

Members,

SF1863/HF2366 is a bill that would make substantial changes to the operating of linked e-bingo and e-tabs. It is being offered by the Minnesota Indian Gaming Association (MIGA). You can see the bills in their entirety on the ACM website under the NEWS tab.

MIGA does not share their reasons with me, but I know that they believe that the intent of the 2012 stadium legislation that allowed electronic gambling does not align with what exists in sites today.

MIGA has tried over the past several years to negotiate changes with the GCB, but to this point in time, has had no success. This bill is their most recent attempt to garner the changes that they believe need to be made to reflect what was agreed to in 2012.

Their bill was first introduced in the Senate. First deadline passed without the bill being heard in the Senate. The bill now has a House author, but we do not know if he will hear the bill. There are ways to get bills passed after deadline, but the path is very different from the norm and is seldom used or successful.

I have been accused of being against electronic gaming. That could not be further from the truth. My previous American Legion was one of the very first sites to put in electronics and they still have them today. What I am against is others making more than the charity on the forms of electronic gaming that we are allowed to offer. In our total business (all forms), we are now the number two beneficiary behind the state, but in electronics we are number three behind the state and the manufacturers.

Unfortunately, there are even instances where the charity is number three, four or five on the electronic gaming profit ladder. In January, my Lion club's payout on electronic pull tabs was 92% (we use the auto close feature, our FYTD payout is 87.59%). Our cost of doing business overall is 9.3 cents on every dollar wagered. In January, the state, the manufacturer, the bar, and the distributor all got paid (as they get paid off of net receipts) while our club lost money on every dollar played. We are not the only one.

Charitable organizations exist for the primary purpose of serving others. We fund a multitude of programs in our communities all across the state. Many of these programs would not exist but for the money raised through charitable gambling. Having charity being less than the number one reason for charitable gambling is hard for me to accept; being three, four or five on the profit scale is beyond my comprehension.

In 2012 the people/groups working to pass electronic gaming legislation were quoted as saying that electronic linked bingo and pull tabs would deliver as much as \$75 million a year in taxes to state coffers. In FY2020 electronic gaming delivered \$28 million of the \$84 that we remitted in total tax payments.

I believe that if the bill were to be enacted it would have a negative impact on the overall volume of electronic bingo and electronic pull tab sales. In addition, the manufacturers will be forced to revise their games to meet the new standards at a cost undoubtedly passed on to us, the charities. What these changes will mean is the real question and I do not believe that anyone has the correct answer to that question.

We will be watching this bill very closely. We do not believe that the bill will be enacted this year, but if not, it will still be alive next legislative session as this year is the first year of the two year session.

Regards,