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State of Minnesota  
**HOUSE OF REPRESENTATIVES**

EIGHTY-NINTH SESSION

**H. F. No. 1793**

03/12/2015 Authored by Loonan, Atkins and Hoppe

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

03/19/2015 Adoption of Report: Amended and re-referred to the Committee on Civil Law and Data Practices

03/25/2015 Adoption of Report: Re-referred to the Committee on State Government Finance

1.1 A bill for an act  
1.2 relating to horse racing; modifying and providing definitions; clarifying  
1.3 commission powers and duties; modifying and providing for licensure  
1.4 requirements and other regulatory provisions; providing for industry-related  
1.5 revenue; amending Minnesota Statutes 2014, sections 240.01, subdivision  
1.6 22, by adding subdivisions; 240.011; 240.03; 240.08, subdivisions 2, 4, 5;  
1.7 240.10; 240.13, subdivisions 5, 6; 240.135; 240.15, subdivisions 1, 6; 240.16,  
1.8 subdivision 1; 240.22; 240.23; 364.09; repealing Minnesota Statutes 2014,  
1.9 section 240.01, subdivisions 12, 23.

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

1.11 Section 1. Minnesota Statutes 2014, section 240.01, subdivision 22, is amended to read:

1.12 Subd. 22. **Racing season.** "Racing season" means that portion of the calendar  
1.13 year starting at the beginning of the day of the first live horse race conducted by the  
1.14 licensee and concluding at the end of the day of the last live horse race conducted by  
1.15 the licensee in any year.

1.16 ~~For purposes of this chapter, the racing season begins before the first Saturday in~~  
1.17 ~~May and continues for not less than 25 consecutive weeks.~~

1.18 **EFFECTIVE DATE.** This section is effective January 1, 2016.

1.19 Sec. 2. Minnesota Statutes 2014, section 240.01, is amended by adding a subdivision  
1.20 to read:

1.21 Subd. 28. **Takeout.** "Takeout" means the total amount of money, excluding  
1.22 breakage, withheld from each pari-mutuel pool, as authorized by statute or rule.

1.23 Sec. 3. Minnesota Statutes 2014, section 240.01, is amended by adding a subdivision  
1.24 to read:

2.1           Subd. 29. **Handle** "Handle" means the aggregate of all pari-mutuel pools, excluding  
2.2 refundable wagers or cancellations.

2.3           Sec. 4. Minnesota Statutes 2014, section 240.01, is amended by adding a subdivision  
2.4 to read:

2.5           Subd. 30. **Mixed meet.** "Mixed meet" means a racing day or series of racing days  
2.6 on which the racing of more than one breed of horse occurs.

2.7           Sec. 5. Minnesota Statutes 2014, section 240.01, is amended by adding a subdivision  
2.8 to read:

2.9           Subd. 31. **Banked.** "Banked" means any game of chance that is played with the  
2.10 house as a participant in the game, where the house takes on all players, collects from all  
2.11 losers, and pays all winners, and the house can win.

2.12           Sec. 6. Minnesota Statutes 2014, section 240.01, is amended by adding a subdivision  
2.13 to read:

2.14           Subd. 32. **Steward.** A "steward" means an official described in section 240.16. The  
2.15 term steward includes the terms "judge," "chief steward," and "presiding judge," and  
2.16 applies to stewards and judges of the commission or a class B licensee, but not to other  
2.17 racing officials, such as paddock or placement judges, who are employees or agents of  
2.18 a class B licensee.

2.19           Sec. 7. Minnesota Statutes 2014, section 240.011, is amended to read:

2.20           **240.011 APPOINTMENT OF DIRECTOR.**

2.21           The governor shall appoint the director of the Minnesota Racing Commission,  
2.22 who serves in the unclassified service at the governor's pleasure. The director must be  
2.23 a person qualified by experience ~~in the administration and regulation of pari-mutuel~~  
2.24 ~~racing~~ and training to possess the skills necessary to discharge the duties of the director.  
2.25 The governor must select a director from a list of one or more names submitted by the  
2.26 Minnesota Racing Commission.

2.27           Sec. 8. Minnesota Statutes 2014, section 240.03, is amended to read:

2.28           **240.03 COMMISSION POWERS AND DUTIES.**

2.29           The commission has the following powers and duties:

2.30           (1) to regulate horse racing in Minnesota to ensure that it is conducted in the public  
2.31 interest;

- 3.1 (2) to issue licenses as provided in this chapter;
- 3.2 (3) to enforce all laws and rules governing horse racing;
- 3.3 (4) to collect and distribute all taxes provided for in this chapter;
- 3.4 (5) to conduct necessary investigations and inquiries and to issue subpoenas to
- 3.5 compel the attendance of witnesses and the submission of information, documents, and
- 3.6 records, and other evidence it deems necessary to carry out its duties;
- 3.7 (6) to supervise the conduct of pari-mutuel betting on horse racing;
- 3.8 (7) to employ and supervise personnel under this chapter;
- 3.9 (8) to determine the number of racing days to be held in the state and at each
- 3.10 licensed racetrack;
- 3.11 (9) to take all necessary steps to ensure the integrity of racing in Minnesota; and
- 3.12 (10) to impose fees on the racing and card playing industries sufficient to recover the
- 3.13 operating costs of the commission with the approval of the legislature according to section
- 3.14 16A.1283. Notwithstanding section 16A.1283, when the legislature is not in session, the
- 3.15 commissioner of management and budget may grant interim approval for any new fees
- 3.16 or adjustments to existing fees that are not statutorily specified, until such time as the
- 3.17 legislature reconvenes and acts upon the new fees or adjustments. As part of its biennial
- 3.18 budget request, the commission must propose changes to its fees that will be sufficient to
- 3.19 recover the operating costs of the commission.

3.20 Sec. 9. Minnesota Statutes 2014, section 240.08, subdivision 2, is amended to read:

3.21 Subd. 2. **Application.** (a) An application for a class C license must be on a form

3.22 the commission prescribes and must be accompanied by an affidavit of qualification

3.23 that the applicant:

3.24 ~~(a)~~ (1) is not in default in the payment of an obligation or debt to the state under

3.25 Laws 1983, chapter 214;

3.26 ~~(b)~~ (2) does not have a felony conviction of record in a state or federal court and

3.27 does not have a state or federal felony charge pending;

3.28 ~~(c)~~ (3) is not and never has been connected with or engaged in an illegal business;

3.29 ~~(d)~~ (4) has never been found guilty of fraud or misrepresentation in connection

3.30 with racing or breeding;

3.31 ~~(e)~~ (5) has never been found guilty of a violation of law or rule relating to horse

3.32 racing, pari-mutuel betting or any other form of gambling which is a serious violation

3.33 as defined by the commission's rules; and

4.1           ~~(f) (6)~~ has never been found to have knowingly violated a rule or an order of the  
4.2 commission or a law or rule of Minnesota or another jurisdiction relating to horse racing,  
4.3 pari-mutuel betting, or any other form of gambling.

4.4           **(b)** The application must also contain an irrevocable consent statement, to be signed  
4.5 by the applicant, which states that suits and actions relating to the subject matter of the  
4.6 application or acts or omissions arising from it may be commenced against the applicant in  
4.7 any court of competent jurisdiction in this state by the service on the secretary of state of  
4.8 any summons, process, or pleading authorized by the laws of this state. If any summons,  
4.9 process, or pleading is served upon the secretary of state, it must be by duplicate copies.  
4.10 One copy must be retained in the Office of the Secretary of State and the other copy must  
4.11 be forwarded immediately by certified mail to the address of the applicant, as shown by  
4.12 the records of the commission.

4.13           Sec. 10. Minnesota Statutes 2014, section 240.08, subdivision 4, is amended to read:

4.14           Subd. 4. **License issuance and renewal.** If the commission determines that  
4.15 the applicant is qualified for the occupation for which licensing is sought and will  
4.16 not adversely affect the public health, welfare, and safety or the integrity of racing in  
4.17 Minnesota, it may issue a class C license to the applicant. If it makes a similar finding  
4.18 for a renewal of a class C license it may renew the license. Class C licenses are effective  
4.19 for a minimum of one year for all class C licenses, and up to three years for certain  
4.20 classifications of class C licenses to be determined by the commission.

4.21           **EFFECTIVE DATE.** This section is effective July 1, 2015.

4.22           Sec. 11. Minnesota Statutes 2014, section 240.08, subdivision 5, is amended to read:

4.23           Subd. 5. **Revocation and suspension.** (a) The commission may revoke a class C  
4.24 license for a violation of law or rule which in the commission's opinion adversely affects  
4.25 the integrity of horse racing in Minnesota, the public health, welfare, or safety, or for an  
4.26 intentional false statement made in a license application.

4.27           The commission may suspend a class C license for up to one year for a violation of  
4.28 law, order or rule.

4.29           The commission may delegate to its designated agents the authority to impose  
4.30 suspensions of class C licenses, and the revocation or suspension of a class C license may  
4.31 be appealed to the commission according to its rules.

4.32           **(b)** A license revocation or suspension for more than 90 days is a contested case  
4.33 under sections 14.57 to 14.69 of the Administrative Procedure Act and is in addition to  
4.34 criminal penalties imposed for a violation of law or rule. The commission may summarily

5.1 suspend a license for more than 90 days prior to a contested case hearing where it is  
5.2 necessary to ensure the integrity of racing or to protect the public health, welfare, or safety.  
5.3 A contested case hearing must be held within ~~20~~ 30 days of the summary suspension and  
5.4 the administrative law judge's report must be issued within ~~20~~ 30 days from the close of  
5.5 the hearing record. In all cases involving summary suspension the commission must issue  
5.6 its final decision within 30 days from receipt of the report of the administrative law judge  
5.7 and subsequent exceptions and argument under section 14.61.

5.8 Sec. 12. Minnesota Statutes 2014, section 240.10, is amended to read:

5.9 **240.10 LICENSE FEES.**

5.10 The fee for a class A license is \$253,000 per year and must be remitted on July 1.  
5.11 The fee for a class B license is \$500 for each assigned racing day and \$100 for each day  
5.12 on which simulcasting is authorized and must be remitted on July 1. ~~Included herein are~~  
5.13 ~~all days assigned to be conducted after January 1, 2003.~~ The fee for a class D license is  
5.14 \$50 for each assigned racing day on which racing is actually conducted. Fees imposed on  
5.15 class D licenses must be paid to the commission at a time and in a manner as provided by  
5.16 rule of the commission.

5.17 The commission shall by rule establish an annual license fee for each occupation it  
5.18 licenses under section 240.08 ~~but no annual fee for a class C license may exceed \$100.~~

5.19 **EFFECTIVE DATE.** This section is effective July 1, 2015.

5.20 Sec. 13. Minnesota Statutes 2014, section 240.13, subdivision 5, is amended to read:

5.21 Subd. 5. **Purses.** (a) From the amounts deducted from all pari-mutuel pools by a  
5.22 licensee, an amount equal to not less than the following percentages of all money in all  
5.23 pools must be set aside by the licensee and used for purses for races conducted by the  
5.24 licensee, provided that a licensee may agree by contract with an organization representing  
5.25 a majority of the horsepersons racing the breed involved to set aside amounts in addition  
5.26 to the following percentages, if the contract is in writing and filed with the commission:

5.27 (1) for live races conducted at a class A facility, ~~and for races that are part of full~~  
5.28 ~~racing card simulcasting that takes place within the time period of the live races,~~ 8.4  
5.29 percent of handle;

5.30 (2) ~~for simulcasts conducted during the racing season other than as provided for in~~  
5.31 ~~clause (1), 50 percent of the takeout remaining after deduction for taxes on pari-mutuel~~  
5.32 ~~pools, payment to the breeders fund, and payment to the sending out-of-state racetrack for~~  
5.33 ~~receipt of the signal; and~~

6.1 ~~(3) (2) for simulcasts conducted outside of the racing season, 25~~ any day a class A  
6.2 facility is licensed, not less than 37 percent of the takeout remaining after deduction for the  
6.3 state pari-mutuel tax, payment to the breeders fund, and payment to the sending out-of-state  
6.4 racetrack for receipt of the signal and, before January 1, 2005, a further deduction of  
6.5 eight percent of all money in all pools. In the event that wagering on simuleasts outside  
6.6 of the racing season exceeds \$125 million in any calendar year, the amount set aside for  
6.7 purses by this formula is increased to 30 percent on amounts between \$125,000,000 and  
6.8 \$150,000,000 wagered; 40 percent on amounts between \$150,000,000 and \$175,000,000  
6.9 wagered; and 50 percent on amounts in excess of \$175,000,000 wagered. In lieu of  
6.10 the eight percent deduction, A deduction as agreed to between the licensee and the  
6.11 horsepersons' organization representing the majority of horsepersons racing at the licensee's  
6.12 class A facility during the preceeding 12 months, is allowed after December 31, 2004.

6.13 The commission may by rule provide for the administration and enforcement of  
6.14 this subdivision. The deductions for payment to the sending out-of-state racetrack must  
6.15 be actual, except that when there exists any overlap of ownership, control, or interest  
6.16 between the sending out-of-state racetrack and the receiving licensee, the deduction  
6.17 must not be greater than three percent unless agreed to between the licensee and the  
6.18 horsepersons' organization representing the majority of horsepersons racing the breed  
6.19 racing the majority of races during the existing racing meeting or, if outside of the racing  
6.20 season, during the most recent racing meeting.

6.21 ~~In lieu of the amount the licensee must pay to the commission for deposit in the~~  
6.22 ~~Minnesota breeders fund under section 240.15, subdivision 1, The licensee shall pay to the~~  
6.23 commission for deposit in the Minnesota breeders fund 5-1/2 percent of the takeout from  
6.24 all pari-mutuel pools generated by wagering at the licensee's facility on full racing card  
6.25 simulcasts of races not conducted in this state.

6.26 (b) From the money set aside for purses, the licensee shall pay to the horseperson's  
6.27 organization representing the majority of the horsepersons racing the breed involved  
6.28 and contracting with the licensee with respect to purses and the conduct of the racing  
6.29 meetings and providing representation to its members, an amount as may be determined  
6.30 by agreement by the licensee and the horsepersons' organization sufficient to provide  
6.31 benevolent programs, benefits, and services for horsepersons and their on-track employees;  
6.32 an amount, sufficient to perform these services, as may be determined by agreement by  
6.33 the licensee and the horseperson's organization. The amount paid may be deducted only  
6.34 from the money set aside for purses to be paid in races for the breed represented by the  
6.35 horseperson's organization. With respect to racing meetings where more than one breed

7.1 is racing, the licensee may contract independently with the horseperson's organization  
7.2 representing each breed racing.

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

7.6 ~~(d) Money set aside for purses from wagering, during the racing season, on~~  
7.7 ~~simulcasts must be used for purses for live races conducted at the licensee's class A facility~~  
7.8 ~~during the same racing season, over and above the 8.4 percent purse requirement or any~~  
7.9 ~~higher requirement to which the parties agree, for races conducted in this state. Money~~  
7.10 ~~set aside for purses from wagering, outside of the racing season, on simulcasts must be~~  
7.11 ~~for purses for live races conducted at the licensee's class A facility during the next racing~~  
7.12 ~~season, over and above the 8.4 percent purse requirement or any higher requirement to~~  
7.13 ~~which the parties agree, for races conducted in this state.~~

7.14 ~~(e)~~ (d) Money set aside for purses from wagering on simulcasts must be used for  
7.15 purses for live races involving the same breed involved in the simulcast except that money  
7.16 set aside for purses and payments to the breeders fund from wagering on ~~full racing card~~  
7.17 simulcasts of races not conducted in this state, occurring during a live mixed meet, must  
7.18 be allotted to the purses and breeders fund for each breed participating in the mixed meet  
7.19 as agreed upon by the breed organizations participating in the live mixed meet. The  
7.20 agreement shall be in writing and filed with the commission prior to the first day of the live  
7.21 mixed meet. In the absence of a written agreement filed with the commission, the money  
7.22 set aside for purses and payments to the breeders fund from wagering on simulcasts,  
7.23 occurring during a live mixed meet, shall be allotted to each breed participating in the live  
7.24 mixed meet in the same proportion that the number of live races run by each breed bears  
7.25 to the total number of live races conducted during the period of the mixed meet.

7.26 ~~(f)~~ (e) The allocation of money set aside for purses to particular racing meets may be  
7.27 adjusted, relative to overpayments and underpayments, by contract between the licensee  
7.28 and the horsepersons' organization representing the majority of horsepersons racing the  
7.29 breed involved at the licensee's facility.

7.30 ~~(g)~~ (f) Subject to the provisions of this chapter, money set aside from pari-mutuel  
7.31 pools for purses must be for the breed involved in the race that generated the pool, except  
7.32 that if the breed involved in the race generating the pari-mutuel pool is not racing in the  
7.33 current racing meeting, or has not raced within the preceding 12 months at the licensee's  
7.34 class A facility, money set aside for purses may be distributed proportionately to those  
7.35 breeds that have run during the preceding 12 months or paid to the commission and

8.1 used for purses or to promote racing for the breed involved in the race generating the  
8.2 pari-mutuel pool, or both, in a manner prescribed by the commission.

8.3 ~~(h)~~ (g) This subdivision does not apply to a class D licensee.

8.4 **EFFECTIVE DATE.** This section is effective January 1, 2016.

8.5 Sec. 14. Minnesota Statutes 2014, section 240.13, subdivision 6, is amended to read:

8.6 Subd. 6. **Simulcasting.** (a) The commission may permit an authorized licensee to  
8.7 conduct simulcasting at the licensee's facility on any day authorized by the commission.  
8.8 All simulcasts must comply with the Interstate Horse Racing Act of 1978, United States  
8.9 Code, title 15, sections 3001 to 3007.

8.10 (b) The commission may not authorize any day for simulcasting at a class A facility  
8.11 during the racing season, and a licensee may not be allowed to transmit out-of-state  
8.12 telecasts of races the licensee conducts, unless the licensee has obtained the approval of  
8.13 the horsepersons' organization representing the majority of the horsepersons racing the  
8.14 breed involved at the licensed racetrack during the preceding 12 months. In the case of  
8.15 a class A facility licensed under section 240.06, subdivision 5a, the approval applicable  
8.16 to the first year of the racetrack's operation may be obtained from the horsepersons'  
8.17 organization that represents the majority of horsepersons who will race the breed involved  
8.18 at the licensed racetrack during the first year of the racetrack's operation.

8.19 (c) The licensee may pay fees and costs to an entity transmitting a telecast of a  
8.20 race to the licensee for purposes of conducting pari-mutuel wagering on the race. The  
8.21 licensee may deduct fees and costs related to the receipt of televised transmissions from a  
8.22 pari-mutuel pool on the televised race, provided that one-half of any amount recouped in  
8.23 this manner must be added to the amounts required to be set aside for purses.

8.24 (d) With the approval of the commission and subject to the provisions of this  
8.25 subdivision, a licensee may transmit telecasts of races it conducts, for wagering purposes,  
8.26 to locations outside the state, and the commission may allow this to be done on a  
8.27 commingled pool basis.

8.28 (e) Except as otherwise provided in this section, simulcasting may be conducted on a  
8.29 ~~separate commingled~~ separate commingled pool basis or, with the approval of the commission, on a ~~separate~~  
8.30 separate pool basis. All provisions of law governing pari-mutuel betting apply to  
8.31 simulcasting except as otherwise provided in this subdivision or in the commission's  
8.32 rules. If pools are commingled, wagering at the licensed facility must be on equipment  
8.33 electronically linked with the equipment at the licensee's class A facility or with the  
8.34 sending racetrack via the totalizator computer at the licensee's class A facility. Subject to  
8.35 the approval of the commission, the types of betting, takeout, and distribution of winnings

9.1 on commingled pari-mutuel pools are those in effect at the sending racetrack. Breakage  
9.2 for pari-mutuel pools on a televised race must be calculated in accordance with the law or  
9.3 rules governing the sending racetrack for these pools, and must be distributed in a manner  
9.4 agreed to between the licensee and the sending racetrack. Notwithstanding subdivision 7  
9.5 and section 240.15, subdivision 5, the commission may approve procedures governing the  
9.6 definition and disposition of unclaimed tickets that are consistent with the law and rules  
9.7 governing unclaimed tickets at the sending racetrack. For the purposes of this section,  
9.8 "sending racetrack" is either the racetrack outside of this state where the horse race is  
9.9 conducted or, with the consent of the racetrack, an alternative facility that serves as the  
9.10 racetrack for the purpose of commingling pools.

9.11 (f) Except as otherwise provided in section 240.06, subdivision 5b, paragraph (2),  
9.12 if there is more than one class B licensee conducting racing within the seven-county  
9.13 metropolitan area, simulcasting may be conducted only on races run by a breed that ran at  
9.14 the licensee's class A facility within the 12 months preceding the event.

9.15 Sec. 15. Minnesota Statutes 2014, section 240.135, is amended to read:

9.16 **240.135 CARD CLUB REVENUE.**

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

9.21 (1) For amounts between zero and \$6,000,000, the licensee shall set aside not less  
9.22 than ten percent to be used as purses.

9.23 (2) For amounts in excess of \$6,000,000, the licensee shall set aside not less than  
9.24 14 percent to be used as purses.

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

9.30 (c) It is the intent of the legislature that the proceeds of the card playing activities  
9.31 authorized by this chapter be used to improve the horse racing industry by improving purses.  
9.32 The licensee and the horseperson's organization representing the majority of horsepersons  
9.33 who have raced at the racetrack during the preceding 12 months may negotiate percentages  
9.34 that exceed those stated in this section if the agreement is in writing and filed with the  
9.35 commission. The commission shall annually review the financial details of card playing

10.1 activities and determine if the present use of card playing proceeds is consistent with the  
10.2 policy established by this paragraph. If the commission determines that the use of the  
10.3 proceeds does not comply with the policy set forth herein, then the commission shall direct  
10.4 the parties to make the changes necessary to ensure compliance. If these changes require  
10.5 legislation, the commission shall make the appropriate recommendations to the legislature.

10.6 Sec. 16. Minnesota Statutes 2014, section 240.15, subdivision 1, is amended to read:

10.7 Subdivision 1. **Taxes imposed.** (a) There is imposed a tax at the rate of six percent  
10.8 of the amount in excess of \$12,000,000 annually withheld from all pari-mutuel pools by  
10.9 the licensee, including breakage and amounts withheld under section 240.13, subdivision  
10.10 4. For the purpose of this subdivision, "annually" is the period from July 1 to June 30 of  
10.11 the next year.

10.12 In addition to the above tax, the licensee must designate and pay to the commission  
10.13 a tax of one percent of the ~~total amount bet on each racing day~~ handle for live races  
10.14 conducted at a class A facility, for deposit in the Minnesota breeders fund.

10.15 The taxes imposed by this clause must be paid from the amounts permitted to be  
10.16 withheld by a licensee under section 240.13, subdivision 4.

10.17 (b) The commission may impose an admissions tax of not more than ten cents on  
10.18 each paid admission at a licensed racetrack on a racing day if:

10.19 (1) the tax is requested by a local unit of government within whose borders the  
10.20 track is located;

10.21 (2) a public hearing is held on the request; and

10.22 (3) the commission finds that the local unit of government requesting the tax is in  
10.23 need of its revenue to meet extraordinary expenses caused by the racetrack.

10.24 Sec. 17. Minnesota Statutes 2014, section 240.15, subdivision 6, is amended to read:

10.25 Subd. 6. **Disposition of proceeds; account.** The commission shall distribute all  
10.26 money received under this section, and all money received from license fees and fines it  
10.27 collects, according to this subdivision. All money designated for deposit in the Minnesota  
10.28 breeders fund must be paid into that fund for distribution under section 240.18 except that  
10.29 all money generated by ~~full racing card~~ simulcasts must be distributed as provided in  
10.30 section 240.18, subdivisions 2, paragraph (d), clauses (1), (2), and (3); and 3. Revenue  
10.31 from an admissions tax imposed under subdivision 1 must be paid to the local unit of  
10.32 government at whose request it was imposed, at times and in a manner the commission  
10.33 determines. Taxes received under this section and fines collected under section 240.22  
10.34 must be paid to the commissioner of management and budget for deposit in the general

11.1 fund. All revenues from licenses and other fees imposed by the commission must be  
11.2 deposited in the state treasury and credited to a racing and card playing regulation account  
11.3 in the special revenue fund. Receipts in this account are available for the operations of the  
11.4 commission up to the amount authorized in biennial appropriations from the legislature.

11.5 Sec. 18. Minnesota Statutes 2014, section 240.16, subdivision 1, is amended to read:

11.6 Subdivision 1. **Powers and duties.** All horse races run at a licensed racetrack must  
11.7 be presided over by a board of three stewards, who must be appointees of the commission or  
11.8 persons approved by it. The commission shall designate one steward as chair. At least two  
11.9 stewards for all races either shall be employees of the commission who shall serve in the  
11.10 unclassified service, or shall be under contract with the commission to serve as stewards.

11.11 The commission may delegate the following duties and powers to a board of stewards:

- 11.12 (a) to ensure that races are run in accordance with the commission's rules;
- 11.13 (b) to supervise the conduct of racing to ensure the integrity of the sport;
- 11.14 (c) to settle disputes arising from the running of horse races, and to certify official  
11.15 results;
- 11.16 (d) to impose on licensees, for violation of law or commission rules, fines not  
11.17 exceeding ~~\$2,000~~ \$5,000 and license suspensions not exceeding 90 days;
- 11.18 (e) to recommend to the commission where warranted penalties in excess of those  
11.19 in clause (d);
- 11.20 (f) to otherwise enforce the laws and rules of racing; and
- 11.21 (g) to perform other duties and have other powers assigned by the commission.

11.22 Sec. 19. Minnesota Statutes 2014, section 240.22, is amended to read:

11.23 **240.22 FINES.**

11.24 (a) The commission shall by rule establish a graduated schedule of civil fines for  
11.25 violations of laws related to horse racing or of the commission's rules. The schedule  
11.26 must include minimum and maximum fines for each violation and be based on and  
11.27 reflect the culpability, frequency and severity of the violator's actions. The commission  
11.28 may impose a fine from this schedule on a licensee for a violation of those rules or laws  
11.29 relating to horse racing. The fine is in addition to any criminal penalty imposed for the  
11.30 same violation. Fines imposed by the commission must be paid to the commission and  
11.31 except as provided in paragraph (b), forwarded to the commissioner of management and  
11.32 budget for deposit in the general fund. A fine in excess of ~~\$2,000~~ \$5,000 is a contested  
11.33 case under the Administrative Procedure Act.

12.1 (b) If the commission is the prevailing party in a contested case proceeding, the  
 12.2 commission may recover, from amounts to be forwarded under paragraph (a), reasonable  
 12.3 attorney fees and costs associated with the contested case.

12.4 **EFFECTIVE DATE.** This section is effective July 1, 2016.

12.5 Sec. 20. Minnesota Statutes 2014, section 240.23, is amended to read:

12.6 **240.23 RULEMAKING AUTHORITY.**

12.7 The commission has the authority, in addition to all other rulemaking authority  
 12.8 granted elsewhere in this chapter to promulgate rules governing:

12.9 (a) the conduct of horse races held at licensed racetracks in Minnesota, including but  
 12.10 not limited to the rules of racing, standards of entry, operation of claiming races, filing and  
 12.11 handling of objections, carrying of weights, and declaration of official results;

12.12 (b) ~~wire~~ wired and wireless communications between the premises of a licensed  
 12.13 racetrack and any place outside the premises;

12.14 (c) information on horse races which is sold on the premises of a licensed racetrack;

12.15 (d) liability insurance which it may require of all class A, class B, and class D  
 12.16 licensees;

12.17 (e) the auditing of the books and records of a licensee by an auditor employed  
 12.18 or appointed by the commission;

12.19 (f) emergency action plans maintained by licensed racetracks and their periodic  
 12.20 review;

12.21 (g) safety, security, and sanitation of stabling facilities at licensed racetracks;

12.22 (h) entry fees and other funds received by a licensee in the course of conducting  
 12.23 racing which the commission determines must be placed in escrow accounts;

12.24 (i) affirmative action in employment and contracting by class A, class B, and class D  
 12.25 licensees; ~~and~~

12.26 (j) procedures for the sampling and testing of any horse that is eligible to race in  
 12.27 Minnesota for substances or practices that are prohibited by law or rule; and

12.28 ~~(j)~~ (k) any other aspect of horse racing or pari-mutuel betting which in its opinion  
 12.29 affects the integrity of racing or the public health, welfare, or safety.

12.30 Rules of the commission are subject to chapter 14, the Administrative Procedure Act.

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

12.32 Sec. 21. Minnesota Statutes 2014, section 364.09, is amended to read:

12.33 **364.09 EXCEPTIONS.**

13.1 (a) This chapter does not apply to the licensing process for peace officers; to law  
13.2 enforcement agencies as defined in section 626.84, subdivision 1, paragraph (f); to fire  
13.3 protection agencies; to eligibility for a private detective or protective agent license; to the  
13.4 licensing and background study process under chapters 245A and 245C; to the licensing  
13.5 and background investigation process under chapter 240; to eligibility for school bus  
13.6 driver endorsements; to eligibility for special transportation service endorsements; to  
13.7 eligibility for a commercial driver training instructor license, which is governed by section  
13.8 171.35 and rules adopted under that section; to emergency medical services personnel, or  
13.9 to the licensing by political subdivisions of taxicab drivers, if the applicant for the license  
13.10 has been discharged from sentence for a conviction within the ten years immediately  
13.11 preceding application of a violation of any of the following:

13.12 (1) sections 609.185 to 609.2114, 609.221 to 609.223, 609.342 to 609.3451, or  
13.13 617.23, subdivision 2 or 3; or Minnesota Statutes 2012, section 609.21;

13.14 (2) any provision of chapter 152 that is punishable by a maximum sentence of  
13.15 15 years or more; or

13.16 (3) a violation of chapter 169 or 169A involving driving under the influence, leaving  
13.17 the scene of an accident, or reckless or careless driving.

13.18 This chapter also shall not apply to eligibility for juvenile corrections employment, where  
13.19 the offense involved child physical or sexual abuse or criminal sexual conduct.

13.20 (b) This chapter does not apply to a school district or to eligibility for a license  
13.21 issued or renewed by the Board of Teaching or the commissioner of education.

13.22 (c) Nothing in this section precludes the Minnesota Police and Peace Officers  
13.23 Training Board or the state fire marshal from recommending policies set forth in this  
13.24 chapter to the attorney general for adoption in the attorney general's discretion to apply to  
13.25 law enforcement or fire protection agencies.

13.26 (d) This chapter does not apply to a license to practice medicine that has been denied  
13.27 or revoked by the Board of Medical Practice pursuant to section 147.091, subdivision 1a.

13.28 (e) This chapter does not apply to any person who has been denied a license to  
13.29 practice chiropractic or whose license to practice chiropractic has been revoked by the  
13.30 board in accordance with section 148.10, subdivision 7.

13.31 (f) This chapter does not apply to any license, registration, or permit that has  
13.32 been denied or revoked by the Board of Nursing in accordance with section 148.261,  
13.33 subdivision 1a.

13.34 (g) This chapter does not supersede a requirement under law to conduct a criminal  
13.35 history background investigation or consider criminal history records in hiring for  
13.36 particular types of employment.

14.1       Sec. 22. **REVISOR'S INSTRUCTION.**

14.2             (a) The revisor of statutes shall renumber the subdivisions in Minnesota Statutes,  
14.3 section 240.01, to put the definitions contained in that section in alphabetical order.

14.4             (b) The revisor of statutes shall correct any cross-references in Minnesota Statutes  
14.5 and Minnesota Rules as a result of the renumbering in paragraph (a).

14.6       Sec. 23. **REPEALER.**

14.7             Minnesota Statutes 2014, section 240.01, subdivisions 12 and 23, are repealed.

APPENDIX  
Repealed Minnesota Statutes: H1793-1

**240.01 DEFINITIONS.**

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

Subd. 23. **Full racing card.** "Full racing card" means three or more races that are: (1) part of a horse racing program being conducted at a racetrack; and (2) being simulcast or telerec simulcast at a licensed racetrack.