

Building the People's Stadium and Providing Tax Relief for Charities

BACKGROUND: Electronic Pull-Tabs: A Good Deal for Minnesota, A Good Deal for Minnesota Charities and New Funding for our Veterans, Children, and Communities

The proposal for the people's stadium will modernize our state's system of charitable gambling – which provides tens of millions of dollars annually to Minnesota's Veterans, Children and Communities.

- **Huge Benefit to Minnesota:**
 - **\$62.5 million more for charities:** With the modernized system, annual net profits for charitable purposes will increase from \$44.3 million to \$106.8 million.
 - **\$28 million more for small business owners:** With the modernized system, annual rent compensation to bar owners will increase from \$17.8 million to \$45.9 million annually.
 - **\$62.5 million more for Minnesota:** With the modernized system, annual gambling taxes paid to the states will increase from \$37 million to \$99.5 million annually.

- **Greater Tax Relief and Tax Simplification for Minnesota Charities:**
 - Eliminates 1.7% up front distributors tax.
 - Reduces all gambling tax rates by roughly 14%.
 - Maintains net receipts tax (at a lower rate) for paper bingo.

- **Modernizing an Outdated System:** Paper pull-tabs were legalized in 1981 and the format has not been updated since then. With the electronic modernization, charities will have the choice to continue offering paper pull-tabs and bingo or offer electronic pull-tabs and bingo, or a combination of both.

- **Fair Deal for Consumers:** The electronic games will be exactly the same with regard to odds, payouts and rules as those currently played on paper in Minnesota. The only difference between the two games will be the electronic format.

- **Helping our Veterans, Children and Communities:** There are 1,200 licensed charitable organizations conducting gaming in Minnesota.
 - 28% are veteran organizations (American Legion/VFW)
 - Other organizations: Youth Hockey; Local fire relief; civic/community charities, etc.
 - Charities that update to electronic pull-tabs would have only minimal administrative cost responsibilities

- **A Statewide Benefit to Small Businesses:** Currently there are 2,800 local sites (bars/veteran posts) sponsoring charitable gaming – which means reliable revenue for charities and businesses.

If licensed charities decided to adopt the modernized system of charitable gaming as a fundraising tool, these projected numbers will mean a new and far bigger benefit to our Minnesota's charities including Veterans, Children, and our Communities.