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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FIRST SESSION

H. F. No. 1278

02/18/2019 Authored by Garofalo, Zerwas, McDonald, Hamilton, West and others
The bill was read for the first time and referred to the Committee on Commerce

1.1 A bill for an act
1.2 relating to gambling; authorizing sports wagering; creating a sports wagering
1.3 commission; providing for licensing of sports pool operators and sports wagering
1.4 premises; establishing mobile and electronic sports pool licenses; prescribing the
1.5 conduct of sports pools; prohibiting local restrictions; restricting participation in
1.6 sports wagering; imposing an excise tax on sports wagers in lieu of the corporate
1.7 tax; providing for the administration of the tax; requiring a report; amending
1.8 Minnesota Statutes 2018, sections 290.0131, by adding a subdivision; 290.0132,
1.9 by adding a subdivision; 290.0133, by adding a subdivision; 290.0134, by adding
1.10 a subdivision; 541.20; 541.21; 609.761, by adding a subdivision; proposing coding
1.11 for new law as Minnesota Statutes, chapters 240B; 297J.

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

1.13 ARTICLE 1
1.14 REGULATION OF SPORTS WAGERING

1.15 Section 1. 240B.01 DEFINITIONS.

1.16 Subdivision 1. Individual wager. "Individual wager" means a wager as to which of the
1.17 participating contestants will win specified sports events.

1.18 Subd. 2. Line. "Line" means the odds or point spread on a particular sporting event,
1.19 including a money line.

1.20 Subd. 3. Mobile and electronic sports pool. "Mobile and electronic sports pool" means
1.21 the conduct of a sports pool by the use of communications technology that allows a person
1.22 to transmit information via the Internet, mobile application, computer, mobile device, tablet,
1.23 or other electronic device to assist in the placing of a bet or wager.

1.24 Subd. 4. Money line. "Money line" means the odds on a particular sporting event
1.25 expressed in terms of money.

2.1 Subd. 5. **On-site sports pool.** "On-site sports pool" means the conduct of a sports pool
 2.2 in which the placing of a bet or wager takes place on a premises licensed under section
 2.3 240B.25, subdivision 2.

2.4 Subd. 6. **Parlay card wager.** "Parlay card wager" means a wager on the outcome of a
 2.5 series of three or more games, matches, or similar sporting events or on a series of three or
 2.6 more contingencies incident to particular games, matches, or similar sporting events.

2.7 Subd. 7. **Proposition wager.** "Proposition wager" means a wager as to whether the total
 2.8 points scored in a specified game, match, or similar sporting event will be higher or lower
 2.9 than a number specified for that event, and other contingencies for which the outcomes are
 2.10 reported in newspapers of general circulation or in official public records maintained by
 2.11 the appropriate league or other governing body.

2.12 Subd. 8. **Sporting event.** "Sporting event" means a contest in any sport, including a
 2.13 motor sport, between individuals or teams which is usually attended by the public and is
 2.14 governed by rules established by a sporting body, which stages a sporting event, or a
 2.15 regulatory body under whose authorization a sporting event takes place.

2.16 Subd. 9. **Sports pool.** "Sports pool" means the business of accepting wagers on a sporting
 2.17 event by a system or method of wagering.

2.18 Subd. 10. **Sports pool operator.** "Sports pool operator" means an individual or legal
 2.19 entity licensed to conduct an on-site sports pool or mobile and electronic sports pool.

2.20 Subd. 11. **Sports wager.** "Sports wager" means any type of authorized wager on a
 2.21 sporting event.

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

2.23 Sec. 2. **[240B.05] SPORTS POOLS.**

2.24 The operation of, or participation in, a sports pool is not a bet or sports bookmaking
 2.25 within the meaning of sections 609.75 to 609.76 if conducted under this chapter. Any device
 2.26 used in the conduct of a sports pool is not a gambling device within the meaning of sections
 2.27 609.75 to 609.76 and chapter 299L.

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

2.29 Sec. 3. **[240B.10] MINNESOTA SPORTS WAGERING COMMISSION.**

2.30 Subdivision 1. **Authority created.** The Minnesota Sports Wagering Commission is
 2.31 created with the powers and duties established by this section.

3.1 Subd. 2. **Membership.** (a) The commission consists of five members appointed by the
3.2 governor. When a vacancy on the commission exists, the governor will notify the legislature
3.3 of the vacancy and invite a member of the legislature to recommend a candidate to fill the
3.4 available position as prescribed under this subdivision. For the first vacancy, the governor
3.5 will invite a recommendation from the senate majority leader; for the second vacancy, the
3.6 governor will invite a recommendation from the speaker of the house of representatives;
3.7 for the third vacancy, the governor will invite a recommendation from the senate minority
3.8 leader; for the fourth vacancy, the governor will invite a recommendation from the house
3.9 of representatives minority leader; for the fifth vacancy, the governor will not invite a
3.10 recommendation from a member of the legislature. The governor must invite or not invite
3.11 a recommendation from a member of the legislature for all vacancies following the fifth
3.12 vacancy in the same order and manner as the governor is required to invite or not invite
3.13 recommendations for the first to fifth vacancies. The governor may choose to fill a
3.14 commission vacancy with a candidate recommended by a member of the legislature under
3.15 this subdivision. Appointments under this subdivision must be made with the advice and
3.16 consent of the legislative body of which the legislator making the submission is a member.
3.17 If no legislative recommendation is made, the appointment must be made with the advice
3.18 and consent of both the house and senate. The commission must select one of its members
3.19 as chair. The term of the chair may not exceed four years and no person may serve
3.20 consecutive terms as chair. Appointments to the commission are for four years, but a member
3.21 may be reappointed.

3.22 (b) A person may not serve on the commission, be the director, or be an employee of
3.23 the commission who has an interest in or receives compensation from any corporation,
3.24 association, limited liability company, or partnership that is licensed by the commission.

3.25 Subd. 3. **Compensation.** Members of the commission serve in the unclassified service.

3.26 Subd. 4. **Powers and duties.** (a) The commission has the power and duty to regulate
3.27 sports wagering to ensure that it is conducted in a fair and lawful manner and to take all
3.28 necessary actions sufficient to administer and enforce the provisions of this section.

3.29 (b) The commission must adopt rules consistent with this section for the conduct of
3.30 sports pools, including but not limited to:

3.31 (1) the manner in which wagers are accepted and payouts are remitted;

3.32 (2) the manner in which lines are determined;

- 4.1 (3) in consultation with the commissioner of revenue, the calculation of gross sports
4.2 wagering revenue and standards for the daily counting and recording of cash and cash
4.3 equivalents received in the conduct of sports wagering;
- 4.4 (4) minimum and maximum wagers;
- 4.5 (5) standards to address and prevent compulsive and problem gambling;
- 4.6 (6) the sporting events on which wagers are authorized to be placed including but not
4.7 limited to any professional or National Collegiate Athletic Association division I sporting
4.8 event;
- 4.9 (7) application requirements for mobile and electronic sports pool licenses; and
- 4.10 (8) application requirements for licenses, background checks, prohibitions, audits,
4.11 registration of employees, inspections, filing of inventory, serial numbers, or termination
4.12 plans.

4.13 Subd. 5. **Orders.** The commission may order any person subject to its jurisdiction who
4.14 has violated a provision of this chapter or rule to take appropriate action to correct the
4.15 violation.

4.16 Subd. 6. **Court orders.** In the event of a refusal to appear by or refusal to obey a subpoena
4.17 issued to any person under this chapter, the district court may on application of the
4.18 commission issue to the person an order directing the person to appear before the commission
4.19 and to produce documentary evidence if so ordered or to give evidence relating to the matter
4.20 under investigation or in question. Failure to obey such an order may be punished by the
4.21 court as contempt of court.

4.22 Subd. 7. **Delegation.** The commission may delegate any of its authority under this chapter
4.23 to the director if, in the judgment of the commission, doing so would promote the efficient
4.24 administration of this chapter.

4.25 Subd. 8. **Report.** By February 15 of each year, the commission shall submit a report to
4.26 the governor and legislature on its activities, receipts and disbursements, and
4.27 recommendations for changes in the laws relating to sports wagering.

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

4.29 Sec. 4. **[240B.15] AUTHORITY TO ADOPT RULES.**

4.30 Rules adopted by the commission pursuant to section 240B.10, subdivision 4, are exempt
4.31 from chapter 14, including section 14.386.

5.1 **EFFECTIVE DATE.** This section is effective the day following final enactment and
5.2 expires on January 1, 2020.

5.3 **Sec. 5. [240B.16] DIRECTOR.**

5.4 The governor must appoint a director to the Minnesota Sports Wagering Commission.
5.5 The director has the duty to operate and manage the day-to-day functions of the commission;
5.6 to execute the authority delegated to the director by the commission, statute, or rule; and to
5.7 advise the commission on policy, rule, or legislative changes. The director serves in the
5.8 unclassified service at the pleasure of the governor.

5.9 **Sec. 6. [240B.17] ENFORCEMENT.**

5.10 Subdivision 1. **Cease and desist letters.** Whenever it appears to the commission that
5.11 any person has engaged or is about to engage in any act or practice constituting a violation
5.12 of this chapter or any commission rule or order, the commission may issue and cause to be
5.13 served upon the person an order requiring the person to cease and desist from violations of
5.14 this chapter or commission rule or order. The order must give reasonable notice of the rights
5.15 of the person to request a hearing and must state the reason for the entry of the order. Unless
5.16 otherwise agreed between the parties, a hearing shall be held not later than seven days after
5.17 the request for the hearing is received by the commission after which and within 20 days
5.18 after the receipt of the administrative law judge's report and subsequent exceptions and
5.19 argument the commission shall issue an order vacating the cease and desist order, modifying
5.20 it, or making it permanent as the facts require. If no hearing is requested within 30 days of
5.21 the service of the order, the order becomes final and remains in effect until modified or
5.22 vacated by the commission. All hearings shall be conducted in accordance with the provisions
5.23 of chapter 14. If the person to whom a cease and desist order is issued fails to appear at the
5.24 hearing after being duly notified, the person shall be deemed in default, and the proceeding
5.25 may be determined against the person upon consideration of the cease and desist order, the
5.26 allegations of which may be deemed to be true.

5.27 Subd. 2. **Injunctions.** Whenever it appears to the commission that any person has engaged
5.28 or is about to engage in any act or practice that violates this chapter or any commission rule
5.29 or order, the commission may bring an action in the district court in the appropriate county
5.30 to enjoin the acts or practices and to enforce compliance with this chapter or any commission
5.31 rule or order and may refer the matter to the attorney general. Upon a proper showing, a
5.32 permanent or temporary injunction, restraining order, or writ of mandamus shall be granted.
5.33 The court may not require the commission to post a bond.

6.1 Subd. 3. **Audits.** A sports pool operator licensee shall contract annually with a third
6.2 party to perform an independent audit, consistent with the standards established by the
6.3 Public Company Accounting Oversight Board or using the Statements on Accounting
6.4 Standards issued by the Audit Standards Board of the American Institute of Certified Public
6.5 Accountants, to ensure compliance with this section. The sports pool operator licensee must
6.6 submit the audit to the commissioner for examination and inspection by November 1 of
6.7 each year.

6.8 Subd. 4. **Civil penalty.** Any licensee who knowingly violates any requirements under
6.9 this chapter is liable for a civil penalty of not more than \$1,000 for each violation, not to
6.10 exceed \$50,000 for violations arising out of the same transaction or occurrence, which shall
6.11 accrue to the state and may be recovered in a civil action brought by the commission.

6.12 Subd. 5. **Criminal penalty.** (a) Any person who violates a provision of this chapter for
6.13 which another penalty is not provided is guilty of a misdemeanor.

6.14 (b) If a violation occurs under paragraph (a) within five years after a previous conviction
6.15 under this chapter, a person is guilty of a gross misdemeanor.

6.16 (c) This section does not preclude civil or criminal actions under other applicable law
6.17 or preclude any agency of government from investigating or prosecuting violations of the
6.18 provisions of this chapter, and chapter 297J. County attorneys and the attorney general have
6.19 joint responsibility for prosecuting violations of this chapter and chapter 297J, and the
6.20 attorney general may prosecute any violation of those sections. If the county attorney fails
6.21 to initiate the prosecution within 30 days, the attorney general may initiate prosecution.

6.22 Subd. 6. **Compliance; production of evidence.** (a) An applicant, licensee, or other
6.23 person subject to the commission's jurisdiction must: (1) comply with requests for information
6.24 or documents, or other requests, from the commission within the time specified in the request
6.25 or, if no time is specified, within 30 days of the date the commission mails the request; and
6.26 (2) appear before the commission when requested to do so, and must bring documents or
6.27 materials requested by the commission.

6.28 (b) A sports pool licensee must file and pay the tax required under chapter 297J and
6.29 must retain all tax-related records for a minimum of 3-1/2 years. The records must be made
6.30 available to the commission or the commissioner of revenue at any reasonable time without
6.31 notice or a search warrant. The commission may require the retention of all other records
6.32 the commission deems necessary to ensure any licensee's compliance with the provisions
6.33 of this chapter.

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

7.1 Sec. 7. **[240B.22] LICENSES.**

7.2 Subdivision 1. **Forms.** All applications for a license or renewal must be on a form
7.3 prescribed by the commission. The commission may require an applicant to submit any
7.4 documents it deems necessary.

7.5 Subd. 2. **Fees.** The commission may charge a license fee of \$..... to administer and
7.6 cover the costs associated with the application or renewal process.

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

7.8 Sec. 8. **[240B.25] SPORTS POOL LICENSES.**

7.9 Subdivision 1. **License required.** No sports pool may be conducted by a sports pool
7.10 operator unless the operator has been issued a license under this chapter. This subdivision
7.11 does not apply to a private social bet as defined in section 609.75, subdivision 3, clause
7.12 (5).

7.13 Subd. 2. **Sports pool operator license.** (a) No person may operate an on-site or mobile
7.14 sports pool without a valid license issued under this subdivision. A license may only be
7.15 issued under this section to a federally recognized Indian tribe or group of tribes that is
7.16 located in this state. Licenses must be renewed annually.

7.17 (b) The commission may grant an on-site sports pool operator license, a mobile and
7.18 electronic sports pool license, or both. An on-site sports pool operator license authorizes
7.19 the sports pool operator to conduct an on-site sports pool as authorized under section
7.20 240B.35. A mobile and electronic sports pool license allows the licensee to operate a sports
7.21 pool wherein wagers may be placed by a person in this state by electronic means. Any
7.22 portable device used in the conduct of a sports pool must include an active feature that, at
7.23 a minimum, causes the device to cease functioning when the device is located 20 feet or
7.24 more from the property of a federally recognized Indian tribe or group of tribes.

7.25 (c) If needed to issue a license under this subdivision, the governor may negotiate with
7.26 a tribe for the purpose of entering into a compact for a sports pool license and for any other
7.27 related sports wagering matters. A request made by the governor pursuant to this section is
7.28 limited to sports wagering matters unless a tribe expressly requests that the scope of
7.29 negotiations include other matters. The compact and negotiations are governed under this
7.30 paragraph and all applicable provisions of section 3.9221. The governor may delegate
7.31 authority to negotiate a compact under this section to the commission.

8.1 Subd. 3. **Third-party agreements.** Nothing in this section prohibits a licensee from
 8.2 entering into an agreement with a third party to manage or operate an on-site sports pool,
 8.3 a mobile and electronic sports pool, or both.

8.4 **EFFECTIVE DATE.** This section is effective 90 days following final enactment.

8.5 Sec. 9. **[240B.35] CONDUCT OF SPORTS POOLS.**

8.6 Subdivision 1. **Tribal casino premises only.** Except for a mobile or electronic sports
 8.7 pool, wagers in a sports pool may only be received in a casino operated under a tribal-state
 8.8 compact under section 3.9221.

8.9 Subd. 2. **Reserve funds.** (a) A sports pool operator must maintain a reserve fund equal
 8.10 to the sum of the following amounts:

8.11 (1) amounts held by the sports pool operator for the account of patrons;

8.12 (2) amounts accepted by the book as wagers on contingencies whose outcomes have not
 8.13 been determined; and

8.14 (3) amounts owed but unpaid by the book on winning wagers through the period
 8.15 established by the commission for honoring winning wagers.

8.16 (b) Before beginning operations, each newly licensed sports pool operator must establish
 8.17 a reserve of \$25,000, or the amount specified by the commission, whichever is greater.

8.18 (c) The commission may require a sports pool operator to maintain any other accounts
 8.19 that the commission deems necessary to ensure that all payouts may be made.

8.20 Subd. 3. **Types of wagers allowed.** A sports pool may take wagers, including parlay
 8.21 card wagers, individual wagers, proposition wagers, or any other type of wager authorized
 8.22 by the commission on any sporting event authorized by the commission.

8.23 Subd. 4. **Types of wagers prohibited.** No wagers may be accepted or paid by a sports
 8.24 pool on:

8.25 (1) any sport or athletic event other than one authorized by the commission;

8.26 (2) any sporting event which the sports pool operator knows, or reasonably should know,
 8.27 is being placed by or on behalf of a coach or participant in that sporting event;

8.28 (3) any nonsports or athletic event including but not limited to the outcome of any
 8.29 election for any public office;

8.30 (4) any virtual event; or

9.1 (5) a sporting event for which the line was not posted.

9.2 Subd. 5. **Pool cancellation.** The commission may order the cancellation of an open
 9.3 sports pool and refund of wagers if, in the judgment of the director, the immediate
 9.4 cancellation of a pool is necessary to ensure the fairness, lawfulness, or integrity of sports
 9.5 wagering or of a sporting event.

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

9.7 Sec. 10. **[240B.45] RESTRICTIONS ON WHO MAY PARTICIPATE IN A SPORTS**
 9.8 **POOL.**

9.9 The following persons must not place a wager in a sports pool:

9.10 (1) a person under the age of 18;

9.11 (2) sports pool operators;

9.12 (3) a director, officer, partner, governor, or direct or indirect holder of more than a five
 9.13 percent financial interest in a sports pool operator;

9.14 (4) an employee of a sports pool operator or other entity that has entered into an agreement
 9.15 to manage or operate a sports pool on behalf of a licensee; or

9.16 (5) a coach or participant in the sporting event.

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

9.18 Sec. 11. **[240B.60] ACCEPTANCE OF WAGERS.**

9.19 A sports pool operator may not accept wagers unless made with a method of payment
 9.20 approved by the commission.

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

9.22 Sec. 12. Minnesota Statutes 2018, section 541.20, is amended to read:

9.23 **541.20 RECOVERY OF MONEY LOST.**

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

10.1 ~~or~~ gambling authorized under chapters 349 and 349A, or sports wagering authorized under
 10.2 chapter 240B.

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

10.4 Sec. 13. Minnesota Statutes 2018, section 541.21, is amended to read:

10.5 **541.21 COMMITMENTS FOR GAMBLING DEBT VOID.**

10.6 Every note, bill, bond, mortgage, or other security or conveyance in which the whole or
 10.7 any part of the consideration shall be for any money or goods won by gambling or playing
 10.8 at cards, dice, or any other game whatever, or by betting on the sides or hands of any person
 10.9 gambling, or for reimbursing or repaying any money knowingly lent or advanced at the
 10.10 time and place of such gambling or betting, or lent and advanced for any gambling or betting
 10.11 to any persons so gambling or betting, shall be void and of no effect as between the parties
 10.12 to the same, and as to all persons except such as hold or claim under them in good faith,
 10.13 without notice of the illegality of the consideration of such contract or conveyance. The
 10.14 provisions of this section shall not apply to: (1) pari-mutuel wagering conducted under a
 10.15 license issued pursuant to chapter 240; (2) purchase of tickets in the State Lottery under
 10.16 chapter 349A; (3) gaming activities conducted pursuant to the Indian Gaming Regulatory
 10.17 Act, United States Code, title 25, section 2701 et seq.; ~~or~~ (4) lawful gambling activities
 10.18 permitted under chapter 349; or (5) sports wagering activities permitted under chapter 240B.

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

10.20 Sec. 14. Minnesota Statutes 2018, section 609.761, is amended by adding a subdivision
 10.21 to read:

10.22 **Subd. 7. Sports pools.** Sections 609.755 and 609.76 do not prohibit sports pools
 10.23 conducted under chapter 240B or any associated equipment used in the conduct of sports
 10.24 pools.

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

11.1 **ARTICLE 2**11.2 **TAXATION OF SPORTS WAGERING**

11.3 Section 1. Minnesota Statutes 2018, section 290.0131, is amended by adding a subdivision
11.4 to read:

11.5 Subd. 15. **Nontaxable sports wagering losses.** Losses from the business of conducting
11.6 a sports pool under chapter 240B that are not subject to Minnesota franchise tax are an
11.7 addition.

11.8 Sec. 2. Minnesota Statutes 2018, section 290.0132, is amended by adding a subdivision
11.9 to read:

11.10 Subd. 27. **Exempt sports wagering income.** Income or gains from the business of
11.11 conducting a sports pool under chapter 240B that are not subject to Minnesota franchise
11.12 tax are a subtraction.

11.13 Sec. 3. Minnesota Statutes 2018, section 290.0133, is amended by adding a subdivision
11.14 to read:

11.15 Subd. 15. **Nontaxable sports wagering losses.** Losses from the business of conducting
11.16 a sports pool under chapter 240B that are not subject to Minnesota franchise tax are an
11.17 addition.

11.18 Sec. 4. Minnesota Statutes 2018, section 290.0134, is amended by adding a subdivision
11.19 to read:

11.20 Subd. 17. **Exempt sports wagering income.** Income or gains from the business of
11.21 conducting a sports pool under chapter 240B that are not subject to Minnesota franchise
11.22 tax are a subtraction.

11.23 Sec. 5. **[297J.01] DEFINITIONS.**

11.24 Unless otherwise defined in this chapter, or unless the context clearly indicates otherwise,
11.25 the following terms have the meanings given:

11.26 (1) "Internal Revenue Code" means the Internal Revenue Code as defined in section
11.27 289A.02, subdivision 7;

11.28 (2) "wager" means a wager as defined in section 4421 of the Internal Revenue Code;

12.1 (3) "sports pool operator" means a sports pool operator as defined in section 240B.01,
 12.2 who is licensed to conduct a sports pool under chapter 240B, and who is liable for paying
 12.3 the federal excise tax on wagers in section 4401 of the Internal Revenue Code;

12.4 (4) "sports pool" has the meaning given in section 240B.01 provided that the sports pool
 12.5 is conducted by a sports pool operator; and

12.6 (5) "commissioner" means the commissioner of revenue.

12.7 **Sec. 6. [297J.05] EXCISE TAX ON SPORTS WAGERING.**

12.8 Subdivision 1. **Rate.** An excise tax is imposed on each wager made in this state and
 12.9 accepted by a sports pool operator equal to 0.5 percent of the wager.

12.10 Subd. 2. **Excise tax is in lieu of other taxes.** Income derived by a sports pool operator
 12.11 from the conduct of a sports pool is not subject to the tax imposed in chapter 290. Wagers
 12.12 accepted by a sports pool operator are not subject to the tax imposed in section 297A.62 or
 12.13 297E.03.

12.14 Subd. 3. **Personal debt.** The tax imposed by this section, and interest and penalties
 12.15 imposed with respect to it, are a personal debt of the person required to file a return from
 12.16 the time the liability for it arises, irrespective of when the time for payment of the liability
 12.17 occurs. The debt must, in the case of the executor or administrator of the estate of a decedent
 12.18 and in the case of a fiduciary, be that of the person in the person's official or fiduciary
 12.19 capacity only, unless the person has voluntarily distributed the assets held in that capacity
 12.20 without reserving sufficient assets to pay the tax, interest, and penalties, in which event the
 12.21 person is personally liable for any deficiency.

12.22 Subd. 4. **Public information.** All records concerning the administration of the taxes
 12.23 under this chapter are classified as public information.

12.24 Subd. 5. **Refunds.** A person who has, under this chapter, paid to the commissioner an
 12.25 amount of tax for a period in excess of the amount legally due for that period may file with
 12.26 the commissioner a claim for a refund of the excess. The amount necessary to pay the refunds
 12.27 under this subdivision is appropriated from the general fund to the commissioner.

12.28 Subd. 6. **Extensions.** If in the commissioner's judgment good cause exists, the
 12.29 commissioner may extend the time for filing tax returns, paying taxes, or both under this
 12.30 section for not more than six months.

12.31 Subd. 7. **Distribution of funds.** (a) Of the amount collected by the commissioner under
 12.32 this section, \$1,000,000 must be deposited in the Minnesota Sports Wagering Commission

13.1 account established pursuant to subdivision 8. If the amount collected under this subdivision
13.2 does not exceed \$1,000,000, the entire amount must be deposited in the Minnesota Sports
13.3 Wagering Commission account.

13.4 (b) All amounts collected by the commissioner under this chapter in excess of \$1,000,000
13.5 must be deposited in the general fund.

13.6 Subd. 8. **Minnesota Sports Wagering Commission account.** (a) A Minnesota Sports
13.7 Wagering Commission account is created in the special revenue fund. The account consists
13.8 of the proceeds under subdivision 7, paragraph (a).

13.9 (b) The money in the account is annually appropriated to the Minnesota Sports Wagering
13.10 Commission for conducting its statutory responsibilities and obligations under chapter 240B.

13.11 Sec. 7. **[297J.15] SPORTS POOL OPERATOR REPORTS AND RECORDS.**

13.12 Subdivision 1. **Reports.** A sports pool operator must file with the commissioner, on a
13.13 form prescribed by the commissioner, a report showing all sports wagering activity conducted
13.14 by that organization for each month. Sports wagering activity includes the amounts of all
13.15 wagers received, payouts, and all sports wagering taxes owed or paid to the commissioner.
13.16 The report must be filed with the commissioner on or before the 20th day of the month
13.17 following the month in which the sports wagering activity takes place. The commissioner
13.18 shall prescribe the content, format, and manner of returns or other documents pursuant to
13.19 section 270C.30.

13.20 Subd. 2. **Business records.** A sports pool operator must maintain records supporting
13.21 the sports wagering activity reported to the commissioner. Records required to be kept in
13.22 this section must be preserved by the sports pool operator for at least 3-1/2 years and may
13.23 be inspected by the commissioner of revenue at any reasonable time without notice or a
13.24 search warrant.

13.25 Subd. 3. **Audits.** The commissioner may require a financial audit of a sports pool
13.26 operator's sports wagering activities if the sports pool operator has failed to comply with
13.27 this chapter. Audits must be performed by an independent accountant licensed in accordance
13.28 with chapter 326A. The commissioner of revenue must prescribe standards for an audit
13.29 required under this subdivision. A complete, true, and correct copy of an audit must be filed
13.30 as prescribed by the commissioner.

14.1 Sec. 8. **[297J.25] OTHER PROVISIONS APPLY.**

14.2 Except for those provisions specific to distributors, gambling products, or gambling
14.3 equipment, the provisions of sections 297E.11 to 297E.14 apply to this chapter.

14.4 Sec. 9. **EFFECTIVE DATE.**

14.5 This article is effective 90 days following final enactment.