



Please support this bill to reduce taxes on charities in lawful gambling.

In FY 2021, organizations donated over \$80 million dollars in their communities. These donations are supporting communities in a multitude of ways. These organizations are funding youth programs, food shelves, fire departments, and various county programs that have no other funding.

We are very proud of the work we do locally and our ability to serve in so many ways. But many organizations are struggling to fund their programs and charitable requests because of the heavy tax burden. In the same year, we paid over \$120 million in taxes to the state of MN. That's \$35 million more that was paid in taxes versus available for donations. We implore you that this has to change.

Our expenses are the lowest they been in years, which is a testament to how hard these folks work to keep expenses low to maximize donations. Our current expenses are 47% of our revenue, taxes and fees are now 28% which leaves 25% for donations. E-gaming is now 46% of our industry's revenue but those games are expensive. The cost of an e-game is 31% of the games revenue . So after 36% in taxes and 31% to the manufacturer, 15% to the bar, we have only 18% to pay our expenses AND make donations. Our margins are getting slimer and slimer each year!

I spoke with one organization who is struggling to raise \$200,000 to build a new ice rink in their area while they send their monthly tax payment of \$100,000 to the state. \$100,000 a month! It's painful for them to write that check each month, knowing that after they pay their program expenses and ice time , they can't manage to save enough for a new rink. For five years, we've paid more in taxes than we had for donations as an industry

We are subject to a lawful purpose rating by the Gambling Control Board which requires that a minimum of 30% of our revenue be spent on taxes and donations. Because taxes and donations are combined in this category, we must spend our

tax relief on donations, or our rating will drop. If it falls below 30%, our gambling license is revoked. This is the safeguard that tax relief dollars will be spent on donations.

The stadium fund has been overfunded and annually we are sending 3 times the needed \$36 million for the bond payments. We continue to see revenue growth year over year and with our progressive tax rates that just means that our average tax rate also increases each year. If ever there has been a time to reduce the tax rates on charitable gaming, it is now. Thank you for your support of tax relief for MN charities.

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