

Table of Contents

Gambling Control Board

Agency Profile.....	1
Expenditures Overview.....	3
Financing by Fund.....	4

AT A GLANCE

- Minnesota ranks #1 in the U.S. for charitable gambling
- Lawful gambling gross receipts = \$1.6 billion for FY 2016
- Licensed organizations contributed \$63 million to Minnesota charities in FY2016 and paid \$55 million in state taxes
- 5,995 new games tested and approved in FY 2016
- 1,160 licensed charitable organizations (conduct gambling year round) operating at 2,775 sites
- Issued 3,980 tax-exempt permits (conduct limited gambling with prize value less than \$50,000) \$47 million in tax-exempt receipts for FY2016
- Conducted 908 site inspections and 427 compliance reviews
- For every dollar wagered on charitable gambling in Minnesota 2/10th of one cent (\$.002) goes to fund the board for lawful gambling regulation

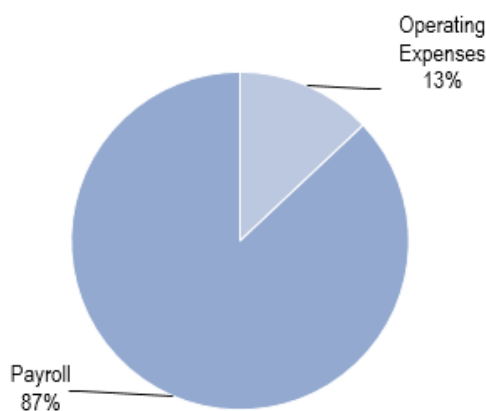
PURPOSE

The Gambling Control Board regulates the lawful (charitable) gambling industry to ensure the integrity of operations and provide for the lawful use of net profits. Lawful gambling in Minnesota includes bingo, raffles, pull-tabs, tipboards, and paddlewheels. Required accountability and reporting by registered nonprofit organizations ensures proceeds are used for appropriate charitable needs to provide:

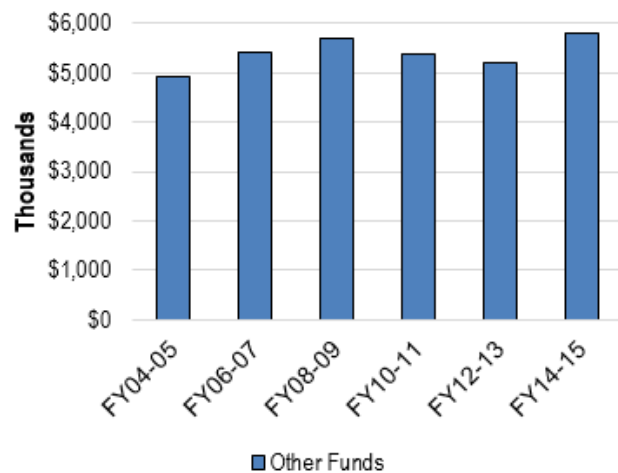
- Support for Minnesota veterans and their families
- Reduced costs for youth activities
- Fire and safety equipment for local communities
- Educational and training opportunities for religious and community programs
- Support for local units of government and community projects
- Support for wildlife and natural resources programs
- Support for fraternal groups (Eagles, Moose, Elks, Knights of Columbus)
- Support for clubs including Lions, Jaycees, rod and gun, sports and snowmobile

BUDGET

Spending by Category
FY 15 Actual



Historical Spending



The Gambling Control Board is entirely funded by the industry regulated. All fees collected go into the dedicated lawful gambling regulatory account. License fees are collected from manufacturers, distributors, distributor salespersons, and linked bingo providers. Manufacturers also pay for game approval and testing. Nonprofit organizations conducting gambling pay license and permit fees along with a regulatory fee based on gross sales. In FY 2016 a total of \$3,710,700 was paid by the industry.

STRATEGIES

The board consists of seven citizens and 32 full-time equivalent staff. Regulation, education and guidance are provided to the lawful gambling industry through:

- Monthly board meetings to consider games and licenses and to approve special use of gambling funds
- Issuing licenses and permits for nonprofit organizations, distributors, manufacturers and linked bingo providers
- Compliance reviews and audits of nonprofit organizations' gambling activities
- Analyzing expenditures and charitable donations reported monthly by licensed organizations
- An individualized mentoring program for nonprofit organizations to ensure compliance with statute
- Investigations for theft and fraud by inspecting gambling products and sites, investigating irregularities found during compliance reviews and responding to allegations made by players
- Sanctions or fines on licensees that are out of compliance with law and rules
- Monthly gambling manager seminars, continuing education classes, and presentations at state-level conventions
- Publication of Lawful Gambling Manual, quarterly industry newsletter, and other materials
- A comprehensive website including all required forms, records, and reports

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Lawful Gambling Gross Receipts-Taxed	\$1,339,536,000	\$1,530,035,000	2015/2016
	Lawful Gambling Gross Receipts-Tax Exempt	40,210,000	43,543,000	2015/2016
Quantity	Number of sites where gambling is conducted by 1,150 licensed nonprofit organizations	2,724	2,775	2015/2016
Quantity	Number of sites where electronic games are played	225	430	2015/2016
Quantity	Tax exempt permits issued to 2,400 nonprofit organizations that conduct fewer than 5 events with less than \$50,000 in prizes during the year	4,043	3,980	2015/2016
Quantity	Gambling products reviewed	5,796	5,995	2015/2016

Minnesota Statutes, Chapter 349 <https://www.revisor.mn.gov/statutes/?id=349> provides legal authority for the Gambling Control Board.

Expenditures By Fund

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecasted Base	
					FY18	FY19
2000 - Restrict Misc Special Revenue	2,928	2,894	3,019	3,565	3,324	3,324
Total	2,928	2,894	3,019	3,565	3,324	3,324
Biennial Change				762		64
Biennial % Change				13		1

Expenditures by Program

Program: Lawful Gambling Control	2,928	2,894	3,019	3,565	3,324	3,324
Total	2,928	2,894	3,019	3,565	3,324	3,324

Expenditures by Category

Compensation	2,527	2,520	2,597	2,870	2,870	2,870
Operating Expenses	377	370	383	665	424	424
Other Financial Transactions	20	5	39	30	30	30
Capital Outlay-Real Property	4		0	0	0	0
Total	2,928	2,894	3,019	3,565	3,324	3,324

Full-Time Equivalents

31.2	31.1	30.1	31.2	31.2	31.2
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2000 - Restrict Misc Special Revenue

	Actual		Actual	Estimate	Forecast Base	
	FY14	FY 15	FY 16	FY17	FY18	FY19
Balance Forward In	0	236	0	241	0	0
Direct Appropriation	3,959	3,959	3,260	3,324	3,324	3,324
Cancellations	795	1,301	0	0	0	0
Expenditures	2,928	2,894	3,019	3,565	3,324	3,324
Balance Forward Out	236	0	241	0	0	0
<i>Biennial Change in Expenditures</i>				762		64
<i>Biennial % Change in Expenditures</i>				13		1
Full-Time Equivalents	31.2	31.1	30.1	31.2	31.2	31.2