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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-SEVENTH SESSION

H. F. No. **2501**

02/27/2012 Authored by Hackbarth

The bill was read for the first time and referred to the Committee on Commerce and Regulatory Reform

1.1 A bill for an act

1.2 relating to gambling; authorizing the director of the State Lottery to establish

1.3 gaming machines at a licensed racetrack; imposing a fee on gaming machine

1.4 revenue; providing powers and duties to the director; establishing a Minnesota

1.5 First fund and dedicating money in the fund for education and to finance

1.6 and construct a stadium for the Minnesota Vikings and a ballpark for the St.

1.7 Paul Saints; modifying certain rates of tax on lawful gambling; providing

1.8 for linked bingo and electronic pull-tabs; making clarifying, conforming,

1.9 and technical changes; appropriating money; amending Minnesota Statutes

1.10 2010, sections 240.03; 240.13, by adding a subdivision; 240.14, by adding

1.11 a subdivision; 240.28, subdivision 2; 297E.02; 299L.07, subdivisions 2, 2a;

1.12 340A.410, subdivision 5; 349.12, subdivisions 5, 12a, 25b, 25c, 25d, 29, 32,

1.13 32a; 349.13; 349.151, subdivisions 4b, 4c; 349.155, subdivisions 3, 4; 349.161,

1.14 subdivision 1; 349.163, subdivisions 1, 6; 349.1635, subdivision 2, by adding a

1.15 subdivision; 349.165, subdivision 2; 349.17, subdivisions 6, 7, 8; 349.1721, by

1.16 adding subdivisions; 349.18, subdivision 1; 349.211, subdivision 1a; 349A.01,

1.17 subdivision 10, by adding subdivisions; 349A.10, subdivision 3; 349A.13;

1.18 541.20; 541.21; 609.75, subdivision 3; 609.761, subdivision 2; proposing

1.19 coding for new law in Minnesota Statutes, chapters 297A; 349; 349A; repealing

1.20 Minnesota Statutes 2010, section 240.30, subdivision 8.

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

1.22 **ARTICLE 1**

1.23 **RACINO**

1.24 Section 1. Minnesota Statutes 2010, section 240.03, is amended to read:

1.25 **240.03 COMMISSION POWERS AND DUTIES.**

1.26 The commission has the following powers and duties:

- 1.27 (1) to regulate horse racing in Minnesota to ensure that it is conducted in the public
- 1.28 interest;
- 1.29 (2) to issue licenses as provided in this chapter;
- 1.30 (3) to enforce all laws and rules governing horse racing;

- 2.1 (4) to collect and distribute all taxes provided for in this chapter;
- 2.2 (5) to conduct necessary investigations and inquiries and compel the submission of
- 2.3 information, documents, and records it deems necessary to carry out its duties;
- 2.4 (6) to supervise the conduct of pari-mutuel betting on horse racing;
- 2.5 (7) to employ and supervise personnel under this chapter;
- 2.6 (8) to determine the number of racing days to be held in the state and at each
- 2.7 licensed racetrack;
- 2.8 (9) to take all necessary steps to ensure the integrity of racing in Minnesota; ~~and~~
- 2.9 (10) to impose fees on the racing and card playing industries sufficient to recover the
- 2.10 operating costs of the commission with the approval of the legislature according to section
- 2.11 16A.1283. Notwithstanding section 16A.1283, when the legislature is not in session, the
- 2.12 commissioner of management and budget may grant interim approval for any new fees
- 2.13 or adjustments to existing fees that are not statutorily specified, until such time as the
- 2.14 legislature reconvenes and acts upon the new fees or adjustments. As part of its biennial
- 2.15 budget request, the commission must propose changes to its fees that will be sufficient to
- 2.16 recover the operating costs of the commission; and
- 2.17 (11) to take all necessary steps to ensure the security of all activities in a class A
- 2.18 licensed racetrack. The duties and responsibilities of the commission include but are not
- 2.19 limited to licensing employees of a class A licensee and vendors to the class A licensee
- 2.20 involved in the conduct of gaming machines authorized by a location contract with the
- 2.21 director of the State Lottery under section 349A.17 and overall surveillance and security
- 2.22 of all conduct on all facilities of a licensed racetrack. The commission shall require that
- 2.23 a class A licensed racetrack reimburse it for the commission's actual costs, including
- 2.24 personnel costs, for conducting activities provided in this clause and amounts received
- 2.25 must be deposited as provided in section 240.155, subdivision 1. The commission shall
- 2.26 review procedures of the class A licensee to ensure compliance with section 240.13,
- 2.27 subdivision 5a.

2.28 Sec. 2. Minnesota Statutes 2010, section 240.13, is amended by adding a subdivision

2.29 to read:

2.30 Subd. 5a. **Equine industry improvement fund.** (a) To compensate the horse

2.31 racing industry for the presence of lottery gaming machines at class A racing facilities,

2.32 the commission shall establish and maintain an equine industry improvement fund. Each

2.33 licensee holding a location contract with the lottery director shall, as directed by the

2.34 commission, transmit 12 percent of the location contract compensation received from

2.35 the lottery director to the commission for deposit into the equine industry improvement

3.1 fund. The commission shall routinely transfer 80 percent of the fund allocated for purse
 3.2 supplements to a licensee conducting live racing for more than one breed of horse and
 3.3 20 percent to a licensee conducting live racing for only one breed of horse and direct the
 3.4 licensee to use the funds to supplement purses offered for live races. Purse supplements
 3.5 required under this subdivision are in addition to purse payments otherwise established
 3.6 by law or contract. The location contract holder and the organization representing the
 3.7 majority of horsepersons racing at the location contract holder's racetrack may, by written
 3.8 contract, agree to use a portion of the transferred funds for racing-related purposes other
 3.9 than purse supplementation.

3.10 (b) The commission shall allocate 20 percent of the fund for breeder's fund purposes
 3.11 and shall transmit that amount to the breeder's fund for the benefit of each breed racing at
 3.12 a class A licensed facility hosting lottery gaming machines. Amounts transferred shall
 3.13 be in the same proportions established, under this subdivision, for purse supplements.
 3.14 Amounts transferred to a breeder's fund shall be used for the purposes of section 240.18,
 3.15 subdivisions 2, paragraph (d), and 3, paragraph (b), subject to the proportionality
 3.16 requirement in section 240.18, subdivision 1.

3.17 (c) Five percent of the fund shall be placed in an equine industry enhancement fund
 3.18 established by the commission. The commission shall award grants from this account
 3.19 designed to support and improve the nonracing equine industry including, but not limited
 3.20 to, construction of facilities and trails, production of shows, and issues related to retired
 3.21 horses.

3.22 Sec. 3. Minnesota Statutes 2010, section 240.14, is amended by adding a subdivision
 3.23 to read:

3.24 Subd. 5. **Lottery contract holder; minimum racing days.** Licensees holding
 3.25 location contracts with the director of the lottery, who are authorized to conduct live racing
 3.26 for more than one breed of horse, shall conduct thoroughbred and quarter horse racing.
 3.27 In any year the licensee shall offer the equivalent of at least two quarter horse races for
 3.28 each racing day granted to the licensee by the commission, however, the licensee and the
 3.29 organization representing the majority of quarter horses owners licensed to race in the
 3.30 state may agree to a different number of live races to be offered. Scheduling of quarter
 3.31 horse races shall be as approved by the commission pursuant to section 240.03, clause (8).
 3.32 Willful failure to offer the races required by this subdivision shall subject the licensee to
 3.33 disciplinary action as deemed appropriate by the commission.

3.34 Sec. 4. Minnesota Statutes 2010, section 240.28, subdivision 2, is amended to read:

4.1 Subd. 2. **Betting.** No member or employee of the commission may bet or cause a
 4.2 bet to be made on a race at a licensed racetrack while serving on or being employed by
 4.3 the commission. No person appointed or approved by the director as a steward may bet
 4.4 or cause a bet to be made at a licensed racetrack during a racing meeting at which the
 4.5 person is serving as a steward. The commission shall by rule prescribe such restrictions on
 4.6 betting by its licensees as it deems necessary to protect the integrity of racing. For the
 4.7 purposes of this subdivision, a play on a gaming machine authorized by the director of the
 4.8 State Lottery at a licensed racetrack is deemed to be a bet.

4.9 Sec. 5. **[297A.651] LOTTERY GAMING MACHINES; IN-LIEU FEE.**

4.10 Adjusted gross revenue from the operation of gaming machines authorized under
 4.11 chapter 349A is exempt from the tax imposed under section 297A.62 and chapter 297E
 4.12 and any other tax, license, permit, or assessment for conducting a gambling activity that is
 4.13 not imposed by this section. The State Lottery must, on or before the 20th day of each
 4.14 month, transmit to the commissioner an amount equal to the adjusted gross gaming
 4.15 machine revenue from the operation of gaming machines, as defined in section 349A.01,
 4.16 for the previous month multiplied by: (1) 25 percent of annual adjusted gross gaming
 4.17 machine revenue generated by each person that has a location contract under section
 4.18 349A.17, subdivision 1, up to \$150,000,000; (2) 30 percent of annual adjusted gross
 4.19 gaming machine revenue generated by each person that has a location contract under
 4.20 section 349A.17, subdivision 1, between \$150,000,000 and \$200,000,000; and (3) 40
 4.21 percent of annual adjusted gross gaming machine revenue generated by each person that
 4.22 has a location contract under section 349A.17, subdivision 1, in excess of \$200,000,000.
 4.23 The commissioner shall deposit the money transmitted under this section in the state
 4.24 treasury as provided in article 2.

4.25 Sec. 6. Minnesota Statutes 2010, section 299L.07, subdivision 2, is amended to read:

4.26 Subd. 2. **Exclusions.** Notwithstanding subdivision 1, a gambling device:

4.27 (1) may be sold by a person who is not licensed under this section, if the person (i) is
 4.28 not engaged in the trade or business of selling gambling devices, and (ii) does not sell
 4.29 more than one gambling device in any calendar year;

4.30 (2) may be sold by the governing body of a federally recognized Indian tribe
 4.31 described in subdivision 2a, paragraph (b), clause (1), which is not licensed under this
 4.32 section, if (i) the gambling device was operated by the Indian tribe, (ii) the sale is to
 4.33 a distributor licensed under this section, and (iii) the licensed distributor notifies the

5.1 commissioner of the purchase, in the same manner as is required when the licensed
5.2 distributor ships a gambling device into Minnesota;

5.3 (3) may be possessed by a person not licensed under this section if the person holds
5.4 a permit issued under section 299L.08; ~~and~~

5.5 (4) may be possessed by a state agency, with the written authorization of the director,
5.6 for display or evaluation purposes only and not for the conduct of gambling; and

5.7 (5) may be possessed by the State Lottery or a person who has entered into a location
5.8 contract with the State Lottery as authorized under chapter 349A.

5.9 Sec. 7. Minnesota Statutes 2010, section 299L.07, subdivision 2a, is amended to read:

5.10 Subd. 2a. **Restrictions.** (a) A manufacturer licensed under this section may sell,
5.11 offer to sell, lease, or rent, in whole or in part, a gambling device only to a distributor
5.12 licensed under this section or to the State Lottery as authorized under chapter 349A.

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

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

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

5.20 (3) another distributor licensed under this section; ~~or~~

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

5.23 (5) the State Lottery as authorized under chapter 349A.

5.24 Sec. 8. Minnesota Statutes 2010, section 340A.410, subdivision 5, is amended to read:

5.25 Subd. 5. **Gambling prohibited.** (a) Except as otherwise provided in this
5.26 subdivision, no retail establishment licensed to sell alcoholic beverages may keep, possess,
5.27 or operate, or permit the keeping, possession, or operation on the licensed premises of dice
5.28 or any gambling device as defined in section 349.30, or permit gambling therein.

5.29 (b) Gambling equipment may be kept or operated and raffles conducted on licensed
5.30 premises and adjoining rooms when the use of the gambling equipment is authorized by
5.31 (1) chapter 349, (2) a tribal ordinance in conformity with the Indian Gaming Regulatory
5.32 Act, Public Law 100-497, or (3) a tribal-state compact authorized under section 3.9221.

5.33 (c) Lottery tickets may be purchased and sold within the licensed premises as
5.34 authorized by the director of the lottery under chapter 349A.

6.1 (d) Dice may be kept and used on licensed premises and adjoining rooms as
6.2 authorized by section 609.761, subdivision 4.

6.3 (e) This subdivision does not apply to a licensed racetrack holding a location
6.4 contract as authorized by chapter 349A.

6.5 Sec. 9. Minnesota Statutes 2010, section 349A.01, is amended by adding a subdivision
6.6 to read:

6.7 Subd. 1a. **Adjusted gross gaming machine revenue.** "Adjusted gross gaming
6.8 machine revenue" means the sum of all money received by the lottery for gaming machine
6.9 plays, other than promotional plays, less the amount paid out in prizes for gaming machine
6.10 games.

6.11 Sec. 10. Minnesota Statutes 2010, section 349A.01, is amended by adding a
6.12 subdivision to read:

6.13 Subd. 6a. **Gaming machine.** "Gaming machine" means any electronic device
6.14 which, upon insertion of money, coin, token, voucher, electronic card, or other
6.15 consideration, allows the play of a game, authorized by the director, the outcome of which
6.16 is determined entirely or partly by chance. A gaming machine may award a player a prize
6.17 in the form of money, tokens, prize slips, or other authorized consideration.

6.18 Sec. 11. Minnesota Statutes 2010, section 349A.01, is amended by adding a
6.19 subdivision to read:

6.20 Subd. 6b. **Gaming machine game.** "Gaming machine game" means a game
6.21 operated by a gaming machine as authorized by the director.

6.22 Sec. 12. Minnesota Statutes 2010, section 349A.01, is amended by adding a
6.23 subdivision to read:

6.24 Subd. 6c. **Gaming machine play.** "Gaming machine play" means an electronic
6.25 record that proves participation in a gaming machine game.

6.26 Sec. 13. Minnesota Statutes 2010, section 349A.01, subdivision 10, is amended to read:

6.27 Subd. 10. **Lottery procurement contract.** "Lottery procurement contract" means a
6.28 contract to provide lottery products, gaming machines, maintenance of gaming machines,
6.29 computer hardware and software used to monitor sales of lottery tickets and gaming
6.30 machine plays, and lottery tickets. "Lottery procurement contract" does not include

7.1 a contract to provide an annuity or prize payment agreement or materials, supplies,
7.2 equipment, or services common to the ordinary operation of a state agency.

7.3 Sec. 14. Minnesota Statutes 2010, section 349A.10, subdivision 3, is amended to read:

7.4 Subd. 3. **Lottery operations.** (a) The director shall establish a lottery operations
7.5 account in the lottery fund. The director shall pay all costs of operating the lottery,
7.6 including payroll costs or amounts transferred to the state treasury for payroll costs, but
7.7 not including lottery prizes, from the lottery operating account. The director shall credit to
7.8 the lottery operations account amounts sufficient to pay the operating costs of the lottery.

7.9 (b) Except as provided in paragraph (e), the director may not credit in any fiscal
7.10 year thereafter amounts to the lottery operations account which when totaled exceed
7.11 nine percent of gross revenue to the lottery fund in that fiscal year. In computing total
7.12 amounts credited to the lottery operations account under this paragraph the director shall
7.13 disregard amounts transferred to or retained by lottery retailers as sales commissions or
7.14 other compensation and amounts transferred or retained by a racetrack under a location
7.15 contract under section 349A.17.

7.16 (c) The director of the lottery may not expend after July 1, 1991, more than 2-3/4
7.17 percent of gross revenues in a fiscal year for contracts for the preparation, publication, and
7.18 placement of advertising.

7.19 (d) Except as the director determines, the lottery is not subject to chapter 16A
7.20 relating to budgeting, payroll, and the purchase of goods and services.

7.21 (e) In addition to the amounts credited to the lottery operations account under
7.22 paragraph (b), the director is authorized, if necessary, to meet the current obligations of
7.23 the lottery and to credit up to 25 percent of an amount equal to the average annual amount
7.24 which was authorized to be credited to the lottery operations account for the previous three
7.25 fiscal years but was not needed to meet the obligations of the lottery.

7.26 Sec. 15. Minnesota Statutes 2010, section 349A.13, is amended to read:

7.27 **349A.13 RESTRICTIONS.**

7.28 Nothing in this chapter:

7.29 (1) authorizes the director to conduct a lottery game or contest the winner or winners
7.30 of which are determined by the result of a sporting event other than a horse race conducted
7.31 under chapter 240;

7.32 (2) authorizes the director to install or operate a lottery device operated by coin or
7.33 currency which when operated determines the winner of a game, except as authorized
7.34 under section 349A.17; and

8.1 (3) authorizes the director to sell pull-tabs as defined under section 349.12,
8.2 subdivision 32.

8.3 Sec. 16. [349A.17] GAMING MACHINES.

8.4 Subdivision 1. Location contract. (a) The director may enter into a contract with
8.5 a person to provide locations for gaming machines. Contracts entered into under this
8.6 section are not subject to chapter 16C. The director may only enter a contract under this
8.7 subdivision with a person who holds a class A license under chapter 240. The gaming
8.8 machines may only be placed at the racetrack for which the class A license under chapter
8.9 240 was issued. Contracts entered into under this section are void if the racetrack: (1) has
8.10 not hosted at least 75 days of live racing, authorized by the Minnesota Racing Commission,
8.11 during the previous year, or (2) has not been approved, unless approval is pending, for at
8.12 least 75 days of live racing during the present year. In the case of licensees authorized to
8.13 conduct racing for only one breed of horse, the live racing requirement is 50 days.

8.14 (b) The director may cancel, suspend, or refuse to renew the location contract
8.15 if the person:

8.16 (1) fails to account for proceeds from the gaming machines;

8.17 (2) fails to remit funds to the director in accordance with the location contract;

8.18 (3) violates a law, rule, or order of the director;

8.19 (4) fails to comply with a material term of the location contract; or

8.20 (5) has acted in a manner prejudicial to the public confidence in the integrity of the
8.21 operation of the gaming machines.

8.22 The cancellation, suspension, or refusal to renew the location contract is a contested
8.23 case under sections 14.57 to 14.69.

8.24 (c) Contracts entered into under this section must provide for compensation to the
8.25 racetrack and its horsepersons in recognition of goods, services, and facilities provided
8.26 expenses, risk factors, and losses. Compensation shall be in an amount equal to at least the
8.27 following percentages of adjusted gross gaming machine revenue generated at the track:

8.28 (1) of the first \$150,000,000 of annual adjusted gross gaming machine revenue,
8.29 60 percent;

8.30 (2) of annual adjusted gross gaming machine revenue between \$150,000,000 and
8.31 \$200,000,000, 55 percent; and

8.32 (3) of annual adjusted gross gaming machine revenue in excess of \$200,000,000,
8.33 45 percent.

9.1 (d) A licensee must annually remit one percent of the compensation it receives
9.2 pursuant to this section to the city, and one percent to the county in which the licensee
9.3 conducts racing.

9.4 Subd. 2. **Operation.** (a) All gaming machines that are placed at a racetrack under
9.5 subdivision 1 must be operated and controlled by the director.

9.6 (b) Gaming machines must be owned or leased by the director, however, the financial
9.7 responsibility for all other activities related to the gaming facility including, but not
9.8 limited to, advertising, marketing, facility expenses, staffing, security, and surveillance,
9.9 shall be borne by the holder of the location contract.

9.10 (c) Gaming machines must be maintained by the lottery, or by a vendor that is under
9.11 the control and direction of the director.

9.12 (d) The director must have a central communications system that monitors activities
9.13 on each gaming machine. The central communications system must be located at a
9.14 lottery office.

9.15 (e) The director must approve and oversee the general security arrangements
9.16 associated with and relating to the operation of the gaming machines and implement
9.17 procedures as deemed appropriate.

9.18 (f) Advertising and promotional material produced by the racetrack relating to
9.19 gaming machines located at the facility must be approved by the director.

9.20 (g) The director may implement such other controls as are deemed necessary for the
9.21 operation of gaming machines under this section.

9.22 Subd. 3. **Specifications.** Gaming machines must be capable of being linked
9.23 electronically to a central communications system to provide auditing program information
9.24 as required by the director.

9.25 Subd. 4. **Games.** The director shall specify the games that may be placed on
9.26 a gaming machine as provided in section 349A.04. Gaming machines may conduct
9.27 pari-mutuel wagering and display horse races under specifications provided by the director.

9.28 Subd. 5. **Examination of machines.** The director shall examine prototypes of
9.29 gaming machines and require that the manufacturer of the machine pay the cost of the
9.30 examination. The director may contract for the examination of gaming machines.

9.31 Subd. 6. **Testing of machines.** The director may require working models of a
9.32 gaming machine to be transported to the locations the director designates for testing,
9.33 examination, and analysis. The manufacturer shall pay all costs for testing, examination,
9.34 analysis, and transportation of the machine model.

9.35 Subd. 7. **Prizes.** A person who plays a gaming machine agrees to be bound by the
9.36 rules and game procedures applicable to that particular gaming machine game. The player

10.1 acknowledges that the determination of whether the player has won a prize is subject to
10.2 the rules and game procedures adopted by the director, claim procedures established by
10.3 the director for the game, and any confidential or public validation tests established by
10.4 the director for the game. A person under 18 years of age may not claim a prize from the
10.5 operation of a gaming machine. A prize claimed from the play of a gaming machine game
10.6 is not subject to section 349A.08, subdivision 8.

10.7 Subd. 8. **Prohibitions.** (a) A person under the age of 18 years may not play a
10.8 game on a gaming machine.

10.9 (b) The director or any employee of the lottery, or a member of the immediate family
10.10 residing in the same household, may not play a game on a gaming machine or receive a
10.11 prize from the operation of a gaming machine.

10.12 Subd. 9. **Compulsive gambling notice.** The director shall prominently post, in the
10.13 area where the gaming machines are located, the toll-free telephone number established
10.14 by the commissioner of human services in connection with the compulsive gambling
10.15 program established under section 245.98. The director and the location provider shall
10.16 establish a responsible gambling plan in consultation with the National Council on
10.17 Problem Gambling or the Minnesota affiliate. By January 15 of each year, the director
10.18 shall submit a report to the legislature, of not more than five pages in length, setting forth
10.19 the status of the responsible gambling plan.

10.20 Subd. 10. **Local licenses.** Except as provided in subdivision 1, paragraph (d),
10.21 no political subdivision may require a license to operate a gaming machine, restrict or
10.22 regulate the placement of gaming machines, or impose a tax or fee on the business of
10.23 operating gaming machines.

10.24 Sec. 17. Minnesota Statutes 2010, section 541.20, is amended to read:

10.25 **541.20 RECOVERY OF MONEY LOST.**

10.26 Every person who, by playing at cards, dice, or other game, or by betting on the
10.27 hands or sides of such as are gambling, shall lose to any person so playing or betting
10.28 any sum of money or any goods, and pays or delivers the same, or any part thereof, to
10.29 the winner, may sue for and recover such money by a civil action, before any court
10.30 of competent jurisdiction. For purposes of this section, gambling shall not include
10.31 pari-mutuel wagering conducted under a license issued pursuant to chapter 240, purchase
10.32 or sale of tickets in the state lottery, purchase of gaming machine plays as authorized under
10.33 chapter 349A, or gambling authorized under chapters 349 and 349A.

11.1 Sec. 18. Minnesota Statutes 2010, section 541.21, is amended to read:

11.2 **541.21 COMMITMENTS FOR GAMBLING DEBT VOID.**

11.3 Every note, bill, bond, mortgage, or other security or conveyance in which the whole
 11.4 or any part of the consideration shall be for any money or goods won by gambling or
 11.5 playing at cards, dice, or any other game whatever, or by betting on the sides or hands
 11.6 of any person gambling, or for reimbursing or repaying any money knowingly lent or
 11.7 advanced at the time and place of such gambling or betting, or lent and advanced for any
 11.8 gambling or betting to any persons so gambling or betting, shall be void and of no effect
 11.9 as between the parties to the same, and as to all persons except such as hold or claim
 11.10 under them in good faith, without notice of the illegality of the consideration of such
 11.11 contract or conveyance. The provisions of this section shall not apply to: (1) pari-mutuel
 11.12 wagering conducted under a license issued pursuant to chapter 240; (2) purchase of tickets
 11.13 in the state lottery or other wagering authorized under chapter 349A; (3) gaming activities
 11.14 conducted pursuant to the Indian Gaming Regulatory Act, United States Code, title 25,
 11.15 section 2701 et seq.; or (4) lawful gambling activities permitted under chapter 349.

11.16 Sec. 19. Minnesota Statutes 2010, section 609.75, subdivision 3, is amended to read:

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

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

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

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

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

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

11.28 (6) the operation of equipment or the conduct of a raffle under sections 349.11 to
 11.29 349.22, by an organization licensed by the Gambling Control Board or an organization
 11.30 exempt from licensing under section 349.166;

11.31 (7) pari-mutuel betting on horse racing when the betting is conducted under chapter
 11.32 240; and

11.33 (8) the purchase and sale of state lottery tickets and activities conducted at a
 11.34 licensed racetrack pursuant to a gaming machine location contract as authorized under
 11.35 chapter 349A.

12.1 Sec. 20. Minnesota Statutes 2010, section 609.761, subdivision 2, is amended to read:

12.2 Subd. 2. **State lottery.** Sections 609.755 and 609.76 do not prohibit the operation of
12.3 the state lottery or the sale, possession, or purchase of tickets for the state lottery under
12.4 chapter 349A, or the manufacture, possession, sale, or operation of a gaming machine
12.5 under chapter 349A.

12.6 Sec. 21. **LOTTERY BUDGET.**

12.7 The director of the State Lottery shall submit a budget for the operation and control
12.8 of gaming machines to the commissioner of management and budget. Notwithstanding
12.9 Minnesota Statutes, section 349A.10, subdivision 6, the director of the State Lottery
12.10 may expend amounts necessary to operate and control the gaming machines. Amounts
12.11 expended by the director of the State Lottery for the operation and control of the gaming
12.12 machines in fiscal years 2013 and 2014 are not subject to the maximum amount set in law
12.13 for the operation of the lottery.

12.14 Sec. 22. **REPEALER.**

12.15 Minnesota Statutes 2010, section 240.30, subdivision 8, is repealed.

12.16 ARTICLE 2

12.17 MINNESOTA FIRST FUND

12.18 Section 1. **RACINO REVENUE.**

12.19 Subdivision 1. **Allocation.** One percent of the revenue transmitted to the
12.20 commissioner under Minnesota Statutes, section 297A.651, must be deposited in a
12.21 compulsive gambling treatment and education account in the special revenue fund. The
12.22 remainder of the revenue must be deposited in the Minnesota First fund in subdivision 3.

12.23 Subd. 2. **Compulsive gambling; appropriations.** One-half of the money in
12.24 the compulsive gambling treatment and education account is annually appropriated to
12.25 the commissioner of human services for the compulsive gambling treatment program
12.26 established under Minnesota Statutes, section 245.98. One-half of the money in the
12.27 compulsive gambling treatment and education account is annually appropriated to the
12.28 Gambling Control Board for a grant to the state affiliate recognized by the National Council
12.29 on Problem Gambling to increase public awareness of problem gambling, education
12.30 and training for individuals and organizations providing effective treatment services to
12.31 problem gamblers and their families, and research relating to problem gambling.

12.32 Subd. 3. **Minnesota First fund.** (a) The Minnesota First fund is established as a
12.33 special account in the state treasury. The fund consists of money deposited in the fund

13.1 under Minnesota Statutes, section 297A.651, and any interest earned thereon. Money in
 13.2 the fund may not be spent unless appropriated by law and is dedicated for the following
 13.3 purposes, in priority order:

13.4 (1) financing and construction of a professional football stadium and related public
 13.5 infrastructure for the Minnesota Vikings at the site of the former Twin Cities Army
 13.6 Ammunitions Plant in Ramsey County;

13.7 (2) financing and construction of a regional ballpark for the St. Paul Saints; and

13.8 (3)(i) to increase the aid payment schedule for school district aids and credits
 13.9 payments in section 127A.45, to not more than 90 percent rounded to the nearest tenth of a
 13.10 percent without exceeding the amount available and with any remaining funds deposited
 13.11 in the budget reserve, and (ii) to restore all or a portion of the net aid reduction under
 13.12 section 127A.441, and to reduce the property tax revenue recognition shift under section
 13.13 123B.75, subdivision 5, paragraph (a).

13.14 (b) Money in the fund appropriated for the purposes of paragraph (a), clauses (1)
 13.15 and (2), is intended to pay all necessary debt service on bonds authorized by an act of the
 13.16 legislature, for capital costs relating to a professional football stadium for the Minnesota
 13.17 Vikings and a regional ballpark for the St. Paul Saints. The commissioner of management
 13.18 and budget shall determine the debt service amount required by such act, as provided
 13.19 in Minnesota Statutes, section 16A.643. Appropriations may be made on an annual or
 13.20 biennial basis and may be made to the commissioner of management and budget for
 13.21 transfer to the bond debt service account in the state bond fund.

13.22 (c) Upon completion of the projects in paragraph (a), clauses (1) and (2), and the
 13.23 purchase or retirement at maturity or redemption of all outstanding bonds issued for
 13.24 those projects, and satisfaction of the purposes in paragraph (a), clause (3), money in
 13.25 the Minnesota First fund may be spent as appropriated by law for stadiums, ice arenas,
 13.26 ballparks, event centers, community centers, and other publicly owned facilities for public
 13.27 use with a regional significance.

13.28 **ARTICLE 3**

13.29 **LAWFUL GAMBLING**

13.30 Section 1. Minnesota Statutes 2010, section 297E.02, is amended to read:

13.31 **297E.02 TAX IMPOSED.**

13.32 Subdivision 1. **Imposition.** (a) A tax is imposed on all lawful gambling other than
 13.33 (1) paper pull-tab deals or games; (2) tipboard deals or games; and (3) items listed in
 13.34 section 297E.01, subdivision 8, clauses (4) and (5), at the rate of 8.5 percent on the gross

14.1 receipts as defined in section 297E.01, subdivision 8, less prizes actually paid. This
14.2 paragraph expires effective for gross receipts received after June 30, 2012.

14.3 (b) Effective July 1, 2012, a tax is imposed on all lawful gambling at the rate of nine
14.4 percent of the gross receipts as defined in section 297E.01, subdivision 8, less prizes
14.5 actually paid.

14.6 (c) The tax imposed by this subdivision is in lieu of the tax imposed by section
14.7 297A.62 and all local taxes and license fees except a fee authorized under section 349.16,
14.8 subdivision 8, or a tax authorized under subdivision 5.

14.9 (d) The tax imposed under this subdivision is payable by the organization or party
14.10 conducting, directly or indirectly, the gambling.

14.11 (e) Effective July 1, 2012, for any pull-tab and tipboard game sold to the distributor
14.12 by a manufacturer, which the distributor cannot account for, the distributor incurs the tax
14.13 in this subdivision on the ideal gross receipts as defined in section 297E.01, subdivision
14.14 8, less the ideal prizes of the pull-tab or tipboard game.

14.15 Subd. 1a. **Paper pull-tab.** For purposes of this section, the term "paper pull-tab"
14.16 excludes pull-tabs played using a pull-tab (electronic) dispensing device that displays
14.17 a facsimile of a paper pull-tab.

14.18 **Subd. 2. Tax-exempt gambling.** An organization's receipts from lawful gambling
14.19 that are excluded or exempt from licensing under section 349.166, are not subject to the
14.20 tax imposed by this section or section 297A.62. This exclusion from tax is only valid if
14.21 at the time of the event giving rise to the tax the organization either has an exclusion
14.22 under section 349.166, subdivision 1, or has applied for and received a valid exemption
14.23 from the lawful gambling control board.

14.24 **Subd. 2a. Tax credit for certain raffles.** An organization may claim a credit equal
14.25 to the tax reported under subdivision 1 resulting from a raffle the net proceeds of which
14.26 have been used exclusively for the purposes of section 349.12, subdivision 25, paragraph
14.27 (a), clause (2). The organization claiming the credit must do so on the monthly gambling
14.28 tax return on which the raffle activity is reported under subdivision 1.

14.29 **Subd. 3. Collection; disposition.** (a) Taxes imposed by this section ~~other than in~~
14.30 ~~subdivision 4~~ are due and payable to the commissioner when the gambling tax return is
14.31 required to be filed.

14.32 (b) Taxes imposed by subdivision 4 are due and payable to the commissioner on or
14.33 before the last business day of the month following the month in which the taxable sale
14.34 was made. This paragraph expires after June 30, 2012.

14.35 (c) Returns covering the taxes imposed under this section must be filed with the
14.36 commissioner on or before the 20th day of the month following the close of the previous

15.1 calendar month. The commissioner may require that the returns be filed via magnetic
 15.2 media or electronic data transfer. The proceeds, along with the revenue received from all
 15.3 ~~license fees and other~~ fees under sections 349.11 to 349.191, 349.211, and 349.213, must
 15.4 be paid to the commissioner of management and budget for deposit in the general fund.

15.5 (d) One-half of one percent of the revenue deposited in the general fund under
 15.6 paragraph (c) is appropriated to the commissioner of human services for the compulsive
 15.7 gambling treatment program established under section 245.98. One-half of one percent
 15.8 of the revenue deposited in the general fund under paragraph (c) is appropriated to the
 15.9 Gambling Control Board for a grant to the state affiliate recognized by the National
 15.10 Council on Problem Gambling to increase public awareness of problem gambling,
 15.11 education and training for individuals and organizations providing effective treatment
 15.12 services to problem gamblers and their families, and research relating to problem
 15.13 gambling. Money appropriated by this paragraph must supplement and must not replace
 15.14 existing state funding for these programs.

15.15 Subd. 4. **Pull-tab and tipboard tax.** (a) A tax is imposed on the sale of each deal
 15.16 of paper pull-tabs and tipboards sold by a distributor. The rate of the tax is 1.7 percent
 15.17 of the ideal gross of the paper pull-tab or tipboard deal. This paragraph expires after
 15.18 June 30, 2012.

15.19 (b) The sales tax imposed by chapter 297A on the sale of the pull-tabs and tipboards
 15.20 by the distributor is imposed on the retail sales price less the tax imposed by this
 15.21 subdivision. The retail sale of pull-tabs or tipboards by the organization is exempt from
 15.22 taxes imposed by chapter 297A and is exempt from all local taxes and license fees except
 15.23 a fee authorized under section 349.16, subdivision 8.

15.24 ~~(b)~~ (c) The liability for the tax imposed by this ~~section~~ subdivision is incurred
 15.25 when the pull-tabs and tipboards are delivered by the distributor to the customer or to
 15.26 a common or contract carrier for delivery to the customer, or when received by the
 15.27 customer's authorized representative at the distributor's place of business, regardless of the
 15.28 distributor's method of accounting or the terms of the sale. This paragraph applies to sales
 15.29 by distributors made before July 1, 2012.

15.30 (d) The tax imposed by this ~~subdivision~~ section is imposed on all sales of pull-tabs
 15.31 and tipboards, except the following:

15.32 (1) sales to the governing body of an Indian tribal organization for use on an Indian
 15.33 reservation;

15.34 (2) sales to distributors licensed under the laws of another state or of a province of
 15.35 Canada, as long as all statutory and regulatory requirements are met in the other state or
 15.36 province;

16.1 (3) sales of promotional tickets as defined in section 349.12; and

16.2 (4) pull-tabs and tipboards sold to an organization that sells pull-tabs and tipboards
16.3 under the exemption from licensing in section 349.166, subdivision 2. A distributor shall
16.4 require an organization conducting exempt gambling to show proof of its exempt status
16.5 before making a tax-exempt sale of pull-tabs or tipboards to the organization. A distributor
16.6 shall identify, on all reports submitted to the commissioner, all sales of pull-tabs and
16.7 tipboards that are exempt from tax under this subdivision.

16.8 ~~(e)~~ (e) A distributor having a liability of \$10,000 or more during a fiscal year ending
16.9 June 30 must remit all liabilities in the subsequent calendar year by electronic means.

16.10 ~~(d)~~ (f) Any customer who purchases deals of pull-tabs or tipboards from a distributor
16.11 may file an annual claim for a refund or credit of taxes paid pursuant to this subdivision
16.12 for unsold pull-tab and tipboard tickets. The claim must be filed with the commissioner on
16.13 a form prescribed by the commissioner by March 20 of the year following the calendar
16.14 year for which the refund is claimed. The refund must be filed as part of the customer's
16.15 February monthly return. The refund or credit is equal to 1.7 percent of the face value
16.16 of the unsold pull-tab or tipboard tickets, ~~provided that the refund or credit will be 1.75~~
16.17 ~~percent of the face value of the unsold pull-tab or tipboard tickets for claims for a refund~~
16.18 ~~or credit of taxes filed on the February 2001 monthly return.~~ The refund claimed will be
16.19 applied as a credit against tax owing under this chapter on the February monthly return. If
16.20 the refund claimed exceeds the tax owing on the February monthly return, that amount
16.21 will be refunded. The amount refunded will bear interest pursuant to section 270C.405
16.22 from 90 days after the claim is filed. This paragraph does not apply to games purchased
16.23 after June 30, 2012.

16.24 Subd. 6. **Combined receipts tax.** In addition to the taxes imposed under
16.25 subdivisions 1 and 4, a tax is imposed on the combined receipts of the organization. As
16.26 used in this section, "combined receipts" is the sum of the organization's gross receipts
16.27 from lawful gambling less gross receipts directly derived from the conduct of bingo,
16.28 raffles, and paddle wheels, as defined in section 297E.01, subdivision 8, for the fiscal year.
16.29 The gross receipts of pull-tabs played using a pull-tab (electronic) dispensing device
16.30 that displays a facsimile of a paper pull-tab are not subject to the combined receipts tax.
16.31 The combined receipts of an organization are subject to a tax computed according to
16.32 the following schedule:

16.33	If the combined receipts	The tax is:
16.34	for the fiscal year are:	
16.35	Not over \$500,000	zero
16.36	Over \$500,000,	

17.1	but not over \$700,000	1.7 percent of the amount over
17.2		\$500,000, but not over \$700,000
17.3	Over \$700,000,	
17.4	but not over \$900,000	\$3,400 plus 3.4 percent of the amount
17.5		over \$700,000, but not over \$900,000
17.6	Over \$900,000	\$10,200 plus 5.1 percent of the
17.7		amount over \$900,000

17.8 This subdivision expires after June 30, 2012.

17.9 Subd. 7. **Untaxed gambling product.** (a) In addition to penalties or criminal
 17.10 sanctions imposed by this chapter, a person, organization, or business entity possessing or
 17.11 selling a pull-tab or tipboard upon which the tax imposed by ~~subdivision 4~~ this chapter
 17.12 has not been paid is liable for a tax of six percent of the ideal gross of each pull-tab or
 17.13 tipboard. The tax on a partial deal must be assessed as if it were a full deal.

17.14 (b) In addition to penalties and criminal sanctions imposed by this chapter, a person
 17.15 not licensed by the board who conducts bingo, raffles, or paddle wheel games is liable for
 17.16 a tax of six percent of the gross receipts from that activity.

17.17 (c) The tax must be assessed by the commissioner. An assessment must be
 17.18 considered a jeopardy assessment or jeopardy collection as provided in section 270C.36.
 17.19 The commissioner shall assess the tax based on personal knowledge or information
 17.20 available to the commissioner. The commissioner shall mail to the taxpayer at the
 17.21 taxpayer's last known address, or serve in person, a written notice of the amount of tax,
 17.22 demand its immediate payment, and, if payment is not immediately made, collect the tax
 17.23 by any method described in chapter 270C, except that the commissioner need not await the
 17.24 expiration of the times specified in chapter 270C. The tax assessed by the commissioner
 17.25 is presumed to be valid and correctly determined and assessed. The burden is upon the
 17.26 taxpayer to show its incorrectness or invalidity. The tax imposed under this subdivision
 17.27 does not apply to gambling that is exempt from taxation under subdivision 2.

17.28 Subd. 8. **Personal debt.** The tax imposed by this section, and interest and penalties
 17.29 imposed with respect to it, are a personal debt of the person required to file a return from
 17.30 the time the liability for it arises, irrespective of when the time for payment of the liability
 17.31 occurs. The debt must, in the case of the executor or administrator of the estate of a
 17.32 decedent and in the case of a fiduciary, be that of the person in the person's official or
 17.33 fiduciary capacity only unless the person has voluntarily distributed the assets held in that
 17.34 capacity without reserving sufficient assets to pay the tax, interest, and penalties, in which
 17.35 event the person is personally liable for any deficiency.

17.36 Subd. 9. **Public information.** All records concerning the administration of the taxes
 17.37 under this chapter are classified as public information.

18.1 Subd. 10. **Refunds; appropriation.** A person who has, under this chapter, paid
 18.2 to the commissioner an amount of tax for a period in excess of the amount legally due
 18.3 for that period, may file with the commissioner a claim for a refund of the excess. The
 18.4 amount necessary to pay the refunds under this ~~subdivision and subdivision 4, paragraph~~
 18.5 ~~(d) section~~, is appropriated from the general fund to the commissioner.

18.6 Subd. 11. **Unplayed or defective pull-tabs or tipboards.** (a) If a deal of pull-tabs
 18.7 or tipboards registered with the board or bar coded in accordance with this chapter and
 18.8 chapter 349 and upon which the tax imposed by subdivision 4 has been paid is returned
 18.9 unplayed to the distributor, the commissioner shall allow a refund of the tax paid. This
 18.10 paragraph expires after June 30, 2012.

18.11 (b) If a defective deal registered with the board or bar coded in accordance with
 18.12 this chapter and chapter 349 and upon which the taxes have been paid is returned to the
 18.13 manufacturer, the distributor shall submit to the commissioner of revenue certification
 18.14 from the manufacturer that the deal was returned and in what respect it was defective.
 18.15 The certification must be on a form prescribed by the commissioner and must contain
 18.16 additional information the commissioner requires.

18.17 (c) The commissioner may require that no refund under this subdivision be made
 18.18 unless the returned pull-tabs or tipboards have been set aside for inspection by the
 18.19 commissioner's employee.

18.20 (d) Reductions in previously paid taxes authorized by this subdivision must be made
 18.21 when and in the manner prescribed by the commissioner.

18.22 Sec. 2. Minnesota Statutes 2010, section 349.12, subdivision 5, is amended to read:

18.23 Subd. 5. **Bingo occasion.** "Bingo occasion" means a single gathering or session at
 18.24 which a series of one or more successive bingo games is played. There is no limit on the
 18.25 number of games conducted during a bingo occasion ~~but~~. A bingo occasion must not last
 18.26 longer than eight consecutive hours; except that linked bingo games played on electronic
 18.27 bingo devices may be played during regular business hours of the permitted premises and
 18.28 all play during this period is considered a bingo occasion for reporting purposes. For
 18.29 premises where the primary business is bingo, regular business hours shall be defined as
 18.30 the hours between 8:00 a.m. and 2:00 a.m.

18.31 Sec. 3. Minnesota Statutes 2010, section 349.12, subdivision 12a, is amended to read:

18.32 Subd. 12a. **Electronic bingo device.** "Electronic bingo device" means an electronic
 18.33 bingo device used by a bingo player to (1) monitor bingo paper sheets or a facsimile of
 18.34 a bingo paper sheet when purchased at the time and place of an organization's bingo

19.1 occasion ~~and which (1) provides a means for bingo players to, (2) activate numbers~~
 19.2 ~~announced by a bingo caller; (2) compares~~ or displayed and compare the numbers entered
 19.3 ~~by the player to the bingo faces previously stored in the memory of the device,~~ and (3)
 19.4 ~~identifies~~ identify a winning bingo pattern or game requirement.

19.5 Electronic bingo device does not mean any device into which coin, currency, or tokens
 19.6 are inserted to activate play. An electronic bingo device that plays linked bingo games
 19.7 may only be a device that is handheld and portable. Linked bingo games played on an
 19.8 electronic bingo device may only be activated by coded data entry. An electronic bingo
 19.9 device may only be used by a bingo player for play against other electronic bingo players
 19.10 and may not be used by a bingo player for play against the electronic bingo device itself.

19.11 Sec. 4. Minnesota Statutes 2010, section 349.12, subdivision 25b, is amended to read:

19.12 Subd. 25b. **Linked bingo game provider.** "Linked bingo game provider" means
 19.13 any person who provides the means to link bingo ~~prizes in a linked bingo game, who~~
 19.14 ~~provides linked bingo paper sheets to the participating organizations~~ games, who provides
 19.15 linked bingo prize management, and who provides the linked bingo game system.

19.16 Sec. 5. Minnesota Statutes 2010, section 349.12, subdivision 25c, is amended to read:

19.17 Subd. 25c. **Linked bingo game system.** "Linked bingo game system" means the
 19.18 equipment used by the linked bingo provider to conduct, transmit, and track a linked
 19.19 bingo game. The system must be approved by the board before its use in this state and it
 19.20 must have ~~dial-up or other~~ the capability to permit the board to electronically monitor its
 19.21 operation remotely.

19.22 Sec. 6. Minnesota Statutes 2010, section 349.12, subdivision 25d, is amended to read:

19.23 Subd. 25d. **Linked bingo prize pool.** "Linked bingo prize pool" means the total
 19.24 of all prize money that each participating organization has contributed to a linked bingo
 19.25 game prize and includes any portion of the prize pool that is carried over from one
 19.26 ~~occasion~~ game to another in a progressive linked bingo game.

19.27 Sec. 7. Minnesota Statutes 2010, section 349.12, subdivision 29, is amended to read:

19.28 Subd. 29. **Paddle wheel.** "Paddle wheel" means a wheel marked off into sections
 19.29 containing one or more numbers, and which, after being turned or spun manually or
 19.30 electronically, uses a pointer or marker to indicate winning chances. An electronic paddle
 19.31 wheel would only be allowed to be used to determine a winning number that would match
 19.32 a paper paddle ticket held by a player.

20.1 Sec. 8. Minnesota Statutes 2010, section 349.12, subdivision 32, is amended to read:

20.2 Subd. 32. **Pull-tab.** "Pull-tab" means a single folded or banded paper ticket or a
 20.3 multi-ply card with perforated break-open tabs, or a facsimile of a paper pull-tab when
 20.4 used in conjunction with a pull-tab dispensing device, the face of which is initially covered
 20.5 to conceal one or more numbers or symbols, where one or more of each set of tickets, ~~or~~
 20.6 cards, or facsimiles has been designated in advance as a winner.

20.7 Sec. 9. Minnesota Statutes 2010, section 349.12, subdivision 32a, is amended to read:

20.8 Subd. 32a. **Pull-tab dispensing device.** "Pull-tab dispensing device" means a
 20.9 mechanical or electronic device that dispenses paper pull-tabs ~~and has no additional~~
 20.10 ~~function as an amusement or gambling device~~ or displays facsimiles of paper pull-tabs. A
 20.11 pull-tab dispensing device may have as a component an auditory or visual enhancement to
 20.12 promote or provide information about a game being dispensed or displayed, provided the
 20.13 component does not affect the outcome of a game or display the results of a game ~~or an~~
 20.14 ~~individual ticket.~~ A pull-tab dispensing device that displays facsimiles of paper pull-tabs
 20.15 is not allowed to accept any coin, currency, or tokens, but does allow for activation by
 20.16 coded data entry. A pull-tab dispensing device that displays facsimiles of paper pull-tabs
 20.17 may only be a device that is handheld and portable.

20.18 Sec. 10. Minnesota Statutes 2010, section 349.13, is amended to read:

20.19 **349.13 LAWFUL GAMBLING.**

20.20 Lawful gambling is not a lottery or gambling within the meaning of sections 609.75
 20.21 to 609.76 if it is conducted under this chapter. A pull-tab dispensing device permitted by
 20.22 board rule is not a gambling device within the meaning of sections 609.75 to 609.76
 20.23 and chapter 299L. Electronic game devices including but not limited to electronic bingo
 20.24 devices, electronic paddlewheels, and electronic pull-tab dispensing devices authorized
 20.25 under this chapter may only be used in the conduct of lawful gambling permitted under
 20.26 this chapter and may not display or simulate any other form of gambling or entertainment.

20.27 Sec. 11. Minnesota Statutes 2010, section 349.151, subdivision 4b, is amended to read:

20.28 Subd. 4b. **Pull-tab sales from dispensing devices.** ~~(a)~~ The board may by rule
 20.29 authorize but not require the use of pull-tab dispensing devices.

20.30 ~~(b) Rules adopted under paragraph (a):~~

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

21.1 ~~(2) must limit the use of pull-tab dispensing devices to a permitted premises which is~~
 21.2 ~~(i) a licensed premises for on-sales of intoxicating liquor or 3.2 percent malt beverages;~~
 21.3 ~~or (ii) a premises where bingo is conducted and admission is restricted to persons 18~~
 21.4 ~~years or older.~~

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

21.8 Sec. 12. Minnesota Statutes 2010, section 349.151, subdivision 4c, is amended to read:

21.9 Subd. 4c. **Electronic bingo.** (a) The board may by rule authorize but not require the
 21.10 use of electronic bingo devices.

21.11 (b) Rules adopted under paragraph (a):

21.12 (1) must limit the number of bingo faces that can be played using an electronic
 21.13 bingo device to 36;

21.14 (2) must require that an electronic bingo device be used with ~~corresponding bingo~~
 21.15 ~~paper sheets or a facsimile, printed at the point of sale, of a bingo paper sheet~~ as approved
 21.16 by the board;

21.17 (3) must require that the electronic bingo device site system have ~~dial-up~~ the
 21.18 capability to permit the board to remotely monitor the operation of the device and the
 21.19 internal accounting systems; and

21.20 (4) must prohibit the price of a face played on an electronic bingo device from
 21.21 being less than the price of a face on a bingo paper sheet sold for the same game at the
 21.22 same occasion.

21.23 Sec. 13. Minnesota Statutes 2010, section 349.155, subdivision 3, is amended to read:

21.24 Subd. 3. **Mandatory disqualifications.** (a) In the case of licenses for manufacturers,
 21.25 distributors, distributor salespersons, linked bingo game providers, and gambling
 21.26 managers, the board may not issue or renew a license under this chapter, and shall revoke
 21.27 a license under this chapter, if the applicant or licensee, or a director, officer, partner,
 21.28 governor, or person in a supervisory or management position of the applicant or licensee:

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

21.30 (2) has ever been convicted of (i) assault, (ii) a criminal violation involving the use
 21.31 of a firearm, or (iii) making terroristic threats;

21.32 (3) is or has ever been connected with or engaged in an illegal business;

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

22.1 (5) had a sales and use tax permit revoked by the commissioner of revenue within
22.2 the past two years; or

22.3 (6) after demand, has not filed tax returns required by the commissioner of revenue.

22.4 The board may deny or refuse to renew a license under this chapter, and may revoke a
22.5 license under this chapter, if any of the conditions in this paragraph are applicable to
22.6 an affiliate or direct or indirect holder of more than a five percent financial interest in
22.7 the applicant or licensee.

22.8 (b) In the case of licenses for organizations, the board may not issue a license under
22.9 this chapter, and shall revoke a license under this chapter, if the organization, or an officer
22.10 or member of the governing body of the organization:

22.11 (1) has been convicted of a felony or gross misdemeanor involving theft or fraud; or

22.12 (2) has ever been convicted of a crime involving gambling; or

22.13 ~~(3) has had a license issued by the board or director permanently revoked for~~
22.14 ~~violation of law or board rule.~~

22.15 Sec. 14. Minnesota Statutes 2010, section 349.155, subdivision 4, is amended to read:

22.16 Subd. 4. **License revocation, suspension, denial; censure.** (a) The board may by
22.17 order (i) deny, suspend, revoke, or refuse to renew a license or premises permit, or (ii)
22.18 censure a licensee or applicant, if it finds that the order is in the public interest and that the
22.19 applicant or licensee, or a director, officer, partner, governor, person in a supervisory or
22.20 management position of the applicant or licensee, an employee eligible to make sales on
22.21 behalf of the applicant or licensee, or direct or indirect holder of more than a five percent
22.22 financial interest in the applicant or licensee:

22.23 (1) has violated or failed to comply with any provision of this chapter or chapter
22.24 297E or 299L, or any rule adopted or order issued thereunder;

22.25 (2) has filed an application for a license that is incomplete in any material respect, or
22.26 contains a statement that, in light of the circumstances under which it was made, is false,
22.27 misleading, fraudulent, or a misrepresentation;

22.28 (3) has made a false statement in a document or report required to be submitted to
22.29 the board or the commissioner of revenue, or has made a false statement to the board, the
22.30 compliance review group, or the director;

22.31 (4) has been convicted of a crime in another jurisdiction that would be a felony if
22.32 committed in Minnesota;

22.33 (5) is permanently or temporarily enjoined by any gambling regulatory agency from
22.34 engaging in or continuing any conduct or practice involving any aspect of gambling;

23.1 (6) has had a gambling-related license revoked or suspended, or has paid or been
 23.2 required to pay a monetary penalty of \$2,500 or more, by a gambling regulator in another
 23.3 state or jurisdiction;

23.4 (7) has been the subject of any of the following actions by the director of alcohol
 23.5 and gambling enforcement or commissioner of public safety: (i) had a license under
 23.6 chapter 299L denied, suspended, or revoked, (ii) been censured, reprimanded, has paid or
 23.7 been required to pay a monetary penalty or fine, or (iii) has been the subject of any other
 23.8 discipline by the director or commissioner;

23.9 (8) has engaged in conduct that is contrary to the public health, welfare, or safety, or
 23.10 to the integrity of gambling; or

23.11 (9) based on past activities or criminal record poses a threat to the public interest or
 23.12 to the effective regulation and control of gambling, or creates or enhances the dangers of
 23.13 unsuitable, unfair, or illegal practices, methods, and activities in the conduct of gambling
 23.14 or the carrying on of the business and financial arrangements incidental to the conduct of
 23.15 gambling.

23.16 (b) The revocation or suspension of an organization license may not exceed a period
 23.17 of ten years, including any revocation or suspension imposed by the board prior to the
 23.18 effective date of this paragraph, except that:

23.19 (1) any prohibition placed by the board on who may be involved in the conduct,
 23.20 oversight, or management of the revoked organization's lawful gambling activity is
 23.21 permanent; and

23.22 (2) a revocation or suspension will remain in effect until the payment of any taxes,
 23.23 fees, and fines that are delinquent have been paid by the organization to the satisfaction of
 23.24 the board.

23.25 Sec. 15. Minnesota Statutes 2010, section 349.161, subdivision 1, is amended to read:

23.26 Subdivision 1. **Prohibited acts; licenses required.** (a) No person may:

23.27 (1) sell, offer for sale, or furnish gambling equipment for use within the state other
 23.28 than for lawful gambling exempt or excluded from licensing, except to an organization
 23.29 licensed for lawful gambling;

23.30 (2) sell, offer for sale, or furnish gambling equipment for use within the state
 23.31 without having obtained a distributor license or a distributor salesperson license under
 23.32 this section except that an organization authorized to conduct bingo by the board may
 23.33 loan bingo hard cards and devices for selecting bingo numbers to another organization
 23.34 authorized to conduct bingo;

24.1 (3) sell, offer for sale, or furnish gambling equipment for use within the state that is
 24.2 not purchased or obtained from a manufacturer or distributor licensed under this chapter; or

24.3 (4) sell, offer for sale, or furnish gambling equipment for use within the state that
 24.4 has the same serial number as another item of gambling equipment of the same type sold
 24.5 or offered for sale or furnished for use in the state by that distributor.

24.6 (b) No licensed distributor salesperson may sell, offer for sale, or furnish gambling
 24.7 equipment for use within the state without being employed by a licensed distributor or
 24.8 owning a distributor license.

24.9 (c) No distributor or distributor salesperson may also be licensed as a linked bingo
 24.10 game provider under section 349.1635.

24.11 Sec. 16. Minnesota Statutes 2010, section 349.163, subdivision 1, is amended to read:

24.12 Subdivision 1. **License required.** No manufacturer of gambling equipment may
 24.13 sell any gambling equipment to any person for use or resale within the state, unless the
 24.14 manufacturer has a current and valid license issued by the board under this section and has
 24.15 satisfied other criteria prescribed by the board by rule. A manufacturer licensed under this
 24.16 section may also be licensed as a linked bingo game provider under section 349.1635.

24.17 A manufacturer licensed under this section may not also be directly or indirectly
 24.18 licensed as a distributor under section 349.161.

24.19 Sec. 17. Minnesota Statutes 2010, section 349.163, subdivision 6, is amended to read:

24.20 Subd. 6. **Samples of gambling equipment.** The board shall require each licensed
 24.21 manufacturer to submit to the board one or more samples of each item of gambling
 24.22 equipment the manufacturer manufactures for use or resale in this state. For purposes of
 24.23 this subdivision, a manufacturer is also required to submit the applicable version of any
 24.24 software necessary to operate electronic devices and related systems. The board shall
 24.25 inspect and test all the equipment, including software and software upgrades, it deems
 24.26 necessary to determine the equipment's compliance with law and board rules. Samples
 24.27 required under this subdivision must be approved by the board before the equipment being
 24.28 sampled is shipped into or sold for use or resale in this state. The board shall impose a fee
 24.29 of \$25 for each item of gambling equipment that the manufacturer submits for approval
 24.30 or for which the manufacturer requests approval. The board shall impose a fee of \$100
 24.31 for each sample of gambling equipment that it tests. The board may require samples of
 24.32 gambling equipment to be tested by an independent testing laboratory prior to submission
 24.33 to the board for approval. All costs of testing by an independent testing laboratory must be
 24.34 borne by the manufacturer. An independent testing laboratory used by a manufacturer to

25.1 test samples of gambling equipment must be approved by the board before the equipment
 25.2 is submitted to the laboratory for testing. The board may request the assistance of the
 25.3 commissioner of public safety and the director of the State Lottery in performing the tests.

25.4 Sec. 18. Minnesota Statutes 2010, section 349.1635, subdivision 2, is amended to read:

25.5 Subd. 2. **License application.** The board may issue a license to a linked bingo game
 25.6 provider or to a manufacturer licensed under section 349.163 who meets the qualifications
 25.7 of this chapter and the rules promulgated by the board. The application shall be on a form
 25.8 prescribed by the board. The license is valid for two years and the fee for a linked bingo
 25.9 game provider license is \$5,000 per year.

25.10 Sec. 19. Minnesota Statutes 2010, section 349.1635, is amended by adding a
 25.11 subdivision to read:

25.12 Subd. 5. **Linked bingo game services requirements.** A linked bingo game
 25.13 provider shall contract with licensed distributors for linked bingo game services including,
 25.14 but not limited to, the solicitation of agreements with licensed organizations, and
 25.15 installation, repair, or maintenance of the linked bingo game system. No linked bingo
 25.16 game provider may contract with any distributor on an exclusive basis. A linked bingo
 25.17 game provider may refuse to contract with a licensed distributor if the linked bingo
 25.18 game provider demonstrates that the licensed distributor is not capable of performing
 25.19 the services under the contract.

25.20 Sec. 20. Minnesota Statutes 2010, section 349.165, subdivision 2, is amended to read:

25.21 Subd. 2. **Contents of application.** An application for a premises permit must
 25.22 contain:

25.23 (1) the name and address of the applying organization;

25.24 (2) a description of the site for which the permit is sought, including its address and,
 25.25 where applicable, its placement within another premises or establishment;

25.26 (3) if the site is leased, the name and address of the lessor and information about the
 25.27 lease the board requires, including all rents and other charges for the use of the site. The
 25.28 lease term is concurrent with the term of the premises permit. The lease must contain a
 25.29 ~~30-day~~ termination clause. No lease is required for the conduct of a raffle; and

25.30 (4) other information the board deems necessary to carry out its purposes.

25.31 An organization holding a premises permit must notify the board in writing within
 25.32 ten days whenever any material change is made in the above information.

26.1 Sec. 21. Minnesota Statutes 2010, section 349.17, subdivision 6, is amended to read:

26.2 Subd. 6. **Conduct of bingo.** A game of bingo begins with the first letter and number
 26.3 called or displayed. Each player must cover, mark, or activate the numbers when bingo
 26.4 numbers are randomly selected, and announced, and or displayed to the players, ~~either~~
 26.5 ~~manually or with a flashboard and monitor~~. The game is won when a player, using
 26.6 bingo paper, bingo hard card, or a facsimile of a bingo paper sheet, has completed, as
 26.7 described in the bingo program, a previously designated pattern or previously determined
 26.8 requirements of the game and declared bingo. The game is completed when a winning
 26.9 card, sheet, or facsimile is verified and a prize awarded pursuant to subdivision 3.

26.10 Sec. 22. Minnesota Statutes 2010, section 349.17, subdivision 7, is amended to read:

26.11 Subd. 7. **Bar bingo.** An organization may conduct bar bingo subject to the
 26.12 following restrictions:

26.13 (1) the bingo is conducted at a site the organization owns or leases and which has a
 26.14 license for the sale of intoxicating beverages on the premises under chapter 340A;

26.15 (2) the bingo is conducted using only bingo paper sheets or facsimiles of bingo paper
 26.16 sheets purchased from a licensed distributor or licensed linked bingo game provider; and

26.17 (3) no rent may be paid for a bar bingo occasion, except as allowed in section
 26.18 349.185.

26.19 Sec. 23. Minnesota Statutes 2010, section 349.17, subdivision 8, is amended to read:

26.20 Subd. 8. **Linked bingo games.** (a) A licensed organization may conduct or
 26.21 participate in ~~not more than two~~ linked bingo games ~~per occasion, one of which may be a~~
 26.22 including progressive game games in which a portion of the prize is carried over from one
 26.23 ~~occasion game~~ to another until won by a player achieving a bingo within a predetermined
 26.24 amount of bingo numbers called.

26.25 (b) ~~Each participating licensed organization shall contribute to each prize awarded in~~
 26.26 ~~a linked bingo game in an amount not to exceed \$300~~ Linked bingo games may only be
 26.27 conducted by licensed organizations who have a valid agreement with the linked bingo
 26.28 game provider.

26.29 (c) An electronic bingo device as defined in section 349.12, subdivision 12a, may
 26.30 be used for a linked bingo game.

26.31 (d) Linked bingo games played on an electronic bingo device may be located only at
 26.32 a permitted premises where the organization conducts another form of lawful gambling
 26.33 and the premises is:

27.1 (1) a licensed premises for the on-sale or off-sale of intoxicating liquor or 3.2 percent
 27.2 malt beverages, except for a general food store or drug store permitted to sell alcoholic
 27.3 beverages under section 340A.405, subdivision 1; or

27.4 (2) where bingo is conducted as the primary business, the premises has a seating
 27.5 capacity of at least 100, and admission is restricted to persons 18 years or older.

27.6 (e) For linked bingo games played on an electronic bingo device:

27.7 (1) no more than six electronic bingo devices may be in play at a permitted premises
 27.8 with 200 seats or less;

27.9 (2) no more than 12 electronic bingo devices may be in play at a permitted premises
 27.10 with 201 seats or more; and

27.11 (3) no more than 50 electronic bingo devices may be in play for premises where
 27.12 bingo is the primary business.

27.13 Seating capacity is determined as specified under the local fire code.

27.14 (f) Prior to a bingo occasion for linked bingo games played on an electronic bingo
 27.15 device, the linked bingo game provider, on behalf of the participating organizations, must
 27.16 provide to the board a bingo program in a format prescribed by the board.

27.17 ~~(d)~~ (g) The board may adopt rules to:

27.18 (1) specify the manner in which a linked bingo game must be played and how the
 27.19 linked bingo prizes must be awarded;

27.20 (2) specify the records to be maintained by a linked bingo game provider;

27.21 (3) require the submission of periodic reports by the linked bingo game provider and
 27.22 specify the content of the reports;

27.23 (4) establish the qualifications required to be licensed as a linked bingo game
 27.24 provider; and

27.25 (5) any other matter involving the operation of a linked bingo game.

27.26 Sec. 24. Minnesota Statutes 2010, section 349.1721, is amended by adding a
 27.27 subdivision to read:

27.28 Subd. 3. **Pull-tab dispensing devices restrictions and requirements.** (a) The
 27.29 number of paper pull-tab dispensing devices located on any permitted premises is limited
 27.30 to three.

27.31 (b) The number of pull-tab dispensing devices that use facsimiles of paper pull-tabs
 27.32 is limited to:

27.33 (1) no more than six devices in play at any permitted premises with 200 seats or less;

27.34 (2) no more than 12 devices in play at any permitted premises with 201 seats
 27.35 or more; and

28.1 (3) for premises where the primary business is bingo, the number of devices that
28.2 may be in play will be determined by the board.

28.3 Seating capacity is determined as specified under the local fire code.

28.4 (c) The use of any pull-tab dispensing device must be at a permitted premises
28.5 which is:

28.6 (1) a licensed premises for on-sales of intoxicating liquor or 3.2 percent malt
28.7 beverages; or

28.8 (2) a premises where bingo is conducted as the primary business and admission
28.9 is restricted to persons 18 years or older.

28.10 (d) Pull-tab dispensing devices may be used in establishments licensed for the
28.11 off-sale of intoxicating liquor, other than drugstores and general food stores licensed under
28.12 section 340A.405, subdivision 1.

28.13 (e) An organization may use pull-tab dispensing devices that use facsimiles of paper
28.14 pull-tabs if the organization conducts another form of lawful gambling at the permitted
28.15 premises.

28.16 (f) Pull-tab dispensing devices that use facsimiles of paper pull-tabs must have the
28.17 capability to:

28.18 (1) allow the board to electronically monitor the operation of the electronic pull-tab
28.19 devices and the internal accounting systems;

28.20 (2) maintain a printable, permanent record of all transactions involving the device;
28.21 and

28.22 (3) allow the board to require the deactivation of a device for violation of a law or
28.23 rule and to implement any other controls deemed by the board necessary to ensure and
28.24 maintain the integrity of games operated under this subdivision.

28.25 (g) The board shall examine prototypes of pull-tab dispensing devices that use
28.26 facsimiles of paper pull-tabs. The board may contract for the examination of the devices
28.27 and may require working models of the devices to be transported to locations the board
28.28 designates for testing, examination, and analysis. The manufacturer shall pay all costs of
28.29 any testing, examination, analysis, and transportation of the model.

28.30 (h) Pull-tab dispensing devices that use facsimiles of paper pull-tabs shall be limited
28.31 to operation between the hours of 8:00 a.m. and 2:00 a.m.

28.32 Sec. 25. Minnesota Statutes 2010, section 349.1721, is amended by adding a
28.33 subdivision to read:

28.34 Subd. 4. **Electronic facsimile of paper pull-tabs.** (a) Tickets and deals must be in
28.35 conformance with board rules for pull-tabs.

- 29.1 (b) Deals must contain:
 29.2 (1) a finite number of tickets in each electronic deal;
 29.3 (2) a predetermined number of winning and losing tickets;
 29.4 (3) serialized tracking for each deal;
 29.5 (4) no regeneration of a serialized deal; and
 29.6 (5) no spinning symbols which mimic a video slot machine.
 29.7 (c) All deals in play must not be transferred electronically or otherwise to any other
 29.8 location by the licensed organization.
 29.9 (d) Deals must not be shared, commingled, or linked with any other deals or
 29.10 locations.
 29.11 (e) No electronic facsimile of a paper pull-tab may be sold in a denomination of less
 29.12 than 25 cents per ticket.
 29.13 (f) A player must activate or open each electronic facsimile of a pull-tab ticket and
 29.14 each individual line, row, or column of each electronic facsimile of a pull-tab ticket.

29.15 Sec. 26. Minnesota Statutes 2010, section 349.1721, is amended by adding a
 29.16 subdivision to read:

29.17 Subd. 5. **Multiple chance games.** The board may permit pull-tab games in which
 29.18 the holders of certain predesignated winning tickets, with a prize value not to exceed \$75
 29.19 each, have the option of turning in the winning tickets for the chance to win a prize of
 29.20 greater value.

29.21 Sec. 27. Minnesota Statutes 2010, section 349.18, subdivision 1, is amended to read:

29.22 Subdivision 1. **Lease or ownership required; rent limitations.** (a) An organization
 29.23 may conduct lawful gambling only on premises it owns or leases. Leases must be on a
 29.24 form prescribed by the board. The term of the lease is concurrent with the premises permit.
 29.25 Leases approved by the board must specify that the board may authorize an organization
 29.26 to withhold rent from a lessor for a period of up to 90 days if the board determines that
 29.27 illegal gambling occurred on the premises or that the lessor or its employees participated
 29.28 in the illegal gambling or knew of the gambling and did not take prompt action to stop the
 29.29 gambling. The lease must authorize the continued tenancy of the organization without
 29.30 the payment of rent during the time period determined by the board under this paragraph.
 29.31 Copies of all leases must be made available to employees of the board and the Division of
 29.32 Alcohol and Gambling Enforcement on request.

29.33 (b) Rent paid by an organization for leased premises for the conduct of pull-tabs,
 29.34 tipboards, and paddle wheels is subject to the following limits:

30.1 (1) for booth operations, including booth operations where a paper pull-tab
 30.2 dispensing device is located, booth operations where a bar operation is also conducted,
 30.3 and booth operations where both a paper pull-tab dispensing device is located and a bar
 30.4 operation is also conducted, the ~~maximum rent is:~~ monthly rent is not more than ten
 30.5 percent of gross profits for that month;

30.6 ~~(i) in any month where the organization's gross profit at those premises does not~~
 30.7 ~~exceed \$4,000, up to \$400; and~~

30.8 ~~(ii) in any month where the organization's gross profit at those premises exceeds~~
 30.9 ~~\$4,000, up to \$400 plus not more than ten percent of the gross profit for that month in~~
 30.10 ~~excess of \$4,000;~~

30.11 (2) for bar operations, ~~including bar operations where a pull-tab dispensing device is~~
 30.12 ~~located~~ but not including bar operations subject to clause (1), ~~and for locations where only~~
 30.13 ~~a pull-tab dispensing device is located~~ the monthly rent is subject to the following:

30.14 ~~(i) in any month where the organization's gross profit at those premises does not~~
 30.15 ~~exceed \$1,000, up to \$200; and~~

30.16 ~~(ii) in any month where the organization's gross profit at those premises exceeds~~
 30.17 ~~\$1,000, up to \$200 plus not more than 20 percent of the gross profit for that month~~
 30.18 ~~in excess of \$1,000;~~

30.19 ~~(i) not more than 20 percent of the monthly gross profits from the sale of paper~~
 30.20 ~~pull-tabs or tipboards; and~~

30.21 ~~(ii) not more than 17 percent of the monthly gross profits from sales of electronic~~
 30.22 ~~linked bingo games and electronic facsimiles of paper pull-tabs;~~

30.23 (3) a lease not governed by clauses (1) and (2) must be approved by the board
 30.24 before becoming effective;

30.25 (4) total rent paid to a lessor from all organizations from leases governed by clause
 30.26 (1) may not exceed \$1,750 per month.

30.27 (c) Rent paid by an organization for leased premises for the conduct of bingo is
 30.28 subject to either of the following limits at the option of the parties to the lease:

30.29 (1) not more than ten percent of the monthly gross profit from all lawful gambling
 30.30 activities held during bingo occasions excluding bar bingo or at a rate based on a cost per
 30.31 square foot not to exceed 110 percent of a comparable cost per square foot for leased space
 30.32 as approved by the director; and

30.33 (2) no rent may be paid for bar bingo except as allowed in section 349.185.

30.34 (d) Amounts paid as rent under leases are all-inclusive. No other services or expenses
 30.35 provided or contracted by the lessor may be paid by the organization, including, but not
 30.36 limited to, trash removal, janitorial and cleaning services, snow removal, lawn services,

31.1 electricity, heat, security, security monitoring, storage, other utilities or services, and, in
 31.2 the case of bar operations, cash shortages, unless approved by the director. The lessor shall
 31.3 be responsible for the cost of any communications network or service that is required to
 31.4 conduct electronic gaming. Any other expenditure made by an organization that is related
 31.5 to a leased premises must be approved by the director. An organization may not provide
 31.6 any compensation or thing of value to a lessor or the lessor's employees from any fund
 31.7 source other than its gambling account. Rent payments may not be made to an individual.

31.8 (e) Notwithstanding paragraph (b), an organization may pay a lessor for food or
 31.9 beverages or meeting room rental if the charge made is comparable to similar charges
 31.10 made to other individuals or groups.

31.11 (f) No entity other than the licensed organization may conduct any activity within
 31.12 a booth operation on a leased premises.

31.13 (g) The rent provisions under this subdivision shall be monitored by the board and
 31.14 shall be reported to the legislature as part of the board's annual report.

31.15 Sec. 28. **[349.185] GROSS PROFIT ALLOCATION; LINKED BINGO ON**
 31.16 **ELECTRONIC BINGO DEVICES.**

31.17 (a) The allocation of gross profits from the operation of linked bingo on electronic
 31.18 bingo devices is as provided in this section. The licensed organization shall receive:

31.19 (1) a minimum of 50 percent of gross profits to be used exclusively for lawful
 31.20 purpose expenditures as defined under section 349.12, subdivision 25; and

31.21 (2) no more than 13 percent each fiscal year for allowable expenses as defined
 31.22 under section 349.12, subdivision 3a, and does not include the expenses allocated under
 31.23 paragraph (b) or (c).

31.24 (b) A linked bingo game provider shall receive no more than 20 percent of gross
 31.25 profits.

31.26 (c) Where the primary business is not bingo and the premises is leased and linked
 31.27 bingo is played on electronic bingo devices, the lessor is subject to the limits in section
 31.28 349.18. The licensed organization shall be responsible for the overall conduct of linked
 31.29 bingo games but the lessor shall provide staffing to operate the linked bingo games at the
 31.30 premises in order to receive the percentage of profit allocation and the lessor is responsible
 31.31 for cash shortages.

31.32 (d) Where the primary business is bingo and the linked bingo is played on electronic
 31.33 bingo devices, the lessor is subject to the rent limitations under section 349.18, subdivision
 31.34 1, paragraph (c), clause (1), and the licensed organization will receive the value identified
 31.35 under paragraph (c).

32.1 (e) The allocation of gross profits under this subdivision shall be monitored by the
 32.2 board and shall be reported to the legislature as part of the board's annual report.

32.3 Sec. 29. Minnesota Statutes 2010, section 349.211, subdivision 1a, is amended to read:

32.4 Subd. 1a. **Linked bingo prizes.** Prizes for a linked bingo game shall be limited
 32.5 as follows:

32.6 ~~(1) no organization may contribute more than \$300 per linked bingo game to a~~
 32.7 ~~linked bingo prize pool for linked bingo games played without electronic bingo devices,~~
 32.8 an organization may not contribute to a linked bingo game prize pool more than \$300
 32.9 per linked bingo game per site;

32.10 (2) for linked bingo games played with electronic bingo devices, an organization
 32.11 may not contribute more than 85 percent of the gross receipts per permitted premises to
 32.12 a linked bingo game prize pool;

32.13 ~~(2)~~ (3) no organization may award more than \$200 for a linked bingo game
 32.14 consolation prize. For purposes of this subdivision, a linked bingo game consolation
 32.15 prize is a prize awarded by an organization after a prize from the linked bingo prize pool
 32.16 has been won; ~~and~~

32.17 ~~(3)~~ (4) for a progressive linked bingo game, if no player declares a valid bingo
 32.18 ~~within the~~ for a progressive prize or prizes based on a predetermined amount of bingo
 32.19 ~~numbers called~~ and posted win determination, a portion of the prize is gross receipts
 32.20 may be carried over to another occasion game until the accumulated progressive prize
 32.21 is won. The portion of the prize that is not carried over must be awarded to the first
 32.22 player or players who declares a valid bingo as additional numbers are called. If a valid
 32.23 bingo is declared within the predetermined amount of bingo numbers called, the entire
 32.24 prize pool for that game is awarded to the winner. The annual limit for progressive bingo
 32.25 game prizes contained in subdivision 2 must be reduced by the amount an organization
 32.26 contributes to progressive linked bingo games during the same calendar year; and

32.27 (5) for linked bingo games played on electronic bingo devices, linked bingo prizes
 32.28 in excess of \$599 shall be paid by the linked bingo game provider to the player within
 32.29 three business days. Winners of linked bingo prizes in excess of \$599 will be given a
 32.30 receipt or claim voucher as proof of a win.

32.31 Sec. 30. **APPROPRIATION.**

32.32 \$440,000 in fiscal year 2012 and \$880,000 in fiscal year 2013 are appropriated
 32.33 from the lawful gambling regulation account in the special revenue fund to the Gambling

33.1 Control Board for operating expenses related to the regulatory oversight of lawful
33.2 gambling.

33.3 **ARTICLE 4**

33.4 **MISCELLANEOUS**

33.5 Section 1. **SEVERABILITY; SAVINGS.**

33.6 If any provision of this act is found to be invalid because it is in conflict with a
33.7 provision of the Minnesota Constitution or the Constitution of the United States, or for any
33.8 other reason, all other provisions of this act shall remain valid and any rights, remedies,
33.9 and privileges that have been otherwise accrued by this act, shall remain in effect and may
33.10 be proceeded with and concluded under this act.

33.11 Sec. 2. **EFFECTIVE DATE.**

33.12 This act is effective the day following final enactment.

APPENDIX
Article locations in 12-5309

ARTICLE 1	RACINO	Page.Ln 1.22
ARTICLE 2	MINNESOTA FIRST FUND	Page.Ln 12.16
ARTICLE 3	LAWFUL GAMBLING	Page.Ln 13.28
ARTICLE 4	MISCELLANEOUS	Page.Ln 33.3