

Agency Purpose

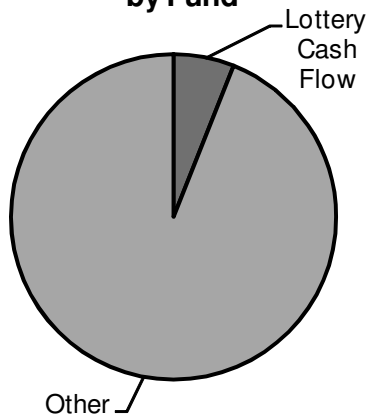
The Gambling Control Board regulates lawful (charitable) gambling in Minnesota, so that citizens are assured of the integrity of the industry and nonprofit organizations may continue to raise funds for charitable contributions. The board provides education, training and auditing of the licensed charitable organizations conducting lawful gambling activities, and licenses manufacturers and distributors of gambling equipment.

The Gambling Control Board regulates five forms of lawful gambling: pull-tabs, raffles, bingo, paddlewheels, and tipboards. Licensed charitable organizations involved in the conduct of lawful gambling include veteran posts (VFW/American Legions), youth athletics, fraternal, fire relief associations, civic and festival groups, wildlife/outdoor conservationists and religious congregations. The Gambling Control Board also acts as the grant administrator for the funding provided by the legislature for FY 2010-11 for the problem gambling awareness programs and educational training.

At a Glance

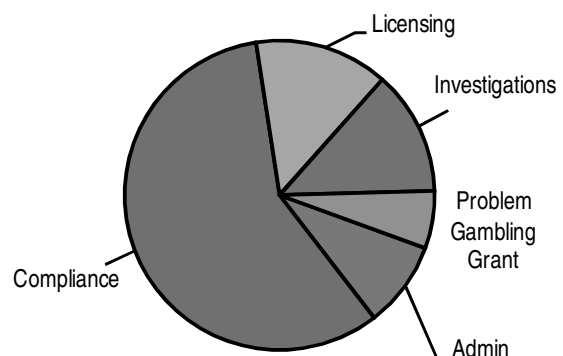
- Lawful gambling had gross receipts of \$1 billion per year in 2009 including \$37 million state taxes, and charitable contributions of \$43 million
- Licenses/permits holders paid fees of \$2.6 million in FY 2010 for:
 - 2,800 gambling sites
 - 1,250 nonprofit organizations
 - 2,300 tax exempt charitable organizations conducted 3,200 gambling activities (gross receipts from tax exempt gambling exceeded \$33 million in 2009)
 - 93 Distributor salespersons
 - 13 Distributors
 - 11 Manufacturers
 - One linked bingo game provider
- For every dollar spent on lawful gambling only three tenths of one penny goes for regulation
- FY 2010 Budget
 - \$2.8 million dedicated fund expenditures
 - License/permit and game approval/testing fees = \$1.6 million
 - Regulatory fee of .001 of gross receipts = \$1 million
- For FY 2010-11, administered \$225,000 annual grant funding (from the Lottery Cash Flow) for problem gambling awareness and education (Northstar Problem Gambling Alliance)

Est. FY 2010-11 Expenditures by Fund



Source: Consolidated Fund Statement.

Est. FY 2010-11 Expenditures by Program



Source: Gambling Control Board

Strategies

The Gambling Control Board issues, suspends, and revokes lawful gambling licenses. Audits and inspections of 2,800 gambling sites are conducted to determine law compliance and help ensure the integrity of operations and accountability of \$1 billion in annual gross receipts. Training and education is available throughout the state for 17,000 registered employees of licensed organizations.

Operations

The Board is comprised of seven citizens and supported by 28 full-time equivalent staff. It regulates and provides education and guidance to the lawful gambling industry.

- **Administration** oversees the agency providing rules coordination, human resources and administrative support for the Board.
- **Compliance** conducts compliance audits of licensed organizations and educates the industry using training classes, a comprehensive website and newsletter, and mentoring program.
- **Investigations** monitors for theft and fraud in the industry by inspecting gambling products and sites, investigating irregularities noted in compliance audits and responding to allegations made by players.
- **Licensing** reviews applications and issues licenses and permits for those compliant with statutes. If serious statute violations are found the board will suspend or revoke lawful gambling licenses.
- **Grant Funding** for FY 2010-11 for the Minnesota affiliate, Northstar Problem Gambling Alliance, which provides training and education for problem gambling awareness programs.

Key Goals & Measures

The Gambling Control Board strives to assure integrity of the lawful gambling industry and ensure the licensed charitable organizations continue to support all of Minnesota's Milestones.

The board annually conducts:

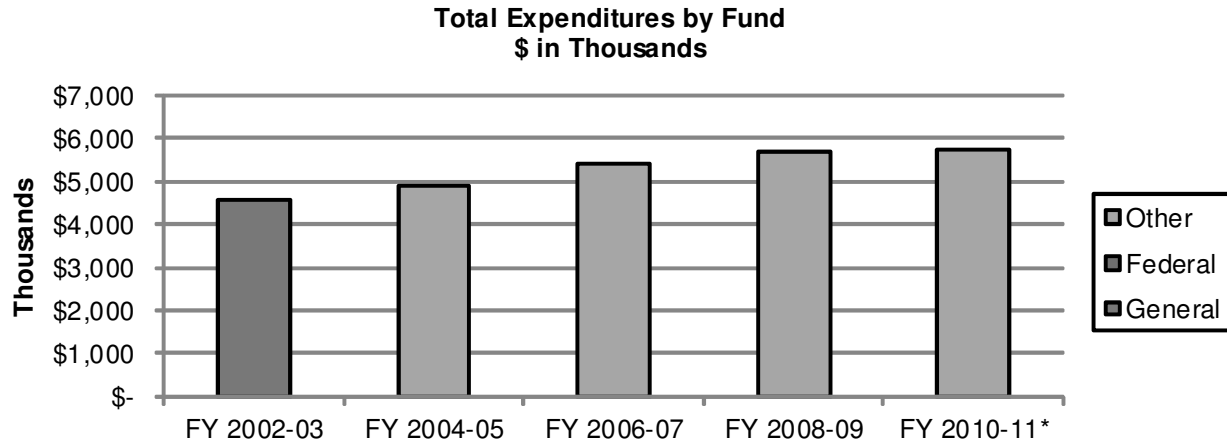
- compliance reviews of over 600 organizations;
- compliance inspections of 1,400 gambling sites; and
- 200 criminal investigations

2010 Accomplishments

To help organizations maximize dollars for their charitable programs the board requested and received legislative changes for:

- a lawful purpose rating system to help organizations focus on charitable contributions;
- allowing organizations more flexibility in operating lawful gambling activities;
- greater flexibility for repairing and maintaining owned buildings; and
- perpetual licensing for nonprofit organizations, gambling managers, and premises permits; eliminating the paperwork for the renewal process.

Budget Trends



Source data for the previous chart is the Minnesota Accounting and Procurement System (MAPS) as of 08/30/10. *FY 2010-11 is estimated, not actual

Minnesota is one of the largest in the nation in terms of charitable gaming receipts and is one of the smallest states in terms of regulation. For every dollar spent on lawful gambling just three tenths of a penny goes toward regulation. Lawful gambling gross receipts have declined 30% since FY 2005, but the number of licensed sites has dropped only 16%. The down turn in the economy has increased the demand on charitable organizations but charitable gaming receipts have declined.

The gaming industry has evolved into more electronic formats in other states. Minnesota statute and rules regulating charitable gaming restrict the industry from offering these games in Minnesota.

Contact

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