

PUBLIC SAFETY COMMITTEE

10-040-0

ORDINANCE NO. \_\_\_\_\_

AN ORDINANCE AMENDING SECTION 8-24 OF THE DULUTH CITY CODE, 1959, AS AMENDED RELATING TO GAMBLING IN LICENSED ESTABLISHMENTS.

CITY PROPOSAL:

The city of Duluth does ordain:

Section 1. That Section 8-24 of the Duluth City Code, 1959, as amended, is hereby amended to read as follows:

Sec. 8-24. Gambling devices, prostitution, etc., prohibited.

(a) Except as provided below, no licensee shall keep, possess, operate or permit the keeping, possession or operation of any roulette wheel, football boards or other sports score betting boards, slot machine, dice or other gambling device or apparatus designed to facilitate betting on the premises or in any room adjoining the licensed premises controlled by him, permit any gambling therein, or permit the licensed premises or any room in the same or in any adjoining building, directly or indirectly under his control, to be used as a resort for prostitutes or other disorderly persons;

(b) A charitable organization licensed by the state of Minnesota pursuant to Minnesota Statutes, Chapter 349, to conduct lawful gambling may conduct such gambling on premises for which an intoxicating or 3.2 malt liquor license has been issued. The operation of lawful gambling in establishments licensed to sell alcoholic beverages shall be subject to the regulations set forth herein and no licensee or other person shall violate any of said regulations. In addition to criminal penalties, the city council shall, pursuant to Minnesota Statutes, Section 349.213, disapprove of the issuance of any lawful gambling license or premises permit by the Minnesota gambling control board if the issuance of such license

or permit would violate these regulations. The regulations are as follows:

~~(1) No organization, including its auxiliaries and subdivisions, shall operate lawful gambling in more than six establishments in the city which are licensed to sell alcoholic beverages, and only three of the establishments may have pull-tabs sold by jar operators or pull-tab dispensing devices, with the remaining establishments served by pull-tab dispensing devices only;~~

~~(2)~~(1) Only one organization may operate lawful gambling on each premises licensed to sell alcoholic beverages;

~~(3)~~(2) No organization shall pay lease payments in excess of \$1,000 per month to any establishment in the city licensed to sell alcoholic beverages for leases entered into prior to May 31, 2003. For booth operation leases negotiated after May 31, 2003, no organization shall pay lease payments in excess of ten percent of gross profits or a maximum of \$1,750 per month. For booth operation leases negotiated after May 31, 2003, the maximum lease payment allowed for sites with less than \$4,000 gross profit per month shall be \$400 per month. For bar operation leases in an establishment that has no booth operation, which are negotiated after May 31, 2003, if the organization only operates pull-tab dispensing devices at an establishment where redemption is made by an employee of the lessor, the organization shall not pay lease payments in excess of 20 percent of gross profits or a maximum of \$2,000 per month, with a maximum of \$200 per month on the first \$1,000 of gross profits. For the purpose of this Section, any money or other thing of value given by an organization directly or indirectly to the liquor establishment or to any other entity in furtherance of the liquor establishment's interests shall be considered a lease payment,

regardless of the stated purpose of the transaction. No liquor establishment shall accept lease payments in excess of any lawful limit;

~~(4)~~(3) The area where pull-tabs are sold or other lawful gambling is operated shall be separate and away from the bar and liquor dispensing service areas of any establishment licensed to sell alcoholic beverages;

(5)(4) No pull-tabs shall be sold by any employee of the establishment licensed to sell alcoholic beverages;

(c) The provisions of regulations ~~(b)~~~~(4)~~(3) and ~~(5)~~(b)(4) ~~above~~ shall not apply to any situation where the same organization holds both the alcoholic beverage license and the lawful gambling license;

(d) The provisions of regulation ~~(2)~~ (b)(1) shall not apply to the Duluth Entertainment Convention Center;

(e) Minnesota state lottery tickets authorized by Minnesota Statutes, Chapter 349A, may be sold on premises licensed to sell alcoholic beverages;

(f) Gambling equipment may be kept or operated and raffles conducted on licensed premises and adjoining rooms when the use of the gambling equipment is authorized by:

(1) A tribal ordinance in conformity with the Indian Gaming Regulatory Act, Public Law Number 100-497; or

(2) A tribal-state compact authorized under Minnesota Statutes, Section 3.9221.

Section 2. That this ordinance shall take effect 30 days after its passage and publication.

Approved:

Approved for presentation to council:

\_\_\_\_\_  
Department Director

\_\_\_\_\_  
Chief Administrative Officer

Approved as to form:

Approved:

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Attorney

\_\_\_\_\_  
Auditor

DPD/ATTY MAL:dma 8/5/2010

STATEMENT OF PURPOSE: This ordinance amends Section 8-24 by eliminating the restriction on the number of locations at which a single organization can operate charitable gambling.