

**CITY OF GEM LAKE, RAMSEY COUNTY, MINNESOTA
ORDINANCE NO. 60**

AN ORDINANCE REPLACING ORDINANCE NO. 59 WHICH REPLACED ORDINANCE NO. 47 AND RELATED TO GAMBLING BY ALLOWING OPERATION AND SALE OF GAMBLING DEVICES IN ONSALE LIQUOR ESTABLISHMENTS.

Section 1. Title. The title of this ordinance shall be "Gambling and Operation of Gambling Devices by Charitable Organizations in 'On-Sale' Liquor Establishments."

Section 2. Purpose. This ordinance is adopted for the purposes of:

Section 2.1. Allowing licensed "on-sale" liquor establishments to operate gambling devices when such activity is licensed by the State of Minnesota.

Section 2.2. Defining the types of lawful gambling devices that can be operated in the City of Gem Lake.

Section 2.3. Describing the charitable organizations which can operate these devices.

Section 3. Rules and Definitions.

Section 3.1. Rules of Construction. The word "shall" is mandatory, and the word "may" is permissive.

Section 3.2. Definitions of Terms.

(a) Lawful Gambling Devices. Lawful gambling devices are paddlewheels, pull-tabs, raffles, and tipboards.

(b) Employee. An employee is a person who is currently under the employment of the licensee and is at that time on duty or scheduled to perform labor or services and who shall be paid for said labor and services.

(c) Charitable Organization. A religious, fraternal, veterans, or other nonprofit organization duly existing under the laws of the State of Minnesota and no part of the net earnings of which inures to the benefit of any private shareholder or individual. The said organization shall have been in existence for at least three (3) years, and shall have at least thirty (30) active members. It must be organized to operate in the Gem Lake/White Bear Lake area with not less than sixty percent (60%) of its members Gem Lake/White Bear Lake residents. If the charitable organization is state or nationally chartered, its charter must designate the Gem Lake/White Bear Lake area as its location.

Section 4. Separability. It is hereby declared to be the intention of the City Council that the several provisions of this ordinance are separable and that if any court of competent jurisdiction shall adjudge any provision of this ordinance or application thereof to be invalid, such judgement shall not affect any other provisions of this ordinance not specifically included in said judgement.

Section 5. Intoxicating Liquor: Gambling Devices on Licensed Premises.

Section 5.1. "On-sale" licensees may request permission of the City Council to permit qualified charitable organizations, as defined in this ordinance, to operate or sell lawful gambling devices only on the licensed premises. The licensee shall make application for permission to the City Council and shall pay therewith the specified fee. If the application is granted, the liquor license shall contain an endorsement specifying this approval, and the gambling endorsement may be considered for renewal at the same time as the City Council considers renewal of the "on-sale" license.

Section 5.2. Gambling endorsements on "on-sale" licenses shall be subject to the following regulations which shall be deemed a part of the license, and failure of compliance may constitute grounds for revocation.

(a) Application for gambling endorsements must be made by the liquor licensee and must state the name of the qualified charitable organization. The application must also show evidence that the qualified charitable organization is licensed by the State of Minnesota pursuant to Minnesota Statutes Chapter 349 and any appropriate rules of the State of Minnesota.

(b) Use of the licensed premises shall be by means of a written lease agreement between the licensee and the charitable organization. The lease shall be for a term of at least one year, a copy shall be filed with the City Council, and a copy must also be kept on the premises and available for public inspection upon request. Leases shall be governed by the following:

I. The maximum rental fee for leased premises shall not exceed the maximum amount established by Minnesota state statutes related to charitable gambling and amended from time to time. Rental fees shall be established on an annual calendar year basis for a period of not less than twelve (12) months and shall be approved by the City Council.

II. Rental payments may not be based on a percentage of profits from gambling.

III. The charitable organization may not reimburse the licensee for any license fees or other gambling related expenses incurred by the licensee.

IV. The only form of gambling that shall be permitted on the licensed premises shall be lawful gambling devices approved by the City Council.

V. Lawful gambling devices shall only be operated or sold from a booth used solely by the charitable organization, and shall neither be sold from the bar area nor sold by employees of the licensee unless said employees

are: 1) duly licensed by the State of Minnesota, and; 2) not simultaneously employed by the licensee at the time of sale. Licensed premises with a seating capacity of 50 or less may elect to have a "bar operation" in which the licensee's employees may sell and redeem approved games from the bar area. Any licensed premises electing to use a "bar operation" must notify the City of the change within 10 days of switching mode of operation, and thereafter apply for renewal as a "bar operation."

VI. The construction and maintenance of the booth used by the charitable organization shall be the sole responsibility of the charitable organization.

VII. 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.

(c) Only one charitable organization shall be permitted to operate or sell lawful gambling devices on the licensee's premises.

(d) 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 is the rent fixed in the lease agreement.

(e) The licensee and the charitable organization must commit to a minimum of twenty (20) hours per week of operation or sale of lawful gambling devices.

(f) The licensee shall be responsible for the charitable organization's conduct of operating and/or selling lawful gambling devices. The City Council may suspend the licensee's permission to allow gambling on the premises for a period of up to sixty (60) days for any violation of state or local gambling laws or regulations that occur on the premises. A second violation within a sixty (60) day suspension, and any additional violations within a twelve (12) month period, shall result in the revocation of the gambling permission, and may also be considered by the City Council as grounds for suspension or revocation of the "on-sale" liquor license.

Section 6. One Time Events. Notwithstanding other provisions of this ordinance to the contrary, the City Council may permit an "on-sale" licensee to permit the holding of a single event, such as a banquet, that includes the sale of raffle tickets as part of the event activity, provided that such events are separate from the public areas of the licensed establishment, not open to the general public, and the raffle is conducted by a charitable organization licensed by the State of Minnesota.

Section 7. Other Gambling Devices. No licensee shall keep, possess, or operate, or permit the keeping, possession, or operation of any slot machine, dice, or any gambling device or apparatus, on the licensed premises or in any room adjoining the licensed premises and shall not permit any gambling therein, except that lawful gambling devices may be operated or sold on licensed

premises when such activity is licensed by the state pursuant to Minnesota Statutes, Chapter 349, and conducted pursuant to the regulations contained in this ordinance.

Section 8. Raffles and Gambling Devices: License Required, Application.

Section 8.1. No person shall directly operate a gambling device or conduct a raffle, except as authorized by statute and this ordinance and unless a license from the State of Minnesota to do so has first been obtained. Licenses for the conduct of operation of raffles or gambling devices shall be issued only to a qualified charitable organization.

Section 9. Records and Reports: Charitable Organizations. All qualified charitable organizations selling or operating gambling devices in the City of Gem Lake shall keep monthly financial records as required by Minnesota Statutes, Chapter 349, and shall submit certified copies of said records to the City no later than January 30, April 30, and October 30 for the three (3) prior calendar months. Additionally, the qualified charitable organization shall report on or before the dates above the exact purpose and location of contributions made from the gambling proceeds.

Section 10. Profits From Gambling Devices. Profits from the operation of gambling devices or the conduct of raffles shall be used solely for lawful purposes as defined in this ordinance and as authorized at a regular meeting of the organization. Not less than fifty percent (50%) of the profits from the operation of gambling or conduct of raffles earned by charitable organizations shall be used for lawful purposes directly benefiting the residents of the Gem Lake/White Bear Lake area.

Section 11. Additional Requirements: In addition to satisfying the qualifications set forth in Minnesota Statutes, Chapter 349, the following requirements and qualifications must be complied with by all licensed charitable organizations who will be operating gambling devices in the City of Gem Lake:

Section 11.1 Charitable Organizations shall

- (a) not have a gambling license in more than two establishments in the City of Gem Lake.
- (b) register with the State Gambling Board all equipment and supplies used in a licensed "on sale" liquor establishment.
- (c) not use a lawful gambling device which does not return to the players a minimum percentage of sixty percent (60%) nor a maximum percentage of eighty-five percent (85%), which percentage shall include free plays awarded.

Section 12. Proceeds to City From Gambling Devices. Any qualified charitable organization selling and/or operating gambling devices in "on-sale" liquor establishments located in the City of Gem Lake shall remit quarterly to the City two percent (2%) of its net receipts (gross receipt less prizes equals net receipts) from the sale or operation of gambling devices. The City shall

place said revenue in a dedicated fund that will be used for “public needs” or will distribute the proceeds to other charitable organizations.

Section 13. Licensee Fee: Charitable Gambling. The fee for a charitable gambling license in an "on-sale" liquor establishment shall be defined in the City of Gem Lake “Fee Schedule” which is revised from time to time.

Section 14. Enactment. This Ordinance No. 60 was enacted and placed in full force and effect on 13 May 1991 by a unanimous vote of the Gem Lake City Council.

ENACTED:

Paul R. Emeott, Mayor

ATTEST:

Frederic C. Magnuson, City Clerk

**CITY OF GEM LAKE
ORDINANCE NO. 60 LEGEND**

The Ordinance allowing operation and sale of gambling devices in on-sale liquor establishments was originally enacted by the City Council as Ordinance Number 60 on 13 May 1991. Since that time, the City Council has made amendments to the Ordinance in keeping with changes in State law and the wishes of the community. The following table indicates the original ordinance and the said amendments.

ORDINANCE	DESCRIPTION	ENACTMENT
60	An ordinance allowing the operation and sale of gambling devices in on-sale liquor establishments (repealed Ordinance 59 and Ordinance 47).	05/13/1991
102	An ordinance amending Ordinance No. 60, by adding provisions to Section 5.2(b)(V) which allow “bar operation”; eliminating the requirement in Section 12 to put City revenue in a dedicated park/playground fund; and inserting the reference to the City’s fee schedule in place of a specific fee.	10/21/2008