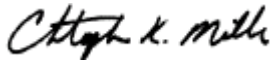


**ROSEVILLE**  
**REQUEST FOR COUNCIL ACTION**

Date: 1/30/2017  
Item No.: 7.b

Department Approval

City Manager Approval



Item Description: Consider Amending City Code Chapter 304: Lawful Gambling

**BACKGROUND**

On October 24, 2016 and again on December 5, 2016; the City Council discussed possible modifications to City Code Chapter 304: Lawful Gambling. This discussion was prompted by a request from the Roseville Area Youth Hockey Association which expressed an interest in having a third location to conduct lawful gambling activities – something prohibited under the current Code.

At the conclusion of the December 5 discussion, the Council directed Staff to review the entire City Code Chapter 304 to consider whether other amendments/updates were warranted. The Council expressed a particular interest in whether the City had the ability to restrict where lawful gambling proceeds (profits) derived in Roseville were spent.

Over the past few weeks, the City Attorney and City Staff have been reviewing the City Code along with accompanying State Statutes and has compiled a number of language updates for Council consideration. In addition, the City Attorney has concluded that State Statute 349.213 subd. (g) does allow the City to require that “all or a portion” of the proceeds be spent in the City’s “trade area”. The Statute defines ‘trade area’ as “each city or township contiguous to the defining city”.

This and other proposed language changes have been incorporated into a marked up version of Chapter 304, which is included in *Attachment A*. Due to the numerous modifications, Staff will present the discussion points for each suggested change at the meeting.

**POLICY OBJECTIVE**

Not applicable.

**FINANCIAL IMPACTS**

Not applicable.

**STAFF RECOMMENDATION**

Not applicable.

28 **REQUESTED COUNCIL ACTION**

29 For discussion purposes only. No formal action is being requested.

30

Prepared by: Chris Miller, Finance Director

Attachments: A: Marked Up Version of City Code Chapter 304: Lawful Gambling

31

**CHAPTER 304**  
**LAWFUL GAMBLING**

32  
33

34 SECTION:

- 35 304.01: Lawful Gambling Permitted  
 36 304.02: Number of Licenses and Permits  
 37 304.03: Approval of Licenses  
 38 304.04: Contributions  
 39 304.05: Law Enforcement and Administrative Costs  
 40 304.06: Gambling Exempt from State Licensing Requirements  
 41 ~~304.07: Video Games of Chance~~

42 **304.01: LAWFUL GAMBLING PERMITTED:**

- 43 Lawful gambling as regulated in Minnesota Statutes Chapter 349 is permitted in the City if the  
 44 organization conducting such activities meets the following criteria:  
 45 A. Is licensed by the Minnesota Gambling Control Board.  
 46 ~~B. Is a tax exempt organization pursuant to 501(c) of the Internal Revenue Code or has a 501(c)~~  
 47 ~~application pending with the Internal Revenue Service.~~  
 48 ~~C. Maintains an address within the City.~~  
 49 ~~D. Has been in existence at least three consecutive years prior to the date it begins its gambling~~  
 50 ~~operations.~~  
 51 E. Complies with all of the provisions of this Chapter. (Ord. 1114, 8-24-1992)

52 **304.02: NUMBER OF LICENSES AND PERMITS:**

- 53 A. No organization licensed pursuant to Minnesota Statutes Chapter 349 may conduct lawful  
 54 gambling at more than two locations within the city, ~~except any organization that does not conduct~~  
 55 ~~bingo and has prior to April 1, 1992, operated lawfully at more than one location, may continue to~~  
 56 ~~operate at the locations licensed as of that date.~~ (Ord. 1138, 4-25-1994) (Ord. 1412, 7-11-2011)  
 57 B. ~~The maximum number of bingo hall licenses and locations issued pursuant to Minnesota Statutes~~  
 58 ~~Chapter 349 within the City shall be one. Once the bingo hall license is issued by the City, it shall~~  
 59 ~~be limited to the location and to the owner specified on the license. Any change of location or~~  
 60 ~~ownership without the approval of the City shall result in the termination of the license.~~ (Ord.  
 61 ~~1244, 12-18-2000) (Ord. 1412, 7-11-2011)~~  
 62 ~~C. The maximum number of licensees conducting gambling at the bingo hall license location~~  
 63 ~~described in subsection B of this section shall be five.~~  
 64 D. The maximum number of premises permits issued pursuant to Minnesota Statutes Chapter 349 ~~in~~  
 65 ~~addition to one bingo hall license described in subsection A of this section shall be eight. Except~~  
 66 ~~as provided in subsection E of this section the g~~Gambling activities ~~allowed at those locations shall~~  
 67 ~~be confined to the types~~ pull tabs, paddlewheels, raffles, and tipboards ~~as defined and regulated~~  
 68 ~~under Minnesota Statutes Chapter 349.~~ (Ord. 1412, 7-11-2011)  
 69

70 E. An organization in existence and qualified under section 501(c)7 or section 501(c)19 of the internal  
71 revenue code and which had its principal place of business or place of conducting meetings in the  
72 City prior to and continuing since 1980 may be granted a premises permit to conduct all lawful  
73 gambling operations on their own premises.  
74 ~~Such organizations are not eligible for a bingo hall license as provided in Minnesota statutes~~  
75 ~~section 349.164 and may conduct gambling activities or bingo only on their own property.~~ (Ord.  
76 1138, 4-25-1994) (Ord. 1412, 7-11-2011)

77 **304.03: APPROVAL OF LICENSES:**

- 78 A. Required Documentation: Any organization applying to the Gambling Control Board for a  
79 premises permit, ~~bingo hall license~~ or for the renewal of the same to conduct lawful gambling in  
80 the city shall, within ten days of making such application, file a copy of all application materials  
81 submitted to the State. ~~the following with the City:~~
- 82 ~~1. Application: A duplicate copy of the Gambling Control Board application along with all~~  
83 ~~supporting documents submitted to the Gambling Control Board.~~
  - 84 ~~2. Corporate Documents: A copy of the Articles of Incorporation and Bylaws of the organization.~~
  - 85 ~~3. Officers and Directors: The names and addresses of all officers and directors of the organization.~~
  - 86 ~~4. Written Procedures: A copy of the organization's written procedures and/or criteria for~~  
87 ~~distribution of funds derived from lawful gambling, its standardized application form and its~~  
88 ~~written fiscal control procedures.~~
  - 89 ~~5. IRS Exempt Letter: A copy of the Internal Revenue Service's tax exempt letter.~~
  - 90 ~~6. Felony Conviction: Confirmation that no employee or principal officer of the organization has~~  
91 ~~been convicted of a felony. No employee or organization whose principal officers or employees~~  
92 ~~have a felony conviction shall be employed or retained in a gambling related activity by any~~  
93 ~~permitted organization.~~
  - 94 ~~7. Investigation Reports: A copy of all records, all testimony or other information submitted to the~~  
95 ~~State of Minnesota or Federal Government as part of any previous or current investigation or~~  
96 ~~inquiry on any matter related to gambling.~~
- 97 B. Investigation: Upon receipt of the materials required by subsection A of this section, ~~and not later~~  
98 ~~than 60 days from receipt of notice from the Gambling Control Board,~~ City staff shall investigate  
99 the applicant and based upon said investigation, the City Council shall act on the application.
- 100 C. Resolution: The action of the City Council to approve an application for a premises permit or bingo  
101 hall license within the city shall be by resolution. Failure to receive a majority affirmative vote of  
102 the City Council shall constitute a denial of the application.
- 103 D. Additional Documents: Copies of any other reports or documents which are required to be  
104 subsequently filed by such organization with the Gambling Control Board, including monthly  
105 financial statements, shall be filed with the City within ten days of filing such materials with the  
106 Gambling Control Board.
- 107 E. Compliance: to assure compliance with this Chapter, the City may require a premises permit holder  
108 ~~or bingo hall licensee~~ to provide copies of records as allowed under Minnesota Statutes. (Ord.  
109 1327, 10-10-05)
- 110 F. Suspension: Approval of a premises permit issued by the City under any part of this Chapter may  
111 be suspended by the City for violation of Chapter or revoked or any renewal delayed, for failure to  
112 meet the qualifications set out in subsection A or a willful violation of any part of this Chapter or a  
113 failure to comply, for any reason, with any provision, guarantee or claim made in an applicant's  
114 original license application to either the City or the State of Minnesota.
- 115

- 116 G. Liability of City: No license or permit issued by the City grants the licensee a property right or  
117 entitlement to the license or permit. The City may not issue, renew nor revoke the license or permit  
118 for any reason and will not incur liability for any damages including, but not limited to, direct,  
119 consequential or incidental damages, deprivation of property, loss of income, loss of profits or loss  
120 of livelihood.
- 121 H. ~~Employment of Certified Public Accountant: All organizations conducting Bingo at the Bingo hall  
122 in the City shall use a certified public accounting firm for all accounting, bookkeeping and tax  
123 preparation services related directly to lawful gambling and charged as an allowable expense of the  
124 gambling operation. All agreements providing for such services shall be in writing and shall be  
125 submitted to the City as part of the application for review by the City to determine compliance with  
126 local and State regulations and laws. Any such agreements entered into or modified after issuance  
127 of a license or permit shall be filed with the City prior to the new agreement or modification  
128 becoming effective. The initial approval and the continuance of a license or permit are contingent  
129 upon such agreements complying with this Chapter and State statutes and regulations. (Ord. 1412,  
130 7-11-2011)~~
- 131 I. ~~Management: All licensees and permittees in the City will assure continuous and active  
132 management of the gambling operation and will not delegate managerial responsibilities, will work  
133 continuously to operate in the most efficient manner to increase the amount of available lawful  
134 proceeds, will maintain the lowest possible costs and will encourage and use volunteers to the  
135 fullest extent possible. (Ord. 1114, 9-24-92)~~

136 **304.04: CONTRIBUTIONS:**

- 137 A. Each organization conducting lawful gambling within the City shall contribute at least 10% of its  
138 net profits derived from lawful gambling in the City to a fund administered and regulated by the  
139 City. The City then shall make disbursements to the Roseville Community Fund, administered by  
140 the North Suburban Community Foundation, a Minnesota nonprofit corporation. This contribution  
141 shall be for the purposes defined in Minnesota Statutes Chapter 349. The City's directive to the  
142 Roseville Community Fund, administered by the North Suburban Community Foundation, as to the  
143 use of the funds shall be made at the time of the City's adoption of its annual budget or any  
144 amendments thereto. (Ord. 1327, 10-10-05) (Ord. 1412, 7-11-2011).
- 145 B. Excluding amounts contributed to the Roseville Community Fund, % of the remaining net  
146 profits shall be expended in the City's trade area as defined in Mn Statutes 349.213, subd. 1(g).  
147 Roseville's trade area includes: Roseville, Arden Hills, Falcon Heights, Lauderdale, Little Canada,  
148 Maplewood, Minneapolis, New Brighton, St. Anthony, St. Paul, and Shoreview. B.—Each  
149 organization conducting lawful gambling shall expend or contribute a minimum of 75% of its net  
150 profits from Roseville gambling sites by the end of each premises permit year. The remaining  
151 percentage may be carried over to the subsequent permit or license year. The City Council may  
152 grant a variance authorizing the organization to carry over more than 25% of all its net profits for  
153 expenditure in the subsequent permit or license year.
- 154 C. In the event any organization contributes to the City any sum in excess of the 10% as required in  
155 Subsection A above, said funds will be deposited and allocated to the Roseville Community Fund,  
156 as administered by the North Suburban Community Foundation. In the event the Roseville  
157 Community Fund, as administered by the North Suburban Community Foundation is in any way  
158 unable to receive the allocated funds as set forth in subsection A above, the funds will be deposited  
159 in an interest bearing escrow account in a bank located in the City and allocated to uses by further  
160 order of the City Council. (Ord. 1114, 9-24-92) (Ord. 1412, 7-11-2011)

162 **304.05: LAW ENFORCEMENT AND ADMINISTRATIVE COSTS:**

163 All organizations conducting lawful gambling within the City shall, within 30 days of the end of each  
164 month, pay to the City an amount ~~up equal~~ to 3%, ~~as established by the Fee Schedule~~, of the gross  
165 receipts from lawful gambling conducted in the City in such month, less amounts actually paid for  
166 prizes, to cover the City's law enforcement and administrative costs in regulating lawful gambling.  
167 (Ord. 1114, 9-24-92)

168 **304.06: GAMBLING EXEMPT FROM STATE LICENSING REQUIREMENTS:**

- 169 A. Organizations which conduct lawful gambling which is exempt from State gambling licensing  
170 requirements may conduct such gambling within the City upon receipt of a permit from the City,  
171 except this requirement does not apply to door prizes or raffles and bingo where total prizes are  
172 less than \$1,500 in a calendar year. (Ord. 1327, 10-10-05)
- 173 B. An application for such a permit, along with a fee as prescribed by the Fee Schedule, shall be made  
174 at least 30 days prior to the date such gambling is to be conducted. The application shall contain  
175 the following:
- 176 1. The name of the organization.
  - 177 2. The address of the organization.
  - 178 3. The place where such gambling will occur.
  - 179 4. The total prizes to be awarded.
- 180 (Ord. 1327, 10-10-05)
- 181 C. Within 30 days of filing any reports with the Gambling Control Board, the organization shall file a  
182 copy of such reports with the City.
- 183 D. The provisions relating to law enforcement and administrative costs set forth in Section 304.05  
184 shall not apply to gambling permitted pursuant to this Section. All other provisions of this Chapter  
185 apply to such organizations. (Ord. 1114, 9-24-92)

186 ~~**304.07: VIDEO GAMES OF CHANCE:**~~

187 ~~"Video games of chance", as defined by Minnesota Statutes, are prohibited in the City. (Ord. 1114, 9-~~  
188 ~~24-92)~~

189