

Presented to the governor May 21, 1999

Signed by the governor May 25, 1999, 3:45 p.m.

CHAPTER 206—H.F.No. 1825

An act relating to gambling; allowing a class B licensee of a class A racetrack to conduct card club activities; expanding the use of pull-tab dispensing machines; making technical changes; setting forth conduct of raffles; modifying progressive bingo prizes; specifying maximum tipboard prizes; amending Minnesota Statutes 1998, sections 240.01, by adding subdivisions; 240.07, subdivision 3; 240.10; 240.25, subdivision 8; 349.151, subdivision 4b; 349.1711, by adding a subdivision; and 349.211, subdivision 2, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 240; and 349.

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

Section 1. Minnesota Statutes 1998, section 240.01, is amended by adding a subdivision to read:

Subd. 24. CARD CLUB. "Card club" means a facility or portion of a facility where the commission has authorized a licensee to conduct card playing.

Sec. 2. Minnesota Statutes 1998, section 240.01, is amended by adding a subdivision to read:

Subd. 25. CARD PLAYING. "Card playing" means an activity wherein individuals compete and wager with each other utilizing a 52-unit system comprised of a series of numbers, numbered two through ten, and the letters J, Q, K, and A, combined with four symbols commonly known as hearts, diamonds, spades, and clubs, wherein each individual unit constitutes the display of one of the 52 possible combinations. The symbol commonly known as a joker may be incorporated into the system.

Sec. 3. Minnesota Statutes 1998, section 240.01, is amended by adding a subdivision to read:

Subd. 26. UNBANKED. "Unbanked" means a wagering system or game where the individual participants compete against each other and not against the sponsor or house. In an unbanked system or game, the sponsor or house may deduct a percentage from the accumulated wagers and impose other charges for hosting the activity, but does not have an interest in the outcome of a game. The sponsor or house may add additional prizes, awards, or money to any game for promotional purposes.

Sec. 4. Minnesota Statutes 1998, section 240.07, subdivision 3, is amended to read:

Subd. 3. **LICENSE ISSUANCE.** (a) 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.

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(b) If the commission determines that the licensee will operate a card club in accordance with all applicable law and rules and the applicant's approved plan of operation under section 240.30, subdivision 6, that the operation of a card club by the licensee will not adversely affect the public health, welfare, and safety, and that the licensee is fit to operate a card club, the commission may include with the class B license an authorization to conduct a card club at the licensee's class A racetrack as provided in section 240.30. The commission may give an interim authorization for the operation of a card club that is effective until the expiration of the licensee's class B license, and may charge for the interim authorization a proportionate amount of the additional class B license fee under section 240.10.

(c) The license is for a period of one year.

Sec. 5. Minnesota Statutes 1998, section 240.10, is amended to read:

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, and \$50 for each day on which simulcasting is authorized and actually takes place, plus \$10,000 per year if the class B license includes authorization to operate a card club. 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 240.08 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. 6. [240.135] CARD CLUB REVENUE.

(a) From the amounts received from charges authorized under section 240.30, subdivision 4, the licensee shall set aside the amounts specified in this section to be used for purse payments. These amounts are in addition to the breeders fund and purse requirements set forth elsewhere in this chapter.

(1) For amounts between zero and \$6,000,000, the licensee shall set aside ten percent to be used as purses.

(2) For amounts in excess of \$6,000,000, the licensee shall set aside 14 percent to be used as purses.

(b) From all amounts set aside under paragraph (a), the licensee shall set aside ten percent to be deposited in the breeders fund. The licensee and the horseperson's organization representing the majority of horsepersons who have raced at the racetrack during the preceding 12 months may negotiate percentages different from those stated in this section if the agreement is in writing and filed with the racing commission.

(c) It is the intent of the legislature that the proceeds of the card playing activities authorized by this chapter be used to improve the horse racing industry by improving purses. The commission shall annually review the financial details of card playing activities and determine if the present use of card playing proceeds is consistent with the policy

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established by this paragraph. If the commission determines that the use of the proceeds does not comply with the policy set forth herein, then the commission shall direct the parties to make the changes necessary to ensure compliance. If these changes require legislation, the commission shall make the appropriate recommendations to the legislature.

Sec. 7. [240.136] COMPULSIVE GAMBLING NOTICE.

A class B licensee who has been authorized to operate a card club must prominently post in the card club premises the toll-free telephone number established by the commissioner of human services in connection with the compulsive gambling program established under section 245.98.

Sec. 8. Minnesota Statutes 1998, section 240.25, subdivision 8, is amended to read:

Subd. 8. AGE UNDER 18. A person under the age of 18 may not place a bet or present a pari-mutuel ticket for payment with an approved pari-mutuel system or participate in card playing at a card club at a licensed racetrack.

Sec. 9. [240.30] CARD CLUBS.

Subdivision 1. CARD CLUB OPERATION. A class B licensee conducting pari-mutuel betting on horse racing at a class A racetrack may operate a card club at the racetrack and offer card playing services to patrons only if the commission has authorized the licensee to operate a card club operation under section 240.07, subdivision 3, paragraph (b), and the commission has approved the licensee's plan of operation under subdivision 6. The commission may withdraw its authorization for operation of a card club at any time for a violation of a law or rule governing card club operation.

Subd. 2. SUPERVISION. The authorized licensee is responsible for conducting and supervising the card games, providing all necessary equipment, services, and personnel, and reimbursing the commission for costs related to card club regulation and enforcement.

Subd. 3. TYPE OF WAGERING. All card club wagering activities must be conducted in an unbanked system.

Subd. 4. CHARGES. The authorized licensee may charge patrons for card playing services by deducting and retaining money from wagers, by charging a fee based on playing time, or by any other means authorized by the commission.

Subd. 5. LIMITATION. The commission shall not authorize a licensee to operate a card club unless the licensee has conducted at least 50 days of live racing at a class A facility within the past 12 months or during the preceding calendar year.

Subd. 6. PLAN OF OPERATION. (a) The commission shall not authorize a class B licensee to operate a card club unless the licensee has submitted, and the commission approved, a plan of operation for card playing activities. The plan must set forth all necessary details for conducting card playing activities, including, among other things:

- (1) specifying and defining all card games to be played, including all governing aspects of each game;
- (2) time and location of card playing activities;
- (3) amount and method by which participants will be charged for card playing services;

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- (4) arrangements to ensure the security of card playing activities;
- (5) designation of all licensed employees of the licensee who undertake supervisory positions related to card playing activities;
- (6) internal control systems for card playing activities; and
- (7) a plan for the training of card club personnel in identification of problem gamblers and appropriate action to prevent or control problem gambling.

(b) The licensee must prepare and make available to all customers a written manual that covers all portions of the current plan of operation. The licensee must also publish, in pamphlet form, a condensed and comprehensive version of the manual and make it available to all customers.

Subd. 7. AMENDMENTS TO PLAN; VIOLATIONS; RELATION TO OTHER LAWS. (a) The licensee may amend the plan of operation only with the commission's approval. The commission may withdraw its approval of a plan of operation.

(b) Card club activities are deemed to be relevant to the integrity of horse racing activities in Minnesota for purposes of sections 240.03; 240.06, subdivision 7; 240.08; and 240.27, subdivision 1.

(c) A violation of a law or rule relating to card club operation or a violation of an approved plan of operation is deemed to be a violation of law or rule for purposes of section 240.22.

(d) A violation of an approved plan of operation is deemed to be a violation of a rule of the commission for purposes of section 240.26, subdivision 3.

(e) Card playing at a card club is deemed to be a bet at a licensed racetrack for purposes of section 240.28, subdivision 2.

Subd. 8. LIMITATIONS. The commission may not approve any plan of operation under subdivision 6 that exceeds any of the following limitations:

- (1) the maximum number of tables used for card playing at the card club at any one time may not exceed 50;
- (2) the opening wager by any player in any card game may not exceed \$15; and
- (3) no single wager that increases the total amount staked in any card game may exceed \$30.

Subd. 9. REIMBURSEMENT TO COMMISSION. The commission shall require that the licensee reimburse it for the commission's actual costs, including personnel costs, of regulating the card club. Amounts received under this subdivision must be deposited as provided in section 240.155, subdivision 1.

Sec. 10. Minnesota Statutes 1998, section 349.151, subdivision 4b, is amended to read:

Subd. 4b. PULL-TAB SALES FROM DISPENSING DEVICES. (a) The board may by rule authorize but not require the use of pull-tab dispensing devices.

(b) Rules adopted under paragraph (a):

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(1) must limit the number of pull-tab dispensing devices on any permitted premises to three;

(2) must limit the use of pull-tab dispensing devices to a permitted premises which is (i) a licensed premises for on-sales of intoxicating liquor or 3.2 percent malt beverages; or (ii) a licensed bingo hall that allows gambling only by persons 18 years or older; and

(3) must prohibit the use of pull-tab dispensing devices at any licensed premises where pull-tabs are sold other than through a pull-tab dispensing device by an employee of the organization who is also the lessor or an employee of the lessor.

(c) Notwithstanding rules adopted under paragraph (b), pull-tab dispensing devices may be used in establishments licensed for the off-sale of intoxicating liquor, other than drugstores and general food stores licensed under section 340A.405, subdivision 1.

(d) The director may charge a manufacturer a fee of up to \$5,000 per pull-tab dispensing device to cover the costs of services provided by an independent testing laboratory to perform testing and analysis of pull-tab dispensing devices. The director shall deposit in a separate account in the state treasury all money the director receives as reimbursement for the costs of services provided by independent testing laboratories that have entered into contracts with the state to perform testing and analysis of pull-tab dispensing devices. Money in the account is appropriated to the director to pay the costs of services under those contracts.

Sec. 11. Minnesota Statutes 1998, section 349.1711, is amended by adding a subdivision to read:

Subd. 4. TIPBOARD RULES. The board may by rule permit tipboard games with multiple seals. The board may also adopt rules for cumulative or carryover tipboard prizes.

Sec. 12. [349.173] CONDUCT OF RAFFLES.

Raffle tickets at a minimum must list the three most expensive prizes to be awarded. If additional prizes will be awarded that are not contained on the raffle ticket, the raffle ticket must contain the statement "A complete list of additional prizes is available upon request." Notwithstanding section 349.12, subdivision 33, raffles conducted under the exemptions in section 349.166 may use tickets that contain only the sequential number of the raffle ticket and no other information if the organization makes a list of prizes and a statement of other relevant information required by rule available to persons purchasing tickets and if tickets are only sold at the event and on the date when the tickets are sold.

Sec. 13. Minnesota Statutes 1998, section 349.211, subdivision 2, is amended to read:

Subd. 2. PROGRESSIVE BINGO GAMES. A prize of up to \$2,000 may be awarded for a progressive bingo game, including a cover-all game. The prize for a progressive bingo game may start at \$300 and be increased by up to \$100 for each occasion during which the progressive bingo game is played. A consolation prize of up to \$100 \$200 for a progressive bingo game may be awarded in each occasion during which the progressive bingo game is played and the accumulated prize is not won. The total amount awarded in progressive bingo game prizes in any calendar year may not exceed \$36,000.

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Sec. 14. Minnesota Statutes 1998, section 349.211, is amended by adding a subdivision to read:

Subd. 2c. TIPBOARD PRIZES. The maximum prize which may be awarded for a tipboard ticket is \$500, not including any cumulative or carryover prizes. Cumulative or carryover prizes in tipboard games shall not exceed \$2,500.

Sec. 15. **EFFECTIVE DATE.**

Sections 1 to 13 are effective the day following final enactment. Section 14 is effective the day following final approval of the rules established in section 11.

Presented to the governor May 21, 1999

Signed by the governor May 24, 1999, 9:51 a.m.

CHAPTER 207—H.F.No. 1289

An act relating to crime prevention; increasing the criminal penalty for providing alcoholic beverages to underage persons under certain circumstances; amending Minnesota Statutes 1998, section 340A.701, subdivision 1.

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

Section 1. Minnesota Statutes 1998, section 340A.701, subdivision 1, is amended to read:

Subdivision 1. **UNLAWFUL ACTS.** It is a felony:

- (1) to manufacture alcoholic beverages in violation of this chapter;
- (2) to transport or import alcoholic beverages into the state in violation of this chapter for purposes of resale; or
- (3) to sell or give away for beverage purposes poisonous alcohol, methyl alcohol, denatured alcohol, denaturing material, or any other alcoholic substance capable of causing serious physical or mental injuries to a person consuming it; or
- (4) for a person other than a licensed retailer of alcoholic beverages, a bottle club permit holder, a municipal liquor store, or an employee or agent of any of these who is acting within the scope of employment, to violate the provisions of section 340A.503, subdivision 2, clause (1), by selling, bartering, furnishing, or giving alcoholic beverages to a person under 21 years of age if the underage purchaser of the alcoholic beverage that person becomes intoxicated and causes or suffers death or great bodily harm as a result of the intoxication.

Sec. 2. **EFFECTIVE DATE.**

Section 1 is effective August 1, 1999, and applies to crimes committed on or after that date.

Presented to the governor May 21, 1999

Signed by the governor May 24, 1999, 9:41 a.m.

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