Minnesota Gambling Control Board

Gaming News

FY22 Gross Receipts
Receipts for the first eight months of FY22 (July 2021 through February 2022) averaged $343 million per month for a total of $2.75 billion. If this pace continues through the spring months, FY22 gross receipts are expected to top $4 billion.

Legislative Update
Board staff is tracking several bills that are currently under consideration by the state legislature. These include bills to reduce lawful gambling tax rates, eliminate the annual audit requirement for many organizations, and require legislative approval for any future rule changes regarding electronic pull-tabs. Bills to legalize sports wagering are also being monitored.

The Board’s role is to provide technical expertise and guidance on how proposed statute changes would affect the agency’s ability to effectively regulate lawful gambling.

Electronic Pull-tab Prizes
Field Auditors have come across an increasing number of house rules stating that electronic pull-tab prizes may be paid out within 4 business days. This is not allowed. The value of credits on an electronic device MUST be paid in cash immediately upon cashing out the credits.

The confusion with this requirement may be that, when an electronic linked bingo prize of $600 or more is awarded, those prizes are paid with a check issued by the linked bingo provider. Credits are not added to the electronic devices for these prizes. When a player wins an electronic linked bingo prize of $600 or more, the linked bingo provider will contact the site and speak directly with the winner to complete the necessary tax forms and collect information needed to award the prize.

Time Recorded on Prize Receipts
If your organization uses a driver’s license scanner to complete prize receipts, please double-check that the time has sprung forward for Daylight Saving Time.

Executive Director Vacancy
A permanent Executive Director for the Gambling Control has not yet been named. Laura Wade continues to serve as the agency’s Interim Executive Director.

Board Members:
Geno Fragnito, Chair  (Woodbury)
Jim Nardone, Vice Chair  (Grand Rapids)
Norm Pint, Secretary  (New Prague)
Beth Pinkney (Woodbury)
William English (Plymouth)
Janet Lorenzo  (Inver Grove Heights)
One Vacancy

Board meetings are open to the public. Please check our website to determine if a meeting will be on location in Roseville or will be held remotely.

Meetings start at 10:00 a.m.
Upcoming meetings:
Monday, April 18, 2022
Monday, May 16, 2022
Monday, June 20, 2022

Meeting dates and times are subject to change. For the latest schedule and agenda go to www.mn.gov/gcb.

Gaming News is published quarterly. Current and previous issues are available on our website, www.mn.gov/gcb.

Gambling Control Board
Suite 300 South
1711 County Road B West
Roseville, MN 55113
(651) 539-1900
CONTINUING EDUCATION

Online Continuing Education Classes
To take a class, click on one of the links below. If you haven’t taken an online class previously, you will need to register by entering your full name, an email address, and a password. The address that you provide will be used to send an email confirming that you have received continuing education credit for the class. If you’ve previously taken an online class, enter your email address and password. If you’ve forgotten your password, you can ask that a new temporary password be emailed to you. Although the deadline isn’t until December 31, we encourage gambling managers to take care of this requirement well before that deadline. Gambling managers who don’t meet the continuing education requirement for 2022 will be issued citations.

⇒ **NEW! Conductor of Raffles**
⇒ **Common Problems in Lawful Gambling**
⇒ **Allowable Expenses – The Costs of Running Your Lawful Gambling Operation**
⇒ **Conduct of Paper Pull-tabs**
⇒ **Lawful Purpose Expenditures**
⇒ **Sports Tipboards**

New Class Provides Information for Licensed, Exempt, and Excluded Raffles
Raffles are a popular fundraiser for many of Minnesota’s non-profit organizations. Most of these raffles are conducted under the excluded and exempt permit options available to organizations that only conduct gambling a few days each year, as opposed to fully licensed that conduct lawful gambling year-round. After an initial introduction section, the new Conductor of Raffles class splits into two versions—one for licensed organizations that qualifies for gambling manager continuing education credit, and another for organizations exempt and excluded from full licensure requirements.

If you know of unlicensed nonprofit organizations that could benefit from learning more about how to legally conduct raffles, please refer them to the Gambling Control Board’s website at [www.mn.gov/gcb](http://www.mn.gov/gcb).

---

**Board offices will be closed for these upcoming holidays.**
- Memorial Day—Monday May 30, 2022
- Juneteenth (pending) —Monday, June 20, 2022
NEWS FROM THE FIELD

Running a successful charitable gambling operation takes the hard work of all involved including gambling employees, gambling managers and bar owners. Below are a few tips from the field to help charitable organizations run a successful and compliant operation.

Ensure that inventory is available for review for any unannounced site inspections made during business hours. This includes new inventory, such as unopened pull-tab games, and closed games that have not yet been removed from the site.

Inventory should always be secured. However when it is locked up in office, closet, cabinet, etc., make sure that a manager or someone on-site has access to this area so that inventory may be reviewed.

If inventory records are maintained using software, again make sure someone on-site has access to this database so that inventory can be verified. If inventory is stored both on-site and off-site, all games must be listed on the Perpetual Inventory, form LG844, for that site. If all games are stored on site the LG844 Perpetual Inventory also works as a Current Site Inventory.

If only part of the new inventory is kept at the premises, then use form LG847, Current Site Inventory, to track the arrival and departure of games from the site. For example, some locations have limited storage space, so the organization periodically delivers just a few games to the site. Use of the LG847 form shows the specific games that are on site. Field Auditors will expect to see the LG844 Perpetual Inventory form or the LG847 Current Site Inventory form when conducting unannounced site inspections.
COMPLIANCE REVIEW GROUP (CRG)

The Compliance Review Group (CRG), a committee of the Gambling Control Board, meets with licensees to conduct informal inquiries into alleged violations of lawful gambling statutes and rules. The penalties imposed are based on specific and unique information reviewed for each licensee.

License 02666, Garrison Commercial Club, Garrison
Consent Order Allegations:
• Lessor participated as a player in the conduct of lawful gambling on the leased premises;
• The organization conducted lawful gambling with insufficient supervision of a licensed gambling manager.
• The organization made expenditures of gambling funds which do not qualify as lawful purpose or allowable expense.

Consent Order Requirements:
• Thirty-day suspension at the Harbor Inn site. No lawful gambling during suspension.
• Reimburse the gambling account in the amount of $11,215.46.

CITATIONS PAID

The director of the Gambling Control Board may issue citations for failure to comply with lawful gambling statutes or rules. Citation amounts for similar violations may vary depending on unique circumstances and are determined on a case-by-case basis.

Gambling conducted when the premises was not allowed to be open and the electronic game sales log did not include the name of the seller.
• License 03862, Pemberton Firefighters Relief Assoc. $250
• License 02284, Maple Lake Lions Club $250
• License 01917, VFW Post 1802, Zumbro Falls $250

Gambling conducted when the premises was not allowed to be open.
• License 03046, St. Paul Fire Fighters Local 21 $200
• License 02677, Minneapolis Northeast Lions Club $200
• License 02597, Opole Baseball Club Recreation Assoc. $200
• License 02337, Albany Lions Club $200

Failed to timely file Lawful Gambling Reports LG100A, LG100C, LG100F.
• License 00685, American Legion Post 84 Northfield $200
• License 01483, Chicagami, Virginia $100
• License 93720, The Fairfax Fire Department $100
• License 00417, American Legion Post 132, New Ulm $100
• License 01894, Borup Community Club $100
Expenditures Requiring Board Approval

Sometimes gambling managers contact Board staff with “good problems” such as, “Can we take reservations or have a waiting list for our electronic devices?” (Reservations—No, Waiting list—Yes).

Lately we’ve been hearing from clubs experiencing higher-than-expected profits. They’re figuring out how to spend gambling funds on lawful purposes before June 30 to avoid state and federal unrelated business income taxes (UBIT) and to ensure that more than 30% of their FY22 net receipts is spent on lawful purposes. Often their ideas include expenditures requiring prior approval of the Gambling Control Board, such as spending gambling funds to acquire capital assets and making building repairs or improvements.

To have a request for approval placed on the Board agenda for consideration, some foresight and coordination is required. Prior to each Board meeting, requests must be reviewed by staff. Often, additional information needs to be submitted before a complete request can receive a staff recommendation and be placed on the agenda. This process can sometimes take longer than expected.

Board requests must be thoroughly reviewed by staff by the end of the month prior to the following month’s Board meeting. For example, the deadline for your organization’s request to be considered at the April 18 meeting is March 31. The deadline for the May 16 meeting is April 30, and so on. This allows time for the requests to be distributed to the Board members so that they have sufficient time to review each request prior to the Board meeting.

<table>
<thead>
<tr>
<th>Trends in Lawful Gambling Receipts</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Month</strong></td>
</tr>
<tr>
<td>July</td>
</tr>
<tr>
<td>August</td>
</tr>
<tr>
<td>September</td>
</tr>
<tr>
<td>October</td>
</tr>
<tr>
<td>November</td>
</tr>
<tr>
<td>December</td>
</tr>
<tr>
<td>January</td>
</tr>
<tr>
<td>February</td>
</tr>
</tbody>
</table>

**Year-to-Date Total** | $2,745,148,933 | 60.6% | $1,709,333,750 | -3.0% | $1,762,762,727 |

| **Month** | **FY 2022** | **Monthly Change FY21 to FY22** | **FY 2021** | **Monthly Change FY20 to FY21** | **FY 2020** |
| March     | $351,298,002 | 128.9% | $153,468,615 | | |
| April     | $348,720,469 | 2210.4% | $1,570,510 | | |
| May       | $349,851,125 | 16572.1% | $2,098,422 | | |
| June      | $326,671,739 | 93.3% | $168,999,759 | | |

**Year-End Total** | TBD | TBD | $3,085,875,085 | 47.7% | $2,088,900,033 |

1 97% of all organizations reporting. 2 93% of all organizations reporting.