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Gambling Control Board

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AT A GLANCE

- Minnesota ranks #1 in the U.S. for charitable gambling
- Lawful gambling gross receipts = \$2 billion for FY 2018
- Licensed organizations deposited over \$81 million to support their missions in FY 18
- Minnesota collected \$74 million in charitable gambling taxes in FY 18
- 6,335 new games tested and approved in FY 2018
- 1,150 licensed charitable organizations (conduct gambling year round) operating at 2,800 sites
- Issued 4,000 tax-exempt permits (small raffle permits) generating \$52 million in tax-exempt receipts for FY 2018
- Conducted 944 site inspections and 483 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

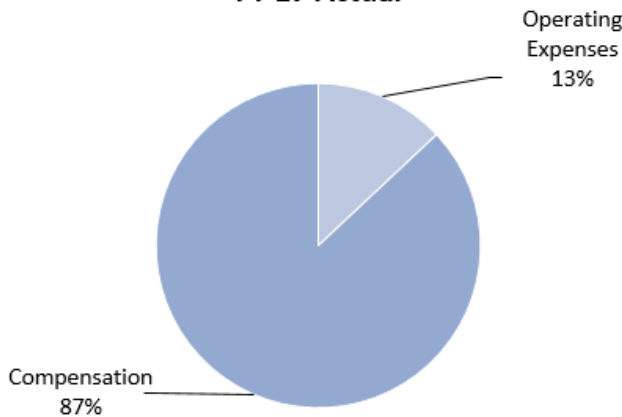
PURPOSE

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

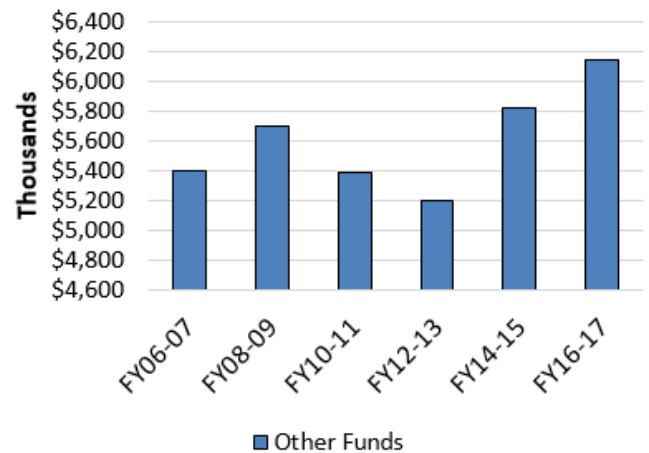
BUDGET

**Spending by Category
FY 17 Actual**



Source: Budget Planning & Analysis System (BPAS)

Historical Spending



Source: Consolidated Fund Statement

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 2018 a total of \$4,319,828 was collected by the state.

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 Lawful Gambling Gross Receipts-Tax Exempt	\$1,730,180,000 50,000,000	\$2,000,548,000 52,000,000	2017/2018 2017/2018
Quantity	Number of sites where gambling is conducted by 1,150 licensed nonprofit organizations	2,800	2,800	2017/2018
Quantity	Number of sites where electronic games are played	700	975	2017/2018
Quantity	Tax exempt permits issued to 3,400 nonprofit organizations that conduct fewer than 5 events with less than \$50,000 in prizes during the year	4,000	4,000	2017/2018
Quantity	Gambling products reviewed	6,136	6,335	2017/2018

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

Gambling Control Board

Agency Expenditure Overview

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
2000 - Restrict Misc Special Revenue	3,019	3,123	3,266	3,620	3,472	3,472	3,472	3,472
Total	3,019	3,123	3,266	3,620	3,472	3,472	3,472	3,472
Biennial Change				744		58		58
Biennial % Change				12		1		1
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Program

Lawful Gambling Control	3,019	3,123	3,266	3,620	3,472	3,472	3,472	3,472
Total	3,019	3,123	3,266	3,620	3,472	3,472	3,472	3,472

Expenditures by Category

Compensation	2,597	2,730	2,813	3,141	2,993	2,993	2,993	2,993
Operating Expenses	383	383	452	473	473	473	473	473
Capital Outlay-Real Property	0			1	1	1	1	1
Other Financial Transaction	39	9	2	5	5	5	5	5
Total	3,019	3,123	3,266	3,620	3,472	3,472	3,472	3,472

Full-Time Equivalent

	30.15	30.99	31.32	32.28	32.00	31.00	32.00	31.00
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(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
2000 - Restrict Misc Special Revenue								
Balance Forward In		248		156				
Direct Appropriation	3,260	3,324	3,422	3,464	3,472	3,472	3,472	3,472
Cancellations		449						
Balance Forward Out	241		156					
Expenditures	3,019	3,123	3,266	3,620	3,472	3,472	3,472	3,472
Biennial Change in Expenditures				744		58		58
Biennial % Change in Expenditures				12		1		1
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	30.15	30.99	31.32	32.28	32.00	31.00	32.00	31.00

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 2000 - Restrict Misc Special Revenue				
FY2019 Appropriations	3,464	3,464	3,464	6,928
Base Adjustments				
Pension Allocation		8	8	16
Forecast Base	3,464	3,472	3,472	6,944
Total Governor's Recommendations	3,464	3,472	3,472	6,944
 Revenue Change Summary				
Non-Dedicated				
Fund: 1000 - General				
Forecast Revenues	50	50	50	100
Total Governor's Recommendations	50	50	50	100
 Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	1,825	1,825	1,825	3,650
Total Governor's Recommendations	1,825	1,825	1,825	3,650