the commissioner of revenue pursuant to *Minnesota Statutes*, section 297E.04, subdivision 2, and imprint the Minnesota geographic boundary symbol required by *Minnesota Statutes*, section 349.163, subdivision 5. The symbol must be at least one inch high and one inch wide consisting of an outline of the geographic boundaries of Minnesota with the letters "MN" inside the outline. The flare for each deal of pull-tabs which is sold to a licensed distributor for use by an Indian tribe must bear the bar code required by *Minnesota Statutes*, section 297E.04, subdivision 2, but must not bear the Minnesota geographic boundary symbol;

(h) the serial number included in the bar code as required by the commissioner of revenue must be the same as the serial number on the tickets included for that deal. The serial number imprinted on the bar code as required by the commissioner of revenue must be printed in numerals at least one-half inch high; and

(i) the front of the flare must bear the following message, printed in letters large enough to be clearly legible:

"This pull-tab (or tipboard) game is not legal in Minnesota unless an outline of Minnesota with the letters "MN" inside the outline is imprinted on this sheet, and the serial number imprinted on the bar code at the bottom of this sheet is the same as the serial number on the pull-tab (or tipboard) ticket that you have purchased.";

(10) all pull-tabs manufactured for sale in Minnesota must be packaged as follows:

(a) an extra bar code, as may be required by the commissioner of revenue, must be included inside each deal;

(b) each deal's package, box, or other container must be sealed at the factory with a seal including a warning to the purchaser that the game may have been tampered with if the package, box, or container was received by the purchaser with the seal broken;

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(c) each deal's serial number must be clearly and legibly placed on the outside of the deal's package, box, or other container;

(d) for games shipped to Minnesota for sale in Minnesota, the flare must be located on the outside of each game's sealed package, box, or other container;

(e) each deal, including the flare and any other required information, must be sealed in shrinkwrap;

(f) manufacturers must print on the outside of the package or container of pull-tabs, or affix a label or sticker to the outside of the package or container, a message in bold print, of sufficient size to be easily read, indicating that the pull-tabs or tickets in the container must be removed and thoroughly mixed prior to sale to the public; and

(g) the manufacturer must affix to the outside of the box a bar code that contains the information as required by the commissioner of revenue.

B. All jar tickets manufactured for sale in Minnesota must conform to the following standards:

(1) jar tickets must be constructed so that concealed numbers, symbols, or winning colors cannot be viewed or determined from the outside of the jar ticket or when using a high intensity lamp of up to and including 500 watts with or without a focusing lens;

(2) winning jar tickets must be distributed and mixed among all other jar tickets in a deal so as to eliminate any pattern between deals or portions of deals from which the location or approximate location of any winning jar ticket may be determined. The jar ticket deal must be assembled so that no placement of winning or losing jar tickets exists that allows the possibility of prize manipulation or pickout;

(3) the minimum information printed on a jar ticket must include:

(a) the name of the manufacturer or its board-registered logo; and

(b) the unique game serial number, which must be a minimum of five and a maximum of eight characters, which must not be repeated on gambling equipment of the same type for 3-1/2 years from the date of the manufacturer's invoice to the distributor;

(4) each game or deal must be designed, constructed, glued, and assembled in such a manner so as to prevent the determination of a winning jar ticket without breaking the band, removing the staple, or otherwise uncovering the numbers, symbols, or colors. The glue or staple must be of sufficient strength and type so as to prevent separation of the band. Each ticket in a deal must bear the same serial number. There must not be more than one serial number in a deal;

(5) it must not be possible to isolate winning jar tickets from variations in size or the appearance of a cut edge of the jar ticket;

(6) it must not be possible to detect or pick out winning jar tickets through variations in printing graphics, colors, or serial numbers;

(7) a winning jar ticket must be identified as a winner through the use of a unique symbol or printed security device placed in the winning windows;

(8) the front of the flare for each jar ticket deal must include:

(a) the name or board-registered logo of the manufacturer;

(b) the name of the game, which must be identical to the name of the game printed on the individual jar tickets in the deal;

(c) the form number;

(d) the ticket count;

(e) the prize structure, including winning jar tickets by denomination with their respective symbol, color, number combination;

(f) the actual cost per play;

(g) the manufacturer must, for each deal of jar tickets which is shipped, sold, furnished, or provided for use in Minnesota, affix a bar code as required by the commissioner of revenue on the bottom front of the flare providing all information required by the commissioner of revenue pursuant to Minnesota Statutes, section 297E.04, subdivision 2, and imprint the Minnesota geographic boundary symbol required by Minnesota Statutes, section 349.163, subdivision 5. The symbol must be at least one inch high and one inch wide consisting of an outline of the geographic boundaries of Minnesota with the letters "MN" inside the outline. The flare for each deal of pull-tabs which is sold to a licensed distributor for use by an Indian tribe must bear the bar code required by Minnesota Statutes, section 297E.04, subdivision 2, but must not bear the Minnesota geographic boundary symbol;

(h) the serial number included in the bar code as required by the commissioner of revenue must be the same as the serial number on the jar tickets included for that deal. The serial number imprinted on the bar code as required by the commissioner of revenue must be printed in numerals at least one-half inch high; and

(i) the front of the flare must bear the following message, printed in letters large enough to be clearly legible:

"This pull-tab (or tipboard) game is not legal in Minnesota unless an outline of Minnesota with the letters "MN" inside the outline is imprinted on this sheet, and the serial number imprinted on the bar code at the bottom of this sheet is the same as the serial number on the pull-tab (or tipboard) ticket that you have purchased."

(9) all jar tickets manufactured for sale in Minnesota must be packaged as follows:

(a) an extra bar code as may be required by the commissioner of revenue must be included in each deal;

(b) each deal's package, box, or other container must be sealed at the factory with a seal including a warning to the purchaser that the game may have been tampered with if the package, box, or container was received by the purchaser with the seal broken;

(c) each deal's serial number must be clearly and legibly placed on the outside of the deal's package, box, or other container;

(d) for games shipped to Minnesota for sale in Minnesota, the flare must be visible from the outside of each game's sealed package, box, or other container;

(e) each deal, including the flare and any other required information, must be sealed inside the deal's package, box, or other container;

(f) manufacturers must place on the outside of the package or container of jar tickets, or affix a label or sticker to the outside of the package or container, a message in bold print, of sufficient size to be easily read, indicating that the tickets in the container must be removed and thoroughly mixed prior to sale to the public; and

(g) the manufacturer must affix to the outside of the box a bar code that contains the information as required by the commissioner of revenue.

C. All tipboards and tipboard tickets manufactured for sale in Minnesota must conform to the following standards:

(1) for tipboard games using multi-ply tickets, the manufacturing standards set in subpart 1, item A, apply;

(2) for tipboard games using folded or banded tickets, the manufacturing standards set in subpart 1, item B, apply;

(3) the minimum information imprinted on the front of a tipboard flare must include:

(a) the name of the manufacturer, or it's board-registered logo;

(b) the manufacturer's serial number, which must be identical to the serial number of each tipboard ticket in the deal;

(c) the seal prize;

(d) the consolation prize or prizes, if any;

(e) the ticket count;

(f) the form number; and

(g) the cost per ticket;

(4) deals of tipboard tickets must be manufactured, assembled, and packaged so that none of the winning tipboard tickets, or the location on approximate location of any of the winning tipboard tickets, can be determined in advance of opening the tipboard tickets in any manner or by any device, including but not limited to any pattern in manufacture, assembly, packaging, markings, or by the use of a light;

(5) the manufacturer must, for each deal of tipboards which is shipped, sold, furnished, or provided for use in Minnesota, affix a bar code as required by the commissioner of revenue on the bottom front of the tipboard providing all information required by the commissioner of revenue pursuant to Minnesota Statutes, section 297E.04, subdivision 2, and imprint the Minnesota geo-

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graphic boundary symbol required by Minnesota Statutes, section 349.163, subdivision 5. The symbol must be at least one inch high and one inch wide consisting of an outline of the geographic boundaries of Minnesota with the letters "MN" inside the outline. All tipboards which are sold to a licensed distributor for use by an Indian tribe must bear the bar code required by Minnesota Statutes, section 297E.04, but must not bear the Minnesota geographic boundary symbol;

(6) the serial number included in the bar code as required by the commissioner of revenue must be the same as the serial number on the tickets included on that tipboard. The serial number imprinted on the bar code as required by the commissioner of revenue must be printed in numerals at least one-half inch high; and

(7) the front of the tipboard must bear the following message, printed in letters large enough to be clearly legible:

"This pull-tab (or tipboard) game is not legal in Minnesota unless an outline of Minnesota with the letters "MN" inside the outline is imprinted on this sheet, and the serial number imprinted on the bar code at the bottom of this sheet is the same as the serial number on the pull-tab (or tipboard) ticket that you have purchased."

D. All bingo hard cards, paper sheets, and breakopen bingo paper sheets manufactured for sale in Minnesota must conform to the following standards:

(1) except as provided in item D, subitem (4), all bingo hard cards, paper sheets, and breakopen bingo paper sheets must have 25 squares arranged in five vertical and five horizontal rows. The letters "B, I, N, G, O" must be preprinted above the five vertical columns, with one letter appearing above each column. The center space must be marked "free." The printed numbers on the card must correspond with the numbers and letters of the bingo balls, as follows:

(a) numbers 1 to 15 in the "B" column;

(b) numbers 16 to 30 in the "I" column;

(c) numbers 31 to 45 in the "N" column;

(d) numbers 46 to 60 in the "G" column; and

(e) numbers 61 to 75 in the "O" column;

(2) bingo hard cards, paper sheets, and breakopen bingo paper sheets must not have repeating numbers on the same face;

(3) each bingo paper sheet must have imprinted on its face both its face number and serial number;

(4) all bingo paper sheets not preprinted but completed by the player must contain five horizontal rows of spaces with each row containing five spaces. The central row must have the word "free" marked in the center space. All spaces must be of uniform size and color;

(5) for packets of bingo paper sheets, the top sheet must be blue. The rest of the sheets in the packet may be of any color except blue. This item does not apply to packets of bingo paper sheets designated for an Indian tribe; and

(6) each breakopen bingo paper sheet must be constructed so that the bingo face or faces are concealed by being sealed in such a manner that prevents revealing any part of the bingo face, and so that all of the 24 numbers on each face cannot be determined from the outside of the breakopen bingo paper sheet by using a high intensity lamp of up to and including 500 watts, or cannot be determined by the naked eye.

E. All bingo ball selection devices manufactured for sale in Minnesota must conform to the following standards:

(1) each bingo ball selection device must ensure random selection of all 75 bingo balls;

(2) each bingo ball selection device must be manufactured so as not to be capable of manipulation by the operator; and

(3) each bingo ball selection device must be manufactured solely for the purpose of conducting a bingo game.

F. All paddlewheels intended for use without a paddlewheel table must be manufactured according to the following standards:

(1) each paddlewheel must be a mechanically-operated vertical wheel which does not utilize any device or mechanism, other than the free spinning bearing system and the natural contact of the paddle with pegs, to aid in the acceleration or breaking of the spin once initiated by the operators hand;

(2) each paddlewheel must be marked off into equally spaced sections which contain a different number, of number/symbol combination;

(3) a protruding peg or pin must be located on the face of the paddlewheel within two inches of the circumference of the paddlewheel, at least at the dividing line between each of the sections of the wheel. The pegs or pins must be uniform in diameter and made of the same material. No two pegs or pins on the paddlewheel shall vary by more than one-eighth inch in distance from the center of the paddlewheel shaft. The distance between any two adjacent pegs or pins may not vary by more than one-eighth inch from the distance between any two other adjacent pins or pegs on the paddlewheel; and



(4) there must be positioned above the paddlewheel a pointer which, when the wheel is spun, strikes the pins or pegs on the wheel, bringing the wheel to an eventual stop indicating the winning number or symbol, or combination numbered/symbolized section of the paddlewheel.

G. Paddlewheels intended to be used with the paddlewheel tables and paddlewheel chips must be manufactured according to the following standards:

(1) each paddlewheel must be a mechanically-operated vehicle wheel which does not utilize any device or mechanism, other than the free spinning bearing system and the natural contact of the paddle with pegs, to aid in the acceleration or breaking of the spin once initiated by the operator's hand;

(2) each paddlewheel must be round in shape and at least 30 inches in diameter;

(3) the outer circle of each paddlewheel may contain up to 40 numbers, or up to 40 number/symbol combinations;

(4) the numbers of each circle on the paddlewheel must be sequential, starting with the number one, but they may be placed randomly on that circle;

(5) each circle of the paddlewheel must be divided into equally spaced sections. Each section must contain a sequential section number beginning with the number one. The section numbers may be randomly placed among the sections, but no number in the sequence may be missing or repeated. A section, in addition to the section number, may include a graphic symbol or symbols including stylized numerals which must be clearly different from the typestyle used for the section number;

(6) each circle of the paddlewheel must be of a different color which must correspond to the colored numbers or colored number/symbol combinations, or sets of colored numbers, or sets of number/symbol combinations, of a paddlewheel table playing surface;

(7) each paddlewheel may have specially designated house numbers, or number/symbol combinations, in regard to an optional "odd" or "even" bet;

(8) a protruding peg or pin must be located on the face of the paddlewheel within two inches of the circumference of the paddlewheel, at least at the dividing line between each of the sections of the wheel. The pegs or pins must be uniform in diameter and made of the same material. No two pegs or pins on the paddlewheel shall vary by more than one-eighth inch in distance from the center of the paddlewheel shaft. The distance between any two adjacent pegs or pins may not vary by more than one-eighth inch from the distance between any two other adjacent pins or pegs on the paddlewheel;

(9) the colored numbers or number/symbol combinations on the paddlewheel must be at least five-eighths inch high;

(10) there must be positioned above the paddlewheel a pointer which, when the wheel is spun, strikes the pins or pegs on the wheel, bringing the wheel to an eventual stop indicating the winning colored numbers or colored number/symbol combinations, or sets of colored numbers or sets of colored number/symbol combinations;

(11) each paddlewheel table playing surface must be clearly and permanently imprinted with colored numbers or symbols, or colored number/symbol combinations, corresponding to the sets of colored numbers, or sets of number/symbol combinations, of each concentric circle;

(12) each paddlewheel table must have a stop opening or other retaining device for each single colored number or number/symbol combination, or set of colored numbers, or sets of number/symbol combinations;

(13) each paddlewheel table must accommodate the placement of bets by players on the front and both sides of the table;

(14) each paddlewheel table must have a rail for holding a player's paddlewheel chips;

(15) including the rail, each paddlewheel table may be no longer than nine feet and no wider than four feet;

(16) each paddlewheel table must be equipped with a double-locking or triple-locking removable metal container known as a drop box, into which must be deposited all coin or currency received from players for the purchase of paddlewheel chips; and

(17) each paddlewheel table must have one lock that secures the drop box to the table, and one or two separate locks which secure the contents placed into the drop box. The key to each of the two or three different locks must be different from each of the other locks.

H. All paddletickets manufactured for sale in Minnesota must conform to the following standards:

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## Proposed Rules

(1) the minimum information printed on a paddleticket must include:

(a) the name of the manufacturer or its board-registered logo, which must be identical to the name or logo of the manufacturer; and

(b) the unique game serial number, which must be a minimum of five and a maximum of eight characters, which must not be repeated on gambling equipment of the same type for 3-1/2 years from the date of the manufacturer's invoice to the distributor;

(2) all paddletickets must be preprinted, detachable from a paddleticket card, and must correspond with the colored numbers on the paddlewheel and every available wager expressed by a colored number or set of colored numbers on the paddlewheel;

(3) the numbers on a paddleticket cannot be duplicated on any other paddleticket on the same card;

(4) each paddleticket must bear a serial number identical to the paddleticket card serial number;

(5) the manufacturer must provide an individual master flare with each sealed grouping of 100 paddleticket cards. After June 30, 1995, the flare shall have affixed or imprinted at the bottom a bar code, as required by the commissioner of revenue, that provides all information required by the commissioner of revenue pursuant to Minnesota Statutes, section 297E.04, subdivision 3; and

(6) the front of the master flare for each sealed grouping of 100 paddleticket cards shall contain the following information:

(a) the name or board-registered logo of the manufacturer, which must be identical to the manufacturer's name or logo which appears on the individual paddletickets;

(b) the first paddleticket card number in the group;

(c) the price per play of a paddleticket in the group;

(d) the wagers that may be placed with a paddleticket in the group;

(e) the form number;

(f) the ticket count;

(g) the prizes and consolation prizes;

(h) the same serial number as the serial number appearing on the paddleticket cards; and

(i) the odds.

**Subp. 2. Prior approval of gambling equipment required.** The following items apply to the approval of gambling equipment prior to sale in Minnesota. Before the sale of any gambling equipment in Minnesota, the manufacturer must submit to the board a sample of such equipment. All gambling equipment submitted for consideration must be received in the board's office on or before the 15th day of the month in order to ensure consideration at the board's meeting the following month. The board shall notify the manufacturer in writing no later than five days after a board meeting of the board's decision on whether the product is approved for sale in Minnesota. Board approval for sale of gambling equipment in Minnesota does not constitute approval of the bar code required by the commissioner of revenue.

**A. Pull-tabs submitted for approval must consist of the following:**

(1) a new family of games already in production must include one complete deal of a family member, and a flare and 20 tickets for each additional member of that family. Of the 20 additional tickets, five tickets must be opened winners;

(2) new members to a family of games previously approved for distribution and sale in Minnesota must consist of a flare and 20 tickets for each new family member. Of the 20 additional tickets, five tickets must be opened winners;

(3) a new family of games proposed for production must include the production copies/thermals for the flare, production copies/thermals for the tickets, and payout slips;

(4) if a game is approved by production copies/thermals, the manufacturer must, simultaneously with the first shipment of the game into Minnesota, submit one complete deal of one family member, and a flare, 20 tickets, and a payout slip for each additional member of that family. Of the 20 tickets, five must be opened winners. This will be compared to the production copies/thermals previously approved to verify conformance;

(5) if the seal of a deal submitted to the board for approval is broken, the deal will not be approved by the board; and

(6) any changes to flares, tickets, or payout slips for approved games must be submitted to the board for review and, if deemed appropriate by the board, submitted for approval pursuant to subitems (1) to (5).

**B. Jar tickets submitted for approval must consist of the following:**

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(1) a new family of games already in production must include a flare and 20 tickets for each family member. Of the 20 additional tickets, five tickets must be opened winners;

(2) new members to a family of games previously approved for distribution and sale in Minnesota must consist of a flare and 20 tickets for each new family member. Of the 20 additional tickets, five tickets must be opened winners;

(3) a new family of games proposed for production must include the production copies/thermals for the flare, production copies/thermals for the tickets, and payout slips;

(4) if a game is approved by production copies/thermals, the manufacturer must, simultaneously with the first shipment of the game into Minnesota, submit a flare and 20 tickets for each family member. Of the 20 additional tickets, five must be opened winners. This will be compared to the production copies/thermals previously approved to verify conformance;

(5) if the seal of a deal submitted to the board for approval is broken, the deal will not be approved by the board; and

(6) any changes to flares, tickets, or payout slips for approved games must be submitted to the board for approval and, if deemed appropriate by the board, submitted for approval pursuant to subitems (1) to (5).

**C. Tipboards submitted for approval must consist of the following:**

(1) one tipboard for each family;

(2) in the case of a new tipboard game not yet in production, the manufacturer must submit:

(a) production copies/thermals of the tipboard;

(b) production copies/thermals of the tickets used in the tipboard game; and

(c) the numbered sign-up sheet for the seal prize;

(3) if the tipboard is approved by production copies/thermals, the manufacturer must, simultaneously with the first shipment of the game into Minnesota, submit one tipboard game for each family; and

(4) any changes to approved tipboards must be submitted to the board for review and, if deemed appropriate by the board, submitted for approval pursuant to subitems (1) and (2).

**D. Bingo hard cards, paper sheets, and breakopen bingo paper sheets submitted for approval must consist of the following:**

(1) a copy of the manufacturer's catalog of brochure illustrating that the product meets the standards in subpart 2, item D;

(2) five sheets of each color and format of breakopen bingo paper sheets; and

(3) any changes to approved bingo hard cards, paper sheets, or breakopen bingo paper sheets must be submitted to the board for review and, if deemed appropriate by the board, submitted for approval pursuant to subitems (1) and (2).

**E. Devices for selecting bingo numbers being submitted for approval must consist of the following:**

(1) a catalog of brochure illustrating that the product meets the standards in subpart 2, item E;

(2) a description of the device which lists all features of the device; and

(3) any changes to approved devices for selecting bingo numbers must be submitted to the board for review and, if deemed appropriate by the board, submitted for approval pursuant to subitems (1) and (2).

The board may require the manufacturer to make the device available to the board for inspection.

**F. Paddlewheels and paddlewheel tables being submitted for approval must consist of the following:**

(1) a catalog or brochure illustrating that the product meets the standards in subpart 2, item E;

(2) a description of the paddlewheel or paddlewheel table which lists all features of the device; and

(3) any changes to paddlewheels or paddlewheel tables must be submitted to the board for review and, if deemed appropriate by the board, submitted for approval pursuant to subitems (1) and (2).

The board may require the manufacturer to make the paddlewheel or paddlewheel table available to the board for inspection.

**G. Paddleticket cards submitted for approval must consist of the following:**

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(1) two paddleticket cards and accompanying tickets for each series or form of paddletickets;

(2) production copies/thermals for the master flare; and

(3) any changes to approved paddleticket cards or paddletickets must be submitted to the board for review and, if deemed appropriate by the board, submitted for approval pursuant to subitems (1) and (2).

H. If the manufacturer changes the percentage payback or ticket count for any game, or creates a different percentage payback or ticket count for any game within a family of games, a new game form number must be assigned to reflect the percentage payback or ticket count, and the game must be resubmitted to the board for approval before being offered for sale in Minnesota. Each deal of pull-tabs, jar tickets, and tipboards must include an ideal sales and prize payout structure which is designed to result in a profit for the game.

**Subp. 3. Sale of approved gambling equipment.** The following items pertain to the sale of approved gambling equipment in Minnesota:

A. a manufacturer may not sell or make available to any distributor any gambling equipment unless the distributor has a valid license issued by the board;

B. a manufacturer may not sell or provide any gambling equipment to a distributor unless the equipment meets the standards established in subpart 1, except for gambling equipment designated for an Indian tribe;

C. a manufacturer may not sell, offer for sale, or otherwise provide a coin-operated or mechanical pull-tab dispensing device to any distributor in Minnesota unless otherwise permitted by law or rule;

D. no manufacturer may sell or otherwise provide a pull-tab or tipboard deal with the Minnesota geographic boundary symbol required by Minnesota Statutes, section 349.163, subdivision 5, imprinted on the flare to any person or Indian Tribe other than a licensed Minnesota distributor without first rendering that symbol permanently invisible;

E. a manufacturer must be capable of identifying the person to whom gambling equipment is sold and must provide the identity of the buyer to the board upon request; and

F. all gambling equipment which is sold by a licensed manufacturer to a licensed distributor for use in Minnesota must bear a legible and discernible logo or identification of the licensed manufacturer, which has been previously registered with the board.

**Subp. 4. Storage of gambling equipment in Minnesota.**

A. A licensed manufacturer may ship into Minnesota, or cause to be shipped into Minnesota, approved or unapproved gambling equipment or gambling equipment which does not bear the imprint of the Minnesota geographic boundary as required by Minnesota statutes, section 349.163, subdivision 5, provided that the equipment is shipped directly to a Minnesota storage facility that is:

(1) owned or leased by the licensed manufacturer; and

(2) registered, in writing and advance, with the director of gambling enforcement.

B. No gambling equipment may be shipped to the manufacturer's registered storage facility in Minnesota unless the shipment is reported to the commissioner of revenue in the manner prescribed by the commissioner of revenue. No gambling equipment may be removed from the storage facility unless the equipment is properly reported to the commissioner of revenue in a manner prescribed by the commissioner of revenue.

**Subp. 5. Return of equipment.** The following items pertain to the return of gambling equipment not manufactured in accordance with the standards in subpart 1:

A. A manufacturer must issue a credit invoice to a distributor within 30 business days of receipt of the returned equipment, provided that the distributor has provided the manufacturer with written proof that the gambling equipment does not meet the standards in subpart 1, and unless the manufacturer notifies the commissioner of revenue in writing that a legitimate business dispute regarding the returned equipment exists. A copy of the credit invoice must be filed electronically, as required by the commissioner of revenue;

(1) if the manufacturer ships new gambling equipment to the distributor as replacement for the returned gambling equipment, the manufacturer shall prepare a sales invoice consistent with the requirements of subpart 7, item B; and

(2) if the returned gambling equipment was not manufactured in accordance with the standards in subpart 1, and the returned gambling equipment cannot be brought into conformance with those standards, the returned gambling equipment shall be destroyed by the manufacturer and the manufacturer shall, at the board's request, furnish documentation attesting to the destruction of the gambling equipment. If the gambling equipment is destroyed in-house by the manufacturer, an affidavit certifying the destruction shall be considered proper documentation.

B. Gambling equipment returned during play or after being removed from play must be returned to the manufacturer by the

distributor for a determination as to whether the gambling equipment was manufactured in accordance with the standards in subpart 1. After determination by the manufacturer, the game shall be returned to the organization and retained by the organization as a played game:

(1) within 30 business days of receipt of the returned gambling equipment, the manufacturer shall determine whether the gambling equipment was manufactured in accordance with the standards in subpart 1 and, if it was not manufactured in accordance with those standards, issue a credit invoice to the distributor for the cost of the gambling equipment, and include any bona fide losses incurred and documented by the organization, and reimbursed by the distributor to the organization, over which the organization had no control or ability to prevent; and

(2) within 30 business days of determination that the returned gambling equipment was or was not manufactured in accordance with the standards in subpart 1, the manufacturer shall return the gambling equipment to the distributor for return to the organization as a played game.

C. Within 30 business days of receipt of returned gambling equipment, the manufacturer shall file with the board a returned equipment report, in accordance with the requirements in subpart 7, item C.

Subp. 6. **Corrective action.** If a manufacturer sells gambling equipment that is not in conformance with the standards in subpart 1, the board may require the manufacturer to take corrective action, which may include a recall of the nonconforming gambling equipment.

A. The board may order a recall of nonconforming gambling equipment if the noncompliance of the product is of such severity that:

(1) the integrity of the game is harmed; or

(2) the area of noncompliance is capable of being used to adversely affect the fair play of the game.

B. Within three business days of the receipt of notification from the board, the manufacturer shall initiate the recall. The manufacturer must recall the nonconforming gambling equipment at the distributor level. The manufacturer shall instruct the distributors to initiate recall proceedings from gambling organizations.

C. Within 25 business days of initiation of recall proceedings, all recalled gambling equipment shall have been returned to the manufacturer, and the manufacturer shall notify the board in writing that the recall has been completed. Such notification shall include the following:

(1) a complete inventory of the recalled gambling equipment;

(2) complete bar code information, as required by the commissioner of revenue;

(3) state disposable registration stamp numbers, if applicable; and

(4) a complete listing, including license numbers, of all distributors from whom the gambling equipment was recalled.

D. Within 45 business days of completion of the recall, the manufacturer shall issue credit invoices to distributors for the cost of the gambling equipment, including any bona fide losses incurred and documented by organizations which were reimbursed to organizations by distributors and over which the organization had no control or ability to prevent. Copies of the credit invoices must be filed electronically, as required by the commissioner of revenue.

E. If the recalled gambling equipment cannot be brought into conformance with the standards in subpart 1, the recalled gambling equipment shall be destroyed by the manufacturer and the manufacturer shall, at the board's request, furnish documentation attesting to the destruction of the equipment. If the equipment is destroyed in-house by the manufacturer, an affidavit certifying the destruction shall be considered proper documentation.

Subp. 7. **Records and reports.** The following items apply to manufacture records and reports:

A. **Pricing reports.**

(1) A licensed manufacturer must submit a monthly pricing report to the board. The report must be in a format approved by the board and, at a minimum, include:

(a) the name, license number, and full address of the manufacturer;

(b) the month and year of the report;

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## Proposed Rules

(c) for pull-tabs and jar tickets the name of the game, price per deal, form number, whether the equipment is subject to a rebate, and volume discounted price;

(d) for tipboards and tipboard tickets the name of the game, form number, price per case, whether the equipment is subject to a rebate, and volume discounted price;

(e) for bingo hard cards, paper sheets, and breakopen bingo paper sheets, the price per thousand, whether the equipment is subject to a rebate, and volume discounted price;

(f) for bingo ball selection devices, the price per device;

(g) for paddlewheels the price per paddlewheel and for replacement parts;

(h) for paddlewheel tables the price per table; and

(i) for paddleticket cards the serial number, price per individual paddleticket, whether the equipment is subject to a rebate, and volume discounted price.

(2) The report must be filed no later than the first day of each month. Amendments must be filed within five days of the filing. A manufacturer may file a pricing report any time during a month for gambling equipment approved by the board after the first of the month. Once a manufacturer has filed its first pricing report with the board, future pricing reports need only reflect changes, additions, or deletions to the previous month's report.

(3) A computer-generated form may be used with the approval of the board director if it complies with the requirements of this part.

### B. Sales invoice.

(1) A manufacturer who sells or otherwise provides gambling equipment must record the transaction on a sales invoice.

(2) A sales invoice must contain at a minimum the following information as prescribed by the commissioner of revenue:

(a) the name and address of the manufacturer;

(b) the license number of the manufacturer;

(c) the complete business name and address of the distributor to whom the sale was made;

(d) the license number of the distributor;

(e) the invoice number;

(f) the identification of the manufacturer's salesperson making the sale;

(g) the date of shipment of the gambling equipment;

(h) the identification of the person who ordered the gambling equipment;

(i) the unit price;

(j) the state disposable registration stamp number for deal of pull-tabs, jar tickets, tipboards, tipboard tickets, paddletickets, or paddleticket cards which have a state disposable registration stamp; and

(k) a statement regarding whether the gambling equipment is designated for sale to an Indian tribe.

(3) For pull-tabs, tipboards, and jar tickets, the following information must appear on the sales invoice:

(a) the quantity by the number of deals for pull-tabs, jar tickets, and tipboards; and

(b) a full description of each pull-tab deal, jar ticket deal, or tipboard, which must include the name of the game, the manufacturer identification, the form number, and the serial number.

(4) For paddleticket cards, the following information must appear on the sales invoice:

(a) the number of sealed groupings for paddletickets;

(b) the ideal gross receipts for each sealed grouping; and

(c) for each sealed grouping of paddletickets purchased from a manufacturer after June 30, 1995, a complete description of each sealed grouping of paddletickets, which will include the name of the game, the manufacturer identification, the form number, and the serial number.

(5) For bingo paper sheets and breakopen bingo paper sheets, the following information must appear on the sales invoice:

(a) the serial number and color of each set of breakopen bingo paper sheets sold to a distributor; and

(b) for bingo paper sheets, the serial number from the top sheet in each packet, the serial number per series for uncollated paper, the color, cut, and the quantity.

(6) For bingo hard cards, the price per 100.

(7) For permanent gambling equipment such as bingo ball selection devices, paddlewheels, and paddlewheel tables, the sales invoice must include a complete description of the equipment being sold, including the make, model number, and serial number of the permanent gambling equipment.

(8) Each manufacturer who sells, leases, or otherwise provides gambling equipment must electronically report the sales made each month to the commissioner of revenue. The report is due by the 20th of the month following the month in which the sale was completed.

**C. Returned gambling equipment report.**

(1) A manufacturer who accepts returns from a distributor of gambling equipment not manufactured in accordance with the standards in subpart 1, shall file a monthly report with the board. The report must be in a format approved by the board, and include the following information:

(a) the name, license number, and full address of the manufacturer;

(b) the month and year of the report;

(c) for pull-tabs, jar tickets, and tipboards the number of deals, the form numbers, the standards in subpart 1 which were not met, the actions taken by the manufacturer to bring the returned equipment into compliance with the standards in subpart 1 or a statement that the returned equipment was destroyed, and the name and license number of the distributor returning the equipment;

(d) for bingo hard cards, paper sheets, and broken bingo paper sheets, the number of cases, the serial number, the series number for uncollated paper, the standards in subpart 1 which were not met, the actions taken by the manufacturer to bring the returned equipment into compliance with the standards in subpart 1 or a statement that the returned equipment was destroyed, and the name and license number of the distributor returning the equipment;

(e) for bingo ball selection devices, paddlewheels, and paddlewheel tables, the make, model, and serial number of the equipment, the state permanent registration stamp number affixed to the equipment, the standards in subpart 1, which were not met, the actions taken by the manufacturer to bring the equipment into compliance with the standards in subpart 1 or a statement that the equipment was destroyed, and the name and license number of the distributor returning the equipment; and

(f) for paddletickets, the number of paddleticket cards, the form number, the standards in subpart 1 which were not met, the actions taken by the manufacturer to bring the equipment into compliance with the standards in subpart 1 or a statement that the equipment was destroyed, and the name and license number of the distributor returning the equipment.

(2) The report covering the preceding month must be filed with the board by no later than the tenth day of the following month.

**D. Report of delinquent distributor required.**

(1) A licensed manufacturer shall notify the board in writing if a licensed distributor has not paid the manufacturer in full for gambling equipment within 30 days of shipment. Such notification shall include:

(a) the name, address, and license number of the distributor;

(b) the manufacturer's invoice date;

(c) the manufacturer's invoice number; and

(d) the total dollar amount of the invoice.

Upon receipt of such notice, the board shall notify all manufacturers that, until further notice from the board, they may sell gambling equipment to the delinquent distributor only on a cash basis with no credit extended. For purposes of this item, cash means a check, money order, or cashiers' check.

(2) The board shall notify the licensed distributor of the delinquency and direct the distributor to eliminate the delinquency, if one exists.

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## Proposed Rules

(3) If a manufacturer who has notified the board under subitem (1) has not received payment in full from the distributor within 60 days of the notification to the board under subitem (1), the manufacturer must notify the board of the continuing delinquency. Upon receipt of the notice, the board shall notify all licensed manufacturers not to sell any gambling equipment to the delinquent distributor.

(4) No manufacturer may extend credit or sell gambling equipment to a distributor in violation of an order under subitems (1) or (3) until the board has authorized such credit or sale.

(5) When the delinquency is paid, the board shall notify all licensed manufacturers.

### E. Examination of books and records.

(1) The board, the commissioner of revenue, or the commissioner of public safety or their agents may examine the books and records of any manufacturer without notice at any time during normal business hours.

(2) If the manufacturer fails to comply with this part, the board shall notify the manufacturer in writing that the manufacturer is responsible for the reasonable travel and living expenses of board staff while examining the manufacturer's books and records.

(3) A manufacturer must maintain records which fully account for its receipt and use of all state disposable registration stamps for a period of 3-1/2 years.

E. A manufacturer shall notify the board within 30 days of such action, if the manufacturer has had a gambling-related license revoked or suspended or has been required to pay a monetary penalty of \$2,500 or more by a gambling regulator in another state or jurisdiction.

## **7865.0020 SUSPENSIONS OR REVOCATIONS.**

Subpart 1. **Definitions.** For purposes of this chapter, "suspension" means that the licensee retains ownership rights in its license, even though its lawful gambling activities in Minnesota must cease during the time of license suspension; and "revocation" means that ownership of the license is terminated on the effective date of revocation.

Subp. 1a. Grounds for suspension. The board may, by order, suspend or refuse to renew any license or premises permit issued pursuant to *Minnesota Statutes*, chapter 349, impose a civil fine, or censure a licensee or applicant, if it finds that the order is in the public interest and that the licensee or applicant, or a director, officer, partner, governor, person in a supervisory or management position of the applicant or licensee, an employee eligible to make sales on behalf of the applicant or licensee, or direct or indirect holder of more than a five percent financial interest in the applicant or licensee after a contested case hearing under *Minnesota Statutes*, chapter 14, if the licensee has:

A. violated or failed to comply with any law or provision of *Minnesota Statutes*, chapter 297E, 299, or 349 or any rule adopted by the board or order issued thereunder;

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

C. made a false statement in a document or application, or report required to be submitted to the board or the Department commissioner of revenue or has made a false statement in testimony before to the board, or a the compliance review group, or an agent of the board conducting an investigation on behalf of the board, or the director; and

G. engaged in fraud or misrepresentation in the securing of a license from the board or in the conduct of lawful gambling;

D. been convicted of a crime in another jurisdiction that would be a felony if committed in Minnesota;

E. is permanently or temporarily enjoined by any gambling regulatory agency from engaging in or continuing any conduct or practice involving any aspect of gambling;

F. had a gambling-related license revoked or suspended, or has paid or been required to pay a monetary penalty of \$2,500 or more, by a gambling regulator in another state or jurisdiction;

G. has been the subject of any of the following actions by the director of gambling enforcement or commissioner of public safety:

(1) had a license under *Minnesota Statutes*, chapter 299L, denied, suspended, or revoked;

(2) been censured, reprimanded, has paid or been required to pay a monetary penalty or fine; or

(3) has been the subject of any other discipline by the director or commissioner;

H. has engaged in conduct that is contrary to the public health, welfare, or safety, or to the integrity of gambling; or

I. based on past activities or criminal record poses a threat to the public interest or the effective regulation and control of gam-



bling, or creates or enhances the dangers of unsuitable, unfair, or illegal practices, methods, and activities in the conduct of gambling or the carrying on of the business and financial arrangements incidental to the conduct of gambling.

[For text of subp 2, see M.R.]

Subp. 3. **Grounds for revocation.** The board may revoke the license of any organization, distributor, manufacturer, or bingo hall owner after a hearing pursuant to *Minnesota Statutes*, chapter 14, or impose a civil fine, for what it determines to be a willful violation of laws or rules related to lawful gambling.

The board may revoke the license of any gambling manager after a hearing pursuant to *Minnesota Statutes*, chapter 14, or impose a civil fine, for any violation of laws or rules related to lawful gambling after considering the factors identified in subpart 2.

The board may, by order, revoke the license of an organization, distributor, manufacturer, or bingo hall owner if it finds that the order is in the public interest and that the applicant or licensee, or a director, officer, partner, governor, person in a supervisory or management position of the applicant or licensee, an employee eligible to make sales on behalf of the applicant or licensee, or direct or indirect holder of more than a five percent financial interest in the applicant or licensee has:

A. violated or failed to comply with any provision of Minnesota Statutes, chapter 297E, 299L, or 349, or any rule adopted or order issued thereunder;

B. filed an application for a license that is incomplete in any material respect, or contains a statement that, in light of the circumstances under which it was made, is false, misleading, fraudulent, or a misrepresentation;

C. made a false statement in a document or report required to be submitted to the board or the commissioner of revenue, or has made a false statement to the board, the compliance review group, or the director;

D. has been convicted of a crime in another jurisdiction that would be a felony if committed in Minnesota;

E. is permanently or temporarily enjoined by any gambling regulatory agency from engaging in or in continuing any conduct or practice involving any aspect of gambling;

F. had a gambling-related license revoked or suspended, or has paid or been required to pay a monetary penalty of \$2,500 or more, by a gambling regulator in another state or jurisdiction;

G. been the subject of any of the following actions by the director of gambling enforcement or commissioner of public safety:

(1) had a license under Minnesota Statutes, chapter 299L, denied, suspended, or revoked;

(2) been censured, reprimanded, has paid or been required to pay a monetary penalty or fine; or

(3) has been the subject of any other discipline by the director or commissioner;

H. engaged in conduct that is contrary to the public health, welfare, or safety, or to the integrity of gambling; or

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

In the case of licenses for manufacturers, distributors, bingo hall owners, and gambling managers, the board shall revoke a license under this chapter, if the applicant or licensee, or a director, officer, partner, governor, person in a supervisory or management position of the applicant or licensee, or an employee eligible to make sales on behalf of the applicant or licensee has:

(1) ever been convicted of a felony or a crime involving gambling;

(2) ever been convicted of:

(a) assault;

(b) a criminal violation involving the use of a firearm; or

(c) making terroristic threats;

(3) is or has ever been connected with or engaged in an illegal business;

(4) owes \$500 or more in delinquent taxes as defined in Minnesota Statutes, section 270.72;

(5) had a sales and use tax permit revoked by the commissioner of revenue within the past two years; or

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## Proposed Rules

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(6) after demand has not filed tax returns required by the commissioner of revenue.

The board may revoke a license under this chapter, if any of the conditions in this subpart are applicable to an affiliate or direct or indirect holder of more than a five percent financial interest in the applicant or licensee.

[For text of subps 4 and 5, see M.R.]

**REPEALER.** *Minnesota Rules*, parts 7863.0010, subpart 5; 7864.0010, subpart 5; and 7864.0020, are repealed.

## Pollution Control Agency

### Proposed Permanent Rules Relating to Solid Waste Management Recycling

#### Notice of Intent to Adopt a Rule Amendment without a Public Hearing

The Minnesota Pollution Control Agency (Agency) intends to amend a permanent rule without a public hearing following the procedures set forth in the Administrative Procedure Act, *Minnesota Statutes* sections 14.22 to 14.28. You have 30 days to submit written comments on the proposed rule and may also submit a written request that a public hearing be held on the rule.

**Agency Contact Person.** Comments or questions on the rule and written requests for a public hearing on the rule must be submitted to:

Rita A. Schild  
Ground Water and Solid Waste Division  
Minnesota Pollution Control Agency  
520 Lafayette Road North  
St. Paul, Minnesota 55155  
Telephone: (612) 296-8549  
Facsimile: (612) 296-9707

**Subject of Rule and Statutory Authority.** The proposed rule is about Solid Waste Management Recycling Rules. The statutory authority to adopt this rule is contained in *Minnesota Statutes* section 116.07, subd. 4 (1992). A copy of the proposed rule is published immediately after this notice.

**Comments.** You have until 4:30 p.m., December 14, 1994, to submit written comment in support of or in opposition to the proposed rule and any part or subpart of the rule. Your comment must be in writing and received by the Agency contact person by the due date. Comment is encouraged. Your comment should identify the portion of the proposed rule addressed, the reason for the comment, and any change proposed.

**Request for a Hearing.** In addition to submitting comments, you may also request that a hearing be held on the rule. Your request for a public hearing must be in writing and must be received by the Agency contact person by 4:30 p.m. on December 14, 1994. Your written request for a public hearing must include your name and address. You are encouraged to identify the portion of the proposed rule which caused your request, the reason for the request, and any changes you want made to the proposed rule. If 25 or more persons submit a written request for a hearing, a public hearing will be held unless a sufficient number withdraw their requests in writing. If a public hearing is required, the Agency will follow the procedures in *Minnesota Statutes*, section 14.131 to 14.20.

**Modifications.** The proposed rule may be modified as a result of public comment. The modifications must be supported by data and views submitted to the Agency and may not result in a substantial change in the proposed rule as printed immediately after this notice. If the proposed rule affects you in any way, you are encouraged to participate in the rulemaking process.

**Statement of Need and Reasonableness.** A statement of need and reasonableness is now available from the Agency contact person. This statement describes the need for and reasonableness of each provision of the proposed rule and identifies the data and information relied upon to support the proposed rule.

**Small Business Considerations.** *Minnesota Statutes*, section 14.115, subdivision 4 requires that the notice of rulemaking include a statement of the impact of this proposed rule on small businesses. The proposed rules may affect small businesses as defined in *Minnesota Statutes* section 14.115. As a result, the MPCA has considered methods for reducing the impact of the rule on small businesses. The MPCA must regulate recycling facilities because of their potential to pollute. Even though the potential is slight, MPCA enforcement files show that a number of facilities have mismanaged waste during the last five years the rules have been in existence. However, consideration for small business has caused the MPCA to reduce the annual operating report requirement. The requirement for a recycling facility to provide information on prices, markets, and market locations has been deleted. In addition, the maximum volume of 30 cubic yards for recycling roll-off boxes and dumpsters which are excepted from rule require-

ment was increased to 40 cubic yards to accommodate existing business practices. This change makes the exception available for more small businesses.

**Expenditure of Public Money by Local Public Bodies.** *Minnesota Statutes*, section 14.11, subdivision 1, requires the Agency to include a statement of the rule's estimated costs to local public bodies in this notice if the rule would have a total cost of over \$100,000 to all local public bodies in the state in either of the two years following adoption of the rule. This requirement does not apply to the amendments to the recycling facility rules because the rules have no financial impact for local bodies.

**Impact on Agriculture Lands.** *Minnesota Statutes*, section 14.11, subdivision 2, requires that if the rule would have a direct and substantial adverse impact upon agricultural lands in the state, the Agency shall comply with specified additional requirements. The amendments to the rules affecting Minnesota recycling facilities do not have an impact on agriculture in Minnesota.

**Economic Factors.** *Minnesota Statutes*, section 116.07, subdivision 6, requires the Agency to give due consideration to economic factors in exercising its powers. In proposing these rules, the MPCA has given due consideration to available information as to any economic impacts the proposed rules would have. These recycling facility rules do not have a significant economic impact on municipalities, businesses, or organizations. However, the time allowed for removing non-putrescible residuals from facilities has been lengthened from one week to one month to accommodate more economically feasible methods for removal. A maximum time frame of one year for storage of recyclable materials was also established in order to accommodate more economically feasible methods of operation and transportation.

**Farming Operations.** *Minnesota Statutes*, section 116.07, subdivision 4 requires the Agency to hold public meetings in agricultural areas of the state if a proposed rule affects farming operations. The amendments to the rules affecting Minnesota recycling facilities do not have an impact on farming operations in Minnesota.

**Transportation.** *Minnesota Statutes*, section 174.05 requires the Agency to notify the Commissioner of Transportation of all rules that concern transportation, and requires the Commissioner of Transportation to prepare a written review of the rules. The amendments to the recycling facility rules do not impact transportation in Minnesota.

**Adoption and Review of Rule.** If no hearing is required, after the end of the comment period, the Agency may adopt the rule. The rule and supporting documents will then be submitted to the attorney general for review as to legality and form to the extent form relates to legality. You may request to be notified of the date the rule is submitted to the attorney general or be notified of the attorney general's decision on the rule. If you wish to be so notified, or wish to receive a copy of the adopted rule, submit your request to the Agency contact person listed above.

Charles W. Williams  
Commissioner

## **Rules as Proposed**

### **7001.3050 PERMIT REQUIREMENTS.**

[For text of subps 1 and 2, see M.R.]

Subp. 3. **Permits-by-rule.** The owner or operator of the following facilities is deemed to have obtained a solid waste management facility permit without making application for it, unless the commissioner finds that the facility is not in compliance with the listed part:

[For text of items A to C, see M.R.]

D. recycling facilities in compliance with ~~parts part~~ 7035.2845 and 7035.2855;

[For text of items E to H, see M.R.]

[For text of subp 4, see M.R.]

### **7035.0300 DEFINITIONS.**

[For text of subps 1 to 87, see M.R.]

Subp. 88. **Recycling facility.** "Recycling facility" means a site used to collect, process, and repair facility where only recyclable materials ~~and are received and prepared for reuse them~~ in their original form or ~~for use them~~ in manufacturing processes: that do not cause the destruction of the materials in a manner that precludes further use. The recyclable materials must:

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## Proposed Rules

- A. not be hazardous as defined in chapter 7045;
- B. fit the definition of mixed municipal solid waste prior to separation for recycling;
- C. not include items which have been prohibited from disposal or placement in mixed municipal solid waste, unless approved by the commissioner; and
- D. have been separated from other mixed municipal solid waste by the generator prior to collection.

"Recycling facility" does not include an individual generator of recyclable materials, such as a homeowner, a business, or a government agency, and it does not include a manufacturer using recyclable materials as feedstock.

[For text of subs 89 to 121, see M.R.]

### 7035.2525 SOLID WASTE MANAGEMENT FACILITIES GOVERNED.

[For text of subpart 1, see M.R.]

Subp. 2. **Exceptions.** Parts 7035.2525 to 7035.2915 do not apply to the following solid waste management facilities or persons, except as indicated:

- A. backyard compost sites;
- B. recycling facilities in compliance with part 7035.2845, except that they must comply with parts 7035.2535, subparts 1, 2, and 3, 7035.2545, 7035.2555, 7035.2565, 7035.2595, 7035.2605, and 7035.2625, subparts 1 and 2;
- C. recycling sites handling one waste type only or recycling sites established to collect and transport recyclables to a processor drop-off sheds, divided roll-off boxes, separate dumpsters, and other containers or small structures where recyclable materials that have been separated from mixed municipal solid waste by the generator in order to avoid contaminating the materials or to expedite the collection or processing of them for recycling are collected in total volumes of less than 30 not exceeding 40 cubic yards, except for parts 7035.0700; at any one time, except that they must comply with part 7035.2845, subpart 3; and 7035.2855;
- D. individual generators of recyclable materials, such as homeowners, businesses, and government agencies;
- E. manufacturers using recyclable materials as feedstock;
- ~~C. F.~~ industrial solid waste land disposal facilities; and
- ~~D. G.~~ solid waste from the extraction, beneficiation, and processing, of ores and minerals stored, collected, transferred, transported, utilized, processed, and disposed of or reclaimed, provided the facility is permitted for such use under part 7001.0020, item E, and chapter 6130.

### 7035.2845 RECYCLING FACILITIES.

Subpart 1. **Scope.** The owner or operator of a ~~mixed municipal solid waste~~ recycling facility must comply with subparts 2 to 6. ~~A recycling facility accepting or processing source separated wastes in quantities less than ten cubic yards per day must comply with subparts 2 and 3.~~

Subp. 2. **Notification.** ~~A letter of notification shall be submitted by The owner or operator of a recycling facility shall submit a notification form to the commissioner within 30 days after November 15, 1988, indicating the existence of the recycling facility and describing the materials intended to be handled at the facility. The owner or operator of a new recycling facility shall submit a letter of notification to on a form prescribed by the commissioner prior to beginning facility operations. The owner or operator shall notify the commissioner no later than 30 days after the effective date when the owner or operator relocates the facility. The owner or operator shall notify the commissioner at least 30 days before the effective date when ceasing operations.~~

Subp. 3. **Design requirements.** The owner or operator of a ~~mixed municipal solid waste~~ recycling facility ~~must shall~~ design and construct the facility in a ~~manner that prevents to prevent~~ surface water drainage through recyclable ~~or unusable material and residual materials, contains to control dispersion of the recyclable materials and residuals by wind, to contain~~ any spills or releases that could harm human health or ~~cause environmental risks, and provides the environment, to provide for the~~ storage of recyclable materials ~~and so as to protect the recyclability of the materials, and to provide for the storage and removal of~~ residuals. Storage of waste on-site must comply with part 7035.2855.

Subp. 4. **Operation.** The owner or operator of a recycling facility ~~must comply with the operation requirements of items A to C.~~

~~A. The facility must be operated in a manner that minimizes shall effectively control dust and other, windblown material, vermin populations due to improper storage, and other nuisance conditions.~~

~~B. All residual waste must be removed at the facility and shall remove all putrescible materials at least once a week. All other residuals must be removed at least once a month.~~

~~C. Subp. 4a. Annual report. By February 1 of each year, the owner or operator of a recycling facility shall submit an annual~~

report shall be submitted to the commissioner, on a form prescribed by the commissioner, indicating the name and address of the recycling facility, the year covered by the report, the type and volume of materials handled at the facility; and the final markets and locations for the materials, including the prices for the materials distribution of materials by volume, i.e., what volume of recyclable material received went to an end market, a broker/processor, or was managed as mixed municipal solid waste.

**Subp. 4b. Storage.** All of the recyclable materials that are delivered to or are stored at the recycling facility must be removed from the facility within one year after the date of receipt.

**Subp. 4c. Inspections.** The owner or operator of a recycling facility must inspect the facility, at least every 30 days, for malfunctions, deterioration, or discharges that may result in either the release of pollutants to the environment or a threat to human health. The owner or operator must develop and follow a written schedule for inspecting monitoring equipment, safety and emergency equipment, security devices, and operating and structural equipment used to prevent, detect, or respond to environmental or human health hazards. The owner or operator must retain at the facility a copy of the schedule which must identify the types of problems to look for during the inspection. The owner or operator must remedy any deterioration or malfunction of equipment or structure no later than two weeks after an inspection.

**Subp. 4d. Operating record.** The owner or operator of a recycling facility must keep a written operating record at the facility. The owner or operator must record the type and volume of recyclable materials received for each day, the date received, and their distribution by volume. The operating record must also include summary reports and details of incidents that require implementing the contingency action plan specified in subpart 5, and records and results of inspections required by subpart 4c.

**Subp. 5. Contingency action plan.** The owner or operator must of a recycling facility shall prepare and maintain a contingency action plan for the mixed municipal solid waste recycling facility. The plan must discuss address what actions the owner or operator will be taken take if a fire, spill, or release occurs at the facility and what backup system exists if the owner of operator closes the facility is closed for any period of time.

**Subp. 6. Closure.** At least 30 days prior to the effective date of closure, the owner or operator of a recycling facility must post a notice of closure at the entrance by signs indicating the date of closure, and must publish a notice of closure in a local newspaper. No later than 30 days after ceasing operations, the owner or operator of a mixed municipal solid waste recycling facility must properly remove and treat or dispose of all waste and contaminated soil or structures at the time of closure facility.

#### **7035.2585 ANNUAL REPORT.**

The owner or operator of a solid waste management facility shall prepare and submit a single copy of an annual report to the commissioner no later than February 1 for the preceding calendar year. A report form and instructions may be obtained from the commissioner. The annual report must cover all facility activities during the previous calendar year and must include the following information:

[For text of items A to H, see M.R.]

I. the summary evaluation reports required for the specific solid waste management facilities in parts 7035.2825, subpart 9; 7035.2835, subparts 3, item E, and 6, items H and I; 7035.2845, subpart 4; ~~item E 4a~~; and 7035.2875, subpart 5;

[For text of items J and K, see M.R.]

**KEY: PROPOSED RULES SECTION** — Underlining indicates additions to existing rule language. ~~Strike outs~~ indicate deletions from existing rule language. If a proposed rule is totally new, it is designated "all new material." **ADOPTED RULES SECTION** — Underlining indicates additions to proposed rule language. ~~Strike outs~~ indicate deletions from proposed rule language.

## Adopted Rules

### Adopted Rules

The adoption of a rule becomes effective after the requirements of Minn. Stat. §§14.14-14.28 have been met and five working days after the rule is published in *State Register*, unless a later date is required by statutes or specified in the rule.

If an adopted rule is identical to its proposed form as previously published, a notice of adoption and citation to its previous *State Register* publication will be printed.

If an adopted rule differs from its proposed form, language which has been deleted will be printed with strikeouts and new language will be underlined. The rule's previous *State Register* publication will be cited.

An emergency rule becomes effective five working days after the approval of the Attorney General as specified in Minn. Stat. §14.33 and upon the approval of the Revisor of Statutes as specified in §14.36. Notice of approval by the Attorney General will be published as soon as practicable, and the adopted emergency rule will be published in the manner provided for adopted rules under §14.18.

## Department of Health

### Adopted Permanent Rules Relating to Clean Indoor Air Act

The rules proposed and published at "State Register," Volume 18, Number 44, pages 2334-2342, May 2, 1994 (18 SR 2334), are adopted with the following modifications:

#### Rules as Adopted

#### 4620.0050 SCOPE AND PURPOSE.

Parts 4620.0050 to ~~4620.1450~~ 4620.1500 must be read in conjunction with the Minnesota Clean Indoor Air Act, *Minnesota Statutes*, sections 144.411 to 144.417.

Nothing in parts 4620.0050 to ~~4620.1450~~ 4620.1500 shall be construed to affect smoking prohibitions imposed by the fire marshal or other laws, ordinances, or regulations.

#### 4620.0100 DEFINITIONS.

Subpart 1. **Scope.** For the purpose of parts 4620.0050 to ~~4620.1450~~ 4620.1500, the terms in this part have the meanings given them.

Subp. 4. **Bar.** "Bar" means any establishment or portion of an establishment where one can purchase and consume alcoholic beverages. ~~A bar excludes~~ Any such establishment or portion of an establishment that is not considered a "bar" for the purposes of parts 4620.0050 to 4620.1500 if it has:

A. ~~has~~ table and seating facilities for more than 50 people at one time; and

B. ~~has~~ licensed food service provided, in consideration of payment, ~~food service, other than licensure as a~~ excluding licensed limited food service ~~establishment~~ establishments as defined in part 4625.2401, subpart 22, ~~that requires licensure under Minnesota Statutes, chapter 157.~~

Subp. 4a. **Environmental tobacco smoke.** "Environmental tobacco smoke" means:

A. smoke from the ~~burning end of~~ a cigarette, pipe, cigar, or other lighted smoking equipment; and

Subp. 8. **Office.** "Office" means any building, structure, or area used by the general public or serving as a place of work at which the principal activities consist of professional, clerical, or administrative services. An office includes professional offices, offices in financial institutions, business offices, telemarketing offices, and government offices.

Subp. 14b. **Public place.** "Public place" has the meaning given in *Minnesota Statutes*, section 144.413. For purposes of parts 4620.0050 to ~~4620.1450~~ 4620.1500, a public place includes all indoor areas used by the general public or serving as a place of work or jury duty. It does not include a place used for a private social function or a private enclosed office.

Subp. 16a. **Retail store.** "Retail store" means that portion of a commercial occupancy used for the transaction of business or the rendering of a service directly to the public, including shops, ~~markets~~ retail food stores, laundries or laundromats, and department stores.

#### 4620.0300 SMOKING PROHIBITED AREAS.

Smoking is prohibited in all sections of public places or public meetings except in areas designated as smoking-permitted areas. The responsible person must arrange for an acceptable nonsmoking area. The size and location of any smoking-permitted area must minimize environmental tobacco smoke in any adjacent acceptable nonsmoking area in accordance with procedures specified in parts 4620.0050 to ~~4620.1450~~ 4620.1500.

**4620.0400 SMOKING-PERMITTED AREA.**

Subpart 1. **Smoking permitted area in one room.** If smoking is to be permitted in an area of a public place or public meeting, the responsible person must designate the area as "smoking-permitted." One and only one smoking-permitted area may be designated per room. However, rooms containing at least 20,000 square feet (1,858 square meters) in total floor space may designate no more than one smoking-permitted area per 20,000 square feet, or fraction thereof, and shall otherwise comply with parts 4620.0050 to ~~4620.1450~~ 4620.1500.

**4620.0500 SIGNS.**

Subp. 5. **Posting in a bar.** All signs used to identify a bar that has been designated as a smoking area in its entirety must use the statement, "This establishment is a smoking area in its entirety," or a similar statement. ~~All signs used to identify a bar with In a bar that has food service as specified in part 4620.0100, subpart 4, and that allows smoking in its entirety when food service is not available, all signs used to identify smoking-permitted areas must have a sign stating state,~~ "This establishment is a smoking area in its entirety except when food service is available," or a similar statement. The sign must be conspicuously posted either on or immediately inside of all outside entrances to the establishment.

**4620.0700 COMPLIANCE.**

The responsible person must comply with parts 4620.0050 to ~~4620.1450~~ 4620.1500. If the provisions of the rules governing specific affected places conflict with or are inconsistent with a general provision of parts 4620.0050 to 4620.0600, the specific portion of parts 4620.0700 to ~~4620.1450~~ 4620.1500 shall prevail over the general. The public places specified in this rule must comply with the provisions in parts 4620.0700 to ~~4620.1450~~ 4620.1500 according to the functional activities taking place in a public area and not according to the nature of a controlling establishment. For example, different rules may apply to component areas of a building according to the actual functional activity of the area, such as a restaurant, office, or retail space.

**4620.0750 EMPLOYEE LUNCHROOM OR LOUNGE.**

~~An employee~~ A lunchroom or lounge must be designated as specified in this part.

A. ~~An employer~~ The responsible person must designate an acceptable nonsmoking area in the ~~employee~~ lunchroom or lounge that meets ~~employee~~ demand. Amenities, such as refrigerators or microwaves, must be located in the nonsmoking area. The space occupied by these amenities must not be calculated as part of the square footage or percentage of area allocated to the nonsmoking seating area.

B. The demand for a nonsmoking area must be determined as specified in part 4620.0400, subpart 4, or the ~~employer~~ responsible person may designate at least 70 percent of the lunchroom or lounge as a nonsmoking area.

C. The ~~employer~~ responsible person must also provide a method of separation, as described in part 4620.0100, subpart 2, item B, between the nonsmoking and smoking-permitted areas.

D. If there are two or more ~~employee~~ lunchrooms or lounges, one may be designated as smoking-permitted in its entirety as long as at least one other comparable ~~employee~~ lunchroom or lounge is designated as nonsmoking in its entirety.

E. If there is only one ~~employee~~ lunchroom or lounge and it measures less than 200 square feet, the ~~employer~~ responsible person may alternate nonsmoking and smoking-permitted break times. Nonsmoking employees must not be required to take breaks during the time the lunchroom or lounge is designated as smoking-permitted in its entirety.

**4620.0950 OFFICE BUILDINGS.**

Smoking is prohibited in all ~~offices~~ office spaces, except in the following locations:

A. in a private enclosed office if the door is kept closed while smoking occurs; ~~or~~

B. in a designated smoking-permitted area of ~~an employee~~ a lunchroom or lounge as specified in part 4620.0750; ~~or~~

C. where a designated smoking-permitted area of a lunchroom or lounge is not available with the office space controlled by the responsible person, then one smoking-permitted area per 20,000 square feet, or fraction thereof, may be designated by the responsible person. One of the separation methods specified in part 4620.0100, subpart 2, item B, must be provided between the nonsmoking and smoking-permitted areas.

**KEY: PROPOSED RULES SECTION** — Underlining indicates additions to existing rule language. ~~Strike outs~~ indicate deletions from existing rule language. If a proposed rule is totally new, it is designated "all new material." **ADOPTED RULES SECTION** — Underlining indicates additions to proposed rule language. ~~Strike outs~~ indicate deletions from proposed rule language.

## Adopted Rules

### 4620.0975 FACTORIES, WAREHOUSES, OR SIMILAR PLACES OF WORK.

Subpart 1. **Conditions.** To avoid the restriction specified in subpart 2, in a factory, warehouse, or similar place of work, employees must be:

Subp. 2. **Restriction.** If the conditions specified in subpart 1, items A and B, cannot be met, then smoking must be restricted in a factory, warehouse, or similar place of work to the following locations:

A. a private enclosed office if the door is kept closed while smoking occurs; or

B. the designated smoking-permitted area of ~~an employee a~~ lunchroom or lounge as specified in part 4620.0750; or

C. where a designated smoking-permitted area of a lunchroom or lounge is not available with the factory or warehouse space controlled by the responsible person, then one smoking-permitted area per 20,000 square feet, or fraction thereof, may be designated by the responsible person. One of the separation methods specified in part 4620.0100, subpart 2, item B, must be provided between the nonsmoking and smoking-permitted areas.

### 4620.1000 RESTAURANTS.

During its hours of operation, a restaurant shall be in compliance with parts 4620.0500 to 4620.1450 4620.1500 if 30 percent of the seats in the eating area are designated as "Smoking Prohibited."

When a facility contains both a restaurant and a bar and the restaurant and bar are in separate rooms, and both the restaurant and bar have food service available to patrons, then:

A. the responsible person must calculate the total seating for both the restaurant and bar;

B. the responsible person must determine 30 percent of the total seating in item A to be designated as nonsmoking seating; and

C. the responsible person may locate the required 30 percent nonsmoking seating entirely in the restaurant, entirely in the bar, or allocate part of the 30 percent in the bar and part of the 30 percent in the restaurant.

### 4620.1400 COMMON AREAS.

Subpart 1. **General.** Common areas are areas used by both nonsmokers and smokers such as entry or exit areas, lobby areas, ticket areas, registration areas, common traffic areas, common areas of rental apartment buildings, or similar sections of public places. These common areas must not be designated in their entirety as a smoking-permitted area if nonsmokers would be required to use the area to participate in activities for which the public space is intended. Parts 4620.0050 to ~~4620.1450~~ 4620.1500 shall not be construed to prevent designation of a smoking-permitted area in a portion of the establishment which nonsmokers must briefly cross to reach the intended activity.

Subp. 3. **Restrooms.** Smoking is prohibited in restrooms of office buildings, factories, warehouses, and similar places of work.

### 4620.1425 RETAIL STORES.

Smoking is prohibited in all customer areas of retail stores, except for designated smoking areas. To allow smoking in a smoking-permitted area, the same goods and services must be available in a nonsmoking area. Smoking-permitted areas must be designated according to part 4620.0400. This prohibition includes customer service and check-out areas. Smoking-permitted areas for employees may be designated according to parts 4620.0400 and 4620.0750. However, designated smoking-permitted areas for employees must be separate from all customer areas. When a restaurant is located within a retail store, that space licensed as a restaurant must comply with the provisions of part 4620.1000.

**RENUMBERING INSTRUCTION.** The term "~~4620.1500~~" in *Minnesota Rules*, parts 4620.1450 and 4717.7000, shall be changed to "~~4620.1450~~."

**EFFECTIVE DATE.** *Minnesota Rules*, parts 4620.0500, subpart 5; 4620.0750; 4620.0950; 4620.0975; and 4620.1025, are effective July 1, 1995.

**REPEALER.** *Minnesota Rules*, parts 4620.0100, subparts 3, 6, and 7; 4620.0200; 4620.0800; and 4620.0900; and ~~4620.1500~~, are repealed.



## **Board of Nursing**

### **Adopted Permanent Rules Relating to Registration Renewal Fees**

The rules proposed and published at "State Register," Volume 19, Number 5, pages 213-214, August 1, 1994 (19 SR 213), are adopted as proposed.

## **Department of Public Safety**

### **Adopted Permanent Rules Relating to Medical Examination Certificates of School Bus Drivers**

The rules proposed and published at "State Register," Volume 18, Number 48, pages 2476-2479, May 31, 1994 (18 SR 2476), are adopted with the following modifications:

#### **Rules as Adopted**

#### **7414.1600 USE OF FEDERAL MOTOR CARRIER MEDICAL EXAMINATION CERTIFICATE.**

Subpart 1. **Exemption.** An applicant for an initial school bus driver's endorsement or for renewal of a school bus driver's endorsement is exempt from parts 7414.1100, 7414.1200, 7414.1300, and 7414.1400, upon providing evidence of being medically examined and certified within the preceding 24 months as physically qualified to operate a commercial motor vehicle, pursuant to *Code of Federal Regulations*, title 49, part 391, subpart E, or ~~rules of the commissioner of transportation~~ Minnesota Statutes, section 221.0314, incorporating those federal regulations. As evidence of being medically examined and certified, the applicant is required to submit, to the Department of Public Safety, the original or photographic copy of the commercial motor carrier physical examination form or the medical examiner's certificate under those federal regulations.

## **Workers' Compensation Court of Appeals**

### **Adopted Permanent Rules Relating to Workers' Compensation Court of Appeals; Rules of Procedure**

The rules proposed and published at "State Register," Volume 18, Number 51, pages 2646-2650, June 20, 1994 (18 SR 2646), are adopted with the following modifications:

#### **Rules as Adopted**

#### **9800.0310 SERVICE.**

Copies of all notices, documents, and papers that any party is required to file must be served by that party on all other parties to the appeal or review. Service on a party represented by an attorney must be made on that party's attorney of record. If required by ~~statute~~ Minnesota Statutes, chapter 176, service must be made on the party as well as the attorney.

#### **9800.1900 ATTORNEY FEES.**

~~The court may, in its discretion, make an award of reasonable attorney's fees on appeal, as provided in Minnesota Statutes, section 176.511, subdivision 3. The court shall establish guidelines for the award of attorney's fees under this part and shall periodically review these guidelines and place a notice of any changes in the State Register.~~

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# Emergency Rules

## Emergency Rules

### Proposed Emergency Rules

According to Minn. Stat. of 1984, §§14.29-14.30, state agencies may propose adoption of emergency rules if: 1) expressly required; 2) authorized by statute; or 3) if the manner permitted by a directive (given by statute, federal law or court order) does not allow for compliance with sections 14.14-14.28. The agency must, however, publish a notice of intent to adopt emergency rules, along with the rules themselves, in the *State Register*. The notice must advise the public:

- 1) that a free copy of the proposed emergency rule is available upon request from the agency;
- 2) that notice of the date that the rule is submitted to the attorney general will be mailed to persons requesting notification;
- 3) that the public has at least 25 days after publication of the proposed emergency rule to submit data and views in writing; and
- 4) that the emergency rule may be modified if the data and views submitted support such modification.

### Adopted Emergency Rules

Emergency rules take effect five working days after approval by the attorney general, and after compliance with Minn. Stat. §§14.29-14.365. As soon as possible, emergency rules are published in the *State Register* in the manner provided for in section 14.18.

Emergency rules are effective for the period stated in the notice of intent to adopt emergency rules. This may not exceed 180 days.

### Continued/Extended Emergency Rules

Adopted emergency rules may be continued in effect (extended) for an additional 180 days. To do this, the agency must give notice by: 1) publishing notice in the *State Register*; and 2) mailing the same notice to all persons who requested notification on rulemaking. No emergency rule may remain in effect 361 days after its original effective date. At that point, permanent rules adopted according to Minn. Stat. §§14.14-14.28 supercede emergency rules.

## Department of Natural Resources

### Adopted Expedited Emergency Game and Fish Rules; Fergus Falls/Alexandria Goose Zone

**NOTICE IS HEREBY GIVEN** that the above entitled rules have been adopted through the process prescribed by *Minnesota Statutes*, section 14.29, subdivision 4(b). The statutory authority for the contents of these rules is *Minnesota Statutes*, sections 97B.803.

Dated: 1 November 1994

Rodney W. Sando  
Commissioner of Natural Resources

### Rules as Adopted (all new material)

#### 6240.1950 BOUNDARIES OF FERGUS FALLS/ALEXANDRIA CANADA GOOSE ZONE.

The Fergus Falls/Alexandria Canada Goose Zone is the area lying within the following boundary:

Beginning at the intersection of State Trunk Highway (STH) 55 and STH 28; thence east on STH 28 to County State Aid Highway (CSAH) 33, Pope County; thence north along CSAH 33 to CSAH 3, Douglas County; thence north along CSAH 3 to CSAH 69, Otter Tail County; thence north along CSAH 69 to CSAH 46, Otter Tail County; thence east along CSAH 46 to the eastern boundary of Otter Tail County; thence north along the east boundary of Otter Tail County to CSAH 40, Otter Tail County; thence west along CSAH 40 to CSAH 75, Otter Tail County; thence north along CSAH 75 to STH 210; thence west along STH 210 to STH 108; thence north along STH 108 to CSAH 1, Otter Tail County; thence west along CSAH 1 to CSAH 14, Otter Tail County; thence north along CSAH 14 to CSAH 44, Otter Tail County; thence west and north along CSAH 44 to CSAH 35, Otter Tail County; thence north along CSAH 35 to STH 108; thence west along STH 108 to CSAH 19, Wilkin County; thence south along CSAH 19 to STH 55; thence east and south along STH 55 to the point of beginning.

**EFFECTIVE DATE.** *Minnesota Rules*, part 6240.1950, is effective through December 31, 1994.

Pursuant to the provisions of Minnesota Statutes §14.10, an agency, in preparing proposed rules, may seek information or opinion from sources outside the agency. Notices of intent to solicit outside opinion must be published in the *State Register* and all interested persons afforded the opportunity to submit data or views on the subject, either orally or in writing.

The *State Register* also publishes other official notices of state agencies, notices of meetings, and matters of public interest.

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### Administration Department

#### Print Communications Division

#### **"State Register" Index Available for Volume 18**

An index to rules, and official notices soliciting outside information relating to rules, for volume 18, July 1993-June 1994, is now available. The index also includes, Executive Orders of the Governor, Commissioner's Orders and Revenue Notices.

Subscribers who wish to receive a copy of the index need to contact Minnesota's Bookstore, ask for a copy, and leave your name and address. There will be no charge to subscribers. Call (612) 297-3000, or toll-free: 1-800-657-3757, or FAX to (612) 297-8260, or write to Minnesota's Bookstore, 117 University Ave., St. Paul, MN 55155.

Copies of the index will be mailed to "State Register" subscribers who are designated as "State Depository Libraries," or who are designated in *Minnesota Statutes*, Sec. 14.46 subd. 4 as a recipient of a subscription at no charge.

Those wishing to purchase a copy will be charged the same rate applied to an issue of the "State Register," \$3.50, with a shipping charge of \$3.00 if processed for mailing.

### Department of Agriculture

#### Agronomy Services Division

#### **Notice of Determination of Future ACRRA (Agricultural Chemical Response Reimbursement Account) Surcharges**

Annually, and pursuant to *Minnesota Statutes* 18E.03., Subd. 3. (1993 Supplement), the Commissioner of Agriculture determines the amount of ACRRA surcharges to be paid by various persons to adequately fund the ACRRA Response & Reimbursement Program.

- a) For pesticides registered under *Minnesota Statutes* 18B.26: a surcharge equal to 0.2 percent of sales of pesticide in the state and sales of pesticides for use in the state during the period January 1, 1995 through December 31, 1995.
- b) For fertilizers, soil amendments, and plant amendments inspection fees, under *Minnesota Statutes* 18C.425: twenty (20) cents per ton.
- c) For sites licensed under *Minnesota Statutes* 18B.31 - Pesticide Dealers; and for sites licensed under *Minnesota Statutes* 18C.415 and 18C.425 - Agricultural Fertilizer Dealers and Fertilizer Lawn Services: \$150 per license.
- d) For Structural Pest Control Applicator business license, under *Minnesota Statutes* 18B.32: \$100 per license.
- e) For Commercial Pesticide Applicator license, under *Minnesota Statutes* 18B.33: \$40 per license.
- f) For Non-Commercial Pesticide Applicator license, under *Minnesota Statutes* 18B.34: \$40 per license.
- g) For each site where pesticides are stored and sold for use outside the state: \$2000; unless,
  - (1) the distributor properly documents that it has less than \$2,000,000 per year in wholesale value of pesticides stored and transferred through the site; or
  - (2) the registrant pays the surcharge under paragraph (b) and the registration fee under section 18B.26, subdivision 3, for all of the pesticides stored at the site and sold for use outside of the state.

The MDA has made the determination that maintaining the amounts of surcharges for 1995 at the levels previously set and collected for 1994 is reasonable and necessary for the following reasons:

1. The ACRRA, by statute, must maintain an unencumbered balance of \$1,000,000.
2. The ACRRA balance, after the addition of 1994 surcharges collected from November, 1994, to March, 1995 is projected to be more than \$1,000,000 and less than \$5,000,000.

## Official Notices

3. Reimbursements or payments expected to be ordered by the ACRRA Board during the next year are estimated to be \$500,000 to \$1,800,000.
4. The majority of ACRRA surcharges for 1995, as detailed above, will not be collected until the period November 1994, to March 1995.
5. The Commissioner of the MDA, and the ACRRA Board, have been informed by persons required by statute to pay ACRRA surcharges that notification of determination of surcharge amounts is best managed, most acceptable and least objectionable to those affected if such determination and disclosure is made as soon as possible and no later than the end of any respective calendar year.

Persons needing additional information may contact the Minnesota Department of Agriculture at (612) 297-4872.

## Department of Agriculture

### Minnesota Rural Finance Authority

#### Notice of Public Hearing on the Issuance of an Agricultural Development Revenue Bond under *Minnesota Statutes, Chapter 41C*

NOTICE IS HEREBY GIVEN that a public hearing will be held on **November 30, 1994, at 9 A.M. in Room 145** Department of Agriculture Building, 90 West Plato Boulevard, Saint Paul Minnesota, on a proposal that the Minnesota Rural Finance Authority (the Authority) issue its revenue bond under *Minnesota Statutes, Chapter 41C*, in order to finance the purchase of **approximately 76 acres of bare farmland** located in **Section 31, T102N, R37W, Jackson County, Minnesota** on behalf of **Mark Murphy**, a single person (the Borrower). The maximum aggregate face amount of the proposed bond issue is **\$55,000.00**. The revenue bond will be a limited obligation of the Authority, payable solely from the revenue pledged to the payment thereof. No holder of such revenue bond will ever have the right to compel any exercise of the taxing power of the State of Minnesota to pay the bond or the interest thereon, nor to enforce payment against any property of the Authority or the State of Minnesota, except the revenues specifically pledged to the payment thereof. Before issuing the revenue bond, the Authority will enter into an agreement with the Borrower whereby the Borrower will be obligated to make payments at least sufficient at all times to pay the principal of and interest on such revenue bond when due. All persons interested may appear and be heard at the time and place set forth above, or may file written comments with the Executive Director of the Authority prior to the date of the hearing set forth above.

Dated: 2 November 1994

Wayne Marsolf  
RFA Executive Director (acting)

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## Department of Agriculture

### Minnesota Rural Finance Authority

#### Notice of Public Hearing on the Issuance of an Agricultural Development Revenue Bond under *Minnesota Statutes, Chapter 41C*

NOTICE IS HEREBY GIVEN that a public hearing will be held on **November 30, 1994, at 9 A.M. in Room 145** Department of Agriculture Building, 90 West Plato Boulevard, Saint Paul Minnesota, on a proposal that the Minnesota Rural Finance Authority (the Authority) issue its revenue bond under *Minnesota Statutes, Chapter 41C*, in order to finance the purchase of **approximately 320 acres of farmland w/grain storage** located in **Section 7, Tamarac Township, Marshall County, Minnesota** on behalf of **Gayle & Carole Stoltman**, a married couple (the Borrowers). The maximum aggregate face amount of the proposed bond issue is **\$250,000.00**. The revenue bond will be a limited obligation of the Authority, payable solely from the revenue pledged to the payment thereof. No holder of such revenue bond will ever have the right to compel any exercise of the taxing power of the State of Minnesota to pay the bond or the interest thereon, nor to enforce payment against any property of the Authority or the State of Minnesota, except the revenues specifically pledged to the payment thereof. Before issuing the revenue bond, the Authority will enter into an agreement with the Borrower whereby the Borrower will be obligated to make payments at least sufficient at all times to pay the principal of and interest on such revenue bond when due. All persons interested may appear and be heard at the time and place set forth above, or may file written comments with the Executive Director of the Authority prior to the date of the hearing set forth above.

Dated: 2 November 1994

Wayne Marsolf  
RFA Executive Director (acting)

## Department of Agriculture

### Minnesota Rural Finance Authority

#### Notice of Public Hearing on the Issuance of an Agricultural Development Revenue Bond(s) under *Minnesota Statutes, Chapter 41C*

NOTICE IS HEREBY GIVEN that a public hearing will be held on **November 30, 1994, at 9 A.M. in Room 145** Department of Agriculture Building, 90 West Plato Boulevard, Saint Paul Minnesota, on a proposal that the Minnesota Rural Finance Authority (the Authority) issue one or more revenue bonds under *Minnesota Statutes, Chapter 41C*, in order to finance the purchase of **approximately 460 acres of farmland** located in **Section 12, Chester Township, Polk County, Minnesota** on behalf of **Kevin & Kim Vettleson**, a married couple (the Borrowers). The maximum aggregate face amount of the proposed bond(s) issue is **\$250,000.00**. The revenue bond(s) will be a limited obligation of the Authority, payable solely from the revenue pledged to the payment thereof. No holder of such revenue bond(s) will ever have the right to compel any exercise of the taxing power of the State of Minnesota to pay the bond(s) or the interest thereon, nor to enforce payment against any property of the Authority or the State of Minnesota, except the revenues specifically pledged to the payment thereof. Before issuing the revenue bond(s), the Authority will enter into an agreement with the Borrower whereby the Borrower will be obligated to make payments at least sufficient at all times to pay the principal of and interest on such revenue bond(s) when due. All persons interested may appear and be heard at the time and place set forth above, or may file written comments with the Executive Director of the Authority prior to the date of the hearing set forth above.

Dated: 2 November 1994

Wayne Marsolf  
RFA Executive Director (acting)

## Official Notices

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### Minnesota Comprehensive Health Association

#### Notice of Meeting of the Finance Committee

**NOTICE IS HEREBY GIVEN** that a meeting of the Minnesota Comprehensive Health Association (MCHA), Finance Committee will be held at 1:00 p.m. on Thursday, November 17, 1994 at Park Place East, 5775 Wayzata Boulevard, St. Louis Park. The meeting will be in suite #746 - the building conference room on the seventh floor.

For additional information please call Lynn Gruber at (612) 593-9609.

### Department of Human Services

#### Reimbursement Division

#### Changes in Methods and Standards for Determining Payment Rates for Inpatient Hospital Services Provided in Regional Treatment Center Programs for Persons with Mental Illness

For any federal fiscal year in which the State's disproportionate share hospital (DSH) allotment under § 1923 (f) of the Social Security Act is not otherwise expended, State-operated inpatient hospital DSH payments are increased as follows:

- (A) Except as provided in item (B), the amount of the unexpended DSH allotment is prorated equally among the State-operated inpatient hospitals.
- (B) If the DSH payment in item (A) would cause a facility to exceed its facility-specific DSH limit under § 1923 (g) of the Act, the amount exceeding the limit is prorated equally among the remaining facilities. This payment formula is applied until either:
  - (1) all of the formerly unexpended DSH allotment is expended; or
  - (2) all of the State-operated facilities have DSH payments that equal their facility-specific DSH limits, whichever occurs first.

The Department estimates that there will be no change to annual aggregate Medical Assistance expenditures. This change is made effective October 1, 1994. Comments or questions may be addressed to:

Al Rasmussen  
Minnesota Department of Human Services  
444 Lafayette Road  
St. Paul, Minnesota 55155-3824  
(612) 297-4184

### Department of Labor and Industry

#### Labor Standards Division

#### Notice of Prevailing Wage Certifications for Commercial Construction Projects

Effective November 14, 1994 prevailing wage rates were determined and certified for commercial construction projects in the following counties:

**Dakota:** ISD #196 Elementary School #18-Eagan; Building Demolition-Rosemount.

**Hennepin:** U of M Hospital Children's Center, U of M Police Building Demolition-Minneapolis.

**Kandiyohi:** Willmar Rice Memorial Hospital-Willmar.

**McLeod:** Glencoe Municipal Airport Runway & Terminal Area Reconstruction.

**St. Louis:** The Biwabik Lodge.

**Scott:** Minn. Correctional Facility Greenhouse Mechanical & Electrical Systems-Shakopee.

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## State Grants

Copies of the certified wage rate for these projects may be obtained by writing the Minnesota Department of Labor and Industry, Prevailing Wage Section, 443 Lafayette Road, St. Paul, Minnesota 55155-4306. The charge for the cost of copying and mailing are \$1.36 per project. Make check or money order payable to the State of Minnesota.

John B. Lennes, Jr.  
Commissioner

## Minnesota State Retirement System

### Board of Directors, Regular Meeting

The regular meeting of the Board of Directors, Minnesota State Retirement System, will be held on Friday, November 18, 1994, at 9:00 a.m. in the office of the System, 175 W. Lafayette Frontage Road, St. Paul, Minnesota.

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## State Grants

In addition to requests by state agencies for technical/professional services (published in the State Contracts section), the *State Register* also publishes notices about grant funds available through any agency or branch of state government. Although some grant programs specifically require printing in a statewide publication such as the *State Register*, there is no requirement for publication in the *State Register* itself.

Agencies are encouraged to publish grant notices, and to provide financial estimates as well as sufficient time for interested parties to respond.

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## Department of Veterans Affairs

### Notice of Grant Funds Available and Application Requests Accepted for Placement on the Funding List for the Minnesota County Veterans Service Officer Operational Improvement Grant Program

**NOTICE IS HEREBY GIVEN** that the Minnesota Department of Veterans Affairs is accepting application requests for placement on the funding list for the Minnesota County Veterans Service Officer Operational Improvement Grant Program. This program was created to improve the efficiency of the County Veterans Service Officer system.

Applications will be reviewed and processed and grants will be awarded as required in *Minnesota Statutes* 197.608 and *Minnesota Rules* parts 9055.0500 to 9055.0610.

Applications will be accepted at the address noted below until 4:30 p.m. December 19, 1994.

Only original applications, as provided to applicants by the Minnesota Department of Veterans Affairs, will be accepted. Applications received on alternate formats will not be accepted.

Applications will be accepted only by Certified United States Mail, at the address noted below.

To request an application or further information, contact:

Terrence A. Logan or Dennis Forsberg at:  
Minnesota Department of Veterans Affairs  
20 West 12th Street  
St. Paul, Minnesota 55155-2079  
(612) 296-2562

Applications must be submitted by certified United States Mail to:

County Veterans Service Officer Operational Improvement Grant Program  
Minnesota Department of Veterans Affairs  
20 West 12th Street  
St. Paul, Minnesota 55155-2079

# Professional, Technical & Consulting Contracts

Department of Administration procedures require that notice of any consultant services contract or professional and technical services contract which has an estimated cost of over \$10,000 be printed in the *State Register*. These procedures also require that the following information be included in the notice: name of contact person, agency name and address, description of project and tasks, cost estimate, and final submission date of completed contract proposal. Certain quasi-state agencies are exempted from some of the provisions of this statute.

In accordance with *Minnesota Rules* Part 1230.1910, certified Targeted Group Businesses and individuals submitting proposals as prime contractors shall receive the equivalent of a 6% preference in the evaluation of their proposal. For information regarding certification, call the Materials Management Helpline (612)296-2600 or [TDD (612)297-5353 and ask for 296-2600].

## Department of Administration

### Print Communication Division

#### "Contract Awards Reports" Available

Individual copies of "Contract Awards Reports" are available, as well as six-month trial subscriptions, as part of an improved service to subscribers tracking commodity and service contracts and bids, as well as professional, technical and consulting contracts.

This information is especially useful in the competitive bidding process used by the state's purchasing office, the Materials Management Division.

- "*Commodity Contract Awards Reports*," — lists awards of commodity and service contracts and bids published in the Tuesday-Wednesday-Friday "*Contracts Supplement*" — published every two weeks, \$5.00 per individual report, plus \$3.00 shipping if applicable. Order stock #99-42. Six-month subscriptions cost \$75.00 — a savings of about \$38.00 over the cost of purchasing them individually. Appears every two weeks. Order stock #90-14. Available in hard copy format only.

- "*Professional-Technical-Consulting Award Reports*," — published each month listing the previous month's awards of contracts and RFPs that appeared in the Monday edition of the "*State Register*." Individual copies are \$7.00 per report, plus \$3.00 shipping if applicable. Order stock #99-43. Six-month subscriptions cost \$50.00, a savings of about \$15.00 over the cost of purchasing them individually. Appear monthly. Order stock #90-15. Available in hard copy format only.

To order the appropriate "Award Reports" for your business or organization, contact Minnesota's Bookstore at (612) 297-3000, or toll-free nationwide: 1-800-657-3757. Credit card orders can be taken over the phone, mailed in, or FAXED to (612) 297-8260.

## Department of Corrections

### Health Services Unit

#### Request for Proposals for Physical Therapy Services at Lino Lakes and Faribault

**NOTICE IS HEREBY GIVEN** to request proposals to provide physical therapy services at the Minnesota Correctional Facilities at Lino Lakes and Faribault.

Treatments are to be provided on-site for a total of twelve hours per week split between the two facilities. The amount and types of treatment will be limited by the equipment and space available at the sites. The consultant will visit each facility at least once per week. The actual hours of work are to be mutually agreed upon between the institution and the consultant. The proposal should cover the period from December 1, 1994, through June 30, 1995.

For additional information, contact: Dana P. Baumgartner, Health Care Administrator, Minnesota Department of Corrections, 300 Bigelow Building, 450 North Syndicate Street, Saint Paul, Minnesota 55104, 612/642-0248. Proposals for the contract should be submitted by the end of the business day November 23, 1994.



## **Department of Economic Security**

### **Notice of Resubmittal of the Request for Proposals for Swab Team Services**

**NOTICE IS HEREBY GIVEN** that the Department of Economic Security, Community Based Services Division is **resubmitting their REQUEST FOR PROPOSAL** from eligible organizations to provide demonstration and training grants to perform Swab Team Services (lead hazard reduction) and provide on-the-job training for workers on the Swab Teams (*Minnesota Statutes*, Sec. 144.871, Subd. 9). An eligible organization may be a licensed contractor, certified trainer, city, board of health, community health agency or a neighborhood based nonprofit organization in cities of the first class. Swab Teams implement in-place management of lead exposure sources including removing lead dust from interiors of residential property; conduct activities that protect children who engage in mouthing or pica behavior from lead sources; removing loose lead paint and lead paint chips; preventing intact lead paint from chipping; and covering or replacing bare soil contaminated with lead concentrations. Swab Team activities must be delivered in census tract areas known to be at high risk for toxic lead exposure. Eligible organizations must demonstrate an ability to recruit employees from areas at high risk for toxic lead exposure, and demonstrate experience in working with low-income clients.

There is \$195,000 funding available for Swab Team Activities. It is expected that a minimum of 2 proposals will be funded within the available funds. Proposals must be received in our office by 4:00 pm on Friday, December 5, 1994. **Proposals received later than the specified time and date given will be returned to the submitting organization.**

A copy of the Request For Proposal Package may be obtained by writing or calling:

Minnesota Department of Economic Security  
Community Based Services  
390 North Robert Street  
St. Paul, MN 55101  
RE: Swab Team Proposals  
(612) 296-4658

## **Department of Education**

### **Office of Special Education**

### **Request for Proposals for Model Curriculum for School Board Members**

This request for proposal does not obligate the state to complete the proposed project, and the state reserves the right to cancel the solicitation if it is considered to be in its best interest. According to Article 3, Section 29 of the 1994 Rules. The commissioner of education, in consultation with the Minnesota School Boards Association and the Task Force on Education of Children with Disabilities, shall develop a model training curriculum for school board members covering state and federal special education statutes, rules, and regulations, and also modifications and accommodations for students with disabilities.

#### **A. Scope of project**

The purpose of this project is to provide a model curriculum and training for school board members in state and federal special education statutes, rules, and regulations, and in modifications and accommodations for students with disabilities consistent with the Individuals with Disabilities Education Act, *United States Code*, title 20, sections 1411 to 1420 (Part B), section 504 of the Rehabilitation Act of 1973, *United States Code*, title 29, section 794, and the Americans with Disabilities Act, Public Law Number 101-336. The model training curriculum shall be available to school board members by January 1, 1995. The companion video tape shall be prepared on betacam SP. The training curriculum shall include overheads and explanations of necessary key pieces of special education laws, rules, and regulations.

#### **B. Goals:**

To create a curriculum that persuades policy makers to become more knowledgeable and supportive of the letter and spirit of special education legislation so that every learner can be assured of success.

#### **C. Tasks:**

1. Conduct interviews to determine what school board members and policy makers need to know regarding special education laws, rules and accommodations for students with disabilities.
2. Submit project outline of training video and curriculum.

## Professional, Technical & Consulting Contracts

3. Write script for training video and outline of recommended additional training material(s).
4. Submit projected costs for producing training aids and associated activities which include: 5-7 days of out-state travel and shooting, off-line and on-line edits, music selection and licensing, on-camera (union) narrator, graphics, special effects.
5. Prepare a curriculum containing key components of state and federal special education statutes, rules, and regulations, and covering modifications and accommodations for students with disabilities consistent with the Individuals with Disabilities Education Act, *United States Code*, title 20, sections 1411 to 1420 (Part B), section 504 of the Rehabilitation Act of 1973, *United States Code*, title 29, section 794, and the Americans with Disabilities Act, Public Law Number 101-336.

Responder may propose additional tasks or activities if they will substantially improve the results of the project.

### D. Department Contacts:

Name: Mary McDevitt  
Title: Education Specialist 2  
Address: Special Education Section  
550 Cedar Street, Room 818  
St. Paul, MN 55101  
Phone: 282-3736

Please note that other department personnel are not allowed to discuss the project with responders before the proposed deadline.

### E. Submission of proposals

All proposals must be sent to and received by:

Name: Mary McDevitt  
Title: Education Specialist 2, Special Education Section  
Address: 550 Cedar Street, Room 818  
St. Paul, MN 55101  
Phone: 282-3736

**Not later than 4:00 PM December 5, 1994.**

Late proposals will not be accepted. Submit 2 copies of proposal. Proposals are to be sealed in mailing envelopes or packages with the responder's name and address clearly written on the outside. Each copy of the proposal must be signed, in ink, by an authorized member of the firm. Prices and terms of the proposal as stated must be valid for the length of the project.

### F. Project Costs:

The department has estimated that the cost of this project should not exceed \$35,000.

### G. Project Completion Date:

The project will be completed by January 1, 1995 or within 2 months from the date of project authorization.

### H. Proposal Contents

The following will be considered minimum contents of the proposal:

1. A restatement of the objectives, goals, and tasks to show or demonstrate the responder's view of the nature of the project.
2. Identification and description of the deliverables to be provided by the responder.
3. An outline of the responder's background and experience with particular emphasis on local, state, and federal government work. Identification of personnel to conduct the project, with details on training and work experience. No change in personnel assigned to the project will be permitted without the approval of the state project director/manager.
4. A detailed cost and work plan that will identify the major tasks to be accomplished and be used as a scheduling and managing tool, as well as the basis for invoicing.
5. Identification of the level of the department's participation in the project as well as any other services to be provided by the department.
6. Specify the criteria to be used in evaluating the proposals.

### I. Evaluation Criteria

All proposals received by the deadline will be evaluated by representatives of the Department of Education. In some instances, an interview may be part of the evaluation process. Factors on which proposals will be judged include, but are not limited to, the following:

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## Professional, Technical & Consulting Contracts

- |  |     |
|--|-----|
| 1. Expressed understanding of project objectives.  | 40% |
| 2. Work plan.  | 20% |
| 3. Cost detail.  | 20% |
| 4. Qualifications of both company and personnel. Experience of personnel who are committed to work on the contract will be given greater weight than that of the firm. | 20% |

It is expected that evaluation and selection will be completed by January 1, 1995.

### J. Worker's Compensation

The successful responder will be required to submit acceptable evidence of compliance with worker's compensation insurance coverage requirements prior to execution of the contract.

### K. Other

In accordance with *Minnesota Rules* Part 1230.1910, certified Targeted Group Businesses and individuals shall receive the equivalent of a 6% preference in the evaluation of their proposal as outlined above. For information regarding certification, call the Materials Management Helpline (612) 296-2600 or (TDD through Minnesota Relay Service (612) 297-5353).

## Minnesota Department of Human Services

### Family and Children's Services Division

#### Request for Proposals to Write Curriculum and Train Trainers for the Minnesota Early Childhood Cultural Dynamics Advisory Committee

The Minnesota Department of Human Services is soliciting proposals from individuals to write an early childhood cultural dynamics curriculum for child care providers; develop content and format for training trainers in appropriate adult learning methodologies; develop content and format for training trainers to deliver the early childhood cultural dynamics curriculum; and train trainers in adult learning methodologies and the cultural dynamics curriculum.

The curriculum and training of trainers must be developed and delivered by the end of June, 1995.

The total amount of funding shall not exceed \$35,000.

This Request for Proposals does not obligate the State to complete the project, and the State reserves the right to cancel the solicitation if it is considered in its best interest. All proposals must be submitted no later than 4:00 p.m., Wednesday, November 30th, 1994.

For a copy of a more detailed explanation of this Request for Proposals, please contact:

Zoe Nicholie  
Department of Human Services  
Family and Children's Services Division  
444 Lafayette Road  
St. Paul, Minnesota 55155-3832  
(612) 296-6086

## Minnesota Veterans Home - Luverne

### Notice of Request for Medical Consultants to Provide Dental, Medical Director, Occupational Therapy, Pharmacist and Physical Therapy Services

The Minnesota Veterans' Home in Luverne is now soliciting bids for the following consultant contracts:

- |  |  |
|--|--|
| • Dental Services - 4 hours per month              | • Pharmacist Services - 8 hours per month      |
| • Medical Director - 8 hours per month             | • Physical Therapy Services - 8 hours per week |
| • Occupational Therapy Services - 4 hours per week |  |

These contracts will be let for 48 months beginning January 1, 1995. For details and Request for Proposals, call Jim Dull at 507-283-9184, or write to Minnesota Veterans Home, P.O. Box 539, Luverne, Minnesota 56156. All bids must be received not later than 4:30 P.M. on December 5th, 1994.

# Non-State Public Bids, Contracts & Grants

The *State Register* also serves as a central marketplace for contracts let out on bid by the public sector. The *Register* meets state and federal guidelines for statewide circulation of public notices. Any tax-supported institution or government jurisdiction may advertise contracts and requests for proposals from the private sector.

It is recommended that contracts and RFPs include the following: 1) name of contact person; 2) institution name, address, and telephone number; 3) brief description of project and tasks; 4) cost estimate; and 5) final submission date of completed contract proposal. Allow at least three weeks from publication date (four weeks from date article is submitted for publication). Surveys show that subscribers are interested in hearing about contracts for estimates as low as \$1,000. Contact the editor for further details.

## City of St. Paul

### Department of Planning and Economic Development

#### Request for Proposals for Two Environmental Study Projects

The City of Saint Paul Department of Planning and Economic Development is currently seeking proposals for two projects involving the Phalen area of Saint Paul. Both are due by 2:00 p.m., November 30, 1994 and detailed specifications can be obtained by calling the Joint Purchasing Office, 266-8900, or picking them up in Room 280, City Hall/Court House, 15 W. Kellogg Blvd., Saint Paul, MN 55102.

Written questions are to be submitted by November 11 with a pre-proposal meeting for both projects to be held on November 15, 1994 at 1:30 p.m. in Room 1500, City Hall Annex, 25 W. 4th Street, Saint Paul, MN.

**Questions:** Susan Feuerherm, Joint Purchasing, 266-8908.

**Request for Proposal: 16515-3:** Complete a Phase I Soils Assessment, identify and set priorities among sites for a Phase II Soils Assessment, and at the City's option, complete Phase II Assessment on specified sites for the Phalen Corridor Redevelopment Study area; complete necessary soils-related study for an Environmental Impact Statement on Phalen Blvd. and Environs.

**Request for Proposal: 16515-3:** Complete a scoping document for an Environmental Impact Study (EIS) on Phalen Blvd. and Environs (from Interstate 35E to Johnson Parkway) and, at the City's option, complete the EIS for the preferred alternative.

## Gambling in Minnesota

### *Lawful Gambling Statutes 1992*

Chapter 349. 65 pp. 2-5 SR \$ 6.95

### *Lawful Gambling Rules 1993*

Chapter 7861 thru 7865. 80pp. 3-3 SR \$ 6.95

### *Gambling Manager's Handbook 1992*

Requirements of gambling activities 10-19SR \$16.95

### *High Stakes: Gambling in Minnesota 1992*

Overview to gambling in Minnesota 10-46SR \$ 8.95

### *Gambling in Minnesota 1993*

Supplement to High Stakes Gambling 10-26s1SR \$ 5.95

### *Gaming News Subscription*

Yearly subscription. 90-8SR \$40.00

### *Gambling Organizations Directory*

Lists name and address of licensed gambling organizations in Minnesota 99-2SR \$29.95

### *Regulatory Accounting Manual*

Procedures guide includes tax forms 10-40SR \$14.95

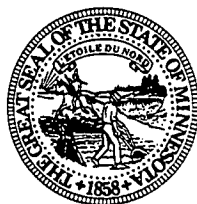
*Accounting Manual Worksheets* 8-11SR \$ 7.95

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## NEW Human Services Rules Now Available

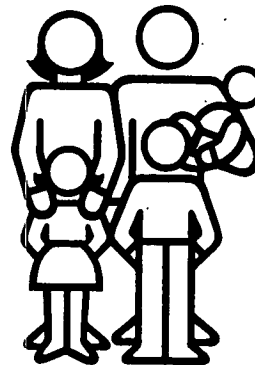
### Human Services Rules

Minnesota Rules Chapters 9500-9585, including May '94 amendments. Extracts from Rules governing assistance pro- programs, eligibility, grant amounts, AFDC and residence requirements. Looseleaf, 1,836pp. Stock No. 3-95 \$39.95

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## Are you up-to-date with these recently revised Laws, Rules, and Manuals ?

### Human Services Laws

Selected Chapters from the 1993 Minnesota Statutes related to human services delivery. Among the many topics covered are: government data practices, human service licensing, MN Commitment Act of 1982, medical assistance, MN Family Preservation Act, and chemical dependency. Looseleaf, 1,551pp. Requires 2 binders. Stock No. 2-56 \$34.95.

### Health Care Program Manual

*(...formerly known as the MA/GAMC Medical Care Provider Manual)* This *MinnesotaCare Programs Provider Manual* provides up-to-date information for providers and agency personnel regarding services to Medicaid patients. Covers GAMC and MinnesotaCare services, provider enrollment, claims processing and program compliance. 336pp. (DHS, 1994) Stock No. 10-12 \$20.00

### Home Health Care/Hospice Rules 1993

MN Statutes Chapter 144A and MN Rules Chapters 4668 and 4669. 61pp. Stock No. 3-82 \$6.95

### Nursing & Boarding Care Home Rules

Chapters 4620.1200, 4638, 4655, and 4660. Licensing requirements for facilities where nursing, personal or custodial care is provided. 215pp. (1993) Stock No. 3-12 \$14.00

### Nursing Board Laws

MN Statutes Chapter 148 governs practice of professional nursing in Minnesota. 20pp. (1993) Stock No. 2-91 \$5.00

### Nursing Board Rules

Rules governing preparation programs and licensing and registration of nurses. MN Chapters 6301, 6305, 6310, 6316, 6321, 6330 and 6340. Includes '94 rule changes as an insert. 70pp. (1993) Stock No. 3-94 \$7.00

### Social Work Practice Act

Laws and rules relating to social work licenses. MN Statutes Chapter 148B and MN Rules Chapter 8740. 70pp. (1993) Stock No. 3-39 \$7.95

### Supervised Living Facilities Laws & Rules

Statutes Chapters 144.56 and 144.651-.653 and Rules Chapter 4665. Standards for construction, equipment, maintenance, and operation of supervised living facilities. 42pp. (1992) Stock No. 3-15 \$4.50

### Pharmacy Laws

MN Statutes Chapter 151-152, 214, 319A and sections of other chapters. 122pp. (1993) Stock No. 2-78 \$8.00

### Pharmacy Rules

MN Rules Chapter 6800. 100pp. (1993) Stock No. 3-67 \$8.95

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