

Subd. 4. No financial institution or other person making a mortgage loan may require a borrower to use any particular licensed attorney, real estate broker, real estate salesperson, or real estate closing agent in connection with a residential real estate closing.

Sec. 7. CONSTRUCTION.

Nothing in this act shall be construed to imply that fees charged for closing services before its enactment constituted the unauthorized practice of law.

Sec. 8. NONSEVERABILITY.

If section 4 or section 6, subdivision 1, is found to be unconstitutional or otherwise inoperative, the entire act shall be void and without effect.

Sec. 9. EFFECTIVE DATES.

Sections 2, 3, 4, 5 and 6, subdivision 1, take effect the day after final enactment. The other sections and subdivisions take effect January 1, 1989.

Approved April 28, 1988

CHAPTER 696—H.F.No. 2537

An act relating to horse racing; increasing the minimum required purses; changing the date when the racetrack must submit its financial statement to the racing commission; allowing the breeders' fund to be used to supplement purses for Minnesota horses racing in nonrestricted races; decreasing the pari-mutuel tax; amending Minnesota Statutes 1986, sections 240.01, by adding a subdivision; 240.13, subdivisions 4 and 6; 240.15, subdivisions 1, 2, 3, 4, and 6; and 240.18; Minnesota Statutes 1987 Supplement, section 240.13, subdivision 5.

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

Section 1. Minnesota Statutes 1986, section 240.01, is amended by adding a subdivision to read:

Subd. 12. AVERAGE DAILY HANDLE. "Average daily handle" means the total amount bet in all pari-mutuel pools at a licensed racetrack during the racing meeting divided by the number of days that horse racing was conducted at the racetrack during the racing meeting.

Sec. 2. Minnesota Statutes 1986, section 240.13, subdivision 4, is amended to read:

Subd. 4. TAKEOUT; DISTRIBUTION OF WINNINGS. A licensee conducting pari-mutuel betting must deduct from a straight pari-mutuel pool, before

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payments to holders of winning tickets, an amount equal to not more than 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 not more than 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.

Sec. 3. Minnesota Statutes 1987 Supplement, section 240.13, subdivision 5, is amended to read:

Subd. 5. PURSES. (a) From the amounts deducted from all pari-mutuel pools by a licensee, an amount equal to not less than ~~five percent~~ the following percentages of all money in all pools must be set aside by the licensee and used for purses for races conducted by the licensee, provided that a licensee may agree by contract with an organization representing a majority of the horsepersons racing the breed involved to set aside amounts in addition to the following percentages:

(1) For a licensee conducting a racing meeting with an average daily handle of \$500,000 or less, four percent of the average daily handle times the number of racing days in that meeting.

(2) For a licensee conducting a racing meeting with an average daily handle of more than \$500,000 but not more than \$750,000, six percent of the average daily handle times the number of racing days in that meeting.

(3) For a licensee conducting a racing meeting with an average daily handle of more than \$750,000, 8.4 percent of the first \$1 million in average daily handle times the number of racing days in that meeting.

The commission may by rule provide for the administration and enforcement of this subdivision.

(b) From the money set aside for purses, the licensee shall pay to the horseperson's organization representing the majority of the horsepersons racing the breed involved and contracting with the licensee with respect to purses and the conduct of the racing meetings and providing representation, benevolent programs, benefits, and services for horsepersons and their on-track employees, an amount, sufficient to perform these services, as may be determined by agreement by the licensee and the horseperson's organization. The amount paid may be deducted only from the money set aside for purses to be paid in races for the breed represented by the horseperson's organization. With respect to racing meetings where more than one breed is racing, the licensee may contract independently with the horseperson's organization representing each breed racing.

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(c) Notwithstanding sections 325D.49 to 325D.66, a horseperson's organization representing the majority of the horsepersons racing a breed at a meeting, and the members thereof, may agree to withhold horses during a meeting.

Sec. 4. Minnesota Statutes 1986, section 240.13, subdivision 6, is amended to read:

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:

(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. In lieu of the purse requirement established by section 240.13, subdivision 5, the licensee shall set aside for purses one-half of the take-out from the amount bet on televised races after the payment of fees and taxes. For the purposes of purse distribution under section 240.13, subdivision 5, the average daily handle shall not include amounts bet in pari-mutuel pools on televised races.

Sec. 5. Minnesota Statutes 1986, section 240.15, subdivision 1, is amended to read:

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 rate of six percent of the total amount withheld from all pari-mutuel pools by the licensee, including breakage and amounts withheld under section 240.13, subdivision 4.

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In addition to the above tax, the licensee must designate and pay to the commission a tax of one percent of the total amount bet on each racing day, 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 240.13, 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 on each paid admission at any a licensed racetrack on a racing day 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.~~

Sec. 6. Minnesota Statutes 1986, section 240.15, subdivision 2, is amended to read:

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.

Sec. 7. Minnesota Statutes 1986, section 240.15, subdivision 3, is amended to read:

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.

Sec. 8. Minnesota Statutes 1986, section 240.15, subdivision 4, is amended to read:

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Subd. 4. **REPORTS.** Within 100 days of the end of a ~~racing meeting~~ each calendar year a licensee subject to the tax imposed by subdivision 1 must file with the commission a certified ~~statement of~~ financial report disclosing 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 financial report must be prepared by a an independent certified public accountant in accordance with generally accepted auditing standards.

Sec. 9. Minnesota Statutes 1986, section 240.15, subdivision 6, is amended to read:

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 240.18. 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. 10. Minnesota Statutes 1986, section 240.18, is amended to read:

240.18 BREEDERS' FUND.

The commission shall establish a Minnesota breeders' fund with the money paid to it under section 240.15, subdivision 1. The commission, after paying the current costs of administering the fund, shall apportion the remaining net proceeds into categories corresponding with the various breeds of horses which are racing at licensed Minnesota racetracks in proportion to each category's contribution to the fund and distribute the available net proceeds in each category as follows:

(1) With respect to available money apportioned in the thoroughbred and quarterhorse categories twenty percent of the available 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 available proceeds shall be apportioned into categories corresponding with the various breeds of horses which are racing at licensed Minnesota racetracks, in proportion to each category's contribution to the fund. The available funds in each category may be expended by the commission to:

(a) supplement purses for races held exclusively for Minnesota-bred, or Minnesota-foaled horses, or Minnesota-owned horses until January 1, 1988, and for Minnesota-bred and Minnesota-foaled horses after that date and supplement purses for Minnesota-bred or Minnesota-foaled horses racing in nonrestricted races in that category;

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

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

(3) With respect to the available money apportioned in the standardbred category, twenty percent must be expended as follows:

(a) one-half of that amount to supplement purses for standardbreds at non-pari-mutuel racetracks in the state;

(b) one-fourth of that amount for the development of nonpari-mutuel standardbred tracks in the state; and

(c) one-fourth of that amount as grants for equine research and related education at public institutions of post-secondary learning in the state.

(4) After deducting the amount for paragraph (3), the balance of the available proceeds in the standardbred category must be expended by the commission to:

(a) supplement purses for races held exclusively for Minnesota-bred and Minnesota-foaled standardbreds;

(b) pay breeders or owners awards to the breeders or owners of Minnesota-bred standardbreds 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. 11. EFFECTIVE DATE.

Sections 1 to 10 are effective the day following final enactment.

Approved April 28, 1988

CHAPTER 697—S.F.No. 449

An act relating to transportation; railroads; requiring occupied caboose car on certain trains; requiring caboose car to be equipped with shortwave radio; imposing a penalty; amending Minnesota Statutes 1986, section 219.56; proposing coding for new law in Minnesota Statutes, chapter 219.

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