

## **Charitable Gaming is Working for Minnesota**

By Allen Lund

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Before an effective solution can be crafted for a problem, the problem has to be correctly defined. That's the challenge with the so called shortfall in projected revenue from the electronic charitable games that were approved last year by the Minnesota Legislature and signed into law by the governor. Some are suggesting that charitable gaming organizations aren't adopting the new games quickly enough or that Minnesotans aren't playing them in numbers sufficient to meet the revenue goals. Both criticisms miss the mark.

We would suggest that we have barely started with our new electronic gambling. The good news, however, is that the immediate challenge is uncomplicated and easily corrected. Approval of the new games has lagged far behind what is needed to meet the economic forecasts. The state based its revenue projections on the new games being available in 2,500 sites as soon as last fall. Six months after that target date, fewer than 150 sites are in operation.

Instead, some of the distributors of the new games who have the longest and most trusted relationships with operators remain on the sidelines, waiting for approval. Since the law took effect last year, only two of the five electronic manufacturers that want to do business in Minnesota are approved and only three of the 10 electronic distributors that will eventually do business in the state are currently able to do so.

The revenue expected by the state will follow when our manufacturers, distributors, machines and games win approval through the regulatory process and get in our hands. It's that simple.

The most promising new e-game – electronic bingo linked to sites across the state – isn't available at all. By connecting players around Minnesota, e-bingo will generate jackpots of \$25,000 or more several times a day. And, e-bingo promotes the social interaction that makes paper pulltabs successful. While e-pulltabs have their place, they are mainly a solitary game, as players interact directly with an electronic tablet. Bingo is broadcast on a big-screen TV at every site in addition to the player interacting directly with the electronic tablet, allowing players and non-players to share the excitement of a large jackpot.

While we believe the approval process could move more quickly, we also recognize that Minnesota is the first in the nation to review and approve many of the e-games. Consistent rules, efficient approval processes and sufficient staff to manage applications are just now being developed. In the long run, this careful and cautious approach will assure that charitable gaming in Minnesota continues to be operated with absolute integrity and security even as we add e-gaming to paper pulltabs.

It's also important to remember that linking charitable gaming to public funding of the Vikings stadium was not our idea. In fact, our goals were to win approval of the linked e-bingo games to deliver more money to our charitable missions in our local communities through tax relief. Allied Charities of Minnesota (ACM) worked with legislators over the past several years on our proposals and had made good progress at the capitol.

Ultimately, though, after linkage with the stadium, our local charitable needs and recommendations were rejected. The final bill was a stadium funding bill first and foremost, not a charitable gaming bill. Charitable gaming became a means to a new end. Instead of an exclusive focus on funding our local charitable missions, we were told to continue serving our local communities while also financing the state's stadium bonds. Most importantly, our knowledge of and experience in our industry in Minnesota was not sought on the roll-out of the games.

All that is behind us. We are Vikings fans and believe there may be opportunities for cooperation among the team, the beneficiaries served by charitable gaming and licensed organizations. Looking to the future, we believe charitable gaming will deliver at the levels needed to finance the stadium once the distributors and manufacturers are approve and machines and games are in the hands of our organizations.

It's also important to remember that charitable gaming is stronger than it has been in years even before the e-games become available. Paper pulltabs sales have totaled \$5 billion in the past five years. Pulltab sales increased 7.6 percent last year and are on pace to do at least as well this year. Charitable gaming will generate \$45-to-\$50 million in tax revenue this fiscal year, largely from traditional games. That's not small change and is being done with little contribution from e-pulltabs and no revenue from the yet-to-be-approved e-bingo.

Charitable gaming in Minnesota isn't the problem. Charitable gaming organizations stand ready to help find solutions that will protect the integrity of the games, assure that we can deliver for our communities and charitable missions and deliver the revenue the state needs to finance the stadium bonds.

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*(Allied Charities of Minnesota represents the interests of non-profit organizations engaged in charitable gaming.)*