

**SENATE**  
**STATE OF MINNESOTA**  
**EIGHTY-SEVENTH LEGISLATURE**      **S.F. No. 702**

(SENATE AUTHORS: PARRY, Metzen, Wiger and Fischbach)

DATE	D-PG	OFFICIAL STATUS
03/10/2011	479	Introduction and first reading Referred to State Government Innovation and Veterans
05/02/2011	1609	Author added Fischbach
05/09/2011	1778a	Comm report: To pass as amended and re-refer to Taxes

A bill for an act

1.1 relating to gambling; modifying certain rates of tax on lawful gambling;  
1.2 providing for linked bingo and electronic pull-tabs; making clarifying,  
1.3 conforming, and technical changes; amending Minnesota Statutes 2010, sections  
1.4 297E.02, subdivisions 1, 4, 6; 349.12, subdivisions 5, 9, 12a, 25b, 25c, 25d, 29,  
1.5 32, 32a; 349.13; 349.151, subdivisions 4b, 4c, by adding a subdivision; 349.161,  
1.6 subdivision 1; 349.163, subdivisions 1, 9; 349.1635, subdivision 2; 349.17,  
1.7 subdivisions 6, 7, 8; 349.1721, by adding a subdivision; 349.18, subdivision 1;  
1.8 349.211, subdivision 1a; proposing coding for new law in Minnesota Statutes,  
1.9 chapter 349.  
1.10

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

1.12 Section 1. Minnesota Statutes 2010, section 297E.02, subdivision 1, is amended to read:

1.13 Subdivision 1. **Imposition.** A tax is imposed on all lawful gambling other than  
1.14 (1) pull-tab deals or games; (2) tipboard deals or games; and (3) items listed in section  
1.15 297E.01, subdivision 8, clauses (4) and (5), at the rate of ~~8.5~~ 5.0 percent on the gross  
1.16 receipts as defined in section 297E.01, subdivision 8, less prizes actually paid. The tax  
1.17 imposed by this subdivision is in lieu of the tax imposed by section 297A.62 and all  
1.18 local taxes and license fees except a fee authorized under section 349.16, subdivision 8,  
1.19 or a tax authorized under subdivision 5.

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

1.22 Sec. 2. Minnesota Statutes 2010, section 297E.02, subdivision 4, is amended to read:

1.23 Subd. 4. **Pull-tab and tipboard tax.** (a) A tax is imposed on the sale of each deal of  
1.24 pull-tabs and tipboards sold by a distributor. The rate of the tax is ~~1.7~~ 1.0 percent of the  
1.25 ideal gross of the pull-tab or tipboard deal. The sales tax imposed by chapter 297A on the  
1.26 sale of the pull-tabs and tipboards by the distributor is imposed on the retail sales price

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2.1 less the tax imposed by this subdivision. The retail sale of pull-tabs or tipboards by the  
2.2 organization is exempt from taxes imposed by chapter 297A and is exempt from all local  
2.3 taxes and license fees except a fee authorized under section 349.16, subdivision 8.

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

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

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

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

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

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

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

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

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3.1 will be refunded. The amount refunded will bear interest pursuant to section 270C.405  
3.2 from 90 days after the claim is filed.

3.3 Sec. 3. Minnesota Statutes 2010, section 297E.02, subdivision 6, is amended to read:

3.4 Subd. 6. **Combined receipts tax.** In addition to the taxes imposed under  
3.5 subdivisions 1 and 4, a tax is imposed on the combined receipts of the organization. As  
3.6 used in this section, "combined receipts" is the sum of the organization's gross receipts  
3.7 from lawful gambling less gross receipts directly derived from the conduct of bingo,  
3.8 raffles, and paddle wheels, as defined in section 297E.01, subdivision 8, for the fiscal year.  
3.9 The combined receipts of an organization are subject to a tax computed according to  
3.10 the following schedule:

3.11	If the combined receipts	The tax is:
3.12	for the fiscal year are:	
3.13	Not over <del>\$500,000</del>	
3.14	<u>\$600,000</u>	zero
3.15	Over <del>\$500,000</del> <u>\$600,000</u> ,	
3.16	but not over <del>\$700,000</del>	<del>1.7</del> <u>1.0</u> percent of the amount over
3.17	<u>\$800,000</u>	<del>\$500,000</del> <u>\$600,000</u> , but not over
3.18		<del>\$700,000</del> <u>\$800,000</u>
3.19	Over <del>\$700,000</del> <u>\$800,000</u> ,	
3.20	but not over <del>\$900,000</del>	<del>\$3,400</del> <u>\$2,000</u> plus <del>3.4</del> <u>2.0</u> percent of
3.21	<u>\$1,000,000</u>	the amount over <del>\$700,000</del> <u>\$800,000</u> ,
3.22		but not over <del>\$900,000</del> <u>\$1,000,000</u>
3.23	Over <del>\$900,000</del> <u>\$1,000,000</u>	<del>\$10,200</del> <u>\$6,000</u> plus <del>5.1</del> <u>3.0</u> percent
3.24		of the amount over <del>\$900,000</del>
3.25		<u>\$1,000,000</u>

3.26 The tax imposed under this subdivision is payable by the organization or party  
3.27 conducting, directly or indirectly, the gambling on a site-by-site basis.

3.28 Sec. 4. Minnesota Statutes 2010, section 349.12, subdivision 5, is amended to read:

3.29 Subd. 5. **Bingo occasion.** "Bingo occasion" means a single gathering or session at  
3.30 which a series of one or more successive bingo games is played. There is no limit on the  
3.31 number of games conducted during a bingo occasion ~~but~~. A bingo occasion must not last  
3.32 longer than eight consecutive hours, except that linked bingo games played on electronic  
3.33 bingo devices may be played during regular business hours of the permitted premises and  
3.34 all play during this period is considered a bingo occasion for reporting purposes.

3.35 Sec. 5. Minnesota Statutes 2010, section 349.12, subdivision 9, is amended to read:

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4.1 Subd. 9. **Deal.** "Deal" means each separate package, or series of packages in  
4.2 paper or electronic format, consisting of one game of pull-tabs or tipboards with the  
4.3 same serial number.

4.4 Sec. 6. Minnesota Statutes 2010, section 349.12, subdivision 12a, is amended to read:

4.5 Subd. 12a. **Electronic bingo device.** "Electronic bingo device" means an electronic  
4.6 bingo device used by a bingo player to (1) monitor bingo paper sheets or a facsimile of  
4.7 a bingo paper sheet when purchased at the time and place of an organization's bingo  
4.8 occasion and which (1) provides a means for bingo players to, (2) activate numbers  
4.9 announced by a bingo caller; (2) compares or displayed and compare the numbers entered  
4.10 by the player to the bingo faces previously stored in the memory of the device, and (3)  
4.11 ~~identifies~~ identify a winning bingo pattern.

4.12 Electronic bingo device does not mean any device into which coin, currency, or tokens are  
4.13 inserted to activate play but does allow for activation by coded data entry.

4.14 Sec. 7. Minnesota Statutes 2010, section 349.12, subdivision 25b, is amended to read:

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

4.19 Sec. 8. Minnesota Statutes 2010, section 349.12, subdivision 25c, is amended to read:

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

4.25 Sec. 9. Minnesota Statutes 2010, section 349.12, subdivision 25d, is amended to read:

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

4.30 Sec. 10. Minnesota Statutes 2010, section 349.12, subdivision 29, is amended to read:

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5.1 Subd. 29. **Paddle wheel.** "Paddle wheel" means a wheel marked off into sections  
5.2 containing one or more numbers, and which, after being turned or spun manually or  
5.3 electronically, uses a pointer or marker to indicate winning chances.

5.4 Sec. 11. Minnesota Statutes 2010, section 349.12, subdivision 32, is amended to read:

5.5 Subd. 32. **Pull-tab.** "Pull-tab" means a single folded or banded paper ticket or, a  
5.6 multi-ply card with perforated break-open tabs, or a facsimile of a paper pull-tab when  
5.7 used in conjunction with a pull-tab dispensing device, the face of which is initially covered  
5.8 to conceal one or more numbers or symbols, where one or more of each set of tickets, ~~or~~  
5.9 cards, or facsimiles has been designated in advance as a winner.

5.10 Sec. 12. Minnesota Statutes 2010, section 349.12, subdivision 32a, is amended to read:

5.11 Subd. 32a. **Pull-tab dispensing device.** "Pull-tab dispensing device" means a  
5.12 mechanical or electronic device that dispenses paper pull-tabs ~~and has no additional~~  
5.13 ~~function as an amusement or gambling device~~ or displays facsimiles of paper pull-tabs. A  
5.14 pull-tab dispensing device may have as a component an auditory or visual enhancement to  
5.15 promote or provide information about a game being dispensed or displayed, provided the  
5.16 component does not affect the outcome of a game or display the results of a game ~~or an~~  
5.17 ~~individual ticket~~. A pull-tab dispensing device that displays facsimiles of paper pull-tabs  
5.18 is not allowed to accept any coin, currency, or tokens, but does allow for activation by  
5.19 a coded data entry.

5.20 Sec. 13. Minnesota Statutes 2010, section 349.13, is amended to read:

5.21 **349.13 LAWFUL GAMBLING.**

5.22 Lawful gambling is not a lottery or gambling within the meaning of sections 609.75  
5.23 to 609.76 if it is conducted under this chapter. A pull-tab dispensing device permitted by  
5.24 board rule is not a gambling device within the meaning of sections 609.75 to 609.76 and  
5.25 chapter 299L. Electronic game devices authorized under this chapter may be used only  
5.26 in the conduct of lawful gambling permitted under this chapter and may not display or  
5.27 simulate any other form of gambling or entertainment.

5.28 Sec. 14. Minnesota Statutes 2010, section 349.151, subdivision 4b, is amended to read:

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

5.31 (b) Rules adopted under paragraph (a):

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6.1 (1) must limit the number of paper pull-tab dispensing devices on any permitted  
6.2 premises to three; and for deals with facsimiles of paper pull-tabs, no more than six  
6.3 devices in play may be located at a permitted premises with 200 seats or less, and no  
6.4 more than 12 devices in play may be located at a permitted premises with 201 seats or  
6.5 more. For premises where the primary business is bingo, the number of devices that may  
6.6 be in play will be determined by the board. Seating capacity is determined as specified  
6.7 under local fire code; and

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

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

6.15 Sec. 15. Minnesota Statutes 2010, section 349.151, subdivision 4c, is amended to read:

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

6.18 (b) Rules adopted under paragraph (a):

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

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

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

6.27 (4) must prohibit the price of a face played on an electronic bingo device from  
6.28 being less than the price of a face on a bingo paper sheet sold for the same game at the  
6.29 same occasion.

6.30 Sec. 16. Minnesota Statutes 2010, section 349.151, is amended by adding a subdivision  
6.31 to read:

6.32 Subd. 4d. **Electronic game devices.** Notwithstanding other rulemaking  
6.33 requirements under chapter 349, the adoption of rules by the board for manufacturing

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7.1 standards and game procedures for games played on electronic devices is exempt from  
7.2 chapter 14 and exempt from section 14.386.

7.3 Sec. 17. Minnesota Statutes 2010, section 349.161, subdivision 1, is amended to read:

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

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

7.8 (2) sell, offer for sale, or furnish gambling equipment for use within the state  
7.9 without having obtained a distributor license or a distributor salesperson license under  
7.10 this section except that an organization authorized to conduct bingo by the board may  
7.11 loan bingo hard cards and devices for selecting bingo numbers to another organization  
7.12 authorized to conduct bingo;

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

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

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

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

7.23 Sec. 18. Minnesota Statutes 2010, section 349.163, subdivision 1, is amended to read:

7.24 Subdivision 1. **License required.** No manufacturer of gambling equipment may  
7.25 sell any gambling equipment to any person for use or resale within the state, unless the  
7.26 manufacturer has a current and valid license issued by the board under this section and has  
7.27 satisfied other criteria prescribed by the board by rule. A manufacturer licensed under this  
7.28 section may also be licensed as a linked bingo game provider under section 349.1635.

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

7.31 Sec. 19. Minnesota Statutes 2010, section 349.163, subdivision 9, is amended to read:

7.32 Subd. 9. **Sales required.** No licensed manufacturer may refuse to sell gambling  
7.33 equipment to a licensed distributor unless:

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8.1 (1) a specific type of gambling equipment sold or leased on an exclusive basis is at  
8.2 issue, except that electronic bingo devices used to conduct linked bingo games or pull-tab  
8.3 dispensing devices may not be sold or leased on an exclusive basis;

8.4 (2) the manufacturer does not sell gambling equipment to any distributor in  
8.5 Minnesota;

8.6 (3) a Minnesota statute or rule prohibits the sale; or

8.7 (4) the distributor is delinquent on any payment owed to the manufacturer.

8.8 Sec. 20. Minnesota Statutes 2010, section 349.1635, subdivision 2, is amended to read:

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

8.14 Sec. 21. Minnesota Statutes 2010, section 349.17, subdivision 6, is amended to read:

8.15 Subd. 6. **Conduct of bingo.** A game of bingo begins with the first letter and number  
8.16 called or displayed. Each player must cover, mark, or activate the numbers when bingo  
8.17 numbers are randomly selected, and announced, ~~and~~ or displayed to the players, ~~either~~  
8.18 ~~manually or with a flashboard and monitor~~. The game is won when a player, using  
8.19 bingo paper, bingo hard card, or a facsimile of a bingo paper sheet, has completed, as  
8.20 described in the bingo program, a previously designated pattern or previously determined  
8.21 requirements of the game and declared bingo. The game is completed when a winning  
8.22 card, sheet, or facsimile is verified and a prize awarded pursuant to subdivision 3.

8.23 Sec. 22. Minnesota Statutes 2010, section 349.17, subdivision 7, is amended to read:

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

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

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

8.30 (3) except as allowed in section 349.185, no rent may be paid for a bar bingo  
8.31 occasion.

8.32 Sec. 23. Minnesota Statutes 2010, section 349.17, subdivision 8, is amended to read:



9.1 Subd. 8. **Linked bingo games.** (a) A licensed organization may conduct or  
9.2 participate in ~~not more than two~~ linked bingo games ~~per occasion, one of which may be a~~  
9.3 including progressive game games in which a portion of the prize is carried over from  
9.4 one occasion to another until won by a player achieving a bingo within a predetermined  
9.5 amount of bingo numbers called.

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

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

9.12 (d) Linked bingo games played on an electronic bingo device may be located only  
9.13 at a permitted premises where the organization conducts another form of gambling and  
9.14 the premises is:

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

9.18 (2) where bingo is conducted as the primary business, the premises has a seating  
9.19 capacity of at least 100, and admission is restricted to persons 18 years or older.

9.20 (e) For linked bingo games played on an electronic bingo device, no more than six  
9.21 electronic bingo devices may be in play at a permitted premises with 200 seats or less, and  
9.22 no more than 12 electronic bingo devices may be in play at a permitted premises with 201  
9.23 seats or more. For premises where the primary business is bingo, the number of electronic  
9.24 bingo devices that may be in play will be determined by the board. Seating capacity is  
9.25 determined as specified under local fire code.

9.26 (f) Prior to a bingo occasion for linked bingo games played on an electronic bingo  
9.27 device, the linked bingo game provider, on behalf of the participating organizations, must  
9.28 provide to the board a bingo program in a format prescribed by the board.

9.29 ~~(d)~~ (g) The board may adopt rules to:

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

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

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

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

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

10.2 Sec. 24. Minnesota Statutes 2010, section 349.1721, is amended by adding a  
10.3 subdivision to read:

10.4 Subd. 3. **Electronic pull-tabs.** (a) Tickets and deals must be in conformance with  
10.5 board rules for pull-tabs.

10.6 (b) Deals must contain:

10.7 (1) a finite number of tickets in each electronic deal;

10.8 (2) a predetermined number of winning and losing tickets;

10.9 (3) serialized tracking for each deal;

10.10 (4) no regeneration of a serialized deal; and

10.11 (5) no spinning symbols which mimic a video slot machine.

10.12 (c) All deals in play must be played on site at a permitted premises and cannot be  
10.13 transferred electronically or otherwise to any other location by the licensed organization.

10.14 (d) Deals cannot be shared or co-mingled with any other deals or locations.

10.15 (e) The electronic pull-tab dispensing device must have the capability to:

10.16 (1) allow the board to electronically monitor the operation of the electronic pull-tab  
10.17 devices and the internal accounting systems;

10.18 (2) maintain a printable, permanent record of all transactions involving the device;

10.19 and

10.20 (3) allow the board to deactivate a device without notice for violation of a law or  
10.21 rule and to implement any other controls deemed by the board necessary to ensure and  
10.22 maintain the integrity of games operated under this subdivision.

10.23 (f) The board shall examine prototypes of pull-tab devices that display facsimiles  
10.24 of paper pull-tabs. The board may contract for the examination of the devices and may  
10.25 require working models of the devices to be transported to locations the board designates  
10.26 for testing, examination, and analysis. The manufacturer shall pay all costs of any testing,  
10.27 examination, analysis, and transportation of the model.

10.28 (g) The board may adopt rules necessary or proper to ensure the integrity of games  
10.29 played with facsimiles of paper pull-tabs in conjunction with an electronic pull-tab  
10.30 dispensing device.

10.31 Sec. 25. Minnesota Statutes 2010, section 349.18, subdivision 1, is amended to read:

10.32 Subdivision 1. **Lease or ownership required; rent limitations.** (a) An organization  
10.33 may conduct lawful gambling only on premises it owns or leases. Leases must be on a  
10.34 form prescribed by the board. The term of the lease is concurrent with the premises permit.

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11.1 Leases approved by the board must specify that the board may authorize an organization  
11.2 to withhold rent from a lessor for a period of up to 90 days if the board determines that  
11.3 illegal gambling occurred on the premises or that the lessor or its employees participated  
11.4 in the illegal gambling or knew of the gambling and did not take prompt action to stop the  
11.5 gambling. The lease must authorize the continued tenancy of the organization without  
11.6 the payment of rent during the time period determined by the board under this paragraph.  
11.7 Copies of all leases must be made available to employees of the board and the Division of  
11.8 Alcohol and Gambling Enforcement on request.

11.9 (b) Rent paid by an organization for leased premises for the conduct of pull-tabs,  
11.10 tipboards, and paddle wheels is subject to the following limits:

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

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

11.17 (ii) in any month where the organization's gross profit at those premises exceeds  
11.18 \$4,000, up to \$400 plus not more than ten percent of the gross profit for that month in  
11.19 excess of \$4,000;

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

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

11.25 (ii) in any month where the organization's gross profit at those premises exceeds  
11.26 \$1,000, up to \$200 plus not more than 20 percent of the gross profit for that month  
11.27 in excess of \$1,000;

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

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

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

11.34 (1) not more than ten percent of the monthly gross profit from all lawful gambling  
11.35 activities held during bingo occasions excluding bar bingo or at a rate based on a cost per

12.1 square foot not to exceed 110 percent of a comparable cost per square foot for leased space  
12.2 as approved by the director; and

12.3 (2) no rent may be paid for bar bingo or linked bingo except as allowed under  
12.4 section 349.185.

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

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

12.17 (f) No entity other than the licensed organization may conduct any activity within  
12.18 a booth operation on a leased premises.

12.19 Sec. 26. **[349.185] GROSS PROFIT ALLOCATION; LINKED BINGO ON AN**  
12.20 **ELECTRONIC BINGO DEVICE.**

12.21 Subdivision 1. Definition. For the purposes of this section, a "year" is determined to  
12.22 start on the first date of operation of a linked bingo game played on an electronic bingo  
12.23 device at a permitted premises.

12.24 Subd. 2. Gross profit allocation. The allocation of gross profits from the operation  
12.25 of linked bingo on an electronic bingo device is as follows.

12.26 (a) The licensed organization shall receive:

12.27 (1) a minimum of 50 percent of gross profits to be used exclusively for lawful  
12.28 purpose expenditures as defined under section 349.12, subdivision 25; and

12.29 (2) no more than 15 percent each year for allowable expenses as defined under  
12.30 section 349.12, subdivision 3a.

12.31 (b) A linked bingo game provider shall receive:

12.32 (1) no more than 25 percent of gross profits in the first year;

12.33 (2) no more than 19 percent in the second year; and

12.34 (3) no more than 15 percent thereafter.

13.1 (c) The lessor shall receive, when linked bingo using an electronic bingo device is  
13.2 played in a location where the primary business is not bingo:

13.3 (1) no more than ten percent of the gross profits in the first year;

13.4 (2) no more than 16 percent in the second year; and

13.5 (3) no more than 20 percent thereafter.

13.6 The licensed organization shall be responsible for the overall conduct of linked  
13.7 bingo games but the lessor shall provide staffing to operate the linked bingo games at the  
13.8 premises in order to receive the percentage of profit allocation and the lessor is responsible  
13.9 for cash shortages.

13.10 (d) Where the primary business is bingo and the use of electronic bingo devices are  
13.11 used, the lessor is subject to the rent limitations under section 349.18, subdivision 1,  
13.12 paragraph (c), clause (1), and the licensed organization will receive the value identified  
13.13 under section 349.185, subdivision 2, paragraph (c).

13.14 Sec. 27. Minnesota Statutes 2010, section 349.211, subdivision 1a, is amended to read:

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

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

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

13.24 ~~(2) (3) no organization may award more than \$200 for a linked bingo game~~  
13.25 ~~consolation prize. For purposes of this subdivision, a linked bingo game consolation~~  
13.26 ~~prize is a prize awarded by an organization after a prize from the linked bingo prize pool~~  
13.27 ~~has been won; and~~

13.28 ~~(3) (4) for a progressive linked bingo game, if no player declares a valid bingo~~  
13.29 ~~within the for a progressive prize or prizes based on a predetermined amount of bingo~~  
13.30 ~~numbers called and posted win determination, a portion of the prize is gross receipts may~~  
13.31 be carried over to another occasion game until the accumulated progressive prize is won.  
13.32 The portion of the prize that is not carried over must be awarded to the first player or  
13.33 players who declares a valid bingo as additional numbers are called. If a valid bingo is  
13.34 declared within the predetermined amount of bingo numbers called, the entire prize pool  
13.35 for that game is awarded to the winner. The annual limit for progressive bingo game prizes

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14.1 ~~contained in subdivision 2 must be reduced by the amount an organization contributes to~~  
14.2 ~~progressive linked bingo games during the same calendar year.; and~~  
14.3 (5) for linked bingo games played on an electronic device, linked bingo prizes in  
14.4 excess of \$599 shall be paid by the linked bingo game provider to the player within three  
14.5 business days. Winners of linked bingo prizes in excess of \$599 will be given a receipt or  
14.6 claim voucher as proof of a win.