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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-SECOND SESSION

H. F. No. 767

02/04/2021 Authored by Garofalo
The bill was read for the first time and referred to the Committee on Commerce Finance and Policy

1.1 A bill for an act
1.2 relating to state government; authorizing a Sports Wagering Commission to regulate
1.3 wagering on sporting events; establishing crimes related to certain wagering on
1.4 sporting events; taxing sporting events; requiring reports; amending Minnesota
1.5 Statutes 2020, sections 15A.0815, subdivision 3; 290.0131, by adding a subdivision;
1.6 290.0132, by adding a subdivision; 290.0133, by adding a subdivision; 290.0134,
1.7 by adding a subdivision; 297E.02, subdivision 3; 609.75, subdivision 3, by adding
1.8 a subdivision; 609.755; 609.76, by adding a subdivision; proposing coding for
1.9 new law in Minnesota Statutes, chapter 609; proposing coding for new law as
1.10 Minnesota Statutes, chapters 240B; 297J.

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

1.12 ARTICLE 1
1.13 WAGERING ON SPORTING EVENTS

1.14 Section 1. [240B.01] DEFINITIONS.

1.15 Subdivision 1. Scope. The definitions in this section apply to this chapter.

1.16 Subd. 2. Casino. "Casino" means a gaming establishment operated under an agreement
1.17 between the state and a tribe under section 3.9221.

1.18 Subd. 3. Commission. "Commission" means the Sports Wagering Commission
1.19 established under section 240B.05.

1.20 Subd. 4. Esport. "Esport" means the play of a competitive video game in a game, match,
1.21 contest, or series of games, matches, or contests, or a tournament between or amongst people
1.22 or teams, or by a person or team against a specified measure of performance that meets the
1.23 following conditions:

2.1 (1) the video game does not simulate the play of a game classified as class I, II, or III,
2.2 under the Indian Gaming Regulatory Act, Public Law 100-497;

2.3 (2) a majority of participants are 18 years old or older;

2.4 (3) spectators are allowed to watch the competition in real time in person or online, for
2.5 free or at no cost; and

2.6 (4) the video game is approved by the Sports Wagering Commission to be an event
2.7 eligible for wagering under this chapter.

2.8 Subd. 5. **Licensed bookmaker.** "Licensed bookmaker" means a person licensed as a
2.9 bookmaker under section 240B.30.

2.10 Subd. 6. **Participant in a sporting event.** "Participant in a sporting event" means a
2.11 person participating in a sporting event as a player, coach, or official, or who is an owner,
2.12 employee, or officer of a team participating in a sporting event or of the league or
2.13 organization organizing a sporting event.

2.14 Subd. 7. **Racetrack.** "Racetrack" means a racetrack licensed under chapter 240.

2.15 Subd. 8. **Sporting event.** (a) "Sporting event" means a physical game, match, contest,
2.16 or series of games, matches, or contests, or a tournament between or amongst people or
2.17 teams, or by a person or team against a specified measure of performance, that is approved
2.18 by the Sports Wagering Commission to be an event eligible for wagering under this chapter.

2.19 (b) An esports, activity, sport, athletic event, or tournament organized by an elementary,
2.20 middle, or high school, or by any youth activity sports program, league, or clinic, is not a
2.21 sporting event. Horse racing as defined in chapter 240 is not a sporting event.

2.22 Subd. 9. **Wager.** "Wager" means a transaction between two people in which a first
2.23 person pays or promises something of value in exchange for a promise from a second person
2.24 that the second person will pay the first person something of value if an event, specified by
2.25 the two people, occurs.

2.26 Subd. 10. **Wager on a sporting event.** "Wager on a sporting event" means a wager on
2.27 the ultimate outcome of a sporting event or on a proposition related to the sporting event.
2.28 A contract for insurance on the life or health of a participant in a sporting event is not a
2.29 wager for purposes of this chapter.

2.30 **EFFECTIVE DATE.** This section is effective the day following final enactment.

3.1 Sec. 2. **[240B.02] SCOPE.**

3.2 This chapter sets forth the exclusive means by which the wagering on sporting events
3.3 or on propositions involving sporting events may be lawfully conducted, other than
3.4 pari-mutuel wagering on horse racing conducted under chapter 240. It is unlawful to wager
3.5 on sports except in compliance with the terms, conditions, limitations, and restrictions of
3.6 this chapter or the rules adopted under this chapter, other than pari-mutuel wagering on
3.7 horse racing conducted under chapter 240.

3.8 **EFFECTIVE DATE.** This section is effective the day following final enactment.

3.9 Sec. 3. **[240B.05] SPORTS WAGERING COMMISSION.**

3.10 Subdivision 1. **Membership; terms; vacancies.** The Sports Wagering Commission
3.11 consists of nine members as follows:

3.12 (1) the commissioner of public safety or the commissioner's designee;

3.13 (2) the chair of the Racing Commission or the chair's designee;

3.14 (3) five members appointed by the governor according to section 15.0597, with the
3.15 advice and consent of the senate; and

3.16 (4) two members appointed by the governor, after considering advice of the Indian
3.17 Affairs Council, who are each a representative of a Minnesota reservation or a tribal
3.18 community and who are authorized by tribal resolution to serve on the commission.

3.19 Subd. 2. **Chair.** The governor shall designate one member of the commission to serve
3.20 as chair of the commission.

3.21 Subd. 3. **Qualifications.** A member of the commission must have been a resident of
3.22 Minnesota for at least five years before appointment and must have a background and
3.23 experience that qualifies for membership on the commission. No commissioner, nor any
3.24 member of the commissioner's immediate family residing in the same household, may hold
3.25 a license issued by the commission or have a direct or indirect financial interest in a
3.26 corporation, partnership, or association that holds a license issued by the commission.

3.27 Subd. 4. **Compensation.** The compensation of commission members for each day spent
3.28 on commission activities, when authorized by the commission, shall be the same as
3.29 compensation provided for other members of boards and commissions under section 15.0575,
3.30 subdivision 3, plus expenses in the same manner and amount as provided in the
3.31 commissioner's plan adopted under section 43A.18, subdivision 2.

4.1 Subd. 5. **Removal; vacancies.** The removal of commission members is as provided in
4.2 section 15.0575.

4.3 Subd. 6. **Director.** (a) The governor must appoint a director of the commission. The
4.4 director has the duty to operate and manage the day-to-day functions of the commission;
4.5 to execute the authority delegated to the director by the commission, statute, or rule; and to
4.6 advise the commission on policy, rule, or legislative changes. The director serves in the
4.7 unclassified service at the pleasure of the governor and is compensated subject to section
4.8 15A.0815.

4.9 (b) The director shall perform the following duties:

4.10 (1) take and preserve records of all proceedings before the commission, maintain its
4.11 books, documents, and records, and make them available for public inspection as directed
4.12 by the commission;

4.13 (2) if so designated by the commission, act as a hearing officer in hearings that need not
4.14 be conducted under the Administrative Procedure Act to conduct hearings, receive testimony
4.15 and exhibits, and certify the record of proceedings to the commission;

4.16 (3) act as the commission's chief personnel officer and supervise the employment,
4.17 conduct, duties, and discipline of commission employees; and

4.18 (4) perform other duties as directed by the commission.

4.19 Subd. 7. **Additional staff.** Subject to applicable laws, the commission shall employ and
4.20 assign duties to other officers, employees, and agents as it deems necessary to discharge its
4.21 functions. The compensation of all commission employees, other than the director, shall be
4.22 as provided in chapter 43A.

4.23 Subd. 8. **Actions.** The commission may sue and be sued in its own name, but no action
4.24 may be brought against the commission or any of its members for actions taken in good
4.25 faith in the performance of their duties. Suits and actions may be commenced against the
4.26 commission or any of its members in any court of competent jurisdiction in this state by
4.27 service, in the manner provided in Minnesota rules of court, of any summons, process, or
4.28 pleadings authorized by the laws of this state. The attorney general is the legal counsel for
4.29 the commission.

4.30 Subd. 9. **Annual report.** By February 15 of each year, the commission shall submit a
4.31 report to the governor and legislature on its activities, receipts and disbursements, and
4.32 recommendations for changes in the laws relating to sports wagering. Recommendations

5.1 for changes in the laws must be accompanied by draft legislation to effect the recommended
 5.2 changes.

5.3 Subd. 10. **Audit.** The legislative auditor shall audit, or the commission may contract for
 5.4 an audit of, the books and accounts of the commission annually or as often as the legislative
 5.5 auditor's resources permit. The commission shall transfer to the general fund the total cost
 5.6 of the audit.

5.7 **EFFECTIVE DATE.** This section is effective the day following final enactment.

5.8 Sec. 4. **[240B.15] POWERS AND DUTIES OF SPORTS WAGERING**
 5.9 **COMMISSION; WAGERING AT RACETRACKS AND ONLINE.**

5.10 Subdivision 1. **Regulate sports wagering.** The commission has the power and duty to
 5.11 regulate sports wagering to ensure that sports wagering is conducted in a fair and lawful
 5.12 manner and to take all necessary actions sufficient to administer and enforce this chapter,
 5.13 except for enforcing criminal penalties under sections 240B.97 and 609.5551.

5.14 Subd. 2. **Rulemaking.** The commission must adopt and enforce rules consistent with
 5.15 this chapter, to ensure that sports wagering is conducted in a manner that is fair and
 5.16 transparent to wagerers, on the following subjects:

5.17 (1) the manner in which wagers are accepted and payouts are remitted;

5.18 (2) the manner in which betting lines are determined and communicated to the public;

5.19 (3) in consultation with the commissioner of revenue, the calculation of gross sports
 5.20 wagering revenue and standards for the daily counting and recording of cash and cash
 5.21 equivalents received in the conduct of wagering on sporting events;

5.22 (4) the method of accounting to be used by bookmakers;

5.23 (5) the types of records that shall be kept by bookmakers;

5.24 (6) the use of wager accounts, credit cards, and checks by wagerers;

5.25 (7) the minimum and maximum wagers;

5.26 (8) the standards and practices to prevent and to address compulsive and problem
 5.27 gambling;

5.28 (9) the sporting events on which wagers are authorized to be placed, including
 5.29 professional and National Collegiate Athletic Association Division I sporting events;

5.30 (10) the requirements for a bookmaker license, at application, on renewal, and on an
 5.31 ongoing basis, including criminal and financial background checks, financial disclosure

6.1 and auditing requirements, data practices and security requirements, bonding or other surety
6.2 requirements, and the conduct of inspections;

6.3 (11) the requirements for equipment and distributor licenses to provide equipment and
6.4 supplies used in wagering on sporting events;

6.5 (12) the registration requirements for employees of bookmakers and racetrack employees,
6.6 including criminal background checks;

6.7 (13) the license requirements for vendors of equipment and software used to facilitate
6.8 wagering on sporting events;

6.9 (14) the restraints on advertising and marketing of wagering on sporting events; and

6.10 (15) any other rules necessary to facilitate wagering on sporting events under this chapter.

6.11 Subd. 3. **Orders.** The commission may order any person subject to its jurisdiction who
6.12 has violated this chapter or rule to take appropriate action to correct the violation.

6.13 Subd. 4. **Court orders.** In the event of a refusal to appear by or refusal to obey a subpoena
6.14 issued to any person under this chapter, the district court may on application of the
6.15 commission issue to the person an order directing the person to appear before the commission
6.16 and to produce documentary evidence if so ordered, or to give evidence relating to the matter
6.17 under investigation or in question. Failure to obey such an order may be punished by the
6.18 court as contempt of court.

6.19 Subd. 5. **Delegation.** The commission may delegate any of its authority under this chapter
6.20 to the director if, in the judgment of the commission, doing so would promote the efficient
6.21 administration of this chapter.

6.22 **EFFECTIVE DATE.** This section is effective the day following final enactment.

6.23 Sec. 5. **[240B.30] BOOKMAKER LICENSE.**

6.24 Subdivision 1. **Bookmaker license.** The commission may issue one or more bookmaker
6.25 licenses that authorize the bookmaker to accept wagers on sporting events under this chapter.

6.26 Subd. 2. **Application.** An application for a bookmaker license must be on a form the
6.27 commission prescribes and must be accompanied by detailed plans and specifications of
6.28 the implementation of sports wagering in Minnesota. The application must contain:

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

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

7.4 (3) a statement of the assets and liabilities of the applicant;

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

7.8 (i) is in default in the payment of an obligation or debt to the state;

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

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

7.12 (iv) has ever been found guilty of fraud or misrepresentation in connection with wagering;
 7.13 or

7.14 (v) has ever knowingly violated a rule or order of the commission or a law of Minnesota
 7.15 relating to wagering or taxes;

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

7.24 (6) an affirmative action plan establishing goals and timetables consistent with the
 7.25 Minnesota Human Rights Act, chapter 363A, and in conformity with the goals established
 7.26 by the commission by rule.

7.27 Subd. 3. **Bookmaker license requirements.** (a) The commission shall issue or renew
 7.28 a bookmaker license valid for one year to an applicant who:

7.29 (1) submits a complete application in the form required by rule adopted under subdivision
 7.30 1;

7.31 (2) submits documents required by rule adopted under section 240B.15;

7.32 (3) is not disqualified under section 240B.40;

8.1 (4) passes the financial and criminal background checks under section 240B.40;

8.2 (5) pays an application fee of \$..... with submission of an application;

8.3 (6) pays a license fee after the application is approved in the amount of \$..... or a license
8.4 renewal fee of \$.....; and

8.5 (7) meets other conditions required by rule adopted under section 240B.15.

8.6 (b) A license under paragraph (a) is annually renewable under conditions required by
8.7 rule adopted under section 240B.15.

8.8 Subd. 4. **Responsibility for satisfying winning wagers.** A wager on a sporting event
8.9 placed with a licensed bookmaker is an enforceable contract. A bookmaker who accepts a
8.10 wager bears all risk of loss to satisfy winnings on the wager. A wager that is not redeemed
8.11 within ten years of the outcome that is the subject of the wager may be canceled by the
8.12 bookmaker.

8.13 Subd. 5. **Cash reserves.** (a) A licensed bookmaker shall maintain cash reserves in an
8.14 amount specified by the commission that is not less than the greater of \$25,000 or the sum
8.15 or the following amounts:

8.16 (1) amounts held by the bookmaker for the accounts of wagers;

8.17 (2) amounts accepted by the bookmaker as wagers on contingencies whose outcomes
8.18 have not been determined; and

8.19 (3) amounts owed but unpaid by the bookmaker on winning wagers through the period
8.20 established by the bookmaker, subject to time limits set by the commission, for honoring
8.21 winning wagers.

8.22 (b) Notwithstanding the reserve requirement in paragraph (a), before beginning operation
8.23 and for a period of one month after beginning operation, a bookmaker must establish a
8.24 reserve of at least the greater of \$25,000 or the amount the commission projects will at least
8.25 equal the sum of the following amounts:

8.26 (1) amounts held by the bookmaker for the account of patrons;

8.27 (2) amounts accepted by the bookmaker as wagers on contingencies whose outcomes
8.28 have not been determined; and

8.29 (3) amounts owed but unpaid by the bookmaker on winning wagers through the period
8.30 established by the bookmaker for honoring winning wagers.

9.1 Subd. 6. **Bond.** A bookmaker shall post a bond, securities, or an irrevocable letter of
9.2 credit, in an amount as the commission deems necessary, to protect the financial interests
9.3 of the state and of people wagering on sporting events. If securities are deposited or an
9.4 irrevocable letter of credit filed, the securities or letter of credit must be of a type or in the
9.5 form provided under section 349A.07, subdivision 5, paragraphs (b) and (c).

9.6 Subd. 7. **Contracting with casinos and racetracks.** (a) A licensed bookmaker may
9.7 contract with the following to accept wagers on behalf of the bookmaker:

9.8 (1) the owner of a casino to accept wagers on sporting events at a casino; and

9.9 (2) the owner of a racetrack licensed under section 240B.35 to accept sports wagers on
9.10 behalf of a licensed bookmaker.

9.11 (b) The bookmaker shall be responsible for actions of officers or employees of the casino
9.12 or racetrack that constitute a violation of this chapter.

9.13 Subd. 8. **Reporting.** A licensed bookmaker must report to the commission monthly on
9.14 wagers placed and redeemed during the reporting month and outstanding at the time of the
9.15 report.

9.16 Subd. 9. **Changes in ownership or management.** If a change in the officers, directors,
9.17 shareholders, or other persons with a present or future direct or indirect financial or
9.18 management interest in the bookmaker licensee, or a change of ownership of more than five
9.19 percent of the licensee's shares is made after the bookmaker license application is filed or
9.20 the license issued, the applicant or licensee must notify the commission of the changes
9.21 within five days of their occurrence and submit a new affidavit as required by subdivision
9.22 2, clause (4).

9.23 **EFFECTIVE DATE.** This section is effective the day following final enactment.

9.24 Sec. 6. **[240B.35] AFFILIATE LICENSES FOR RACETRACKS.**

9.25 Subdivision 1. **Affiliate license.** An affiliate license is required to accept wagers on
9.26 sporting events on behalf of a licensed bookmaker.

9.27 Subd. 2. **Issuance; renewal.** (a) The commission shall issue or renew a sports wagering
9.28 affiliate license to accept wagers on sporting events on behalf of a licensed bookmaker, to
9.29 an applicant who meets the following conditions:

9.30 (1) the owner of a racetrack who holds a class A license under chapter 240;

9.31 (2) is not disqualified under section 240B.40;

- 10.1 (3) submits an application in the form required by rule adopted under section 240B.15;
 10.2 (4) submits documents required by rule adopted under section 240B.15;
 10.3 (5) passes criminal and financial background checks as described in section 240B.40
 10.4 and as required by rule adopted under section 240B.15;
 10.5 (6) pays an application fee of \$..... with submission of an application;
 10.6 (7) pays a license fee after the application is approved in the amount of \$..... or a license
 10.7 renewal fee of \$.....; and
 10.8 (8) meets other conditions required by rule adopted under section 240B.15.

10.9 (b) A license under paragraph (a) is annually renewable under conditions required by
 10.10 rule adopted under section 240B.15.

10.11 **EFFECTIVE DATE.** This section is effective the day following final enactment.

10.12 Sec. 7. **[240B.40] LICENSE DISQUALIFICATIONS; BACKGROUND CHECKS;**
 10.13 **NOTICE OF DENIAL OF APPLICATION.**

10.14 Subdivision 1. **Disqualifications.** The commission must reject an application, refuse to
 10.15 renew a license, or revoke a license if the applicant or licensee, or a director, officer, partner,
 10.16 member of a governing body for the applicant or licensee, person in a supervisory or
 10.17 management position of the applicant or licensee, or direct or indirect holder of more than
 10.18 a five percent financial interest in the applicant or licensee, has engaged any of the following:

- 10.19 (1) has ever been convicted of a felony or a crime involving gambling;
 10.20 (2) has ever been convicted of (i) assault, (ii) a criminal violation involving the use of
 10.21 a firearm, or (iii) making terroristic threats;
 10.22 (3) is or has ever been connected with or engaged in an illegal business;
 10.23 (4) owes \$500 or more in delinquent taxes as defined in section 270C.72;
 10.24 (5) had a sales and use tax permit revoked by the commissioner of revenue within the
 10.25 past two years;
 10.26 (6) after demand, has not filed tax returns required by the commissioner of revenue; or
 10.27 (7) has been convicted of a felony or gross misdemeanor involving theft or fraud.

10.28 Subd. 2. **Background investigation.** The commission shall perform a background
 10.29 investigation of applicants for a license under this chapter. The commission may request
 10.30 the director of alcohol and gambling enforcement and the commissioner of revenue to assist

11.1 in investigating the background of an applicant for a license under this section. The
 11.2 commission may charge an applicant an investigation fee to cover the cost of the
 11.3 investigation, and shall from this fee reimburse the Division of Alcohol and Gambling
 11.4 Enforcement for its share, and the Department of Revenue for its share, of the cost of the
 11.5 investigation. The commission is authorized to have access to all data compiled by the
 11.6 Division of Alcohol and Gambling Enforcement on licensees and applicants.

11.7 Subd. 3. **Criminal history.** The commission must perform a criminal history records
 11.8 check on each officer, director, or stakeholder with more than 15 percent interest in the
 11.9 licensee or applicant. The records check must include a criminal history check of the state
 11.10 and federal criminal records. The applicant or licensee must provide signed consent for the
 11.11 national and international criminal history records check and fingerprints for each person
 11.12 subject to a check under this subdivision. The director of alcohol and gambling enforcement
 11.13 shall assist in performing the criminal history records check. The director may charge an
 11.14 applicant a fee to cover the cost of the criminal history records check, and shall from this
 11.15 fee reimburse the Division of Alcohol and Gambling Enforcement for its share of the cost
 11.16 of the investigation. The commission or the director of alcohol and gambling enforcement
 11.17 must submit the signed informed consent, fingerprints, and Bureau of Criminal Apprehension
 11.18 and Federal Bureau of Investigation fees to the superintendent of the Bureau of Criminal
 11.19 Apprehension who is authorized to exchange the fingerprints with the Federal Bureau of
 11.20 Investigation to obtain the applicant's national criminal history data. The superintendent of
 11.21 the Bureau of Criminal Apprehension shall retrieve Minnesota criminal history data and
 11.22 shall provide the results of the state, federal, and international criminal history check to the
 11.23 director. The commission is authorized to have access to all criminal history data compiled
 11.24 on licensees and applicants by the Division of Alcohol and Gambling Enforcement.

11.25 Subd. 4. **Notice of denial of issuance or renewal of bookmaker license.** If the
 11.26 commission determines that a license application or renewal under this chapter shall be
 11.27 denied, or that a license shall be revoked, suspended, or a licensee censured, the commission
 11.28 shall promptly give a written notice to the licensee or applicant stating grounds for the action
 11.29 and giving reasonable notice of the rights of the licensee or applicant to request a hearing.
 11.30 A hearing must be held not later than 30 days after the commission receives the request for
 11.31 the hearing, unless the licensee or applicant and the commission agree on a later date. If the
 11.32 applicant or licensee do not request a hearing within 30 days of the service of the notice,
 11.33 the denial becomes final. Hearings under this subdivision must be conducted according to
 11.34 chapter 14. After the hearing, the commission may enter an order making such disposition
 11.35 as the facts require. If the applicant or licensee fails to appear at the hearing after having

12.1 been notified of it under this subdivision, the applicant is considered in default and the
12.2 proceeding may be determined against the person on consideration of the written notice of
12.3 denial, the allegations of which may be considered to be true. All fees accompanying the
12.4 license or renewal application are considered earned and are not refundable.

12.5 **EFFECTIVE DATE.** This section is effective the day following final enactment.

12.6 **Sec. 8. [240B.45] WAGERING.**

12.7 Subdivision 1. **Wager type.** A licensed bookmaker may only accept wagers of a type
12.8 previously approved by the commission. Wager types that the commission may approve
12.9 include but are not limited to the following:

12.10 (1) a wager that a participant or participating team will win a sporting event or will win
12.11 by a specified number of points;

12.12 (2) a wager as to whether the total points scored in a sporting event will be higher or
12.13 lower than a number specified;

12.14 (3) a wager on an outcome of a contingency or proposition incidental to a sporting event
12.15 for which the outcome is published in newspapers of general circulation or in records made
12.16 publicly available by the league or governing body for the event; and

12.17 (4) a wager on the outcome of a series of three or more sporting events or a series of
12.18 three or more contingencies incidental to a sporting event.

12.19 Subd. 2. **Consideration; wager account.** (a) A licensed bookmaker must not accept a
12.20 wager unless the wagerer provides consideration at the time of making the wager.

12.21 (b) Consideration must be in the form of withdrawal from a wager account maintained
12.22 by the bookmaker for the benefit of and in the name of the wagerer.

12.23 (c) A bookmaker may only accept deposits into the wager account that are made by the
12.24 wagerer in person at a casino or racetrack.

12.25 (d) A person shall have the right to withdraw the balance of the wager account in the
12.26 person's name at any time with proof of identity, as determined by rules adopted under
12.27 section 240B.15.

12.28 Subd. 3. **Wager location.** Wagers on sporting events may only be accepted from a person
12.29 placing a wager in the following manner:

12.30 (1) in person at a casino operated under a tribal-state compact under section 3.9221
12.31 authorizing wagers on sporting events;

13.1 (2) in person at a racetrack licensed under chapter 240; or

13.2 (3) beginning 12 months after the commission issues a first bookmaker license under
 13.3 section 240B.30 online through a website or mobile application, while the person placing
 13.4 the wager is physically within the state. The website or application must be hosted by a
 13.5 licensed bookmaker under a contract with a tribe that operates a casino under a tribal-state
 13.6 compact under section 3.9221 that authorizes wagers on sporting events.

13.7 Subd. 4. **Information provided at the time of wager.** A bookmaker must disclose the
 13.8 betting line and the terms of a wager prior to accepting a wager. Terms of the wager include
 13.9 the ratio of the amount to be paid for winning to the wagered amount.

13.10 Subd. 5. **Outcome determined.** A bookmaker must not accept a wager on the outcome
 13.11 of an event that has already been determined.

13.12 Subd. 6. **Receipt.** A bookmaker must provide the person who has placed a wager with
 13.13 a receipt at the time of sale that contains the following information:

13.14 (1) the sporting event that is the subject of the wager;

13.15 (2) the outcome of the sporting event that will constitute a win on the wager;

13.16 (3) the amount wagered;

13.17 (4) the payout in the event of a winning wager;

13.18 (5) identification of the wagerer;

13.19 (6) the name and address of the bookmaker; and

13.20 (7) other information required by rule.

13.21 The bookmaker must offer the receipt on paper or electronically, or both, at the wagerer's
 13.22 option.

13.23 **EFFECTIVE DATE.** This section is effective the day following final enactment.

13.24 Sec. 9. **[240B.55] DEPOSIT AND APPROPRIATION OF FEES.**

13.25 (a) Application fees are deposited into a special revenue account and are appropriated
 13.26 annually to the commission for administering review of license applications and renewals.

13.27 (b) License and renewal fees are deposited in the general fund.

13.28 **EFFECTIVE DATE.** This section is effective the day following final enactment.

14.1 **Sec. 10. [240B.60] ENFORCEMENT; LICENSE VIOLATIONS.**

14.2 **Subdivision 1. Schedule of penalties.** The commission must adopt rules that provide a
14.3 graduated schedule of penalties for violation of license requirements under statute or rule.
14.4 The schedule must specify penalties that may range from warnings and probationary periods
14.5 to civil fines, temporary suspension of a license, and revocation of a license.

14.6 **Subd. 2. Imposition of penalty.** After adjudication, the commission may impose a
14.7 penalty from the schedule of penalties that is commensurate with the violation. The
14.8 commission may suspend or revoke a license prior to adjudication when conduct of a
14.9 licensee, or anticipated failure of a licensee to fulfill an obligation, requires immediate action
14.10 to protect the public from harm. The commission may summarily suspend the license of a
14.11 licensee:

14.12 (1) if the licensee has not timely filed a tax return or paid the tax required under chapter
14.13 297J;

14.14 (2) if doing so is necessary in the commission's judgment to ensure the fairness,
14.15 lawfulness, and integrity of sports wagering; or

14.16 (3) if the licensee has not timely paid all fees due under this chapter.

14.17 **Subd. 3. Criminal penalty.** (a) Commission of a crime under section 240B.97 is a
14.18 violation of a license issued under this chapter.

14.19 (b) A penalty may be imposed by the commission under this chapter in addition to any
14.20 criminal penalty imposed for the same conduct under section 240B.97.

14.21 **Subd. 4. Fines paid to the commission.** Fines collected by the commission must be
14.22 transferred to the commissioner of management and budget for deposit in the general fund.

14.23 **Subd. 5. Contested case.** A fine in excess of \$2,000 is a contested case under the
14.24 Administrative Procedure Act.

14.25 **Subd. 6. Appeal.** An appeal from a decision of the commission must be made in a manner
14.26 prescribed by sections 14.63 to 14.69.

14.27 **Subd. 7. Referral to the Department of Public Safety.** When the commission determines
14.28 that a person has engaged in, or is about to engage in, an act or practice that is in violation
14.29 of section 240B.97, the commission shall report the information to the director of the
14.30 Department of Public Safety's Division of Alcohol and Gambling Enforcement.

14.31 **EFFECTIVE DATE.** This section is effective the day following final enactment.

15.1 Sec. 11. **[240B.65] AUDITING AND INSPECTION.**

15.2 Subdivision 1. **Annual audit.** To ensure compliance with this chapter and rules adopted
15.3 under this chapter, a licensed bookmaker must contract with an independent third party to
15.4 perform a financial audit, consistent with the standards established by the Public Company
15.5 Accounting Oversight Board or using the Statements on Accounting standards issued by
15.6 the Audit Standards Board of the American Institute of Certified Public Accountants. The
15.7 bookmaker must submit the audit to the commission for examination and inspection by
15.8 November 1 of each year.

15.9 Subd. 2. **Inspection.** The commission, the commissioner of revenue, the commissioner
15.10 of public safety, and the director of the Division of Alcohol and Gambling Enforcement,
15.11 are authorized to inspect the accounting records for a licensed bookmaker at any time without
15.12 notice.

15.13 **EFFECTIVE DATE.** This section is effective the day following final enactment.

15.14 Sec. 12. **[240B.70] REPORTING.**

15.15 Subdivision 1. **Financial report.** By February 15 each year, the commission must submit
15.16 a report to the chairs and ranking minority members of the legislative committees with
15.17 jurisdiction over state government finance and policy, taxes, and of the committee in the
15.18 house of representatives with jurisdiction over ways and means, and the committee in the
15.19 senate with jurisdiction over finance. The report must describe the commission's activities
15.20 with respect to wagering on sporting events and include summary and detailed financial
15.21 information on sports wagering. The report must not include private data on individuals, as
15.22 classified under section 240B.80.

15.23 Subd. 2. **License activity report.** By February 1 of each year beginning in 2021, the
15.24 commission shall submit a report to the chairs and ranking minority members of the
15.25 committees in the house of representatives and the senate with jurisdiction over sports
15.26 wagering and state government finance and policy, on the following:

15.27 (1) the status of applications for licenses issued by the commission, including the number
15.28 of applications for each type of license, the number of licenses of each type issued, and the
15.29 average time between receipt of a complete application and issuance of each type of license;

15.30 (2) an overview of the sports wagering market, including but not limited to the actual
15.31 and anticipated demand;

16.1 (3) the amount of revenue generated to the state by sports wagering and the expenses
 16.2 incurred by the commission and the Department of Public Safety in enforcing restrictions
 16.3 on lawful sports wagering; and

16.4 (4) the commission's enforcement actions taken against persons licensed under this
 16.5 chapter for violations of this chapter or the rules adopted under this chapter.

16.6 **EFFECTIVE DATE.** This section is effective the day following final enactment.

16.7 **Sec. 13. [240B.75] EXCLUSION LIST AND PROHIBITION ON WAGERING.**

16.8 Subdivision 1. **Exclusion list.** The commission shall maintain a list of persons who are
 16.9 not eligible to wager on sporting events. The list shall include the names of:

16.10 (1) persons who have themselves requested to be on the exclusion list; and

16.11 (2) persons whose names have been submitted, for their protection, by their legal
 16.12 guardians.

16.13 The information contained on the list is private data on individuals, as defined in section
 16.14 13.02, subdivision 12, except the commission is permitted to share the list with licensed
 16.15 bookmakers as needed to prevent persons on the exclusion list from wagering on sporting
 16.16 events.

16.17 Subd. 2. **Prohibition on wagering.** A licensed bookmaker shall not accept a wager from
 16.18 a person on the exclusion list. Acceptance of a wager from a person on the exclusion list is
 16.19 a license violation, subject to a penalty established by the commission.

16.20 **EFFECTIVE DATE.** This section is effective the day following final enactment.

16.21 **Sec. 14. [240B.80] DATA PROTECTIONS.**

16.22 Subdivision 1. **Data classification.** Data in which an individual who has wagered on
 16.23 sporting events is identified by name, account number, Social Security number, or any other
 16.24 uniquely identifying indicia, is private data on individuals, as defined in section 13.02,
 16.25 subdivision 12. Data on individual casino earnings is nonpublic data, as defined in section
 16.26 13.02, subdivision 9.

16.27 Subd. 2. **Sale of private data on individuals.** The commission shall revoke any license
 16.28 issued under this chapter of a person who sells private data on individuals collected through
 16.29 the practice of wagering on sporting events.

16.30 **EFFECTIVE DATE.** This section is effective the day following final enactment.

17.1 **Sec. 15. [240B.95] LOCAL RESTRICTIONS.**

17.2 Subdivision 1. **No local taxes or fees.** No political subdivision may require a local
 17.3 license to offer wagering on sports or impose a tax or fee on the business of sports
 17.4 bookmaking.

17.5 Subd. 2. **Local ordinances.** A statutory or home rule charter city or township may by
 17.6 law preclude wagering within its jurisdiction on sporting events.

17.7 **EFFECTIVE DATE.** This section is effective the day following final enactment.

17.8 **Sec. 16. [240B.96] AUTHORITY OF COMMISSIONER OF PUBLIC SAFETY TO**
 17.9 **ENFORCE SPORTS WAGERING CRIMES.**

17.10 The commissioner of public safety shall investigate and enforce crimes related to sports
 17.11 wagering under this chapter. The commissioner of public safety must notify the commission
 17.12 of investigations into and enforcement actions against a person holding a license or
 17.13 registration issued under this chapter. The commission has no authority to investigate and
 17.14 enforce crimes. The commission is required to report to the commissioner of public safety
 17.15 any activity that the commission determines indicates a crime, or an attempt to commit a
 17.16 crime, under this chapter.

17.17 **EFFECTIVE DATE.** This section is effective the day following final enactment.

17.18 **Sec. 17. INDIAN TRIBES; COMPACTS TO BE NEGOTIATED.**

17.19 The governor or the governor's designated representatives shall negotiate in good faith
 17.20 tribal-state compacts regulating the conduct of wagering on sporting events on the tribal
 17.21 lands of a tribe requesting negotiations, under Minnesota Statutes, section 3.9221, and
 17.22 consistent with Minnesota Statutes, chapter 240B.

17.23 **EFFECTIVE DATE.** This section is effective the day following final enactment.

17.24 **ARTICLE 2**
 17.25 **TAXATION OF SPORTS WAGERING**

17.26 Section 1. Minnesota Statutes 2020, section 290.0131, is amended by adding a subdivision
 17.27 to read:

17.28 Subd. 19. **Nontaxable sports wagering losses.** Losses from the business of conducting
 17.29 wagering on a sporting event under chapter 240B that are not subject to tax under this chapter
 17.30 are an addition.

18.1 Sec. 2. Minnesota Statutes 2020, section 290.0132, is amended by adding a subdivision
18.2 to read:

18.3 Subd. 30. Exempt sports wagering income. Income or gains from the business of
18.4 conducting wagering on a sporting event under chapter 240B that are not subject to tax
18.5 under this chapter are a subtraction.

18.6 Sec. 3. Minnesota Statutes 2020, section 290.0133, is amended by adding a subdivision
18.7 to read:

18.8 Subd. 15. Nontaxable sports wagering losses. Losses from the business of conducting
18.9 wagering on a sporting event under chapter 240B that are not subject to tax under this chapter
18.10 are an addition.

18.11 Sec. 4. Minnesota Statutes 2020, section 290.0134, is amended by adding a subdivision
18.12 to read:

18.13 Subd. 20. Exempt sports wagering income. Income or gains from the business of
18.14 conducting wagering on a sporting event under chapter 240B that are not subject to tax
18.15 under this chapter are a subtraction.

18.16 Sec. 5. Minnesota Statutes 2020, section 297E.02, subdivision 3, is amended to read:

18.17 Subd. 3. **Collection; disposition.** (a) Taxes imposed by this section are due and payable
18.18 to the commissioner when the gambling tax return is required to be filed. Distributors must
18.19 file their monthly sales figures with the commissioner on a form prescribed by the
18.20 commissioner. Returns covering the taxes imposed under this section must be filed with
18.21 the commissioner on or before the 20th day of the month following the close of the previous
18.22 calendar month. The commissioner shall prescribe the content, format, and manner of returns
18.23 or other documents pursuant to section 270C.30. The proceeds, along with the revenue
18.24 received from all license fees and other fees under sections 349.11 to 349.191, 349.211,
18.25 and 349.213, must be paid to the commissioner of management and budget for deposit in
18.26 the general fund.

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

18.31 (c) One-half of one percent of the revenue deposited in the general fund under paragraph
18.32 (a), and one-half of one percent of the revenue deposited in the general fund under section

19.1 297J.05, must be transferred to the special revenue fund, and is appropriated to the
19.2 commissioner of human services for the compulsive gambling treatment program established
19.3 under section 245.98. One-half of one percent of the revenue ~~deposited in the general~~
19.4 transferred to the special revenue fund under paragraph (a), is appropriated to the
19.5 commissioner of human services for a grant to the state affiliate recognized by the National
19.6 Council on Problem Gambling to increase public awareness of problem gambling, education
19.7 and training for individuals and organizations providing effective treatment services to
19.8 problem gamblers and their families, and research relating to problem gambling. Money
19.9 appropriated by this paragraph must supplement and must not replace existing state funding
19.10 for these programs.

19.11 Sec. 6. 297J.01] DEFINITIONS.

19.12 Unless otherwise defined in this chapter, or unless the context clearly indicates otherwise,
19.13 the following terms have the meanings given:

19.14 (1) "Internal Revenue Code" means the Internal Revenue Code as defined in section
19.15 289A.02, subdivision 7;

19.16 (2) "casino" has the meaning given in section 240B.01, subdivision 2;

19.17 (3) "licensed bookmaker" has the meaning given in section 240B.01, subdivision 5;

19.18 (4) "racetrack" has the meaning given in section 240B.01, subdivision 7;

19.19 (5) "wager" has the meaning given in section 240B.01, subdivision 9;

19.20 (6) "wager on a sporting event" has the meaning given in section 240B.01, subdivision
19.21 10;

19.22 (7) "commissioner" means the commissioner of revenue; and

19.23 (8) "sports wagering net revenue" means the total of all cash received by a licensed
19.24 bookmaker from wagers on a sporting event, less cash paid out as winnings and cash
19.25 equivalent of noncash prizes paid out as winnings. Sports wagering net revenue does not
19.26 include other cash received by a licensed bookmaker for activities other than sporting event
19.27 wagering. The cash received by a licensed bookmaker as part of the sports wagering net
19.28 revenue calculation does not include the value of cash received as a result of promotional
19.29 credits, free bets, or other incentives.

20.1 **Sec. 7. [297J.02] TAX ON SPORTS WAGERING NET REVENUE.**

20.2 **Subdivision 1. Tax imposed.** A tax is imposed on sports wagering net revenue equal
20.3 to:

20.4 (1) six percent on wagers placed at a casino or racetrack; and

20.5 (2) eight percent on wagers placed online through a website or mobile application, as
20.6 allowed under section 240B.45, subdivision 3, clause (3).

20.7 **Subd. 2. Sports wagering net revenue tax is in lieu of other taxes.** Income derived
20.8 by a licensed bookmaker from the conduct of wagering on a sporting event is not subject
20.9 to the tax imposed in chapter 290. Wagers accepted by a licensed bookmaker are not subject
20.10 to the tax imposed in section 297A.62 or 297E.03.

20.11 **Subd. 3. Personal debt.** The tax imposed by this section, and interest and penalties
20.12 imposed with respect to the tax, are a personal debt of the person required to file a return
20.13 from the time the liability for the tax arises, irrespective of when the time for payment of
20.14 the liability occurs. The debt must, in the case of the executor or administrator of the estate
20.15 of a decedent and in the case of a fiduciary, be that of the person in the person's official or
20.16 fiduciary capacity only, unless the person has voluntarily distributed the assets held in that
20.17 capacity without reserving sufficient assets to pay the tax, interest, and penalties, in which
20.18 event the person is personally liable for any deficiency.

20.19 **Subd. 4. Public information.** All records concerning the administration of taxes under
20.20 this chapter are classified as public information.

20.21 **Subd. 5. Refunds.** A person who has, under this chapter, paid to the commissioner an
20.22 amount of tax for a period in excess of the amount legally due for that period may file with
20.23 the commissioner a claim for a refund of the excess. The amount necessary to pay the refunds
20.24 under this subdivision is appropriated from the general fund to the commissioner.

20.25 **Subd. 6. Extensions.** If in the commissioner's judgment good cause exists, the
20.26 commissioner may extend the time for filing tax returns, paying taxes, or both under this
20.27 section for not more than six months.

20.28 **Subd. 7. Distribution of funds.** All amounts collected by the commissioner under this
20.29 chapter must be deposited in the general fund.

20.30 **Sec. 8. [297J.03] LICENSED BOOKMAKER REPORTS AND RECORDS.**

20.31 **Subdivision 1. Reports.** A licensed bookmaker must file with the commissioner, on a
20.32 form prescribed by the commissioner, a report showing all sporting event wagering activity

21.1 conducted by the licensed bookmaker for each month. Sporting event wagering activity
 21.2 includes the amounts of all wagers received, payouts, and all sports wagering taxes owed
 21.3 or paid to the commissioner. The report must be filed with the commissioner on or before
 21.4 the 20th day of the month following the month in which the sporting event wagering activity
 21.5 takes place. The commissioner shall prescribe the content, format, and manner of returns
 21.6 or other documents pursuant to section 270C.30.

21.7 Subd. 2. **Business records.** A licensed bookmaker must maintain records supporting
 21.8 the sporting event wagering activity reported to the commissioner. Records required to be
 21.9 kept in this section must be preserved by the licensed bookmaker for at least 3-1/2 years
 21.10 and may be inspected by the commissioner of revenue at any reasonable time without notice
 21.11 or a search warrant.

21.12 Subd. 3. **Audits.** The commissioner may require a financial audit of a licensed
 21.13 bookmaker's sporting event wagering activities if the licensed bookmaker has failed to
 21.14 comply with this chapter. Audits must be performed by an independent accountant licensed
 21.15 according to chapter 326A. The commissioner of revenue must prescribe standards for an
 21.16 audit required under this subdivision. A complete, true, and correct copy of an audit must
 21.17 be filed as prescribed by the commissioner.

21.18 **Sec. 9. [297J.04] OTHER PROVISIONS APPLY.**

21.19 Except for those provisions specific to distributors, gambling products, or gambling
 21.20 equipment, sections 297E.11 to 297E.14 apply to this chapter.

21.21 **Sec. 10. EFFECTIVE DATE.**

21.22 This article is effective for wagers placed on or after

21.23 **ARTICLE 3**

21.24 **CRIMES RELATED TO WAGERING ON SPORTING EVENTS**

21.25 **Section 1. [240B.97] CRIMES RELATING TO WAGERING ON SPORTING**
 21.26 **EVENTS.**

21.27 Subdivision 1. **Definitions.** As used in this section:

21.28 (1) "accepts a wager" includes receiving, recording, or forwarding a wager or an offer
 21.29 to wager on a sporting event, and attempts to do so;

21.30 (2) "nonpublic information" means information regarding a participant's ability or
 21.31 likelihood to perform in a sporting event that:

- 22.1 (i) is not available to the general public;
 22.2 (ii) is derived from a personal or professional relationship with the participant; and
 22.3 (iii) if the information was disseminated, would likely affect the odds of the participant
 22.4 or the participant's team in achieving a particular outcome in the event; and

22.5 (3) "places a wager" includes an offer or attempt to place a wager on a sporting event.

22.6 Subd. 2. **General prohibition.** Except as provided in this section, it is a crime for a
 22.7 person to place or accept a wager on a sporting event unless the wager is authorized under
 22.8 this chapter, and:

22.9 (1) the wager is accepted:

22.10 (i) at a casino;

22.11 (ii) at a racetrack; or

22.12 (iii) online through a website or mobile application hosted by a licensed bookmaker if
 22.13 the person placing the wager is physically present in the state and made more than 12 months
 22.14 after the commission issues a first bookmaker license under section 240B.30; or

22.15 (2) the wager is placed:

22.16 (i) at a casino;

22.17 (ii) at a racetrack; or

22.18 (iii) online through a website or mobile application hosted by a licensed bookmaker if
 22.19 the person placing the wager is physically present in the state and made more than 12 months
 22.20 after the commission issues a first bookmaker license under section 240B.30.

22.21 Subd. 3. **Misdemeanor.** (a) Except as otherwise provided in subdivision 4 or 5, the
 22.22 following persons are guilty of a misdemeanor:

22.23 (1) a person who places a wager on a sporting event with a person or entity who is not
 22.24 licensed or authorized to accept wagers under this chapter;

22.25 (2) a person who is not licensed or authorized to accept wagers under this chapter and
 22.26 who accepts a wager on a sporting event;

22.27 (3) a person who is under 18 years of age and who places a wager on a sporting event;

22.28 (4) a person who is under 18 years of age and who misrepresents the person's age as
 22.29 being 18 or older for the purposes of placing a wager on a sporting event;

23.1 (5) a person who is a participant in a sporting event and who places a wager on that
23.2 event or who induces another to place a wager on the event on behalf of the person;

23.3 (6) a licensed bookmaker or employee of a licensed bookmaker, or an official or employee
23.4 of a casino or racetrack authorized to accept wagers under this chapter, who places a wager
23.5 on a sporting event at the casino, racetrack, or online website or mobile application with
23.6 which the person is affiliated;

23.7 (7) an officer, director, member, or employee of the commission or the Department of
23.8 Public Safety's Division of Alcohol and Gambling Enforcement who places a wager on a
23.9 sporting event;

23.10 (8) a person who possesses nonpublic information on a sporting event and who places
23.11 a wager on that event;

23.12 (9) a person or entity who is licensed or authorized to accept wagers under this chapter,
23.13 if the person or entity knowingly accepts a wager on a sporting event:

23.14 (i) from a participant in the event or someone placing a wager on the event on behalf of
23.15 the participant;

23.16 (ii) from a licensed bookmaker or employee of a licensed bookmaker, or an official or
23.17 employee of a casino or racetrack authorized to accept wagers under this chapter, at the
23.18 casino, racetrack, or online website or mobile application with which the person is affiliated;

23.19 (iii) from an officer, director, member, or employee of the commission or the Department
23.20 of Public Safety's Division of Alcohol and Gambling Enforcement;

23.21 (iv) from someone who possess nonpublic information about the event; or

23.22 (v) of a type or in a manner that is not authorized under this chapter; and

23.23 (10) a person who sells or transfers private data on individuals collected through the
23.24 practice of wagering on sporting events.

23.25 (b) Paragraph (a), clause (10), does not apply to transfers of data between any of the
23.26 following persons, if the transfer of data is necessary to perform duties prescribed by law
23.27 relating to wagering on sporting events: a licensed bookmaker and the director or chair of
23.28 the commission, the commissioner of public safety, the director of alcohol and gambling
23.29 enforcement, and the commissioner of revenue.

23.30 Subd. 4. **Gross misdemeanor.** Except as provided in subdivision 5, a person is guilty
23.31 of a gross misdemeanor if:

24.1 (1) the person accepts a wager on a sporting event placed by someone under the age of
24.2 18 years; or

24.3 (2) the person accepts or places a wager on a sporting event and the wager is prohibited
24.4 under subdivision 3, paragraph (a), clause (1), (2), (5), (6), (7), (8), or (9), and:

24.5 (i) the person has previously been convicted of a violation of this section; or

24.6 (ii) the amount of the wager is more than \$500 but not more than \$1,000.

24.7 Subd. 5. **Felony.** (a) Except as provided in paragraph (b), a person who accepts or places
24.8 a wager prohibited under subdivision 3, paragraph (a), clause (1), (2), (5), (6), (7), (8), or
24.9 (9); or 4, clause (1) or (2), item (i), is guilty of a felony and may be sentenced to
24.10 imprisonment for not more than two years or to payment of a fine of not more than \$4,000,
24.11 or both; if the amount of the wager is more than \$1,000 but not more than \$5,000.

24.12 (b) A person who:

24.13 (1) accepts or places a wager prohibited under subdivision 3, paragraph (a), clause (1),
24.14 (2), (5), (6), (7), (8), or (9); or 4, clause (1) or (2), item (i); where the amount of the wager
24.15 is more than \$5,000; or

24.16 (2) accepts or places within any 30-day period more than five wagers on any one or
24.17 more sporting events that total more than \$2,500 and are prohibited in subdivision 3,
24.18 paragraph (a), clause (1), (2), (5), (6), (7), (8), or (9); or 4, clause (1) or (2), item (i);
24.19 is guilty of a felony and may be sentenced to imprisonment for not more than five years or
24.20 to payment of a fine of not more than \$10,000, or both.

24.21 Subd. 6. **Aggregation; venue.** In any prosecution under subdivision 4 or 5, the amount
24.22 of money wagered within any six-month period may be aggregated and the accused charged
24.23 accordingly in applying the provisions of those subdivisions. In addition, when two or more
24.24 offenses are committed by the same person in two or more counties, the accused may be
24.25 prosecuted in any county in which one of the offenses was committed for all of the offenses
24.26 aggregated under this subdivision.

24.27 Subd. 7. **Exception; certain private social bets.** Subdivisions 3, clauses (1), (2), (3),
24.28 and (7); and 4, clause (1), do not prohibit private social bets on sporting events that are not
24.29 part of or incidental to organized, commercialized, or systematic gambling.

24.30 Subd. 8. **Proof of age; defense; seizure of false identification.** (a) Proof of age for
24.31 placing a wager under this chapter on a sporting event may be established only by one of
24.32 the following:

25.1 (1) a valid driver's license or identification card issued by Minnesota, another state, a
 25.2 tribal government, or a province of Canada, and including the photograph and date of birth
 25.3 of the person;

25.4 (2) a valid military identification card issued by the United States Department of Defense;

25.5 (3) a valid United States passport;

25.6 (4) a valid instructional permit issued under section 171.05 that includes a photograph
 25.7 and the date of birth of the person; or

25.8 (5) in the case of a foreign national, a valid passport.

25.9 (b) In a prosecution for accepting a wager on a sporting event from a person under the
 25.10 age of 18, it is an affirmative defense for the defendant to prove by a preponderance of the
 25.11 evidence that the defendant reasonably and in good faith relied upon representations of
 25.12 proof of age authorized in paragraph (a).

25.13 (c) A licensed bookmaker or employee of a licensed bookmaker, or an official or
 25.14 employee of a casino or racetrack authorized to accept wagers on sporting events under this
 25.15 chapter, may seize a form of identification listed under paragraph (a) if the person has
 25.16 reasonable grounds to believe that the form of identification has been altered or falsified or
 25.17 is being used to violate any law. A person who seizes a form of identification under this
 25.18 paragraph must deliver it to a law enforcement agency within 24 hours of seizure.

25.19 **Sec. 2. [609.5551] SPORTING EVENTS; FRAUD; BRIBERY.**

25.20 (a) As used in this section:

25.21 (1) "participant in a sporting event" has the meaning given in section 240B.01, subdivision
 25.22 6; and

25.23 (2) "sporting event" has the meaning given in section 240B.01, subdivision 8, and applies
 25.24 to sporting events that may be legally wagered on under chapter 240B.

25.25 (b) A person is guilty of a felony and may be sentenced to imprisonment for not more
 25.26 than five years or to payment of a fine of not more than \$10,000, or both, if the person:

25.27 (1) offers, gives, or promises to give, directly or indirectly, to a participant in a sporting
 25.28 event any benefit, reward, or consideration to which the participant is not legally entitled
 25.29 as compensation or a prize, with intent to influence the performance of the participant, or
 25.30 the outcome of the event or a component of the event; or

26.1 (2) as a participant in a sporting event, requests, receives, or agrees to receive, directly
26.2 or indirectly, a benefit, reward, or consideration to which the participant is not legally entitled
26.3 to intentionally lose, cause to lose, or attempt to lose or cause to lose, the event, or to
26.4 intentionally perform below abilities to adversely affect the outcome of the event or a
26.5 component of the event.

26.6 Sec. 3. Minnesota Statutes 2020, section 609.75, subdivision 3, is amended to read:

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

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

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

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

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

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

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

26.20 (7) pari-mutuel betting on horse racing when the betting is conducted under chapter 240;
26.21 ~~and~~

26.22 (8) the purchase and sale of State Lottery tickets under chapter 349A; and

26.23 (9) a wager on the outcome or any aspect of a sporting event, as defined in section
26.24 240B.01, subdivision 8, and that may be legally wagered on under chapter 240B.

26.25 Sec. 4. Minnesota Statutes 2020, section 609.75, is amended by adding a subdivision to
26.26 read:

26.27 Subd. 7a. **Sporting event.** "Sporting event" means any professional or amateur sporting
26.28 event except a sporting event as defined in section 240B.01, subdivision 8. The term does
26.29 not include sporting events that may be legally wagered on under chapter 240B.

27.1 Sec. 5. Minnesota Statutes 2020, section 609.755, is amended to read:

27.2 **609.755 GAMBLING; MISDEMEANOR.**

27.3 Whoever does any of the following is guilty of a misdemeanor:

27.4 (1) makes a bet;

27.5 (2) sells or transfers a chance to participate in a lottery;

27.6 (3) disseminates information about a lottery, except a lottery conducted by an adjoining
27.7 state, with intent to encourage participation therein;

27.8 (4) permits a structure or location owned or occupied by the actor or under the actor's
27.9 control to be used as a gambling place; or

27.10 (5) except where authorized by statute, possesses a gambling device.

27.11 Clause (5) does not prohibit possession of a gambling device in a person's dwelling for
27.12 amusement purposes in a manner that does not afford players an opportunity to obtain
27.13 anything of value.

27.14 This section does not apply to wagering on sporting events as defined in section 240B.01,
27.15 subdivision 8, and that may be legally wagered on under chapter 240B.

27.16 Sec. 6. Minnesota Statutes 2020, section 609.76, is amended by adding a subdivision to
27.17 read:

27.18 Subd. 9. **Wagering on sporting events.** This section does not apply to wagering on
27.19 sporting events, as defined in section 240B.01, subdivision 8, that may be legally wagered
27.20 on under chapter 240B.

27.21 Sec. 7. **EFFECTIVE DATE.**

27.22 Sections 1 to 6 are effective the day that wagering on sporting events becomes lawful
27.23 under article 1, and apply to crimes committed on or after that date.

27.24 **ARTICLE 4**

27.25 **MISCELLANEOUS**

27.26 Section 1. Minnesota Statutes 2020, section 15A.0815, subdivision 3, is amended to read:

27.27 Subd. 3. **Group II salary limits.** The salary for a position listed in this subdivision shall
27.28 not exceed 120 percent of the salary of the governor. This limit must be adjusted annually
27.29 on January 1. The new limit must equal the limit for the prior year increased by the percentage

28.1 increase, if any, in the Consumer Price Index for all urban consumers from October of the
28.2 second prior year to October of the immediately prior year. The commissioner of management
28.3 and budget must publish the limit on the department's website. This subdivision applies to
28.4 the following positions:

- 28.5 Executive director of Gambling Control Board;
- 28.6 Commissioner of Iron Range resources and rehabilitation;
- 28.7 Commissioner, Bureau of Mediation Services;
- 28.8 Ombudsman for mental health and developmental disabilities;
- 28.9 Ombudsperson for corrections;
- 28.10 Chair, Metropolitan Council;
- 28.11 School trust lands director;
- 28.12 Executive director of pari-mutuel racing;
- 28.13 Executive director of the Sports Wagering Commission; and
- 28.14 Commissioner, Public Utilities Commission.

28.15 **EFFECTIVE DATE.** This section is effective the day following final enactment.

28.16 Sec. 2. **REVISOR INSTRUCTION.**

28.17 The Sports Wagering Commission must notify the revisor of statutes of the date of issue
28.18 of the first bookmaker license issued under Minnesota Statutes, section 240B.30, within 30
28.19 days of issuance. The revisor of statutes shall amend Minnesota Statutes, section 240B.45,
28.20 to specify the date certain in place of the references to a time calculated from the date of
28.21 the issuance of the first bookmaker license.

28.22 **EFFECTIVE DATE.** This section is effective the day following final enactment.