

Sec. 409.21. - Pull-tabs, tipboards, paddle-wheel, raffle tickets and bingo in bars by state licensed charitable nonprofit organizations.

(a) Permission of city council; endorsement; termination:

- (1) On-sale licensees may request permission of the city council to permit qualified charitable organizations to conduct lawful gambling in the form of bingo, paddlewheels, pull-tabs, raffles and tipboards only on the licensed premises. Application for permission shall be made to the license inspector and payment of the specified fee. If the application is granted, the license shall contain an endorsement specifying this approval and the gambling endorsement may be considered for renewal at the same time as the council may consider renewal of the on-sale license. Once the city council has approved the application of an on-sale licensee to allow lawful gambling conducted by a qualified charitable organization, the department may allow subsequent qualified charitable organizations to conduct lawful gambling on the licensed premises without further council approval, subject to paragraph (2) of this section and section 409.21(b)(3).
- (2) In the event the permission of any charitable nonprofit organization to conduct lawful gambling on the licensed premises is terminated by the licensed establishment on whose premises the organization was conducting said gambling, or in the event such organization terminates its lawful gambling as a result of coercion, pressure or unreasonable or unlawful conduct by the licensee or its employees, the on-sale licensee shall not be able to make application for a gambling endorsement for a new charitable nonprofit organization to take the place of the former organization until one (1) year after discontinuance of all gambling activity on the licensed premises by the former organization.

(b) Gambling endorsement regulations. Gambling endorsements in on-sale licenses shall be subject to the following regulations which shall be deemed as a part of the license, and failure of compliance may constitute grounds for adverse action as prescribed in the Legislative Code:

- (1) Only charitable nonprofit organizations licensed by the State of Minnesota to conduct bingo or operate paddlewheels, tipboards and pull-tabs may be allowed to conduct bingo or sell paddlewheel tickets, pull-tabs, raffle tickets and tipboards on the licensed premises. Except as provided under (2)(d) below.
- (2) Use of the licensed premises shall be by means of a written lease agreement between the licensee and the charitable organization. All leases shall comply with the provisions of Minn. Stat. chapter 349 and the rules promulgated pursuant thereto. The lease shall expire with the premises permit; a copy shall be filed with the department of safety and inspections director, and also a copy must be kept on the premises and available for public inspection upon request. Leases shall be governed by the following:
 - a. In the case of pull-tab dispensing devices, the lease agreement shall address cash shortages, game banks, machine repair, and prize reimbursement.
 - b. Reserved.
 - c. The licensee may not be reimbursed by the charitable organization for any license or permit fees, and the only compensation which the licensee may obtain from the charitable organization are the amounts fixed in the lease agreement.
 - d. All lawful gambling shall be conducted either:
 - i. From a booth or pulltab dispensing device within a leased or wholly owned area with the following exception: raffle tickets, paddlewheel tickets consisting of thirty (30) numbers or less with no table and tipboards consisting of thirty (30) or less may be sold within all of the public area of the permitted premise. Raffle drawings, winning ticket redemption, paddlewheel location and tipboard seal opening must be within the leased or wholly owned area with the exception that pulltab prize redemption from dispensing devices may be made as set forth in subdivision (6) below.

- ii. The owner and employees of the on-sale establishment may, consistent with law and rule, conduct the sale and prize payout of lawful gambling games from within the establishment, including from the bar service area. In the case of bar bingo, food and beverages may be dispensed within the bingo leased or permitted premises.
 - e. The construction and maintenance of the booth used by the charitable organization shall be the sole responsibility of the charitable organization.
 - f. The lease shall contain a provision permitting the licensee to terminate the lease if the charitable organization is found guilty of any violation of state or local gambling statutes, ordinances or rules and regulations.
- (3) Only one (1) charitable organization shall be permitted to conduct lawful gambling on a permitted premises except on such premises where two (2) organizations are conducting lawful gambling at the time this section is passed, provided that this requirement will apply if one (1) of said organizations ceases operations.
- (4) A pull-tab dispensing device must be protected by an alarm system that is centrally monitored and has a battery backup. Such alarm may protect just the machine or the entire premises.
- (5) If readily perishable or potentially hazardous food, as defined in section 331.07 of the Legislative Code, is awarded as a prize in any charitable gambling, the storage and handling of such food shall be in compliance with all applicable requirements of Chapter 331 of the Legislative Code. The licensee shall be responsible for notifying the department of safety and inspections that food, whether readily perishable or potentially hazardous or not, is being awarded as a prize in any charitable gambling taking place on the licensed premises, using such form or forms as may be prescribed by such department.
- (6) Winning pull-tab tickets dispensed from dispensing devices or by an owner or employee of the on-sale establishment, may be redeemed by bar personnel from the bar service area, provided that a separate accounting of pull-tab proceeds and other funds of the licensed establishment is performed and made available to enforcement personnel.
- (7) Employees and agents of the on-sale establishment not involved in the conduct of lawful gambling on the premises or nongambling employees or agents of a licensed organization conducting lawful gambling on the premises may participate in lawful gambling on the premises provided that if pull-tabs or tipboards are sold, the organization prominently posts within plain view at the point of sale the major prizes awarded.
- (c) Large charitable nonprofit organizations regulated:
- (1) Notwithstanding any other provision of law or of sections 409.21 and 409.22 of this chapter, not more than five (5) charitable nonprofit organizations which qualify as "large organizations" may be permitted to conduct lawful gambling in the form of paddlewheels, pull-tabs, raffles and tipboards on licensed premises after meeting all other requirements of Chapters 310 and 409 of the Saint Paul Legislative Code and of any other applicable statute, regulation or ordinance. The term "large organization," for the purpose of this chapter, shall mean and include any charitable nonprofit organization which has the size and resources, as well as the public acceptance and drawing power, sufficient to dominate in the competition for licensed premises in which to conduct charitable gambling so as to make it difficult or impossible for small charitable nonprofit organizations to find suitable or desirable premises in which to raise funds by charitable gambling. Any charitable nonprofit organization whose annual gross revenues for the immediately past fiscal or calendar year from all sources are in excess of ten million dollars (\$10,000,000.00) or whose annual management and administrative expenditures for its current budget year are in excess of three million dollars (\$3,000,000.00), or twenty-five (25) percent or more of whose net profits from charitable gambling are or have been distributed in at least three (3) of the last five (5) years to another nonprofit or charitable organization of which it is a local chapter or subsidiary, shall be presumed to be a large corporation. The computation of the above dollar amounts shall be the total for both the charitable nonprofit organization in question and any other such organization, if such other organization:

- (a) Has the power to appoint a majority of the governing body of the organization in question;
 - (b) Has or exercises the authority to direct or control the work of the officers or employees of the organization in question;
 - (c) Provides half or more of the gross revenues of the organization in question; or
 - (d) Franchises or charters the organization in question, or permits the organization in question to use its name and/or organizational symbols in the conduct of the fund-raising activities of the organization in question.
- (2) No endorsement to the on-sale license shall be granted to any on-sale licensee for a large organization until thirty (30) days after the effective date of this ordinance [Ordinance No. 17613]. If there are more than five (5) qualified applicants for such endorsement, the council shall by motion set a future regular council meeting date at which five (5) such applicants shall be selected for the issuance of the liquor endorsements authorized herein. Such selection shall be by lot in accordance with the procedures indicated in section 409.16(e)(2) (excepting the payment of the special issuance excise tax). Not less than thirty (30) days after one (1) of such endorsements is revoked, denied or lapses for any reason, the council may establish a date for random selection among otherwise qualified applicants as provided above. If the number of applicants at any time is equal to or less than five (5), or less than the number needed to bring the total of such endorsements issued to five (5), then the council may issue such endorsements in the regular manner.
- (3) The large organizations authorized to operate in on-sale licensed premises as provided for in this paragraph (c) shall be required to comply with all applicable requirements of law and of sections 409.21 through 409.23, including the payment of ten (10) percent of their net profits without allowance for cash shortages from selling paddlewheel tickets, pull-tabs, raffle tickets and tipboards as provided by section 409.22(11).
- (4) The term "large organization" for the purpose of subsection (c) shall not include a club as defined in section 409.02 of this chapter where such club has an on-sale intoxicating liquor license issued under this chapter and the only charitable gambling carried out on the licensed premises is operated by the club itself in conformity with applicable state and municipal licenses and regulations thereunder.
- (d) Number of establishments restricted. No state licensed charitable organization shall sell paddlewheel tickets, pull-tabs, raffle tickets, bingo paper and/or tipboards in more than six (6) establishments licensed by the city for the sale of intoxicating liquor in accordance with section 409.22.

(Ord. No. 17321, § 3, 12-31-85; Ord. No. 88-500, § 9, 11-17-88; Ord. No. 17657, § 7, 6-8-89; Ord. No. 17713, § 2, 2-8-90; C.F. No. 92-1065, § 1, 10-5-92; C.F. No. 94-141, § 1, 3-2-94; C.F. No. 94-745, § 1, 6-22-94; C.F. No. 96-394, § 1, 5-8-96; C.F. No. 98-349, § 1, 5-27-98; C.F. No. 03-995, § 1, 11-26-03; C.F. No. 07-149, § 158, 3-28-07; C.F. No. 07-1051, § 1, 11-28-07; C.F. No. 07-1193, § 1, 1-9-08; C.F. No. 08-216, § 1, 3-26-08; Ord 13-26, § 1, 7-17-13)

Cross reference— Gambling, Ch. 270; lawful gambling, Ch. 402; bingo halls, Ch. 403; game rooms, Ch. 406.