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Gambling Control Board

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<https://mn.gov/gcb/>

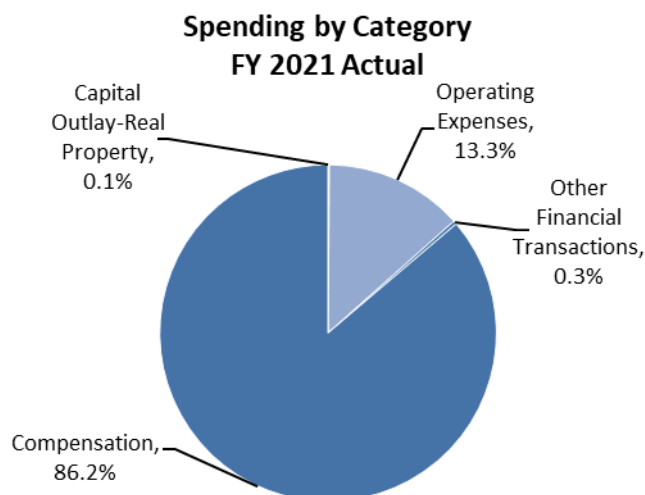
AT A GLANCE

- The Gambling Control Board is the primary resource and regulator for Minnesota's lawful (charitable) gambling industry—the largest in the nation.
- The Gambling Control Board exists to ensure integrity of operations, and to provide for the use of net profits for only lawful purposes by issuing licenses and permits to nonprofit organizations such as youth, fraternal and veteran organizations. These organizations conduct gambling at sites that they own and at sites they lease, such as bars and restaurants. Organizations may only spend their gambling profits on allowable expenses (costs of running the gambling operation) and lawful purposes (charitable and other program expenditures, taxes, and regulatory fees), as allowed by statute.
- For every dollar wagered on charitable gambling in Minnesota less than two-tenths of a cent goes to fund the Gambling Control Board's regulation of lawful gambling.

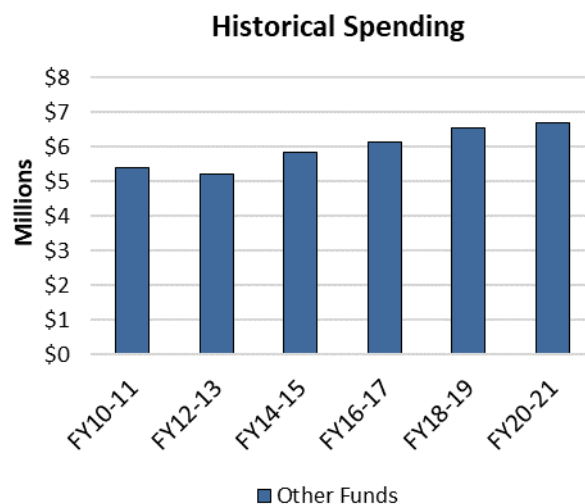
PURPOSE

The Gambling Control Board regulates Minnesota's lawful (charitable) gambling industry to ensure the integrity of operations and provide for the lawful use of net profits. Lawful gambling in the state includes bingo, raffles, pull-tabs, tipboards, and paddlewheels. Proceeds are used to address a wide range of important charitable needs such as support for Minnesota veterans and their families, reducing costs for local youth activities, supporting community projects and local units of government, and providing communities with fire and safety equipment.

BUDGET



Source: Budget Planning & Analysis System (BPAS)



Source: Consolidated Fund Statement

The Gambling Control Board is funded entirely by the industry it regulates. 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, and all fees collected go into a dedicated lawful gambling regulatory account. In FY2021 a total of \$4,715,000 was collected by the Gambling Control Board.

STRATEGIES

The Gambling Control Board consists of a seven-member citizen board and 43 full-time equivalent staff. Regulation, education, and guidance are provided to Minnesota's lawful gambling industry through:

- The licensing and permitting of nonprofit organizations, distributors, manufacturers, and linked bingo providers
- Compliance reviews and audits of nonprofit organizations' gambling activities and financials
- Inspecting permitted premises to identify site non-compliance
- Analyzing expenditures and charitable donations reported monthly by licensed organizations
- An individualized mentoring program for nonprofit organizations to ensure compliance with statute
- Investigating 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
- Monthly board meetings to consider games and licenses and to approve special use of gambling funds such as the purchase or improvement of real property
- The publication of the *Lawful Gambling Manual*, a quarterly industry newsletter, and other materials
- A comprehensive website that includes all the required forms, records, and reports

RESULTS

Type of Measure	Name of Measure	Previous Value	Date	Current Value	Date
Quantity	Lawful Gambling Gross Receipts-Taxed	\$2,081,685,106	FY2020	\$3,076,447,000	FY2021
Quantity	Number of sites where gambling is conducted by 1,146 licensed nonprofit organizations	2,783	FY2020	2,891	FY2021
Quantity	Number of sites where electronic games are played	1,472	FY2020	1,827	FY2021
Quantity	Tax exempt permits issued to nonprofit organizations that conduct fewer than 5 events with less than \$50,000 in prizes during the year (gross receipts)	2,720 (\$38,205,627)	FY2020	2,006 (\$31,359,378)	FY2021
Quantity	Percentage of net receipts (amount wagered less prizes paid) available for lawful purpose expenditures	46.8% (\$147,499,000)	FY2020	53.5% (\$243,272,000)	FY2021

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

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Enacted Budget	
	FY20	FY21	FY22	FY23	FY24	FY25	FY24	FY25
<i><u>Expenditures by Fund</u></i>								
2000 - Restrict Misc Special Revenue	3,368	3,331	4,243	6,608	5,096	4,926	6,365	6,334
Total	3,368	3,331	4,243	6,608	5,096	4,926	6,365	6,334
Biennial Change				4,152		(829)		1,848
Biennial % Change				62		(8)		17
Enacted Budget Change from Base								2,677
Enacted Budget % Change from Base								27

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Enacted Budget	
	FY20	FY21	FY22	FY23	FY24	FY25	FY24	FY25
2000 - Restrict Misc Special Revenue								
Balance Forward In		104		1,485				
Direct Appropriation	3,472	3,472	5,728	5,123	5,096	4,926	6,365	6,334
Cancellations		245						
Balance Forward Out	104		1,485					
Expenditures	3,368	3,331	4,243	6,608	5,096	4,926	6,365	6,334
Biennial Change in Expenditures				4,152		(829)		1,848
Biennial % Change in Expenditures				62		(8)		17
Enacted Budget Change from Base								2,677
Enacted Budget % Change from Base								27

(Dollars in Thousands)

	FY23	FY24	FY25	Biennium 2024-25
Direct				
Fund: 2000 - Restrict Misc Special Revenue				
FY2023 Appropriations	5,123	5,123	5,123	10,246
Base Adjustments				
Current Law Base Change		(27)	(197)	(224)
Forecast Base	5,123	5,096	4,926	10,022
Change Items				
Maintain Current Service Levels		1,269	1,408	2,677
Total Enacted Budget	5,123	6,365	6,334	12,699
Revenue Change Summary				
Non-Dedicated				
Fund: 1000 - General				
Forecast Revenues	30	30	30	60
Total Enacted Budget	30	30	30	60
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	1,825	1,825	1,825	3,650
Total Enacted Budget	1,825	1,825	1,825	3,650

(Dollars in Thousands)

	FY23	FY24	FY25	Biennium 2024-25	FY26	FY27	Biennium 2026-27
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Maintain Current Service Levels

This provision provides additional operating funds to maintain the current level of service delivery at the Gambling Control Board.

2000 - Restrict Misc Special Revenue Fund Cost (Savings)	0	1,269	1,408	2,677	1,408	1,408	2,816
Expenditures	0	1,269	1,408	2,677	1,408	1,408	2,816