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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-SEVENTH SESSION

H. F. No. 2923

03/19/2012 Authored by Scalze; Slocum; Peterson, S., and Garofalo
The bill was read for the first time and referred to the Committee on Commerce and Regulatory Reform

1.1 A bill for an act
1.2 relating to state government; creating and funding an early education scholarship
1.3 program; authorizing electronic pull-tabs and bingo; appropriating money;
1.4 amending Minnesota Statutes 2010, sections 349.12, subdivisions 3b, 3c, 5, 6a,
1.5 12a, 18, 25b, 25c, 25d, 29, 31, 32, by adding subdivisions; 349.13; 349.151,
1.6 subdivisions 4b, 4c, by adding a subdivision; 349.161, subdivisions 1, 5;
1.7 349.162, subdivision 5; 349.163, subdivisions 1, 5, 6; 349.1635, subdivisions 2,
1.8 3, by adding a subdivision; 349.17, subdivisions 6, 7, 8, by adding a subdivision;
1.9 349.1721; 349.18, subdivision 1; 349.19, subdivisions 2, 3, 5, 10; 349.211,
1.10 subdivision 1a; proposing coding for new law in Minnesota Statutes, chapter
1.11 119B.

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

1.13 Section 1. 119B.055 EARLY EDUCATION SCHOLARSHIP PROGRAM.

1.14 Subdivision 1. Establishment. The early education scholarship program is
1.15 established to make child care and early education services available to eligible
1.16 low-income families.

1.17 Subd. 2. Eligible family. A family is eligible for a scholarship under this section
1.18 if the family:

1.19 (1) meets the requirements under sections 119B.07; 119B.09, subdivisions 1 and 4;
1.20 and 119B.10, except for families participating in the MFIP or diversionary work programs
1.21 under chapter 256J and transition year families under section 119B.011, subdivision 20;

1.22 (2) resides in Minnesota; and

1.23 (3) has a child who is at least three but not yet six years of age.

1.24 Subd. 3. Eligible providers; provider choice. (a) Providers eligible to accept an
1.25 early education scholarship as payment for child care or early education services for a
1.26 child include:

2.1 (1) an individual or child care center or facility, either licensed or unlicensed,
2.2 providing legal child care services as defined under section 245A.03;

2.3 (2) a school readiness program under section 124D.15; and

2.4 (3) a federal Head Start program.

2.5 (b) An eligible provider under paragraph (a) must be approved for program
2.6 participation under section 124D.142 or other quality rating system authorized by the
2.7 commissioner of education.

2.8 (c) Parents may choose approved child care or early education providers as defined
2.9 under paragraph (a) that best meet the needs of their family. The state shall make resources
2.10 available to parents in choosing child care and early education services. The state may
2.11 require a parent to sign a release stating their knowledge and responsibilities in choosing a
2.12 legal provider described under this subdivision.

2.13 Subd. 4. **Amount and length of early education scholarships.** (a) The amount of a
2.14 an early education scholarship under this section must be based on:

2.15 (1) the income of the family, as determined under section 119B.09, subdivision 4;

2.16 (2) the number of people in the family, as defined under section 119B.011,
2.17 subdivision 13; and

2.18 (3) the number of eligible children in the applicant's family.

2.19 (b) The maximum scholarship awarded to the applicant for each eligible child in a
2.20 12-month time period must be determined by the commissioner of education based on
2.21 available funding.

2.22 (c) Families receiving a scholarship under this section shall continue to receive a
2.23 scholarship until they are no longer eligible.

2.24 (d) Families are responsible for payment to providers of any fees or charges not
2.25 covered by the scholarship.

2.26 Subd. 5. **Provider rates.** Eligible providers may not charge families using
2.27 scholarships under this section a rate that is higher than the rate charged to private paying
2.28 clients.

2.29 Subd. 6. **Funds; appropriations; waiting list.** Scholarships provided under this
2.30 section may be funded with state general funds, federal child care and development
2.31 funds, and county funds. Within the limits of available appropriations, the commissioner
2.32 shall distribute scholarships to eligible families. If there are insufficient funds to serve
2.33 all eligible families, the commissioner must develop a method to prioritize applicants,
2.34 provide geographical balance when awarding the scholarships, and keep a written record
2.35 of the number of eligible families who have applied for a scholarship. The commissioner
2.36 must update the waiting list at least every six months.

3.1 Subd. 7. **Early childhood scholarships.** The commissioner of management and
3.2 budget must transfer revenue raised by the sale of electronic pull-tabs and bingo under
3.3 sections 2 to 41 to the commissioner of education for the purpose of funding early
3.4 childhood scholarships under this section. The money provided under this subdivision
3.5 must supplement and not supplant state expenditures for these purposes at the time
3.6 of enactment of this act.

3.7 Subd. 8. **Information.** The commissioner shall develop and provide information
3.8 about the program to eligible providers, human service agencies, and potential applicants.

3.9 Subd. 9. **Appropriations.** The amount allocated under subdivision 7 is annually
3.10 appropriated from the general fund to the commissioner of education for early education
3.11 scholarships under this section.

3.12 **EFFECTIVE DATE.** This section is effective July 1, 2013.

3.13 Sec. 2. Minnesota Statutes 2010, section 349.12, subdivision 3b, is amended to read:

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

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

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

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

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

4.1 Sec. 5. Minnesota Statutes 2010, section 349.12, subdivision 6a, is amended to read:

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

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

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

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

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

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

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

4.18 (4) play against other bingo players;

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

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

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

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

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

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

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

4.29 Sec. 7. Minnesota Statutes 2010, section 349.12, is amended by adding a subdivision
 4.30 to read:

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

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

- 5.1 (b) requires coded entry to activate play but does not allow the use of coin, currency,
 5.2 or tokens to be inserted to activate play;
- 5.3 (c) allows a player the option to activate the opening of:
 5.4 (1) all tabs of a ticket at the same time; or
 5.5 (2) each tab of a ticket separately;
- 5.6 (d) records and maintains information pertaining to accumulated win credits that
 5.7 may be applied to games in play or redeemed upon termination of play;
- 5.8 (e) has no spinning symbols or other representations that mimic a video slot machine;
 5.9 (f) has no additional function as a gambling device;
- 5.10 (g) may incorporate an amusement game feature as part of the pull-tab game but
 5.11 may not require additional consideration for that feature or contain or award any points,
 5.12 prizes, or other benefit for that feature;
- 5.13 (h) may have auditory or visual enhancements to promote or provide information
 5.14 about the game being played, provided the component does not affect the outcome of
 5.15 a game or display the results of a game;
- 5.16 (i) maintains, on nonresettable meters, a printable, permanent record of all
 5.17 transactions involving each device and electronic pull-tab games played on the device; and
 5.18 (j) is not a pull-tab dispensing device as defined under subdivision 32a.

5.19 Sec. 8. Minnesota Statutes 2010, section 349.12, is amended by adding a subdivision
 5.20 to read:

5.21 Subd. 12c. **Electronic pull-tab game.** "Electronic pull-tab game" means a pull-tab
 5.22 game containing:

- 5.23 (a) facsimiles of pull-tab tickets that are played on an electronic pull-tab device;
 5.24 (b) a predetermined finite number of winning and losing tickets;
 5.25 (c) the same price for each ticket in the game;
 5.26 (d) a price paid by the player of not less than 25 cents per ticket;
 5.27 (e) tickets that are in conformance with applicable board rules for pull-tabs;
 5.28 (f) winning tickets that comply with prize limits under section 349.211;
 5.29 (g) a unique serial number that may not be regenerated;
 5.30 (h) an electronic flare that displays the game name, form number, predetermined
 5.31 finite number of tickets in the game, and prize tier; and
 5.32 (i) no spinning symbols or other representations that mimic a video slot machine.

5.33 Sec. 9. Minnesota Statutes 2010, section 349.12, is amended by adding a subdivision
 5.34 to read:

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

6.7 Sec. 10. Minnesota Statutes 2010, section 349.12, subdivision 18, is amended to read:

6.8 Subd. 18. **Gambling equipment.** "Gambling equipment" means gambling
 6.9 equipment that is either disposable or permanent gambling equipment.

6.10 (a) Disposable gambling equipment includes the following:

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

6.13 (2) paper and electronic pull-tabs;

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

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

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

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

6.20 (b) Permanent gambling equipment includes the following:

6.21 (1) devices for selecting bingo numbers;

6.22 (2) electronic bingo devices;

6.23 (3) electronic pull-tab devices;

6.24 (4) pull-tab dispensing devices;

6.25 (5) programmable electronic devices that have no effect on the outcome of a game

6.26 and are used to provide a visual or auditory enhancement of a game;

6.27 (6) paddle wheels; and

6.28 (7) paddle wheel tables.

6.29 Sec. 11. Minnesota Statutes 2010, section 349.12, subdivision 25b, is amended to read:

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

7.1 Sec. 12. Minnesota Statutes 2010, section 349.12, subdivision 25c, is amended to read:

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

7.8 Sec. 13. Minnesota Statutes 2010, section 349.12, subdivision 25d, is amended to read:

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

7.13 Sec. 14. Minnesota Statutes 2010, section 349.12, subdivision 29, is amended to read:

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

7.19 Sec. 15. Minnesota Statutes 2010, section 349.12, subdivision 31, is amended to read:

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

7.23 Sec. 16. Minnesota Statutes 2010, section 349.12, subdivision 32, is amended to read:

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

7.29 Sec. 17. Minnesota Statutes 2010, section 349.13, is amended to read:

7.30 **349.13 LAWFUL GAMBLING.**

8.1 Lawful gambling is not a lottery or gambling within the meaning of sections 609.75
 8.2 to 609.76 if it is conducted under this chapter. A pull-tab dispensing device, electronic
 8.3 bingo device, and electronic pull-tab device permitted under this chapter and by board
 8.4 rule is not a gambling device within the meaning of sections 609.75 to 609.76 and chapter
 8.5 299L. An electronic game device allowed under this chapter may not be a slot machine.
 8.6 Electronic game devices, including but not limited to electronic bingo devices, electronic
 8.7 paddle wheels, and electronic pull-tab devices authorized under this chapter, may only
 8.8 be used in the conduct of lawful gambling permitted under this chapter and board rule
 8.9 and may not display or simulate any other form of gambling or entertainment, except
 8.10 as otherwise allowed under this chapter.

8.11 Sec. 18. Minnesota Statutes 2010, section 349.151, subdivision 4b, is amended to read:

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

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

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

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

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

8.24 Sec. 19. Minnesota Statutes 2010, section 349.151, subdivision 4c, is amended to read:

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

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

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

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

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

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

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

9.7 Sec. 20. Minnesota Statutes 2010, section 349.151, is amended by adding a subdivision
 9.8 to read:

9.9 Subd. 4d. **Electronic pull-tab devices and electronic pull-tab game system.** (a)
 9.10 The board may adopt rules it deems necessary to ensure the integrity of electronic pull-tab
 9.11 devices, the electronic pull-tab games played on the devices, and the electronic pull-tab
 9.12 game system necessary to operate them.

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

9.14 (c) Before authorizing the lease or sale of electronic pull-tab devices and the
 9.15 electronic pull-tab game system, the board shall examine electronic pull-tab devices
 9.16 allowed under section 349.12, subdivision 12b. The board may contract for the
 9.17 examination of the game system and electronic pull-tab devices and may require a working
 9.18 model to be transported to locations the board designates for testing, examination, and
 9.19 analysis. The manufacturer must pay all costs of any testing, examination, analysis, and
 9.20 transportation of the model. The system must be approved by the board before its use in
 9.21 the state and must have the capability to permit the board to electronically monitor its
 9.22 operation and internal accounting systems.

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

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

9.31 Sec. 21. Minnesota Statutes 2010, section 349.161, subdivision 1, is amended to read:

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

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

10.4 (2) sell, offer for sale, or furnish gambling equipment for use within the state without
 10.5 having obtained a distributor license or a distributor salesperson license under this section
 10.6 except that an organization authorized to conduct bingo by the board may loan bingo
 10.7 hard cards and devices for selecting bingo numbers to another organization authorized to
 10.8 conduct bingo and a linked bingo game provider may provide electronic bingo devices for
 10.9 linked electronic bingo games;

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

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

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

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

10.20 Sec. 22. Minnesota Statutes 2010, section 349.161, subdivision 5, is amended to read:

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

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

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

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

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

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

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

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

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

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

11.26 Sec. 23. Minnesota Statutes 2010, section 349.162, subdivision 5, is amended to read:

11.27 Subd. 5. **Sales from facilities.** (a) All gambling equipment purchased or possessed
11.28 by a licensed distributor for resale or lease to any person for use in Minnesota must, prior
11.29 to the equipment's resale or lease, be unloaded into a storage facility located in Minnesota
11.30 which the distributor owns or leases; and which has been registered, in advance and in
11.31 writing, with the Division of Alcohol and Gambling Enforcement as a storage facility of
11.32 the distributor. All unregistered gambling equipment and all unaffixed registration stamps
11.33 owned by, or in the possession of, a licensed distributor in the state of Minnesota shall be
11.34 stored at a storage facility which has been registered with the Division of Alcohol and
11.35 Gambling Enforcement. No gambling equipment may be moved from the facility unless

12.1 the gambling equipment has been first registered with the board or the Department of
12.2 Revenue. A distributor must notify the board of the method that it will use to sell and
12.3 transfer electronic pull-tab games to licensed organizations, and must receive approval of
12.4 the board before implementing or making changes to the approved method.

12.5 (b) Notwithstanding section 349.163, subdivisions 5, 6, and 8, a licensed
12.6 manufacturer may ship into Minnesota approved or unapproved gambling equipment if the
12.7 licensed manufacturer ships the gambling equipment to a Minnesota storage facility that
12.8 is: (1) owned or leased by the licensed manufacturer; and (2) registered, in advance and
12.9 in writing, with the Division of Alcohol and Gambling Enforcement as a manufacturer's
12.10 storage facility. No gambling equipment may be shipped into Minnesota to the
12.11 manufacturer's registered storage facility unless the shipment of the gambling equipment
12.12 is reported to the Department of Revenue in a manner prescribed by the department.
12.13 No gambling equipment may be moved from the storage facility unless the gambling
12.14 equipment is sold to a licensed distributor and is otherwise in conformity with this chapter,
12.15 is shipped to an out-of-state site and the shipment is reported to the Department of
12.16 Revenue in a manner prescribed by the department, or is otherwise sold and shipped as
12.17 permitted by board rule. A manufacturer must notify the board of the method that it will
12.18 use to sell and transfer electronic pull-tab games to licensed distributors, and must receive
12.19 approval of the board before implementing or making changes to the approved method.

12.20 (c) All storage facilities owned, leased, used, or operated by a licensed distributor
12.21 or manufacturer may be entered upon and inspected by the employees of the Division of
12.22 Alcohol and Gambling Enforcement, the Division of Alcohol and Gambling Enforcement
12.23 director's authorized representatives, employees of the Gambling Control Board or its
12.24 authorized representatives, employees of the Department of Revenue, or authorized
12.25 representatives of the director of the Division of Special Taxes of the Department of
12.26 Revenue during reasonable and regular business hours. Obstruction of, or failure to
12.27 permit, entry and inspection is cause for revocation or suspension of a manufacturer's or
12.28 distributor's licenses and permits issued under this chapter.

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

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

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

13.1 Sec. 24. Minnesota Statutes 2010, section 349.163, subdivision 1, is amended to read:

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

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

13.9 Sec. 25. Minnesota Statutes 2010, section 349.163, subdivision 5, is amended to read:

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

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

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

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

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

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

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

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

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

14.7 Sec. 26. Minnesota Statutes 2010, section 349.163, subdivision 6, is amended to read:

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

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

14.20 (c) The board may require samples of gambling equipment to be tested by an
 14.21 independent testing laboratory prior to submission to the board for approval. All costs
 14.22 of testing by an independent testing laboratory must be borne by the manufacturer. An
 14.23 independent testing laboratory used by a manufacturer to test samples of gambling
 14.24 equipment must be approved by the board before the equipment is submitted to the
 14.25 laboratory for testing.

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

14.28 Sec. 27. Minnesota Statutes 2010, section 349.1635, subdivision 2, is amended to read:

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

15.1 Sec. 28. Minnesota Statutes 2010, section 349.1635, subdivision 3, is amended to read:

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

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

15.7 (2) detailed plans and specifications for the operation of the linked bingo game and
15.8 the linked bingo system, along with a proposed fee schedule for the cost of providing
15.9 services and equipment to licensed organizations which may not exceed ... percent of
15.10 gross profits. The fee schedule must incorporate costs paid to distributors for services
15.11 provided under subdivision 5; and

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

15.13 Sec. 29. Minnesota Statutes 2010, section 349.1635, is amended by adding a
15.14 subdivision to read:

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

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

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

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

15.26 Sec. 30. Minnesota Statutes 2010, section 349.17, subdivision 6, is amended to read:

15.27 Subd. 6. **Conduct of bingo.** The price of a face played on an electronic bingo
15.28 device may not be less than the price of a face on a bingo paper sheet sold for the same
15.29 game at the same occasion. A game of bingo begins with the first letter and number called
15.30 or displayed. Each player must cover, mark, or activate the numbers when bingo numbers
15.31 are randomly selected, ~~and announced, and or displayed to the players, either manually~~
15.32 ~~or with a flashboard and monitor.~~ The game is won when a player, using bingo paper,
15.33 bingo hard card, or a facsimile of a bingo paper sheet, has completed, as described in the
15.34 bingo program, a previously designated pattern or previously determined requirements

16.1 of the game and declared bingo. The game is completed when a winning card, sheet, or
 16.2 facsimile is verified and a prize awarded pursuant to subdivision 3.

16.3 Sec. 31. Minnesota Statutes 2010, section 349.17, subdivision 7, is amended to read:

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

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

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

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

16.11 Sec. 32. Minnesota Statutes 2010, section 349.17, subdivision 8, is amended to read:

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

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

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

16.23 (d) The board may adopt rules to:

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

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

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

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

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

16.32 Sec. 33. Minnesota Statutes 2010, section 349.17, is amended by adding a subdivision
 16.33 to read:

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

17.4 (a) The permitted premises must be:

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

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

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

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

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

17.13 and

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

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

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

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

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

17.26 Sec. 34. Minnesota Statutes 2010, section 349.1721, is amended to read:

17.27 **349.1721 CONDUCT OF PULL-TABS.**

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

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

18.1 **Subd. 3. Pull-tab dispensing device location restrictions and requirements.**

18.2 The following pertain to pull-tab dispensing devices as defined under section 349.12,
 18.3 subdivision 32a.

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

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

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

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

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

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

18.16 (a) The use of any electronic pull-tab device must be at a permitted premises that is:

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

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

18.22 (3) where the sale of paper pull-tabs is conducted by the licensed organization.

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

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

18.25 (2) no more than 12 devices in play at any permitted premises with 201 seats
 18.26 or more; and

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

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

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

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

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

18.35 (f) Electronic pull-tab games may be commingled if the games are from the same
 18.36 family of games and manufacturer and contain the same game name, form number, type

19.1 of game, ticket count, prize amounts, and prize denominations. Each commingled game
 19.2 must have a unique serial number.

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

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

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

19.10 Sec. 35. Minnesota Statutes 2010, section 349.18, subdivision 1, is amended to read:

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

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

19.25 (1) For booth operations, ~~including booth operations where a pull-tab dispensing~~
 19.26 ~~device is located, booth operations where a bar operation is also conducted, and booth~~
 19.27 ~~operations where both a pull-tab dispensing device is located and a bar operation is also~~
 19.28 ~~conducted, the maximum rent is:~~ monthly rent may not exceed ten percent of gross profits
 19.29 for that month.

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

19.32 (ii) ~~in any month where the organization's gross profit at those premises exceeds~~
 19.33 ~~\$4,000, up to \$400 plus not more than ten percent of the gross profit for that month in~~
 19.34 ~~excess of \$4,000;~~

20.1 (2) For bar operations, ~~including bar operations where a pull-tab dispensing device~~
 20.2 ~~is located but not including bar operations subject to clause (1), and for locations where~~
 20.3 ~~only a pull-tab dispensing device is located:~~ monthly rent may not exceed 15 percent of
 20.4 the gross profits for that month.

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

20.7 ~~(ii) in any month where the organization's gross profit at those premises exceeds~~
 20.8 ~~\$1,000, up to \$200 plus not more than 20 percent of the gross profit for that month~~
 20.9 ~~in excess of \$1,000;~~

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

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

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

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

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

20.24 ~~(1)~~ (4) For bingo conducted at a leased premises where the primary business is
 20.25 bingo, rent is limited to either not more than ten percent of the monthly gross profit from
 20.26 all lawful gambling activities held during bingo occasions, excluding bar bingo or at a
 20.27 rate based on a cost per square foot not to exceed 110 percent of a comparable cost per
 20.28 square foot for leased space as approved by the director; and

20.29 ~~(2)~~ (5) No rent may be paid for bar bingo as defined in section 349.12, subdivision 3c.

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

20.32 ~~(d)~~ (c) Amounts paid as rent under leases are all-inclusive. No other services or
 20.33 expenses provided or contracted by the lessor may be paid by the organization, including,
 20.34 but not limited to, trash removal, janitorial and cleaning services, snow removal, lawn
 20.35 services, electricity, heat, security, security monitoring, storage, and other utilities or
 20.36 services, and, in the case of bar operations, cash shortages, unless approved by the

21.1 director. The lessor shall be responsible for the cost of any communications network or
 21.2 service required to conduct electronic pull-tab games or electronic bingo games. Any
 21.3 other expenditure made by an organization that is related to a leased premises must be
 21.4 approved by the director. For bar operations, the lessor is responsible for cash shortages.
 21.5 An organization may not provide any compensation or thing of value to a lessor or the
 21.6 lessor's employees from any fund source other than its gambling account. Rent payments
 21.7 may not be made to an individual.

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

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

21.13 Sec. 36. Minnesota Statutes 2010, section 349.19, subdivision 2, is amended to read:

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

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

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

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

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

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

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

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

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

22.11 Sec. 37. Minnesota Statutes 2010, section 349.19, subdivision 3, is amended to read:

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

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

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

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

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

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

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

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

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

22.31 (e) Expenditures of gross profits from lawful gambling for local, state, and federal
22.32 taxes as identified in section 349.12, subdivision 25, paragraph (a), clause (8), may be
22.33 transferred electronically from the organization's gambling account directly to bank
22.34 accounts identified by local, state, or federal agencies if the organization's gambling

23.1 account monthly bank statement specifically identifies the payee by name, the amount
23.2 transferred, and the date of the transaction.

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

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

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

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

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

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

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

23.23 Sec. 38. Minnesota Statutes 2010, section 349.19, subdivision 5, is amended to read:

23.24 Subd. 5. **Reports.** (a) A licensed organization must report monthly to the
23.25 ~~Department of Revenue~~ board in an electronic format prescribed by the board and to its
23.26 membership ~~monthly, or quarterly in the case of a licensed organization which does not~~
23.27 ~~report more than \$1,000 in gross receipts from lawful gambling in any calendar quarter,~~
23.28 on its gross receipts, expenses, profits, and expenditure of profits from lawful gambling
23.29 for each permitted premises. The organization must account for and report on each form
23.30 of lawful gambling conducted. The ~~report organization~~ must include a reconciliation of
23.31 the organization's profit carryover with its cash balance on hand. ~~If the organization~~
23.32 ~~conducts both bingo and other forms of lawful gambling, the figures for both must be~~
23.33 ~~reported separately.~~

23.34 (b) The organization must report ~~annually to its membership and annually file with~~
23.35 ~~the board a financial summary report in a format prescribed by the board that identifies the~~

24.1 ~~organization's receipts and use of lawful gambling proceeds, including: monthly to the~~
 24.2 ~~commissioner of revenue as required under section 297E.06.~~

24.3 ~~(1) gross receipts;~~

24.4 ~~(2) prizes paid;~~

24.5 ~~(3) allowable expenses;~~

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

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

24.10 ~~(6) the percentage of annual gross profits used for all taxes and fees as per section~~
 24.11 ~~349.12, subdivision 25, paragraph (a), clauses (8) and (18).~~

24.12 Sec. 39. Minnesota Statutes 2010, section 349.19, subdivision 10, is amended to read:

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

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

24.23 (c) The board shall:

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

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

24.31 Sec. 40. Minnesota Statutes 2010, section 349.211, subdivision 1a, is amended to read:

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

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

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

25.8 ~~(2)~~ (3) no organization may award more than \$200 for a linked bingo game
 25.9 consolation prize. For purposes of this subdivision, a linked bingo game consolation
 25.10 prize is a prize awarded by an organization after a prize from the linked bingo prize pool
 25.11 has been won; ~~and~~

25.12 ~~(3)~~ (4) for a progressive linked bingo game, if no player declares a valid bingo
 25.13 ~~within the~~ for a progressive prize or prizes based on a predetermined amount of bingo
 25.14 ~~numbers called and posted win determination,~~ a portion of the prize is gross receipts
 25.15 may be carried over to another occasion game until the accumulated progressive prize
 25.16 is won. The portion of the prize that is not carried over must be awarded to the first
 25.17 player or players who declares a valid bingo as additional numbers are called. If a valid
 25.18 bingo is declared within the predetermined amount of bingo numbers called, the entire
 25.19 prize pool for that game is awarded to the winner. The annual limit for progressive bingo
 25.20 game prizes contained in subdivision 2 must be reduced by the amount an organization
 25.21 contributes to progressive linked bingo games during the same calendar year; and

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

25.26 Sec. 41. **APPROPRIATION.**

25.27 (a) \$450,000 in fiscal year 2012 and \$779,000 in fiscal year 2013 are appropriated
 25.28 from the lawful gambling regulation account in the special revenue fund to the Gambling
 25.29 Control Board for operating expenses related to the regulatory oversight of lawful
 25.30 gambling for electronic pull-tabs and electronic linked bingo.

25.31 (b) One-half of one percent of the revenue deposited in the general fund under
 25.32 Minnesota Statutes, section 16A.695, subdivision 8, paragraph (a), is appropriated to
 25.33 the commissioner of human services for the compulsive gambling treatment program
 25.34 established under Minnesota Statutes, section 245.98. One-half of one percent of the
 25.35 revenue deposited in the general fund under Minnesota Statutes, section 16A.695,

26.1 subdivision 8, paragraph (a), is appropriated to the Gambling Control Board for a
26.2 grant to the state affiliate recognized by the National Council on Problem Gambling to
26.3 increase public awareness of problem gambling, education and training for individuals
26.4 and organizations providing effective treatment services to problem gamblers and
26.5 their families, and research relating to problem gambling. Money appropriated by this
26.6 paragraph must supplement and must not replace existing state funding for these programs.

26.7 Sec. 42. **EFFECTIVE DATE.**

26.8 Sections 2 to 41 are effective the day following final enactment.