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Gambling Control Board

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AT A GLANCE

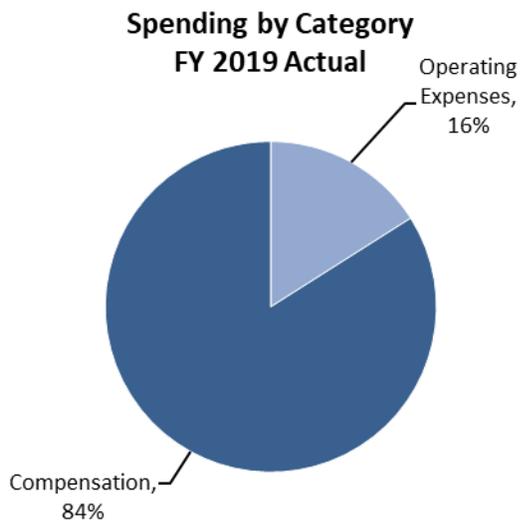
- Minnesota ranks #1 in the U.S. for charitable gambling
- Lawful gambling FY20 gross receipts totaled \$2.08 billion and \$315 million in net profits
- Lawful gambling spent \$147 million on in-state wages, corporate income and rent
- Licensed organizations netted \$66 million to support their missions in FY 20
- Minnesota charitable gambling generated \$78 million in FY20 to the state general fund in taxes
- 5,593 new games tested and approved in FY 2020 (despite being closed for 2 months)
- Regulated 1,144 licensed charitable organizations operating at 2,783 sites
- Issued 2,720 tax-exempt permits generating an additional \$38 million in tax-exempt receipts for FY 20
- Conducted 1137 account verification reviews, in addition to compliance reviews/site inspections that led to \$31,800 in sanctions through citations (105) and Compliance Review Group (CRG) referrals (19).
- For every dollar wagered on charitable gambling in Minnesota (over \$2 billion per year), less than \$.002 goes to fund the Gambling Control Board’s regulation of lawful gambling

PURPOSE

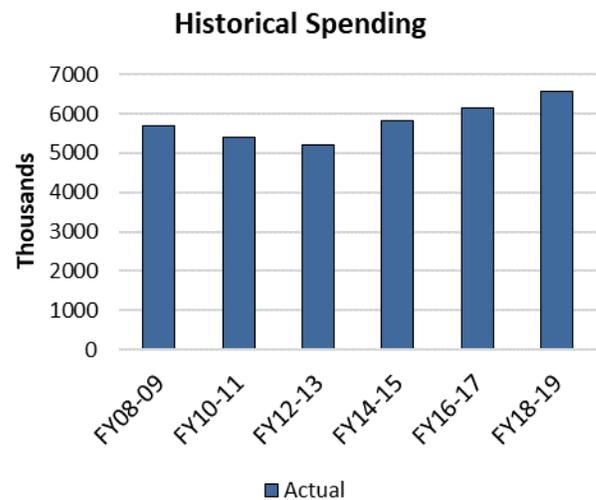
The Gambling Control Board regulates the lawful (charitable) gambling industry to ensure the integrity of operations and provide for the lawful use of net profits. Lawful gambling in Minnesota includes bingo, raffles, pull-tabs, tipboards, and paddlewheels. Required accountability and reporting by registered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



Source: Budget Planning & Analysis System (BPAS)



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 2020 a total of \$4,427,215 was collected by the state.

STRATEGIES

The board consists of seven citizens and 31 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	\$2,333,086,000	\$2,081,685,106	2019/2020
Quantity	Number of sites where gambling is conducted by 1,144 licensed nonprofit organizations	2,836	2,783	2019/2020
Quantity	Number of sites where electronic games are played	1,439	1,472	2019/2020
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)	3,456 (\$47,837,338)	2,720 (\$38,205,627)	2019/2020
Quantity	Gambling products reviewed	6,235	5,593	2019/2020

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 FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23

Expenditures by Fund

2000 - Restrict Misc Special Revenue	3,266	3,289	3,368	3,576	3,472	3,472
Total	3,266	3,289	3,368	3,576	3,472	3,472
Biennial Change				389		0
Biennial % Change				6		(0)

Expenditures by Program

Lawful Gambling Control	3,266	3,289	3,368	3,576	3,472	3,472
Total	3,266	3,289	3,368	3,576	3,472	3,472

Expenditures by Category

Compensation	2,813	2,754	2,885	3,026	2,986	2,986
Operating Expenses	452	531	462	538	474	474
Capital Outlay-Real Property			1	6	6	6
Other Financial Transaction	2	4	20	6	6	6
Total	3,266	3,289	3,368	3,576	3,472	3,472

Full-Time Equivalents

	31.32	30.47	30.62	30.62	30.62	30.62
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(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
2000 - Restrict Misc Special Revenue						
Balance Forward In		156		104		
Direct Appropriation	3,422	3,457	3,472	3,472	3,472	3,472
Cancellations		324				
Balance Forward Out	156		104			
Expenditures	3,266	3,289	3,368	3,576	3,472	3,472
Biennial Change in Expenditures				389		0
Biennial % Change in Expenditures				6		(0)
Full-Time Equivalents	31.32	30.47	30.62	30.62	30.62	30.62

(Dollars in Thousands)

	FY21	FY22	FY23	Biennium 2022-23
Direct				
Fund: 2000 - Restrict Misc Special Revenue				
FY2021 Appropriations	3,472	3,472	3,472	6,944
Forecast Base	3,472	3,472	3,472	6,944
Revenue Change Summary				
Non-Dedicated				
Fund: 1000 - General				
Forecast Revenues	50	50	50	100
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	1,825	1,825	1,825	3,650