

Rule contacts:

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Type of Rulemaking Authority: (mark one)

Chapter 14: ☒ Permanent (full process) ☐ Exempt Permanent ☐ Expedited Permanent

Game & fish laws: ☐ Exempt Permanent Fisheries ☐ Expedited Emergency Game and Fish

Rule title: Modification of Gambling Control Board's Interpretation of Minn. Stat. § 349.166 Allowing for Excluded and Exempt Raffles within One Calendar Year.

Chapter number(s): Minnesota Rules Chapter 7861.0340, Minnesota Statutes Chapter 349.166

Describe the need for the rule and provide background information:

An "excluded raffle" is a raffle conducted under Minn. Stat. § 349.166, subd. 1(c). For this type of raffle, an organization need not obtain a lawful gambling license provided:

1. the value of all prizes does not exceed \$1,500 in a calendar year (\$5,000 if the organization is a 501(c)(3))

An "exempted raffle" is a raffle conducted under Minn. Stat. § 349.166, subd. 2. For this type a raffle, an organization need not obtain a lawful gambling license provided:

1. the events are conducted in five (5) or fewer days in a calendar year;
2. the organization awards no more than \$50,000 in prizes in that calendar year;
3. the organization submits an application and necessary fees to the GCB;
4. the organization receives approval of the gambling occasion from its local unit of government;
5. the organization purchases its gambling equipment from a GCB licensed distributor; and
6. the organization completes a report to the GCB following the gambling occasion.

The need for adoption of this particular rules stems from the Gambling Control Board's historic interpretation of Minn. Stat. § 349.166. For at least 30 years, the agency has interpreted this statute so when an organization conducts an excluded raffle during the calendar year, it is no longer eligible to conduct an exempt raffle that same calendar year. The text of the statute does not expressly make such

a limitation, but this agency has read-in said limitation for the ease of agency implementation of these statutory provisions given their similarities.

The GCB aims to remove this agency limitation by formal rulemaking in order to: 1) provide organizations new to the lawful gambling the opportunity to conduct both of these types of raffles in a calendar year as an entry point into the industry, 2) provide the GCB with its own clear, internal standard for dealing with instances of organizations wishing to conduct an exempt and excluded raffle, and 3) ensure that the GCB is not creating an invalid unpromulgated rule by changing its historic implementation of Minn. Stat. § 349.166.

Agency impact: The GCB will need to more readily monitor exempt and excluded raffles to ensure compliance with the new rule and policy. However, the GCB will be more confident in its handling of exempt and excluded raffles with an express rule guiding their regulatory authority.

If Exempt or Expedited rulemaking process is being used, please explain why:

N/A

Rulemaking authority and other relevant statutes:

Authority to adopt the rules: Minn. Stat. § 349.151, Subd. 13.

Authority to adopt the rules using expedited or exempt process: N/A

Fiscal impact for agency:

☐ Yes ☒ No ☐ Undetermined
