

interest thereon, shall be exempt from taxation by the state or any political subdivision of the state.

Sec. 24. Minnesota Statutes 1982, section 473.666, is amended to read:

**473.666 BONDS, LEGAL INVESTMENTS FOR PUBLIC FUNDS.**

Bonds legally issued pursuant to sections 473.601 to 473.679 or acts amendatory thereof or supplemental thereto, may be purchased by the state board of investment for the permanent school fund, permanent university fund, swamp land fund, internal improvement land funds, or any other trust fund of the state of Minnesota, or for any other fund administered by such board, and shall be deemed authorized securities within the provisions of section 50.14, and shall be proper for the investment of capital, surplus, or deposits of any savings bank or trust company, and for the investment of funds of any insurance company, and for the investment of any sinking funds held by any public or municipal corporation, and may be pledged by any bank or trust company as security for the deposit of public moneys therein in lieu of surety bonds. ~~Such~~ The bonds shall be deemed and treated as instrumentalities of a public government agency, and as such shall be exempt from taxation.

Sec. 25. **REPEALER.**

(a) Minnesota Statutes 1982, sections 116J.89, subdivision 7; and 462A.19, subdivision 2, are repealed.

(b) Minnesota Statutes 1982, section 474.12, is repealed.

Sec. 26. **EFFECTIVE DATE.**

Sections 10 and 25, clause (a), are effective the day after final enactment. The remainder of this act is effective for income earned after July 1, 1983 in taxable years beginning after December 31, 1982.

Approved May 20, 1983

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**CHAPTER 214 — H.F.No. 77**

*An act relating to horse racing; creating a Minnesota racing commission and providing for its membership, powers, and duties; authorizing the licensing of persons to operate racetracks, conduct horse racing, engage in certain occupations, and conduct pari-mutuel betting on horse racing; prescribing taxes and license fees; establishing a Minnesota breeders fund; defining sports bookmaking and making it a felony; clarifying what is not a lottery; providing for the forfeiture of certain gambling devices, prizes, and*

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*proceeds; providing penalties; appropriating money; amending Minnesota Statutes 1982, sections 10A.09, subdivisions 1 and 5; 38.04; 340.11, by adding a subdivision; 609.75, subdivisions 1 and 3, and by adding a subdivision; 609.76; 609.761; proposing new law coded as Minnesota Statutes, chapter 240; proposing new law coded in Minnesota Statutes, chapter 609.*

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

Section 1. **[240.01] DEFINITIONS.**

Subdivision 1. TERMS. For the purposes of this act the terms defined in this section have the meanings given them.

Subd. 2. HORSE RACING. "Horse racing" is any form of horse racing in which horses carry a rider or pull a sulky.

Subd. 3. PERSON. "Person" is an individual, firm, association, partnership, corporation, trustee, or legal representative, and any licensee, participant, or patron.

Subd. 4. COMMISSION. "Commission" is the Minnesota racing commission.

Subd. 5. PARI-MUTUEL BETTING. "Pari-mutuel betting" is the system of betting on horse races where those who bet on horses that finish in the position or positions for which bets are taken share in the total amounts bet, less deductions required or permitted by law.

Subd. 6. BREAKAGE. "Breakage" is the odd cents of all money to be distributed based on each dollar bet exceeding a sum equal to the next lowest multiple of ten.

Subd. 7. STRAIGHT POOLS AND BETS. "Straight pool" is a licensed pari-mutuel pool in which each ticket represents a bet to win, place, or show. A "straight bet" is a bet in a straight pool.

Subd. 8. MULTIPLE POOLS AND BETS. "Multiple pool" is a licensed pari-mutuel pool other than a straight pool. A "multiple bet" is a bet in a multiple pool.

Subd. 9. LICENSED RACETRACK. "Licensed racetrack" is a racetrack at which horse racing is conducted on the premises and which holds a class A or class D license issued by the commission.

Subd. 10. RACING DAY. "Racing day" is a day assigned by the commission as a racing day, and on which racing is conducted.

Subd. 11. RACING MEETING. "Racing meeting" is a series of days in which racing days are not separated by more than five nonracing days.

Sec. 2. **[240.02] RACING COMMISSION.**

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

Subdivision 1. COMMISSION CREATED. A Minnesota racing commission is established with the powers and duties specified in this act. The commission consists of nine members appointed by the governor with the advice and consent of the senate. Not more than five of the members may belong to the same political party. The governor shall designate the chairman of the commission. Of the members first appointed, three are for terms expiring June 30, 1985, three are for terms expiring June 30, 1987, and three are for terms expiring June 30, 1989. After the expiration of the initial term, appointments are for terms of six years. An appointment to fill a vacancy in an unexpired term is for the remainder of the term and is with the advice and consent of the senate.

Subd. 2. QUALIFICATIONS. A member of the commission must have been a resident of Minnesota for at least five years before appointment, and must have a background and experience as would qualify for membership on the commission. A member must, before taking his or her place on the commission, file a bond in the principal sum of \$100,000 payable to the state, conditioned upon the faithful performance of his or her duties. No commission member, nor any member of his or her immediate family, may hold a license issued by the commission or have a direct or indirect financial interest in a corporation, partnership, or association which holds a license issued by the commission.

Subd. 3. COMPENSATION. The compensation of commission members is \$35 per day spent on commission activities, when authorized by the commission, plus expenses in the same manner and amount as provided in the commissioner's plan adopted according to section 43A.18, subdivision 2.

Subd. 4. REMOVAL; VACANCIES. The removal of commission members is as provided in section 15.0575.

Subd. 5. ACTIONS. The commission may sue and be sued in its own name but no action may be brought against the commission or any of its members for actions taken in good faith in the performance of their duties. Suits and actions may be commenced against the commission or any of its members in any court of competent jurisdiction in this state by the service on the secretary of state of any summons, process, or pleadings authorized by the laws of this state. If any summons, process, or pleadings is served upon the secretary of state, it must be by duplicate copies. One copy must be retained in the office of the secretary of state and the other copy must be forwarded immediately by certified mail to the chairman of the commission at the current address of the commission. The executive secretary of the commission shall inform the secretary of state of the mailing address of the commission and any changes in it. The attorney general is the legal counsel for the commission.

Subd. 6. ANNUAL REPORT. The commission shall on February 15 of each year submit a report to the governor and legislature on its activities, organizational structure, receipts and disbursements, and recommendations for changes in the laws relating to racing and pari-mutuel betting.

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

**Sec. 3. [240.03] COMMISSION POWERS AND DUTIES.**

The commission has the following powers and duties:

- (1) to regulate horse racing in Minnesota to ensure that it is conducted in the public interest;
- (2) to issue licenses as provided in this act;
- (3) to enforce all laws and rules governing horse racing;
- (4) to collect and distribute all taxes provided for in this act;
- (5) to conduct necessary investigations and inquiries and compel the submission of information, documents, and records it deems necessary to carry out its duties;
- (6) to supervise the conduct of pari-mutuel betting on horse racing;
- (7) to employ and supervise personnel under this act;
- (8) to determine the number of racing dates to be held in the state and at each track;
- (9) to take all necessary steps to ensure the integrity of racing in Minnesota.

**Sec. 4. [240.04] EMPLOYEES.**

Subdivision 1. EXECUTIVE SECRETARY. The commission shall appoint an executive secretary, who is its chief administrative officer and who serves at its pleasure in the unclassified service. He shall devote full time to his duties, which are:

- (a) to take and preserve records of all proceedings before the commission, maintain its books, documents, and records, and make them available for public inspection as the commission directs;
- (b) if so designated by the commission, to act as a hearing officer in hearings which need not be conducted under the Administrative Procedure Act to conduct hearings, receive testimony and exhibits, and certify the record of proceedings to the commission;
- (c) to act as the commission's chief personnel officer and supervise the employment, conduct, duties, and discipline of commission employees; and
- (d) to perform other duties as directed by the commission.

Subd. 2. INSPECTOR OF PARI-MUTUELS. The commission may employ an inspector of pari-mutuels who serves in the unclassified service at the commission's pleasure. He shall, while employed by the commission, devote full time to his duties, which are:

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

(a) to supervise all forms of pari-mutuel betting on horse racing in the state;

(b) to inspect all machinery;

(c) to make reports on pari-mutuel betting as the commission directs;

(d) subject to commission approval, to appoint deputy inspectors to perform duties the commission designates; and

(e) to perform other duties as directed by the commission.

If no inspector of pari-mutuels is appointed his duties are assigned to the executive secretary. The commission may contract with outside services or personnel to assist the executive secretary in the performance of these duties.

**Subd. 3. CHIEF OF SECURITY.** The commission may appoint a chief of racing security to serve in the unclassified service at the commission's pleasure. He shall devote full time to his duties while employed by the commission. The chief of racing security shall enforce all laws and commission rules relating to the security and integrity of racing. He and all other persons designated by the commission as security officers have free and open access to all areas of all facilities the commission licenses and may search without a search warrant any part of a licensed racetrack and the person of any licensee of the commission on the premises. The chief of security may order a licensee to take, at the licensee's expense, security measures he determines necessary to protect the integrity of racing, but the order may be appealed to the commission. Nothing in chapter 240 prohibits law enforcement authorities and agents from entering, in the performance of their duties, a premises licensed under this act.

If no chief of racing security is appointed his duties are assigned to the executive secretary. The commission may contract with outside services or personnel to assist the executive secretary in the performance of these duties.

**Subd. 4. MEDICAL SERVICES.** The commission may appoint a medical officer who must be a doctor of veterinary medicine and who serves at its pleasure in the unclassified service. He shall, while employed by the commission, devote full time to his duties, which are:

(a) to supervise the formulation, administration, and evaluation of all medical tests the commission's rules require or authorize;

(b) to advise the commission on all aspects of veterinary medicine relating to its powers and duties; and

(c) to supervise all personnel involved in medical testing, subject to the supervision of the executive secretary.

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The commission may obtain medical services as required by contract with an institution which teaches animal health sciences within the state. If no medical officer is appointed, his duties may be assigned to the executive secretary.

**Subd. 5. OTHER EMPLOYEES.** Subject to applicable laws, the commission shall employ and assign duties to other officers, employees, and agents as it deems necessary to discharge its functions.

**Subd. 6. COMPENSATION.** The compensation of all commission employees shall be as provided in chapter 43A.

**Subd. 7. ASSISTANCE.** The commission may request assistance from any department or agency of the state in fulfilling its duties, and shall make appropriate reimbursement for all such assistance.

**Sec. 5. [240.05] LICENSES; CLASSES.**

**Subdivision 1. CLASSES.** The commission may issue four classes of licenses:

(a) class A licenses, for the ownership and operation of a racetrack with horse racing on which pari-mutuel betting is conducted;

(b) class B licenses, for the sponsorship and management of horse racing on which pari-mutuel betting is conducted;

(c) class C licenses, for the privilege of engaging in certain occupations related to horse racing; and

(d) class D licenses, for the conduct of pari-mutuel horse racing by county agricultural societies or associations.

No person may engage in any of the above activities without first having obtained the appropriate license from the commission.

**Subd. 2. FORMS.** All application forms for licenses must contain a statement to the effect that by accepting a license from the commission a licensee consents to having his property or person subject to inspection at any time by the chief of racing security or by security officers designated by the commission.

**Subd. 3. POLICY.** It is the intent of the legislature that authority granted by law to the commission to issue licenses not be construed as requiring the commission to issue any license.

**Sec. 6. [240.06] RACETRACK LICENSES.**

**Subdivision 1. APPLICATION.** The commission may issue one or more class A licenses, but not more than one to any one person. An application for a class A license must be on a form the commission prescribes and must be accompanied by detailed plans and specifications of the track, buildings, fences, and other improvements. The application must contain:

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

(b) if required by the commission, the names of any person or persons holding directly, indirectly, or beneficially an interest of any kind in the applicant or any of its holding corporations, whether the interest is financial, administrative, policy-making, or supervisory;

(c) a statement of the assets and liabilities of the applicant;

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

(1) is in default in the payment of an obligation or debt to the state under this act;

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

(3) is or has been connected with or engaged in any illegal business;

(4) has ever been found guilty of fraud or misrepresentation in connection with racing or breeding;

(5) has ever been found guilty of a violation of a law or rule relating to horse racing, pari-mutuel betting or any other form of gambling which is a serious violation as defined by the commission's rules; or

(6) has ever knowingly violated a rule or order of the commission or a law of Minnesota relating to racing;

(e) an irrevocable consent statement, to be signed by the applicant, which states that suits and actions relating to the subject matter of the application or acts or omissions arising from it may be commenced against the applicant in any court of competent jurisdiction in this state by the service on the secretary of state of any summons, process, or pleadings authorized by the laws of this state. If any summons, process, or pleadings is served upon the secretary of state, it must be by duplicate copies. One copy must be retained in the office of the secretary of state and the other copy must be forwarded immediately by certified mail to the address of the applicant, as shown by the records of the commission; and

(f) an affirmative action plan establishing goals and timetables consistent with the Minnesota Human Rights Act, chapter 363.

Subd. 2. HEARINGS. Before granting a class A license application the commission shall conduct one or more public hearings in the area where the racetrack is or will be located. The commission shall also request comments on

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the application from the city council or town board of the city or town where the track is or will be located, or from the county board if it is to be located outside a city or town and from the appropriate regional development commission or the metropolitan council, as the case may be.

**Subd. 3. INVESTIGATION.** Before granting a class A license the commission shall conduct, or request the bureau of criminal apprehension to conduct, a comprehensive background and financial investigation of the applicant and sources of financing. The commission may charge an applicant an investigation fee to cover the cost of the investigation, and shall from this fee reimburse the bureau for its share of the cost of the investigation. The commission has access to all criminal history data compiled by the bureau of criminal apprehension on class A licensees and applicants.

**Subd. 4. LICENSE ISSUANCE.** If after considering the information received at the hearing or hearings and the comments requested under subdivision 2, the commission determines that the license will not adversely affect the public health, welfare, and safety, that the racetrack will be operated in accordance with all applicable laws and rules, that the license will not create a competitive situation that will adversely affect racing and the public interest, and that the applicant is financially able to operate a licensed racetrack, it may issue a class A license to the applicant. The license is effective until revoked or suspended by the commission or relinquished by the licensee.

**Subd. 5. PROHIBITED LOCATIONS.** A class A license may not be issued to any location where the operation of a racetrack is prohibited by a valid local zoning ordinance. Not more than one class A license may be issued by the commission within the seven-county metropolitan area.

**Subd. 6. CHANGES IN OWNERSHIP OR MANAGEMENT.** If a change in the officers, directors, shareholders, or other persons with a present or future direct or indirect financial or management interest in the licensee, or a change of ownership of more than five percent of the licensee's shares is made after the application is filed or the license issued, the applicant or licensee must notify the commission of the changes within five days of their occurrence and provide the affidavit required by subdivision 1, clause (d).

**Subd. 7. LICENSE SUSPENSION AND REVOCATION.** The commission may revoke a class A license for a violation of law, order, or rule which in the commission's opinion adversely affects the integrity of horse racing in Minnesota, or for an intentional false statement made in a license application, or for a willful failure to pay any money required to be paid by this act.

The commission may suspend a class A license for up to one year for a violation of law, order, or rule which in the commission's opinion adversely affects the integrity of horse racing in Minnesota, and may suspend a class A license indefinitely if it determines that the licensee has as an officer, director,

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shareholder, or other person with a direct, indirect, or beneficial interest a person who is in the commission's opinion inimical to the integrity of horse racing in Minnesota or who cannot be certified under subdivision 1, clause (d).

A license revocation or suspension under this subdivision is a contested case under sections 14.57 to 14.70 of the Administrative Procedure Act, and is in addition to criminal penalties imposed for a violation of law or rule.

Subd. 8. WORK AREAS. A class A licensee must provide at no cost to the commission suitable work areas for commission members, officers, employees, and agents who are directed by the commission to supervise and control racing at the licensed racetrack.

#### Sec. 7. [240.07] RACING LICENSES.

Subdivision 1. APPLICATION. The commission may issue one or more class B licenses for the sponsorship and management of horse racing at licensed racetracks. An application for a class B license must be on a form the commission prescribes, and must be accompanied by a bond in the principal amount of \$500,000 payable to the state of Minnesota conditioned on the licensee's payment of all fees, taxes, and other money due and payable under this act, including horse owner's purses and payouts on winning pari-mutuel tickets.

The application must contain:

(a) the name and address of the applicant and, if it is a corporation or association, the names of all officers, directors, and shareholders, including those of any of its holding companies;

(b) if required by the commission, the names of any person or persons holding, directly, indirectly, or beneficially, an interest of any kind in the applicant or any of its holding companies, whether the interest is financial, administrative, policy-making, or supervisory;

(c) a statement of the assets and liabilities of the applicant;

(d) an affidavit of the type described in section 6, subdivision 1, clause (d);

(e) an irrevocable consent statement, to be signed by the applicant, which states that suits and actions relating to the subject matter of the application or acts or omissions arising from it may be commenced against the applicant in any court of competent jurisdiction in this state by the service on the secretary of state of any summons, process, or pleadings authorized by the laws of this state. If any summons, process, or pleadings is served upon the secretary of state, it must be by duplicate copies. One copy must be retained in the office of the secretary of state and the other copy must be forwarded immediately by certified mail to the address of the applicant, as shown by the records of the commission; and

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(f) an affirmative action plan establishing goals and timetables consistent with the Minnesota Human Rights Act, chapter 363.

Subd. 2. HEARINGS; INVESTIGATIONS. Before granting an initial class B license the commission shall hold at least one public hearing on the license. Comprehensive investigations must be conducted and their costs paid in the manner prescribed by section 6, subdivision 3. The commission has access to all criminal history data compiled by the bureau of criminal apprehension on class B licensees and applicants.

Subd. 3. LICENSE ISSUANCE. If after considering the information received from the hearing and investigations, the commission determines that the applicant will conduct horse racing in accordance with all applicable laws and rules, will not adversely affect the public health, welfare, and safety, that the license will not create a competitive situation that will adversely affect racing and the public interest and that the applicant is fit to sponsor and manage racing, the commission may issue a class B license. The license is for a period of one year.

Subd. 4. RENEWAL. On making the same determination as in subdivision 3, the commission may renew a class B license without a hearing unless it determines a hearing to be necessary.

Subd. 5. CHANGES IN OWNERSHIP. If a change in the officers, directors, or other persons with a direct or indirect financial or management interest in the licensee, or a change of ownership of more than five percent of the licensee's shares is made after the initial application or license issuance, the applicant or licensee must notify the commission of the changes within five days of their occurrence and provide the affidavit required in subdivision 1.

Subd. 6. LICENSE SUSPENSION AND REVOCATION. Suspension, revocation, and refusal to renew a class B license is as provided in section 6, subdivision 7. A license suspension or revocation or a refusal to renew a class B license, is a contested case under section 14.57 to 14.70 of the Administrative Procedure Act, and is in addition to criminal penalties imposed for a violation of law or rule.

Subd. 7. MULTIPLE LICENSES. A person may simultaneously hold one class A and one class B license.

#### **Sec. 8. [240.08] OCCUPATION LICENSES.**

Subdivision 1. AUTHORITY. The commission may issue class C occupational licenses to persons who wish to be employed in horse racing where pari-mutuel betting is conducted as:

- (a) horse owners or lessees;
- (b) jockeys or drivers;
- (c) exercise workers;

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(d) grooms;

(e) trainers and their assistants;

(f) pari-mutuel personnel;

(g) security officers;

(h) other occupations the commission by rule determines require licensing to ensure the integrity of horse racing in Minnesota.

Subd. 2. APPLICATION. An application for a class C license must be on a form the commission prescribes and must be accompanied by an affidavit of qualification that the applicant:

(a) is not in default in the payment of an obligation or debt to the state under this act;

(b) has never been convicted of a felony in a state or federal court and does not have a state or federal felony charge pending;

(c) is not and never has been connected with or engaged in an illegal business;

(d) has never been found guilty of fraud or misrepresentation in connection with racing or breeding;

(e) has never been found guilty of a violation of law or rule relating to horse racing, pari-mutuel betting or any other form of gambling which is a serious violation as defined by the commission's rules; and

(f) has never knowingly violated a rule or order of the commission or a law of Minnesota relating to racing.

The application must also contain an irrevocable consent statement, to be signed by the applicant, which states that suits and actions relating to the subject matter of the application or acts or omissions arising from it may be commenced against the applicant in any court of competent jurisdiction in this state by the service on the secretary of state of any summons, process, or pleadings authorized by the laws of this state. If any summons, process, or pleadings is served upon the secretary of state, it must be by duplicate copies. One copy must be retained in the office of the secretary of state and the other copy must be forwarded immediately by certified mail to the address of the applicant, as shown by the records of the commission.

Subd. 3. INVESTIGATIONS. The commission shall investigate each applicant for a class C license to the extent it deems necessary, and may request the assistance of and may reimburse the bureau of criminal apprehension in investigating applicants. The commission may by rule require that an applicant be fingerprinted or furnish his fingerprints. Investigations must be conducted and their costs paid in the manner prescribed by section 6, subdivision 3. The

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commission may cooperate with national and international organizations and agencies in conducting investigations. The commission may by rule provide for examining the qualifications of an applicant for the license for which he is applying. The commission has access to all criminal history data compiled by the bureau of criminal apprehension on class C applicants and licensees.

**Subd. 4. LICENSE ISSUANCE AND RENEWAL.** If the commission determines that the applicant is qualified for the occupation for which licensing is sought and will not adversely affect the public health, welfare, and safety or the integrity of racing in Minnesota, it may issue a class C license to the applicant. If it makes a similar finding for a renewal of a class C license it may renew the license. Class C licenses are effective for one year.

**Subd. 5. REVOCATION AND SUSPENSION.** The commission may revoke a class C license for a violation of law or rule which in the commission's opinion adversely affects the integrity of horse racing in Minnesota, or for an intentional false statement made in a license application.

The commission may suspend a class C license for up to one year for a violation of law, order or rule.

The commission may delegate to its designated agents the authority to impose suspensions of class C licenses, and the suspension may be appealed to the commission according to its rules.

A license revocation or suspension is a contested case under sections 14.57 to 14.70 of the Administrative Procedure Act and is in addition to criminal penalties imposed for a violation of law or rule.

#### Sec. 9. [240.09] COUNTY FAIR LICENSES.

**Subdivision 1. APPLICATION.** The commission may issue class D licenses to county agricultural societies or associations incorporated under chapter 38 or nonprofit corporations in existence on April 21, 1951 and operating fairs, to conduct and manage, on their own fairgrounds, horse racing on which pari-mutuel betting is conducted. An application for a class D license must be on a form the commission prescribes and must be accompanied by a certified copy of a resolution of the county board of the county where racing is to be conducted stating that it has reviewed the license application and does not object to it. An application for a class D license must be accompanied by detailed plans and specifications of the track, buildings, fences, and other improvements.

**Subd. 2. OCCUPATIONAL LICENSES.** A person who participates in the management or conduct of horse racing or pari-mutuel betting for a county fair holding a class D license who is in an occupation listed in section 8, subdivision 1 must have a class C license from the commission except for active members, as defined in section 349.12, of nonprofit organizations who act without compensation as concession workers or pari-mutuel clerks.

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

Subd. 3. HEARING. Before granting an initial application for a class D license, the commission must hold at least one public hearing in the county where the license is to be issued, and if the racetrack to be licensed is within a city, it must also request comments on the application from the city council.

Subd. 4. ISSUANCE. If after considering the information received at the hearing or hearings and considering the comments requested under subdivision 3, the commission determines that the license will not adversely affect the public health, welfare, and safety and that the racing to be licensed will be conducted in accordance with all applicable laws and rules, it may issue a class D license to the applicant. The license is for a period of one year.

Subd. 5. RENEWAL. On making the same determination as in subdivision 4, the commission may renew a class D license without a hearing unless it determines a hearing is necessary.

Subd. 6. REVOCATION AND SUSPENSION. Revocation and suspension of class D licenses, and refusals to renew class D licenses, are as provided in section 6, subdivision 7. A license suspension or revocation or a refusal to renew a class D license is a contested case under sections 14.57 to 14.70 of the Administrative Procedure Act and is in addition to criminal penalties imposed for a violation of law or rule.

#### Sec. 10. [240.10] LICENSE FEES.

The fee for a class A license is \$10,000 per year. The fee for a class B license is \$100 for each assigned racing day on which racing is actually conducted. The fee for a class D license is \$50 for each assigned racing day on which racing is actually conducted. Fees imposed on class B and class D licenses must be paid to the commission at a time and in a manner as provided by rule of the commission.

The commission shall by rule establish an annual license fee for each occupation it licenses under section 8 but no annual fee for a class C license may exceed \$100.

License fee payments received must be paid by the commission to the state treasurer for deposit in the general fund.

#### Sec. 11. [240.11] LICENSES NONTRANSFERABLE.

A license issued under this act may not be transferred.

#### Sec. 12. [240.12] LICENSE AGREEMENTS.

The commission may enter into agreements with comparable bodies in other racing jurisdictions for the mutual recognition of occupational licenses issued by each body. The commission may by rule provide for and may charge a fee for the registration of each license issued in another jurisdiction.

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

**Sec. 13. [240.13] PARI-MUTUEL BETTING.**

Subdivision 1. AUTHORIZED. Class B and class D licenses give the licensees authority to conduct pari-mutuel betting on the results of races run at the licensed racetrack, and on other races as authorized by the commission under subdivision 6.

Subd. 2. REQUIREMENTS. A licensee conducting pari-mutuel betting must provide at the licensed track:

(a) the necessary equipment for issuing pari-mutuel tickets; and

(b) mechanical or electronic equipment for displaying information the commission requires. All mechanical or electronic devices must be approved by the commission before being used.

Subd. 3. TYPES OF BETTING. The commission shall by rule designate those types of pari-mutuel pools which are permitted at licensed racetracks, and no licensee may conduct any type of pari-mutuel pool which has not been so designated.

Subd. 4. TAKEOUT; DISTRIBUTION OF WINNINGS. A licensee conducting pari-mutuel betting must deduct from a straight pari-mutuel pool, before payments to holders of winning tickets, an amount equal to 17 percent of the total money in that pool. The licensee must deduct from a multiple pari-mutuel pool, before payments to the holders of winning tickets, an amount equal to 23 percent of the total money in that pool. The remaining money in each pool must be distributed among the holders of winning tickets in a manner the commission by rule prescribes for each type of pool. Breakage must be computed on the basis of payoffs rounded down to the next lowest increment of 20 cents, with a minimum payoff of \$2.20 on a \$2 ticket, except that the licensee may reduce the minimum payoff to \$2.10 on a \$2 ticket if there is not a sufficient amount in a pool to make a minimum payoff of \$2.20.

Subd. 5. PURSES. From the amounts deducted from all pari-mutuel pools by a licensee, an amount equal to five percent of all money in all pools must be set aside by the licensee and used for purses for races conducted by him. The commission may by rule provide for the administration and enforcement of this subdivision.

Subd. 6. TELEVISED RACES. The commission may by rule permit a class B or class D licensee to conduct on the premises of the licensed racetrack pari-mutuel betting on horse races run in other states and broadcast by television on the premises. All provisions of law governing pari-mutuel betting apply to pari-mutuel betting on televised races except as otherwise provided in this subdivision or in the commission's rules. Pari-mutuel pools conducted on such televised races may consist only of money bet on the premises and may not be commingled with any other pool off the premises, except that:

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

(a) the licensee may pay a fee to the person or entity conducting the race for the privileges of conducting pari-mutuel betting on the race, and

(b) the licensee may pay the costs of transmitting the broadcast of the race.

Pari-mutuel betting on a televised race may be conducted only on a racing day assigned by the commission. The takeout and taxes on pari-mutuel pools on televised races are as provided for other pari-mutuel pools. All televised races under this subdivision must comply with the Interstate Horse Racing Act of 1978 as found in United States Code, title 15, section 3001 and the following relevant sections.

Subd. 7. TIME LIMIT FOR PAYMENTS. The licensee must pay off on an uncashed ticket presented for payment within 90 days of the end of the racing meeting during which it was issued. A ticket not presented for payment within that period is an unredeemed ticket and shall be reported to the commission as provided in section 15, subdivision 5.

Subd. 8. PROHIBITED ACTS. A licensee may not accept a bet from any person under the age of 18 years; and a licensee may not accept a bet of less than \$2.

#### **Sec. 14. [240.14] RACING DAYS.**

Subdivision 1. ASSIGNMENT OF RACING DAYS. The commission shall assign racing days to each racetrack licensee authorized to conduct racing with pari-mutuel betting, and a licensee may conduct racing with pari-mutuel betting only on a racing day assigned by the commission. The commission may assign racing days for up to three years beyond the year in which the assignment is made. Assignments of racing days in any year must be made by July 1 of the previous year, except that days may be assigned after that date to a licensee whose license is issued after that date.

Subd. 2. HEARING. A public hearing is required before the commission may:

(a) make an assignment of racing days;

(b) revise the assignment during the year; or

(c) assign racing days to a licensee whose license is issued after the initial assignment.

The commission may without a hearing assign one additional racing day to a licensee for each originally assigned racing day during the same racing meeting on which racing was not conducted for reasons beyond the licensee's control.

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

Subd. 3. COUNTY FAIR RACING DAYS. The commission may assign to a class D licensee only those racing days, not to exceed ten racing days, which coincide with the days on which the licensee's county fair is running or the weekend preceding or following the county fair.

Subd. 4. RESCINDING OF RACING DAYS. The commission may, after a public hearing, rescind one or more racing days assigned to a licensee if it determines that the licensee has not met or will not meet the terms of his license. A day or days so rescinded may be reassigned to another licensee.

**Sec. 15. [240.15] PAYMENTS TO STATE.**

Subdivision 1. TAXES IMPOSED. (a) There is imposed on the total amount bet on all pari-mutuel pools on each racing day a tax at the following rates:

(1) For each racing day in a calendar year on which the total amount bet, together with the total amount bet at the same licensed racetrack in all previous racing days in the same calendar year does not exceed \$48,000,000, 1-3/4 percent of the total amount bet in all pari-mutuel pools.

(2) For each racing day in a calendar year after the racing day on which the total amount bet in all pari-mutuel pools at the same licensed racetrack in the same calendar year exceeds \$48,000,000, six percent of the total amount bet in all pari-mutuel pools.

In addition to the above tax, the licensee must designate and pay to the commission a tax for deposit in the Minnesota breeders fund, at the following rates:

(1) For racing days on which the state tax under clause (a)(1) is 1-3/4 percent, one-half percent of the total amount bet in all pari-mutuel pools.

(2) For racing days on which the state tax under clause (a)(2) is six percent, one percent of the total amount bet in all pari-mutuel pools.

The taxes imposed by this clause must be paid from the amounts permitted to be withheld by a licensee under section 13, subdivision 4.

(b) The commission shall impose on each paid admission to each licensed racetrack on a racing day a tax of 40 cents. It may impose an additional admissions tax of not more than ten cents at any licensed racetrack if:

(1) the additional tax is requested by a local unit of government within whose borders the track is located;

(2) a public hearing is held on the request; and

(3) the commission finds that the local unit of government requesting the additional tax is in need of its revenue to meet extraordinary expenses caused by the racetrack.

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Subd. 2. PAYMENT. The licensee must remit the tax to the commission or its representative within seven days of the day on which it was collected. In addition to the tax and at that time the licensee must pay to the commission or its representative a sum equal to one-half the total breakage for each racing day during the period for which the tax is paid. The payments must be accompanied by a detailed statement of the remittance on a form the commission prescribes. The commission may by rule provide for the direct deposit of required payments in the commission's account in a financial institution within the state and for determining the time of applicability of different tax rates under subdivision 1.

Subd. 3. TAX EXCLUSIVE. The tax imposed by subdivision 1 is in lieu of any tax or license fee, other than taxes on real property, imposed by a political subdivision and in lieu of any other sales or excise tax imposed by the state on racetrack admissions or pari-mutuel pools or pari-mutuel ticket sales.

Subd. 4. REPORTS. Within 100 days of the end of a racing meeting a licensee subject to the tax imposed by subdivision 1 must file with the commission a certified statement of receipts from all sources during the racing meeting and of expenses and disbursements, itemized on a form the commission prescribes after consultation with the state auditor, showing the licensee's net revenues from all sources. The statement must be prepared by a certified public accountant in accordance with generally accepted auditing standards.

Subd. 5. UNREDEEMED TICKETS. Not later than 100 days after the end of a racing meeting a licensee who sells pari-mutuel tickets must remit to the commission or its representative an amount equal to the total value of unredeemed tickets from the racing meeting. The remittance must be accompanied by a detailed statement of the money on a form the commission prescribes.

Subd. 6. DISPOSITION OF PROCEEDS. The commission shall distribute all money received under this section, and all money received from license fees and fines it collects, as follows: all money designated for deposit in the Minnesota breeders fund must be paid into that fund for distribution under section 18. Revenue from an additional admissions tax imposed under subdivision 1 must be paid to the local unit of government at whose request it was imposed, at times and in a manner the commission determines. All other revenues received under this section by the commission, and all license fees, fines, and other revenue it receives, must be paid to the state treasurer for deposit in the general fund.

**Sec. 16. [240.16] STEWARDS.**

Subdivision 1. POWERS AND DUTIES. All horse races run at a licensed racetrack must be presided over by a board of three stewards, who must be appointees of the commission or persons approved by it. The commission shall designate one steward as chairman. At least two stewards for all races shall be employees of the commission and they shall serve in the unclassified service.

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

The commission may delegate the following duties and powers to a board of stewards:

- (a) to ensure that races are run in accordance with the commission's rules;
- (b) to supervise the conduct of racing to ensure the integrity of the sport;
- (c) to settle disputes arising from the running of horse races, and to certify official results;
- (d) to impose on licensees, for violation of law or commission rules, fines not exceeding \$500 and license suspensions not exceeding 30 days;
- (e) to recommend to the commission where warranted penalties in excess of those in clause (d);
- (f) to otherwise enforce the laws and rules of racing; and
- (g) to perform other duties and have other powers assigned by the commission.

Subd. 2. APPEALS; HEARINGS. A ruling of a board of stewards may be appealed to the commission or be reviewed by it on its own initiative. The commission may provide for appeals to be heard by less than a quorum of the commission. A hearing on a penalty imposed by a board of stewards must be granted on request.

Subd. 3. PROCEDURAL POWERS. A board of stewards has the authority to administer oaths, issue subpoenas, order the production of documents and other evidence, and regulate the course of hearings before it, according to the commission's rules. Hearings held by a board of stewards are not subject to the provisions of the Administrative Procedure Act except those provisions which the commission by rule makes applicable.

Subd. 4. RULES. In addition to rules under subdivision 3, the commission may promulgate rules governing the qualifications, appointment, approval, authority, removal, and compensation of stewards.

Subd. 5. COSTS. The commission may require that a licensee reimburse it for the costs of providing a state-paid steward or stewards to supervise racing at the licensee's racetrack.

Subd. 6 COMPENSATION. The total compensation of stewards who are not employees of the division must be commensurate with the compensation of stewards who are division employees

#### Sec. 17. [240.17] LOCAL OPTION.

Subdivision 1. CITIES. An issuance of a class A license for a location in a city is not effective until it has been approved by a majority vote of the city

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council. Failure to act on a license within 30 days of its referral to a city council by the commission constitutes approval.

Subd. 2. TOWNS. An issuance of a class A license for a location in a town is not effective until it has been approved by a majority vote of the town board. Failure to act on a license within 30 days of its referral to the town board by the commission constitutes approval.

Subd. 3. UNORGANIZED TERRITORY. An issuance of a class A license for a location in unorganized territory is not effective until it has been approved by a majority vote of the county board. Failure to act on a license within 30 days of its referral to the county board by the commission constitutes approval.

**Sec. 18. [240.18] BREEDERS FUND.**

The commission shall establish a Minnesota breeders fund with the money paid to it under section 15, subdivision 1. The commission, after paying the costs of administering the fund, shall distribute the net proceeds as follows:

(1) Twenty percent of the remaining money in the fund must be expended as grants for equine research and related education at public institutions of post-secondary learning within the state.

(2) After deducting the amount for (1), the balance of the fund shall be apportioned into categories corresponding with the various breeds of horses which raced at licensed Minnesota racetracks in the previous year, in proportion to each category's contribution to the fund. The funds in each category may be expended by the commission to:

(a) supplement purses for races held exclusively for Minnesota-bred, Minnesota-foaled or Minnesota-owned horses until January 1, 1986, and for Minnesota-bred and Minnesota-foaled horses after that date;

(b) pay breeders or owners awards to the breeders or owners of Minnesota-bred horses which win money at licensed racetracks in the state; and

(c) provide other financial incentives to encourage the horse breeding industry in Minnesota.

The commission shall adopt rules governing the distribution of the fund. The commission may establish advisory committees to advise it on the distribution of money under this section, provided that the members of an advisory committee shall serve without compensation.

**Sec. 19. [240.19] CONTRACTS.**

The commission shall by rule require that all contracts entered into by a class A, class B, or class D licensee for the provision of goods or services, including concessions contracts, be subject to commission approval. The rules

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must require that the contract include an affirmative action plan establishing goals and timetables consistent with the Minnesota Human Rights Act, chapter 363. The commission may require a contract holder to submit to it documents and records the commission deems necessary to evaluate the contract.

**Sec. 20. [240.20] APPEALS.**

Appeals from a decision of the commission must be made in the manner prescribed by sections 14.63 to 14.68.

**Sec. 21. [240.21] RIGHT OF INSPECTION.**

The commission and its representatives have the right to inspect the licensed premises of a licensee and to examine his books and other records at any time without a search warrant.

**Sec. 22. [240.22] FINES.**

The commission shall by rule establish a graduated schedule of civil fines for violations of laws related to horse racing or of the commission's rules. The schedule must include minimum and maximum fines for each violation and be based on and reflect the culpability, frequency and severity of the violator's actions. The commission may impose a fine from this schedule on a licensee for a violation of those rules or laws relating to horse racing. The fine is in addition to any criminal penalty imposed for the same violation. Fines imposed by the commission must be paid to the commission and forwarded to the state treasurer for deposit in the general fund. A fine is a contested case under the Administrative Procedure Act.

**Sec. 23. [240.23] RULEMAKING AUTHORITY.**

The commission has the authority, in addition to all other rulemaking authority granted elsewhere in this act, to promulgate rules governing:

(a) the conduct of horse races held at licensed racetracks in Minnesota, including but not limited to the rules of racing, standards of entry, operation of claiming races, filing and handling of objections, carrying of weights, and declaration of official results;

(b) wire communications between the premises of a licensed racetrack and any place outside the premises;

(c) information on horse races which is sold on the premises of a licensed racetrack;

(d) liability insurance which it may require of all class A, class B, and class D licensees;

(e) the auditing of the books and records of a licensee by an auditor employed or appointed by the commission;

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(f) emergency action plans maintained by licensed racetracks and their periodic review;

(g) safety, security, and sanitation of stabling facilities at licensed racetracks;

(h) entry fees and other funds received by a licensee in the course of conducting racing which the commission determines must be placed in escrow accounts; and

(i) any other aspect of horse racing or pari-mutuel betting which in its opinion affects the integrity of racing or the public health, welfare, or safety.

Rules of the commission are subject to chapter 14, the Administrative Procedure Act.

**Sec. 24. [240.24] MEDICATION.**

The commission shall make and enforce rules governing medication and medical testing for horses running at licensed racetracks. The rules must provide that no medication, as the commission defines that term by rule, may be administered to a horse within 48 hours of a race it runs at a licensed racetrack. The commission shall by rule establish the qualifications for laboratories used by it as testing laboratories to enforce its rules under this section.

**Sec. 25. [240.25] PROHIBITED ACTS.**

Subdivision 1. ILLEGAL BETS. No person may place or accept a bet as defined in section 609.75 on the premises of a licensed racetrack other than a bet made within a licensed pari-mutuel system.

Subd. 2. OFF-TRACK BETS. No person may, as part of an organized commercial activity, place or accept a bet off the premises of a licensed racetrack for delivery to a licensed racetrack.

Subd. 3. INFLUENCING RACES. No person may influence or attempt to influence a horse race by:

(a) making threats;

(b) offering anything of value to a person involved in the conduct of a race in return for that person's committing an illegal act or failing to perform a duty; or

(c) conniving with or seeking or having an understanding or agreement with a person involved in the conduct of a race to commit an illegal act or to fail to perform a duty.

Subd. 4. TAMPERING WITH HORSES. No person may:

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(a) on the premises of a licensed racetrack use, have in his possession with intent to use, or knowingly assist another person in using a battery or buzzer, electrical or mechanical, or other device or appliance, which can be used to affect a horse's racing condition or performance, other than an ordinary whip;

(b) affect or attempt to affect the racing condition or performance of a horse at a race or workout through the use of a drug or medication in violation of the commission's rules; or

(c) use any method, injurious or otherwise, to affect a horse's racing condition or performance at a race or workout in violation of the commission's rules.

**Subd. 5. REPORTING OF INFORMATION.** A person licensed by the commission who has information regarding a violation of any provision of this section must report that information promptly to the commission or an agent of the commission.

**Subd. 6. FALSE STATEMENT.** No person may knowingly make a false statement in a document or application required to be submitted to the commission or in a sworn statement to or testimony before the commission.

**Subd. 7. ALTERED TICKETS.** No person may knowingly offer for payment any pari-mutuel ticket which has been altered or any counterfeit or forged pari-mutuel ticket.

**Sec. 26. [240.26] PENALTIES.**

**Subdivision 1. FELONIES.** A violation of the prohibition against accepting a bet in section 25, subdivisions 1 and 2, and a violation of section 25, subdivisions 3, 4, and 7 is a felony.

**Subd. 2. GROSS MISDEMEANORS.** A violation of the prohibition against placing a bet in section 25, subdivisions 1 and 2, and a violation of section 25, subdivisions 5 and 6, is a gross misdemeanor.

**Subd. 3. MISDEMEANORS.** A violation of any other provision of this act or of a rule or order of the commission for which another penalty is not provided is a misdemeanor.

**Sec. 27. [240.27] EXCLUSION OF CERTAIN PERSONS.**

**Subdivision 1. PERSONS EXCLUDED.** The commission may exclude from any and all licensed racetracks in the state a person who:

(a) has been convicted of a felony under the laws of any state or the United States;

(b) has had a license suspended, revoked, or denied by the commission or by the racing authority of any other jurisdiction; or

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(c) is determined by the commission, on the basis of evidence presented to it, to be a threat to the integrity of racing in Minnesota.

**Subd. 2. HEARING; APPEAL.** An order to exclude a person from any or all licensed racetracks in the state must be made by the commission at a public hearing of which the person to be excluded must have at least five days' notice. If the person is present at the hearing, he must be permitted to show cause why he should not be excluded. An appeal of the order may be made in the same manner as other appeals under section 20.

**Subd. 3. NOTICE TO RACETRACKS.** Upon issuing an order excluding a person from any or all licensed racetracks, the commission shall send a copy of the order to the excluded person and to all racetracks named in it, along with other information as it deems necessary to permit compliance with the order.

**Subd. 4. PROHIBITIONS.** It is a gross misdemeanor for a person named in an exclusion order to enter, attempt to enter, or be on the premises of a racetrack named in the order while it is in effect, and for a person licensed to conduct racing or operate a racetrack knowingly to permit an excluded person to enter or be on the premises.

**Subd. 5. EXCLUSIONS BY RACETRACK.** The holder of a license to conduct racing may eject and exclude from its premises any licensee or any other person who is in violation of any state law or commission rule or order or who is a threat to racing integrity or the public safety. A person so excluded from racetrack premises may appeal his exclusion to the commission and must be given a public hearing on his appeal if he so requests. At the hearing he must be given the opportunity to show cause why he should not be so excluded. If the commission after the hearing finds that the integrity of racing and the public safety do not justify the exclusion, it shall order the racetrack making the exclusion to reinstate or readmit the person. An appeal of a commission order upholding the exclusion is governed by section 20.

**Sec. 28. [240.28] CONFLICT OF INTEREST.**

**Subdivision 1. FINANCIAL INTEREST.** No person may serve on the commission or be employed by it who has an interest in any corporation, association, or partnership which holds a license from the commission or which holds a contract to supply goods or services to a licensee or at a licensed racetrack, including concessions contracts. No member or employee of the commission may own, wholly or in part, or have an interest in a horse which races at a licensed racetrack in Minnesota. No member or employee of the commission may have a financial interest in or be employed in a profession or business which conflicts with the performance of his duties as a member or employee.

**Subd. 2. BETTING.** No member or employee of the commission may bet or cause a bet to be made on a race at a licensed racetrack while serving on or

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being employed by the commission. No person appointed or approved by the commission as a steward may bet or cause a bet to be made at a licensed racetrack during a racing meeting at which he is serving as a steward. The commission shall by rule prescribe such restrictions on betting by its licensees as it deems necessary to protect the integrity of racing.

Subd. 3. VIOLATION. A violation of subdivisions 1 and 2 is grounds for removal from the commission or termination of employment. A bet made directly or indirectly by a licensee in violation of a rule made by the commission under subdivision 2 is grounds for suspension or revocation of the license.

Sec. 29. [240.29] **REQUIRED RACES.**

Each holder of a class B or D license must declare and schedule, on each racing day it conducts, at least one race which;

(a) before January 1, 1986, is limited to horses which are Minnesota-bred, Minnesota-foaled or Minnesota-owned, and

(b) on and after January 1, 1986, is limited to horses which are Minnesota-bred or Minnesota-foaled.

If there is not a sufficient number of such horses entered in the declared race to make up an adequate slate of entries, another race may be substituted.

The commission shall by rule define "Minnesota-bred," "Minnesota-foaled" and "Minnesota-owned."

Sec. 30. Minnesota Statutes 1982, section 10A.09, subdivision 1, is amended to read:

Subdivision 1. **TIME FOR FILING.** Except for a candidate for elective office in the judicial branch, an individual shall file a statement of economic interest with the board:

(a) Within 60 days of accepting employment as a public official; ~~or~~

(b) Within 14 days after filing an affidavit of candidacy or petition to appear on the ballot for an elective public office; ~~or~~

(c) In the case of a public official requiring the advice and consent of the senate, prior to the submission of his name to the senate, and in any event, within 60 days after he undertakes the duties of his office; or

(d) In the case of members of the Minnesota racing commission, and its executive secretary, chief of security, medical officer, inspector of pari-mutuels and stewards employed or approved by the commission or persons who fulfill those duties under contract, within 60 days of accepting or assuming duties.

Sec. 31. Minnesota Statutes 1982, section 10A.09, subdivision 5, is amended to read:

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Subd. 5. **FORM.** A statement of economic interest required by this section shall be on a form prescribed by the board. The individual filing shall provide the following information:

(a) His name, address, occupation and principal place of business;

(b) The name of each business with which he is associated and the nature of that association;

(c) A listing of all real property within the state, excluding homestead property, in which he holds: (i) a fee simple interest, a mortgage, a contract for deed as buyer or seller, or an option to buy, whether direct or indirect, and which interest is valued in excess of \$2,500; or (ii) an option to buy, which property has a fair market value of \$50,000 or more; and

(d) A listing of all real property within the state in which a partnership of which he is a member holds: (i) a fee simple interest, a mortgage, a contract for deed as buyer or seller, or an option to buy, whether direct or indirect, if his share of the partnership interest is valued in excess of \$2,500 or (ii) an option to buy, which property has a fair market value of \$50,000 or more. Any listing under clause (c) or (d) shall indicate the street address and the municipality or the section, township, range and approximate acreage, whichever applies, and the county wherein the property is located; and

(e) A listing of any investments, ownership, or interests in property connected with pari-mutuel horse racing in the United States and Canada, including a race horse, in which he directly or indirectly holds a partial or full interest or an immediate family member holds a partial or full interest.

Sec. 32. Minnesota Statutes 1982, section 38.04, is amended to read:

#### 38.04 ANNUAL MEETINGS; REPORTS.

Every county agricultural society shall hold an annual meeting for the election of officers and the transaction of other business on or before the third Tuesday in November, each year, at which time its secretary shall make a report of its proceedings for the preceding year; this report shall contain a statement of all transactions at its fairs, the numbers of entries, the amount and source of all moneys received, and the amount paid out for premiums and other purposes, and show in detail its entire receipts and expenditures during the year. The report must contain a separate accounting of any income received from the operation of horse racing on which pari-mutuel betting is conducted, and of the disposition of that income.

The treasurer shall make a comprehensive report of the funds received, paid out, and on hand, and upon whose order paid. Each secretary shall cause a certified copy of his annual report to be filed with the county recorder of the county and the commissioner of agriculture on or before the first day of November, each year.

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

Sec. 33. Minnesota Statutes 1982, section 340.11, is amended by adding a subdivision to read:

Subd. 22. LICENSES AT RACETRACKS. An on-sale intoxicating liquor license issued by a municipality to a location at a racetrack licensed under chapter 240 may not be transferred and is in addition to the number of on-sale intoxicating liquor licenses authorized by subdivision 5a.

Sec. 34. Minnesota Statutes 1982, section 609.75, subdivision 1, is amended to read:

Subdivision 1. **LOTTERY.** (a) A lottery is a plan which provides for the distribution of money, property or other reward or benefit to persons selected by chance from among participants some or all of whom have given a consideration for the chance of being selected.

(b) An in-package chance promotion is not a lottery if all of the following are met:

(1) participation is available, free and without purchase of the package, from the retailer or by mail or toll-free telephone request to the sponsor for entry or for a game piece;

(2) the label of the promotional package and any related advertising clearly states any method of participation and the scheduled termination date of the promotion;

(3) the sponsor on request provides a retailer with a supply of entry forms or game pieces adequate to permit free participation in the promotion by the retailer's customers;

(4) the sponsor does not misrepresent a participant's chances of winning any prize;

(5) the sponsor randomly distributes all game pieces and maintains records of random distribution for at least one year after the termination date of the promotion;

(6) all prizes are randomly awarded if game pieces are not used in the promotion; and

(7) the sponsor provides on request of a state agency a record of the names and addresses of all winners of prizes valued at \$100 or more, if the request is made within one year after the termination date of the promotion.

(c) Except as provided by section 349.40, acts in this state in furtherance of a lottery conducted outside of this state are included notwithstanding its validity where conducted.

Sec. 35. Minnesota Statutes 1982, section 609.75, subdivision 3, is amended to read:

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

Subd. 3. **WHAT ARE NOT BETS.** The following are not bets:

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

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

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

(4) The game of bingo when conducted in compliance with sections 349.11 to 349.23.

(5) A private social bet not part of or incidental to organized, commercialized, or systematic gambling.

(6) The operation of a gambling device or the conduct of a raffle as defined in section 349.26, by an organization licensed for such operation by a local unit of government pursuant to section 349.26.

(7) Pari-mutuel betting on horse racing when conducted under chapter 240.

Sec. 36. Minnesota Statutes 1982, section 609.75, is amended by adding a subdivision to read:

Subd. 7. **SPORTS BOOKMAKING.** Sports bookmaking is the activity of intentionally receiving, recording or forwarding in any one day more than five bets or offers to bet totaling more than \$1,500 on the outcome of an organized sporting event.

Sec. 37. Minnesota Statutes 1982, section 609.76, is amended to read:

**609.76 OTHER ACTS RELATING TO GAMBLING.**

Subdivision 1. **GROSS MISDEMEANORS.** Whoever does any of the following may be sentenced to imprisonment for not more than one year or to payment of a fine of not more than \$1,000, or both:

(1) Maintains or operates a gambling place or operates a bucket shop; ~~or~~

(2) Intentionally participates in the income of a gambling place or bucket shop; ~~or~~

(3) Conducts a lottery, or, with intent to conduct a lottery, possesses facilities for doing so; ~~or~~

(4) Sets up for use for the purpose of gambling, or collects the proceeds of, any gambling device or bucket shop; ~~or~~

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(5) With intent that it shall be so used, manufactures, sells or offers for sale, in whole or any part thereof, any gambling device including those defined in section 349.30, subdivision 2, and any facility for conducting a lottery, except as provided by section 349.40; or

(6) Receives, records, or forwards bets or offers to bet or, with intent to receive, record, or forward bets or offers to bet, possesses facilities to do so.

**Subd. 2. FELONY GAMBLING.** Whoever engages in sports bookmaking is guilty of a felony.

Sec. 38. Minnesota Statutes 1982, section 609.761, is amended to read:

Notwithstanding sections 609.755 and 609.76, a fraternal, religious, veterans or other nonprofit organization may set up or operate a gambling device or conduct a raffle as defined in section 349.26, if licensed by the local unit of government and conducted pursuant to under section 349.26, and a person may manufacture, sell or offer for sale a gambling device to the organization, and pari-mutuel betting on horse racing may be conducted under chapter 240.

**Sec. 39. [609.762] FORFEITURE OF GAMBLING DEVICES, PRIZES AND PROCEEDS.**

**Subdivision 1. FORFEITURE.** The following are subject to forfeiture:

(a) Devices used or intended for use, including those defined in section 349.30, subdivision 2, as a gambling device, except as authorized in section 349.11 to 349.23 and 349.40;

(b) All moneys, materials, and other property used or intended for use as payment to participate in gambling or a prize or receipt for gambling;

(c) Books, records, and research products and materials, including formulas, microfilm, tapes, and data used or intended for use in gambling; and

(d) Property used or intended to be used to illegally influence the outcome of a horse race.

**Subd. 2. SEIZURE.** Property subject to forfeiture under subdivision 1 may be seized by any law enforcement agency upon process issued by any court having jurisdiction over the property. Seizure without process may be made if:

(a) the seizure is incident to an arrest or a search under a search warrant;

(b) the property subject to seizure has been the subject of a prior judgment in favor of the state in a criminal injunction or forfeiture proceeding; or

(c) the law enforcement agency has probable cause to believe that the property was used or is intended to be used in a gambling violation and the delay occasioned by the necessity to obtain process would result in the removal, loss, or destruction of the property.

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

Subd. 3. NOT SUBJECT TO REPLEVIN. Property taken or detained under subdivision 2 is not subject to a replevin action, but is considered to be in the custody of the law enforcement agency subject only to the orders and decrees of the court having jurisdiction over the forfeiture proceedings.

Subd. 4. PROCEDURES. Property must be forfeited after a conviction, for a gambling violation according to the following procedure:

(a) a separate complaint must be filed against the property describing it, charging its use in the specified violation, and specifying the time and place of its unlawful use;

(b) if the person charged with a gambling offense is acquitted, the court shall dismiss the complaint and order the property returned to the persons legally entitled to it; and

(c) if after conviction the court finds the property, or any part of it, was used in violation as specified in the complaint, it shall order that the property be sold or retained by the law enforcement agency for official use. Proceeds from the sale of forfeited property may be retained for official use and shared equally between the law enforcement agency investigating the offense involved in the forfeiture and the prosecuting agency that prosecuted the offense involved in the forfeiture and handled the forfeiture proceedings.

Subd. 5. EXCEPTION. Property may not be seized or forfeited under this section if the owner shows to the satisfaction of the court that he had no notice or knowledge or reason to believe that the property was used or intended to be used in violation of this section

#### Sec. 40. APPROPRIATION.

Subdivision 1. There is appropriated from the general fund to the Minnesota racing commission, for the purposes of sections 1 to 29, the sum of \$247,000 for the year ending June 30, 1984, and \$344,300 for the year ending June 30, 1985. Notwithstanding the provisions of section 16A.28, the appropriation is available until expended.

Subd. 2. There is appropriated from the general fund to the Minnesota racing commission the sum of \$150,000 to carry out the purposes of this act, to be available only with the approval of the governor after consultation with the legislative advisory commission pursuant to Minnesota Statutes, section 3.30. This appropriation is available for the year ending June 30, 1985.

#### Sec. 41. EFFECTIVE DATE.

This act is effective the day following final enactment.

Approved May 23, 1983

Changes or additions are indicated by underline, deletions by ~~strikeout~~.