# Pulling Insights: The Art of Pull Tabs

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January 27, 2024

*Elevating Impact Together, District 5950 Rotary Conference*

# Pull Tab Operation Basics

## The MN Gambling Control Board…

- provides the resources and regulation needed to make the state's lawful (charitable) gambling industry—the largest in the nation—successful
- ensures the integrity of operations, creates educational and outreach materials
- makes sure that net profits are used to address a wide range of charitable and community needs across the state

Information/Application Forms: https://mn.gov.gcb

# Pull Tab Operation Basics

## The Charitable Gambling Organization (Rotary Club)

- To conduct lawful gambling in Minnesota, an organization must be a registered nonprofit and apply for, and receive, either a license or a permit from the MN Gambling Control Board

  License:  ONGOING gambling activities

  Permit:  LIMITED activities within a calendar year

- The organization must have had a nonprofit status for at least 3 years, have at least 15 active voting members (and provide list of members and date each member joined the club—will be public information)

**Before Pull Tab Operations Begin, an Organization Must Apply for and Receive:**

- an organization license ($350 annual application fee)
- a gambling manager license ($100 annual application fee)
- at least one premises permit ($150 annual application fee)

*However…*before making application for these licenses and permit, a Rotary Club should consider whether a Pull Tab Operation is a good fit for their organization.  A successful Charitable Gambling operation will require dedicated members to carry out ongoing activities—with the key role being that of the club's Charitable Gambling Manager.

# The Charitable Gambling Manager

- ***Most important person to a successful Pull Tab operation!***
- Is the liaison to the business/bar of the Pull Tab operation, supplying materials/pull tabs, picking up unused pull tabs, collecting proceeds from games, etc.
- Completes a monthly report of games played, payouts, etc.
- Makes bank deposits on a regular basis (Shakopee gambling manager does so 5 times per week)
- Prepares monthly reports for Rotary Club's Gambling Committee (Gambling Manager, Club President and Club Treasurer)
- Supervises any paid employees and works with club's contracted accountant
- Is Required to attend a two-day training seminar (Roseville) and pass an examination

# Activities Prior to Conducting Pull Tab Operation:

- Secure a business (bar/restaurant) to partner with for pull tab operation

- Apply to local unit of government—city or county, depending upon location—for approval of the pull tab operation (approval by resolution of local governing board must be within 90 days of application to the MN Gambling Control Board)

**Make formal written application to the MN Gambling Control Board (all forms are on their website)**

- After approval, apply for a site permit for the location of the gambling operation

- Select an approved ‘Distributor’—provider of pull tabs and related items (Shakopee Rotary’s Distributor is the Three Diamonds Corporation); approved list of Distributors is on the MN Gambling Control Board’s website

# Activities Prior to Conducting Pull Tab Operation, continued:

- Choose a local bank/financial institution; required to be a separate account(s) from Rotary club's other banking account (Shakopee Rotary has a savings and checking account for its charitable gambling operation)
- Lease space for a local storage unit ('warehouse'), where supplies and used games can be stored for the required 3.5 years
- Set up a computer with gambling software, for use by the Charitable Gambling Manager (there will be an annual subscription fee)
- Hire an accountant to generate the monthly reports
- Hire 1-3 assistants for part time work:  picking up games daily at gaming site, counting unsold pull tabs, etc  (very limited hours, but needed each day)

# Miscellaneous ‘Pull Tab’ Operation Info:

- Start-up costs estimated to be $2,000-$3,000, and proceeds from charitable gambling operation cannot be used for this
- Will be random audits of the operation
- All checks written require two signatures
- The Rotary Club will pay taxes when purchasing pull tabs
- Donations to another organization that sells pull tabs requires approval of the State Gambling Board (example: donation to another Rotary Club for support of an international grant, if both clubs sell pull tabs)
- A list of all licensed organizations with pull tab operations is included on the MN Gambling Board’s website; this may be helpful when determining other pull tab operations in a specific geographic location or community
- A Charitable Gambling Report must be generated monthly, and presented to the club for approval by the general membership

# Making a Difference in the Lives of Others

## Contributing Profits from a Pull Tab Operation to Worthy Causes

- All net profits from a pull tab operation must be donated
- Recipients of donations are required to be a 501©3 organization
- All profits must be donated by the end of the organization's fiscal year
- Club membership is required to provide approval by vote of all donations

***Shakopee Rotary Club's Donation Process:***

1. A one-page Donation Request Form (available on Shakopee Rotary's website) is to be completed for all requests, and submitted with proof of 501(c)3 status
2. The Shakopee Rotary board reviews the donation request forms at its monthly board meetings, and recommends requests for approval to the general membership
3. After membership approval, the Gambling Manager provides funds to the club's treasurer, who provides a check to the recipient

*Funding guidelines:* no donations to individuals/families, capital improvements, action organizations (lobbying groups, labor unions), candidates for public office

Since starting it's pull tab charitable gambling operation, the Shakopee Rotary Club has had a net profit of well over $1,000,000. These funds have gone to numerous worthy organizations—both local and international—to improve the lives of others. The club has also been able to establish a Scholarship Trust Fund of $500,000, where the interest earned is used for annual scholarships for local students.

**For any questions or additional information, please feel free to contact:**

Kathy Busch, President

Shakopee Rotary Club

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# Donation Request Form

## Shakopee Rotary Club

Shakopee Rotary Club Donation Request Form

Date____/____/____
Organization_____
Amount Requested_____ Funds needed by ____/____/_____
Contact Person_____
Mailing Address_____
City_____Zip_____
Email_____Telephone_____
Does your organization raise funds from Gambling Operations ? YES NO
Describe how the funds will be used:

_____
_____
_____

Are there other community partners recognized in this project ? YES NO
If Yes, please list_____
How will Shakopee Rotary be recognized in the project ?

_____
_____

Rotarian Recommending (if applicable)_____

Return form with IRS 501(c)(3) Determination Letter to:
The Rotary Club of Shakopee
Attn: Miles Lahr
PO Box 135
Shakopee, MN 55379

or email to mileslahr@me.com
enter *Donation Request* in the subject Line

———————*For Club Use Only*———————

Date Received____/____/___ Date First Reviewed____/____/____ Approved Y N
More Information Needed Y N Explain_____
Date Determination made ____/_____/____ Y N
Explain_____
Date Organization Notified ___/___/____ Date Funds Disbursed____/____/____