

## CHAPTER 349

## LAWFUL GAMBLING AND GAMBLING DEVICES

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## 349.12 DEFINITIONS.

*[For text of subds 1 to 3a, see M.S.2002]*

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

Subd. 4. **Bingo.** "Bingo" means a game where each player has a bingo hard card or bingo paper sheet, for which a consideration has been paid, and played in accordance with this chapter and with rules of the board for the conduct of bingo. "Bingo" also includes a linked bingo game.

*[For text of subds 5 and 6, see M.S.2002]*

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

*[For text of subds 7 to 11, see M.S.2002]*

Subd. 11a. **Distributor salesperson.** "Distributor salesperson" means a person who in any manner receives orders for gambling equipment or who solicits a licensed, exempt, or excluded organization to purchase gambling equipment from a licensed distributor.

*[For text of subds 13 to 17, see M.S.2002]*

Subd. 18. **Gambling equipment.** "Gambling equipment" means: bingo hard cards or paper sheets, linked bingo paper sheets, devices for selecting bingo numbers, pull-tabs, jar tickets, paddlewheels, paddlewheel tables, paddletickets, paddleticket cards, tipboards, tipboard tickets, and pull-tab dispensing devices.

Subd. 19. **Gambling manager.** "Gambling manager" means a person who has been designated by the organization to supervise the lawful gambling conducted by it and who:

- (1) has been an active member of the organization for at least two years at the time of the organization's initial application for a license;
- (2) has been an active member of the organization for at least the most recent six months prior to the effective date of the organization's renewal license; or
- (3) meets other qualifications as prescribed by the board by rule.

*[For text of subds 20 to 24, see M.S.2002]*

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

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

(2) a contribution to an individual or family suffering from poverty, homelessness, or physical or mental disability, which is used to relieve the effects of that poverty, homelessness, or disability;

(3) a contribution to an individual for treatment for delayed posttraumatic stress syndrome or a contribution to a program recognized by the Minnesota Department of Human Services for the education, prevention, or treatment of compulsive gambling;

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

(5) a contribution to a scholarship fund for defraying the cost of education to individuals where the funds are awarded through an open and fair selection process;

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

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

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

(iii) members of military marching, color guard, or honor guard units may be reimbursed for participating in color guard, honor guard, or marching unit events within the state or states contiguous to Minnesota at a per participant rate of up to \$35 per diem;

(7) recreational, community, and athletic facilities and activities intended primarily for persons under age 21, provided that such facilities and activities do not discriminate on the basis of gender and the organization complies with section 349.154;

(8) payment of local taxes authorized under this chapter, taxes imposed by the United States on receipts from lawful gambling, the taxes imposed by section 297E.02, subdivisions 1, 4, 5, and 6, and the tax imposed on unrelated business income by section 290.05, subdivision 3;

(9) payment of real estate taxes and assessments on permitted gambling premises wholly owned by the licensed organization paying the taxes, or wholly leased by a licensed veterans organization under a national charter recognized under section 501(c)(19) of the Internal Revenue Code, not to exceed:

(i) for premises used for bingo, the amount that an organization may expend under board rules on rent for bingo; and

(ii) \$35,000 per year for premises used for other forms of lawful gambling;

(10) a contribution to the United States, this state or any of its political subdivisions, or any agency or instrumentality thereof other than a direct contribution to a law enforcement or prosecutorial agency;

(11) a contribution to or expenditure by a nonprofit organization which is a church or body of communicants gathered in common membership for mutual support and edification in piety, worship, or religious observances;

(12) payment of the reasonable costs of an audit required in section 297E.06, subdivision 4, provided the annual audit is filed in a timely manner with the Department of Revenue;

(13) a contribution to or expenditure on a wildlife management project that benefits the public at-large, provided that the state agency with authority over that

wildlife management project approves the project before the contribution or expenditure is made;

(14) expenditures, approved by the commissioner of natural resources, by an organization for grooming and maintaining snowmobile trails and all-terrain vehicle trails that are (1) grant-in-aid trails established under section 85.019, or (2) other trails open to public use, including purchase or lease of equipment for this purpose;

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

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

(17) an expenditure by a licensed veterans organization for payment of water, fuel for heating, electricity, and sewer costs for a building wholly owned or wholly leased by and used as the primary headquarters of the licensed veterans organization;

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

(19) payment of fees authorized under this chapter imposed by the state of Minnesota to conduct lawful gambling in Minnesota.

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

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

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

(3) the erection, acquisition, improvement, expansion, repair, or maintenance of real property or capital assets owned or leased by an organization, unless the board has first specifically authorized the expenditures after finding that (i) the real property or capital assets will be used exclusively for one or more of the purposes in paragraph (a); (ii) with respect to expenditures for repair or maintenance only, that the property is or will be used extensively as a meeting place or event location by other nonprofit organizations or community or service groups and that no rental fee is charged for the use; (iii) with respect to expenditures, including a mortgage payment or other debt service payment, for erection or acquisition only, that the erection or acquisition is necessary to replace with a comparable building, a building owned by the organization and destroyed or made uninhabitable by fire or natural disaster, provided that the expenditure may be only for that part of the replacement cost not reimbursed by insurance; (iv) with respect to expenditures, including a mortgage payment or other debt service payment, for erection or acquisition only, that the erection or acquisition is necessary to replace with a comparable building a building owned by the organization that was acquired from the organization by eminent domain or sold by the organization to a purchaser that the organization reasonably believed would otherwise have acquired the building by eminent domain, provided that the expenditure may be only for that part of the replacement cost that exceeds the compensation received by the organization for the building being replaced; or (v) with respect to an expenditure to bring an existing building into compliance with the Americans with Disabilities Act under item (ii), an organization has the option to apply the amount of the board-approved expenditure to the erection or acquisition of a replacement building that is in compliance with the Americans with Disabilities Act;

(4) an expenditure by an organization which is a contribution to a parent organization, foundation, or affiliate of the contributing organization, if the parent organization, foundation, or affiliate has provided to the contributing organization within one year of the contribution any money, grants, property, or other thing of value;

(5) a contribution by a licensed organization to another licensed organization unless the board has specifically authorized the contribution. The board must authorize such a contribution when requested to do so by the contributing organization unless it makes an affirmative finding that the contribution will not be used by the recipient organization for one or more of the purposes in paragraph (a); or

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

Subd. 25a. **Linked bingo game.** "Linked bingo game" means a bingo game played at two or more locations where licensed organizations are authorized to conduct bingo, where there is a common prize pool and a common selection of numbers or symbols conducted at one location, and where the results of the selection are transmitted to all participating locations by satellite, telephone, or other means by a linked bingo game provider.

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

Subd. 25c. **Linked bingo game system.** "Linked bingo game system" means the equipment used by the linked bingo provider to conduct, transmit, and track a linked bingo game. The system must be approved by the board before its use in this state and it must have dial-up or other capability to permit the board to monitor its operation remotely.

Subd. 25d. **Linked bingo prize pool.** "Linked bingo prize pool" means the total of all prize money that each participating organization has contributed to the linked bingo game prize. No participating organization may contribute more than \$300 per bingo occasion to a linked bingo prize pool.

*[For text of subds 26 to 35, see M.S.2002]*

Subd. 36. **Veterans post home.** "Veterans post home" means a building, or portion of a building, that is leased or owned by one or more licensed veterans organizations, and that is considered the post home for all licensed veterans organizations at that site.

Subd. 37. **Wholly leased building.** "Wholly leased building" means a building that is leased in its entirety by a licensed organization, and no part or portion of the building is subleased to any other entity or licensed organization.

Subd. 38. **Wholly owned building.** "Wholly owned building" means a building that is owned in its entirety by a licensed organization, and no part or portion of the building is subleased to any other entity or licensed organization.

**History:** 2003 c 110 s 1-13; 1Sp2003 c 1 art 2 s 84,85

### 349.151 GAMBLING CONTROL BOARD.

*[For text of subds 1 to 3a, see M.S.2002]*

Subd. 4. **Powers and duties.** (a) The board has the following powers and duties:

- (1) to regulate lawful gambling to ensure it is conducted in the public interest;
- (2) to issue licenses to organizations, distributors, distributor salespersons, bingo halls, manufacturers, linked bingo game providers, and gambling managers;
- (3) to collect and deposit license, permit, and registration fees due under this chapter;
- (4) to receive reports required by this chapter and inspect all premises, records, books, and other documents of organizations, distributors, manufacturers, linked bingo game providers, and bingo halls to insure compliance with all applicable laws and rules;
- (5) to make rules authorized by this chapter;
- (6) to register gambling equipment and issue registration stamps;

(7) to provide by rule for the mandatory posting by organizations conducting lawful gambling of rules of play and the odds and/or house percentage on each form of lawful gambling;

(8) to report annually to the governor and legislature on its activities and on recommended changes in the laws governing gambling;

(9) to impose civil penalties of not more than \$500 per violation on organizations, distributors, distributor salespersons, manufacturers, bingo halls, linked bingo game providers, and gambling managers for failure to comply with any provision of this chapter or any rule or order of the board;

(10) to issue premises permits to organizations licensed to conduct lawful gambling;

(11) to delegate to the director the authority to issue or deny license and premises permit applications and renewals under criteria established by the board;

(12) to suspend or revoke licenses and premises permits of organizations, distributors, distributor salespersons, manufacturers, bingo halls, linked bingo game providers, or gambling managers as provided in this chapter;

(13) to register employees of organizations licensed to conduct lawful gambling;

(14) to require fingerprints from persons determined by board rule to be subject to fingerprinting;

(15) to delegate to a compliance review group of the board the authority to investigate alleged violations, issue consent orders, and initiate contested cases on behalf of the board;

(16) to order organizations, distributors, distributor salespersons, manufacturers, bingo halls, linked bingo game providers, and gambling managers to take corrective actions; and

(17) to take all necessary steps to ensure the integrity of and public confidence in lawful gambling.

(b) The board, or director if authorized to act on behalf of the board, may by citation assess any organization, distributor, employee eligible to make sales on behalf of a distributor, manufacturer, bingo hall licensee, linked bingo game provider, or gambling manager a civil penalty of not more than \$500 per violation for a failure to comply with any provision of this chapter or any rule adopted or order issued by the board. Any organization, distributor, bingo hall licensee, gambling manager, linked bingo game provider, or manufacturer assessed a civil penalty under this paragraph may request a hearing before the board. Appeals of citations imposing a civil penalty are not subject to the provisions of the Administrative Procedure Act.

(c) All penalties received by the board must be deposited in the general fund.

(d) All fees imposed by the board under sections 349.16 to 349.167 must be deposited in the state treasury and credited to a lawful gambling regulation account in the special revenue fund. Receipts in this account are available for the operations of the board up to the amount authorized in biennial appropriations from the legislature.

*[For text of subd 4a, see M.S.2002]*

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

(b) Rules adopted under paragraph (a):

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

(2) must limit the use of pull-tab dispensing devices to a permitted premises which is (i) a licensed premises for on-sales of intoxicating liquor or 3.2 percent malt beverages; or (ii) a licensed bingo hall that allows gambling only by persons 18 years or older.

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

*[For text of subds 5 to 13, see M.S.2002]*

**History:** 2003 c 110 s 14,15; 1Sp2003 c 1 art 2 s 86,87; 1Sp2003 c 23 s 7

### 349.153 CONFLICT OF INTEREST.

(a) A person may not serve on the board, be the director, or be an employee of the board who has an interest in any corporation, association, limited liability company, or partnership that is licensed by the board as a distributor, manufacturer, linked bingo game provider, or bingo hall under section 349.164.

(b) A member of the board, the director, or an employee of the board may not accept employment with, receive compensation directly or indirectly from, or enter into a contractual relationship with an organization that conducts lawful gambling, a distributor, a linked bingo game provider, a bingo hall, or a manufacturer while employed with or a member of the board or within one year after terminating employment with or leaving the board.

(c) A distributor, bingo hall, manufacturer, linked bingo game provider, or organization licensed to conduct lawful gambling may not hire a former employee, director, or member of the Gambling Control Board for one year after the employee, director, or member has terminated employment with or left the Gambling Control Board.

**History:** 2003 c 110 s 16

### 349.155 LICENSES; LICENSE ACTIONS.

*[For text of subds 1 and 2, see M.S.2002]*

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

- (1) has ever been convicted of a felony or a crime involving gambling;
- (2) has ever been convicted of (i) assault, (ii) a criminal violation involving the use of a firearm, or (iii) 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 section 270.72;
- (5) had a sales and use tax permit revoked by the commissioner of revenue within the past two years; or
- (6) 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 paragraph are applicable to an affiliate or direct or indirect holder of more than a five percent financial interest in the applicant or licensee.

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

- (1) has been convicted of a felony or gross misdemeanor within the five years before the issuance or renewal of the license;
- (2) has ever been convicted of a crime involving gambling; or
- (3) has had a license issued by the board or director permanently revoked for violation of law or board rule.

*[For text of subds 4 to 8, see M.S.2002]*

**History:** 2003 c 110 s 17; 1Sp2003 c 1 art 2 s 88

### 349.16 ORGANIZATION LICENSES.

*[For text of subds 1 to 3, see M.S.2002]*

Subd. 6. **License fees.** The board shall impose an annual fee of \$350 for an organization's license application. Organizations that expect to receive less than \$100,000 in gross annual receipts may request from the board a waiver of organization license fees.

*[For text of subds 7 to 10, see M.S.2002]*

Subd. 11. **Agreement to pay taxes.** An organization which is recognized by federal law, regulation, or other ruling as a quasi-governmental organization that would otherwise be exempt from one or more taxes under chapter 297E must agree to pay all taxes under chapter 297E on lawful gambling conducted by the organization as a condition of receiving or renewing a license or premises permit.

**History:** 1Sp2003 c 1 art 2 s 89; 1Sp2003 c 21 art 9 s 14

### 349.161 DISTRIBUTOR LICENSES.

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

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

(2) sell, offer for sale, or furnish gambling equipment for use within the state without having obtained a distributor license or a distributor salesperson license under this section;

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

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

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

*[For text of subd 2, see M.S.2002]*

Subd. 4. **Fees.** (a) The annual fee for a distributor's license is \$6,000.

(b) The annual fee for a distributor salesperson license is \$100.

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

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

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

(d) No distributor, distributor salesperson, or any representative, agent, affiliate, or other employee of a distributor may participate in any gambling activity at any

gambling site or premises where gambling equipment purchased from that distributor or distributor salesperson is being used in the conduct of lawful gambling.

(e) No distributor, distributor salesperson, or any representative, agent, affiliate, or other employee of a distributor may alter or modify any gambling equipment, except to add a "last ticket sold" prize sticker.

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

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

(h) No distributor or distributor salesperson may sell gambling equipment to any person for use in Minnesota other than (i) a licensed organization or organization excluded or exempt from licensing, or (ii) the governing body of an Indian tribe.

(i) No distributor or distributor salesperson may sell or otherwise provide a pull-tab or tipboard deal with the symbol required by 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.

*[For text of subd 8, see M.S.2002]*

**History:** 2003 c 110 s 18; 1Sp2003 c 1 art 2 s 90-92

### 349.162 EQUIPMENT REGISTERED.

Subdivision 1. **Stamp required.** (a) A distributor may not sell, transfer, furnish, or otherwise provide to a person, and no person may purchase, borrow, accept, or acquire from a distributor gambling equipment for use within the state unless the equipment has been registered with the board and has a registration stamp affixed, except for gambling equipment not stamped by the manufacturer pursuant to section 349.163, subdivision 5 or 8. Each stamp must bear a registration number assigned by the board.

(b) A manufacturer must return all unused registration stamps in its possession to the board by February 1, 1995. No manufacturer may possess unaffixed registration stamps after February 1, 1995.

(c) After February 1, 1996, no person may possess any unplayed pull-tab or tipboard deals with a registration stamp affixed to the flare or any unplayed paddleticket cards with a registration stamp affixed to the master flare. This paragraph does not apply to unplayed pull-tab or tipboard deals with a registration stamp affixed to the flare, or to unplayed paddleticket cards with a registration stamp affixed to the master flare, if the deals or cards are identified on a list of existing inventory submitted by a licensed organization or a licensed distributor, in a format prescribed by the commissioner of revenue, to the commissioner of revenue on or before February 1, 1996. Gambling equipment kept in violation of this paragraph is contraband under section 349.2125.

*[For text of subds 2 to 6, see M.S.2002]*

**History:** 1Sp2003 c 1 art 2 s 93

### 349.163 LICENSING OF MANUFACTURERS.

*[For text of subds 1 and 1b, see M.S.2002]*

Subd. 2. **License; fee.** The annual fee for a manufacturer's license is \$9,000.

Subd. 3. **Prohibited sales.** (a) A manufacturer may not:



(1) sell gambling equipment for use or resale within the state to any person not licensed as a distributor, except that gambling equipment used exclusively in a linked bingo game may be sold to a licensed linked bingo provider; or

(2) sell gambling equipment to a distributor in this state that has the same serial number as another item of gambling equipment of the same type that is sold by that manufacturer for use or resale in this state.

(b) A manufacturer, affiliate of a manufacturer, or person acting as a representative or agent of a manufacturer may not provide a lessor of gambling premises or an appointed official any compensation, gift, gratuity, premium, contribution, or other thing of value.

(c) A manufacturer may not sell or otherwise provide a pull-tab or tipboard deal with the symbol required by subdivision 5, paragraph (h), imprinted on the flare to any person other than a licensed distributor unless the manufacturer first renders the symbol permanently invisible.

*[For text of subds 4 and 5, see M.S.2002]*

Subd. 6. **Samples of gambling equipment.** The board shall require each licensed manufacturer to submit to the board one or more samples of each item of gambling equipment the manufacturer manufactures for use or resale in this state. The board shall inspect and test all the equipment it deems necessary to determine the equipment's compliance with law and board rules. Samples required under this subdivision must be approved by the board before the equipment being sampled is shipped into or sold for use or resale in this state. The board shall impose a fee of \$25 for each item of gambling equipment that the manufacturer submits for approval or for which the manufacturer requests approval. The board shall impose a fee of \$100 for each sample of gambling equipment that it tests. The board may require samples of gambling equipment to be tested by an independent testing laboratory prior to submission to the board for approval. All costs of testing by an independent testing laboratory must be borne by the manufacturer. An independent testing laboratory used by a manufacturer to test samples of gambling equipment must be approved by the board before the equipment is submitted to the laboratory for testing. The board may request the assistance of the commissioner of public safety and the director of the state lottery in performing the tests.

*[For text of subds 7 to 9, see M.S.2002]*

**History:** 2003 c 110 s 19; 1Sp2003 c 1 art 2 s 94,95

### **349.1635 LINKED BINGO GAME PROVIDER LICENSE.**

Subdivision 1. **License required.** No person may do any of the following without having first obtained a license from the board:

- (1) provide the means to link prizes in a linked bingo game;
- (2) provide linked bingo game prize management;
- (3) provide the linked bingo system; or
- (4) provide linked bingo paper sheets to an organization.

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

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

(1) evidence of a bond in the principal amount of \$250,000 payable to the state of Minnesota conditioned on the payment of all linked bingo prizes and any other money due and payable under this chapter;

(2) detailed plans and specifications for the operation of the linked bingo game and the linked bingo system; and

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

Subd. 4. **Prohibition.** (a) Except for services associated exclusively with a linked bingo game, a linked bingo game provider may not participate or assist in the conduct of lawful gambling by an organization. No linked bingo game provider may:

(1) also be licensed as a bingo hall or hold any financial or managerial interest in a bingo hall;

(2) also be licensed as a distributor or hold any financial or managerial interest in a distributor;

(3) sell or lease linked bingo game equipment to any person not licensed as an organization;

(4) purchase gambling equipment to be used exclusively in a linked bingo game from any person not licensed as a manufacturer under section 349.163; and

(5) provide an organization, a lessor of gambling premises, or an appointed official any compensation, gift, gratuity, premium, or contribution.

(b) Employees of the board and the Division of Alcohol and Gambling Enforcement may inspect the books, records, inventory, and business premises of a licensed linked bingo game provider without notice during the normal business hours of the linked bingo game provider. The board may charge a linked bingo game provider for the actual cost of conducting scheduled or unscheduled inspections of the licensee's facilities.

**History:** 2003 c 110 s 20

### 349.164 BINGO HALL LICENSES.

*[For text of subds 1 and 2, see M.S.2002]*

Subd. 4. **Fees; term of license.** The annual fee for a bingo hall license is \$4,000.

*[For text of subds 6 to 10, see M.S.2002]*

**History:** 1Sp2003 c 1 art 2 s 96

### 349.165 PREMISES PERMITS.

*[For text of subds 1 and 2, see M.S.2002]*

Subd. 3. **Fees.** (a) The board may issue premises permits to organizations licensed under section 349.16, subdivision 6. The annual fee for each premises permit is \$150.

(b) In addition to the annual fee for a premises permit, an organization must pay a monthly regulatory fee of 0.1 percent of the organization's gross receipts from lawful gambling conducted at that site. The fee must be reported and paid on a monthly basis in a format as determined by the commissioner of revenue, and remitted to the commissioner of revenue along with the organization's monthly tax return for that premises. All premises permit fees received by the commissioner of revenue under this subdivision must be deposited in the lawful gambling regulation account in the special revenue fund according to section 349.151. Failure to pay the monthly premises permit fees in a timely manner may result in disciplinary action by the board.

*[For text of subd 4, see M.S.2002]*

**History:** 1Sp2003 c 1 art 2 s 97

### 349.166 EXCLUSIONS; EXEMPTIONS.

Subdivision 1. **Exclusions.** (a) Bingo, with the exception of linked bingo games, may be conducted without a license and without complying with sections 349.168, subdivisions 1 and 2; 349.17, subdivisions 1, 4, and 5; 349.18, subdivision 1; and 349.19, if it is conducted:

(1) by an organization in connection with a county fair, the state fair, or a civic celebration and is not conducted for more than 12 consecutive days and is limited to no

more than four separate applications for activities applied for and approved in a calendar year; or

(2) by an organization that conducts four or fewer bingo occasions in a calendar year.

An organization that holds a license to conduct lawful gambling under this chapter may not conduct bingo under this subdivision.

(b) Bingo may be conducted within a nursing home or a senior citizen housing project or by a senior citizen organization if the prizes for a single bingo game do not exceed \$10, total prizes awarded at a single bingo occasion do not exceed \$200, no more than two bingo occasions are held by the organization or at the facility each week, only members of the organization or residents of the nursing home or housing project are allowed to play in a bingo game, no compensation is paid for any persons who conduct the bingo, and a manager is appointed to supervise the bingo. Bingo conducted under this paragraph is exempt from sections 349.11 to 349.23, and the board may not require an organization that conducts bingo under this paragraph, or the manager who supervises the bingo, to register or file a report with the board. The gross receipts from bingo conducted under the limitations of this subdivision are exempt from taxation under chapter 297A.

(c) Raffles may be conducted by an organization without a license and without complying with sections 349.154 to 349.165 and 349.167 to 349.213 if the value of all raffle prizes awarded by the organization in a calendar year does not exceed \$1,500.

(d) Except as provided in paragraph (b), the organization must maintain all required records of excluded gambling activity for 3-1/2 years.

**Subd. 2. Exemptions.** (a) Lawful gambling, with the exception of linked bingo games, may be conducted by an organization without a license and without complying with sections 349.168, subdivisions 1 and 2; 349.17, subdivisions 4 and 5; 349.18, subdivision 1; and 349.19 if:

(1) the organization conducts lawful gambling on five or fewer days in a calendar year;

(2) the organization does not award more than \$50,000 in prizes for lawful gambling in a calendar year;

(3) the organization pays a fee of \$50 to the board, notifies the board in writing not less than 30 days before each lawful gambling occasion of the date and location of the occasion, or 60 days for an occasion held in the case of a city of the first class, the types of lawful gambling to be conducted, the prizes to be awarded, and receives an exemption identification number;

(4) the organization notifies the local government unit 30 days before the lawful gambling occasion, or 60 days for an occasion held in a city of the first class;

(5) the organization purchases all gambling equipment and supplies from a licensed distributor; and

(6) the organization reports to the board, on a single-page form prescribed by the board, within 30 days of each gambling occasion, the gross receipts, prizes, expenses, expenditures of net profits from the occasion, and the identification of the licensed distributor from whom all gambling equipment was purchased.

(b) If the organization fails to file a timely report as required by paragraph (a), clause (3) or (6), the board shall not issue any authorization, license, or permit to the organization to conduct lawful gambling on an exempt, excluded, or licensed basis until the report has been filed.

(c) Merchandise prizes must be valued at their fair market value.

(d) Unused pull-tab and tipboard deals must be returned to the distributor within seven working days after the end of the lawful gambling occasion. The distributor must accept and pay a refund for all returns of unopened and undamaged deals returned under this paragraph.

(e) An organization that is exempt from taxation on purchases of pull-tabs and tipboards under section 297E.02, subdivision 4, paragraph (b), clause (4), must return

to the distributor any tipboard or pull-tab deal no part of which is used at the lawful gambling occasion for which it was purchased by the organization.

(f) The organization must maintain all required records of exempt gambling activity for 3-1/2 years.

*[For text of subd 3, see M.S.2002]*

**History:** 2003 c 110 s 21,22; 1Sp2003 c 1 art 2 s 98,99

### 349.167 GAMBLING MANAGERS.

*[For text of subd 1, see M.S.2002]*

**Subd. 2. Gambling managers; licenses.** A person may not serve as a gambling manager for an organization unless the person possesses a valid gambling manager's license issued by the board. In addition to the disqualifications in section 349.155, subdivision 3, the board may not issue a gambling manager's license to a person applying for the license who:

(1) has not complied with subdivision 4, clause (1);

(2) within the five years before the date of the license application, has committed a violation of law or board rule that resulted in the revocation of a license issued by the board;

(3) has ever been convicted of a criminal violation involving fraud, theft, tax evasion, misrepresentation, or gambling; or

(4) has engaged in conduct the board determines is contrary to the public health, welfare, or safety or the integrity of lawful gambling.

A gambling manager's license runs concurrent with the organization's license unless the gambling manager's license is suspended or revoked. The fee for a gambling manager's license is \$100.

**Subd. 4. Training of gambling managers.** The board shall by rule require all persons licensed as gambling managers to receive periodic training in laws and rules governing lawful gambling. The rules must contain the following requirements:

(1) each gambling manager must receive training before being issued a new license, except that in the case of the death, disability, or termination of a gambling manager, a replacement gambling manager must receive the training within 90 days of being issued a license;

(2) each gambling manager applying for a renewal of a license must have received continuing education training, as required by board rule, each year of the two-year license period, or pass a gambling manager examination as required in subdivision 7; and

(3) the training required by this subdivision may be provided by a person authorized by the board to provide the training. Before authorizing a person to provide training, the board must determine that:

(i) the provider and all of the provider's personnel conducting the training are qualified to do so;

(ii) the curriculum to be used fully and accurately covers all elements of lawful gambling law and rules that the board determines are necessary for a gambling manager to know and understand;

(iii) the fee to be charged for participants in the training sessions is fair and reasonable; and

(iv) the training provider has an adequate system for documenting completion of training.

The rules may provide for differing training requirements for gambling managers based on the class of license held by the gambling manager's organization.

The board or the director may provide the training required by this subdivision using employees of the board.

**Subd. 6. Recruitment of gambling managers.** No organization may seek or accept assistance from a manufacturer, distributor, or linked bingo game provider, or a representative, agent, affiliate, or employee of a manufacturer, distributor, or linked bingo game provider, in identifying or recruiting candidates to become a gambling manager for the organization.

**Subd. 7. Gambling manager examination.** Each applicant for a new gambling manager's license, and each renewing applicant that has failed to receive training as required in subdivision 4, must pass an examination prepared and administered by the board that tests the applicant's knowledge of the responsibilities of gambling managers, and of gambling procedures, laws, and rules before being issued the license. In the case of the death, disability, or termination of a gambling manager, a replacement gambling manager must pass the examination within 90 days of being issued a gambling manager's license. The board shall revoke the replacement gambling manager's license if the replacement gambling manager fails to pass the examination as required in this subdivision.

**History:** 2003 c 110 s 23-25; 1Sp2003 c 23.s 9

### 349.168 GAMBLING EMPLOYEES.

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

**Subd. 2. Identification of employees.** Each person receiving compensation for the conduct of lawful gambling must publicly display the person's name at all times while conducting the lawful gambling.

*[For text of subs 4 and 5, see M.S.2002]*

**Subd. 6. Compensation paid by check or electronic transfer.** Compensation paid by an organization in connection with lawful gambling must either be: (1) in the form of a check drawn on the organization's gambling account, as specified in section 349.19, and paid directly to the person being compensated; (2) transferred electronically from the organization's gambling account, as specified in section 349.19, subdivision 3, directly to the employee's bank account; (3) transferred electronically from the organization's gambling account to the account of a payroll processing firm from which payment in the form of a check is paid directly to the person being compensated; or (4) transferred electronically to and from the account of a payroll processing firm for payment to the employee's account and for the payment of local, state, and federal withholding taxes, provided that the payroll processing firm is (i) currently registered with and meets the criteria of the Department of Revenue as a third-party bulk filer under section 290.92, subdivision 30, (ii) is able to provide proof of a third-party audit and an annual report and statement of financial condition, (iii) is able to provide evidence of a fidelity bond, and (iv) can provide proof of having been in business as a third-party bulk filer for the most recent three years.

*[For text of subs 7 and 8, see M.S.2002]*

**Subd. 9.** [Repealed, 2003 c 110 s 44]

**Subd. 10. Employment of certain persons.** An organization that sells pull-tabs and tip boards on leased premises within a booth operation may not employ, other than as a seller of pull-tabs and tip boards, the lessor of those premises or a person who is employed by the lessor of those premises.

**History:** 2003 c 110 s 26-29

**349.169 FILING OF PRICES.**

Subdivision 1. **Filing required.** When required by the board, manufacturers and distributors must file with the director the prices at which the manufacturer or distributor will sell all gambling equipment currently offered for sale by that manufacturer or distributor. The filing must be in a format the director prescribes.

*[For text of subd 2, see M.S.2002]*

Subd. 3. **Sales at filed prices.** When required to report under subdivision 1, no manufacturer may sell to a distributor, and no distributor may sell to an organization, any gambling equipment for any price other than a price the manufacturer or distributor has filed with the director under subdivision 1, including volume discounts, and exclusive of transportation costs.

**History:** 2003 c 110 s 30,31

**349.17 CONDUCT OF BINGO.**

*[For text of subds 1 and 2, see M.S.2002]*

Subd. 3. **Winners.** Each bingo winner must be determined and every prize shall be awarded and delivered the same day on which the bingo occasion is conducted, except that prizes won in a linked bingo game must be delivered within three business days of the day on which the occasion was conducted.

*[For text of subds 4 and 5, see M.S.2002]*

Subd. 6. **Conduct of bingo.** (a) Each bingo hard card and paper sheets must have five horizontal rows of spaces with each row except one having five numbers. The center row must have four numbers and the center space marked "free." Each column must have one of the letters B-I-N-G-O in order at the top. Bingo paper sheets may also have numbers that are not preprinted but are filled in by players.

(b) A game of bingo begins with the first letter and number called. Each player must cover or mark with a liquid dauber the numbers when bingo balls, similarly numbered, are randomly drawn, announced, and displayed to the players, either manually or with a flashboard and monitor. The game is won when a player has covered or marked a previously designated arrangement of numbers on the card or sheet and declared bingo. The game is completed when a winning card or sheet is verified and a prize awarded, except that prizes won in linked bingo games may be awarded pursuant to subdivision 3.

Subd. 7. **Noon hour bingo.** Notwithstanding subdivisions 1 and 3, an organization may conduct bingo subject to the following restrictions:

- (1) the bingo is conducted only between the hours of 11:00 a.m. and 2:00 p.m.;
- (2) the bingo is conducted at a site the organization owns or leases and which has a license for the sale of intoxicating beverages on the premises under chapter 340A;
- (3) the bingo is limited to one progressive bingo game per site as defined by section 349.211, subdivision 2;
- (4) the bingo is conducted using only bingo paper sheets;
- (5) if the premises are leased, the rent may not exceed \$25 per day for each day bingo is conducted; and
- (6) linked bingo games may not be conducted at a noon hour bingo occasion.

Subd. 8. **Linked bingo games.** (a) A licensed organization may conduct or participate in a linked bingo game in association with one or more other licensed organizations.

(b) Each participating licensed organization shall contribute to each prize awarded in a linked bingo game in an amount not to exceed \$300 per occasion.

(c) The board may adopt rules to:

- (1) specify the manner in which a linked bingo game must be played and how the linked bingo prizes must be awarded;
- (2) specify the records to be maintained by a linked bingo game provider;
- (3) require the submission of periodic reports by the linked bingo game provider and specify the content of the reports;
- (4) establish the qualifications required to be licensed as a linked bingo game provider; and
- (5) any other matter involving the operation of a linked bingo game.

**History:** 2003 c 110 s 32-35

### **349.18 PREMISES USED FOR GAMBLING.**

**Subdivision 1. Lease or ownership required; rent limitations.** (a) An organization may conduct lawful gambling only on premises it owns or leases. Leases must be on a form prescribed by the board. Except for leases entered into before August 1, 1994, the term of the lease may not begin before the effective date of the premises permit and must expire on the same day that the premises permit expires. Copies of all leases must be made available to employees of the board and the Division of Alcohol and Gambling Enforcement on request. The board may prescribe by rule limits on the amount of rent which an organization may pay to a lessor for premises leased for bingo. Any rule adopted by the board limiting the amount of rent to be paid may only be effective for leases entered into, or renewed, after the effective date of the rule.

(b) Rent paid by an organization for leased premises is subject to the following limits:

(1) for booth operations, including booth operations where a pull-tab dispensing device is located, booth operations where a bar operation is also conducted, and booth operations where both a pull-tab dispensing device is located and a bar operation is also conducted, the maximum rent is:

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

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

(2) for bar operations, including bar operations where a pull-tab dispensing device is located but not including bar operations subject to clause (1), and for locations where only a pull-tab dispensing device is located:

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

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

(3) a lease not governed by clauses (1) and (2) must be approved by the board before becoming effective;

(4) total rent paid to a lessor from all organizations from leases governed by clause (1) may not exceed \$1,750 per month. Total rent paid to a lessor from all organizations from leases governed by clause (2) may not exceed \$2,000 per month.

(c) Amounts paid as rent under leases are all-inclusive. No other services provided or contracted by the lessor may be paid by the organization, including, but not limited to, trash removal, janitorial and cleaning services, snow removal, lawn services, electricity, heat, security, security monitoring, storage, other utilities or services, and, in the case of bar operations, compensation for cash shortages. Any other expenditure made by an organization that is related to a leased premises must be approved by the director. An organization may not provide any compensation or thing of value to a lessor or the lessor's employees from any fund source other than its gambling account. Rent payments may not be made to an individual.

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

(e) No person, distributor, manufacturer, lessor, linked bingo game provider, or organization other than the licensed organization leasing the space may conduct any activity other than the sale or serving of food and beverages on the leased premises during times when lawful gambling is being conducted on the premises.

(f) At a site where the leased premises consists of an area on or behind a bar at which alcoholic beverages are sold and employees of the lessor are employed by the organization as pull-tab sellers at the site, pull-tabs and tipboard tickets may be sold and redeemed by those employees at any place on or behind the bar, but the tipboards and receptacles for pull-tabs and cash drawers for lawful gambling receipts must be maintained only within the leased premises.

(g) Employees of a lessor may participate in lawful gambling on the premises provided (1) if pull-tabs or tipboards are sold, the organization voluntarily posts, or is required to post, the major prizes as specified in section 349.172; and (2) any employee of the lessor participating in lawful gambling is not a gambling employee for the organization conducting lawful gambling on the premises.

(h) A gambling employee may purchase pull-tabs at the site of the employee's place of employment provided:

(1) the organization voluntarily posts, or is required to post, the major prizes for pull-tab or tipboard games as specified in section 349.172; and

(2) the employee is not involved in the sale of pull-tabs at that site.

(i) At a leased site where an organization uses a paddlewheel consisting of 30 numbers or less or a tipboard consisting of 30 tickets or less, tickets may be sold throughout the permitted premises, but winning tickets must be redeemed, the paddlewheel must be located, and the tipboard seal must be opened within the leased premises.

*[For text of subds 1a to 5, see M.S.2002]*

**History:** 2003 c 110 s 36

### 349.19 RECORDS AND REPORTS.

*[For text of subds 1 to 2a, see M.S.2002]*

**Subd. 2b. Linked bingo prize pool account.** A licensed organization participating in a linked bingo game must maintain a separate account in a bank for the deposit of the organization's portion of the linked bingo game prize pool. The name of the bank, the account number, and authorization for electronic funds transfer must be provided by the organization to the linked bingo game provider. Deposits must be made into the account by the organization as designated by the linked bingo game provider. Money in the account must be available to the linked bingo game provider at all times by electronic funds transfer, unless the linked bingo provider agrees to the transfer of the funds by other means.

**Subd. 3. Expenditures.** (a) All expenditures of gross profits from lawful gambling must be itemized as to payee, purpose, amount, and date of payment, and must be in compliance with section 349.154. Authorization of the expenditures must be recorded in the monthly meeting minutes of the licensed organization. Checks or authorizations for electronic fund transfers for expenditures of gross profits must be signed by at least two persons authorized by board rules to sign the checks. Expenditures of gross profits from lawful gambling for local, state, and federal taxes as identified in section 349.12, subdivision 25, paragraph (a), clause (8), may be: (1) transferred electronically from the organization's gambling account directly to bank accounts identified by local, state, or federal agencies if the organization's gambling account monthly bank statement specifically identifies the payee by name, the amount transferred, and the date of the transaction; or (2) transferred electronically to and from the account of a payroll



processing firm that meets the criteria for such a firm established under section 349.168, subdivision 6. Expenditures of gross profits from lawful gambling as identified in section 349.12, subdivision 3a, and as authorized by section 349.15, subdivision 1, for payments for utilities, insurance, and payroll processing charges may be transferred electronically from the organization's gambling account directly to bank accounts identified by the vendor if the organization's gambling account monthly bank statement specifically identifies the payee by name, the amount transferred, the account number of the account into which the funds were transferred, and the date of the transaction. Electronic payments of local, state, and federal taxes and utility, payroll processing, or insurance payments are permitted only if they have been authorized by the membership, the organization maintains supporting documentation, and the expenditures can be verified.

(b) Expenditures authorized by the board according to section 349.12, subdivision 25, paragraph (b), clause (3), must be 51 percent completed within two years of the date of board approval. "Fifty-one percent completed" means that the work completed must represent at least 51 percent of the value of the project as documented by the contractor or vendor. An organization that fails to comply with this paragraph shall reapply to the board for approval of the project.

*[For text of subds 4 to 11, see M.S.2002]*

**History:** 2003 c 110 s 37,38

### **349.191 SALES ON CREDIT.**

Subdivision 1. **Credit restriction.** A manufacturer may not offer or extend to a distributor, a linked bingo game provider may not offer or extend to an organization, and a distributor may not offer or extend to an organization, credit for a period of more than 30 days for the sale or lease of any gambling equipment. No right of action exists for the collection of any claim based on credit prohibited by this subdivision. The 30-day period allowed by this subdivision begins with the day immediately following the day of invoice and includes all successive days, including Sundays and holidays, to and including the 30th successive day.

Subd. 1a. **Credit and sales to delinquent organizations.** (a) If a distributor or linked bingo game provider does not receive payment in full from an organization within 35 days of the day immediately following the date of the invoice, the distributor or linked bingo game provider must notify the board in writing of the delinquency on the next business day.

(b) If a distributor or linked bingo game provider who has notified the board under paragraph (a) has not received payment in full from the organization within 60 days of the notification under paragraph (a), the distributor or linked bingo game provider must notify the board of the continuing delinquency.

(c) On receipt of a notice under paragraph (a), the board shall order all distributors and linked bingo game providers that until further notice from the board, they may sell gambling equipment to the delinquent organizations only on a cash basis with no credit extended. On receipt of a notice under paragraph (b), the board shall order all distributors and linked bingo game providers not to sell any gambling equipment to the delinquent organization.

(d) No distributor or linked bingo game provider may extend credit or sell gambling equipment to an organization in violation of an order under paragraph (c) until the board has authorized such credit or sale.

*[For text of subds 1b to 4, see M.S.2002]*

**History:** 2003 c 110 s 39,40

### **349.211 PRIZE LIMITS.**

Subdivision 1. **Bingo.** Except as provided in subdivisions 1a and 2, prizes for a single bingo game may not exceed \$200 except prizes for a cover-all game, which may

exceed \$200 if the aggregate value of all cover-all prizes in a bingo occasion does not exceed \$1,000. Total prizes awarded at a bingo occasion may not exceed \$2,500, unless a cover-all game is played in which case the limit is \$3,500. A prize may be determined based on the value of the bingo packet sold to the player. For purposes of this subdivision, a cover-all game is one in which a player must cover all spaces except a single free space to win.

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

(1) no organization may contribute more than \$300 per occasion to a linked bingo game prize pool; and

(2) if an organization contributes to a linked bingo game prize pool, the organization's aggregate value of cover-all prizes available during the bingo occasion must be reduced by the amount contributed to the linked bingo game prize pool.

*[For text of subds 2 to 4, see M.S.2002]*

**History:** 2003 c 110 s 41,42

### **349.2113 PRIZE PAYOUT LIMIT.**

On or after January 1, 2004, a licensed organization may not put into play a pull-tab or tipboard deal that provides for a prize payout of greater than 85 percent of the ideal gross of the deal.

**History:** 1Sp2003 c 1 art 2 s 100