

**Charitable Gambling: New Forms of Gambling; No Change to Tax Rates or Structure**  
**Estimates of November 10, 2011, Revised Based on**  
**New Information from Gambling Control Board**

	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
	(\$000s)			
General Fund <sup>1</sup>	\$0	\$69,000	\$72,000	\$72,000

<sup>1</sup> According to the Gambling Control Board, the proposed new forms of gambling are expected to increase charitable gambling activity, and the estimates reflect this increased activity.

Assumed effective the day after enactment. Estimates assume that the date of enactment would be prior to March 1, 2012.

The estimates reflect the authorization of two new types of electronic charitable gambling in Minnesota: electronic linked bingo games and electronic pull-tabs. The availability of electronic linked bingo would be expanded compared to bingo under current law. The current tax structure would not be changed.

There are three taxes on lawful gambling:

Net Receipts Tax on Bingo, Raffles, Paddlewheels	8.5%
Distributor Tax on Pull-tabs and Tipboards	1.7%
Combined Receipts Tax on Pull-tabs and Tipboards (organization basis)	
Not over \$500,000	0%
Over \$500,000, but not over \$700,000	1.7%
Over \$700,000, but not over \$900,000	3.4%
Over \$900,000	5.1%

The following assumptions were provided by the Gambling Control Board:

- Electronic linked bingo will be available at 1,500 sites in Minnesota. Sites with two hundred seats or less would on average have three machines and sites with more than two hundred seats would have nine machines. On average, each machine will have \$90 of gross receipts and \$13.50 of net receipts per day.
- Electronic pull-tabs will be available at 2,500 sites in Minnesota. Sites with two hundred seats or less would on average have four machines and sites with more than two hundred seats would have twelve machines. On average, each machine will have \$225 of gross receipts and \$33.75 of net receipts per day.
- Approximately 85% of the new electronic gaming would be electronic pull-tabs and 15% would be electronic linked bingo.
- The estimates of daily machine receipts assume that the new forms of electronic gambling would allow for the replay of winning credits.
- The introduction of electronic pull-tabs and electronic linked bingo will reduce the amount of paper pull-tabs sold by 20%.
- The Gambling Control Board estimates that it will take four to six months to write regulations and to have the electronic machines installed at the sites.

The Department of Revenue used the following data and assumptions to complete this estimate:

- Baseline revenues are from the November 2011 forecast.
- Baseline gross receipts and organizational receipts data is from the Department's fiscal year 2011 filing records.
- Department of Revenue data on gross receipts by organization for fiscal year 2011 was scaled to match the projected gross receipts under this proposal and then the tax was calculated.
- Gambling refunds are assumed to maintain their historical ratio of 21% of the pull-tab and tipboard tax paid.
- Fiscal year 2013 receipts are reduced to reflect eleven months of collections.
- Due to the estimated four to six months needed to implement the new forms of gambling, the date of enactment would have a significant impact on collections in fiscal year 2013. For each month of delay after March 1, 2012, the estimate for fiscal year 2013 would be reduced by about \$6.3 million.

Minnesota Department of Revenue  
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