

VFNp

**Veterans' Clubs
Update
&
Nonprofit Gaming Issues**

October 2011 Military and Veterans
Affairs Committee Presentation

Nonprofit Gaming in NM

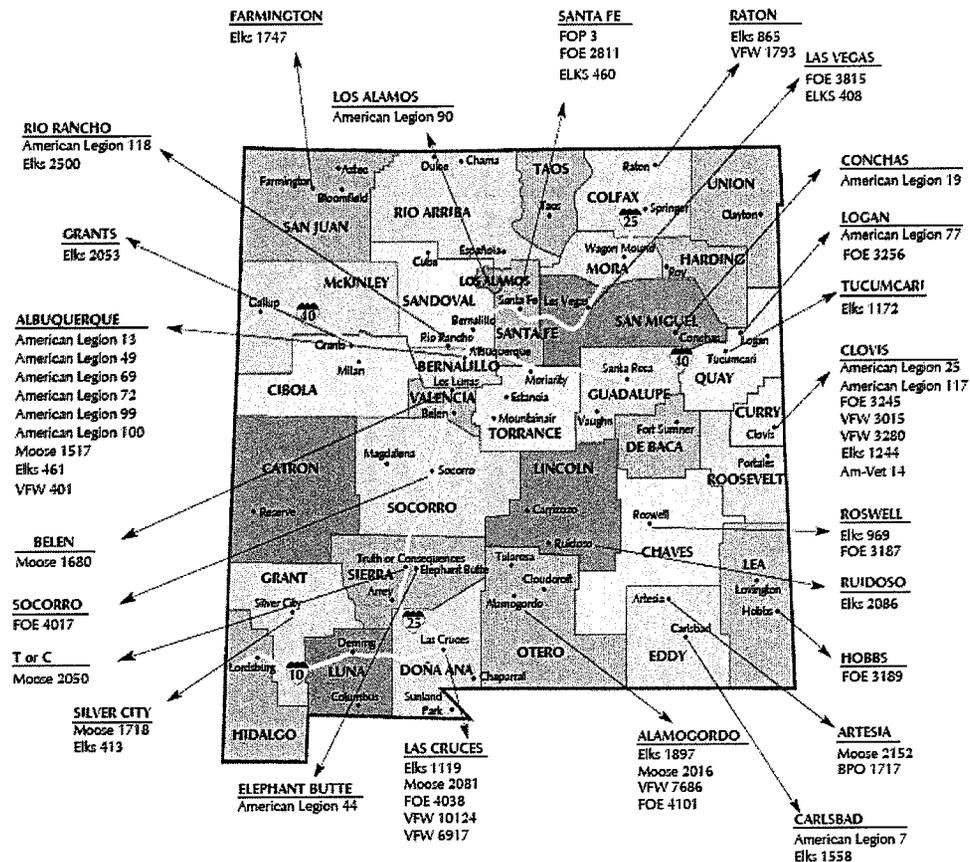
- Veterans Service Organizations (VSOs) are a large part of the state's nonprofit gaming community.

This community includes:

- American Legion Posts
 - Veterans of Foreign Wars Posts
 - Fraternal Clubs (Eagles, Elks and Moose)
 - Fraternal Order of Police
-
- These clubs are allowed to offer members the opportunity to play video gaming machines and win money.
 - The VSO is benefitted by having this as part of the entertainment offerings for members. The town or city where the club is located benefits by the charitable & educational contributions from the club's gaming income.

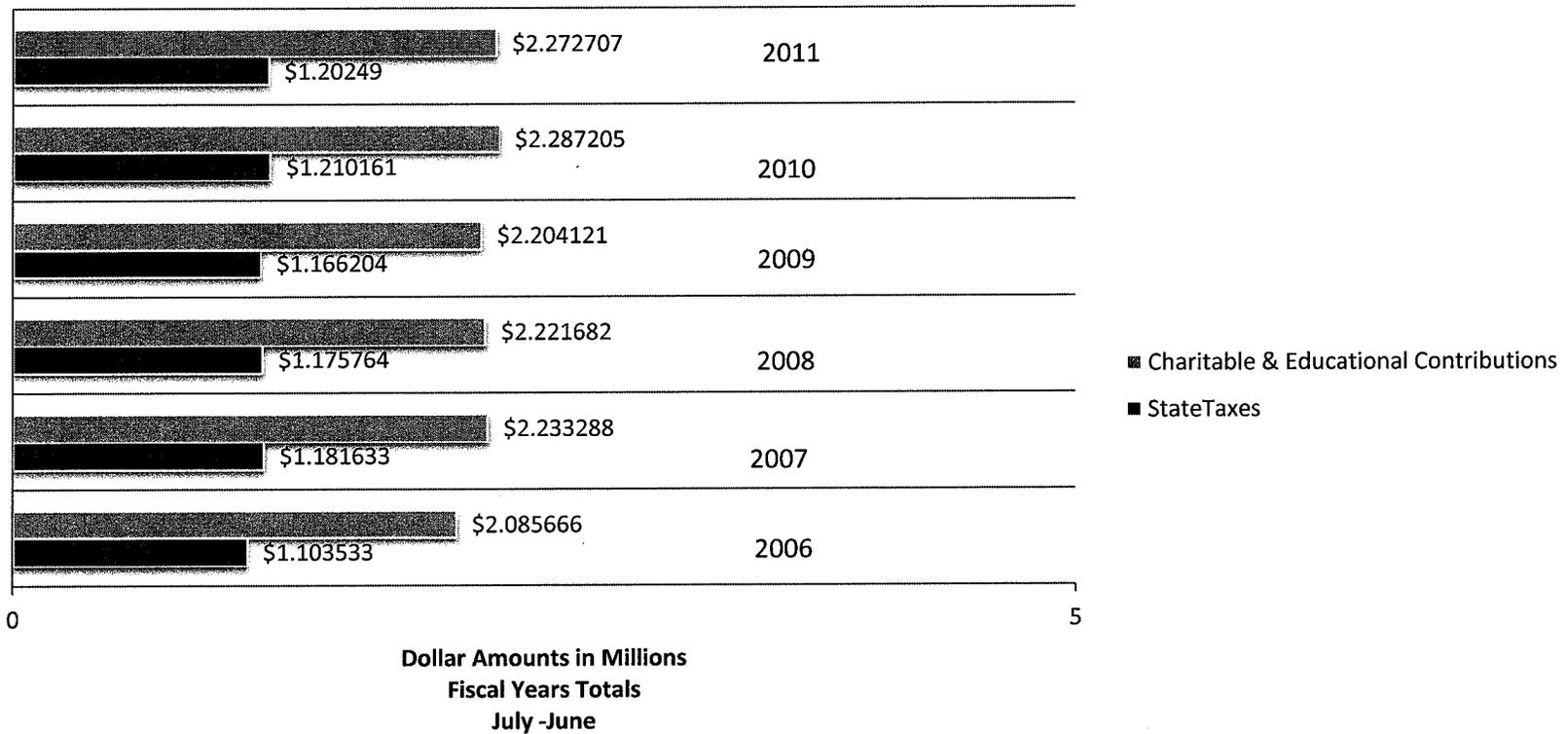
Statewide Clubs involved in Nonprofit Gaming

- 72 organizations participate in gaming
- 52 organizations or more are eligible but do not participate in gaming



Reprinted from New Mexico Gaming Control Board Website

Nonprofit Gaming Proceeds



Giving Back Examples

Charitable & Educational Donation Examples

- ❖ Girls & Boys State
- ❖ YAFL
- ❖ Zia Little League Uniforms
- ❖ Clovis Ethnic Fair
- ❖ MLK Freedom Walk
- ❖ VA Hospital
- ❖ Thanksgiving Food Baskets
- ❖ College Student Scholarships
- ❖ Los Alamos Fire Fund

Individual Club Examples 2010 Donations

- ❖ American Legion Post 69
in Albuquerque: \$64,000
- ❖ American Legion Post 49
in Albuquerque: \$78,000
- ❖ VFW Post 3280
in Clovis: \$77,000
- ❖ Moose Lodge 2050
in T or C: \$89,000

Veterans' Service Organizations with Bingo & Raffle Operator Licenses

- American GI Forum Men
Albuquerque
- American GI Forum Women
Albuquerque
- American Legion Auxiliary Post 77
Logan
- American Legion Post 10
Las Cruces
- American Legion Post 117
Clovis
- American Legion Post 13
Albuquerque
- American Legion Post 18
Silver City
- American Legion Post 24
Las Vegas
- American Legion Post 25
Clovis
- American Legion Post 26
Hobbs
- American Legion Post 36
Santa Rosa
- American Legion Post 44
Elephant Butte
- American Legion Post 49
Albuquerque
- American Legion Post 60
Milan
- American Legion Post 68
Lovington
- American Legion Post 75
Jemez Springs
- American Legion Post 99
Albuquerque
- DAV Chapter 2
Deming
- DAV Chapter 24
Socorro
- DAV Chapter 4
Roswell
- DAV Chapter 6
Clovis
- Veterans of Foreign Wars Post 1547
Las Vegas
- Veterans of Foreign Wars Post 1793
Raton
- Veterans of Foreign Wars Post 2182
Farmington
- Veterans of Foreign Wars Post 2528
Tucumcari
- Veterans of Foreign Wars Post 2951
Santa Fe
- Veterans of Foreign Wars Post 3015
Clovis
- Veterans of Foreign Wars Post 401
Albuquerque
- Veterans of Foreign Wars Post 5890
Rio Rancho
- Veterans of Foreign Wars Post 614
Aztec
- Veterans of Foreign Wars Post 6216
Albuquerque
- Veterans of Foreign Wars Post 7686
Alamogordo
- Veterans of Foreign Wars Post 7688
Questa
- Veterans of Foreign Wars Post 8703
Carlsbad
- Veterans of Foreign Wars Post 8874
Los Alamos
- **1/2% State Taxes Paid
by all Operators from
Bingo, Raffles & Pull Tabs
for calendar Year 2010:
\$ 133,303.00**

Information reprinted from the NMGCB Website

Current Regulatory Conditions

A Club may have up to 15 gaming machines regulated by the New Mexico Gaming Control Board. There are extensive compliance requirements for Clubs in addition to the law and regulations developed to implement and enforce nonprofit gaming.

- ***Minimum Internal Controls (MIC)***

- **For Clubs with 15 machines: 32 page document establishing gaming conduct on operations, accounting, staffing and compliance reporting.**

- **For Racetracks with 500 or more machines: 36 page document for the same.**

- ***Policy Letters***

- Issued frequently without a public hearing process and not available on the NMGCB website.

- ***Charity Guidelines***

- Not simple. With surprising frequency contribution decisions of Clubs are disallowed and must be negotiated with the NMGCB. Funding activities directly related to the local veteran community is an area of tension between the NMGCB and the Clubs.

- ***Forms.*** Manually completed daily/weekly/monthly forms are numerous.

- **For Clubs with 15 machines: 31 forms.**

- **For Racetracks with 500 or more machines: 30 forms.**

- ***Required Segregations.*** Financial problems are created because the Clubs are required to segregate tax payment and charitable/educational funds into individual “exclusive purpose” accounts. There are months when operational costs which are not funded first exceed the amount of available funds and routine bills cannot be paid.

NMGCB Central System

State Run and Operated
Central System Computer



Gaming
Machine

Central System
Controller

Cashier

Vault

Bank

Solutions to the Challenges

All roads must lead to Integrity of Gaming & Simplicity

The Clubs are working with the Gaming Control Board Staff and will be requesting the following:

Regulatory

- ✓ Aligning the goal of “gaming integrity and purpose” with the regulatory structure
- ✓ Simplification of Regulations, the Minimum Internal Controls & Charity Guidelines
- ✓ A transparent and orderly process for Policy Letters
- ✓ More efficient use of the Central System

Financial

- ✓ Developing financial rules that provide Clubs with the ability to be financially stable
- ✓ Realigning Charity Guidelines to allow Clubs more ability to decide contribution priorities to suit the needs of the local community and club programs (ex. local veteran outreach)

Future Statutory Issues

602E47. Gaming tax; imposition; administration.

F. A nonprofit gaming operator licensee shall distribute at least sixty percent of the balance of its net take, after payment of the gaming tax and any income taxes, for charitable or educational purposes.

*This requirement does not consider operational expenses or capital needs of a club.
The addition of language correcting this is necessary.*

60-2E-3. Definitions.

As used in the Gaming Control Act [60-2E-1 NMSA 1978]: GG. "**nonprofit organization**" means:

- (1) a bona fide chartered or incorporated branch, lodge, order or association, **in existence in New Mexico prior to January 1, 1997**, of a fraternal organization that is described in Section 501(c)(8) or (10) of the federal Internal Revenue Code of 1986 and that is exempt from federal income taxation pursuant to Section 501(a) of that code; or
- (2) a bona fide chartered or incorporated post, auxiliary unit or society of, or a trust or foundation for the post or auxiliary unit, , **in existence in New Mexico prior to January 1, 1997**, of a veterans' organization that is described in Section 501(c)(19) or (23) of the federal Internal Revenue Code of 1986 and that is exempt from federal income taxation pursuant to Section 501(a) of that code;

This limitation makes it impossible for newer VSOs to provide gaming for the benefit of members and create increased community service participation.