

CHAPTER VI

BUSINESS & TRADE REGULATIONS

Section 600 - Purpose; Definitions

600.01 Purpose. The purpose of this ordinance is to closely regulate and control the conduct of the holding of raffles and the use of gambling devices and to prohibit commercialization of these activities.

600.03 Definitions. Subd. 1. Gambling Devices. Means those gambling devices known as "paddlewheels" or "tip boards", "pull-tabs" (or "ticket jars") or apparatus used in conducting raffles.

Subd. 2 "Paddlewheel". Means a wheel marked off into sections containing one or more numbers and which after being turned or spun, uses a pointer or marker to indicate winning chances.

Subd. 3 "Tip board". Means a board, placard or other device measuring at least 12 inches square marked off in a grid or similar pattern in which each section contains a hidden number or numbers or other symbol which determines the winning chances.

Subd. 4 "Pull-tabs". Or ticket jars, means a single folded or banded ticket or a card, the face of which is initially covered or otherwise hidden from view to conceal a number or numbers or a symbol or set of symbols. A few of the numbers or symbols out of every set of pull-tabs (or ticket jars) will have been designated in advance and at random as prizewinners. A participant pays a consideration to an operator for the opportunity to obtain a folded or banded ticket or a card, view the numbers or symbols on it and possibly obtain a prizewinner pull-tab (or ticket jar).

Subd. 5 "Raffle". Means a game in which a participant buys a ticket for a chance at a prize with the winner determined by a random drawing.

Subd. 6 "Profit". Means the gross receipts from the operation of gambling devices and the conduct of raffles, less reasonable sums expended for prizes, local license fees, taxes and maintenance costs for the devices.

Subd. 7 "Active Member". Means a member who has paid all his dues to the organization and has been a member of the organization for at least six months.

Subd. 8 "Lawful Purpose". Means one or more of the following:

- (1) Benefiting persons by enhancing their opportunity for religious or educational advancement by relieving or protecting them from disease, suffering or distress by contributing to their physical well-being, by assisting them in establishing themselves in life as worthy and useful citizens or by increasing their comprehension of and devotion to the principals upon which this nation was founded;
- (2) Initiating, performing, or fostering worthy public works or enabling or furthering the erection or maintenance of public structures;

- (3) Lessening the burdens borne by government or voluntarily supporting, augmenting, or supplementing services which government would normally render to people; or
- (4) The improving, expanding, maintaining or repairing of real property owned or leased by an organization.

600.05 Prohibition. Subd. 1. Nothing in this section shall be construed to authorize any use possession or operation of:

- (a) Any gambling device which is activated by the insertion of a coin or token; or
- (b) Any gambling game or device in which the winning numbers, tickets or chances are in any way determined by the outcome of any athletic contest or sporting event.

600.07 License Required. Subd. 1. No gambling devices may be operated nor raffles conducted except by an eligible organization which has secured a license for the purpose in accordance with this ordinance.

Subd. 2 Gambling Device License. No gambling device license shall be issued for more than one year and all licenses shall expire on January 1st.

600.09 License Fees. Subd. 1. Amount. The annual fee for gambling devices shall be \$20.00 per year.

Subd. 2 Limited License. A limited license, authorizing an organization to have a single gambling event or occasion shall be \$20.00.

Subd. 3 Payment and Allocation of Fee. The full annual fee shall be paid with each application and no pro rata allowance shall be made for any fraction or part less than a full year.

600.11 Application for License. Subd. 1. Form. Every application for a gambling device license shall state the name, location, purpose, number of members and length of existence of the applying organization. Application forms shall be completed and signed by an authorized officer of the organization and shall name a manager who shall be responsible for supervision of gambling device occasions. In addition to containing such information, the application shall be in the form prescribed by the City Council and shall be verified and filed with the City Clerk. No person shall make a false statement in the application.

Subd. 2. Bond. Each application for license shall be accompanied by a fidelity bond given by the manager in the sum of \$10,000.00 in favor of the organization, which bond shall be given in writing to the City of Rice not less than 30 days prior to cancellation. The City Council may waive the bond requirement, providing, that a license containing such waiver provisions shall be granted only upon unanimous vote of the City Council.

600.13 Granting of License. Subd. 1. The City Council shall cause to be investigated all facts set out in the license application. The City Council shall act upon all license applications within 180 days of the date of the application, but no license shall be issued until at least 30 days after the date of application.

Subd. 2 Transfer of License. No gambling device license shall be transferable or sold. All licenses are deemed issued for a specific premises designated in the application and shall not be transferred to any other location.

Subd. 3 Suspension or Revocation. The City Council may suspend, for a period not to exceed 60 days, or revoke any gambling device license for violation of any provision of applicable Minnesota Statutes or of this ordinance. The holder of the license shall be granted a hearing upon at least 10 days' notice before revocation or suspension is ordered. The notice shall state the time and place of hearing and the nature of the charges.

600.15 Issuance of License. Licenses shall be issued only to a fraternal, religious, veterans or other non-profit organization which is a corporation, fund, foundation, trust or association organized for exclusively scientific, literary, religious, charitable, educational, or artistic purposes or for the purpose of making contributions to or for the use of the United States, the State of Minnesota, or any of its political subdivisions for exclusively public purposes or for any combination of the above enumerated purposes and further provided that no part of the net income of any such corporation, fund, foundation, trust or association shall incur to the benefit of any private member, stockholder or individual.

600.17 Profits. Subd. 1. Profits from the operation of the gambling devices or the conduct of the raffles shall be used solely for lawful purposes as defined in this section and as authorized at a regular meeting of the organization.

600.19 Gambling Manager. Subd. 1. All operation of gambling devices and the conduct of raffles shall be under the supervision of a single gambling manager designated by the organization. The gambling manager shall be responsible for gross receipts and profits from gambling devices and raffles and for their operation. A person may act as both gambling manager and bingo manager for a single organization, but a gambling manager for a single organization shall not act as either a gambling manager or bingo manager for any other organization. A gambling manager for an organization shall be an active member of the organization.

600.21 Participation and Compensation. Subd. 1. No compensation shall be paid to any person in connection with the operation of a gambling device or the conduct of a raffle by a licensed organization. No person who is not an active member of an organization, for its auxiliary, or the spouse or surviving spouse of an active member may participate in the organization operation of a gambling device or conduct of a raffle.

600.23 Records and Reports. Subd. 1. Each organization licensed to operate gambling devices shall keep records of its gross receipts, expenses and profits for each single gathering or occasion at which gambling devices are operated or a raffle conducted. All deductions from gross receipts for each single gathering or occasion shall be documented with receipts or other records indicating the amount, a description of the purchased item or device or other reason for the deduction and the recipient. The distribution of profits shall be itemized as to payee, purpose, amount and date of payment. Gross receipts from the operation of gambling devices and the conduct of raffles shall be segregated from other revenues of the organization, including bingo gross receipts and placed in a separate account. Each organization shall have separate records of its gambling operations. The person who accounts for gross receipts, expenses and profits from the operation of

gambling devices or the conduct of raffles shall not be the same person who accounts for bingo gross receipts, expenses and profits.

600.25 Location of Operation. Subd. 1. Gambling devices shall be operated and raffles conducted by a licensed organization only upon premises which it owns or leases except that tickets for raffles conducted in accordance with this section may be sold off the premises. Leases, unless authorized in another location by the Rice City Council shall be for a period of not less than one year and shall be in writing. Copies of all leases shall be provided to the City Clerk. The City may authorize raffles to be conducted by a licensed organization on premises not owned or leased by the organization.

600.27 Prizes. Total prizes from the operation of paddlewheels, tip boards and pull-tabs (or ticket jars) awarded in any single day in which they are operated shall not exceed \$1,000.00. Total prizes resulting from any single spin of a paddlewheel, or from any single seal of a tip board, each tip board limited to a single seal, or from a single pull-tab (or ticket jar), shall not exceed \$150.00. Total prizes awarded in any calendar year by any organization from the operation of paddlewheels, tip boards and pull-tabs (or ticket jars) and the conduct of raffles shall not exceed \$35,000.00. Merchandise prizes shall be valued at fair market retail value.

600.29 Penalty. Subd. 1. Violation of any provision of this section is a misdemeanor.