

349.16 ORGANIZATION LICENSES.

Subdivision 1. **License required.** An organization may conduct lawful gambling if it has a license to conduct lawful gambling and complies with this chapter.

Subd. 1a. [Repealed by amendment, 1990 c 590 art 1 s 17]

Subd. 2. **Issuance of gambling licenses.** (a) Licenses authorizing organizations to conduct lawful gambling may be issued by the board to organizations meeting the qualifications in paragraphs (b) to (h) if the board determines that the license is consistent with the purpose of sections 349.11 to 349.22.

(b) The organization must have been in existence for the most recent three years preceding the license application as a registered Minnesota nonprofit corporation or as an organization designated as exempt from the payment of income taxes by the Internal Revenue Code.

(c) The organization at the time of licensing must have at least 15 active members.

(d) The organization must not be in existence solely for the purpose of conducting gambling.

(e) The organization has identified in its license application the lawful purposes on which it proposes to expend net profits from lawful gambling and has identified an annual goal for charitable contributions, expressed as a percentage of gross profits.

(f) The organization has identified on its license application a gambling manager and certifies that the manager is qualified under this chapter.

(g) The organization must not, in the opinion of the board after consultation with the commissioner of revenue, be seeking licensing primarily for the purpose of evading or reducing the tax imposed by section 297E.02, subdivision 6.

(h) The organization has not exceeded the expenditure restrictions imposed under section 349.15, subdivision 1, or if the organization has exceeded the expenditure restrictions under section 349.15, subdivision 1, the organization has reimbursed any excess expenses from a source of nongambling funds. Reimbursement of excess expenses is a condition for license renewal. The board may by rule impose sanctions or penalties on organizations that exceed the expenditure restrictions under section 349.15, subdivision 1.

Subd. 3. **Term of license.** Licenses issued under this section are valid for two years.

Subd. 4. [Repealed, 1994 c 633 art 5 s 99]

Subd. 5. [Repealed, 1994 c 633 art 5 s 99]

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.

Subd. 7. **Purchase of gambling equipment.** An organization may purchase gambling equipment only from a person licensed as a distributor.

Subd. 8. **Local investigation fee.** A statutory or home rule charter city or county notified under section 349.213, subdivision 2, may assess an investigation fee on organizations applying for or renewing a premises permit. An investigation fee may not exceed the following limits:

- (1) for cities of the first class, \$500;
- (2) for cities of the second class, \$250;
- (3) for all other cities, \$100; and
- (4) for counties, \$375.

Subd. 9. **License renewals; notice.** The board may not deny or delay the renewal of a license under this section, a premises permit, or a gambling manager's license under section 349.167 because of the licensee's failure to submit a complete application by a specified date before the expiration of the license or permit, unless the board has first (1) sent the applicant by registered mail a written notice of the incomplete application, and (2) given the applicant at least five business days from the date of receipt of the notice to submit a complete application, or the information necessary to complete the application.

Subd. 10. **License renewal to merged fire relief associations.** A new relief association formed from the merger of the relief associations of two separate city fire departments, mandated under Laws 1995, chapter 262, article 11, may apply for a license renewal under this section. The board shall consider the application as a license renewal of one of the relief associations that is a licensed organization and was merged to form the new relief association.

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: 1976 c 261 s 6; 1984 c 502 art 12 s 8; 1986 c 467 s 10,11; 1989 c 334 art 2 s 20,21; 1Sp1989 c 1 art 13 s 8; 1990 c 590 art 1 s 17; 1991 c 336 art 2 s 17; 1994 c 633 art 2 s

19; art 5 s 37-41; 1997 c 155 s 6; 1Sp2003 c 1 art 2 s 89; 1Sp2003 c 21 art 9 s 14; 2005 c 166 art 1 s 14,15; 2006 c 205 s 10