

1.1 A bill for an act  
1.2 relating to state government; providing for ongoing operations of the racing  
1.3 commission; clarifying certain prize provisions of the lottery; providing for certain  
1.4 budget and expenses of the State Lottery; providing standing appropriations;  
1.5 amending Minnesota Statutes 2016, sections 240.15, subdivision 6; 240.155,  
1.6 subdivision 1; 349A.08, subdivision 2; 349A.10, subdivision 6; proposing coding  
1.7 for new law in Minnesota Statutes, chapter 240; repealing Minnesota Statutes  
1.8 2016, section 349A.08, subdivision 3.

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

1.10 Section 1. Minnesota Statutes 2016, section 240.15, subdivision 6, is amended to read:

1.11 Subd. 6. **Disposition of proceeds; account.** The commission shall distribute all money  
1.12 received under this section, and, except as provided otherwise by section 240.131, all money  
1.13 received from license fees, regulatory fees, and fines it collects, according to this subdivision.  
1.14 All money designated for deposit in the Minnesota breeders fund must be paid into that  
1.15 fund for distribution under section 240.18 except that all money generated by simulcasts  
1.16 must be distributed as provided in section 240.18, subdivisions 2, paragraph (d), clauses  
1.17 (1), (2), and (3); and 3. Revenue from an admissions tax imposed under subdivision 1 must  
1.18 be paid to the local unit of government at whose request it was imposed, at times and in a  
1.19 manner the commission determines. Taxes received under this section must be paid to the  
1.20 commissioner of management and budget for deposit in the general fund. All revenues from  
1.21 licenses and other fees imposed by the commission must be deposited in the state treasury  
1.22 and credited to a racing and card playing regulation account in the special revenue fund.  
1.23 Receipts in this account are available for the operations of the commission up to the amount  
1.24 authorized in biennial appropriations from the legislature. If a fiscal biennium ends without  
1.25 the enactment of an appropriation to the commission for the following biennium, receipts

2.1 in this account are annually appropriated to the commission for the operations of the  
2.2 commission up to the amount authorized in the second year of the most recently enacted  
2.3 biennial appropriation, until a biennial appropriation is enacted.

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

2.5 Sec. 2. Minnesota Statutes 2016, section 240.155, subdivision 1, is amended to read:

2.6 Subdivision 1. **Reimbursement account credit.** Money received by the commission as  
2.7 reimbursement for the costs of services provided by veterinarians, stewards, ~~and~~ medical  
2.8 testing of horses, and fees received by the commission in the form of fees for regulatory  
2.9 services must be deposited in the state treasury and credited to a racing reimbursement  
2.10 account in the special revenue fund, except as provided under subdivision 2. Receipts are  
2.11 appropriated, within the meaning of article XI, section 1, of the Minnesota Constitution, to  
2.12 the commission to pay the costs of providing the services and all other costs necessary to  
2.13 allow the commission to fulfill its regulatory oversight duties required by chapter 240 and  
2.14 commission rule. If the major appropriation bills needed to finance state government are  
2.15 not enacted by the beginning of a fiscal biennium, the commission shall continue operations  
2.16 as required by chapter 240 and commission rule.

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

2.18 Sec. 3. **[240.1561] APPROPRIATION FOR FUNCTIONS SUPPORTING ONGOING**  
2.19 **OPERATION OF THE RACING COMMISSION.**

2.20 If, by July 1 of an odd-numbered year, legislation has not been enacted to appropriate  
2.21 money for the next biennium to the commissioner of management and budget for central  
2.22 accounting, procurement, payroll, and human resources functions, amounts necessary to  
2.23 operate those functions associated with operation of the Racing Commission under chapter  
2.24 240 are appropriated for the next biennium from the general fund to the commissioner of  
2.25 management and budget. As necessary, the commissioner may transfer a portion of this  
2.26 appropriation to other state agencies to support carrying out these functions. Any subsequent  
2.27 appropriation to the commissioner of management and budget for a biennium in which this  
2.28 section has been applied shall supersede and replace the funding authorized in this section.

2.29 **EFFECTIVE DATE.** This section is effective July 1, 2018.

2.30 Sec. 4. Minnesota Statutes 2016, section 349A.08, subdivision 2, is amended to read:

2.31 Subd. 2. **Prizes not assignable.** A prize in the state lottery is not assignable ~~except as~~  
2.32 ~~provided in subdivision 3~~ and except that:

3.1 (1) if a prize winner dies before the prize is paid, the director shall pay the prize to the  
3.2 prize winner's estate; and

3.3 (2) the director may pay a prize to a person other than the winner of that prize under an  
3.4 appropriate court order.

3.5 Sec. 5. Minnesota Statutes 2016, section 349A.10, subdivision 6, is amended to read:

3.6 Subd. 6. **Budget; plans.** (a) The director shall prepare and submit a biennial budget plan  
3.7 to the commissioner of management and budget. The governor shall recommend the  
3.8 maximum amount available for the lottery in the budget the governor submits to the  
3.9 legislature under section 16A.11. The maximum amount available to the lottery for operating  
3.10 expenses and capital expenditures shall be determined by law. In addition, the director shall  
3.11 appear at least once each fiscal year before the senate and house of representatives committees  
3.12 having jurisdiction over gambling policy to present and explain the lottery's plans for future  
3.13 games and the related advertising and promotions and spending plans for the next fiscal  
3.14 year.

3.15 (b) For purposes of this section, operating expenses shall not include:

3.16 (1) expenses that are a direct function of lottery sales, which include the cost of lottery  
3.17 prizes, amounts paid to lottery retailers as sales commissions or other compensation, amounts  
3.18 paid to produce and deliver scratch lottery games, and amounts paid to an outside vendor  
3.19 to operate and maintain an online gaming system. ~~In addition, the director shall appear at~~  
3.20 ~~least once each fiscal year before the senate and house of representatives committees having~~  
3.21 ~~jurisdiction over gambling policy to present and explain the lottery's plans for future games~~  
3.22 ~~and the related advertising and promotions and spending plans for the next fiscal year.~~; and

3.23 (2) expenses related solely to the noncash year-end adjustment required for government  
3.24 agencies to adjust the net actuarially determined pension liability which includes deferred  
3.25 inflows, deferred outflows, noncash pension expense, unrestricted net deficit, and net pension  
3.26 liability, in accordance with Statement 68 of the Governmental Accounting Standards Board.

3.27 Sec. 6. **REPEALER.**

3.28 Minnesota Statutes 2016, section 349A.08, subdivision 3, is repealed.