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Ban on sports tipboards throws charitable gambling groups for loss

By James Nord | 10:15 am



Courtesy of the Minnesota Gambling Control Board

Sports-themed tipboards are currently illegal in Minnesota.

Minnesota's charitable organizations are reeling from a regulatory decision that could also be the first blow to what some have criticized as a shaky funding source for the new \$1 billion Vikings stadium.

The state Gambling Control Board **decided in late June** — on the advice of the attorney general — to not consider approving any sports-themed tipboards, based on a federal law prohibiting wagering on sports games in most states.

The charities were counting on the new **tax-free revenue as an incentive** to upgrade to electronic pull-tabs and linked bingo games meant to cover the state's \$348 million share of the new stadium. The tipboards weren't directly linked to stadium financing.

DFL Rep. Tina Liebling, a vocal stadium opponent, said she's not fazed by the development.



“I’m not too surprised because this was what a lot of people were saying all along, that the financing was not solid and that was a concern that many of us had ... that the state was going to end up paying for it out of general fund revenues,” she said. “I don’t think the stadium backers wanted to listen to anything. They just wanted to build a stadium.”

Charities' buy-in crucial

Without buy-in from the state’s charities, it will be nearly impossible to secure the gambling revenues necessary to pay back the state bonds that are being

fronted to cover the massive public works project.

With the tipboards, “I think more groups would have been more open to jumping into the [electronic pull-tabs],” King Wilson, executive director of the Allied Charities of Minnesota, lamented in an interview this week. “It would have made the decision easier ... than it’s now going to be, and that’s going to ultimately have an impact on the stadium.”

So far, it’s unclear how severe that impact might be.

Gov. Mark Dayton’s administration, which led the stadium charge, doesn’t anticipate any change in the revenues that the state would collect from the upgraded gaming even with tipboards out of the mix.

Revenue Commissioner Myron Frans argued that the charities should be happy with the tax relief they won as part of the stadium deal last session.

“You’ve got to remember that there aren’t very many people out there who get tax reductions these days,” he said in an interview on Thursday. “These folks got a very significant tax reduction.”

But the charitable groups voiced their concerns loudly throughout the stadium plan’s legislative journey, and some, including House Speaker Kurt Zellers, listened.

Tipboards part of last-minute compromise

Wilson said House members won the tipboards for the charities while the bill was ironed out in conference committee after the conferees agreed to the Senate’s smaller amount of tax relief.

“We certainly understood it made this far more acceptable to the charities,” Rep. Morrie Lanning, the

stadium bill's chief House author, told Minnesota Public Radio earlier this week.

Lanning and the other stadium bill sponsors didn't return multiple requests for comment from MinnPost in time for publication. The Vikings were also unavailable for comment.

Frans added that it would be perilous and costly for the state to sanction the tipboards in the face of a potential federal challenge and said that the executive branch expects vigorous revenue growth from the electronic pull-tabs.

"It's not nearly as dire as I think some of [the charities] like to say," Frans said. "We're really very confident that based on what we're hearing from the bar owners and managers that they're really enthused about the new electronic games."

But Frans' rosy characterization conflicts with concerns from charities on the ground.

Troy Nygaard, a member of the Northwest Area Jaycees, which serves metro suburbs, said it's unclear if his organization will upgrade to the E-pull-tabs and linked bingo.

"The deal is the charities don't have the money because we were being taxed too high," he said. "Like anything, you need some money to invest in something."

"I think the [sports-themed] tipboards would have sold out every week at every location," he added. "We could have doubled what we had given out the year before."

Conventional tipboards — usually a simple form of paper gambling in bars and other establishments — are legal in Minnesota. The new sports-themed tipboards would have based a winning board on a combination of each team's score at certain intervals in a game.

The charitable groups argue that's why the new tipboards aren't illegal — earning money from a board doesn't depend on which team wins, but rather on certain digits in their respective scores.

"Yeah, we've known there's a federal question from the get-go," Wilson said. "We think that what we offered up is not sports betting, not odds, doesn't matter who wins, and we've not been convinced the federal government and/or one of the professional leagues would have challenged what we were doing."

But Gambling Control Board Executive Director Tom Barrett isn't convinced. The regulatory agency has maintained for years that the sports-themed tipboards violate federal law.

"It would be illegal to go forward," said Barrett, who noted that a number of states are moving to challenge the federal law, which could open up the possibility of the new tipboards in the future.

Barrett recognized the awkward position the board is in — it faces conflicting laws at the state and federal levels — but said tempting a court challenge would be unwise and costly. Instead, Minnesota opted to watch what happens in other states “while [sports gambling] can get resolved frankly using somebody else’s nickel to do the challenge.”

Advocates lament the years it could take to litigate federal sports betting laws and question the practicality of waiting. Everyone from the manufacturers to the fans recognize that sports-themed tipboards are occurring illegally across the state.

“It’s going to go on anyway,” said Cory Merrifield, who founded SaveTheVikes.org, a fan group. “It’s just another case where we have an opportunity to capture revenue but we’re not going to for whatever reason, so it’s really unfortunate in that sense.”

Decision's ripple effects

The impact of the Gambling Control Board’s decision will also spread past the charities.

When Gov. Dayton signed the stadium bill in mid-May, Nygaard gathered shareholders and incorporated Viking Gaming to sell specialized sports-themed tipboards to bars and restaurants. He estimated the board’s decision to not approve new games took about 90 percent of the company’s potential revenue away.

“We just can’t sell our games the way that we’d hoped because a board of six people decided to, I guess in my mind, say that they’re kind of above the law, say that we’re not going to approve any games,” Nygaard said.

Universal Manufacturing, a Missouri company that does lawful gambling business in Minnesota, submitted an informal proposal to the Gambling Control Board for a sports-themed tipboard to try “to kind of get a little jump on everybody else.”

Joe Wilner, its vice president of sales, received an email from the board in early June telling him not to submit the game because Minnesota wouldn’t be moving forward with any new tipboards because of the federal law.

“So until they figure out what’s going to happen there, they said, ‘Don’t bother submitting,’ ” Wilner said.

But the board’s decision may not stop every group from developing sports-themed tipboards.

Vic Grell, co-owner of Triple Crown Gaming, a distributor in St. Cloud, said he’s received inquiries from Mystic Lake Casino and Grand Casino about the new tipboards — both for sale and promotional

use.

“They’re looking at them, yes,” Grell said. “They are looking at them because I deal with both tribes.”

A spokesman from Mystic Lake said he couldn’t comment on the issue or about whether high-level conversations could be under way.

“Grand Casino Mille Lacs and Grand Casino Hinckley do not offer sports-themed tipped boards,” spokeswoman Ronda Weizenegger wrote in a statement. “We do not have any plans to add this type of gaming.”

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