
TO: Kate Thunstrom, City Administrator
FROM: Darcy Mulvihill, Finance
SUBJECT: Gambling Funds
DATE: March 16, 2026

OVERVIEW:

The city has been collecting a 10% gambling tax on all sites since October 2012. City Code 6-5-3 B provides “Ten percent (10%) of the net profits from lawful gambling within the City by the organization must be paid on a monthly basis to a fund administered and regulated by the City. Net profits are defined in Minn. Stat. Sec. 349.213, Subd. 1(e).”

The city annually must submit a report to the MN Gambling Control Board the LG510 City Annual Report-10% Lawful Gambling Contribution.

The following is a list of the approved uses of the funds received:

- A1 - To a 501(c)(3) organization or a 501(c)(4) festival organization.
- A2 - To relieve effects of poverty, homelessness, or disability.
- A3 - Program for education, prevention, or treatment of problem gambling.
- A4 - To a public or private nonprofit school.
- A5 - To a scholarship fund.
- A6 - For recognition of military service or to support active military personnel and their immediate family members in need.
- A7 - Activities and facilities intended primarily for youth.
- A10 - Expenditures for police, fire, and other emergency or public safety-related services, equipment, and training. Pension fund contributions are not allowed.
- A11 - To a church.
- A12 - With Minnesota Pollution Control Agency (PCA) approval, citizen monitoring of surface water quality by individuals.
- A13 - With DNR approval, wildlife management projects/activities benefiting the public-at-large; maintaining snowmobile or ATV trails, or other trails open the public; materials for DNR-coordinated safety training programs.
- A14 - For nutritional programs, food shelves, and congregate dining programs for persons age 62 or older or disabled.
- A15 - For community arts organizations, or sponsorship of community arts programs.
- A19 - For humanitarian service, recognizing volunteerism or philanthropy.

To date, the city has used funds only for public safety expenses (A10) supporting tools and equipment to the Fire Department.

Current expenditure and cash balance since 2012:

	Received	Interest	Expenditures	Cash Balance	Purchases
2012	\$ 2,373.09	\$ 0.05		\$ 2,373.14	
2013	\$ 11,559.00	\$ 55.67		\$ 13,987.81	
2014	\$ 13,733.23	\$ 185.06		\$ 27,906.10	
2015	\$ 14,716.96	\$ 260.69	\$ 9,438.97	\$ 33,444.78	Fire-MES-Midam
2016	\$ 13,712.56	\$ 274.09		\$ 47,431.43	
2017	\$ 15,049.56	\$ 561.59	\$ 4,000.00	\$ 59,042.58	Fire Purchase Squad Car
2018	\$ 20,838.18	\$ 1,131.24		\$ 81,012.00	
2019	\$ 16,179.68	\$ 1,451.79	\$ 20,284.32	\$ 78,359.15	Fire Equipment Spreader and Cutter
2020	\$ 30,669.31	\$ 975.96	\$ 20,241.85	\$ 89,762.57	Fire-Dodge Journey
2021	\$ 43,089.24	\$ 1,063.92	\$ 5,498.16	\$ 128,417.57	Outfit Fire Vehicle
2022	\$ 36,699.39	\$ 3,350.70	\$ -	\$ 168,467.66	
2023	\$ 24,037.20	\$ 4,684.34	\$ -	\$ 197,189.20	
2024	\$ 37,881.63	\$ 12,246.01	\$ 10,550.00	\$ 236,766.84	Washer/extractor for fire station
2025	\$ 45,260.08	\$ 10,052.65	\$ 45,612.80	\$ 246,466.77	Compressor for fire Station

The city has received requests for donations from these funds by a couple of organizations. See the attached email for the most recent request.

ACTION TO BE CONSIDERED:

Council to decide how to proceed with requested

- Does Council want to consider and provide donations from these funds?

If Yes, Council needs to consider if they are placing parameters to the donation process.

- What guidelines will be put in place for determining a donation?
 - Maximum and minimum donation levels?
 - Set a maximum donation level per year?
- Staff recommends Council to consider setting a minimum account balance that the fund cannot fall below. The amounts received vary from year to year, so setting a minimum account balance would allow donations flexibility as long as funds are available.

BUDGET IMPLICATION:

Currently, this money is dedicated to Police expenditures so if donations to other organizations are done, it will leave less for the city to spend on Police expenditures.

Attachments:

- Email from St. Francis Basketball Association