A bill for an act

relating to gambling; establishing video lottery terminals; imposing a tax on and providing for video lottery revenue; modifying certain lawful gambling taxes; modifying conduct of electronic bingo; authorizing gambling control board to establish video pull-tab games; amending Minnesota Statutes 2008, sections 297E.02, subdivision 1; 299L.02, subdivision 1; 299L.07, subdivisions 2, 2a; 340A.410, subdivision 5; 349.12, subdivisions 5, 25b, 25c, 25d, by adding subdivisions; 349.151, subdivision 4c, by adding a subdivision; 349.16, subdivision 7; 349.1635, subdivision 1; 349.17, subdivision 8; 349.211, subdivision 1a; 349A.01, subdivisions 10, 11, 12, by adding subdivisions; 349A.04; 349A.06, subdivisions 1, 5, 8, 10, by adding subdivisions; 349A.08, subdivisions 1, 5, 8; 349A.09, subdivision 1; 349A.10, subdivisions 2, 3, 4, 6; 349A.11, subdivision 1; 349A.12, subdivisions 1, 2; 349A.13; 541.20; 541.21; 609.651, subdivision 1; 609.75, subdivisions 3, 4; 609.761, subdivision 2; Minnesota Statutes 2009 Supplement, sections 297A.94; 349.12, subdivision 12a; 349.15, subdivision 1; 349.17, subdivisions 6, 7; 349.18, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 297A; 349; 349A; repealing Minnesota Statutes 2008, sections 297E.01, subdivision 7; 297E.02, subdivisions 4, 6, 7.

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

ARTICLE 1

VIDEO LOTTERY TERMINALS

Section 1. **[297A.652] LOTTERY GAMING MACHINES; IN-LIEU TAX.**

Net terminal income from the operation of video lottery terminals authorized under section 349A.071 is exempt from the tax imposed under section 297A.62. The State Lottery must on or before the 20th day of each month transmit to the commissioner an amount equal to the net terminal income from the operation of video lottery terminals as defined in section 349A.01, for the previous month multiplied by 28 percent. The commissioner shall deposit the money transmitted under this section in the state treasury to be credited as provided in section 297A.94.

Sec. 2. Minnesota Statutes 2009 Supplement, section 297A.94, is amended to read:

297A.94 DEPOSIT OF REVENUES.

(a) Except as provided in this section, the commissioner shall deposit the revenues, including interest and penalties, derived from the taxes imposed by this chapter in the state treasury and credit them to the general fund.

(b) The commissioner shall deposit taxes in the Minnesota agricultural and economic account in the special revenue fund if:

(1) the taxes are derived from sales and use of property and services purchased for the construction and operation of an agricultural resource project; and

(2) the purchase was made on or after the date on which a conditional commitment was made for a loan guaranty for the project under section 41A.04, subdivision 3.

The commissioner of management and budget shall certify to the commissioner the date on which the project received the conditional commitment. The amount deposited in the loan guaranty account must be reduced by any refunds and by the costs incurred by the Department of Revenue to administer and enforce the assessment and collection of the taxes.

(c) The commissioner shall deposit the revenues, including interest and penalties, derived from the taxes imposed on sales and purchases included in section 297A.61, subdivision 3, paragraph (g), clauses (1) and (4), in the state treasury, and credit them as follows:

(1) first to the general obligation special tax bond debt service account in each fiscal year the amount required by section 16A.661, subdivision 3, paragraph (b); and

(2) after the requirements of clause (1) have been met, the balance to the general fund.

(d) The commissioner shall deposit the revenues, including interest and penalties, collected under section 297A.64, subdivision 5, in the state treasury and credit them to the general fund. By July 15 of each year the commissioner shall transfer to the highway user tax distribution fund an amount equal to the excess fees collected under section 297A.64, subdivision 5, for the previous calendar year.

(e) For fiscal year 2001, 97 percent; for fiscal years 2002 and 2003, 87 percent; and for fiscal year 2004 and thereafter, 72.43 percent of the revenues, including interest and penalties, transmitted to the commissioner under section 297A.65, must be deposited by the commissioner in the state treasury as follows:

(1) 50 percent of the receipts must be deposited in the heritage enhancement account in the game and fish fund, and may be spent only on activities that improve, enhance, or protect fish and wildlife resources, including conservation, restoration, and enhancement of land, water, and other natural resources of the state;

(2) 22.5 percent of the receipts must be deposited in the natural resources fund, and may be spent only for state parks and trails;

(3) 22.5 percent of the receipts must be deposited in the natural resources fund, and may be spent only on metropolitan park and trail grants;

(4) three percent of the receipts must be deposited in the natural resources fund, and may be spent only on local trail grants; and

(5) two percent of the receipts must be deposited in the natural resources fund, and may be spent only for the Minnesota Zoological Garden, the Como Park Zoo and Conservatory, and the Duluth Zoo.

(f) Revenues transmitted to the commissioner under section 297A.652 must be deposited by the commissioner in the state treasury in the general fund.

~~(f)~~ (g) The revenue dedicated under ~~paragraph~~ paragraphs (e) and (f) may not be used as a substitute for traditional sources of funding for the purposes specified, but the dedicated revenue shall supplement traditional sources of funding for those purposes. Land acquired with money deposited in the game and fish fund under paragraph (e) must be open to public hunting and fishing during the open season, except that in aquatic management areas or on lands where angling easements have been acquired, fishing may be prohibited during certain times of the year and hunting may be prohibited. At least 87 percent of the money deposited in the game and fish fund for improvement, enhancement, or protection of fish and wildlife resources under paragraph (e) must be allocated for field operations.

~~(g)~~ (h) The revenues deposited under paragraphs (a) to ~~(f)~~ (g) do not include the revenues, including interest and penalties, generated by the sales tax imposed under section 297A.62, subdivision 1a, which must be deposited as provided under the Minnesota Constitution, article XI, section 15.

Sec. 3. Minnesota Statutes 2008, section 297E.02, subdivision 1, is amended to read:

Subdivision 1. **Imposition.** A tax is imposed on all lawful gambling ~~other than (1) pull-tab deals or games; (2) tipboard deals or games; and (3) items listed in section 297E.01, subdivision 8, clauses (4) and (5),~~ at the rate of 8.5 percent on the gross receipts as defined in section 297E.01, subdivision 8, less prizes actually paid. The tax imposed by this subdivision is in lieu of the tax imposed by section 297A.62 and all local taxes and license fees except a fee authorized under section 349.16, subdivision 8, or a tax authorized under subdivision 5.

The tax imposed under this subdivision is payable by the organization or party conducting, directly or indirectly, the gambling.

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 4. Minnesota Statutes 2008, section 299L.02, subdivision 1, is amended to read:

Subdivision 1. **Lottery.** (a) The director shall when required under chapter 349A or when requested by the director of the lottery conduct background checks on employees of the State Lottery, lottery retailers, and bidders of lottery procurement contracts.

(b) The director shall, when so requested by the director of the State Lottery or when the director believes it to be reasonable and necessary, conduct investigations of lottery retailers, applicants for lottery retailer contracts, suppliers of goods or services to the State Lottery, and persons bidding on contracts for goods or services with the State Lottery.

(c) The director shall conduct an annual security audit of the State Lottery, or arrange for such an audit by an outside agency or person, firm, or corporation. The director shall report to the director of the lottery on the results of the audit.

(d) The director shall deposit in a separate account in the state treasury all money received from the director of the State Lottery for charges for investigations and background checks relating to the owning and operating of video lottery terminals under chapter 349A. Money in the account is appropriated to the director for the purpose of carrying out the director's powers and duties under this subdivision.

Sec. 5. Minnesota Statutes 2008, section 299L.07, subdivision 2, is amended to read:

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

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

(2) may be sold by the governing body of a federally recognized Indian tribe described in subdivision 2a, paragraph (b), clause (1), which is not licensed under this section, if (i) the gambling device was operated by the Indian tribe, (ii) the sale is to a distributor licensed under this section, and (iii) the licensed distributor notifies the commissioner of the purchase, in the same manner as is required when the licensed distributor ships a gambling device into Minnesota;

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

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

<u>(5) may be possessed by the State Lottery as authorized under chapter 349A</u>.

Sec. 6. Minnesota Statutes 2008, section 299L.07, subdivision 2a, is amended to read:

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

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

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

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

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

(4) a person in another state who is authorized under the laws of that state to possess the gambling device<u>; or</u>

<u>(5) the State Lottery as authorized under chapter 349A</u>.

Sec. 7. Minnesota Statutes 2008, section 340A.410, subdivision 5, is amended to read:

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

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

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

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

<u>(e) Gambling devices may be operated and gambling permitted as authorized by chapter 349A.</u>

Sec. 8. Minnesota Statutes 2009 Supplement, section 349.15, subdivision 1, is amended to read:

Subdivision 1. **Expenditure restrictions, requirements, and civil penalties.** (a) Gross profits from lawful gambling may be expended only for lawful purposes or allowable expenses as authorized by the membership of the conducting organization at a monthly meeting of the organization's membership.

(b) ~~Provided that~~ Except as provided in paragraph (e), no more than 70 percent of the gross profit from bingo, and no more than 60 percent of the gross profit from other forms of lawful gambling, may be expended biennially during the term of the license for allowable expenses related to lawful gambling, except that for the period of July 1, 2008, to June 30, 2009, no more than 75 percent of the gross profit from bingo, and no more than 65 percent of the gross profit from other forms of lawful gambling, may be expended for allowable expenses related to lawful gambling. This provision expires June 30, 2009.

(c) For each 12-month period beginning July 1, 2009, a licensed organization will be evaluated by the board to determine a rating based on the percentage of annual lawful purpose expenditures when compared to available gross profits for the same period. The rating will be used to determine the organization's profitability percent and is not a rating of the organization's lawful gambling operation. An organization will be evaluated according to the following criteria:

(1) an organization that expends 50 percent or more of gross profits on lawful purposes will receive a five-star rating;

(2) an organization that expends 40 percent or more but less than 50 percent of gross profits on lawful purposes will receive a four-star rating;

(3) an organization that expends 30 percent or more but less than 40 percent of gross profits on lawful purposes will receive a three-star rating;

(4) an organization that expends 20 percent or more but less than 30 percent of gross profits on lawful purposes will receive a two-star rating; and

(5) an organization that expends less than 20 percent of gross profits on lawful purposes will receive a one-star rating.

(d) An organization that fails to expend a minimum of 30 percent annually of gross profits on lawful purposes is automatically on probation effective July 1 for a period of one year. The organization must increase its rating to a minimum of 30 percent or be subject to sanctions by the board. If an organization fails to meet the minimum after a one-year probation, the board may suspend the organization's license or impose a civil penalty as follows:

(1) in determining any suspension or penalty for a violation of this paragraph, the board must consider any unique factors or extraordinary circumstances that caused the organization to not meet the minimum rate of profitability. Unique factors or extraordinary circumstances include, but are not limited to, the purchase of capital assets necessary to conduct lawful gambling; road or other construction causing impaired access to the lawful gambling premises; and flood, tornado, or other catastrophe that had a direct impact on the continuing lawful gambling operation; and

(2) notwithstanding section 349.151, subdivision 4, paragraph (a), clause (10), the board may impose a civil penalty under this subdivision up to $10,000.

(e) Money received by an organization from net video lottery terminal income under section 349A.06, subdivision 6a, may be expended only for lawful purposes.

Sec. 9. Minnesota Statutes 2008, section 349A.01, is amended by adding a subdivision to read:

Subd. 9a. **Lottery game.** "Lottery game" means any game operated by the lottery where the prize is determined primarily by chance.

Sec. 10. Minnesota Statutes 2008, section 349A.01, subdivision 10, is amended to read:

Subd. 10. **Lottery procurement contract.** "Lottery procurement contract" means a contract to provide lottery products, computer hardware and software used to monitor sales of lottery tickets and sales on a video lottery terminal, ~~and~~ lottery tickets, video lottery terminals, and maintenance of video lottery terminals. ~~"~~Lottery procurement contract~~"~~ does not include a contract to provide an annuity or prize payment agreement or materials, supplies, equipment, or services common to the ordinary operation of a state agency.

Sec. 11. Minnesota Statutes 2008, section 349A.01, subdivision 11, is amended to read:

Subd. 11. **Lottery retailer.** "Lottery retailer" means a person with whom the director has contracted to sell lottery tickets to the public. A lottery retailer includes a person with whom the director has contracted to place a video lottery terminal within its premises where video lottery terminal plays are sold.

Sec. 12. Minnesota Statutes 2008, section 349A.01, subdivision 12, is amended to read:

Subd. 12. **Lottery ticket or ticket.** "Lottery ticket" or "ticket" means any tangible evidence issued by the lottery to prove participation in a lottery game other than a video lottery game.

Sec. 13. Minnesota Statutes 2008, section 349A.01, is amended by adding a subdivision to read:

Subd. 14. **Net terminal income.** "Net terminal income" means the sum of all money spent for video lottery terminal plays less the value of video lottery credit receipts.

Sec. 14. Minnesota Statutes 2008, section 349A.01, is amended by adding a subdivision to read:

Subd. 15. **Video lottery credit.** "Video lottery credit" means the basic unit of play for a video lottery terminal.

Sec. 15. Minnesota Statutes 2008, section 349A.01, is amended by adding a subdivision to read:

Subd. 16. **Video lottery credit receipt.** "Video lottery credit receipt" means a receipt generated by a video lottery terminal that provides evidence of cash payment due a player from play on a video lottery terminal.

Sec. 16. Minnesota Statutes 2008, section 349A.01, is amended by adding a subdivision to read:

Subd. 17. **Video lottery game.** "Video lottery game" means an electronically simulated game authorized by the director that is displayed and played on a video lottery terminal for consideration and with prizes awarded for designated results. Video lottery game includes video poker games, keno, and video pull-tabs.

Sec. 17. Minnesota Statutes 2008, section 349A.01, is amended by adding a subdivision to read:

Subd. 18. **Video lottery terminal.** "Video lottery terminal" means any machine, system, or device which upon payment of consideration permits the play of a video lottery game.

Sec. 18. Minnesota Statutes 2008, section 349A.01, is amended by adding a subdivision to read:

Subd. 19. **Video lottery terminal play.** "Video lottery terminal play" means an electronic record that proves participation in a video lottery game.

Sec. 19. Minnesota Statutes 2008, section 349A.01, is amended by adding a subdivision to read:

Subd. 20. **Win percentage.** "Win percentage" means the portion of the money wagered by players on a video lottery terminal that is available for the payment of prizes to winning players.

Sec. 20. Minnesota Statutes 2008, section 349A.04, is amended to read:

349A.04 LOTTERY GAME PROCEDURES.

The director may adopt game procedures governing the following elements of the lottery:

(1) lottery games;

(2) ticket prices;

(3) number and size of prizes;

(4) methods of selecting winning tickets; ~~and~~

(5) frequency and method of drawings~~.~~;

(6) video lottery terminals; and

(7) cost of video lottery plays.

The adoption of lottery game procedures is not subject to chapter 14.

Sec. 21. Minnesota Statutes 2008, section 349A.06, subdivision 1, is amended to read:

Subdivision 1. **Contracts.** The director shall sell tickets and operate video lottery terminals for the lottery through lottery retailers with whom the director contracts. Contracts under this section are not subject to the provisions of sections 16C.03, 16C.05, 16C.06, 16C.08, 16C.09, and 16C.10, and are valid for a period of one year. The director may permit a retailer to sell tickets and operate video lottery terminals at more than one business location under a contract entered into under this section.

Sec. 22. Minnesota Statutes 2008, section 349A.06, subdivision 5, is amended to read:

Subd. 5. **Restrictions on lottery retailers.** (a) A lottery retailer may sell lottery tickets or have a video lottery terminal placed only on the premises described in the contract.

(b) A lottery retailer must prominently display a certificate issued by the director on the premises where lottery tickets will be sold or where video lottery terminals are operated.

(c) A lottery retailer must keep a complete set of books of account, correspondence, and all other records necessary to show fully the retailer's lottery transactions, and make them available for inspection by employees of the lottery at all times during business hours. The director may require a lottery retailer to furnish information as the director deems necessary to carry out the purposes of this chapter, and may require an audit to be made of the books of account and records. The director may select an auditor to perform the audit and may require the retailer to pay the cost of the audit. The auditor has the same right of access to the books of account, correspondence, and other records as is given to employees of the lottery.

(d) A contract issued under this section may not be transferred or assigned.

(e) The director shall require that lottery tickets may be sold by retailers only for cash.

(f) A lottery retailer must prominently post at the point of sale of lottery tickets and the area where video lottery terminals are located, in a manner approved by the commissioner of human services, the toll-free telephone number established by the commissioner of human services in connection with the compulsive gambling program established under section 245.98.

Sec. 23. Minnesota Statutes 2008, section 349A.06, is amended by adding a subdivision to read:

Subd. 5a. **Restrictions on lottery retailers; video lottery terminals.** (a) The director may only enter into a lottery retailer contract for games operated by a video lottery terminal with a retailer that has a license to sell alcoholic beverages for consumption on the premises where sold. This does not include a retailer who has only a temporary on-sale license or a retailer of 3.2 percent malt liquor whose total gross receipts from the premises were less than 50 percent attributable to the sale of 3.2 percent malt liquor.

(b) The director may not contract with a retailer for games operated by a video lottery terminal unless the retailer has an organization licensed under chapter 349 authorized and conducting lawful gambling on the premises.

(c) A lottery retailer authorized to sell games operated by a video lottery terminal may not cancel or refuse to renew a lease with an organization licensed under chapter 349 authorized and conducting lawful gambling on its premises for three years following the effective date of this act, unless the organization has failed to comply with its lease with the retailer.

(d) A lottery retailer may have up to five video lottery terminals on the retailer's premises, as determined by the director.

(e) A lottery retailer that is authorized to operate a video lottery terminal may not make reference to the establishment being a "casino," or use the word "casino" in its name or in any of its advertisements.

(f) The director, or any employee of the director, may inspect any video lottery terminal at any time during the hours when alcoholic beverages may be sold at on-sale under section 340A.504, subdivisions 1, 2, and 3, without notice, to ensure compliance with this chapter and any rules adopted by the director.

Sec. 24. Minnesota Statutes 2008, section 349A.06, is amended by adding a subdivision to read:

Subd. 6a. **Retention by retailers; video lottery terminals.** A lottery retailer who has a contract for placement of video lottery terminals may retain 31 percent of the net terminal income from the terminals located within its premises as commission. The lottery retailer receiving commission under this subdivision shall transmit to an organization licensed under chapter 349, and conducting lawful gambling on the premises of the retailer, 29 percent of the lottery retailer's commission received under this subdivision. If more than one organization conducts lawful gambling on the premises, the payment must be reasonably allocated between the organizations, pro rata based on their respective gross receipts.

Sec. 25. Minnesota Statutes 2008, section 349A.06, subdivision 8, is amended to read:

Subd. 8. **Proceeds of sales.** All proceeds from the sale of lottery tickets or proceeds from the sale of video lottery terminal plays received by a lottery retailer constitute a trust fund until paid to the director. The lottery retailer is personally liable for all proceeds.

Sec. 26. Minnesota Statutes 2008, section 349A.06, subdivision 10, is amended to read:

Subd. 10. **Local licenses.** No political subdivision may require a local license to operate as a lottery retailer, restrict or regulate the placement of a video lottery terminal, or impose a tax or fee on the business of operating as a lottery retailer.

Sec. 27. **[349A.071] VIDEO LOTTERY TERMINALS.**

Subdivision 1. **Operation.** (a) All video lottery terminals must be operated and controlled by the director.

(b) Video lottery terminals must be owned or leased by the director.

(c) Video lottery terminals must be maintained by the lottery, or by a vendor that is under the control and direction of the director.

(d) The director must have a central communications system that monitors activities and provides auditing program information on each video lottery terminal.

(e) The director must approve the general security arrangements associated with and relating to the operation of the video lottery terminal.

(f) Video lottery terminals must maintain on nonresettable meters, a permanent record, capable of being printed out, of all transactions by the terminal and all entries into the terminal.

(g) The director may implement other controls as are deemed necessary to ensure and maintain the integrity of video lottery terminals operated under this section.

Subd. 2. **Testing and examination of machines.** The director shall examine prototypes of video lottery terminals and require that the manufacturer of the terminal pay the cost of the examination. The director may contract for the examination of video lottery terminals. The director may require working models of a video lottery terminal transported to the locations the director designates for testing, examination, and analysis. The manufacturer shall pay all costs of any testing, examination, analysis, and transportation of the terminal model.

Subd. 3. **Deactivation of terminal.** The director may deactivate a video lottery terminal without notice if the lottery retailer has violated any provision of this chapter, rule, or provision of its contract with the director.

Sec. 28. Minnesota Statutes 2008, section 349A.08, subdivision 1, is amended to read:

Subdivision 1. **Agreement by players.** A person who buys a lottery ticket or plays a video lottery game agrees to be bound by the rules and game procedures applicable to ~~the~~ that particular lottery game ~~for which the ticket is purchased~~. The player acknowledges that the determination of whether a ticket or video lottery credit receipt is ~~a~~ valid ~~winning ticket is subject to~~ under the rules ~~of~~ and game procedures adopted by the director, claims procedures established by the director for that game, and any confidential or public validation tests established by the director for that game.

Sec. 29. Minnesota Statutes 2008, section 349A.08, subdivision 5, is amended to read:

Subd. 5. **Payment; unclaimed prizes.** (a) Except as provided in this subdivision, a prize in the state lottery must be claimed by the winner within one year of the date of the drawing at which the prize was awarded or the last day sales were authorized for a game where a prize was determined in a manner other than by means of a drawing. If a valid claim is not made for a prize payable directly by the lottery by the end of this period, the prize money is considered unclaimed and the winner of the prize shall have no further claim to the prize.

(b) A video lottery credit receipt from a video lottery terminal must be presented for payment within 60 days of the date the video lottery credit receipt was printed. If a valid claim for a video lottery credit receipt is not made by the end of this period, the video lottery credit receipt is considered unclaimed and the player shall have no further claim to the amount due from the video lottery credit receipt.

(c) A prize won by a person who purchased the winning ticket or played a video lottery game in violation of section 349A.12, subdivision 1, or won by a person ineligible to be awarded a prize under subdivision 7 must be treated as an unclaimed prize under this section. The director must transfer all unclaimed prize money at the end of each fiscal year from the lottery cash flow account to the general fund.

Sec. 30. Minnesota Statutes 2008, section 349A.08, subdivision 8, is amended to read:

Subd. 8. **Withholding of delinquent state taxes or other debts.** The director shall report the name, address, and Social Security number of each winner of a lottery prize of $600 or more, or a video lottery prize of $1,200 or more, to the Department of Revenue to determine whether the person who has won the prize is delinquent in payment of state taxes or owes a debt as defined in section 270A.03, subdivision 5. If the person is delinquent in payment of state taxes or owes a debt as defined in section 270A.03, subdivision 5, the director shall withhold the delinquent amount from the person's prize for remittance to the Department of Revenue for payment of the delinquent taxes or distribution to a claimant agency in accordance with chapter 270A. Section 270A.10 applies to the priority of claims.

Sec. 31. Minnesota Statutes 2008, section 349A.09, subdivision 1, is amended to read:

Subdivision 1. **Odds; required information.** (a) The director shall include on each brochure, pamphlet, booklet, or other similar material the director publishes to promote or explain any lottery game, a prominent and clear statement of the approximate odds of winning each prize offered in that lottery game.

(b) Except for the operation of a video lottery terminal, each lottery retailer must post prominently at or near the point of ticket sale a notice or notices printed and provided by the director of the approximate odds of winning each prize in each game for which the lottery retailer sells tickets.

(c) The approximate odds of winning a prize from a video lottery terminal must be displayed on the face or screen of the video lottery terminal.

Sec. 32. Minnesota Statutes 2008, section 349A.10, subdivision 2, is amended to read:

Subd. 2. ~~**Deposit in**~~ **Prize fund.** (a) The director shall establish a lottery prize fund outside the state treasury. The fund consists of all money deposited in it under this subdivision and all interest earned thereon.

(b) The director shall deposit in the lottery prize fund, from gross receipts from the sale of lottery tickets, an amount sufficient to pay lottery prizes from the lottery prize fund according to the following provisions:

(1) for games which require online terminal connections, the prizes paid in any fiscal year must be at least 45 percent of gross receipts from those games in that fiscal year;

(2) for games which do not require online terminal connections, the prizes paid in any fiscal year must be at least ~~the following percentages of gross receipts from those games:~~

~~(i) 50 percent through fiscal year 1991;~~

~~(ii) 55 percent from July 1, 1991, to June 30, 1992; and~~

~~(iii)~~ 60 percent ~~thereafter~~ of gross receipts from those games in that fiscal year.

(c) For lottery games played on a video lottery terminal, the win percentage in any fiscal year will be the win percentage established by the game procedures adopted for the game, but shall be at least 80 percent but not more than 95 percent.

Sec. 33. Minnesota Statutes 2008, section 349A.10, subdivision 3, is amended to read:

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

(b) Except as provided in paragraph (e), the director may not credit in any fiscal year ~~thereafter~~ amounts to the lottery operations account which when totaled exceed nine percent of gross revenue, exclusive of net terminal income, and 12 percent of net terminal income to the lottery fund in that fiscal year. In computing total amounts credited to the lottery operations account under this paragraph the director shall disregard amounts transferred to or retained by lottery retailers as sales commissions or other compensation.

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

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

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

Sec. 34. Minnesota Statutes 2008, section 349A.10, subdivision 4, is amended to read:

Subd. 4. **Deposit of receipts.** (a) The director may require lottery retailers to:

(1) deposit in a separate account to the credit of the lottery fund, in banks designated by the director, all money received by the lottery retailer from the sale of lottery tickets and video lottery terminal plays, less money retained as the lottery retailer's commission and for payment of prizes;

(2) file with the director reports of the lottery retailer's receipts and transactions in ticket sales and video lottery terminal plays in a form that the director prescribes; and

(3) allow money deposited by the lottery retailer from the sale of lottery tickets and video lottery terminal plays to be transferred to the lottery through electronic fund transfer.

(b) The director may make arrangements for any person, including a financial institution, to perform functions, activities, or services in connection with the receipt and distribution of lottery revenues.

(c) A lottery retailer who fails to pay any money due to the director within the time prescribed by the director shall pay interest on the amount owed at the rate determined by rule.

Sec. 35. Minnesota Statutes 2008, section 349A.10, subdivision 6, is amended to read:

Subd. 6. **Budget; plans.** The director shall prepare and submit a biennial budget plan to the commissioner of management and budget. The governor shall recommend the maximum amount available for the lottery in the budget the governor submits to the legislature under section 16A.11. The maximum amount available to the lottery for operating expenses and capital expenditures shall be determined by law. Operating expenses shall not include expenses that are a direct function of lottery sales, which include the cost of lottery prizes, amounts paid to lottery retailers as sales commissions or other compensation, amounts paid to produce and deliver scratch lottery games, ~~and~~ amounts paid to an outside vendor to operate and maintain an online gaming system, amounts paid to an outside vendor to operate and maintain a central system for video lottery terminals, and amounts paid to acquire and maintain video lottery terminals. In addition, the director shall appear at least once each fiscal year before the senate and house of representatives committees having jurisdiction over gambling policy to present and explain the lottery's plans for future games and the related advertising and promotions and spending plans for the next fiscal year.

Sec. 36. Minnesota Statutes 2008, section 349A.11, subdivision 1, is amended to read:

Subdivision 1. **Lottery ticket; retailer.** The director, an employee of the lottery, a member of the immediate family of the director or employee residing in the same household may not:

(1) purchase a lottery ticket or play a game on a video lottery terminal; or

(2) have any personal pecuniary interest in any vendor holding a lottery procurement contract, or in any lottery retailer; or

(3) receive any gift, gratuity, or other thing of value, excluding food or beverage, from any lottery vendor or lottery retailer, or person applying to be a retailer or vendor, in excess of $100 in any calendar year.

Sec. 37. Minnesota Statutes 2008, section 349A.12, subdivision 1, is amended to read:

Subdivision 1. **Purchase by minors.** A person under the age of 18 years may not buy or redeem for a prize a ticket in the state lottery and a person under the age of 21 years may not play a game or redeem a video lottery credit receipt from a video lottery terminal.

Sec. 38. Minnesota Statutes 2008, section 349A.12, subdivision 2, is amended to read:

Subd. 2. **Sale to minors.** A lottery retailer may not sell and a lottery retailer or other person may not furnish or redeem for a prize a ticket in the state lottery to any person under the age of 18 years, or allow a person under the age of 21 years to play a game or redeem a video lottery credit receipt from a video lottery terminal. It is an affirmative defense to a charge under this subdivision for the lottery retailer or other person to prove by a preponderance of the evidence that the lottery retailer or other person reasonably and in good faith relied upon representation of proof of age described in section 340A.503, subdivision 6, in making the sale or furnishing or redeeming the ticket or allowing the play of a video lottery game or redeem a video lottery credit receipt from a video lottery terminal.

Sec. 39. Minnesota Statutes 2008, section 349A.13, is amended to read:

349A.13 RESTRICTIONS.

Nothing in this chapter:

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

~~(2) authorizes the director to install or operate a lottery device operated by coin or currency which when operated determines the winner of a game; and~~

~~(3)~~ (2) authorizes the director to sell pull-tabs as defined under section 349.12, subdivision 32.

Sec. 40. Minnesota Statutes 2008, section 541.20, is amended to read:

541.20 RECOVERY OF MONEY LOST.

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

Sec. 41. Minnesota Statutes 2008, section 541.21, is amended to read:

541.21 COMMITMENTS FOR GAMBLING DEBT VOID.

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

Sec. 42. Minnesota Statutes 2008, section 609.651, subdivision 1, is amended to read:

Subdivision 1. ~~**Felony**~~ **Fraud.** A person is guilty of a felony and may be sentenced under subdivision 4 if the person does any of the following with intent to defraud the State Lottery:

(1) alters or counterfeits a state lottery ticket or a video lottery credit receipt from a State Lottery video lottery terminal;

(2) knowingly presents an altered or counterfeited state lottery ticket or video lottery credit receipt from a State Lottery video lottery terminal for payment;

(3) knowingly transfers an altered or counterfeited state lottery ticket or video lottery credit receipt from a State Lottery video lottery terminal to another person; ~~or~~

(4) tampers with or manipulates the outcome, prize payable, or operation of a State Lottery video lottery terminal; or

(5) otherwise claims a lottery prize by means of fraud, deceit, or misrepresentation.

Sec. 43. Minnesota Statutes 2008, section 609.75, subdivision 3, is amended to read:

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

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

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

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

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

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

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

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

(8) the purchase and sale of state lottery tickets and plays on a video lottery terminal under chapter 349A.

Sec. 44. Minnesota Statutes 2008, section 609.75, subdivision 4, is amended to read:

Subd. 4. **Gambling device.** A gambling device is a contrivance the purpose of which is that for a consideration a player is afforded an opportunity to obtain something of value, other than free plays, automatically from the machine or otherwise, the award of which is determined principally by chance, whether or not the contrivance is actually played. "Gambling device" also includes a video game of chance, as defined in subdivision 8, but does not include a video lottery terminal operated by the State Lottery under chapter 349A.

Sec. 45. Minnesota Statutes 2008, section 609.761, subdivision 2, is amended to read:

Subd. 2. **State lottery.** Sections 609.755 and 609.76 do not prohibit the operation of the state lottery ~~or~~; the sale, possession, or purchase of tickets for the state lottery; or the manufacture, possession, or operation of a video lottery terminal for the state lottery under chapter 349A.

Sec. 46. **LOTTERY BUDGET; VIDEO LOTTERY TERMINALS.**

The director of the State Lottery shall submit a budget for the operation of video lottery terminals as authorized under Minnesota Statutes, section 349A.071, to the commissioner of finance. Notwithstanding Minnesota Statutes, section 349A.10, subdivision 6, the director of the State Lottery may expend amounts necessary to operate video lottery terminals. Amounts expended by the director of the State Lottery for the conduct of video lottery terminals in fiscal year 2010 are not subject to the maximum amount set in law for the operation of the lottery.

Sec. 47. **REPEALER.**

Minnesota Statutes 2008, sections 297E.01, subdivision 7; and 297E.02, subdivisions 4, 6, and 7, are repealed.

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 48. **EFFECTIVE DATE.**

Except as otherwise provided, this article is effective the day following final enactment.

ARTICLE 2

ELECTRONIC LINKED BINGO

Section 1. Minnesota Statutes 2008, section 349.12, subdivision 5, is amended to read:

Subd. 5. **Bingo occasion.** "Bingo occasion" means a single gathering or session at which a series of one or more successive bingo games is played. There is no limit on the number of games conducted during a bingo occasion ~~but~~. A bingo occasion must not last longer than eight consecutive hours, except that all linked bingo games played on electronic bingo devices during the regular daily business hours of the permitted premises are considered a separate bingo occasion.

Sec. 2. Minnesota Statutes 2009 Supplement, section 349.12, subdivision 12a, is amended to read:

Subd. 12a. **Electronic bingo device.** (a) "Electronic bingo device" means an electronic bingo device used by a bingo player to (1) monitor bingo paper sheets or a facsimile of a bingo paper sheet when purchased at the time and place of an organization's bingo occasion ~~and which (1) provides a means for bingo players to~~; (2) activate numbers announced ~~by a bingo caller; (2) compares~~ or displayed and compare the numbers ~~entered by the player~~ to the bingo faces previously stored in the memory of the device; and (3) ~~identifies~~ identify a winning bingo pattern.

(b) An electronic bingo device may be used only in the conduct of bingo permitted under this chapter and may not display or simulate any other form of gambling or entertainment and must be provided by a licensed distributor to a licensed organization.

(c) An electronic bingo device used in conjunction with a linked bingo game system must be provided by a linked bingo game provider as part of its linked bingo game system. Electronic bingo device does not mean any device into which coin, currency, or tokens are inserted to activate play.

Sec. 3. Minnesota Statutes 2008, section 349.12, subdivision 25b, is amended to read:

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

Sec. 4. Minnesota Statutes 2008, section 349.12, subdivision 25c, is amended to read:

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

Sec. 5. Minnesota Statutes 2008, section 349.12, subdivision 25d, is amended to read:

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

Sec. 6. Minnesota Statutes 2008, section 349.151, subdivision 4c, is amended to read:

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

(b) Rules adopted under paragraph (a):

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

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

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

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

Sec. 7. Minnesota Statutes 2008, section 349.16, subdivision 7, is amended to read:

Subd. 7. **Purchase of gambling equipment.** An organization may purchase or lease gambling equipment only from a person licensed as a distributor or linked bingo game provider.

Sec. 8. Minnesota Statutes 2008, section 349.1635, subdivision 1, is amended to read:

Subdivision 1. **License required.** No person may do any of the following without having first obtained a license from the board:

(1) provide the means to link prizes in a linked bingo game;

(2) provide linked bingo game prize management;

(3) provide the linked bingo system; or

(4) provide linked bingo paper sheets or electronic bingo devices to an organization.

Sec. 9. Minnesota Statutes 2009 Supplement, section 349.17, subdivision 6, is amended to read:

Subd. 6. **Conduct of bingo.** (a) Each bingo hard card and paper sheet must have five horizontal rows of spaces with each row except one having five numbers. The center row must have four numbers and the center space marked "free." Each column must have one of the letters B-I-N-G-O in order at the top. Bingo paper sheets may also have numbers that are not preprinted but are filled in by players.

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

Sec. 10. Minnesota Statutes 2009 Supplement, section 349.17, subdivision 7, is amended to read:

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

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

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

~~(3) no rent may be paid for a bar bingo occasion.~~

(2) bingo hard cards are not used.

Sec. 11. Minnesota Statutes 2008, section 349.17, subdivision 8, is amended to read:

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

~~(b) Each participating licensed organization shall contribute to each prize awarded in a linked bingo game in an amount not to exceed $300.~~

~~(c)~~ (b) An electronic bingo device as defined in section 349.12, subdivision 12a, may be used for a linked bingo game. No more than six electronic bingo devices may be located at a permitted premises with 200 seats or less. No more than 12 electronic bingo devices may be located at a permitted premises with 201 seats or more. Seating capacity is determined as specified under local fire code.

(c) An electronic bingo device may be located only at a permitted premises where the organization conducts another form of gambling and the premises is: (1) a licensed premises for on-sale or off-sale of intoxicating liquor or 3.2 percent malt beverages except that electronic bingo may not be allowed at a licensee for a general foods store or drug store permitted to operate under section 340A.405, subdivision 1; or (2) where bingo is conducted and admission is restricted to persons 18 years or older.

(d) Prior to a bingo occasion for linked bingo games played on electronic bingo devices, the linked bingo game provider, on behalf of the participating organizations, must provide to the board a bingo program in a format prescribed by the board.

~~(d)~~ (e) The board may adopt rules to:

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

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

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

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

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

Sec. 12. Minnesota Statutes 2009 Supplement, section 349.18, subdivision 1, is amended to read:

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

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

(1) for booth operations, including booth operations where a pull-tab dispensing device is located, booth operations where a bar operation is also conducted, and booth

operations where both a pull-tab dispensing device is located and a bar operation is also conducted, the maximum rent is:

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

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

(2) for bar operations, including bar operations where a pull-tab dispensing device is located but not including bar operations subject to clause (1), and for locations where only a pull-tab dispensing device is located:

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

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

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

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

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

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

(2) no rent may be paid for bar bingo<u>, except as allowed under section 349.185</u>.

(d) Amounts paid as rent under leases are all-inclusive. No other services or expenses provided or contracted by the lessor may be paid by the organization, including, but not limited to, trash removal, janitorial and cleaning services, snow removal, lawn services, electricity, heat, security, security monitoring, storage, other utilities or services, and, in the case of bar operations, cash shortages, unless approved by the director. Any other expenditure made by an organization that is related to a leased premises must be approved by the director. An organization may not provide any compensation or thing of value to a lessor or the lessor's employees from any fund source other than its gambling account. Rent payments may not be made to an individual.

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

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

Sec. 13. **[349.185] GROSS PROFIT ALLOCATION; ELECTRONIC BINGO.**

Subdivision 1. **Definition.** For the purposes of this section, a "year" is determined to start on the first date of operation of an electronic bingo device at a permitted premises.

Subd. 2. **Gross profit allocation.** The allocation of gross profits from the operation of an electronic bingo device is as follows.

(a) The license organization shall receive:

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

(2) no more than 15 percent each year for allowable expenses as defined under section 349.12, subdivision 3a, including the cost of a lease or purchase of the electronic bingo devices.

(b) A linked bingo game provider shall receive no more than 25 percent of gross profits in the first year, no more than 19 percent in the second year, and no more than 15 percent thereafter.

(c) When an electronic bingo device is placed in a location where the primary business is not bingo, the allocation for rent to the lessor shall be no more than ten percent of gross profits in the first year, no more than 16 percent in the second year, and no more than 20 percent thereafter. The lessor and the lessor's employees shall operate the devices on behalf of the licensed organization, and the lessor is responsible for cash shortages.

(d) When an electronic bingo device is placed in a location where the primary business is bingo, the lessor is limited to the rent limitations under section 349.18, subdivision 1, paragraph (c), clause (1).

Sec. 14. Minnesota Statutes 2008, section 349.211, subdivision 1a, is amended to read:

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

(1) ~~no~~ for each participating permitted premises, an organization may not contribute more than $300 per linked bingo game to a linked bingo prize pool, and for a linked bingo game played with electronic bingo devices, an organization may not contribute more than 85 percent of the gross receipts to a linked bingo game prize pool;

(2) ~~no~~ an organization may not award more than $200 for a linked bingo game consolation prize. For purposes of this subdivision, a linked bingo game consolation prize is a prize awarded by an organization after a prize from the linked bingo prize pool has been won; and

(3) for a progressive linked bingo game, if no player declares a valid bingo within the predetermined amount of bingo numbers called, a portion of the prize is carried over to another ~~occasion~~ game until the accumulated prize is won. The portion of the prize that is not carried over must be awarded to the first player or players who declares a valid bingo as additional numbers are called. If a valid bingo is declared within the predetermined amount of bingo numbers called, the entire prize pool for that game is awarded to the winner. ~~The annual limit for progressive bingo game prizes contained in subdivision 2 must be reduced by the amount an organization contributes to progressive linked bingo games during the same calendar year.~~

ARTICLE 3

ELECTRONIC PULL-TABS

Section 1. Minnesota Statutes 2008, section 349.12, is amended by adding a subdivision to read:

Subd. 12b. **Electronic pull-tab device.** "Electronic pull-tab device" means a terminal, system, or device authorized by the board that permits, upon payment of consideration, the play of electronic pull-tab games.

Sec. 2. Minnesota Statutes 2008, section 349.12, is amended by adding a subdivision to read:

Subd. 12c. **Electronic pull-tab game.** "Electronic pull-tab game" means an electronically simulated game authorized by the board that is played and displayed on a video monitor device.

Sec. 3. Minnesota Statutes 2008, section 349.151, is amended by adding a subdivision to read:

Subd. 4d. **Electronic pull-tabs.** (a) The board shall by rule authorize, but not require, the use of electronic pull-tab devices.

(b) Rules adopted under this subdivision must follow the guidelines for what is currently allowed for the conduct of pull-tabs under section 349.1721 in terms of the style of the game and prize payout and must additionally include:

(1) finite number of tickets in each electronic deal;

(2) predetermined number of winning and losing tickets;

(3) serialized tracking for each deal;

(4) no spinning symbols which mimic a video slot machine;

(5) no regeneration of serialized deal;

(6) all deals must be sold and played on-site and cannot be transferred electronically or otherwise to any other location by the licensed organization;

(7) serialized deals cannot be shared or commingled with any other deals or locations;

(8) the number of devices at any single site the organization owns or leases is limited to five;

(9) allowance for the board to remotely monitor the operation of the electronic pull-tab devices and the internal accounting systems;

(10) requirement that electronic pull-tab devices maintain, on nonresettable meters, a printable, permanent record of all transactions involving the device; and

(11) authority for the board to deactivate an electronic pull-tab device without notice for violation of a law or rule and to implement any other controls deemed by the board necessary to ensure and maintain the integrity of electronic pull-tab games operated under this subdivision.

(c) The board shall examine prototypes of electronic pull-tab devices. The board may contract for the examination of electronic pull-tab devices and may require working models of electronic pull-tab devices to be transported to the locations the board designates for testing, examination, and analysis. The manufacturer shall pay all costs of any testing, examination, analysis, and transportation of the model.

APPENDIX
Article locations in 10-5600

ARTICLE 1 VIDEO LOTTERY TERMINALS .... Page.Ln 1.21
ARTICLE 2 ELECTRONIC LINKED BINGO .... Page.Ln 19.25
ARTICLE 3 ELECTRONIC PULL-TABS .... Page.Ln 26.14