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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. 2426

03/08/2016 Authored by Atkins

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

1.1 A bill for an act
1.2 relating to consumer protection; regulation of fantasy sports; amending
1.3 Minnesota Statutes 2014, sections 297E.03, by adding a subdivision; 541.20;
1.4 541.21; 609.761, by adding a subdivision; proposing coding for new law as
1.5 Minnesota Statutes, chapter 325O.

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

1.7 Section 1. Minnesota Statutes 2014, section 297E.03, is amended by adding a
1.8 subdivision to read:

1.9 Subd. 9. **Fantasy sports contests.** Fantasy sports contests as defined and conducted
1.10 under chapter 325O are exempt from taxation under this section.

1.11 Sec. 2. [325O.01] DEFINITIONS.

1.12 Subdivision 1. **Scope.** As used in this chapter, the terms in this section have the
1.13 meanings given them.

1.14 Subd. 2. **Commissioner.** "Commissioner" means the commissioner of public safety
1.15 or a person to whom the commissioner has delegated functions.

1.16 Subd. 3. **Fantasy sports contest.** "Fantasy sports contest" means a competition
1.17 whereby a person:

- 1.18 (1) pays or is advanced an entry fee;
- 1.19 (2) selects a simulated team of players in a particular sport; and
- 1.20 (3) competes with that team against another team or teams, the outcome of which is
1.21 determined by the accumulated statistical results of the actual performance of athletes.

1.22 Subd. 4. **Fantasy sports organization.** "Fantasy sports organization" means an
1.23 entity engaged in the conduct or promotion of a fantasy sports contest, but that is not a
1.24 fantasy sports participant.

2.1 Subd. 5. **Fantasy sports participant.** "Fantasy sports participant" means a person
2.2 entering a fantasy sports contest.

2.3 Subd. 6. **Entry fee.** "Entry fee" means the amount that a fantasy sports participant
2.4 pays to a fantasy sports organization to compete in a fantasy sports contest.

2.5 Subd. 7. **Payout.** "Payout" means the amount of money or the fair market value
2.6 of prizes, if any, that a fantasy sports participant receives for participating in a fantasy
2.7 sports contest.

2.8 **Sec. 3. [3250.05] AUTHORIZATION.**

2.9 A fantasy sports contest is not a bet or a lottery within the meaning of sections
2.10 609.75, 609.755, and 609.76 if it is conducted under this chapter.

2.11 **Sec. 4. [3250.10] REGISTRATION.**

2.12 A person must not conduct, promote, or offer the play of a fantasy sports contest to a
2.13 Minnesota resident without first registering with the commissioner. The commissioner
2.14 may charge an annual registration fee to cover the costs associated with administering and
2.15 enforcing the provisions of this chapter.

2.16 **Sec. 5. [3250.20] RESTRICTIONS ON WHO MAY PARTICIPATE IN**
2.17 **FANTASY SPORTS.**

2.18 (a) A person receiving compensation in connection with the conduct of a fantasy
2.19 sports contest must not participate as a player in a fantasy sports contest, except in
2.20 accordance with the provisions of this section.

2.21 (b) A person referenced under paragraph (a) may participate as a player in a fantasy
2.22 sports contest if the expected payout is less than twice the entry fee and total entry fees
2.23 paid by the person in a calendar year do not exceed \$1,000.

2.24 (c) A person under the age of 18 must not participate in fantasy sports.

2.25 (d) A person employed by or otherwise receiving compensation or prize money from
2.26 a professional sports entity or team must not participate in a fantasy sports contest in the
2.27 sport in which the professional sports entity or team participates.

2.28 **Sec. 6. [3250.35] OVERSIGHT.**

2.29 (a) The commissioner must adopt rules for fantasy sports organizations registered
2.30 with the commissioner under section 3250.10 regarding the conduct of fantasy sports,
2.31 record keeping, access to records, inspections, and reporting requirements.

3.1 (b) The commissioner must establish procedures for and must conduct an annual audit
 3.2 of an organization's compliance with the provisions and rules established under this chapter.

3.3 (c) A fantasy sports organization must comply with all requests made by the
 3.4 commissioner under this section.

3.5 **Sec. 7. [3250.40] RESTRICTIONS.**

3.6 (a) A fantasy sports organization must not knowingly promote, offer the play of,
 3.7 or advertise a fantasy sports contest on the campus of a secondary or postsecondary
 3.8 educational organization located in this state.

3.9 (b) A fantasy sports organization must not offer a fantasy sports contest in which
 3.10 the outcome is determined in whole or in part by the accumulated statistical results of
 3.11 an athlete competing in a sporting event of a team sponsored by or associated with a
 3.12 secondary or postsecondary educational organization located in this state.

3.13 (c) A fantasy sports organization must not make a loan or extend credit to a
 3.14 participant in a fantasy sports contest conducted by that organization.

3.15 (d) A fantasy sports organization must not offer a fantasy sports contest in this
 3.16 state if a director, officer, partner, member, governor, or a person in a supervisory or
 3.17 management position has:

3.18 (1) engaged in or has a connection to an illegal business;

3.19 (2) been convicted of a felony; or

3.20 (3) been convicted of a crime involving theft, illegal gambling, or fraud.

3.21 The commissioner may conduct a review of the criminal history of a director, officer,
 3.22 partner, member, governor, or a person in a supervisory or management position of a fantasy
 3.23 sports organization who has registered with the commissioner under section 3250.10.

3.24 Sec. 8. Minnesota Statutes 2014, section 541.20, is amended to read:

3.25 **541.20 RECOVERY OF MONEY LOST.**

3.26 Every person who, by playing at cards, dice, or other game, or by betting on the
 3.27 hands or sides of such as are gambling, shall lose to any person so playing or betting
 3.28 any sum of money or any goods, and pays or delivers the same, or any part thereof, to
 3.29 the winner, may sue for and recover such money by a civil action, before any court
 3.30 of competent jurisdiction. For purposes of this section, gambling shall not include
 3.31 pari-mutuel wagering conducted under a license issued pursuant to chapter 240, purchase
 3.32 or sale of tickets in the state lottery, or gambling authorized under chapters 349 and 349A,
 3.33 or participation in fantasy sports contests under chapter 3250.

4.1 Sec. 9. Minnesota Statutes 2014, section 541.21, is amended to read:

4.2 **541.21 COMMITMENTS FOR GAMBLING DEBT VOID.**

4.3 Every note, bill, bond, mortgage, or other security or conveyance in which the whole
4.4 or any part of the consideration shall be for any money or goods won by gambling or
4.5 playing at cards, dice, or any other game whatever, or by betting on the sides or hands
4.6 of any person gambling, or for reimbursing or repaying any money knowingly lent or
4.7 advanced at the time and place of such gambling or betting, or lent and advanced for any
4.8 gambling or betting to any persons so gambling or betting, shall be void and of no effect
4.9 as between the parties to the same, and as to all persons except such as hold or claim under
4.10 them in good faith, without notice of the illegality of the consideration of such contract or
4.11 conveyance. The provisions of this section shall not apply to:

4.12 (1) pari-mutuel wagering conducted under a license issued pursuant to chapter 240;

4.13 (2) purchase of tickets in the state lottery under chapter 349A;

4.14 (3) gaming activities conducted pursuant to the Indian Gaming Regulatory Act,
4.15 United States Code, title 25, section 2701 et seq.; or

4.16 (4) lawful gambling activities permitted under chapter 349; or

4.17 (5) participation in fantasy sports contests under chapter 325O.

4.18 Sec. 10. Minnesota Statutes 2014, section 609.761, is amended by adding a subdivision
4.19 to read:

4.20 Subd. 7. **Fantasy sports contests.** Sections 609.755 and 609.76 do not prohibit
4.21 a fantasy sports contest conducted under chapter 325O.