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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-SEVENTH SESSION

H. F. No. 1485

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

7.27 (4) play against other bingo players;

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

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

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

7.32 (e) has no additional function as an amusement or gambling device;

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

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

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

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

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

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

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

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

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

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

8.17 (f) has no additional function as a gambling device;

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

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

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

8.26 (j) is not a pull-tab dispensing device as defined under subdivision 32a.

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

8.29 Subd. 12c. **Electronic pull-tab game.** "Electronic pull-tab game" means a pull-tab
8.30 game containing:

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

8.32 (b) a predetermined, finite number of winning and losing tickets, not to exceed
8.33 7,500 tickets;

8.34 (c) the same price for each ticket in the game;

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

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

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

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

9.17 Subd. 18. **Gambling equipment.** "Gambling equipment" means ~~gambling~~
 9.18 equipment that is either disposable or permanent gambling equipment.

9.19 (a) Disposable gambling equipment includes the following:

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

9.22 (2) paper and electronic pull-tabs;

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

9.24 (4) paddle tickets, ~~and~~ paddle ticket cards;

9.25 (5) tipboards, ~~and~~ tipboard tickets; ~~and~~

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

9.29 (b) Permanent gambling equipment includes the following:

9.30 (1) devices for selecting bingo numbers;

9.31 (2) electronic bingo devices;

9.32 (3) electronic pull-tab devices;

9.33 (4) pull-tab dispensing devices;

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

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

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

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

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

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

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

10.22 Sec. 24. Minnesota Statutes 2010, section 349.12, subdivision 29, is amended to read:

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

10.28 Sec. 25. Minnesota Statutes 2010, section 349.12, subdivision 31, is amended to read:

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

11.1 Sec. 26. Minnesota Statutes 2010, section 349.12, subdivision 32, is amended to read:

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

11.7 Sec. 27. Minnesota Statutes 2010, section 349.12, subdivision 34, is amended to read:

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

11.15 Sec. 28. Minnesota Statutes 2010, section 349.12, subdivision 35, is amended to read:

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

11.22 Sec. 29. Minnesota Statutes 2010, section 349.13, is amended to read:

11.23 **349.13 LAWFUL GAMBLING.**

11.24 Lawful gambling is not a lottery or gambling within the meaning of sections 609.75
11.25 to 609.76 if it is conducted under this chapter. A pull-tab dispensing device, electronic
11.26 bingo device, and electronic pull-tab device permitted under this chapter and by board
11.27 rule is not a gambling device within the meaning of sections 609.75 to 609.76 and chapter
11.28 299L. An electronic game device allowed under this chapter may not be a slot machine.
11.29 Electronic game devices, including but not limited to electronic bingo devices, electronic
11.30 paddle wheels, and electronic pull-tab devices authorized under this chapter, may only
11.31 be used in the conduct of lawful gambling permitted under this chapter and board rule
11.32 and may not display or simulate any other form of gambling or entertainment, except
11.33 as otherwise allowed under this chapter.

12.1 Sec. 30. Minnesota Statutes 2010, section 349.151, subdivision 4b, is amended to read:

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

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

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

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

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

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

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

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

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

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

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

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

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

12.31 Sec. 32. Minnesota Statutes 2010, section 349.151, is amended by adding a subdivision
12.32 to read:

12.33 Subd. 4d. **Electronic pull-tab devices and electronic pull-tab game system.** (a)

12.34 The board may adopt rules it deems necessary to ensure the integrity of electronic pull-tab

13.1 devices, the electronic pull-tab games played on the devices, and the electronic pull-tab
13.2 game system necessary to operate them.

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

13.4 (c) Before authorizing the lease or sale of electronic pull-tab devices and the
13.5 electronic pull-tab game system, the board shall examine electronic pull-tab devices
13.6 allowed under section 349.12, subdivision 12b. The board may contract for the
13.7 examination of the game system and electronic pull-tab devices and may require a working
13.8 model to be transported to locations the board designates for testing, examination, and
13.9 analysis. The manufacturer must pay all costs of any testing, examination, analysis, and
13.10 transportation of the model. The system must be approved by the board before its use in
13.11 the state and must have the capability to permit the board to electronically monitor its
13.12 operation and internal accounting systems.

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

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

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

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

13.29 Sec. 34. Minnesota Statutes 2010, section 349.155, subdivision 3, is amended to read:

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

- 14.1 (1) has ever been convicted of a felony or a crime involving gambling;
- 14.2 (2) has ever been convicted of (i) assault, (ii) a criminal violation involving the use
14.3 of a firearm, or (iii) making terroristic threats;
- 14.4 (3) is or has ever been connected with or engaged in an illegal business;
- 14.5 (4) owes \$500 or more in delinquent taxes as defined in section 270C.72;
- 14.6 (5) had a sales and use tax permit revoked by the commissioner of revenue within
14.7 the past two years; or
- 14.8 (6) after demand, has not filed tax returns required by the commissioner of revenue.
- 14.9 The board may deny or refuse to renew a license under this chapter, and may revoke a
14.10 license under this chapter, if any of the conditions in this paragraph are applicable to
14.11 an affiliate or direct or indirect holder of more than a five percent financial interest in
14.12 the applicant or licensee.

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

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

14.20 Sec. 35. Minnesota Statutes 2010, section 349.155, subdivision 4, is amended to read:

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

- 14.28 (1) has violated or failed to comply with any provision of this chapter or chapter
14.29 297E or 299L, or any rule adopted or order issued thereunder;
- 14.30 (2) has filed an application for a license that is incomplete in any material respect, or
14.31 contains a statement that, in light of the circumstances under which it was made, is false,
14.32 misleading, fraudulent, or a misrepresentation;
- 14.33 (3) has made a false statement in a document or report required to be submitted to
14.34 the board or the commissioner of revenue, or has made a false statement to the board, the
14.35 compliance review group, or the director;

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

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

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

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

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

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

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

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

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

15.28 Sec. 36. Minnesota Statutes 2010, section 349.161, subdivision 1, is amended to read:

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

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

15.33 (2) sell, offer for sale, or furnish gambling equipment for use within the state without
15.34 having obtained a distributor license or a distributor salesperson license under this section
15.35 except that an organization authorized to conduct bingo by the board may loan bingo

16.1 hard cards and devices for selecting bingo numbers to another organization authorized to
16.2 conduct bingo and a linked bingo game provider may provide electronic bingo devices for
16.3 linked electronic bingo games;

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

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

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

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

16.14 Sec. 37. Minnesota Statutes 2010, section 349.161, subdivision 5, is amended to read:

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

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

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

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

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

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

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

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

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

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

17.22 Sec. 38. Minnesota Statutes 2010, section 349.162, subdivision 5, is amended to read:

17.23 Subd. 5. **Sales from facilities.** (a) All gambling equipment purchased or possessed
17.24 by a licensed distributor for resale or lease to any person for use in Minnesota must, prior
17.25 to the equipment's resale or lease, be unloaded into a storage facility located in Minnesota
17.26 which the distributor owns or leases; and which has been registered, in advance and in
17.27 writing, with the Division of Alcohol and Gambling Enforcement as a storage facility of
17.28 the distributor. All unregistered gambling equipment and all unaffixed registration stamps
17.29 owned by, or in the possession of, a licensed distributor in the state of Minnesota shall be
17.30 stored at a storage facility which has been registered with the Division of Alcohol and
17.31 Gambling Enforcement. No gambling equipment may be moved from the facility unless
17.32 the gambling equipment has been first registered with the board or the Department of
17.33 Revenue. A distributor must notify the board of the method that it will use to sell and
17.34 transfer electronic pull-tab games to licensed organizations, and must receive approval of
17.35 the board before implementing or making changes to the approved method.

18.1 (b) Notwithstanding section 349.163, subdivisions 5, 6, and 8, a licensed
18.2 manufacturer may ship into Minnesota approved or unapproved gambling equipment if the
18.3 licensed manufacturer ships the gambling equipment to a Minnesota storage facility that
18.4 is: (1) owned or leased by the licensed manufacturer; and (2) registered, in advance and
18.5 in writing, with the Division of Alcohol and Gambling Enforcement as a manufacturer's
18.6 storage facility. No gambling equipment may be shipped into Minnesota to the
18.7 manufacturer's registered storage facility unless the shipment of the gambling equipment
18.8 is reported to the Department of Revenue in a manner prescribed by the department.
18.9 No gambling equipment may be moved from the storage facility unless the gambling
18.10 equipment is sold to a licensed distributor and is otherwise in conformity with this chapter,
18.11 is shipped to an out-of-state site and the shipment is reported to the Department of
18.12 Revenue in a manner prescribed by the department, or is otherwise sold and shipped as
18.13 permitted by board rule. A manufacturer must notify the board of the method that it will
18.14 use to sell and transfer electronic pull-tab games to licensed distributors, and must receive
18.15 approval of the board before implementing or making changes to the approved method.

18.16 (c) All storage facilities owned, leased, used, or operated by a licensed distributor
18.17 or manufacturer may be entered upon and inspected by the employees of the Division of
18.18 Alcohol and Gambling Enforcement, the Division of Alcohol and Gambling Enforcement
18.19 director's authorized representatives, employees of the Gambling Control Board or its
18.20 authorized representatives, employees of the Department of Revenue, or authorized
18.21 representatives of the director of the Division of Special Taxes of the Department of
18.22 Revenue during reasonable and regular business hours. Obstruction of, or failure to
18.23 permit, entry and inspection is cause for revocation or suspension of a manufacturer's or
18.24 distributor's licenses and permits issued under this chapter.

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

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

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

18.33 Sec. 39. Minnesota Statutes 2010, section 349.163, subdivision 1, is amended to read:

18.34 Subdivision 1. **License required.** No manufacturer of gambling equipment may
18.35 sell any gambling equipment to any person for use or resale within the state, unless the

19.1 manufacturer has a current and valid license issued by the board under this section and has
19.2 satisfied other criteria prescribed by the board by rule. A manufacturer licensed under this
19.3 section may also be licensed as a linked bingo game provider under section 349.1635.

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

19.6 Sec. 40. Minnesota Statutes 2010, section 349.163, subdivision 5, is amended to read:

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

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

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

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

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

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

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

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

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

20.4 Sec. 41. Minnesota Statutes 2010, section 349.163, subdivision 6, is amended to read:

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

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

20.17 (c) The board may require samples of gambling equipment to be tested by an
20.18 independent testing laboratory prior to submission to the board for approval. All costs
20.19 of testing by an independent testing laboratory must be borne by the manufacturer. An
20.20 independent testing laboratory used by a manufacturer to test samples of gambling
20.21 equipment must be approved by the board before the equipment is submitted to the
20.22 laboratory for testing.

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

20.25 Sec. 42. Minnesota Statutes 2010, section 349.1635, subdivision 2, is amended to read:

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

20.31 Sec. 43. Minnesota Statutes 2010, section 349.1635, subdivision 3, is amended to read:

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

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

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

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

21.11 Sec. 44. Minnesota Statutes 2010, section 349.1635, is amended by adding a
21.12 subdivision to read:

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

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

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

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

21.24 Sec. 45. Minnesota Statutes 2010, section 349.165, subdivision 2, is amended to read:

21.25 Subd. 2. **Contents of application.** An application for a premises permit must
21.26 contain:

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

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

21.30 (3) if the site is leased, the name and address of the lessor and information about the
21.31 lease the board requires, including all rents and other charges for the use of the site. The
21.32 lease term is concurrent with the term of the premises permit. The lease must contain a
21.33 ~~30-day~~ termination clause. No lease is required for the conduct of a raffle; and

21.34 (4) other information the board deems necessary to carry out its purposes.

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

22.3 Sec. 46. Minnesota Statutes 2010, section 349.17, subdivision 6, is amended to read:

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

22.14 Sec. 47. Minnesota Statutes 2010, section 349.17, subdivision 7, is amended to read:

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

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

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

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

22.22 Sec. 48. Minnesota Statutes 2010, section 349.17, subdivision 8, is amended to read:

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

22.29 (b) ~~Each participating licensed organization shall contribute to each prize awarded in~~
22.30 ~~a linked bingo game in an amount not to exceed \$300.~~ Linked bingo games may only be
22.31 conducted by licensed organizations who have a valid agreement with the linked bingo
22.32 game provider.

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

23.3 (d) The board may adopt rules to:

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

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

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

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

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

23.12 Sec. 49. Minnesota Statutes 2010, section 349.17, is amended by adding a subdivision
23.13 to read:

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

23.17 (a) The permitted premises must be:

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

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

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

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

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

23.26 and

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

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

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

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

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

24.4 Sec. 50. Minnesota Statutes 2010, section 349.1711, subdivision 1, is amended to read:

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

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

24.14 Sec. 51. Minnesota Statutes 2010, section 349.1711, subdivision 2, is amended to read:

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

24.22 Sec. 52. Minnesota Statutes 2010, section 349.1721, is amended to read:

24.23 **349.1721 CONDUCT OF PULL-TABS.**

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

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

24.31 Subd. 3. **Pull-tab dispensing device location restrictions and requirements.**
24.32 The following pertain to pull-tab dispensing devices as defined under section 349.12,
24.33 subdivision 32a.

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

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

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

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

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

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

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

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

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

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

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

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

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

25.24 or more; and

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

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

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

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

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

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

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

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

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

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

26.12 Sec. 53. Minnesota Statutes 2010, section 349.18, subdivision 1, is amended to read:

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

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

26.27 (1) For booth operations, ~~including booth operations where a pull-tab dispensing~~
 26.28 ~~device is located, booth operations where a bar operation is also conducted, and booth~~
 26.29 ~~operations where both a pull-tab dispensing device is located and a bar operation is also~~
 26.30 ~~conducted, the maximum rent is:~~ monthly rent may not exceed ten percent of gross profits
 26.31 for that month. Total rent paid to a lessor from all organizations from leases governed by
 26.32 this clause may not exceed \$1,750 per month.

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

27.1 ~~(ii) in any month where the organization's gross profit at those premises exceeds~~
 27.2 ~~\$4,000, up to \$400 plus not more than ten percent of the gross profit for that month in~~
 27.3 ~~excess of \$4,000;~~

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

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

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

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

27.12 ~~(ii) in any month where the organization's gross profit at those premises exceeds~~
 27.13 ~~\$1,000, up to \$200 plus not more than 20 percent of the gross profit for that month~~
 27.14 ~~in excess of \$1,000;~~

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

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

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

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

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

27.29 ~~(1)~~ (4) For bingo conducted at a leased premises where the primary business is
 27.30 bingo, rent is limited to either not more than ten percent of the monthly gross profit from
 27.31 all lawful gambling activities held during bingo occasions, excluding bar bingo or at a
 27.32 rate based on a cost per square foot not to exceed 110 percent of a comparable cost per
 27.33 square foot for leased space as approved by the director; and

27.34 ~~(2)~~ (5) No rent may be paid for bar bingo as defined in section 349.12, subdivision 3c.

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

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

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

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

28.18 Sec. 54. Minnesota Statutes 2010, section 349.19, subdivision 2, is amended to read:

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

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

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

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

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

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

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

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

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

29.14 Sec. 55. Minnesota Statutes 2010, section 349.19, subdivision 3, is amended to read:

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

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

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

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

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

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

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

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

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

29.34 (e) Expenditures of gross profits from lawful gambling for local, state, and federal
 29.35 taxes as identified in section 349.12, subdivision 25, paragraph (a), clause (8), may be

30.1 transferred electronically from the organization's gambling account directly to bank
 30.2 accounts identified by local, state, or federal agencies if the organization's gambling
 30.3 account monthly bank statement specifically identifies the payee by name, the amount
 30.4 transferred, and the date of the transaction.

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

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

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

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

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

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

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

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

30.26 Sec. 56. Minnesota Statutes 2010, section 349.19, subdivision 5, is amended to read:

30.27 Subd. 5. **Reports.** (a) A licensed organization must report monthly to the
 30.28 ~~Department of Revenue~~ board in an electronic format prescribed by the board and to its
 30.29 membership ~~monthly, or quarterly in the case of a licensed organization which does not~~
 30.30 ~~report more than \$1,000 in gross receipts from lawful gambling in any calendar quarter,~~
 30.31 on its gross receipts, expenses, profits, and expenditure of profits from lawful gambling
 30.32 for each permitted premises. The organization must account for and report on each form
 30.33 of lawful gambling conducted. The ~~report~~ organization must include a reconciliation of
 30.34 the organization's profit carryover with its cash balance on hand. ~~If the organization~~

31.1 ~~conducts both bingo and other forms of lawful gambling, the figures for both must be~~
 31.2 ~~reported separately.~~

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

31.7 ~~(1) gross receipts;~~

31.8 ~~(2) prizes paid;~~

31.9 ~~(3) allowable expenses;~~

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

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

31.14 ~~(6) the percentage of annual gross profits used for all taxes and fees as per section~~
 31.15 ~~349.12, subdivision 25, paragraph (a), clauses (8) and (18).~~

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

31.17 Sec. 57. Minnesota Statutes 2010, section 349.19, subdivision 10, is amended to read:

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

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

31.28 (c) The board shall:

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

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

32.1 Sec. 58. Minnesota Statutes 2010, section 349.211, subdivision 1a, is amended to read:

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

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

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

32.11 ~~(3)~~ (3) no organization may award more than \$200 for a linked bingo game
32.12 consolation prize. For purposes of this subdivision, a linked bingo game consolation
32.13 prize is a prize awarded by an organization after a prize from the linked bingo prize pool
32.14 has been won; ~~and~~

32.15 ~~(4)~~ (4) for a progressive linked bingo game, if no player declares a valid bingo
32.16 ~~within the for a progressive prize or prizes based on a predetermined amount of bingo~~
32.17 ~~numbers called and posted win determination, a portion of the prize is gross receipts~~
32.18 may be carried over to another occasion game until the accumulated progressive prize
32.19 is won. The portion of the prize that is not carried over must be awarded to the first
32.20 player or players who declares a valid bingo as additional numbers are called. If a valid
32.21 bingo is declared within the predetermined amount of bingo numbers called, the entire
32.22 prize pool for that game is awarded to the winner. The annual limit for progressive bingo
32.23 game prizes contained in subdivision 2 must be reduced by the amount an organization
32.24 contributes to progressive linked bingo games during the same calendar year; and

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

32.29 Sec. 59. Minnesota Statutes 2010, section 349.211, subdivision 2c, is amended to read:

32.30 Subd. 2c. **Tipboard prizes.** (a) The maximum prize which may be awarded for
32.31 a tipboard ticket is \$599 for \$2 and under tipboard tickets, \$899 for \$3 tipboard tickets,
32.32 \$1,199 for \$4 tipboard tickets, and \$1,499 for \$5 tipboard tickets, not including any
32.33 cumulative or carryover prizes. Cumulative or carryover prizes in tipboard games shall
32.34 not exceed \$2,500. An organization may not sell any tipboard ticket for more than \$5.

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

33.3 Sec. 60. **APPROPRIATION.**

33.4 \$880,000 in fiscal year 2013 is appropriated from the lawful gambling regulation
33.5 account in the special revenue fund to the Gambling Control Board for operating expenses
33.6 related to the regulatory oversight of lawful gambling for electronic pull-tabs and
33.7 electronic linked bingo.

33.8 Sec. 61. **REPEALER.**

33.9 Minnesota Statutes 2010, section 297E.02, subdivision 4, is repealed.

33.10 **EFFECTIVE DATE.** This section is effective for games sold after July 1, 2012.

33.11 Sec. 62. **EFFECTIVE DATE.**

33.12 Unless otherwise specifically provided, this act is effective the day following final
33.13 enactment.

297E.02 TAX IMPOSED.

Subd. 4. **Pull-tab and tipboard tax.** (a) A tax is imposed on the sale of each deal of pull-tabs and tipboards sold by a distributor. The rate of the tax is 1.7 percent of the ideal gross of the pull-tab or tipboard deal. The sales tax imposed by chapter 297A on the sale of the pull-tabs and tipboards by the distributor is imposed on the retail sales price less the tax imposed by this subdivision. The retail sale of pull-tabs or tipboards by the organization is exempt from taxes imposed by chapter 297A and is exempt from all local taxes and license fees except a fee authorized under section 349.16, subdivision 8.

(b) The liability for the tax imposed by this section is incurred when the pull-tabs and tipboards are delivered by the distributor to the customer or to a common or contract carrier for delivery to the customer, or when received by the customer's authorized representative at the distributor's place of business, regardless of the distributor's method of accounting or the terms of the sale.

The tax imposed by this subdivision is imposed on all sales of pull-tabs and tipboards, except the following:

(1) sales to the governing body of an Indian tribal organization for use on an Indian reservation;

(2) sales to distributors licensed under the laws of another state or of a province of Canada, as long as all statutory and regulatory requirements are met in the other state or province;

(3) sales of promotional tickets as defined in section 349.12; and

(4) pull-tabs and tipboards sold to an organization that sells pull-tabs and tipboards under the exemption from licensing in section 349.166, subdivision 2. A distributor shall require an organization conducting exempt gambling to show proof of its exempt status before making a tax-exempt sale of pull-tabs or tipboards to the organization. A distributor shall identify, on all reports submitted to the commissioner, all sales of pull-tabs and tipboards that are exempt from tax under this subdivision.

(c) A distributor having a liability of \$10,000 or more during a fiscal year ending June 30 must remit all liabilities in the subsequent calendar year by electronic means.

(d) Any customer who purchases deals of pull-tabs or tipboards from a distributor may file an annual claim for a refund or credit of taxes paid pursuant to this subdivision for unsold pull-tab and tipboard tickets. The claim must be filed with the commissioner on a form prescribed by the commissioner by March 20 of the year following the calendar year for which the refund is claimed. The refund must be filed as part of the customer's February monthly return. The refund or credit is equal to 1.7 percent of the face value of the unsold pull-tab or tipboard tickets, provided that the refund or credit will be 1.75 percent of the face value of the unsold pull-tab or tipboard tickets for claims for a refund or credit of taxes filed on the February 2001 monthly return. The refund claimed will be applied as a credit against tax owing under this chapter on the February monthly return. If the refund claimed exceeds the tax owing on the February monthly return, that amount will be refunded. The amount refunded will bear interest pursuant to section 270C.405 from 90 days after the claim is filed.