

the agency must complete the amendment or repeal of the rule within 90 days of the administrative law judge's decision under paragraph (d). If a public hearing is required, the agency must complete the amendment or repeal of the rule within 180 days of the administrative law judge's decision under paragraph (d). A rule or portion of a rule that is not amended or repealed in the time prescribed by this paragraph does not have the force of law upon expiration of the deadline. A rule that is amended within the time prescribed in this paragraph has the force of law, as amended.

(f) The chief administrative law judge shall report the decision under paragraph (d) within 30 days to the chairs of the house and senate committees having jurisdiction over governmental operations and the chairs of the house and senate committees having jurisdiction over the agency whose rule or portion of a rule was the subject of the petition.

(g) The chief administrative law judge shall assess a petitioner half the cost of processing a petition and conducting a public hearing under paragraph (d).

(h) This section expires July 31, ~~2004~~ 2006.

Presented to the governor April 3, 2000

Signed by the governor April 6, 2000, 3:45 p.m.

CHAPTER 336—S.F.No. 2828

An act relating to gambling; regulating and prohibiting certain activities with respect to gambling; regulating shipment of gambling devices; providing penalties; amending Minnesota Statutes 1998, sections 299L.07, subdivisions 2a and 10; 349.12, subdivision 25; 349.2125, subdivision 1; 609.75, by adding subdivisions; and 609.76, subdivision 2, and by adding subdivisions.

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

Section 1. Minnesota Statutes 1998, section 299L.07, subdivision 2a, is amended to read:

Subd. 2a. **RESTRICTIONS.** (a) A manufacturer licensed under this section may sell, offer to sell, lease, or rent, in whole or in part, a gambling device only to a distributor licensed under this section.

(b) A distributor licensed under this section may sell, offer to sell, market, rent, lease, or otherwise provide, in whole or in part, a gambling device only to:

(1) the governing body of a federally recognized Indian tribe that is authorized to operate the gambling device under a tribal state compact under the Indian Gaming Regulatory Act, Public Law Number 100-497, and future amendments to it;

(2) a person for use in the person's dwelling for display or amusement purposes in a manner that does not afford players an opportunity to obtain anything of value;

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(3) another distributor licensed under this section; or

(4) a person in another state who is authorized under the laws of that state to possess the gambling device.

Sec. 2. Minnesota Statutes 1998, section 299L.07, subdivision 10, is amended to read:

Subd. 10. **TRANSPORTATION OF GAMBLING DEVICES.** In addition to the requirements of this section, the transportation of gambling devices into or out of Minnesota must be in compliance with United States Code, title 15, sections 1171 to 1177, as amended.

Sec. 3. Minnesota Statutes 1998, section 349.12, subdivision 25, is amended to read:

Subd. 25. **LAWFUL PURPOSE.** (a) "Lawful purpose" means one or more of the following:

(1) any expenditure by or contribution to a 501(c)(3) or festival organization, as defined in subdivision 15a, provided that the organization and expenditure or contribution are in conformity with standards prescribed by the board under section 349.154, which standards must apply to both types of organizations in the same manner and to the same extent;

(2) a contribution to an individual or family suffering from poverty, homelessness, or physical or mental disability, which is used to relieve the effects of that poverty, homelessness, or disability;

(3) a contribution to an individual for treatment for delayed posttraumatic stress syndrome or a contribution to a program recognized by the Minnesota department of human services for the education, prevention, or treatment of compulsive gambling;

(4) a contribution to or expenditure on a public or private nonprofit educational institution registered with or accredited by this state or any other state;

(5) a contribution to a scholarship fund for defraying the cost of education to individuals where the funds are awarded through an open and fair selection process;

(6) activities by an organization or a government entity which recognize humanitarian or military service to the United States, the state of Minnesota, or a community, subject to rules of the board, provided that the rules must not include mileage reimbursements in the computation of the per occasion reimbursement limit and must impose no aggregate annual limit on the amount of reasonable and necessary expenditures made to support:

(i) members of a military marching or color guard unit for activities conducted within the state; or

(ii) members of an organization solely for services performed by the members at funeral services;

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(7) recreational, community, and athletic facilities and activities intended primarily for persons under age 21, provided that such facilities and activities do not discriminate on the basis of gender and the organization complies with section 349.154;

(8) payment of local taxes authorized under this chapter, taxes imposed by the United States on receipts from lawful gambling, the taxes imposed by section 297E.02, subdivisions 1, 4, 5, and 6, and the tax imposed on unrelated business income by section 290.05, subdivision 3;

(9) payment of real estate taxes and assessments on permitted gambling premises wholly owned by the licensed organization paying the taxes, not to exceed:

(i) for premises used for bingo, the amount that an organization may expend under board rules on rent for bingo; and

(ii) \$35,000 per year for premises used for other forms of lawful gambling;

(10) a contribution to the United States, this state or any of its political subdivisions, or any agency or instrumentality thereof other than a direct contribution to a law enforcement or prosecutorial agency;

(11) a contribution to or expenditure by a nonprofit organization which is a church or body of communicants gathered in common membership for mutual support and edification in piety, worship, or religious observances;

(12) payment of one-half of the reasonable costs of an audit required in section 297E.06, subdivision 4;

(13) a contribution to or expenditure on a wildlife management project that benefits the public at-large, provided that the state agency with authority over that wildlife management project approves the project before the contribution or expenditure is made;

(14) expenditures, approved by the commissioner of natural resources, by an organization for grooming and maintaining snowmobile trails that are (1) grant-in-aid trails established under section 85.019, or (2) other trails open to public use, including purchase or lease of equipment for this purpose; or

(15) conducting nutritional programs, food shelves, and congregate dining programs primarily for persons who are age 62 or older or disabled; or

(16) a contribution to a community arts organization, or an expenditure to sponsor arts programs in the community, including but not limited to visual, literary, performing, or musical arts.

(b) Notwithstanding paragraph (a), "lawful purpose" does not include:

(1) any expenditure made or incurred for the purpose of influencing the nomination or election of a candidate for public office or for the purpose of promoting or defeating a ballot question;

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(2) any activity intended to influence an election or a governmental decision-making process;

(3) the erection, acquisition, improvement, expansion, repair, or maintenance of real property or capital assets owned or leased by an organization, unless the board has first specifically authorized the expenditures after finding that (i) the real property or capital assets will be used exclusively for one or more of the purposes in paragraph (a); (ii) with respect to expenditures for repair or maintenance only, that the property is or will be used extensively as a meeting place or event location by other nonprofit organizations or community or service groups and that no rental fee is charged for the use; (iii) with respect to expenditures, including a mortgage payment or other debt service payment, for erection or acquisition only, that the erection or acquisition is necessary to replace with a comparable building, a building owned by the organization and destroyed or made uninhabitable by fire or natural disaster, provided that the expenditure may be only for that part of the replacement cost not reimbursed by insurance; (iv) with respect to expenditures, including a mortgage payment or other debt service payment, for erection or acquisition only, that the erection or acquisition is necessary to replace with a comparable building a building owned by the organization that was acquired from the organization by eminent domain or sold by the organization to a purchaser that the organization reasonably believed would otherwise have acquired the building by eminent domain, provided that the expenditure may be only for that part of the replacement cost that exceeds the compensation received by the organization for the building being replaced; or (v) with respect to an expenditure to bring an existing building into compliance with the Americans with Disabilities Act under item (ii), an organization has the option to apply the amount of the board-approved expenditure to the erection or acquisition of a replacement building that is in compliance with the Americans with Disabilities Act;

(4) an expenditure by an organization which is a contribution to a parent organization, foundation, or affiliate of the contributing organization, if the parent organization, foundation, or affiliate has provided to the contributing organization within one year of the contribution any money, grants, property, or other thing of value;

(5) a contribution by a licensed organization to another licensed organization unless the board has specifically authorized the contribution. The board must authorize such a contribution when requested to do so by the contributing organization unless it makes an affirmative finding that the contribution will not be used by the recipient organization for one or more of the purposes in paragraph (a); or

(6) a contribution to a statutory or home rule charter city, county, or town by a licensed organization with the knowledge that the governmental unit intends to use the contribution for a pension or retirement fund.

Sec. 4. Minnesota Statutes 1998, section 349.2125, subdivision 1, is amended to read:

Subdivision 1. **CONTRABAND DEFINED.** The following are contraband:

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(1) all pull-tab or tipboard deals or paddleticket cards not stamped or bar coded in accordance with this chapter or chapter 297E;

(2) all pull-tab or tipboard deals in the possession of any unlicensed person, firm, or organization, whether stamped or unstamped;

(3) any container used for the storage and display of any contraband pull-tab or tipboard deals as defined in clauses (1) and (2);

(4) all currency, checks, and other things of value used for pull-tab or tipboard transactions not expressly permitted under this chapter, and any cash drawer, cash register, or any other container used for illegal pull-tab or tipboard transactions including its contents;

(5) any device including, but not limited to, motor vehicles, trailers, snowmobiles, airplanes, and boats used, with the knowledge of the owner or of a person operating with the consent of the owner, for the storage or transportation of more than five pull-tab or tipboard deals that are contraband under this subdivision. When pull-tabs and tipboards are being transported in the course of interstate commerce between locations outside this state, the pull-tab and tipboard deals are not contraband, notwithstanding the provisions of clauses (1) and (12);

(6) any unaffixed registration stamps except as provided in section 349.162, subdivision 4;

(7) any prize used or offered in a game utilizing contraband as defined in this subdivision;

(8) any altered, modified, or counterfeit pull-tab or tipboard ticket;

(9) any unregistered gambling equipment except as permitted by this chapter;

(10) any gambling equipment kept in violation of section 349.18;

(11) any gambling equipment not in conformity with law or board rule;

(12) any pull-tab or tipboard deal in the possession of a person other than a licensed distributor or licensed manufacturer for which the person, upon demand of a licensed peace officer or authorized agent of the commissioner of revenue or director of alcohol and gambling enforcement, does not immediately produce for inspection the invoice or a true and correct copy of the invoice for the acquisition of the deal from a licensed distributor; and

(13) any pull-tab or tipboard deals or portions of deals on which the tax imposed under chapter 297E has not been paid; and

(14) any device prohibited by section 609.76, subdivisions 4 to 6.

Sec. 5. Minnesota Statutes 1998, section 609.75, is amended by adding a subdivision to read:

Subd. 4a. ASSOCIATED EQUIPMENT. Associated equipment means any equipment used in connection with gambling that would not be classified as a gambling

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device, including but not limited to: cards, dice, computerized systems of betting at a race book or sports pool, computerized systems for monitoring slot machines or games of chance, devices for weighing or counting money, and links which connect progressive slot machines.

Sec. 6. Minnesota Statutes 1998, section 609.75, is amended by adding a subdivision to read:

Subd. 10. GAME. A game means any game played with cards, dice, equipment, or any mechanical or electronic device or machine for money or other value, whether or not approved by law, and includes, but is not limited to: card and dice games of chance, slot machines, banking or percentage games, video games of chance, sports pools, pari-mutuel betting, and race book. "Game" does not include any private social bet.

Sec. 7. Minnesota Statutes 1998, section 609.75, is amended by adding a subdivision to read:

Subd. 11. AUTHORIZED GAMBLING ACTIVITY. An authorized gambling activity means any form of gambling authorized by and operated in conformance with law.

Sec. 8. Minnesota Statutes 1998, section 609.75, is amended by adding a subdivision to read:

Subd. 12. AUTHORIZED GAMBLING ESTABLISHMENT. An authorized gambling establishment means any premises where gambling authorized by law is occurring.

Sec. 9. Minnesota Statutes 1998, section 609.75, is amended by adding a subdivision to read:

Subd. 13. APPLICABILITY OF DEFINITIONS. For the purposes of sections 609.75 to 609.762, the terms defined in this section have the meanings given, unless the context clearly indicates otherwise.

Sec. 10. Minnesota Statutes 1998, section 609.76, subdivision 2, is amended to read:

Subd. 2. ~~FELONY GAMBLING~~ SPORTS BOOKMAKING. Whoever engages in sports bookmaking is guilty of a felony.

Sec. 11. Minnesota Statutes 1998, section 609.76, is amended by adding a subdivision to read:

Subd. 3. CHEATING. Whoever cheats in a game, as described in this subdivision, is subject to the following penalties:

(i) if the person holds a license related to gambling or is an employee of the licensee, the person is guilty of a felony; and

(ii) any other person is guilty of a gross misdemeanor. Any person who is a repeat offender is guilty of a felony.

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A person cheats in a game by intentionally:

(1) altering or misrepresenting the outcome of a game or event on which wagers have been made, after the outcome is determined, but before the outcome is revealed to the players;

(2) placing, canceling, increasing, or decreasing a bet after acquiring knowledge, not available to other players, of the outcome of the game or subject of the bet, or of events affecting the outcome of the game or subject of the bet;

(3) claiming or collecting money or anything of value from a game or authorized gambling establishment not won or earned from the game or authorized gambling establishment;

(4) manipulating a gambling device or associated equipment to affect the outcome of the game or the number of plays or credits available on the game; or

(5) otherwise altering the elements of chance or methods of selection or criteria which determine the result of the game or amount or frequency of payment of the game.

Sec. 12. Minnesota Statutes 1998, section 609.76, is amended by adding a subdivision to read:

Subd. 4. **CERTAIN DEVICES PROHIBITED.** (a) Whoever uses or possesses a probability-calculating or outcome-affecting device at an authorized gambling establishment is guilty of a felony. For purposes of this subdivision, a "probability-calculating" or "outcome-affecting" device is any device to assist in:

(1) projecting the outcome of a game other than pari-mutuel betting authorized by chapter 240;

(2) keeping track of or counting cards used in a game;

(3) analyzing the probability of the occurrence of an event relating to a game other than pari-mutuel betting authorized by chapter 240; or

(4) analyzing the strategy for playing or betting in a game other than pari-mutuel betting authorized by chapter 240.

For purposes of this section, a book, graph, periodical, chart, or pamphlet is not a "probability-calculating" or "outcome-affecting" device.

(b) Whoever uses, or possesses with intent to use, a key or other instrument for the purpose of opening, entering, and affecting the operation of any game or gambling device or for removing money, chips, tokens, or other contents from therein, is guilty of a felony. This paragraph does not apply to an agent or employee of an authorized gambling establishment acting within the scope of employment.

Sec. 13. Minnesota Statutes 1998, section 609.76, is amended by adding a subdivision to read:

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Subd. 5. COUNTERFEIT CHIPS PROHIBITED. Whoever intentionally uses counterfeit chips or tokens to play a game at an authorized gambling establishment as defined in section 609.75, subdivision 5, designed to be played with or operated by chips or tokens is guilty of a felony. For purposes of this subdivision, counterfeit chips or tokens are chips or tokens not approved by the government regulatory agency for use in an authorized gambling activity.

Sec. 14. Minnesota Statutes 1998, section 609.76, is amended by adding a subdivision to read:

Subd. 6. MANUFACTURE, SALE, AND MODIFICATION PROHIBITED. (a) Whoever manufactures, sells, distributes, or otherwise provides cards, chips, tokens, dice, or other equipment or devices intended to be used to violate this section, is guilty of a felony.

(b) Whoever intentionally marks, alters, or otherwise modifies lawful associated equipment or gambling devices for the purpose of violating this section is guilty of a felony.

Sec. 15. Minnesota Statutes 1998, section 609.76, is amended by adding a subdivision to read:

Subd. 7. INSTRUCTION. Whoever instructs another person to violate the provisions of this section, with the intent that the information or knowledge conveyed be used to violate this section, is guilty of a felony.

Sec. 16. Minnesota Statutes 1998, section 609.76, is amended by adding a subdivision to read:

Subd. 8. VALUE OF CHIPS OR TOKENS. The value of chips or tokens approved for use in a game designed to be played with or operated by chips or tokens, as the term "value" is used in section 609.52, is the amount or denomination shown on the face of the chip or token representing United States currency. Chips used in tournament play at a card club at a class A facility have no United States currency value.

Sec. 17. **EFFECTIVE DATE.**

Sections 1 to 16 are effective the day following final enactment.

Presented to the governor April 3, 2000

Signed by the governor April 6, 2000, 3:48 p.m.

CHAPTER 337—S.F.No. 2546

An act relating to natural resources; providing for the recovery of sunken logs in inland waters; proposing coding for new law in Minnesota Statutes, chapter 103G; repealing Minnesota Statutes 1998, section 514.53.

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