

**SENATE
STATE OF MINNESOTA
NINETIETH SESSION**

S.F. No. 3702

(SENATE AUTHORS: PRATT)

DATE	D-PG	OFFICIAL STATUS
03/21/2018	6871	Introduction and first reading
		Referred to State Government Finance and Policy and Elections
03/29/2018		Comm report: To pass as amended
		Second reading

1.1 A bill for an act

1.2 relating to pari-mutuel horse racing; modifying provisions relating to licensing

1.3 and regulation; amending Minnesota Statutes 2016, sections 240.01, by adding a

1.4 subdivision; 240.02, subdivision 6; 240.08, subdivision 5; 240.131, subdivision

1.5 7; 240.135; 240.22.

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

1.7 Section 1. Minnesota Statutes 2016, section 240.01, is amended by adding a subdivision

1.8 to read:

1.9 Subd. 18a. **Racing or gaming-related vendor.** "Racing or gaming-related vendor"

1.10 means any person or entity that manufactures, sells, provides, distributes, repairs, or maintains

1.11 equipment or supplies used at a Class A facility or provides services to a Class A facility

1.12 or Class B license holder that are directly related to the running of a horse race, simulcasting,

1.13 pari-mutuel betting, or card playing.

1.14 Sec. 2. Minnesota Statutes 2016, section 240.02, subdivision 6, is amended to read:

1.15 Subd. 6. **Annual report.** The commission shall on February 15 of each odd-numbered

1.16 year submit a report to the governor and legislature on its activities, organizational structure,

1.17 receipts and disbursements, and recommendations for changes in the laws relating to racing

1.18 and pari-mutuel betting.

1.19 Sec. 3. Minnesota Statutes 2016, section 240.08, subdivision 5, is amended to read:

1.20 Subd. 5. **Revocation and suspension.** (a) The commission may revoke a class C license

1.21 for a violation of law or rule which in the commission's opinion adversely affects the integrity

2.1 of horse racing in Minnesota, the public health, welfare, or safety, or for an intentional false
 2.2 statement made in a license application.

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

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

2.8 (b) ~~A license revocation or suspension~~ If the commission revokes or suspends a license
 2.9 for more than 90 180 days is, in lieu of appealing to the commission under paragraph (a),
 2.10 the license holder has the right to request a contested case hearing under sections 14.57 to
 2.11 14.69 of the Administrative Procedure Act and is in addition to criminal penalties imposed
 2.12 for a violation of law or rule. chapter 14. The request must be made in writing to the
 2.13 commission by certified mail or personal service. A request sent by certified mail must be
 2.14 postmarked within ten days after the license holder receives the revocation or suspension
 2.15 order from the commission. A request sent by personal service must be received by the
 2.16 commission within ten days after the license holder receives the revocation or suspension
 2.17 order from the commission. The commission may summarily suspend a license for more
 2.18 than up to 90 days prior to a contested case hearing where it is necessary to ensure the
 2.19 integrity of racing or to protect the public health, welfare, or safety. The license holder may
 2.20 appeal a summary suspension by making a written request to the commission within five
 2.21 calendar days after the license holder receives notice of the summary suspension. A contested
 2.22 case hearing must be held within 30 ten days of the commission's receipt of the request for
 2.23 appeal of a summary suspension and the administrative law judge's report must be issued
 2.24 within 30 days from the close of the hearing record. In all cases involving summary
 2.25 suspension the commission must issue its final decision within 30 days from receipt of the
 2.26 report of the administrative law judge and subsequent exceptions and argument under section
 2.27 14.61. to determine whether the license should remain suspended pending a final disciplinary
 2.28 action.

2.29 Sec. 4. Minnesota Statutes 2016, section 240.131, subdivision 7, is amended to read:

2.30 Subd. 7. **Payments to state.** (a) A regulatory fee is imposed at the rate of one percent
 2.31 of all amounts wagered by Minnesota residents with an authorized advance deposit wagering
 2.32 provider. The fee shall be declared on a form prescribed by the commission. The ADW
 2.33 provider must pay the fee to the commission no more than ~~seven~~ 15 days after the end of
 2.34 the month in which the wager was made. Fees collected under this paragraph must be

3.1 deposited in the state treasury and credited to a racing and card-playing regulation account
3.2 in the special revenue fund and are appropriated to the commission to offset the costs
3.3 associated with regulating horse racing and pari-mutuel wagering in Minnesota.

3.4 (b) A breeders fund fee is imposed in the amount of one-quarter of one percent of all
3.5 amounts wagered by Minnesota residents with an authorized advance deposit wagering
3.6 provider. The fee shall be declared on a form prescribed by the commission. The ADW
3.7 provider must pay the fee to the commission no more than ~~seven~~ 15 days after the end of
3.8 the month in which the wager was made. Fees collected under this paragraph must be
3.9 deposited in the state treasury and credited to a racing and card-playing regulation account
3.10 in the special revenue fund and are appropriated to the commission to offset the cost of
3.11 administering the breeders fund and promote horse breeding in Minnesota.

3.12 Sec. 5. Minnesota Statutes 2016, section 240.135, is amended to read:

3.13 **240.135 CARD CLUB REVENUE.**

3.14 (a) From the amounts received from charges authorized under section 240.30, subdivision
3.15 4, the licensee shall set aside the amounts specified in this section to be used for purse
3.16 payments. These amounts are in addition to the breeders fund and purse requirements set
3.17 forth elsewhere in this chapter.

3.18 (1) For amounts between zero and \$6,000,000, the licensee shall set aside not less than
3.19 ten percent to be used as purses for races conducted at licensed racetracks.

3.20 (2) For amounts in excess of \$6,000,000, the licensee shall set aside not less than 14
3.21 percent to be used as purses for races conducted at licensed racetracks.

3.22 (b) From all amounts set aside under paragraph (a), the licensee shall set aside ten percent
3.23 to be deposited in the breeders fund.

3.24 (c) It is the intent of the legislature that the proceeds of the card playing activities
3.25 authorized by this chapter be used to improve the horse racing industry by improving purses
3.26 for races conducted at licensed racetracks. The licensee and the horseperson's organization
3.27 representing the majority of horsepersons who have raced at the racetrack during the
3.28 preceding 12 months may negotiate percentages that exceed those stated in this section if
3.29 the agreement is in writing and filed with the commission. The commission shall annually
3.30 review the financial details of card playing activities and determine if the present use of
3.31 card playing proceeds is consistent with the policy established by this paragraph. If the
3.32 commission determines that the use of the proceeds does not comply with the policy set
3.33 forth herein, then the commission shall direct the parties to make the changes necessary to

4.1 ensure compliance. If these changes require legislation, the commission shall make the
4.2 appropriate recommendations to the legislature.

4.3 Sec. 6. Minnesota Statutes 2016, section 240.22, is amended to read:

4.4 **240.22 FINES.**

4.5 (a) The commission shall by rule establish a schedule of civil fines for violations of laws
4.6 related to horse racing or of the commission's rules. The schedule must be based on and
4.7 reflect the culpability, frequency and severity of the violator's actions. The commission may
4.8 impose a fine from this schedule on a licensee for a violation of those rules or laws relating
4.9 to horse racing. The fine is in addition to any criminal penalty imposed for the same violation.
4.10 Fines imposed by the commission must be paid to the commission and except as provided
4.11 in paragraph (c), forwarded to the commissioner of management and budget for deposit in
4.12 the state treasury and credited to a racing and card-playing regulation account in the special
4.13 revenue fund and appropriated to the commission to distribute in the form of grants, contracts,
4.14 or expenditures to support racehorse adoption, retirement, and repurposing.

4.15 (b) If the commission issues a fine in excess of \$5,000, the license holder has the right
4.16 to request a contested case hearing under chapter 14, to be held as set forth in Minnesota
4.17 Rules, chapter 1400. The appeal of a fine must be made in writing to the commission by
4.18 certified mail or personal service. An appeal sent by certified mail must be postmarked
4.19 within ten days after the license holder receives the fine order from the commission. An
4.20 appeal sent by personal service must be received by the commission within ten days after
4.21 the license holder receives the fine order from the commission.

4.22 (c) If the commission is the prevailing party in a contested case proceeding, the
4.23 commission may recover, from amounts to be forwarded under paragraph (a), reasonable
4.24 attorney fees and costs associated with the contested case.