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## State of Minnesota

## HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. **2540**

03/08/2016 Authored by Sanders and Swedzinski

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

03/24/2016 Adoption of Report: Amended and re-referred to the Committee on Public Safety and Crime Prevention Policy and Finance

1.1 A bill for an act  
1.2 relating to commerce; authorizing fantasy sports; amending Minnesota Statutes  
1.3 2014, sections 297E.03, by adding a subdivision; 541.20; 541.21; 609.761, by  
1.4 adding a subdivision; proposing coding for new law in Minnesota Statutes,  
1.5 chapter 325F.

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

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

1.9 Subd. 9. **Fantasy game.** A fantasy game as defined under section 609.761,  
1.10 subdivision 7, is exempt from taxation under this section.

1.11 Sec. 2. [325F.9901] CONSUMER PROTECTION; FANTASY SPORTS.

1.12 (a) A game operator offering fantasy games with an entry fee in this state must  
1.13 implement commercially reasonable procedures that are intended to:

1.14 (1) prevent employees of the game operator, and relatives living in the same  
1.15 household as such employees, from competing in any fantasy game offered by any game  
1.16 operator in which the operator offers a cash prize over \$5;

1.17 (2) prevent sharing of confidential information with third parties that could affect  
1.18 fantasy game play until the information is made publicly available;

1.19 (3) prevent a game operator from being a participant in a fantasy game a person offers;

1.20 (4) have a mechanism in place that is designed to verify that a fantasy game player is  
1.21 at least 18 years of age;

1.22 (5) ensure that individuals who participate as a player or official in a game or contest  
1.23 that is the subject of a fantasy game will be restricted from entering a fantasy game that

2.1 is determined, in whole or in part, on the accumulated statistical results of a team of  
2.2 individuals in the game or contest in which they are a participant;

2.3 (6) allow individuals to restrict themselves from entering a fantasy game upon  
2.4 request and take reasonable steps to prevent those individuals from entering the operator's  
2.5 fantasy games;

2.6 (7) disclose the number of entries a single fantasy game player may submit to each  
2.7 fantasy game and take reasonable steps to prevent players from submitting more than  
2.8 the allowable number; and

2.9 (8) segregate player funds from operational funds and maintain a reserve in the  
2.10 form of cash, cash equivalents, an irrevocable letter of credit, a bond, or a combination  
2.11 thereof in the amount of the deposits in player accounts for the benefit and protection of  
2.12 authorized fantasy game players' funds held in fantasy game accounts.

2.13 (b) For purposes of this section, "game operator," "fantasy game," and "entry fee"  
2.14 have the meanings given them under section 609.761, subdivision 7.

2.15 Sec. 3. Minnesota Statutes 2014, section 541.20, is amended to read:

2.16 **541.20 RECOVERY OF MONEY LOST.**

2.17 Every person who, by playing at cards, dice, or other game, or by betting on the  
2.18 hands or sides of such as are gambling, shall lose to any person so playing or betting  
2.19 any sum of money or any goods, and pays or delivers the same, or any part thereof, to  
2.20 the winner, may sue for and recover such money by a civil action, before any court  
2.21 of competent jurisdiction. For purposes of this section, gambling shall not include  
2.22 pari-mutuel wagering conducted under a license issued pursuant to chapter 240, purchase  
2.23 or sale of tickets in the state lottery, or gambling authorized under chapters 349 and 349A,  
2.24 or participation in a fantasy game as defined under section 609.761, subdivision 7.

2.25 Sec. 4. Minnesota Statutes 2014, section 541.21, is amended to read:

2.26 **541.21 COMMITMENTS FOR GAMBLING DEBT VOID.**

2.27 Every note, bill, bond, mortgage, or other security or conveyance in which the whole  
2.28 or any part of the consideration shall be for any money or goods won by gambling or  
2.29 playing at cards, dice, or any other game whatever, or by betting on the sides or hands  
2.30 of any person gambling, or for reimbursing or repaying any money knowingly lent or  
2.31 advanced at the time and place of such gambling or betting, or lent and advanced for any  
2.32 gambling or betting to any persons so gambling or betting, shall be void and of no effect  
2.33 as between the parties to the same, and as to all persons except such as hold or claim under

3.1 them in good faith, without notice of the illegality of the consideration of such contract or  
3.2 conveyance. The provisions of this section shall not apply to:

- 3.3 (1) pari-mutuel wagering conducted under a license issued pursuant to chapter 240;  
3.4 (2) purchase of tickets in the state lottery under chapter 349A;  
3.5 (3) gaming activities conducted pursuant to the Indian Gaming Regulatory Act,  
3.6 United States Code, title 25, section 2701 et seq.; ~~or~~  
3.7 (4) lawful gambling activities permitted under chapter 349; or  
3.8 (5) participation in a fantasy game as defined under section 609.761, subdivision 7.

3.9 Sec. 5. Minnesota Statutes 2014, section 609.761, is amended by adding a subdivision  
3.10 to read:

3.11 Subd. 7. **Fantasy games.** (a) For purposes of this subdivision, the following terms  
3.12 have the meanings given them:

3.13 (1) "entry fee" means cash or cash equivalent that is required to be paid by a fantasy  
3.14 game player to a game operator to participate in a fantasy game;

3.15 (2) "fantasy game" means a fantasy or simulation sports game or educational game  
3.16 or contest that meets the following conditions:

3.17 (i) the value of all prizes and awards offered to winning game participants are  
3.18 established and made known to the game participants in advance of the fantasy game;

3.19 (ii) all winning outcomes are determined predominantly by the accumulated statistical  
3.20 results of the performance of individuals, including athletes in the case of sporting events;

3.21 (iii) no winning outcome is based on the score, point spread, or performance  
3.22 or performances of a single team or combination of such teams or solely on a single  
3.23 performance of an individual athlete or player in a single event; and

3.24 (iv) the statistical results of the performance of individuals are not based on any  
3.25 athlete participating on a team sponsored by a secondary or postsecondary educational  
3.26 organization located in this state; and

3.27 (3) "game operator" means a person that offers a fantasy game for a cash prize.

3.28 (b) A fantasy game is a bona fide contest for the determination of skill under section  
3.29 609.75, subdivision 3, clause (3), and is not a lottery, bet, or sports bookmaking within the  
3.30 meaning of sections 609.75, 609.755, and 609.76.

3.31 (c) Sections 609.755 and 609.76 do not prohibit a game operator from offering a  
3.32 fantasy game.