

STATE OF MINNESOTA

MINNESOTA LAWFUL GAMBLING CONTROL BOARD

**In the Matter of the  
Proposed Adoption of the Rule  
Amendment of the Minnesota Lawful  
Gambling Control Board, Relating  
to a 15-day Extension for Licensing  
Application Submission Deadlines,  
Minnesota Rules, parts 7861.0020,  
7861.0030, and 7861.0040.**

**STATEMENT OF NEED  
AND REASONABLENESS**

**I. INTRODUCTION AND BACKGROUND**

The nature of the proposed rule amendment contained in Minnesota Rules, parts 7861.0020, 7861.0030, and 7861.0040, is to continue to administer the licensure and permit renewal functions by the Lawful Gambling Control Board (Board) of organizations, gambling managers, and premises permits, in the most reasonable and equitable manner possible.

The proposed amendment would allow an organization and gambling manager additional time to submit complete licensure and permit renewal applications to the Board.

The amendment to this rule is necessary to ensure that an organization that applies for renewal of its license and premises permit, and that a gambling manager who applies for renewal of the gambling manager license have sufficient time to complete the licensure renewal application form.

**II. STATEMENT OF THE BOARD'S STATUTORY AUTHORITY**

The Board's statutory authority to adopt this rule amendment is set out in Minnesota Statutes, section 349.151, subdivision 4(a), (1992), which lists the powers and duties of the Board. Section 349.151, subdivision 4(a), clause (1) authorizes the Board to regulate lawful gambling to ensure it is conducted in the public interest; clause (2) authorizes the Board to issue licenses to organizations, distributors, bingo halls, manufacturers, and gambling managers; clause (5) authorizes the Board to make rules authorized by this chapter; clause (10) authorizes the Board to issue premises permits to organizations licensed to conduct lawful gambling; clause (11) authorizes the Board to delegate to the director the authority to issue licenses and premises permits under criteria established by the Board, and clause (15) authorizes the Board to take all necessary steps to ensure the integrity of and public confidence in lawful gambling.

**III. SMALL BUSINESS CONSIDERATIONS**

Minnesota Statutes, section 14.115, requires an agency, when proposing a new rule or amending an existing rule that may affect small businesses, to consider certain methods of reducing the impact of the rule on small businesses.

The proposed rule amendment establishes less stringent schedules or deadlines for reporting requirements for an organization that is considered to be a small business under section 14.115.

The Notice of Intent to Adopt a Rule Without a Public Hearing does not contain a statement of estimated costs to local public bodies pursuant to Minnesota Statutes, section 14.11, subdivision 1, because there is no cost to local public bodies and therefore, the reasonable estimate of the total cost to public bodies to implement the rule for the two years following the adoption of the rule is less than \$100,000, and section 14.11, subdivision 1 is not applicable.

Minnesota Statutes, section 14.11, subdivision 2, is inapplicable because the proposed rule amendment does not have a direct and substantial adverse impact on agricultural land.

#### **IV. DETAIL OF THE PROPOSED RULE AMENDMENTS AND STATEMENT OF NEED AND REASONABLENESS**

##### **7861.0020 LICENSED ORGANIZATION.**

This part amends subpart 8 by expanding the amount of time that an organization has to submit a complete application to the Board for licensure renewal by 15 days. The current rule requires an organization to submit a completed application 75 days before the expiration of the organization's existing license. The proposed amendment would require an organization to submit a completed application 60 days before the expiration of the organization's existing license.

As part of the renewal requirements for an organization's license, the organization must provide documentation verifying compliance with the requirements of Minn. Stat. §§ 349.15 and 349.16, subd. 5. The documentation that is used for this verification is the expense calculation worksheet, which is submitted as part of the application for the renewal. The expense calculation worksheet uses expenditure information that is also reported to the Department of Revenue on the Monthly Lawful Gambling Activity Summary and Tax Return.

An amendment to Minn. Rules, part 7861.0120, subp. 5, effective May 3, 1993, requires an organization to file its expense calculation reports with its licensure renewal to cover the period ending with the 21st month after the effective date of the organization's current license. This requirement may burden an organization because it limits the amount of time available to complete and file the expense calculation worksheet.

For example, if an organization's licensure renewal date is August 1, 1993, the organization would be required to file expense calculation information through April 30, 1993, which is the period ending with the 21st month after the effective date of the organization's current license. It is possible that the organization may not receive its necessary accounting documents, including bank statements, to complete their tax returns. An organization cannot calculate their expenses unless and until the tax returns are completed. For example, information regarding expenditures for April 1993 may not be available to the organization until the middle of May 1993. Under the current 75-day requirement for licensure renewal, an organization would be required to submit its expense calculation by May 18, 1993. This date is calculated as 75 days before the renewal date of August 1, 1993.

July 31, 1993	licensure expiration date
August 1, 1993	licensure renewal date
April 30, 1993	21st month after the effective date (August 1, 1991) of the organization's current license
May 18, 1993	under current rule, this is the date by which complete application must be sent to Board for licensure renewal (this is 75 days before renewal date)
June 2, 1993	under proposed amendment, this is the date by which complete application must be sent to Board for licensure renewal (this is 60 days before renewal date, giving an organization 15 extra days to complete an application for renewal)

This amendment to the renewal rules reduces the 75-day application requirement to a completion date of 60 days prior to the expiration of the license. This allows an organization 15 additional days to complete the expense calculation worksheet in order to submit a complete application to the Board. In the above example, organizations would then have until June 2, 1993, to submit a completed renewal application form to the Board.

This rule amendment is reasonable and necessary because it would allow a renewing organization to have more time to complete all necessary information in order to renew its license.

**7861.0030 GAMBLING MANAGER.**

This part amends subpart 11 by expanding the amount of time that a gambling manager has to submit a complete application to the Board for licensure renewal by 15 days. The current rule requires a gambling manager to submit a completed application 75 days before the expiration of the gambling manager's existing license. The proposed amendment would require a gambling manager to submit a completed application 60 days before the expiration of the gambling manager's existing license.

A gambling manager's license is renewed on a yearly basis. It is reasonable to reduce the time that a gambling manager's completed application must be submitted to the Board from 75 days to 60 days because some organizations submit their gambling manager's license renewal along with the organization's license and premises permit renewal applications. Since an organization may not conduct gambling without a licensed gambling manager, it is reasonable that a gambling manager's licensure renewal and an organization's licensure and premises permit renewals have the same requirements for submission deadlines.

It is also reasonable that if a proposed rule amendment would grant an organization an extra 15 days to submit a completed renewal and premises permit application, that a gambling manager be granted an extra 15 days in which to submit a completed application to the Board, thus making all renewal submissions consistent.

**7861.0040 PREMISES PERMITS.**

This part amends subpart 10 by expanding the amount of time that an organization has to submit a complete application to the Board for a premises permit by 15 days. The current rule requires an organization to submit a completed application 75 days before the expiration of the organization's existing permit. The proposed amendment would require an organization


to submit a completed application 60 days before the expiration of the organization's existing permit.

This rule amendment is reasonable because it would allow a renewing organization to have more time to complete all necessary information in order to renew its permit. This amendment is necessary because an organization must include a completed application for a premises permit at the same time that the organization submits its application for its organization's licensure renewal.

**V. CONCLUSION**

Based on the foregoing, the proposed Minnesota Rules Amendments, parts 7861.0020, 7861.0030, and 7861.0040, are needed and reasonable.

Dated: 7/29/93

By:   
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Minnesota Lawful Gambling Control Board