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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-SECOND SESSION

H. F. No. 167

01/19/2021 Authored by Stephenson and Huot

The bill was read for the first time and referred to the Committee on Judiciary Finance and Civil Law

03/08/2021 Adoption of Report: Amended and re-referred to the Committee on Public Safety and Criminal Justice Reform Finance and Policy

03/14/2022 Adoption of Report: Amended and re-referred to the Committee on Human Services Finance and Policy

1.1 A bill for an act
1.2 relating to gambling; authorizing and providing for sports betting; establishing
1.3 licenses; prohibiting local restrictions; providing for taxation of sports betting;
1.4 providing civil and criminal penalties; requiring reports; amending Minnesota
1.5 Statutes 2020, sections 290.0131, by adding a subdivision; 290.0132, by adding
1.6 a subdivision; 290.0133, by adding a subdivision; 290.0134, by adding a
1.7 subdivision; 609.75, subdivision 3, by adding a subdivision; 609.755; 609.76, by
1.8 adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters
1.9 299L; 609; proposing coding for new law as Minnesota Statutes, chapter 297J.

1.10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.11 ARTICLE 1
1.12 LAWFUL SPORTS BETTING

1.13 Section 1. 299L.10] DEFINITIONS.

1.14 Subdivision 1. Terms. For the purposes of this chapter, the following terms have the
1.15 meanings given them.

1.16 Subd. 2. Athletic event. "Athletic event" means a sports game, match, or activity, or
1.17 series of games, matches, activities, or tournaments involving the athletic skill of one or
1.18 more players or participants. Athletic event does not include:

1.19 (1) horse racing as defined in section 240.01, subdivision 8;

1.20 (2) an esports event, activity, athletic event, or tournament organized by an elementary,
1.21 middle, or high school, or by any youth activity sports program, league, or clinic; or

1.22 (3) a fantasy sports contest in which participants assemble teams of athletes or individuals
1.23 and the winning outcome reflects the relative knowledge and skill of the participants and

2.1 is determined predominantly by the accumulated statistical results of the performance of
2.2 athletes or individuals in an actual event.

2.3 Subd. 3. **Authorized participant.** "Authorized participant" means an individual who
2.4 has a valid mobile sports betting account with a mobile betting operator and is at least 18
2.5 years of age.

2.6 Subd. 4. **Casino.** "Casino" means an establishment in which gaming is lawfully conducted
2.7 by an Indian Tribe in the state of Minnesota pursuant to the Indian Gaming Regulatory Act
2.8 and in accordance with a Tribal gaming ordinance and applicable Tribal-state compacts.

2.9 Subd. 5. **Class III gaming.** "Class III gaming" has the meaning given in United States
2.10 Code, title 25, section 2703.

2.11 Subd. 6. **College sports.** "College sports" means an athletic event in which at least one
2.12 participant is a team or individual from a public or private institution of higher education.

2.13 Subd. 7. **Compact.** "Compact" means a Tribal-state compact governing the conduct of
2.14 Class III gaming at a casino that is negotiated under the Indian Gaming Regulatory Act,
2.15 Public Law 100-497, and future amendments to it.

2.16 Subd. 8. **Esports event.** "Esports event" means a competition between individuals or
2.17 teams using video games in a game, match, contest, or series of games, matches, or contests,
2.18 or a tournament, or by a person or team against a specified measure of performance which
2.19 is hosted at a physical location or online that meets the following conditions:

2.20 (1) the video game does not simulate the play of a game classified as Class I, II, or III
2.21 under the Indian Gaming Regulatory Act, Public Law 100-497, and future amendments to
2.22 it;

2.23 (2) spectators are allowed to watch the competition in real time in person or online; and

2.24 (3) the video game is approved by the commissioner to be an event eligible for wagering
2.25 under this chapter.

2.26 Subd. 9. **Indian Tribe.** "Indian Tribe" means the following federally recognized Tribes
2.27 and any instrumentality, political subdivision, legal entity, or other organization through
2.28 which any of them conducts business:

2.29 (1) the Fond du Lac Band;

2.30 (2) the Grand Portage Band;

2.31 (3) the Mille Lacs Band;

3.1 (4) the White Earth Band;

3.2 (5) the Bois Forte Band;

3.3 (6) the Leech Lake Band;

3.4 (7) the Red Lake Nation;

3.5 (8) the Upper Sioux Community;

3.6 (9) the Lower Sioux Indian Community;

3.7 (10) the Shakopee Mdewakanton Sioux Community; and

3.8 (11) the Prairie Island Indian Community.

3.9 Subd. 10. **In-game betting.** "In-game betting" means placing a mobile sports betting
3.10 wager after an athletic event or esports event has started but before the outcome of the wager
3.11 is determined.

3.12 Subd. 11. **Mobile application.** "Mobile application" means an application on a mobile
3.13 phone or other device through which an individual is able to place an internet sports betting
3.14 wager.

3.15 Subd. 12. **Mobile sports betting.** "Mobile sports betting" means operating, conducting,
3.16 or offering for play sports betting through the Internet.

3.17 Subd. 13. **Mobile sports betting account.** "Mobile sports betting account" means an
3.18 electronic ledger in which all of the following types of transactions relative to an authorized
3.19 participant are recorded:

3.20 (1) deposits and credits;

3.21 (2) withdrawals;

3.22 (3) mobile sports betting wagers;

3.23 (4) monetary value of winnings;

3.24 (5) service or other transaction related charges authorized by the authorized participant,
3.25 if any;

3.26 (6) adjustments to the account;

3.27 (7) promotional activity; and

3.28 (8) responsible gaming parameters.

4.1 Subd. 14. **Mobile sports betting master licensee.** "Mobile sports betting master licensee"
4.2 means an entity comprised of Indian Tribes located in Minnesota that is licensed pursuant
4.3 to a master sports betting license and enters into operational agreements with mobile sports
4.4 betting operators that operate, conduct, or offer mobile sports betting.

4.5 Subd. 15. **Mobile sports betting operator.** "Mobile sports betting operator" means an
4.6 Indian Tribe or entity comprised of multiple Indian Tribes that receives a license from the
4.7 commissioner to operate, conduct, or offer for play mobile sports betting under this chapter.

4.8 Subd. 16. **Mobile sports betting platform.** "Mobile sports betting platform" means an
4.9 integrated system of hardware, software, or applications, including mobile applications and
4.10 servers, through which a mobile sports betting operator operates, conducts, or offers sports
4.11 betting through the Internet.

4.12 Subd. 17. **Mobile sports betting platform provider.** "Mobile sports betting platform
4.13 provider" means a sports betting supplier that contracts with a mobile sports betting operator
4.14 to provide a mobile sports betting platform.

4.15 Subd. 18. **Participant in an athletic event.** "Participant in an athletic event" means a
4.16 person participating in an athletic event as a player, coach, or official, or who is an owner
4.17 or officer of a team participating in an athletic event or the league or organization organizing
4.18 the athletic event.

4.19 Subd. 19. **Sports betting.** (a) "Sports betting" means wagering on the outcome of an
4.20 athletic event or esports event that is:

4.21 (1) organized by a professional sports organization, internationally recognized sports
4.22 organization, or a postsecondary educational institution or group of postsecondary educational
4.23 institutions; and

4.24 (2) approved by the commissioner to be an event eligible for wagering under this act.

4.25 (b) Sports betting includes but is not limited to single-game bets, futures bets, teaser
4.26 bets, parlay bets, over-under, money line, in-game betting, proposition bets, straight bets,
4.27 and futures bets placed on end of the season standings, awards, or statistics.

4.28 (c) A contract for insurance on the life or health of a participant in an athletic event or
4.29 a participant in an esports event is not sports betting for purposes of this chapter.

4.30 (d) A private social bet as described in section 609.75, subdivision 3, clause (5), is not
4.31 sports betting regulated under this chapter.

5.1 Subd. 20. **Wager.** "Wager" means a transaction between an individual and a licensed
5.2 mobile sports betting operator in which an individual pays, deposits, or risks cash or cash
5.3 equivalent during sports betting on an uncertain outcome of an athletic event or esports
5.4 event.

5.5 Sec. 2. [299L.15] SCOPE.

5.6 Subdivision 1. **Exclusive means of sports betting.** This chapter sets forth the exclusive
5.7 means by which sports betting may be lawfully conducted, other than Class III sports betting
5.8 conducted by an Indian Tribe pursuant to a Tribal-state compact.

5.9 Subd. 2. **Unlawful sports betting.** It is unlawful to wager on an athletic event or esports
5.10 event, or engage in sports betting except in compliance with the terms, conditions, limitations,
5.11 and restrictions of this chapter or the rules adopted under this chapter, other than Class III
5.12 sports betting conducted by an Indian Tribe pursuant to a Tribal-state compact.

5.13 Subd. 3. **Inapplicability to sports betting on Indian lands.** This chapter, except for
5.14 the provisions authorizing the negotiations of Tribal-state compacts, does not apply to sports
5.15 betting conducted exclusively on Indian lands by an Indian Tribe conducted pursuant to a
5.16 Tribal gaming ordinance approved by the National Indian Gaming Commission and a
5.17 Tribal-state compact.

5.18 Sec. 3. [299L.20] POWERS AND DUTIES OF COMMISSIONER.

5.19 Subdivision 1. **Regulate sports betting.** The commissioner has the power and duty to
5.20 regulate sports betting authorized under this chapter to ensure that mobile sports betting is
5.21 conducted in a fair and lawful manner and to take all necessary actions sufficient to
5.22 administer and enforce this chapter.

5.23 Subd. 2. **Rulemaking.** (a) The commissioner must adopt and enforce rules to ensure
5.24 that sports betting is conducted in a manner that is fair and transparent to authorized
5.25 participants. Rules must be consistent with this chapter and address the following subjects:

5.26 (1) the manner in which wagers are accepted and payouts are remitted;

5.27 (2) the manner in which betting lines are communicated to the public;

5.28 (3) the calculation of gross sports betting revenue and standards for daily counting and
5.29 recording of cash and cash equivalents received in the conduct of sports betting;

5.30 (4) the method of accounting to be used by mobile sports betting operators;

5.31 (5) the types of records that shall be kept by mobile sports betting operators;

6.1 (6) the use of wager accounts, debit cards, and checks by authorized participants provided
6.2 that the rules permit an authorized participant to fund a wager account through bonuses or
6.3 promotions, electronic bank transfer, an online or mobile payment system that supports
6.4 online money transfers, reloadable or prepaid cards, and any other appropriate means
6.5 approved by the commissioner other than the use of credit cards;

6.6 (7) the appropriate standards and practices to prevent and address compulsive and
6.7 problem gambling;

6.8 (8) the athletic events and esports events on which wagers are authorized to be placed;

6.9 (9) the requirements for mobile sports betting hub and mobile sports betting operator
6.10 licenses may include criminal and financial background checks, financial disclosure and
6.11 auditing requirements, data practices and security requirements, bonding or other surety
6.12 requirements, and the conduct of inspections;

6.13 (10) the requirements for equipment and distributor licenses to provide equipment and
6.14 supplies used in sports betting;

6.15 (11) the registration requirements for employees of mobile sports betting hubs and mobile
6.16 sports betting operators, including criminal background checks; and

6.17 (12) the license requirements for mobile sports betting platform providers.

6.18 (b) Rules for which notice is published in the State Register before January 1, 2023,
6.19 may be adopted using the expedited rulemaking process in section 14.389.

6.20 Subd. 3. **Cease and desist orders.** (a) Unless the commissioner is authorized to
6.21 summarily suspend a license pursuant to section 299L.50, subdivision 2, whenever it appears
6.22 to the commissioner that any person has engaged or is about to engage in any action or
6.23 practice constituting a violation of this chapter or any rule or order, the commissioner shall
6.24 issue and cause to be served upon the person an order requiring the person to cease and
6.25 desist from violations of this chapter or rule or order. The order must give reasonable notice
6.26 of the rights of the person to request a hearing and must state the reason for the issuance of
6.27 the order. If no hearing is requested within 30 days of the service of the order, the order
6.28 becomes final and remains in effect until modified or vacated by the commissioner. Unless
6.29 otherwise agreed upon between the parties, a hearing shall be held not later than seven days
6.30 after the request for a hearing is received by the commissioner. Such hearing shall be
6.31 conducted in accordance with the provisions of chapter 14. If the person to whom the cease
6.32 and desist order is issued fails to appear at the hearing after being duly notified, the person
6.33 shall be deemed in default, and the proceeding may be determined against the person upon

7.1 consideration of the cease and desist order, the allegations of which may be deemed to be
7.2 true. Within 20 days after the receipt of the administrative law judge's report and subsequent
7.3 exceptions and argument, the commissioner shall issue an order vacating the cease and
7.4 desist order, modifying it, or making it permanent as the facts require.

7.5 (b) Whenever it appears to the board that any person has engaged or is about to engage
7.6 in any act or practice that violates this chapter or any rule or order and the cease and desist
7.7 procedures have been exhausted, the commissioner may bring action in the district court of
7.8 the appropriate county to enjoin the acts or practices and to enforce compliance with this
7.9 chapter or any rule or order. Upon a proper showing, a permanent or temporary injunction,
7.10 restraining order, or writ of mandamus may be granted. The court may not require the
7.11 commissioner to post a bond.

7.12 Subd. 4. **Court orders.** In the event of a refusal to appear by, or refusal to obey a
7.13 subpoena issued to, any person under this chapter, the district court may on application of
7.14 the commissioner issue to the person an order directing the person to appear before the
7.15 commissioner and to produce documentary evidence if so ordered or to give evidence
7.16 relating to the matter under investigation or in question. Failure to obey such an order may
7.17 be punished by the court as contempt of court.

7.18 Subd. 5. **Delegation.** The commissioner may delegate any of its authority under this
7.19 chapter to the director if, in the judgment of the commissioner, doing so would promote the
7.20 efficient administration of this chapter.

7.21 Sec. 4. **[299L.25] MOBILE SPORTS BETTING LICENSES.**

7.22 Subdivision 1. **Master mobile sports betting license.** (a) The commissioner shall issue
7.23 up to two master mobile sports betting licenses valid for 20 years to applicants who:

7.24 (1) are organizations comprised of two or more Indian Tribes;

7.25 (2) submit a completed application in the form required by rule adopted pursuant to
7.26 subdivision 3;

7.27 (3) submit all documents required by rule adopted pursuant to section 299L.20;

7.28 (4) are not disqualified under section 299L.35;

7.29 (5) pass the financial and criminal background checks under section 299L.35; and

7.30 (6) meet any other conditions required by rule adopted pursuant to section 299L.20.

7.31 (b) If the commissioner issues a master mobile sports betting license under paragraph
7.32 (a), the commissioner shall issue no more than:

8.1 (1) one master mobile sports betting license to a Tribal entity that includes Indian Tribes
8.2 with their principal headquarters located north of marked Interstate Highway 94; and

8.3 (2) one master mobile sports betting license to a Tribal entity that includes Indian Tribes
8.4 with their principal headquarters located south of marked Interstate Highway 94.

8.5 (c) The commissioner may not issue a license under this section unless an operational
8.6 agreement signed by has been filed with the commissioner. An operational agreement,
8.7 executed pursuant to this paragraph, is not subject to section 13.05, subdivision 6 or 11.

8.8 (d) A master mobile sports betting license issued under this subdivision is renewable
8.9 every 20 years under conditions required by rule adopted pursuant to section 299L.20.

8.10 Subd. 2. **Mobile sports betting operator licenses.** (a) Consistent with the requirements
8.11 of this subdivision, a master mobile sports betting license holder may contract through an
8.12 inter-Tribal compact with a mobile sports betting operator to operate, conduct, or offer for
8.13 play mobile sports betting.

8.14 (b) A master sports betting license holder licensed under subdivision 1, paragraph (b),
8.15 clause (1), may contract with up to seven mobile sports betting operators. A master sports
8.16 betting license holder licensed under subdivision 1, paragraph (b), clause (2), may contract
8.17 with up to four mobile sports betting operators.

8.18 (c) A master mobile sports betting license holder may only contract through an
8.19 inter-Tribal compact with a mobile sports betting operator that:

8.20 (1) is an entity wholly owned and controlled by an Indian Tribe or an entity wholly
8.21 owned and controlled by multiple Indian Tribes;

8.22 (2) meets all licensing requirements of subdivision 1, paragraph (a);

8.23 (3) submits all of the required documents included in subdivision 3 to the licensee and
8.24 commissioner;

8.25 (4) complies with all applicable laws, rules, and orders; and

8.26 (5) pays an annual sublicensing fee in the amount of \$2,125 directly to the commissioner.

8.27 (d) A mobile sports betting operator is prohibited from contracting with more than one
8.28 mobile sports betting platform provider.

8.29 (e) A mobile sports betting operator shall submit an application on a form prescribed
8.30 by the commissioner pursuant to subdivision 3. The mobile sports betting operator shall
8.31 also include a detailed plan and specifications for the implementation of sports betting and
8.32 a statement of assets and liabilities of the applicant.

9.1 Subd. 3. **Application.** An application for a master mobile sports betting license must be
9.2 on a form the commissioner prescribes. The application must contain:

9.3 (1) the name and address of the applicant and, if it is a corporation, the names of all
9.4 officers, directors, and shareholders of the corporation and any of its holding companies;

9.5 (2) if required by the commissioner, the names of any person holding directly, indirectly,
9.6 or beneficially an interest of any kind in the applicant or any of its holding corporations,
9.7 whether the interest is financial, administrative, policy making, or supervisory, provided
9.8 that this provision does not extend to individual Tribal members whose only relation to the
9.9 applicant is their membership in their respective Tribal nations;

9.10 (3) an affidavit executed by the applicant setting forth that, to the best of the applicant's
9.11 knowledge, no officer, director, or other person with a present direct or indirect financial
9.12 or management interest in the applicant:

9.13 (i) is in default in the payment of an obligation or debt to the state;

9.14 (ii) has ever been convicted of a felony in a state or federal court or has a state or federal
9.15 felony charge pending;

9.16 (iii) is or has been convicted of engaging in an illegal business;

9.17 (iv) has ever been found guilty of fraud or misrepresentation in connection with wagering;

9.18 or

9.19 (v) has ever knowingly violated a rule or order of the commissioner or a law of Minnesota
9.20 relating to wagering;

9.21 (4) an irrevocable consent statement, signed by the applicant, which states that suits and
9.22 actions limited to the enforcement of this chapter may be commenced against the applicant
9.23 by the commissioner, pursuant to section 299L.20, in any court of competent jurisdiction
9.24 in this state by the service on the secretary of state of any summons, process, or pleadings
9.25 authorized by the laws of this state. If any summons, process, or pleadings is served upon
9.26 the secretary of state, it must be by duplicate copies. One copy must be retained in the Office
9.27 of the Secretary of State and the other copy must be forwarded immediately by certified
9.28 mail to the address of the applicant, as shown by the records of the commissioner; and

9.29 (5) a declaration that the laws of the state of Minnesota will be followed, including any
9.30 applicable provisions of the Minnesota Human Rights Act, chapter 363A.

9.31 Subd. 4. **Responsibility for satisfying winning wagers.** A wager on an athletic event
9.32 or esports event placed with a mobile sports betting operator is an enforceable contract. A

10.1 mobile sports betting operator who accepts a wager bears all risk of loss to satisfy winnings
10.2 on the wager. A wager that is not redeemed within one year of the outcome that is the subject
10.3 of the wager may be canceled by the mobile sports betting operator and its sports betting
10.4 platform provider.

10.5 Subd. 5. **Cash reserves.** A mobile sports betting operator shall, in conjunction with the
10.6 mobile sports betting platform provider, maintain cash reserves in an amount that is not less
10.7 than the greater of \$25,000 or the sum of the following three amounts:

10.8 (1) amounts held by the mobile sports betting operator for the accounts of authorized
10.9 participants;

10.10 (2) amounts accepted by the mobile sports betting operator as wagers on contingencies
10.11 whose outcome have not been determined; and

10.12 (3) amounts owed but unpaid by the mobile sports betting operator on winning wagers
10.13 through the period established by the operator, subject to time limits set by the commissioner,
10.14 for honoring winning wagers.

10.15 Subd. 6. **Bond.** A mobile sports betting operator or mobile sports betting platform
10.16 provider shall be required to post a bond, securities, or an irrevocable letter of credit, in an
10.17 amount the commissioner deems necessary after taking into consideration the amount of
10.18 the mobile sports betting operator's cash reserves, to protect the financial interests of people
10.19 wagering on athletic events or esports events. If securities are deposited or an irrevocable
10.20 letter of credit filed, the securities or letter of credit must be of a type or in the form provided
10.21 under section 349A.07, subdivision 5, paragraphs (b) and (c).

10.22 Subd. 7. **Contracting with equipment providers.** A mobile sports betting operator may
10.23 contract with mobile sports betting platform providers, licensed under section 299L.30, to
10.24 facilitate the acceptance of wagers on behalf of the mobile sports betting operator.

10.25 Subd. 8. **Reporting.** A mobile sports betting operator must report to the commissioner
10.26 monthly on wagers placed and redeemed during the reporting month and outstanding at the
10.27 time of the report.

10.28 Subd. 9. **Changes in ownership or management.** If a change in the officers, directors,
10.29 shareholders, or other persons with a present or future direct or indirect financial or
10.30 management interest in the master mobile sports betting licensee or mobile sports betting
10.31 operator licensee, or a change of ownership of more than five percent of the shares of the
10.32 licensee is made after the application for a master mobile sports betting license or mobile
10.33 sports betting operator license is filed or a license issued, the applicant or licensee must

11.1 notify the commissioner of the changes within ten days of their occurrence and submit a
 11.2 new affidavit as required by subdivision 3, clause 4.

11.3 **Sec. 5. [299L.30] MOBILE SPORTS BETTING PLATFORM PROVIDER AND**
 11.4 **SERVICE PROVIDER LICENSE.**

11.5 Subdivision 1. **License required.** A mobile sports betting platform provider or services
 11.6 provider license is required to provide sports betting platforms, sports betting technology,
 11.7 sports betting applications, or associated mobile sports betting hardware, software, or
 11.8 equipment.

11.9 Subd. 2. **Issuance; renewal.** (a) The commissioner shall issue or renew mobile sports
 11.10 betting platform provider or service provider licenses to an applicant who:

11.11 (1) is not disqualified under section 299L.35;

11.12 (2) submits an application on a form required by rule adopted pursuant to section 299L.20;

11.13 (3) submits documents required by rule adopted pursuant to section 299L.20;

11.14 (4) passes criminal and financial background checks as described in section 299L.35

11.15 and as required by rule adopted pursuant to section 299L.20;

11.16 (5) pays an application fee of \$6,000 with submission of an application;

11.17 (6) pays a license fee after the application is approved in the amount of \$38,250 or a
 11.18 license renewal fee of \$8,500; and

11.19 (7) meets other conditions required by rule adopted pursuant to section 299L.20.

11.20 (b) A license under paragraph (a) is annually renewable under conditions required by
 11.21 rule adopted pursuant to section 299L.20.

11.22 **Sec. 6. [299L.35] LICENSE DISQUALIFICATION; BACKGROUND CHECKS;**
 11.23 **NOTICE OF DENIAL OF APPLICATION.**

11.24 Subdivision 1. **Disqualifications.** The commissioner may reject an application, refuse
 11.25 to renew a license, or act, after following the provisions of subdivision 4, to revoke a license
 11.26 if the applicant or licensee, or a director, officer, partner, member of the governing body
 11.27 for the applicant or licensee, person in a supervisory or management position of the applicant
 11.28 or licensee, or direct or indirect holder of more than five percent financial interest in the
 11.29 applicant or licensee:

11.30 (1) has ever been convicted of a felony or a crime involving gambling;

12.1 (2) owes \$500 or more in delinquent taxes as defined in section 270C.72;

12.2 (3) had a sale and use tax permit revoked by the commissioner of revenue within the
12.3 past two years;

12.4 (4) after demand, has not filed tax returns required by the commissioner of revenue; or

12.5 (5) has been convicted of a felony or gross misdemeanor involving theft or fraud.

12.6 Subd. 2. **Background investigation.** The commissioner shall perform a background
12.7 investigation on applicants for a license under this chapter. The commissioner may request
12.8 the director of alcohol and gambling enforcement and the commissioner of revenue to assist
12.9 in investigating the background of an applicant or a licensee under this section. The
12.10 commissioner may charge an applicant an investigation fee to cover the cost of the
12.11 investigation and shall from this fee reimburse the Division of Alcohol and Gambling
12.12 Enforcement and the Department of Revenue for their respective shares of the cost of the
12.13 investigation. The commissioner is authorized to have access to all data compiled by the
12.14 Division of Alcohol and Gambling Enforcement on licensees and applicants.

12.15 Subd. 3. **Criminal history.** The commissioner must perform a criminal history records
12.16 check on each officer, director, or stakeholder with more than 15 percent interest in the
12.17 licensee or applicant. The records check must include a criminal history check of the state
12.18 and federal criminal records. The applicant or licensee must provide signed consent for the
12.19 national and international criminal history records check and fingerprints for each person
12.20 subject to a check under this subdivision. The director shall assist in performing the criminal
12.21 history records check. The director may charge an applicant a fee to cover the cost of the
12.22 criminal history records check, and shall from this fee reimburse the Division of Alcohol
12.23 and Gambling Enforcement for its share of the cost of the investigation. The commissioner
12.24 or the director must submit the signed informed consent, fingerprints, and Bureau of Criminal
12.25 Apprehension and Federal Bureau of Investigation fees to the superintendent of the Bureau
12.26 of Criminal Apprehension who is authorized to exchange the fingerprints with the Federal
12.27 Bureau of Investigation to obtain the applicant's national criminal history data. The
12.28 superintendent of the Bureau of Criminal Apprehension shall retrieve Minnesota criminal
12.29 history data and shall provide the results of the state, federal, and international criminal
12.30 history check to the director. The commissioner is authorized to have access to all criminal
12.31 history data compiled on licensees and applicants by the Division of Alcohol and Gambling
12.32 Enforcement. An individual who has submitted to a criminal background check in this or
12.33 any other state within the previous 12 months shall not be required to submit to another
12.34 criminal background check provided that the person submits the results of such previous

13.1 criminal background check and affirms that there has been no material change in the
13.2 individual's criminal history since the time of the criminal background check.

13.3 Subd. 4. **Notice of denial of issuance or renewal of mobile sports betting master**
13.4 **license or mobile sports betting operator license.** If the commissioner determines that a
13.5 license application or renewal under this chapter shall be denied, a license shall be revoked
13.6 or suspended, or a licensee censured, the commissioner shall promptly give a written notice
13.7 to the licensee or applicant stating grounds for the action and giving reasonable notice of
13.8 the rights of the licensee or applicant to request a hearing. Enforcement actions, license
13.9 revocations, or license nonrenewals related to a specific mobile sports betting operator shall
13.10 not impact or limit the ability of another mobile sports betting operator to conduct, offer,
13.11 or offer for play mobile sports betting. A hearing must be held not later than 30 days after
13.12 the commissioner receives the request for the hearing, unless the licensee or applicant and
13.13 the commissioner agree on a later date. If the applicant or licensee does not request a hearing
13.14 within 30 days of the service of the notice, the denial becomes final. Hearings under this
13.15 subdivision must be conducted according to chapter 14. After the hearing, the commissioner
13.16 may enter an order making such disposition as the facts require. If the applicant or licensee
13.17 fails to appear at the hearing after having been notified of it under this subdivision, the
13.18 applicant is considered in default and the proceeding may be determined against the person
13.19 on consideration of the written notice of denial, the allegations of which may be considered
13.20 to be true. All fees accompanying the license or renewal application are considered earned
13.21 and are not refunded.

13.22 Sec. 7. **[299L.40] WAGERING.**

13.23 Subdivision 1. **Wager type.** A mobile sports betting operator may only accept wagers
13.24 of a type previously approved by the commissioner. Wager types that the commissioner
13.25 may approve include but are not limited to the following:

13.26 (1) a wager that a participant or participating team will win an athletic event or will win
13.27 by a specified number of points;

13.28 (2) a wager as to whether the total points scored in an athletic event will be higher or
13.29 lower than a number specified;

13.30 (3) a wager on an outcome contingency or proposition incidental to an athletic event,
13.31 series, tournament, or season for which the outcome is published in newspapers of general
13.32 circulation or in records made publicly available by the league or governing body for the
13.33 event;

14.1 (4) a wager on the outcome of a series of two or more athletic events or a series of two
14.2 or more contingencies incidental to an athletic event;

14.3 (5) in-game betting;

14.4 (6) futures bets placed on end of the season standings, awards, or statistics; and

14.5 (7) a wager that a participant or participating team will win an esports event or will win
14.6 by a specified number of points.

14.7 Subd. 2. **Consideration; wager account.** (a) A mobile sports betting operator must not
14.8 accept a wager unless the authorized participant provides consideration at the time of making
14.9 the wager.

14.10 (b) Consideration must be in the form of withdrawal from a wager account maintained
14.11 by the mobile sports betting operator for the benefit of and in the name of the wagerer.

14.12 (c) A person shall have the right to withdraw the balance of the wager account in the
14.13 person's name at any time with proof of identity, as determined by rules adopted pursuant
14.14 to section 299L.20.

14.15 Subd. 3. **Wager location.** Mobile sports betting wagers regulated under this chapter
14.16 may only be accepted from a person placing a wager online, through a website or mobile
14.17 application, while the person placing the wager is physically within the state. The website
14.18 or application may be hosted by a mobile sports betting operator operating in conjunction
14.19 with a mobile sports betting platform provider.

14.20 Subd. 4. **Information provided at the time of wager.** A mobile sports betting operator
14.21 must disclose the betting line and terms of a wager prior to accepting a wager. Terms of the
14.22 wager include the ratio of the amount to be paid for winning to the wagered amount.

14.23 Subd. 5. **Outcome determined.** A mobile sports betting operator must not accept a
14.24 wager on the outcome of an event or proposition that has already been determined.

14.25 Subd. 6. **Receipt.** A mobile sports betting operator must provide a person who places a
14.26 wager with an electronic receipt at the time of sale that contains the following information:

14.27 (1) the athletic event, esports event, or proposition that is the subject of the wager;

14.28 (2) the outcome that will constitute a win on the wager;

14.29 (3) the amount wagered; and

14.30 (4) the payout in the event of a winning wager.

15.1 Sec. 8. **[299L.45] DEPOSIT AND APPROPRIATION OF FEES.**

15.2 (a) Application fees paid pursuant to section 299L.30 are deposited into a special revenue
15.3 account and are appropriated annually to the commissioner for administering review of
15.4 license applications and renewals.

15.5 (b) License and renewal fees paid pursuant to section 299L.25 or 299L.30 shall be
15.6 deposited in the general fund.

15.7 Sec. 9. **[299L.50] ENFORCEMENT; LICENSE VIOLATIONS.**

15.8 Subdivision 1. **Schedule of penalties.** The commissioner must adopt rules that provide
15.9 a graduated schedule of penalties for violations of license requirements under statute or
15.10 rule. The schedule must specify penalties that may range from warnings and probation
15.11 periods to civil fines, temporary suspension of licenses, or revocation of licenses.

15.12 Subd. 2. **Imposition of penalty.** After a hearing, the commissioner may impose a penalty
15.13 from the schedule of penalties that is commensurate with the violation. The commissioner
15.14 may only suspend a license prior to a hearing when conduct of a licensee, or anticipated
15.15 failure of a licensee to fulfill an obligation, requires immediate action to protect the public
15.16 from harm. The commissioner may summarily suspend a license of a licensee:

15.17 (1) if the licensee has not timely filed a tax return or paid the tax required under chapter
15.18 297J;

15.19 (2) if doing so is supported by clear and convincing evidence that such summary
15.20 suspension is necessary to ensure the fairness, lawfulness, and integrity of sports betting;
15.21 or

15.22 (3) if the licensee has not timely paid all fees due under this chapter.

15.23 Subd. 3. **Civil penalty.** (a) Commission of a crime under section 299L.80 is a violation
15.24 of a license issued under this chapter.

15.25 (b) A penalty may be imposed by the commissioner under this chapter in addition to
15.26 any civil penalty imposed by the same conduct under section 299L.80.

15.27 Subd. 4. **Civil penalties paid to the commissioner.** Civil penalties collected by the
15.28 commissioner shall be deposited in the general fund.

15.29 Subd. 5. **Contested case.** A civil penalty in excess of \$2,000 is a contested case under
15.30 chapter 14.

16.1 Subd. 6. **Appeal.** An appeal from a decision of the commissioner must be made in a
16.2 manner prescribed by sections 14.63 to 14.69.

16.3 Sec. 10. **[299L.55] AUDITING AND INSPECTION.**

16.4 Subdivision 1. **Annual audit.** To ensure compliance with this chapter and rules adopted
16.5 under this chapter, a mobile sports betting operator must contract with an independent third
16.6 party to perform a financial audit, consistent with the standards established by the Public
16.7 Company Accounting Oversight Board or using the Statements on Accounting standards
16.8 issued by the Audit Standards Board of the American Institute of Certified Public
16.9 Accountants. The mobile sports betting operator must submit the audit to the commissioner
16.10 for examination and inspection within 120 days of the end of its fiscal year.

16.11 Subd. 2. **Inspection.** The commissioner, the commissioner of revenue, and the director
16.12 are authorized to inspect the accounting records of a mobile sports betting operator at any
16.13 time provided the mobile sports betting operator is given notice at least 24 hours before the
16.14 inspection. This provision only applies to mobile sports betting operations and does not
16.15 authorize the inspection of records related to Tribal gaming operations, Tribal governmental
16.16 records, or Class III sports betting operations conducted exclusively on Indian lands.

16.17 Sec. 11. **[299L.60] REPORTING.**

16.18 Subdivision 1. **Financial report.** By June 1 of each year, the commissioner must submit
16.19 a report to the chairs and ranking minority members of the legislative committees with
16.20 jurisdiction over public safety, the legislative committees with jurisdiction over taxes, the
16.21 committee in the house of representatives with jurisdiction over commerce, the committee
16.22 in the senate with jurisdiction over state government finance and policy, the committee in
16.23 the house of representatives with jurisdiction over ways and means, and the committee in
16.24 the senate with jurisdiction over finance. The report must describe the activities of the
16.25 commissioner with respect to wagering on athletic events and esports events and include
16.26 summary financial information on sports betting and the regulated sports betting industry
16.27 as a whole. The report must not include information or data on individuals or entities that
16.28 is classified as private data under section 299L.70 or separately list the earnings, wagers,
16.29 or tax revenue generated by or use identifying information for specific mobile sports betting
16.30 operators or specific master mobile sports betting licensees.

16.31 Subd. 2. **License activity report.** By February 1 of each year beginning in 2023, the
16.32 commissioner shall submit a report to the chairs and ranking minority members of the
16.33 legislative committees with jurisdiction over public safety, the committee in the house of

17.1 representatives with jurisdiction over commerce, and the committee in the senate with
17.2 jurisdiction over state government finance and policy on the following:

17.3 (1) the status of applications for licenses issued by the commissioner, including the
17.4 number of applications for each type of license, the number of licenses of each type issued,
17.5 and the average time between receipt of a complete application and issuance of each type
17.6 of license;

17.7 (2) an overview of the sports betting market, including but not limited to the actual and
17.8 anticipated demand;

17.9 (3) the amount of revenue generated to the state by sports betting and the expenses
17.10 incurred by the commissioner in enforcing restrictions on lawful sports betting; and

17.11 (4) the commissioner's enforcement actions taken against persons licensed under this
17.12 chapter for violations of this chapter or the rules adopted under this chapter.

17.13 **Sec. 12. [299L.65] EXCLUSION LIST AND PROHIBITION ON WAGERING.**

17.14 Subdivision 1. **Exclusion list.** (a) The commissioner shall maintain a list of persons who
17.15 are not eligible to wager on athletic events or esports events through a mobile or online
17.16 wager. The list shall include the names of:

17.17 (1) persons who have themselves requested to be on the exclusion list;

17.18 (2) persons whose names have been submitted, for their protection, by their legal
17.19 guardians; and

17.20 (3) persons whose names have been submitted by mobile sports betting operators, mobile
17.21 sports betting platform providers, or mobile sports betting vendors.

17.22 (b) The information contained on the list is private data on individuals, as defined in
17.23 section 13.02, subdivision 12, except the commissioner is permitted to share the list with
17.24 mobile sports betting operators as needed to prevent persons on the exclusion list from
17.25 placing sports betting wagers.

17.26 Subd. 2. **Prohibition on wagering.** A mobile sports betting operator shall not accept a
17.27 wager from a person on the exclusion list or allow a person on the exclusion list to establish
17.28 a mobile sports betting account. Knowingly accepting a wager from a person on the exclusion
17.29 list is a license violation, subject to a penalty established by the commissioner.

18.1 Sec. 13. **[299L.70] DATA PROTECTIONS.**

18.2 Subdivision 1. **Classification.** Data in which an individual who has wagered on athletic
18.3 events or esports events is identified by name, account number, Social Security number, or
18.4 any other uniquely identifying indicia, is private data on individuals, as defined in section
18.5 13.02, subdivision 12. Data on individual earnings of mobile sports betting operators, mobile
18.6 sports betting operator application and licensing information, and all Tribal revenue records
18.7 unassociated with mobile sports betting operators is nonpublic data, as defined in section
18.8 13.02, subdivision 9.

18.9 Subd. 2. **Sale of private data on individuals.** The commissioner shall revoke any license
18.10 issued under this chapter of a person who sells private data on the individuals collected
18.11 through the practice of sports betting.

18.12 Sec. 14. **[299L.75] LOCAL RESTRICTIONS; PROHIBITION ON LOCAL TAXES**
18.13 **OR FEES.**

18.14 No political subdivision may require a local license to offer sports betting or impose a
18.15 tax or fee on the sports betting conducted pursuant to this chapter.

18.16 Sec. 15. **INDIAN TRIBES; COMPACTS TO BE NEGOTIATED.**

18.17 The governor or the governor's designated representatives shall negotiate in good faith
18.18 new Tribal-state compacts regulating the conduct of Class III sports betting on the Indian
18.19 Lands of an Indian Tribe requesting negotiations, under Minnesota Statutes, section 3.9221.
18.20 Compacts in effect on January 1, 2022, shall not be modified to accommodate sports betting.

18.21 Sec. 16. **EFFECTIVE DATE.**

18.22 This article is effective the day following final enactment.

18.23 **ARTICLE 2**

18.24 **TAXATION OF SPORTS BETTING**

18.25 Section 1. Minnesota Statutes 2020, section 290.0131, is amended by adding a subdivision
18.26 to read:

18.27 Subd. 19. **Nontaxable sports betting losses.** Losses from the business of conducting
18.28 wagering on an athletic event or esports event under chapter 299L that are not subject to
18.29 tax under this chapter are an addition.

19.1 Sec. 2. Minnesota Statutes 2020, section 290.0132, is amended by adding a subdivision
19.2 to read:

19.3 Subd. 31. **Exempt sports betting income.** Income or gains from the business of
19.4 conducting betting on an athletic event or esports event under chapter 299L that are not
19.5 subject to tax under this chapter are a subtraction.

19.6 Sec. 3. Minnesota Statutes 2020, section 290.0133, is amended by adding a subdivision
19.7 to read:

19.8 Subd. 15. **Nontaxable sports betting losses.** Losses from the business of conducting
19.9 betting on an athletic event or esports event under chapter 299L that are not subject to tax
19.10 under this chapter are an addition.

19.11 Sec. 4. Minnesota Statutes 2020, section 290.0134, is amended by adding a subdivision
19.12 to read:

19.13 Subd. 20. **Exempt sports betting income.** Income or gains from the business of
19.14 conducting betting on an athletic event or esports event under chapter 299L that are not
19.15 subject to tax under this chapter are a subtraction.

19.16 Sec. 5. **[297J.01] DEFINITIONS.**

19.17 Unless otherwise defined in this chapter, or unless the context clearly indicates otherwise,
19.18 the following terms have the meanings given:

19.19 (1) "casino" has the meaning given in section 299L.10, subdivision 4;

19.20 (2) "commissioner" means the commissioner of revenue;

19.21 (3) "Internal Revenue Code" means the Internal Revenue Code as defined in section
19.22 289A.02, subdivision 7;

19.23 (4) "mobile sports betting operator" has the meaning given in section 299L.10, subdivision
19.24 15;

19.25 (5) "sports betting" has the meaning given in section 299L.10, subdivision 19;

19.26 (6) "sports betting net revenue" means the total of all cash received by a mobile sports
19.27 betting operator from wagers on an athletic event or esports event, less promotional credits
19.28 and free bets, less cash paid out as winnings and cash equivalent of noncash prizes paid out
19.29 as winnings, and less federal excise taxes on sports wagering. Sports betting net revenue

20.1 does not include other cash received by a mobile sports betting operator for activities other
20.2 than sports betting; and

20.3 (7) "wager" has the meaning given in section 299L.10, subdivision 20.

20.4 **Sec. 6. [297J.02] TAX ON SPORTS BETTING NET REVENUE.**

20.5 Subdivision 1. **Tax imposed.** (a) Except as provided in paragraph (b), a tax is imposed
20.6 on sports betting net revenue equal to percent on wagers placed online through a website
20.7 or mobile application, as allowed under section 299L.40.

20.8 (b) Any bets placed on Indian lands are not subject to state taxation.

20.9 Subd. 2. **Sports betting net revenue tax in lieu of other taxes.** Income derived by a
20.10 mobile sports betting operator from the conduct of wagering on an athletic event or esports
20.11 event is not subject to the tax imposed in chapter 290. Wagers accepted by a mobile sports
20.12 betting operator are not subject to the tax imposed in section 297A.62 or 297E.03.

20.13 Subd. 3. **Public information.** All records concerning the administration of taxes under
20.14 this chapter are classified as public information.

20.15 Subd. 4. **Refunds.** A person who has, under this chapter, paid to the commissioner an
20.16 amount of tax for a period in excess of the amount legally due for that period may file with
20.17 the commissioner a claim for a refund of the excess. The amount necessary to pay the refunds
20.18 under this subdivision is appropriated from the general fund to the commissioner.

20.19 Subd. 5. **Extensions.** If in the commissioner's judgment good cause exists, the
20.20 commissioner may extend the time for filing tax returns, paying taxes, or both under this
20.21 section for not more than six months.

20.22 Subd. 6. **Distribution of funds.** (a) All amounts collected by the commissioner under
20.23 this chapter must be deposited in the special revenue fund and distributed as provided in
20.24 this subdivision.

20.25 (b) Ten percent of the amount deposited in the special revenue fund pursuant to paragraph
20.26 (a) is appropriated to the commissioner of public safety for the Division of Alcohol and
20.27 Gambling Enforcement to perform the duties described in sections 299L.10 to 299L.80.

20.28 (c) Forty percent of the amount deposited in the special revenue fund pursuant to
20.29 paragraph (a) is appropriated to the commissioner of human services for the compulsive
20.30 gambling treatment program established under section 245.98.

20.31 (d) Fifty percent of the amount deposited in the special revenue fund pursuant to
20.32 paragraph (a) is appropriated to the Minnesota Amateur Sports Commission to administer

21.1 grants. The Minnesota Amateur Sports Commission may retain four percent of the total
21.2 appropriation to administer the grants. Grants issued under this paragraph must be for the
21.3 following purposes:

21.4 (1) 20 percent of the amount appropriated under this paragraph is for grants to collegiate
21.5 and amateur sports associations to promote the integrity of amateur sports; and

21.6 (2) 80 percent of the amount appropriated under this paragraph is for grants to
21.7 organizations to promote and facilitate participation in youth sports in areas that have
21.8 experienced a disproportionately high rate of juvenile crime.

21.9 Sec. 7. [297J.03] MOBILE SPORTS BETTING OPERATOR REPORTS AND
21.10 RECORDS.

21.11 Subdivision 1. **Reports.** A mobile sports betting operator must file with the commissioner,
21.12 on a form prescribed by the commissioner, a report showing all mobile sports betting activity
21.13 conducted by the mobile sports betting operator for each month. Sports betting activity
21.14 includes the amounts of all wagers received, payouts, and all sports betting taxes owed or
21.15 paid to the commissioner. The report must be filed with the commissioner on or before the
21.16 20th day of the month following the month in which the sports betting activity takes place.
21.17 The commissioner shall prescribe the content, format, and manner of returns or other
21.18 documents pursuant to section 270C.30.

21.19 Subd. 2. **Business records.** A mobile sports betting operator must maintain records
21.20 supporting the sports betting activity reported to the commissioner. Records required to be
21.21 kept in this section must be preserved by the mobile sports betting operator for at least 3-1/2
21.22 years and may be inspected by the commissioner at any reasonable time without notice or
21.23 a search warrant.

21.24 Subd. 3. **Audits.** The commissioner may require a financial audit of a mobile sports
21.25 betting operator's sports betting activities if the mobile sports betting operator has failed to
21.26 comply with this chapter as it relates to financial reporting. Audits must be performed by
21.27 an independent accountant licensed according to chapter 326A. The commissioner must
21.28 prescribe standards for an audit required under this subdivision. A complete, true, and correct
21.29 copy of an audit must be filed as prescribed by the commissioner.

21.30 Sec. 8. [297J.04] OTHER PROVISIONS APPLY.

21.31 Except for those provisions specific to distributors, gambling products, or gambling
21.32 equipment, sections 297E.11 to 297E.14 apply to this chapter.

22.1 Sec. 9. **EFFECTIVE DATE.**22.2 This article is effective for wagers placed on or after22.3 **ARTICLE 3**22.4 **CRIMES RELATED TO SPORTS BETTING**22.5 Section 1. **[299L.80] CRIMES RELATING TO WAGERING ON SPORTING**
22.6 **EVENTS.**22.7 Subdivision 1. **Definitions.** As used in this section:22.8 (1) "accepts a wager" includes receiving, recording, or forwarding a wager or an offer
22.9 to wager on an athletic event or esports event and attempts to do so;22.10 (2) "mobile sports betting master licensee" has the meaning given in section 199L.10,
22.11 subdivision 1, and includes a mobile sports betting operator;22.12 (3) "nonpublic information" means information regarding a participant's ability or
22.13 likelihood to perform in an athletic event or esports event that:22.14 (i) is not available to the general public;22.15 (ii) is derived from a personal or professional relationship with the participant; and22.16 (iii) if the information was disseminated, would likely affect the odds of the participant
22.17 or the participant's team in achieving a particular outcome in the event; and22.18 (4) "places a wager" includes an offer or attempt to place a wager on an athletic event
22.19 or esports event.22.20 Subd. 2. **General prohibition.** Except as provided in this section, it is a crime for a
22.21 person to place or accept a wager on an athletic event or esports event unless the wager is
22.22 authorized under this chapter and:22.23 (1) the wager is accepted:22.24 (i) at a casino; or22.25 (ii) online through a website or mobile application hosted by a mobile sports betting
22.26 operator if the person placing the wager is physically present in the state; or22.27 (2) the wager is placed:22.28 (i) at a casino; or

23.1 (ii) online through a website or mobile application hosted by a mobile sports betting
23.2 operator if the person placing the wager is physically present in the state.

23.3 Subd. 3. **Misdemeanor.** (a) Except as otherwise provided in subdivision 4 or 5, the
23.4 following persons are guilty of a misdemeanor:

23.5 (1) a person who places a wager on an athletic event or esports event with a person or
23.6 entity who is not licensed or authorized to accept wagers under this chapter;

23.7 (2) a person who is not licensed or authorized to accept wagers under this chapter who
23.8 accepts a wager on an athletic event or esports event;

23.9 (3) a person who is under 18 years of age who places a wager on an athletic event or
23.10 esports event;

23.11 (4) a person who is under 18 years of age who misrepresents the person's age as being
23.12 18 or older for the purposes of placing a wager on an athletic event or esports event;

23.13 (5) a person who is a participant in an athletic event or esports event and who places a
23.14 wager on that event or who induces another to place a wager on the event on behalf of the
23.15 person;

23.16 (6) a mobile sports betting operator or employee of a mobile sports betting operator,
23.17 who places a wager on an athletic event or esports event on an online website or mobile
23.18 application with which the person is affiliated;

23.19 (7) an officer, director, member, or employee of the Department of Public Safety or the
23.20 division who places a wager on an athletic event or esports event;

23.21 (8) a person who possesses nonpublic information on an athletic event or esports event
23.22 and who places a wager on that event;

23.23 (9) a person or entity who is licensed or authorized to accept wagers under this chapter,
23.24 if the person or entity knowingly accepts a wager on an athletic event or esports event:

23.25 (i) from a participant in the event or someone placing a wager on the event on behalf of
23.26 the participant;

23.27 (ii) from a mobile sports betting operator or employee of a mobile sports betting operator;

23.28 (iii) from an officer, director, member, or employee of the Department of Public Safety
23.29 or the division;

23.30 (iv) from someone who possesses nonpublic information about the event; or

23.31 (v) of a type or in a manner that is not authorized under this chapter; and

24.1 (10) a person who sells or transfers private data on individuals collected through the
24.2 practice of wagering on athletic events or esports events.

24.3 (b) Paragraph (a), clause (10), does not apply to the transfer of data between a mobile
24.4 sports betting operator and the commissioner of public safety, the director of alcohol and
24.5 gambling enforcement, or the commissioner of revenue when that transfer is necessary to
24.6 perform duties prescribed by law relating to wagering on athletic events or esports events.

24.7 Subd. 4. **Gross misdemeanor.** Except as provided in subdivision 5, a person is guilty
24.8 of a gross misdemeanor if:

24.9 (1) the person accepts a wager on an athletic event or esports event placed by someone
24.10 under the age of 18 years; or

24.11 (2) the person accepts or places a wager on an athletic event or esports event and the
24.12 wager is prohibited under subdivision 3, paragraph (a), clause (1), (2), (5), (6), (7), (8), or
24.13 (9), and:

24.14 (i) the person has previously been convicted of a violation of this section; or

24.15 (ii) the amount of the wager is more than \$500 but not more than \$1,000.

24.16 Subd. 5. **Felony.** (a) Except as provided in paragraph (b), a person who accepts or places
24.17 a wager prohibited under subdivision 3, paragraph (a), clause (1), (2), (5), (6), (7), (8), or
24.18 (9); or 4, clause (1) or (2), item (i), is guilty of a felony and may be sentenced to
24.19 imprisonment for not more than two years or to payment of a fine of not more than \$4,000,
24.20 or both; if the amount of the wager is more than \$1,000 but not more than \$5,000.

24.21 (b) A person is guilty of a felony and may be sentenced to imprisonment for not more
24.22 than five years or to payment of a fine of not more than \$10,000, or both, who:

24.23 (1) accepts or places a wager prohibited under subdivision 3, paragraph (a), clause (1),
24.24 (2), (5), (6), (7), (8), or (9); or 4, clause (1) or (2), item (i); where the amount of the wager
24.25 is more than \$5,000; or

24.26 (2) accepts or places within any 30-day period more than five wagers on any one or
24.27 more athletic events or esports events that total more than \$2,500 and are prohibited in
24.28 subdivision 3, paragraph (a), clause (1), (2), (5), (6), (7), (8), or (9); or 4, clause (1) or (2),
24.29 item (i).

24.30 Subd. 6. **Aggregation; venue.** In any prosecution under subdivision 4 or 5, the amount
24.31 of money wagered within any six-month period may be aggregated and the accused charged
24.32 accordingly in applying the provisions of those subdivisions. In addition, when two or more

25.1 offenses are committed by the same person in two or more counties, the accused may be
25.2 prosecuted in any county in which one of the offenses was committed for all of the offenses
25.3 aggregated under this subdivision

25.4 Subd. 7. **Exception; certain private social bets.** Subdivisions 3, clauses (1), (2), (3),
25.5 and (7); and 4, clause (1), do not prohibit private social bets on athletic events and esports
25.6 events that are not part of or incidental to organized, commercialized, or systematic gambling.

25.7 Subd. 8. **Proof of age; defense; seizure of false identification.** (a) Proof of age for
25.8 placing a wager under this chapter on an athletic event or esports event may be established
25.9 only by one of the following:

25.10 (1) a valid driver's license or identification card issued by Minnesota, another state, a
25.11 Tribal government, or a province of Canada, that includes the photograph and date of birth
25.12 of the person;

25.13 (2) a valid military identification card issued by the United States Department of Defense;

25.14 (3) a valid United States passport;

25.15 (4) a valid instructional permit issued under section 171.05 that includes a photograph
25.16 and the date of birth of the person;

25.17 (5) a Tribal identification;

25.18 (6) in the case of a foreign national, a valid passport; or

25.19 (7) use of an identity verification process approved by the commissioner and implemented
25.20 by the mobile sports betting operator or mobile sports betting platform provider.

25.21 (b) In a prosecution for accepting a wager on an athletic event or esports event from a
25.22 person under the age of 18, it is an affirmative defense for the defendant to prove by a
25.23 preponderance of the evidence that the defendant reasonably and in good faith relied upon
25.24 representations of proof of age authorized in paragraph (a).

25.25 (c) A mobile sports betting operator or employee of a mobile sports betting operator, or
25.26 an official or employee of a casino authorized to accept wagers on athletic events and esports
25.27 events under this chapter, may seize a form of identification listed under paragraph (a) if
25.28 the person has reasonable grounds to believe that the form of identification has been altered
25.29 or falsified or is being used to violate any law. A person who seizes a form of identification
25.30 under this paragraph must deliver it to a law enforcement agency within 24 hours of seizure.

26.1 Sec. 2. [609.5551] SPORTING EVENTS; FRAUD; BRIBERY.

26.2 (a) As used in this section:

26.3 (1) "athletic event" has the meaning given in section 299L.10, subdivision 2;

26.4 (2) "esports event" has the meaning given in section 299L.10, subdivision 8; and

26.5 (3) "participant in an athletic event" has the meaning given in section 299L.10,
26.6 subdivision 18.

26.7 (b) A person is guilty of a felony and may be sentenced to imprisonment for not more
26.8 than five years or to payment of a fine of not more than \$10,000, or both, if the person:

26.9 (1) offers, gives, or promises to give, directly or indirectly, to a participant in an athletic
26.10 event or an esports event any benefit, reward, or consideration to which the participant is
26.11 not legally entitled as compensation or a prize, with intent to influence the performance of
26.12 the participant, or the outcome of the event or a component of the event; or

26.13 (2) as a participant in an athletic event or esports event, requests, receives, or agrees to
26.14 receive, directly or indirectly, a benefit, reward, or consideration to which the participant
26.15 is not legally entitled to intentionally lose, cause to lose, or attempt to lose or cause to lose
26.16 the event, or to intentionally perform below abilities to adversely affect the outcome of the
26.17 event or a component of the event.

26.18 Sec. 3. Minnesota Statutes 2020, section 609.75, subdivision 3, is amended to read:

26.19 Subd. 3. **What are not bets.** The following are not bets:

26.20 (1) a contract to insure, indemnify, guarantee or otherwise compensate another for a
26.21 harm or loss sustained, even though the loss depends upon chance;

26.22 (2) a contract for the purchase or sale at a future date of securities or other commodities;

26.23 (3) offers of purses, prizes or premiums to the actual contestants in any bona fide contest
26.24 for the determination of skill, speed, strength, endurance, or quality or to the bona fide
26.25 owners of animals or other property entered in such a contest;

26.26 (4) the game of bingo when conducted in compliance with sections 349.11 to 349.23;

26.27 (5) a private social bet not part of or incidental to organized, commercialized, or
26.28 systematic gambling;

26.29 (6) the operation of equipment or the conduct of a raffle under sections 349.11 to 349.22,
26.30 by an organization licensed by the Gambling Control Board or an organization exempt from
26.31 licensing under section 349.166;

- 27.1 (7) pari-mutuel betting on horse racing when the betting is conducted under chapter 240;
27.2 ~~and~~
- 27.3 (8) the purchase and sale of State Lottery tickets under chapter 349A; and
- 27.4 (9) a wager on the outcome or any aspect of an athletic event, as defined in section
27.5 299L.10, subdivision 2, or an esports event, as defined in section 299L.10, subdivision 8,
27.6 and that may be legally wagered on under chapter 299L.

27.7 Sec. 4. Minnesota Statutes 2020, section 609.75, is amended by adding a subdivision to
27.8 read:

27.9 Subd. 7a. **Sporting event.** "Sporting event" means any professional or amateur sporting
27.10 event except an athletic event, as defined in section 299L.10, subdivision 2, or an esports
27.11 event, as defined in section 299L.10, subdivision 8. The term does not include athletic events
27.12 or esports events that may be legally wagered on under chapter 299L.

27.13 Sec. 5. Minnesota Statutes 2020, section 609.755, is amended to read:

27.14 **609.755 GAMBLING; MISDEMEANOR.**

27.15 (a) Whoever does any of the following is guilty of a misdemeanor:

27.16 (1) makes a bet;

27.17 (2) sells or transfers a chance to participate in a lottery;

27.18 (3) disseminates information about a lottery, except a lottery conducted by an adjoining
27.19 state, with intent to encourage participation therein;

27.20 (4) permits a structure or location owned or occupied by the actor or under the actor's
27.21 control to be used as a gambling place; or

27.22 (5) except where authorized by statute, possesses a gambling device.

27.23 (b) Paragraph (a), clause (5) does not prohibit possession of a gambling device in a
27.24 person's dwelling for amusement purposes in a manner that does not afford players an
27.25 opportunity to obtain anything of value.

27.26 (c) This section does not apply to wagering on an athletic event, as defined in section
27.27 299L.10, subdivision 2, or an esports event, as defined in section 299L.10, subdivision 8,
27.28 and that may be legally wagered on under chapter 299L.

28.1 Sec. 6. Minnesota Statutes 2020, section 609.76, is amended by adding a subdivision to
28.2 read:

28.3 Subd. 9. **Wagering on athletic events and esports events.** This section does not apply
28.4 to wagering on an athletic event, as defined in section 299L.10, subdivision 2, or an esports
28.5 event, as defined in section 299L.10, subdivision 8, and that may be legally wagered on
28.6 under chapter 299L.

28.7 Sec. 7. **EFFECTIVE DATE.**

28.8 Sections 1 to 6 are effective the day that sports betting becomes lawful under article 1
28.9 and applies to crimes committed on or after that date.