

SENATE
STATE OF MINNESOTA
EIGHTY-SEVENTH LEGISLATURE **S.F. No. 2391**

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DATE	D-PG	OFFICIAL STATUS
03/12/2012	4317	Introduction and first reading Referred to Local Government and Elections
04/23/2012	6004a	Comm report: Amended Comm report: No recommendation, re-referred to Jobs and Economic Growth Joint rule 2.03, referred to Rules and Administration
	6101	Rules suspended Jt. rule. 2.03 Comm report: Adopt previous comm report
04/24/2012	6203a	Comm report: Amended Comm report: No recommendation, re-referred to Finance
04/25/2012		Amended Comm report: No recommendation, re-referred to Taxes

A bill for an act

1.1 relating to stadiums; providing for a new National Football League stadium in
1.2 Minnesota; establishing a Minnesota Sports Facilities Authority; authorizing the
1.3 sale and issuance of state appropriation bonds; abolishing the Metropolitan Sports
1.4 Facilities Commission; providing for use of certain local tax revenue; providing
1.5 for electronic pull-tab games, electronic linked bingo games, and sports-themed
1.6 tipboard games; providing for the conditional imposition of certain taxes and
1.7 collection of other revenues; modifying certain rates of tax on lawful gambling;
1.8 providing for forgiveness of debt for St. Paul RiverCentre; appropriating money;
1.9 amending Minnesota Statutes 2010, sections 3.971, subdivision 6; 3.9741, by
1.10 adding a subdivision; 13.55, subdivision 1; 297E.01, subdivisions 7, 8, 9;
1.11 297E.02, subdivisions 1, 3, 6, 7, 10, 11, by adding a subdivision; 297E.13,
1.12 subdivision 5; 349.12, subdivisions 3b, 3c, 5, 6a, 12a, 18, 25, 25b, 25c, 25d, 29,
1.13 31, 32, by adding subdivisions; 349.13; 349.151, subdivisions 4b, 4c, by adding
1.14 a subdivision; 349.155, subdivisions 3, 4; 349.161, subdivisions 1, 5; 349.162,
1.15 subdivision 5; 349.163, subdivisions 1, 5, 6; 349.1635, subdivisions 2, 3, by
1.16 adding a subdivision; 349.165, subdivision 2; 349.17, subdivisions 6, 7, 8, by
1.17 adding a subdivision; 349.1721; 349.18, subdivision 1; 349.19, subdivisions 2, 3,
1.18 5, 10; 349.211, subdivision 1a; 352.01, subdivision 2a; 473.121, subdivision 5a;
1.19 473.164; 473.565, subdivision 1; Minnesota Statutes 2011 Supplement, section
1.20 10A.01, subdivision 35; Laws 1986, chapter 396, sections 4, as amended; 5,
1.21 as amended; Laws 1993, chapter 375, article 9, section 46, subdivisions 2,
1.22 as amended, 5, as amended; Laws 1998, chapter 404, section 23, subdivision
1.23 6, as amended; proposing coding for new law in Minnesota Statutes, chapters
1.24 16A; 297A; proposing coding for new law as Minnesota Statutes, chapter 473J;
1.25 repealing Minnesota Statutes 2010, sections 297E.02, subdivision 4; 349.12,
1.26 subdivision 2; 473.551; 473.552; 473.553, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 9,
1.27 10, 11, 12, 13; 473.556, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 16,
1.28 17; 473.561; 473.564, subdivisions 2, 3; 473.572; 473.581; 473.592, subdivision
1.29 1; 473.595; 473.598; 473.599; 473.76.

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

ARTICLE 1

MINNESOTA SPORTS FACILITIES AUTHORITY

1.34 Section 1. Minnesota Statutes 2010, section 3.971, subdivision 6, is amended to read:

2.1 Subd. 6. **Financial audits.** The legislative auditor shall audit the financial
2.2 statements of the state of Minnesota required by section 16A.50 and, as resources permit,
2.3 shall audit Minnesota State Colleges and Universities, the University of Minnesota,
2.4 state agencies, departments, boards, commissions, courts, and other state organizations
2.5 subject to audit by the legislative auditor, including the State Agricultural Society,
2.6 Agricultural Utilization Research Institute, Enterprise Minnesota, Inc., Minnesota
2.7 Historical Society, Labor Interpretive Center, Minnesota Partnership for Action Against
2.8 Tobacco, Metropolitan Sports Facilities Commission, Minnesota Sports Facilities
2.9 Authority, Metropolitan Airports Commission, and Metropolitan Mosquito Control
2.10 District. Financial audits must be conducted according to generally accepted government
2.11 auditing standards. The legislative auditor shall see that all provisions of law respecting
2.12 the appropriate and economic use of public funds are complied with and may, as part of a
2.13 financial audit or separately, investigate allegations of noncompliance.

2.14 Sec. 2. Minnesota Statutes 2010, section 3.9741, is amended by adding a subdivision
2.15 to read:

2.16 Subd. 4. **Minnesota Sports Facilities Authority.** Upon the audit of the financial
2.17 accounts and affairs of the Minnesota Sports Facilities Authority, the authority is liable
2.18 to the state for the total cost and expenses of the audit, including the salaries paid to the
2.19 examiners while actually engaged in making the examination. The legislative auditor may
2.20 bill the authority either monthly or at the completion of the audit. All collections received
2.21 for the audits must be deposited in the general fund.

2.22 Sec. 3. Minnesota Statutes 2011 Supplement, section 10A.01, subdivision 35, is
2.23 amended to read:

2.24 Subd. 35. **Public official.** "Public official" means any:

2.25 (1) member of the legislature;

2.26 (2) individual employed by the legislature as secretary of the senate, legislative
2.27 auditor, chief clerk of the house of representatives, revisor of statutes, or researcher,
2.28 legislative analyst, or attorney in the Office of Senate Counsel and Research or House
2.29 Research;

2.30 (3) constitutional officer in the executive branch and the officer's chief administrative
2.31 deputy;

2.32 (4) solicitor general or deputy, assistant, or special assistant attorney general;

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3.1 (5) commissioner, deputy commissioner, or assistant commissioner of any state
3.2 department or agency as listed in section 15.01 or 15.06, or the state chief information
3.3 officer;

3.4 (6) member, chief administrative officer, or deputy chief administrative officer of a
3.5 state board or commission that has either the power to adopt, amend, or repeal rules under
3.6 chapter 14, or the power to adjudicate contested cases or appeals under chapter 14;

3.7 (7) individual employed in the executive branch who is authorized to adopt, amend,
3.8 or repeal rules under chapter 14 or adjudicate contested cases under chapter 14;

3.9 (8) executive director of the State Board of Investment;

3.10 (9) deputy of any official listed in clauses (7) and (8);

3.11 (10) judge of the Workers' Compensation Court of Appeals;

3.12 (11) administrative law judge or compensation judge in the State Office of
3.13 Administrative Hearings or unemployment law judge in the Department of Employment
3.14 and Economic Development;

3.15 (12) member, regional administrator, division director, general counsel, or operations
3.16 manager of the Metropolitan Council;

3.17 (13) member or chief administrator of a metropolitan agency;

3.18 (14) director of the Division of Alcohol and Gambling Enforcement in the
3.19 Department of Public Safety;

3.20 (15) member or executive director of the Higher Education Facilities Authority;

3.21 (16) member of the board of directors or president of Enterprise Minnesota, Inc.;

3.22 (17) member of the board of directors or executive director of the Minnesota State
3.23 High School League;

3.24 (18) member of the Minnesota Ballpark Authority established in section 473.755;

3.25 (19) citizen member of the Legislative-Citizen Commission on Minnesota Resources;

3.26 (20) manager of a watershed district, or member of a watershed management
3.27 organization as defined under section 103B.205, subdivision 13;

3.28 (21) supervisor of a soil and water conservation district;

3.29 (22) director of Explore Minnesota Tourism;

3.30 (23) citizen member of the Lessard-Sams Outdoor Heritage Council established in
3.31 section 97A.056; ~~or~~

3.32 (24) ~~a~~ citizen member of the Clean Water Council established in section 114D.30; or

3.33 (25) member or chief executive of the Minnesota Sports Facilities Authority
3.34 established in section 473J.07.

3.35 Sec. 4. Minnesota Statutes 2010, section 352.01, subdivision 2a, is amended to read:

4.1 Subd. 2a. **Included employees.** (a) "State employee" includes:

4.2 (1) employees of the Minnesota Historical Society;

4.3 (2) employees of the State Horticultural Society;

4.4 (3) employees of the Minnesota Crop Improvement Association;

4.5 (4) employees of the adjutant general whose salaries are paid from federal funds and
4.6 who are not covered by any federal civilian employees retirement system;

4.7 (5) employees of the Minnesota State Colleges and Universities who are employed
4.8 under the university or college activities program;

4.9 (6) currently contributing employees covered by the system who are temporarily
4.10 employed by the legislature during a legislative session or any currently contributing
4.11 employee employed for any special service as defined in subdivision 2b, clause (8);

4.12 (7) employees of the legislature who are appointed without a limit on the duration
4.13 of their employment and persons employed or designated by the legislature or by a
4.14 legislative committee or commission or other competent authority to conduct a special
4.15 inquiry, investigation, examination, or installation;

4.16 (8) trainees who are employed on a full-time established training program
4.17 performing the duties of the classified position for which they will be eligible to receive
4.18 immediate appointment at the completion of the training period;

4.19 (9) employees of the Minnesota Safety Council;

4.20 (10) any employees who are on authorized leave of absence from the Transit
4.21 Operating Division of the former Metropolitan Transit Commission and who are employed
4.22 by the labor organization which is the exclusive bargaining agent representing employees
4.23 of the Transit Operating Division;

4.24 (11) employees of the Metropolitan Council, Metropolitan Parks and Open Space
4.25 Commission, Metropolitan Sports Facilities Commission, or Metropolitan Mosquito
4.26 Control Commission unless excluded under subdivision 2b or are covered by another
4.27 public pension fund or plan under section 473.415, subdivision 3;

4.28 (12) judges of the Tax Court;

4.29 (13) personnel who were employed on June 30, 1992, by the University of
4.30 Minnesota in the management, operation, or maintenance of its heating plant facilities,
4.31 whose employment transfers to an employer assuming operation of the heating plant
4.32 facilities, so long as the person is employed at the University of Minnesota heating plant
4.33 by that employer or by its successor organization;

4.34 (14) personnel who are employed as seasonal employees in the classified or
4.35 unclassified service;

5.1 (15) persons who are employed by the Department of Commerce as a peace officer
5.2 in the Insurance Fraud Prevention Division under section 45.0135 who have attained the
5.3 mandatory retirement age specified in section 43A.34, subdivision 4;

5.4 (16) employees of the University of Minnesota unless excluded under subdivision
5.5 2b, clause (3);

5.6 (17) employees of the Middle Management Association whose employment began
5.7 after July 1, 2007, and to whom section 352.029 does not apply; ~~and~~

5.8 (18) employees of the Minnesota Government Engineers Council to whom section
5.9 352.029 does not apply; ~~and~~

5.10 (19) employees of the Minnesota Sports Facilities Authority.

5.11 (b) Employees specified in paragraph (a), clause (13), are included employees under
5.12 paragraph (a) if employer and employee contributions are made in a timely manner in the
5.13 amounts required by section 352.04. Employee contributions must be deducted from
5.14 salary. Employer contributions are the sole obligation of the employer assuming operation
5.15 of the University of Minnesota heating plant facilities or any successor organizations to
5.16 that employer.

5.17 **Sec. 5. [473J.01] PURPOSE.**

5.18 The purpose of this chapter is to provide for the construction, financing, and
5.19 long-term use of a stadium and related stadium infrastructure as a venue for professional
5.20 football and a broad range of other civic, community, athletic, educational, cultural,
5.21 and commercial activities. The legislature finds and declares that the expenditure of
5.22 public money for this purpose is necessary and serves a public purpose, and that property
5.23 acquired by the Minnesota Sports Facilities Authority for the construction of the stadium
5.24 and related stadium infrastructure is acquired for a public use or public purpose under
5.25 chapter 117. The legislature further finds and declares that any provision in a lease or use
5.26 agreement with a professional football team that requires the team to play all of its home
5.27 games in a publicly funded stadium for the duration of the lease or use agreement, serves
5.28 a unique public purpose for which the remedies of specific performance and injunctive
5.29 relief are essential to its enforcement. The legislature further finds and declares that
5.30 government assistance to facilitate the presence of professional football provides to the
5.31 state of Minnesota and its citizens highly valued intangible benefits that are virtually
5.32 impossible to quantify and, therefore, not recoverable even if the government receives
5.33 monetary damages in the event of a team's breach of contract. Minnesota courts are,
5.34 therefore, charged with protecting those benefits through the use of specific performance
5.35 and injunctive relief as provided in this chapter and in the lease and use agreements.

6.1 Sec. 6. **[473J.03] DEFINITIONS.**

6.2 Subdivision 1. **Application.** For the purposes of this chapter, the terms defined in
6.3 this section have the meanings given them, except as otherwise expressly provided or
6.4 indicated by the context.

6.5 Subd. 2. **Annual adjustment factor.** "Annual adjustment factor" means the annual
6.6 adjustment factor under section 297A.994, subdivision 4, paragraph (b).

6.7 Subd. 3. **Authority.** "Authority" means the Minnesota Sports Facilities Authority
6.8 established under section 473J.07.

6.9 Subd. 4. **City.** "City" means the city of Minneapolis.

6.10 Subd. 5. **NFL.** The "NFL" means the National Football League.

6.11 Subd. 6. **NFL team.** "NFL team" means the owner and operator of the NFL
6.12 professional football team known, as of the effective date of this chapter, as the Minnesota
6.13 Vikings or any team owned and operated by someone who purchases or otherwise takes
6.14 ownership or control of or reconstitutes the NFL team known as the Minnesota Vikings.

6.15 Subd. 7. **Stadium.** "Stadium" means the stadium suitable for professional football
6.16 to be designed, constructed, and financed under this chapter. A stadium must have a roof
6.17 that covers the stadium, as set forth in section 473J.11, subdivision 3.

6.18 Subd. 8. **Stadium costs.** "Stadium costs" means the costs of acquiring land, the
6.19 costs of stadium infrastructure, and of designing, constructing, equipping, and financing a
6.20 stadium suitable for professional football.

6.21 Subd. 9. **Stadium infrastructure.** "Stadium infrastructure" means plazas, parking
6.22 structures, rights of way, connectors, skyways and tunnels, and other such property,
6.23 facilities, and improvements, owned by the authority or determined by the authority to
6.24 facilitate the use and development of the stadium.

6.25 Subd. 10. **Stadium plaza.** "Stadium plaza" means the open air portion of the
6.26 stadium adjacent to the stadium.

6.27 Subd. 11. **Stadium site.** "Stadium site" means all or portions of the current site of
6.28 the existing football stadium and adjacent areas, bounded generally by Park and Eleventh
6.29 Avenues and Third and Sixth Streets in the city of Minneapolis, the definitive boundaries
6.30 of which shall be determined by the authority and agreed to by the NFL team.

6.31 Sec. 7. **[473J.07] MINNESOTA SPORTS FACILITIES AUTHORITY.**

6.32 Subdivision 1. **Established.** The Minnesota Sports Facilities Authority is
6.33 established as a public body, corporate and politic, and political subdivision of the state.
6.34 The authority is not a joint powers entity or an agency or instrumentality of the city.

6.35 Subd. 2. **Membership.** (a) The authority shall consist of five members.

7.1 (b) The chair and two members shall be appointed by the governor. One member
7.2 appointed by the governor shall serve until December 31 of the third year following
7.3 appointment and one member shall serve until December 31 of the fourth year following
7.4 appointment. Thereafter, members appointed by the governor shall serve four-year terms,
7.5 beginning January 1. Each member serves until a successor is appointed and takes office.
7.6 The chair serves at the pleasure of the governor.

7.7 (c) The mayor of the city shall appoint two members to the authority. One member
7.8 appointed by the mayor of the city shall serve until December 31 of the third year
7.9 following appointment and one member shall serve until December 31 of the fourth year
7.10 following appointment. Thereafter, members appointed under this paragraph shall serve
7.11 four-year terms beginning January 1. Each member serves until a successor is appointed
7.12 and takes office. Members appointed under this paragraph may reside within the city and
7.13 may be appointed officials of a political subdivision.

7.14 (d) The initial members of the authority must be appointed not later than 30 days
7.15 after the date of enactment of this chapter.

7.16 Subd. 3. **Compensation.** The authority may compensate its members, other than the
7.17 chair, as provided in section 15.0575. The chair shall receive, unless otherwise provided
7.18 by other law, a salary in an amount fixed by the authority, and shall be reimbursed for
7.19 reasonable expenses to the same extent as a member.

7.20 Subd. 4. **Chair.** The chair presides at all meetings of the authority, if present, and
7.21 performs all other assigned duties and functions. The authority may appoint from among
7.22 its members a vice-chair to act for the chair during the temporary absence or disability of
7.23 the chair, and any other officers the authority determines are necessary or convenient.

7.24 Subd. 5. **Removal.** A member, other than the chair, may be removed by the
7.25 appointing authority only for misfeasance, malfeasance, or nonfeasance in office, upon
7.26 written charges, and after an opportunity to be heard in defense of the charges.

7.27 Subd. 6. **Bylaws.** The authority shall adopt bylaws to establish rules of procedure,
7.28 the powers and duties of its officers, and other matters relating to the governance of the
7.29 authority and the exercise of its powers. Except as provided in this section, the bylaws
7.30 adopted under this subdivision must be similar in form and substance to bylaws adopted
7.31 by the Minnesota Ballpark Authority pursuant to section 473.755.

7.32 Subd. 7. **Audit.** The legislative auditor shall audit the books and accounts of the
7.33 authority once each year or as often as the legislative auditor's funds and personnel permit.
7.34 The authority shall pay the total cost of the audit pursuant to section 3.9741.

7.35 Subd. 8. **Executive director; employees.** The authority may appoint an executive
7.36 director to serve as the chief executive officer of the authority. The executive director

8.1 serves at the pleasure of the authority and receives compensation as determined by the
8.2 authority. The executive director may be responsible for the operation, management, and
8.3 promotion of activities of the authority, as prescribed by the authority. The executive
8.4 director has the powers necessarily incident to the performance of duties required and
8.5 powers granted by the authority, but does not have authority to incur liability or make
8.6 expenditures on behalf of the authority without general or specific directions by the
8.7 authority, as shown by the bylaws or minutes of a meeting of the authority. The executive
8.8 director is responsible for hiring, supervision, and dismissal of all other employees of
8.9 the authority.

8.10 Subd. 9. **Web site.** The authority shall establish a Web site for purposes of providing
8.11 information to the public concerning all actions taken by the authority. At a minimum, the
8.12 Web site must contain a current version of the authority's bylaws, notices of upcoming
8.13 meetings, minutes of the authority's meetings, and contact telephone, electronic mail, and
8.14 facsimile numbers for public comments.

8.15 Subd. 10. **Quorum; approvals.** Any three members shall constitute a quorum for
8.16 the conduct of business and action may be taken upon the vote of a majority of members
8.17 present at a meeting duly called and held. During the design and construction stages of the
8.18 stadium, a four-fifths vote of the authority is required for authority decisions related to
8.19 zoning, land use, exterior design of the stadium, related parking, the plaza area, and the
8.20 selection of the authority's lead representative during design and construction.

8.21 **Sec. 8. [473J.075] SPORTS FACILITIES OF THE AUTHORITY.**

8.22 Subdivision 1. **General.** This section describes the sports facilities that the
8.23 Minnesota Sports Facilities Authority shall control, operate, and have responsibility over
8.24 pursuant to this chapter and as directed by law.

8.25 Subd. 2. **Sports facilities.** (a) The following sports facilities are part of the
8.26 Minnesota Sports Facilities Authority:

8.27 (1) the professional football stadium constructed under this chapter; and

8.28 (2) any other sports facility constructed or acquired by the authority.

8.29 (b) The Target Center in Minneapolis, Xcel Energy Center in St. Paul, and Target
8.30 Field in Minneapolis may join the facilities of the authority upon satisfaction of the
8.31 following factors and upon the approval of the authority:

8.32 (1) the governing body of the facility must make the request to the authority to
8.33 become a sports facility under this section;

8.34 (2) the governing body and the authority must negotiate an agreement with respect to
8.35 the transfer of all obligations and responsibilities, including, but not limited to, outstanding

9.1 debt, revenue sources, finance funding, operations, equipment, repair and replacements,
9.2 capital improvements, reserves, contracts, and agreements;

9.3 (3) the governing body and the professional sports team who is the primary user of
9.4 the facility must make a joint recommendation to the authority;

9.5 (4) the authority must find that the inclusion of a facility under the authority will not
9.6 have a negative impact on the authority, the general fund, or become an obligation of the
9.7 state of Minnesota; and

9.8 (5) any other information or requirements requested by the authority.

9.9 Sec. 9. **[473J.08] LOCATION.**

9.10 The stadium to be constructed under this chapter shall be located at the stadium
9.11 site in the city of Minneapolis.

9.12 Sec. 10. **[473J.09] POWERS, DUTIES OF THE AUTHORITY.**

9.13 Subdivision 1. **Actions.** The authority may sue and be sued. The authority is a public
9.14 body and the stadium and stadium infrastructure are public improvements within the
9.15 meaning of chapter 562. The authority is a municipality within the meaning of chapter 466.

9.16 Subd. 2. **Acquisition of property.** The authority may acquire from any public or
9.17 private entity by lease, purchase, gift, or devise all necessary right, title, and interest in
9.18 and to real property, air rights, and personal property deemed necessary to the purposes
9.19 contemplated by this chapter. The authority may acquire, by the exercise of condemnation
9.20 powers under chapter 117, land, other real property, air rights, personal property, and other
9.21 right, title, and interest in property, within the stadium site and stadium infrastructure.

9.22 Subd. 3. **Disposition of property.** The authority may sell, lease, or otherwise
9.23 dispose of any real or personal property acquired by the authority that is no longer required
9.24 for accomplishment of the authority's purposes. The property may be sold in accordance
9.25 with the procedures provided by section 469.065, except subdivisions 6 and 7, to the
9.26 extent the authority deems it to be practical and consistent with this chapter. Title to the
9.27 stadium must not be transferred or sold by the authority prior to the effective date of
9.28 enactment of any legislation approving such transfer or sale.

9.29 Subd. 4. **Data practices; open meetings.** Except as otherwise provided in this
9.30 chapter, the authority is subject to chapters 13 and 13D.

9.31 Subd. 5. **Facility operation.** The authority may develop, construct, equip, improve,
9.32 own, operate, manage, maintain, finance, and control the stadium, stadium infrastructure,
9.33 and related facilities constructed or acquired under this chapter, or may delegate such
9.34 duties through an agreement, subject to the rights and obligations transferred to and

10.1 assumed by the authority, the NFL team, other user, third-party manager, or program
10.2 manager, under the terms of a lease, use agreement, or development agreement.

10.3 Subd. 6. **Employees; contracts for services.** The authority may employ persons
10.4 and contract for services necessary to carry out its functions, including the utilization of
10.5 employees and consultants retained by other governmental entities. The authority shall
10.6 enter into an agreement with the city regarding traffic control for the stadium.

10.7 Subd. 7. **Gifts, grants, loans.** The authority may accept monetary contributions,
10.8 property, services, and grants or loans of money or other property from the United States,
10.9 the state, any subdivision of the state, any agency of those entities, or any person for any
10.10 of its purposes, and may enter into any agreement required in connection with the gifts,
10.11 grants, or loans. The authority shall hold, use, and dispose of the money, property, or
10.12 services according to the terms of the monetary contributions, grant, loan, or agreement.

10.13 Subd. 8. **Use agreements.** The authority may lease, license, or enter into use
10.14 agreements and may fix, alter, charge, and collect rents, fees, and charges for the use,
10.15 occupation, and availability of part or all of any premises, property, or facilities under
10.16 its ownership, operation, or control for purposes that will provide athletic, educational,
10.17 cultural, commercial, or other entertainment, instruction, or activity for the citizens of
10.18 Minnesota and visitors. The use agreements may provide that the other contracting party
10.19 has exclusive use of the premises at the times agreed upon, as well as the right to retain
10.20 some or all revenues from ticket sales, suite licenses, concessions, advertising, naming
10.21 rights, NFL team designated broadcast/media, club seats, signage, and other revenues
10.22 derived from the stadium. The lease or use agreement with an NFL team must provide for
10.23 the payment by the NFL team of an agreed-upon portion of operating and maintenance
10.24 costs and expenses and provide other terms in which the authority and NFL team agree. In
10.25 no case may a lease or use agreement permit smoking in the stadium.

10.26 Subd. 9. **Research.** The authority may conduct research studies and programs;
10.27 collect and analyze data; prepare reports, maps, charts, and tables; and conduct all
10.28 necessary hearings and investigations in connection with its functions.

10.29 Subd. 10. **Insurance.** The authority may require any employee to obtain and file
10.30 with the authority an individual bond or fidelity insurance policy. The authority may
10.31 procure insurance in the amounts the authority considers necessary against liability of the
10.32 authority or its officers and employees for personal injury or death and property damage or
10.33 destruction, consistent with chapter 466, and against risks of damage to or destruction of
10.34 any of its facilities, equipment, or other property.

10.35 Subd. 11. **Exemption from Metropolitan Council review; Business Subsidy Act.**
10.36 The acquisition and betterment of a stadium and stadium infrastructure by the authority

11.1 must be conducted pursuant to this chapter and are not subject to sections 473.165 and
11.2 473.173. Section 116J.994 does not apply to any transactions of the authority or other
11.3 governmental entity related to the stadium or stadium infrastructure or to any tenant or
11.4 other users of the stadium or stadium infrastructure.

11.5 Subd. 12. **Incidental powers.** In addition to the powers expressly granted in this
11.6 chapter, the authority has all powers necessary or incidental thereto.

11.7 Subd. 13. **Transfers to the authority.** In addition to any other payments required
11.8 under this act, for operating years 2016 to 2020, the NFL team shall annually transfer to
11.9 the authority amounts equal to the city of Minneapolis share of operating costs and capital
11.10 reserves. These amounts shall be repaid to the NFL team by the state on behalf of the city
11.11 of Minneapolis through a repayment schedule to be specified in law, and agreed to in all
11.12 subsequent agreements between the city and the NFL team.

11.13 Subd. 14. **Legislative report.** The authority must report to the legislature by
11.14 January 15 of each year on the following:

11.15 (a) any recommended increases in the rate or dollar amount of tax;

11.16 (b) any recommended increases in the debt of the authority;

11.17 (c) the overall work and role of the authority;

11.18 (d) the authority's proposed operating and capital budgets; and

11.19 (e) the authority's implementation of the operating and capital budgets.

11.20 Sec. 11. **[473J.11] STADIUM DESIGN AND CONSTRUCTION.**

11.21 Subdivision 1. **Contracts.** (a) The design, development, and construction of the
11.22 stadium shall be a collaborative process between the authority and the NFL team. The
11.23 authority and the NFL team shall establish a process to reach consensus on key elements
11.24 of the stadium program and design, development, and construction.

11.25 (b) Unless the authority and the NFL team agree otherwise:

11.26 (1) the authority shall create a stadium design and construction group, including
11.27 representatives of the authority and the NFL team, to manage the design of the stadium
11.28 and oversee construction;

11.29 (2) this group shall engage an owner's representative to act on behalf of the group.
11.30 The cost of the owner's representative shall be a stadium cost; and

11.31 (3) the authority and the NFL team shall enter into a development administration
11.32 agreement providing for rights and responsibilities of the authority and the NFL team, the
11.33 design and construction group, and the owner's representative for design and construction
11.34 of the stadium, including, but not limited to, establishment of minimum design standards.
11.35 This development administration agreement shall provide for binding arbitration in

12.1 the event that the authority and the NFL team are unable to agree on minimum design
12.2 standards or other material aspects of the design.

12.3 (c) The authority may enter into an agreement with the NFL team and any other
12.4 entity relating to the design, construction, financing, operation, maintenance, and use of
12.5 the stadium and related facilities and stadium infrastructure if in doing so, the tax-exempt
12.6 status of the bonds is not affected. The authority may contract for materials, supplies, and
12.7 equipment in accordance with section 471.345, except that the authority may employ or
12.8 contract with persons, firms, or corporations to perform one or more or all of the functions
12.9 of architect, engineer, construction manager, or program manager with respect to all or any
12.10 part of the design, construction, financing, operation, maintenance, and use of the stadium
12.11 and stadium infrastructure under the traditional separate design and build, integrated
12.12 design-build, construction manager at risk, or public/private partnership (P3) structures, or
12.13 a combination thereof if in doing so, the tax-exempt status of the bonds is not affected.

12.14 (d) The authority and the NFL team shall prepare a request for proposals for one or
12.15 more of the functions described in paragraph (c). The request must be published in the
12.16 State Register and shall include, at a minimum, such requirements that are agreed to by
12.17 the authority and the NFL team. The authority and the NFL team may prequalify offerors
12.18 by issuing a request for qualifications, in advance of the request for proposals, and select a
12.19 short list of responsible offerors prior to discussions and evaluations.

12.20 (e) As provided in the request for proposals, the authority, and the NFL team, may
12.21 conduct discussions and negotiations with responsible offerors in order to determine
12.22 which proposal is most advantageous to the authority and the NFL team and to negotiate
12.23 the terms of an agreement. In conducting discussions, there shall be no disclosure of any
12.24 information derived from proposals submitted by competing offerors and the content of all
12.25 proposals is nonpublic data under chapter 13 until such time as a notice to award a contract
12.26 is given by the authority. The agreement shall be subject to the approval of the NFL team.

12.27 (f) Prior to the time the authority enters into a construction contract with a
12.28 construction manager or program manager certifying a maximum price and a completion
12.29 date as provided in paragraph (h), at the request of the NFL team, the authority may
12.30 authorize, such authorization not to be unreasonably withheld or delayed, the NFL team
12.31 to provide for management of the construction of the stadium and related stadium
12.32 infrastructure, in which event the NFL team must assume the role and responsibilities
12.33 of the authority for completion of construction in a manner consistent with the agreed
12.34 minimum design standards and design documents, subject to the terms of this act,
12.35 including responsibility for cost overruns.

13.1 (g) The construction manager or program manager may enter into contracts with
13.2 contractors for labor, materials, supplies, and equipment for the construction of the
13.3 stadium and related stadium infrastructure through the process of public bidding, except
13.4 that the construction manager or program manager may, with the consent of the authority
13.5 or the NFL team if the NFL team has assumed responsibility for construction:

13.6 (1) narrow the listing of eligible bidders to those which the construction manager
13.7 or program manager determines to possess sufficient expertise to perform the intended
13.8 functions;

13.9 (2) award contracts to the contractors that the construction manager or program
13.10 manager determines provide the best value under a request for proposals as described in
13.11 section 16C.28, subdivision 1, paragraphs (a), clause (2), and (c), which are not required
13.12 to be the lowest responsible bidder; and

13.13 (3) for work the construction manager or program manager determines to be critical
13.14 to the completion schedule, award contracts on the basis of competitive proposals, or
13.15 perform work with its own forces without soliciting competitive bids if the construction
13.16 manager or program manager provides evidence of competitive pricing.

13.17 (h) The authority and the NFL team shall require that the construction manager or
13.18 program manager certify, before the contract is signed, a fixed and stipulated construction
13.19 price and completion date to the authority and post a performance bond in an amount
13.20 at least equal to 100 percent of the certified price or such other security satisfactory to
13.21 the authority, to cover any costs which may be incurred in excess of the certified price
13.22 including, but not limited to, costs incurred by the authority or loss of revenues resulting
13.23 from incomplete construction on the completion date. The authority may secure surety
13.24 bonds as provided in section 574.26, securing payment of just claims in connection with
13.25 all public work undertaken by the authority. Persons entitled to the protection of the
13.26 bonds may enforce them as provided in sections 574.28 to 574.32 and are not entitled to a
13.27 lien on any property of the authority under the provisions of sections 514.01 to 514.16.
13.28 The construction of the stadium is a project as that term is defined in section 177.42,
13.29 subdivision 2, and is subject to the prevailing wage law under sections 177.41 to 177.43.

13.30 Subd. 2. **Changes.** Unless otherwise agreed to by the authority and the NFL team,
13.31 if either party requests an agreed upon change in minimum design standards, and this
13.32 change is responsible for requiring the project to exceed the stated budget, the requesting
13.33 party is liable for any cost overruns or associated liabilities.

13.34 Subd. 3. **Stadium design.** The stadium and stadium infrastructure shall be designed
13.35 and constructed incorporating the following general program and design elements:

14.1 (1) unless otherwise agreed to by the authority and the NFL team, the stadium
14.2 shall comprise approximately 1,500,000 square feet with approximately 65,000 seats,
14.3 expandable to 72,000, shall meet or exceed NFL program requirements, and include
14.4 approximately 150 suites and approximately 7,500 club seats or other such components as
14.5 agreed to by the authority and the NFL team;

14.6 (2) space for NFL team-related exhibitions and sales, which shall include the
14.7 following: NFL team museum and Hall of Fame, retail merchandise and gift shop retail
14.8 venues, and themed concessions and restaurants;

14.9 (3) year-round space for the NFL team administrative operations, sales, and
14.10 marketing, including a ticket office, team meeting space, locker, and training rooms;

14.11 (4) space for administrative offices of the authority;

14.12 (5) 2,000 parking spaces within one block of the stadium, connected by skyway or
14.13 tunnel to the stadium, and 500 parking spaces within two blocks of the stadium, with a
14.14 dedicated walkway on game days;

14.15 (6) elements sufficient to provide community and civic uses as determined by the
14.16 authority; and

14.17 (7) a roof that is fixed or retractable, provided that if the roof is retractable, it is
14.18 accomplished without any increase to the funding provided by the state or the city.

14.19 Subd. 4. **Cost overruns, savings.** The authority may accept financial obligations
14.20 relating to cost overruns associated with acquisition of the stadium site, stadium
14.21 infrastructure, and stadium design, development, and construction, provided that the
14.22 authority shall not accept responsibility for cost overruns and shall not be responsible for
14.23 cost overruns if the authority has authorized the NFL team to provide for management of
14.24 construction of the stadium under subdivision 1. Cost savings or additional funds obtained
14.25 by the authority or the NFL team for the stadium or stadium infrastructure may be used
14.26 first to fund additional stadium or stadium infrastructure, as agreed to by the authority and
14.27 the NFL team, if any, and then to fund capital reserves.

14.28 **Sec. 12. [473J.112] COMMEMORATIVE BRICKS.**

14.29 The authority shall sell commemorative bricks to be displayed at a prominent
14.30 location in the new stadium, for an amount to be determined by the authority. The
14.31 authority shall work with the commissioner to ensure that purchase of a brick is a tax
14.32 deductible donation on the part of the donating person or organization. Funds raised
14.33 through this section shall be appropriated to the commissioner of management and budget
14.34 for a grant to the Minnesota Sports Facilities Authority.

15.1 Sec. 13. [473J.12] EMPLOYMENT.

15.2 Subdivision 1. Hiring and recruitment. In the design, development, construction,
15.3 management, operation, maintenance and capital repair, replacement and improvement of
15.4 the stadium and stadium infrastructure, the authority shall make every effort to employ,
15.5 and cause the NFL team, the construction manager and other subcontractors, vendors, and
15.6 concessionaires to employ women and members of minority communities when hiring.
15.7 Further, goals for construction contracts to be awarded to women- and minority-owned
15.8 businesses will be in a percentage at least equal to the minimum used for city of
15.9 Minneapolis development projects, and the other construction workforce will establish
15.10 workforce utilization goals at least equal to current city goals and include workers from
15.11 city zip codes that have high rates of poverty and unemployment.

15.12 Subd. 2. Other required agreements. The NFL team or the authority shall give
15.13 food, beverage, retail, and concession workers presently employed by the NFL team or
15.14 the Metropolitan Sports Facilities Commission or its vendors at the existing football
15.15 stadium the opportunity to continue their employment in comparable positions at the new
15.16 stadium. Workers who are presently represented under a collective bargaining agreement
15.17 may seek to continue such representation in the facility and designate such, or another
15.18 collective bargaining unit, as their representative. Volunteers cannot be prohibited from
15.19 working at non-NFL events.

15.20 Sec. 14. [473J.13] STADIUM OPERATIONS; CAPITAL IMPROVEMENTS.

15.21 Subdivision 1. Stadium operation. The stadium shall be operated in a first-class
15.22 manner, similar to and consistent with other comparable NFL stadiums, such as the
15.23 stadium currently known as Lucas Oil Field. The authority and the team will mutually
15.24 agree on a third-party management company or individual to manage the stadium and on
15.25 certain major vendors to the stadium. The authority, with the approval of the NFL team,
15.26 may enter into an agreement with a program manager for management of the stadium, for
15.27 a maximum of 40 years.

15.28 Subd. 2. Operating expenses. (a) The authority must pay or cause to be paid
15.29 all operating expenses of the stadium. The authority must require in the lease or use
15.30 agreement with the NFL team that the NFL team pay the authority, beginning January 1,
15.31 2016, or other date as mutually agreed upon by the parties, toward operating costs of the
15.32 stadium, \$8,500,000 each year, increased by a three percent annual inflation rate.

15.33 (b) Beginning January 1, 2016, or other date as mutually agreed upon by the
15.34 parties, and continuing through 2020, the NFL team shall pay the authority operating
15.35 expenses, \$6,000,000 each year, increased by an annual adjustment factor. The payment

16.1 of \$6,000,000 per year beginning in 2016 is a payment by the team, which shall be repaid
16.2 to the team by the state, using funds as provided under section 297A.994, subdivision 4,
16.3 paragraph (a), clause (4). After 2020, the state shall assume this payment, using funds
16.4 generated in accordance with the city of Minneapolis as specified under section 297A.994.

16.5 (c) The authority may establish an operating reserve to cover operating expense
16.6 shortfalls and may accept funds from any source for deposit in the operating reserve. The
16.7 establishment or funding of an authority operating reserve must not decrease the amounts
16.8 required to be paid to the authority toward operating costs under this subdivision unless
16.9 agreed to by the authority.

16.10 (d) The authority will be responsible for operating cost overruns.

16.11 (e) After the joint selection of the third-party manager or program manager, the
16.12 authority may agree with a program manager or other third-party manager of the stadium
16.13 on a fixed cost operating, management, or employment agreement with operating
16.14 cost protections under which the program manager or third-party manager assumes
16.15 responsibility for stadium operating costs and shortfalls. The agreement with the manager
16.16 must require the manager to prepare an initial and ongoing operating plan and operating
16.17 budgets for approval by the authority in consultation with the NFL team. The manager
16.18 must agree to operate the stadium in accordance with the approved operating plan and
16.19 operating budget.

16.20 Subd. 3. **Public access.** The authority will work to maximize access for public and
16.21 amateur sports, community, and civic events, and other public events in type and on terms
16.22 consistent with those currently held at the existing football stadium, as defined in section
16.23 473.551, subdivision 9. The authority may provide that these events have exclusive use
16.24 of the premises at agreed-upon times subject to the scheduling rights of the NFL team
16.25 under the lease or use agreement.

16.26 Subd. 4. **Capital improvements.** (a) The authority shall establish a capital
16.27 reserve fund. The authority shall be responsible for making, or for causing others to
16.28 make, all capital repairs, replacements, and improvements for the stadium and stadium
16.29 infrastructure. The authority shall maintain, or cause others to maintain, the stadium and
16.30 stadium infrastructure in a safe, clean, attractive, and first-class manner so as to cause
16.31 them to remain in a condition comparable to that of other comparable NFL facilities of
16.32 similar design and age. The authority shall make, or cause others to make, all necessary
16.33 or appropriate repairs, renewals, and replacements, whether structural or nonstructural,
16.34 interior or exterior, ordinary or extraordinary, foreseen or unforeseen, in a prompt and
16.35 timely manner. In addition, the authority, with approval of the NFL team, may enter into
16.36 an agreement with a program manager to perform some or all of the responsibilities of the

17.1 authority in this subdivision and to assume and accept financial liability for the cost of
17.2 performing the responsibilities.

17.3 (b) The NFL team must contribute \$1,500,000 each year, beginning in 2016 or as
17.4 otherwise determined for the term of the lease or use agreement to the operating reserve
17.5 fund, increased by a three percent annual inflation rate.

17.6 (c) The state shall contribute \$1,500,000 each year, beginning in 2016 or as
17.7 otherwise determined for the term of the lease to the operating reserve fund. The
17.8 contributions of the state are subject to increase by an annual adjustment factor. The
17.9 contribution under this paragraph shall be assumed by the team from 2016 through 2020,
17.10 and repaid to the team by the state using funds in accordance with section 297A.994,
17.11 subdivision 4, paragraph (a), clause (4).

17.12 (d) The authority, with input from the NFL team, shall develop short-term and
17.13 long-term capital funding plans and shall use those plans to guide the future capital needs
17.14 of the stadium and stadium infrastructure. The authority shall make the final determination
17.15 with respect to funding capital needs. Any capital improvement proposed by the NFL
17.16 team intended primarily to provide revenue enhancements to the NFL team shall be paid
17.17 for by the NFL team, unless otherwise agreed to with the authority.

17.18 Subd. 5. **Game-day payments.** In addition to operating expense contributions
17.19 of the NFL team under subdivision 2, the NFL team shall pay all NFL game day, NFL
17.20 team-owned major league soccer, as provided in section 473J.15, subdivision 15, and
17.21 other NFL team-sponsored event expenses within the stadium and stadium plaza areas.

17.22 Subd. 6. **Cooperation with financing.** The authority will cooperate with the
17.23 NFL team to facilitate the financing of the NFL team's contribution. Such agreement to
17.24 cooperate shall not require the authority to incur any additional costs or provide conduit
17.25 financing. The lease, license, and other transaction documents shall include provisions
17.26 customarily required by lenders in stadium financings.

17.27 Sec. 15. **[473J.15] CRITERIA AND CONDITIONS.**

17.28 Subdivision 1. **Binding and enforceable.** In developing the stadium and entering
17.29 into related contracts, the authority must follow and enforce the criteria and conditions in
17.30 this section, provided that a determination by the authority that those criteria or conditions
17.31 have been met under any agreement or otherwise shall be conclusive.

17.32 Subd. 2. **NFL team/private contribution; timing of expenditures.** (a) The NFL
17.33 team/private contribution, including stadium builder license proceeds, for stadium costs
17.34 must be made in cash in the amount of at least \$427,000,000.

18.1 (b) Prior to the initial deposit of funds under this section, the team must provide
18.2 security or other credit worthiness in the amount of \$50,000,000, subject to the satisfaction
18.3 of the authority. Prior to the first issuance of bonds under section 16A.965, the first portion
18.4 of the NFL team/private contribution in the amount of \$50,000,000 must be deposited as
18.5 costs are incurred to the construction fund to pay for the initial stadium costs.

18.6 (c) After the first \$50,000,000 of stadium costs have been paid from the initial
18.7 NFL team/private contribution, state funds shall be deposited as costs are incurred to the
18.8 construction fund to pay for the next \$50,000,000 of costs of the project. Prior to any state
18.9 funds being deposited in the construction fund, the NFL team must provide security or a
18.10 financing commitment reasonably satisfactory to the authority for the balance of the
18.11 required NFL team/private contribution and for payment of cost overruns if the NFL
18.12 team assumes responsibility for stadium construction under section 473J.11. Thereafter,
18.13 budgeted project costs shall be borne by the authority and the NFL team/private
18.14 contributions in amounts proportionate to their remaining funding commitments.

18.15 (d) In the event the project terminates before the initial \$100,000,000 in contributions
18.16 are expended by the parties under this subdivision, the parties shall be reimbursed in the
18.17 amounts they have deposited to the construction fund proportionate to project funding
18.18 percentages, in the amounts of 56 percent by the authority and 44 percent by the NFL
18.19 team/private contributions.

18.20 Subd. 3. **Lease or use agreements; 40-year term.** The authority must enter into
18.21 a long-term lease or use agreement with the NFL team for the NFL team's use of the
18.22 stadium. The NFL team must agree to play all preseason, regular season, and postseason
18.23 home games at the stadium. Training facilities must remain in Minnesota during the term
18.24 of the lease or use agreement. The lease or use agreement must be for a term of at least
18.25 40 years from the date of substantial completion of the stadium for professional football
18.26 games. The lease or use agreement may provide options for the NFL team to extend the
18.27 term for up to four additional periods of five years. The lease or use agreement must
18.28 include terms for default, termination, and breach of the agreement. Recognizing that
18.29 the presence of professional football provides to the state of Minnesota and its citizens
18.30 highly valued, intangible benefits that are virtually impossible to quantify and, therefore,
18.31 not recoverable in the event of the NFL team owner's breach of contract, the lease and
18.32 use agreements must provide for specific performance and injunctive relief to enforce
18.33 provisions relating to use of the stadium for professional football and must not include
18.34 escape clauses or buyout provisions. The NFL team must not enter into or accept any
18.35 agreement or requirement with or from any entity that is inconsistent with the NFL team's
18.36 binding commitment to the 40-year term of the lease or use agreement or that would in

19.1 any manner dilute, interfere with, or negate the provisions of the lease or use agreement,
19.2 providing for specific performance or injunctive relief. The legislature conclusively
19.3 determines, as a matter of public policy, that the lease or use agreement, and any grant
19.4 agreement under this chapter that includes a specific performance clause:

19.5 (1) explicitly authorizes specific performance as a remedy for breach;

19.6 (2) is made for adequate consideration and upon terms which are otherwise fair
19.7 and reasonable;

19.8 (3) has not been included through sharp practice, misrepresentation, or mistake;

19.9 (4) if specifically enforced, does not cause unreasonable or disproportionate hardship
19.10 or loss to the NFL team or to third parties; and

19.11 (5) involves performance in a manner and the rendering of services of a nature and
19.12 under circumstances that the beneficiary cannot be adequately compensated in damages.

19.13 Subd. 4. **Lease or use agreements; revenues, payments.** A lease or use agreement
19.14 shall include rent and other fees and expenses to be paid by the NFL team. The authority
19.15 shall agree to provide in the lease or use agreement for the NFL team to receive all NFL
19.16 and team event related revenues, including, but not limited to, suite revenues, advertising,
19.17 concessions, signage, broadcast and media, and club seat revenue. The agreement shall
19.18 also provide that all naming rights to the stadium are retained by the NFL team, subject to
19.19 the approval of the name or names by the authority consistent with those criteria set out
19.20 in the lease or use agreement. The agreement shall provide for the authority to receive
19.21 all general ticket revenues and other event revenues other than from NFL team games,
19.22 NFL team-owned major league soccer games, and other NFL team events agreed to by
19.23 the authority.

19.24 Subd. 5. **Notice of breach or default.** Until 40 years from the date of stadium
19.25 completion, the NFL team must provide written notice to the authority not less than 180
19.26 days prior to any action, including any action imposed upon the NFL team by the NFL,
19.27 which would result in a breach or default of provisions of the lease or use agreements
19.28 required to be included under subdivision 3. If this notice provision is violated and the
19.29 NFL team has already breached or been in default under the required provisions, the
19.30 authority or the state of Minnesota may specifically enforce the lease or use agreement
19.31 and Minnesota courts shall fashion equitable remedies so that the NFL team fulfills the
19.32 conditions of the lease and use agreements.

19.33 Subd. 6. **Enforceable financial commitments.** The authority must determine before
19.34 stadium construction begins that all public and private funding sources for construction,
19.35 operating expenses, and capital improvements and repairs of the stadium are included in
19.36 written agreements. The committed funds must be adequate to design, construct, furnish,

20.1 and equip the stadium, and pay projected operating expenses and the costs of capital
20.2 improvements and repairs during the term of the lease or use agreement with the NFL
20.3 team. The NFL team must provide the authority access to NFL team financial or other
20.4 information, which the authority deems necessary for such determination. Any financial
20.5 information obtained by the authority under this subdivision is nonpublic data under
20.6 section 13.02, subdivision 9.

20.7 Subd. 7. **Environmental requirements.** The authority must comply with all
20.8 environmental requirements imposed by regulatory agencies for the stadium, site, and
20.9 structure, except as provided by section 473J.09, subdivision 11, or by section 473J.17.

20.10 Subd. 8. **Public share on sale of NFL team.** The lease or use agreement must
20.11 provide that, if the NFL team is sold or an interest in the NFL team is sold after the
20.12 effective date of this chapter, a portion of the sale price must be paid to the authority and
20.13 deposited in a reserve fund for improvements to the stadium or expended as the authority
20.14 may otherwise direct. The portion required to be so paid to the authority is 18 percent
20.15 of the amount in excess of the purchase price of the NFL team by the selling owner or
20.16 owners, declining to zero 15 years after commencement of stadium construction in
20.17 increments of 1.2 percent each year. The agreement must provide exceptions for sales
20.18 to members of the owners' family and entities and trusts beneficially owned by family
20.19 members, sales to employees of equity interests aggregating up to ten percent, sales related
20.20 to capital infusions not distributed to the owners, and sales amongst existing owners not
20.21 exceeding 20 percent equity interest in the NFL team.

20.22 Subd. 9. **Authority's access to NFL team financial information.** A notice
20.23 provision for a material breach shall be agreed to between the authority and the NFL team.
20.24 In the event there is a material breach by the NFL team under the lease or use agreement,
20.25 the lease or use agreement must provide the authority access to audited financial statements
20.26 of the NFL team and other financial information that the authority deems necessary to
20.27 enforce the terms of any lease or use agreements. Any financial information obtained by
20.28 the authority under this subdivision is nonpublic data under section 13.02, subdivision 9.

20.29 Subd. 10. **NFL team name retained.** The lease or use agreement must provide
20.30 that the NFL team and NFL will transfer to the state of Minnesota the Minnesota Vikings'
20.31 heritage and records, including the name, logo, colors, history, playing records, trophies,
20.32 and memorabilia in the event of relocation of the NFL team in violation of the lease
20.33 or use agreement.

20.34 Subd. 11. **Stadium design.** (a) The authority and the NFL team will build a stadium
20.35 that is environmentally and energy efficient and will make an effort to build a stadium
20.36 that is eligible to receive the Leadership in Energy and Environmental Design (LEED)

21.1 certification for environmental design, and to the extent practicable, will strive to make the
21.2 stadium design architecturally significant.

21.3 (b) The stadium design must, to the extent feasible, follow sustainable building
21.4 guidelines established under section 16B.325.

21.5 (c) The authority and the team must ensure that the stadium be constructed with
21.6 steel made in the USA.

21.7 Subd. 12. **Necessary approvals.** The authority and the NFL team must secure
21.8 any necessary approvals to the terms of the lease and use agreement and the design and
21.9 construction plans for the stadium, including prior approval of the NFL.

21.10 Subd. 13. **Affordable access.** The lease or use agreement must provide for an
21.11 agreed-upon number of affordable tickets to the professional sporting events held in the
21.12 stadium.

21.13 Subd. 14. **Stadium builder's licenses.** The authority shall own and retain the
21.14 exclusive right to sell stadium builder's licenses in the stadium. The authority will retain
21.15 the NFL team to act as the authority's agent in marketing and selling such licenses.

21.16 Subd. 15. **Major league soccer.** The authority shall, for five years after the first
21.17 NFL team home game is played in the stadium, grant the NFL team the exclusive right to
21.18 establish major league soccer at the stadium. The authority and the NFL team may enter
21.19 into an agreement providing the terms and conditions of such an arrangement, provided:

21.20 (1) if any of the NFL team owners whose family owns at least three percent of
21.21 the NFL team purchases full or partial ownership in a major league soccer franchise,
21.22 such franchise may play in the stadium under a use agreement with similar terms as are
21.23 applicable to the NFL team at no additional rent, but including a provision of payment
21.24 of game-day costs and reasonable marginal costs incurred by the authority as a result of
21.25 the major league soccer team; and

21.26 (2) capital improvements required by a major league soccer franchise must be
21.27 financed by the owners of the major league soccer team, unless otherwise agreed to by
21.28 the authority.

21.29 Subd. 16. **NFL team-related entities.** Subject to the prior approval of the authority,
21.30 which shall not be unreasonably withheld, any of the obligations by the NFL team may
21.31 be performed by the NFL team, a related entity, or a third party, and the NFL team, any
21.32 entity related to the NFL team or third party may receive any revenues to which the NFL
21.33 team is entitled hereunder; provided, however, the NFL team shall remain liable if any
21.34 obligations are assigned to a related entity or third party.

21.35 Sec. 16. **[473J.17] MUNICIPAL ACTIVITIES.**

22.1 Subdivision 1. **Property acquisition and disposition.** The city may, to the extent
22.2 legally permissible, acquire land, air rights, and other property interests within the
22.3 development area for the stadium site and stadium infrastructure and convey it to the
22.4 authority with or without consideration, prepare a site for development as a stadium, and
22.5 acquire and construct any related stadium infrastructure. To the extent property parcels or
22.6 interests acquired are more extensive than the stadium infrastructure requirements, the city
22.7 may sell or otherwise dispose of the excess.

22.8 Subd. 2. **Claims.** Except as may be mutually agreed to by the city and the authority,
22.9 the city has no interest in or claim to any assets or revenues of the authority.

22.10 Subd. 3. **Environmental; planning and zoning.** The authority is the responsible
22.11 governmental unit for an environmental impact statement for the stadium prepared under
22.12 section 116D.04, if an environmental impact statement is necessary. Notwithstanding
22.13 section 116D.04, subdivision 2b, and implementing rules: (1) the environmental
22.14 impact statement shall not be required to consider alternative stadium sites; and (2) the
22.15 environmental impact statement must be determined to be adequate before commencing
22.16 work on the foundation of the stadium, but the stadium and stadium infrastructure may
22.17 otherwise be started and all preliminary and final government decisions and actions may
22.18 be made and taken including, but not limited to, acquiring land; obtaining financing;
22.19 granting permits or other land use approvals; entering into grant, lease, or use agreements;
22.20 or preparing the site or related stadium infrastructure prior to a determination of the
22.21 adequacy of the environmental impact statement.

22.22 Subd. 4. **Local government expenditure.** The city may make expenditures or
22.23 grants for other costs incidental and necessary to further the purposes of this chapter and
22.24 may, by agreement, reimburse in whole or in part, any entity that has granted, loaned, or
22.25 advanced funds to the city to further the purposes of this chapter. The city may reimburse
22.26 the authority or a local governmental entity or make a grant to the authority or such a
22.27 governmental unit or be reimbursed by the authority or local governmental entity for site
22.28 acquisition, preparation of the site for stadium development, and stadium infrastructure.

22.29 Subd. 5. **Municipal authority.** The legislature intends that, except as expressly
22.30 limited herein, the city may acquire and develop stadium infrastructure, enter into contracts
22.31 with the authority and other governmental or nongovernmental entities, appropriate funds,
22.32 and make employees, consultants, and other revenues available for those purposes.

22.33 Subd. 6. **Stadium Implementation Committee; city review.** In order to accomplish
22.34 the objectives of this act within the required time frame, it is necessary to establish an
22.35 alternative process for municipal land use and development review. It is hereby found
22.36 and declared that the construction of a stadium within the development area is consistent

23.1 with the adopted area plan, is the preferred stadium location, and is a permitted land use.
23.2 This subdivision establishes a procedure for all land use and development reviews and
23.3 approvals by the city of Minneapolis for the stadium and related stadium infrastructure
23.4 and supersedes all land use and development rules and restrictions and procedures
23.5 imposed by other law, charter, or ordinance, including without limitation section 15.99.
23.6 No later than 30 days after timely compliance of the city as provided in article 4, section 5,
23.7 of this act, the city of Minneapolis shall establish a stadium implementation committee
23.8 to make recommendations on the design plans submitted for the stadium, and stadium
23.9 infrastructure, and related improvements. The implementation committee must take
23.10 action to issue its recommendations within the time frames established in the planning
23.11 and construction timetable issued by the authority which shall provide for no less than 60
23.12 days for the committee's review. The recommendations of the implementation committee
23.13 shall be forwarded to the city of Minneapolis Planning Commission for an advisory
23.14 recommendation and then to the city council for final action in a single resolution, which
23.15 final action must be taken within 45 days of the submission of the recommendations to the
23.16 planning commission. The city council shall not impose any unreasonable conditions on
23.17 the recommendations of the implementation committee, nor take any action or impose
23.18 any conditions that will result in delay from the time frames established in the planning
23.19 and construction timetable or in additional overall costs. Failure of the city council to act
23.20 within the 45-day period shall be deemed to be approval. The authority may seek de novo
23.21 review in the district court of any city council action. The district court or any appellate
23.22 court shall expedite review to the maximum extent possible and timely issue relief, orders,
23.23 or opinions as necessary to give effect to the provisions and objectives in this act.

23.24 **Sec. 17. [473J.23] LOCAL TAXES.**

23.25 No new or additional local sales or use tax shall be imposed on sales at the
23.26 stadium site unless the tax is applicable throughout the taxing jurisdiction. No new or
23.27 additional local tax shall be imposed on sales of tickets and admissions to NFL team,
23.28 NFL team-owned major league soccer, or other team related events at the stadium,
23.29 notwithstanding any law or ordinance, unless the tax is applicable throughout the taxing
23.30 jurisdiction. The admissions and amusements tax currently imposed by the city of
23.31 Minneapolis pursuant to Laws 1969, chapter 1092, may apply to admissions for football
23.32 and NFL team related events, including NFL team-owned major league soccer, as
23.33 provided in section 473J.15, subdivision 15, at the stadium.

24.1 Sec. 18. [473J.25] METROPOLITAN SPORTS FACILITIES COMMISSION
24.2 ASSETS; LIABILITIES TO AUTHORITY.

24.3 Subdivision 1. Authority expenses. The Metropolitan Sports Facilities Commission
24.4 shall pay the operating expenses of the authority including salaries, compensation, and
24.5 other personnel, office, equipment, consultant and any other costs, until the commission is
24.6 abolished pursuant to subdivision 3.

24.7 Subd. 2. Transfer. Within 90 days of the enactment of this chapter, the Metropolitan
24.8 Sports Facilities Commission shall pay its outstanding obligations, settle its accounts, and
24.9 transfer its remaining assets, liabilities, and obligations to the authority, for its purposes.

24.10 Subd. 3. Metropolitan Sports Facilities Commission abolished; interim powers
24.11 conferred on authority. Upon transfer to the authority of all remaining assets, liabilities,
24.12 and obligations of the Metropolitan Sports Facilities Commission, in subdivision 2, the
24.13 Metropolitan Sports Facilities Commission is abolished. When the remaining assets,
24.14 liabilities, and obligations of the Metropolitan Sports Facilities Commission have been
24.15 transferred to the authority and the commission has been abolished, the powers and duties
24.16 of the commission under sections 473.551 to 473.599, and any other law shall devolve
24.17 upon the authority, in addition to the powers and duties of the authority under this chapter,
24.18 until the first NFL home game is played at the stadium.

24.19 Subd. 4. Employees. Upon transfer of ownership all persons employed by the
24.20 Metropolitan Sports Facilities Commission shall be transferred to the Minnesota Sports
24.21 Facilities Authority without loss of right or privilege. Nothing in this section shall be
24.22 construed to give any such person the right or privilege to continue in the same level or
24.23 classification of employment previously held. The Minnesota Sports Facilities Authority
24.24 may assign any such person to an employment level and classification which it deems
24.25 appropriate and desirable in accordance with its personnel code.

24.26 Sec. 19. EFFECTIVE DATE.

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

24.29 **ARTICLE 2**

24.30 **STATE STADIUM FUNDING**

24.31 Section 1. [16A.965] STADIUM APPROPRIATION BONDS.

24.32 Subdivision 1. Definitions. (a) The definitions in this subdivision and in chapter
24.33 473J apply to this section.

25.1 (b) "Appropriation bond" means a bond, note, or other similar instrument of the state
25.2 payable during a biennium from one or more of the following sources:

25.3 (1) money appropriated by law from the general fund, including, without limitation,
25.4 revenues deposited in the general fund as provided in articles 4 and 5, in any biennium for
25.5 debt service due with respect to obligations described in subdivision 2, paragraph (b);

25.6 (2) proceeds of the sale of obligations described in subdivision 2, paragraph (b);

25.7 (3) payments received for that purpose under agreements and ancillary arrangements
25.8 described in subdivision 2, paragraph (d); and

25.9 (4) investment earnings on amounts in clauses (1) to (3).

25.10 (c) "Debt service" means the amount payable in any biennium of principal, premium,
25.11 if any, and interest on appropriation bonds.

25.12 Subd. 2. **Authorization to issue appropriation bonds.** (a) Subject to the
25.13 limitations of this subdivision, the commissioner may sell and issue appropriation bonds
25.14 of the state under this section for public purposes as provided by law, including, in
25.15 particular, the financing of all or a portion of the acquisition, construction, improving,
25.16 and equipping of the stadium project of the Minnesota Sports Facilities Authority as
25.17 provided by chapter 473J. Proceeds of the appropriation bonds must be credited to a
25.18 special appropriation stadium bond proceeds fund in the state treasury. Net income from
25.19 investment of the proceeds, as estimated by the commissioner, must be credited to the
25.20 special appropriation stadium bond proceeds fund.

25.21 (b) Appropriation bonds may be sold and issued in amounts that, in the opinion of
25.22 the commissioner, are necessary to provide sufficient funds, not to exceed \$548,000,000
25.23 net of costs of issuance, deposits for debt service reserve funds, and costs of credit
25.24 enhancement for achieving the purposes authorized as provided under paragraph (a), and
25.25 pay debt service, pay costs of issuance, make deposits to reserve funds, pay the costs
25.26 of credit enhancement, or make payments under other agreements entered into under
25.27 paragraph (d); provided, however, that appropriation bonds issued and unpaid shall not
25.28 exceed \$650,000,000 in principal amount, excluding refunding bonds sold and issued
25.29 under subdivision 4.

25.30 (c) Appropriation bonds may be issued from time to time in one or more series on
25.31 the terms and conditions the commissioner determines to be in the best interests of the
25.32 state, but the term on any series of appropriation bonds may not exceed 30 years. The
25.33 appropriation bonds of each issue and series thereof shall be dated and bear interest,
25.34 and may be includable in or excludable from the gross income of the owners for federal
25.35 income tax purposes.

26.1 (d) At the time of, or in anticipation of, issuing the appropriation bonds, and at any
26.2 time thereafter, so long as the appropriation bonds are outstanding, the commissioner may
26.3 enter into agreements and ancillary arrangements relating to the appropriation bonds,
26.4 including, but not limited to, trust indentures, grant agreements, lease or use agreements,
26.5 operating agreements, management agreements, liquidity facilities, remarketing or
26.6 dealer agreements, letter of credit agreements, insurance policies, guaranty agreements,
26.7 reimbursement agreements, indexing agreements, or interest exchange agreements. Any
26.8 payments made or received according to the agreement or ancillary arrangement shall be
26.9 made from or deposited as provided in the agreement or ancillary arrangement. The
26.10 determination of the commissioner included in an interest exchange agreement that the
26.11 agreement relates to an appropriation bond shall be conclusive.

26.12 (e) The commissioner may enter into written agreements or contracts relating to the
26.13 continuing disclosure of information necessary to comply with, or facilitate the issuance
26.14 of appropriation bonds in accordance with federal securities laws, rules, and regulations,
26.15 including Securities and Exchange Commission rules and regulations in Code of Federal
26.16 Regulations, title 17, section 240.15c 2-12. An agreement may be in the form of covenants
26.17 with purchasers and holders of appropriation bonds set forth in the order or resolution
26.18 authorizing the issuance of the appropriation bonds, or a separate document authorized
26.19 by the order or resolution.

26.20 (f) The appropriation bonds are not subject to chapter 16C.

26.21 Subd. 3. **Form; procedure.** (a) Appropriation bonds may be issued in the form
26.22 of bonds, notes, or other similar instruments, and in the manner provided in section
26.23 16A.672. In the event that any provision of section 16A.672 conflicts with this section,
26.24 this section shall control.

26.25 (b) Every appropriation bond shall include a conspicuous statement of the limitation
26.26 established in subdivision 6.

26.27 (c) Appropriation bonds may be sold at either public or private sale upon such terms
26.28 as the commissioner shall determine are not inconsistent with this section and may be sold
26.29 at any price or percentage of par value. Any bid received may be rejected.

26.30 (d) Appropriation bonds must bear interest at a fixed or variable rate.

26.31 (e) Notwithstanding any other law, appropriation bonds issued under this section
26.32 shall be fully negotiable.

26.33 Subd. 4. **Refunding bonds.** The commissioner from time to time may issue
26.34 appropriation bonds for the purpose of refunding any appropriation bonds then
26.35 outstanding, including the payment of any redemption premiums on the bonds, any
26.36 interest accrued or to accrue to the redemption date, and costs related to the issuance and

27.1 sale of the refunding bonds. The proceeds of any refunding bonds may, in the discretion of
27.2 the commissioner, be applied to the purchase or payment at maturity of the appropriation
27.3 bonds to be refunded, to the redemption of the outstanding appropriation bonds on any
27.4 redemption date, or to pay interest on the refunding bonds and may, pending application,
27.5 be placed in escrow to be applied to the purchase, payment, retirement, or redemption. Any
27.6 escrowed proceeds, pending such use, may be invested and reinvested in obligations that
27.7 are authorized investments under section 11A.24. The income earned or realized on the
27.8 investment may also be applied to the payment of the appropriation bonds to be refunded
27.9 or interest or premiums on the refunded appropriation bonds, or to pay interest on the
27.10 refunding bonds. After the terms of the escrow have been fully satisfied, any balance of the
27.11 proceeds and any investment income may be returned to the general fund or, if applicable,
27.12 the special appropriation stadium bond proceeds fund for use in any lawful manner. All
27.13 refunding bonds issued under this subdivision must be prepared, executed, delivered, and
27.14 secured by appropriations in the same manner as the appropriation bonds to be refunded.

27.15 Subd. 5. **Appropriation bonds as legal investments.** Any of the following entities
27.16 may legally invest any sinking funds, money, or other funds belonging to them or under
27.17 their control in any appropriation bonds issued under this section:

27.18 (1) the state, the investment board, public officers, municipal corporations, political
27.19 subdivisions, and public bodies;

27.20 (2) banks and bankers, savings and loan associations, credit unions, trust companies,
27.21 savings banks and institutions, investment companies, insurance companies, insurance
27.22 associations, and other persons carrying on a banking or insurance business; and

27.23 (3) personal representatives, guardians, trustees, and other fiduciaries.

27.24 Subd. 6. **No full faith and credit; state not required to make appropriations.**

27.25 The appropriation bonds are not public debt of the state, and the full faith, credit, and
27.26 taxing powers of the state are not pledged to the payment of the appropriation bonds or to
27.27 any payment that the state agrees to make under this section. Appropriation bonds shall
27.28 not be obligations paid directly, in whole or in part, from a tax of statewide application
27.29 on any class of property, income, transaction, or privilege. Appropriation bonds shall be
27.30 payable in each fiscal year only from amounts that the legislature may appropriate for debt
27.31 service for any fiscal year, provided that nothing in this section shall be construed to
27.32 require the state to appropriate funds sufficient to make debt service payments with respect
27.33 to the appropriation bonds in any fiscal year. Appropriation bonds shall be canceled and
27.34 shall no longer be outstanding on the earlier of (1) the first day of a fiscal year for which
27.35 the legislature shall not have appropriated amounts sufficient for debt service, or (2) the
27.36 date of final payment of the principal of and interest on the appropriation bonds.

28.1 Subd. 7. **Appropriation of proceeds.** The proceeds of appropriation bonds and
28.2 interest credited to the special appropriation stadium bond proceeds fund are appropriated
28.3 to the commissioner for payment of capital expenses, debt service on outstanding
28.4 indebtedness of the state, operating and capital reserves of the authority, and the funding
28.5 of debt service reserves for the appropriation bonds, each as permitted by state and federal
28.6 law, and nonsalary expenses incurred in conjunction with the sale of the appropriation
28.7 bonds, and such proceeds may be granted, loaned, or otherwise provided to the authority
28.8 for the public purpose provided by subdivision 2, paragraph (a).

28.9 Subd. 8. **Commissioner; determination of available revenues.** (a) By March 15
28.10 of each fiscal year, the commissioner, in consultation with the commissioner of revenue,
28.11 shall determine the estimated increase in revenues received from taxes imposed under
28.12 chapter 297E over the estimated revenues under the February 2012 revenue forecast for
28.13 that fiscal year. For fiscal years after fiscal year 2015, the commissioner shall use the
28.14 February 2012 revenue forecast for fiscal year 2015 as the baseline. All calculations under
28.15 this paragraph must be made net of estimated refunds of the taxes required to be paid.

28.16 (b) Available revenues for purposes of subdivision 9, equal the amount determined
28.17 under paragraph (a), less the following amounts for the fiscal year:

28.18 (1) the appropriation to principal and interest on appropriation bonds under
28.19 subdivision 9, paragraph (a);

28.20 (2) the appropriations under article 5, section 44, paragraph (a), for administration
28.21 and any successor appropriation;

28.22 (3) reimbursements authorized by section 473J.15, subdivision 2; and

28.23 (4) payment of compulsive gambling appropriations under article 5, section 44,
28.24 paragraph (b), and any successor appropriation.

28.25 (c) The provisions of this subdivision apply only after the issuance of appropriation
28.26 bonds under subdivision 2.

28.27 Subd. 9. **Appropriation for debt service and other purposes.** (a) The amount
28.28 needed to pay principal and interest on appropriation bonds issued under this section is
28.29 appropriated each year from the general fund to the commissioner, subject to repeal,
28.30 unallotment under section 16A.152, or cancellation otherwise pursuant to subdivision 6,
28.31 for deposit into the bond payment accounts established for such purpose in the special
28.32 appropriation stadium bond proceeds fund.

28.33 (b) To the extent the commissioner determines revenues are available under the
28.34 provisions of subdivision 8, paragraph (b), for the fiscal year, the following amounts
28.35 are appropriated from the general fund:

29.1 (1) to replenish the amount on deposit in any debt service reserve account established
29.2 with respect to the appropriation bonds to the debt service reserve requirement amount as
29.3 determined by order of the commissioner;

29.4 (2) to the extent not required under clause (1), for deposit to any general reserve
29.5 account established by order of the commissioner for application against any shortfall in
29.6 the amounts deposited to the general fund pursuant to section 297A.994;

29.7 (3) to the extent not required under clauses (1) and (2), to be applied to early payoff
29.8 of bonds issued under this section; and

29.9 (4) to the extent not required under clauses (1), (2), and (3), to be applied to early
29.10 payoff of state general obligation bonds.

29.11 Subd. 10. **Waiver of immunity.** The waiver of immunity by the state provided for
29.12 by section 3.751, subdivision 1, shall be applicable to the appropriation bonds and any
29.13 ancillary contracts to which the commissioner is a party.

29.14 Sec. 2. **SUITES SURCHARGE.**

29.15 A ten percent surcharge is imposed on the sale or rental of suites for NFL team
29.16 games and events at the stadium. The commissioner of revenue shall determine annually
29.17 the amount of the proceeds resulting from the surcharge each year and shall annually
29.18 remit that amount to pay for bond debt service, notwithstanding the requirements of
29.19 Minnesota Statutes, section 16A.965. The commissioner may charge a reasonable amount
29.20 necessary for the calculation, collection, and remittance of the surcharge proceeds. The
29.21 authority to impose the surcharge expires the day after all stadium bonds, including fees
29.22 and interest, have been paid.

29.23 Sec. 3. **APPROPRIATION.**

29.24 (a) \$6,000,000 plus an amount calculated in paragraph (c) is annually appropriated
29.25 from the general fund for fiscal years 2016 to 2021 to the commissioner of management
29.26 and budget for a grant to the Minnesota Sports Facilities Authority for the operating costs
29.27 of the stadium under Minnesota Statutes, chapter 473J.

29.28 (b) \$1,500,000 plus an amount calculated in paragraph (c) is annually appropriated
29.29 from the general fund for fiscal years 2016 to 2021 to the commissioner of management
29.30 and budget for a grant to the Minnesota Sports Facilities Authority for capital costs of the
29.31 stadium under Minnesota Statutes, chapter 473J.

29.32 (c) The appropriations in paragraphs (a) and (b) are subject to an annual adjustment
29.33 specified in Minnesota Statutes, section 473J.03, subdivision 2.

30.1 (d) If state appropriation bonds have not been issued under Minnesota Statutes,
30.2 section 16A.965, amounts not to exceed the increased revenues estimated by the
30.3 commissioner of management and budget under Minnesota Statutes, section 16A.965,
30.4 subdivision 8, paragraph (a), are appropriated to the commissioner of management and
30.5 budget to make grants to the Minnesota Sports Facilities Authority for stadium costs as
30.6 defined under Minnesota Statutes, section 473J.03, subdivision 8.

30.7 (e) The amount deposited in the general fund by the commissioner of revenue under
30.8 Minnesota Statutes, section 297A.994, subdivision 3, clause (3), is annually appropriated
30.9 from the general fund for calendar years 2021 to 2056 to the commissioner of management
30.10 and budget for a grant to the Minnesota Sports Facilities Authority.

30.11 (f) \$1,300,000 is annually appropriated from the general fund for fiscal years 2014
30.12 to 2034 to the commissioner of management and budget for a grant to the city of St. Paul
30.13 for the operating or capital costs of existing or new sports facilities.

ARTICLE 3

CONFORMING CHANGES

30.16 Section 1. Minnesota Statutes 2010, section 3.971, subdivision 6, is amended to read:

30.17 Subd. 6. **Financial audits.** The legislative auditor shall audit the financial
30.18 statements of the state of Minnesota required by section 16A.50 and, as resources permit,
30.19 shall audit Minnesota State Colleges and Universities, the University of Minnesota, state
30.20 agencies, departments, boards, commissions, courts, and other state organizations subject
30.21 to audit by the legislative auditor, including the State Agricultural Society, Agricultural
30.22 Utilization Research Institute, Enterprise Minnesota, Inc., Minnesota Historical
30.23 Society, Labor Interpretive Center, Minnesota Partnership for Action Against Tobacco,
30.24 ~~Metropolitan Sports Facilities Commission~~, Metropolitan Airports Commission, and
30.25 Metropolitan Mosquito Control District. Financial audits must be conducted according to
30.26 generally accepted government auditing standards. The legislative auditor shall see that
30.27 all provisions of law respecting the appropriate and economic use of public funds are
30.28 complied with and may, as part of a financial audit or separately, investigate allegations
30.29 of noncompliance.

30.30 Sec. 2. Minnesota Statutes 2010, section 13.55, subdivision 1, is amended to read:

30.31 Subdivision 1. **Not public classification.** The following data received, created, or
30.32 maintained by or for publicly owned and operated convention facilities, or civic center
30.33 authorities, ~~or the Metropolitan Sports Facilities Commission~~ are classified as nonpublic

31.1 data pursuant to section 13.02, subdivision 9; or private data on individuals pursuant
31.2 to section 13.02, subdivision 12:

- 31.3 (a) a letter or other documentation from any person who makes inquiry to or who is
- 31.4 contacted by the facility regarding the availability of the facility for staging events;
- 31.5 (b) identity of firms and corporations which contact the facility;
- 31.6 (c) type of event which they wish to stage in the facility;
- 31.7 (d) suggested terms of rentals; and
- 31.8 (e) responses of authority staff to these inquiries.

31.9 Sec. 3. Minnesota Statutes 2010, section 352.01, subdivision 2a, is amended to read:

31.10 Subd. 2a. **Included employees.** (a) "State employee" includes:

- 31.11 (1) employees of the Minnesota Historical Society;
- 31.12 (2) employees of the State Horticultural Society;
- 31.13 (3) employees of the Minnesota Crop Improvement Association;
- 31.14 (4) employees of the adjutant general whose salaries are paid from federal funds and
31.15 who are not covered by any federal civilian employees retirement system;
- 31.16 (5) employees of the Minnesota State Colleges and Universities who are employed
31.17 under the university or college activities program;
- 31.18 (6) currently contributing employees covered by the system who are temporarily
31.19 employed by the legislature during a legislative session or any currently contributing
31.20 employee employed for any special service as defined in subdivision 2b, clause (8);
- 31.21 (7) employees of the legislature who are appointed without a limit on the duration
31.22 of their employment and persons employed or designated by the legislature or by a
31.23 legislative committee or commission or other competent authority to conduct a special
31.24 inquiry, investigation, examination, or installation;
- 31.25 (8) trainees who are employed on a full-time established training program
31.26 performing the duties of the classified position for which they will be eligible to receive
31.27 immediate appointment at the completion of the training period;
- 31.28 (9) employees of the Minnesota Safety Council;
- 31.29 (10) any employees who are on authorized leave of absence from the Transit
31.30 Operating Division of the former Metropolitan Transit Commission and who are employed
31.31 by the labor organization which is the exclusive bargaining agent representing employees
31.32 of the Transit Operating Division;
- 31.33 (11) employees of the Metropolitan Council, Metropolitan Parks and Open Space
31.34 Commission, ~~Metropolitan Sports Facilities Commission,~~ or Metropolitan Mosquito

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32.1 Control Commission unless excluded under subdivision 2b or are covered by another
32.2 public pension fund or plan under section 473.415, subdivision 3;

32.3 (12) judges of the Tax Court;

32.4 (13) personnel who were employed on June 30, 1992, by the University of
32.5 Minnesota in the management, operation, or maintenance of its heating plant facilities,
32.6 whose employment transfers to an employer assuming operation of the heating plant
32.7 facilities, so long as the person is employed at the University of Minnesota heating plant
32.8 by that employer or by its successor organization;

32.9 (14) personnel who are employed as seasonal employees in the classified or
32.10 unclassified service;

32.11 (15) persons who are employed by the Department of Commerce as a peace officer
32.12 in the Insurance Fraud Prevention Division under section 45.0135 who have attained the
32.13 mandatory retirement age specified in section 43A.34, subdivision 4;

32.14 (16) employees of the University of Minnesota unless excluded under subdivision
32.15 2b, clause (3);

32.16 (17) employees of the Middle Management Association whose employment began
32.17 after July 1, 2007, and to whom section 352.029 does not apply; and

32.18 (18) employees of the Minnesota Government Engineers Council to whom section
32.19 352.029 does not apply.

32.20 (b) Employees specified in paragraph (a), clause (13), are included employees under
32.21 paragraph (a) if employer and employee contributions are made in a timely manner in the
32.22 amounts required by section 352.04. Employee contributions must be deducted from
32.23 salary. Employer contributions are the sole obligation of the employer assuming operation
32.24 of the University of Minnesota heating plant facilities or any successor organizations to
32.25 that employer.

32.26 Sec. 4. Minnesota Statutes 2010, section 473.121, subdivision 5a, is amended to read:

32.27 Subd. 5a. **Metropolitan agency.** "Metropolitan agency" means the Metropolitan
32.28 Parks and Open Space Commission; and the Metropolitan Airports Commission; ~~and~~
32.29 ~~Metropolitan Sports Facilities Commission.~~

32.30 Sec. 5. Minnesota Statutes 2010, section 473.164, is amended to read:

32.31 **473.164 SPORTS, AIRPORT COMMISSIONS TO PAY COUNCIL COSTS.**

32.32 Subdivision 1. **Annually reimburse.** ~~The Metropolitan Sports Facilities~~
32.33 ~~Commission and the~~ Metropolitan Airports Commission shall annually reimburse the
32.34 council for costs incurred by the council in the discharge of its responsibilities relating to

33.1 the commission. The costs may be charged against any revenue sources of the commission
33.2 as determined by the commission.

33.3 Subd. 2. **Estimates, budget, transfer.** On or before May 1 of each year, the council
33.4 shall transmit to ~~each~~ the commission an estimate of the costs which the council will
33.5 incur in the discharge of its responsibilities related to the commission in the next budget
33.6 year including, without limitation, costs in connection with the preparation, review,
33.7 implementation and defense of plans, programs and budgets of the commission. ~~Each~~ The
33.8 commission shall include the estimates in its budget for the next budget year and may
33.9 transmit its comments concerning the estimated amount to the council during the budget
33.10 review process. Prior to December 15 of each year, the amount budgeted by ~~each~~ the
33.11 commission for the next budget year may be changed following approval by the council.
33.12 During each budget year, the commission shall transfer budgeted funds to the council in
33.13 advance when requested by the council.

33.14 Subd. 3. **Final statement.** At the conclusion of each budget year, the council, in
33.15 cooperation with ~~each~~ the commission, shall adopt a final statement of costs incurred by the
33.16 council for ~~each~~ the commission. Where costs incurred in the budget year have exceeded
33.17 the amount budgeted, ~~each~~ the commission shall transfer to the council the additional
33.18 moneys needed to pay the amount of the costs in excess of the amount budgeted, and shall
33.19 include a sum in its next budget. Any excess of budgeted costs over actual costs may be
33.20 retained by the council and applied to the payment of budgeted costs in the next year.

33.21 Sec. 6. Minnesota Statutes 2010, section 473.565, subdivision 1, is amended to read:

33.22 Subdivision 1. **In MSRS; exceptions.** All employees of the former commission
33.23 shall be members of the Minnesota State Retirement System with respect to service
33.24 rendered on or after May 17, 1977, except as provided in this section.

33.25 Sec. 7. **REPEALER.**

33.26 Minnesota Statutes 2010, sections 473.551; 473.552; 473.553, subdivisions 1, 2, 3,
33.27 4, 5, 6, 7, 8, 9, 10, 11, 12, and 13; 473.556, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12,
33.28 13, 14, 16, and 17; 473.561; 473.564, subdivisions 2 and 3; 473.572; 473.581; 473.592,
33.29 subdivision 1; 473.595; 473.598; 473.599; and 473.76, are repealed.

33.30 Sec. 8. **EFFECTIVE DATE.**

33.31 This article is effective June 30, 2016.

ARTICLE 4

MINNEAPOLIS CONVENTION CENTER

Section 1. [297A.994] CITY OF MINNEAPOLIS SALES TAX; ALLOCATION OF REVENUES.

Subdivision 1. **Scope.** Notwithstanding the provisions of section 297A.99, subdivision 11, the provisions of this section govern the remittance of the proceeds of taxes imposed by the city of Minneapolis under the special law.

Subd. 2. **Definitions.** (a) For purposes of this section, the following definitions apply.

(b) "City" means the city of Minneapolis.

(c) "Special law" means Laws 1986, chapter 396, sections 4 and 5, as amended.

(d) "Tax" means the sales taxes imposed by the city under the special law.

(e) The terms defined under section 473J.03 apply for purposes of this section.

Subd. 3. **General allocation of revenues.** The commissioner shall apply the revenues from the taxes as follows:

(1) the commissioner must deduct the costs of collecting and administering the taxes, according to the applicable law and agreements between the commissioner and the city. For revenues from the general sales tax, the commissioner must deduct a proportionate share of the cost of collection, as described in section 297A.99, subdivision 11;

(2) after deducting the costs in clause (1), the commissioner must deduct refunds of any of these taxes due to taxpayers, if any;

(3) after making the deductions provided in clause (2), notwithstanding the provisions of any agreement between the commissioner and the city providing for collection and remittance of these taxes, the commissioner must deposit to the general fund the amounts specified in subdivision 4; and

(4) after depositing to the general fund under clause (3) as specified in subdivision 4, the commissioner must remit the remainder to the city for the uses provided in the special law.

Subd. 4. **General fund allocations.** (a) The commissioner must deposit to the general fund the following amounts, as required by subdivision 3, clause (3):

(1) for state bond debt service support beginning in calendar year 2021, and for each calendar year thereafter through calendar year 2046, proportionate amounts periodically so that not later than December 31, 2046, an aggregate annual amount equal to a present value of \$150,000,000 has been deposited in the general fund. To determine aggregate present value, the commissioner must consult with the commissioner of management and

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35.1 budget regarding the present value dates, discount rate or rates, and schedules of annual
35.2 amounts. The present value date or dates must be based on the date or dates bonds are
35.3 sold under section 16A.965, or the date or dates other state funds, if any, are deposited
35.4 into the construction fund. The discount rate or rates must be based on the true interest
35.5 cost of the bonds issued under section 16A.965, or an equivalent 30-year bond index, as
35.6 determined by the commissioner of management and budget. The schedule of annual
35.7 amounts must be certified to the commissioner by the commissioner of management and
35.8 budget and the finance officer of the city;

35.9 (2) for the capital improvement reserve appropriation to the sports facilities authority
35.10 beginning in calendar year 2021, and for each calendar year thereafter through calendar
35.11 year 2046, so that not later than January 1, 2022, and as of January 1 of each following
35.12 year, an aggregate annual amount equal to the amount paid by the state for calendar year
35.13 2021, under section 473J.13, subdivision 4, increased each year by an annual adjustment
35.14 factor;

35.15 (3) for the operating expense appropriation to the sports facilities authority beginning
35.16 in calendar year 2021, and for each calendar year thereafter through calendar year 2046,
35.17 so that not later than January 1, 2022, and as of January 1 of each following year, an
35.18 aggregate annual amount equal to the amount paid by the state for calendar year 2021
35.19 under section 473J.13, subdivision 2, increased each year by an annual adjustment factor;

35.20 (4) for recapture of NFL team advances for capital improvements and operating
35.21 expenses for calendar years 2016 through 2020 beginning in calendar year 2021, and
35.22 for each calendar year thereafter until all amounts under this clause have been paid,
35.23 proportionate amounts periodically until an aggregate amount equal to the present value of
35.24 all amounts paid by the NFL team have been deposited in the general fund. To determine
35.25 the present value of the amounts paid by the NFL team to the authority and the present
35.26 value of amounts deposited to the general fund under this clause, the commissioner shall
35.27 consult with the commissioner of management and budget and the NFL team regarding the
35.28 present value dates, discount rate or rates, and schedule of annual amounts. The present
35.29 value dates must be based on the dates NFL team funds are paid to the authority, or the
35.30 dates the commissioner of revenue deposits taxes for purposes of this clause to the general
35.31 fund. The discount rates must be based on the reasonably equivalent cost of NFL team
35.32 funds as determined by the commissioner of management and budget after consulting with
35.33 the NFL team. The schedule of annual amounts must be revised to reflect amounts paid
35.34 under section 473J.09, subdivision 13, and taxes deposited to the general fund from time
35.35 to time under this clause, and the schedule and revised schedules must be certified to the
35.36 commissioner by the commissioner of management and budget and the finance officer

36.1 of the city, and are transferred as accrued from the general fund to the NFL team, for
36.2 repayment of advances made by the NFL team to the city of Minneapolis; and

36.3 (5) to capture increases in taxes imposed under the special law, for the benefit of
36.4 the sports facilities authority, beginning in calendar year 2013 and for each calendar year
36.5 thereafter through 2046, there shall be deposited to the general fund by February 15 of
36.6 each following year, amounts calculated by the commissioner under this clause. For
36.7 each year, the commissioner shall determine the excess, if any, of the taxes received
36.8 by the commissioner over the benchmark scheduled amounts of the taxes, as described
36.9 in this section. The benchmark scheduled amounts for each year must be based on the
36.10 actual amount of the taxes for calendar year 2011 inflated for each subsequent year at an
36.11 annual rate of two percent, according to a schedule certified to the commissioner by the
36.12 commissioner of management and budget and the finance officer of the city. The amounts
36.13 to be deposited to the general fund by the commissioner for each year equal:

36.14 (i) zero for the amount of the taxes for the year up to a scheduled benchmark of
36.15 \$1,000,000, inflated at two percent per year, in excess of the taxes for calendar year 2011;

36.16 (ii) 50 percent times the difference, if any, by which the amount of the taxes for
36.17 the year exceeds the scheduled benchmark in item (i), as inflated, but not greater than a
36.18 scheduled benchmark of \$3,000,000, inflated at two percent per year, in excess of the
36.19 taxes for calendar year 2011; and

36.20 (iii) 25 percent times the difference, if any, by which the amount of the taxes for the
36.21 year exceeds the scheduled benchmark of \$3,000,000, inflated at two percent per year, in
36.22 excess of the taxes for calendar year 2011.

36.23 (b) The annual adjustment factor for purposes of this section and the special law
36.24 for any year equals the increase, if any, in the amount of these taxes received by the
36.25 commissioner in the preceding year over the amount received in the year prior to the
36.26 preceding year, expressed as a percentage of the amount received in the year prior to the
36.27 preceding year; provided, that the adjustment factor for any year must not be less than
36.28 zero percent nor more than five percent.

36.29 Sec. 2. Laws 1986, chapter 396, section 4, as amended by Laws 1987, chapter 55,
36.30 sections 5 and 6, and Laws 2009, chapter 88, article 4, sections 11 and 12, is amended to
36.31 read:

36.32 Sec. 4. **SALES AND USE TAX.**

36.33 Subdivision 1. **Imposition.** Notwithstanding Minnesota Statutes, section 477A.016,
36.34 or any other contrary provision of law, ordinance, or city charter, upon approval by
36.35 the city's board of estimate and taxation by a vote of at least five members, the city of

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37.1 Minneapolis may by ordinance impose an additional sales tax of up to one-half of one
37.2 percent on sales taxable pursuant to Minnesota Statutes, chapter 297A that occur within
37.3 the city, and may also by ordinance impose an additional compensating use tax of up to
37.4 one-half of one percent on uses of property within the city, the sale of which would be
37.5 subject to the additional sales tax but for the fact such property was sold outside the city.
37.6 The tax may not be imposed on gross receipts from sales of intoxicating liquor that are
37.7 exempt from taxation under ~~sections 297A.25 to 297A.257 or other~~ any provision of
37.8 chapter 297A exempting sales of intoxicating liquor and use from taxation, including
37.9 amendments adopted after enactment of this act.

37.10 For purposes of this subdivision, sales that occur within the city shall not include (a)
37.11 the sale of tangible personal property (i) which, without intermediate use, is shipped or
37.12 transported outside Minneapolis by the purchaser and thereafter used in a trade or business
37.13 or is stored, processed, fabricated or manufactured into, attached to or incorporated into
37.14 other tangible personal property transported or shipped outside Minneapolis and thereafter
37.15 used in a trade or business outside Minneapolis, and which is not thereafter returned to a
37.16 point within Minneapolis, except in the course of interstate or intrastate commerce (storage
37.17 shall not constitute intermediate use); or (ii) which the seller delivers to a common carrier
37.18 for delivery outside Minneapolis, places in the United States mail or parcel post directed
37.19 to the purchaser outside Minneapolis, or delivers to the purchaser outside Minneapolis by
37.20 means of the seller's own delivery vehicles, and which is not thereafter returned to a point
37.21 within Minneapolis, except in the course of interstate or intrastate commerce; or (b) sales
37.22 which would be described in ~~clause (c) or (u) of Minnesota Statutes, section 297A.25,~~
37.23 ~~subdivision 1~~ 297A.68, subdivision 11 or 16, if the word "Minneapolis" were substituted
37.24 for the words "Minnesota" or "state of Minnesota" in such ~~clauses~~ subdivisions. ~~A tax~~
37.25 ~~may be imposed under this section only if the taxes imposed under section 5 are imposed~~
37.26 ~~at the maximum rate allowed under that section.~~ The tax authorized by this section shall
37.27 be imposed; until December 31, 2056. The tax may be imposed and may be adjusted
37.28 periodically by the city council in conformity with Minnesota Statutes, section 297A.99,
37.29 subdivision 12, such that the rate imposed, rounded to the next highest one-tenth of one
37.30 percent, ~~does not exceed the rate estimated to be required to produce~~ produces revenue
37.31 sufficient to finance the ~~costs~~ purposes described in ~~subdivision~~ subdivisions 3 and 4, but
37.32 in no case may the rate exceed one-half of one percent.

37.33 Subd. 2. **Enforcement; collection.** (a) Except as provided in paragraph (b),
37.34 these taxes shall be subject to the same interest penalties and other rules imposed
37.35 under Minnesota Statutes, chapter 297A. The commissioner of revenue may enter into
37.36 appropriate agreements with the city to provide for collection of these taxes by the state

38.1 on behalf of the city. The commissioner may charge the city a reasonable fee for its
38.2 collection from the proceeds of any taxes, as provided in Minnesota Statutes, section
38.3 297A.99, subdivision 9.

38.4 (b) A taxpayer located outside of the city of Minneapolis who collects use tax under
38.5 this section in an amount that does not exceed \$10 in a reporting period is not required to
38.6 remit that tax until the amount of use tax collected is \$10.

38.7 Subd. 3. **Use of property.** Revenues received from the tax may only be used:

38.8 ~~(1) to pay costs of collection;~~

38.9 ~~(2) (1)~~ to pay or secure the payment of any principal of, premium or interest on
38.10 bonds issued in accordance with this act;

38.11 ~~(3) (2)~~ to pay costs to acquire, design, equip, construct, improve, maintain, operate,
38.12 administer, or promote the convention center or related facilities, and other capital projects
38.13 or economic developments under subdivision 4, including financing costs related to them;

38.14 ~~(4) (3)~~ to pay reasonable and appropriate costs determined by the city to replace
38.15 housing and the ice arena removed from the site;

38.16 ~~(5) (4)~~ to maintain reserves for the foregoing purposes deemed reasonable and
38.17 appropriate by the city; and

38.18 ~~(6) (5)~~ to fund projects and for other purposes under subdivision 4.

38.19 Money for replacement housing shall be made available by the city only for new
38.20 construction, conversion of nonresidential buildings, and for rehabilitation of vacant
38.21 residential structures, only if all of the units in the newly constructed building, converted
38.22 nonresidential building, or rehabilitated residential structure are to be used for replacement
38.23 housing.

38.24 Subd. 4. **Minneapolis downtown and neighborhood projects.** (a) For revenues
38.25 collected in calendar years 2009 and 2010, to the extent that revenues from the tax
38.26 authorized in subdivision 1 exceeds the amount needed to fund the purposes in subdivision
38.27 3, the city may use the excess revenue to fund any city services. The total amount used in
38.28 both years for this purpose may not exceed the total amount of aid and credit reductions
38.29 under Minnesota Statutes, sections 273.1384 and 477A.011 to 477A.014 in calendar years
38.30 2008, 2009, and 2010 due to a governor's unallotment or due to statutory reductions.

38.31 (b) Beginning with revenues collected in calendar year 2011, to the extent that
38.32 revenues from the ~~tax~~ taxes authorized in subdivision 1 ~~exceeds~~ or in section 5 exceed
38.33 the amount needed to fund the purposes in subdivision 3, the city may use the excess
38.34 revenue in any year to fund capital projects to further residential, cultural, commercial,
38.35 and economic development in both downtown Minneapolis and the Minneapolis
38.36 neighborhoods, to fund other city expenditures in support of the capital projects, or

39.1 for other economic development, provided the city may direct excess revenue first to
39.2 convention center debt, operations, capital improvements, and marketing. The city may
39.3 issue bonds to fund any such projects or improvements using these taxes or any other
39.4 available city resources to finance or secure the bonds.

39.5 Sec. 3. Laws 1986, chapter 396, section 5, as amended by Laws 2001, First Special
39.6 Session chapter 5, article 12, section 87, is amended to read:

39.7 **Sec. 5. LIQUOR, LODGING, AND RESTAURANT TAXES.**

39.8 The city may, by resolution, levy in addition to taxes authorized by other law:

39.9 (1) a sales tax of not more than three percent on the gross receipts on retail on-sales
39.10 of intoxicating liquor and fermented malt beverages ~~described in section 473.592~~
39.11 ~~occurring in the~~ when sold at licensed on-sale liquor establishments located within the
39.12 downtown taxing area, provided that this tax may not be imposed if sales of intoxicating
39.13 liquor and fermented malt beverages are exempt from taxation under chapter 297A;

39.14 (2) a sales tax of not more than three percent on the gross receipts from the furnishing
39.15 for consideration of lodging ~~described in section 473.592~~ for a period of less than 30 days
39.16 at a hotel, motel, rooming house, tourist court, or trailer camp located within the city by a
39.17 hotel or motel which has more than 50 rooms available for lodging; the tax imposed under
39.18 this clause shall be at a rate that, when added to the sum of the rate of the sales tax imposed
39.19 under Minnesota Statutes, chapter 297A, the rate of the sales tax imposed under section 4,
39.20 and the rate of any other taxes on lodging in the city of Minneapolis, equals 13 percent; and

39.21 (3) a sales tax of not more than three percent on the gross receipts on all sales of food
39.22 primarily for consumption on or off the premises by restaurants and places of refreshment
39.23 as defined by resolution of the city that occur within the downtown taxing area.

39.24 The taxes authorized by this section shall be imposed until December 31, 2046. The taxes
39.25 shall be imposed and may be adjusted periodically by the city council such that the rates
39.26 imposed, produce revenue sufficient, together with the tax imposed under section 4, to
39.27 finance the purposes described in section 4, subdivisions 3 and 4. These taxes shall be
39.28 applied, first, as provided in Minnesota Statutes, section 297A.994, subdivision 3, clauses
39.29 (1) to (3), and then, solely to pay costs of collection and to pay or, secure, maintain, and
39.30 fund the payment of any principal of, premium on, and interest on any bonds or any
39.31 costs referred to other purposes in section 4, subdivision 3 or 4. The commissioner of
39.32 revenue may enter into appropriate agreements with the city to provide for the collection
39.33 of these taxes by the state on behalf of the city. The commissioner may charge the city
39.34 a reasonable fee for its collection from the proceeds of any taxes. These taxes shall be

40.1 subject to the same interest penalties and enforcement provisions as the taxes imposed
40.2 under ~~section 473.592~~ Minnesota Statutes, chapter 297A.

40.3 Sec. 4. **CHARTER LIMITATIONS NOT TO APPLY.**

40.4 Any amounts expended, indebtedness or obligation incurred including, but not
40.5 limited to, the issuance of bonds, or actions taken by the city under this article are not
40.6 deemed an expenditure or other use of city resources within the meaning of any law or
40.7 charter limitation. The city may exercise any of its powers under this article to spend,
40.8 borrow, tax, or incur any form of indebtedness or other obligation, for the improvement,
40.9 including, but not limited to, acquisition, development, construction, or betterment, of
40.10 any public building, stadium, or other capital improvement project, without regard to any
40.11 charter limitation or provision. Any tax exemption established under this article shall
40.12 not be deemed an expenditure or other use of city resources within the meaning of any
40.13 charter limitation.

40.14 Sec. 5. **EFFECTIVE DATE; LOCAL APPROVAL.**

40.15 This article is effective the day after the governing body of the city of Minneapolis
40.16 and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions
40.17 2 and 3. Notwithstanding any law to the contrary, the city of Minneapolis and its chief
40.18 clerical officer have 30 calendar days following final enactment of this act, to comply with
40.19 Minnesota Statutes, section 645.021, subdivisions 2 and 3.

40.20 Sec. 6. **SEVERABILITY; SAVINGS.**

40.21 If any part of this article is found to be invalid because it is in conflict with a
40.22 provision of the Minnesota Constitution or for any other reason, all other provisions of
40.23 this article shall remain valid and any rights, remedies, and privileges that have been
40.24 otherwise accrued by this article, shall remain in effect and may be proceeded with and
40.25 concluded under the provisions of this article.

40.26 Sec. 7. **LOCAL SALES TAX REQUIREMENTS NOT TO APPLY.**

40.27 The taxes authorized under Laws 1986, chapter 396, sections 4 and 5, as amended,
40.28 are exempt from the requirements of Minnesota Statutes, section 297A.99, subdivisions
40.29 2 and 3.

ARTICLE 5

LAWFUL GAMBLING

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Section 1. Minnesota Statutes 2010, section 349.12, subdivision 3b, is amended to read:

Subd. 3b. **Bar operation.** "Bar operation" means a method of selling and redeeming disposable gambling equipment by an employee of the lessor within a leased premises which is licensed for the on-sale of alcoholic beverages ~~where such sales and redemptions are made by an employee of the lessor from a common area where food and beverages are also sold.~~

Sec. 2. Minnesota Statutes 2010, section 349.12, subdivision 3c, is amended to read:

Subd. 3c. **Bar bingo.** "Bar bingo" is a bingo occasion conducted at a permitted premises in an area where intoxicating liquor or 3.2 percent malt beverages are sold and where the licensed organization conducts another form of lawful gambling. Bar bingo does not include bingo games linked to other permitted premises.

Sec. 3. Minnesota Statutes 2010, 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 linked bingo games played on electronic bingo devices may be played during regular business hours of the permitted premises, and all play during this period is considered a bingo occasion for reporting purposes. For permitted premises where the primary business is bingo, regular business hours shall be defined as the hours between 8:00 a.m. and 2:00 a.m.

Sec. 4. Minnesota Statutes 2010, section 349.12, subdivision 6a, is amended to read:

Subd. 6a. **Booth operation.** "Booth operation" means a method of selling and redeeming disposable gambling equipment by an employee of a licensed organization in a premises the organization leases or owns ~~where such sales and redemptions are made within a separate enclosure that is distinct from areas where food and beverages are sold.~~

Sec. 5. Minnesota Statutes 2010, section 349.12, subdivision 12a, is amended to read:

Subd. 12a. **Electronic bingo device.** "Electronic bingo device" means ~~an~~ a handheld and portable electronic device that:

(1) is used by a bingo player to:

42.1 (i) monitor bingo paper sheets or a facsimile of a bingo paper sheet ~~when~~ purchased
42.2 and played at the time and place of an organization's bingo occasion and which (1)
42.3 provides a means for bingo players to, or to play an electronic bingo game that is linked
42.4 with other permitted premises;

42.5 (ii) activate numbers announced by a bingo caller; ~~(2) compares~~ or displayed, and
42.6 to compare the numbers entered by the player to the bingo faces previously stored in
42.7 the memory of the device; and

42.8 ~~(3) identifies~~ (iii) identify a winning bingo pattern; or game requirement; and

42.9 (iv) play against other bingo players;

42.10 (2) limits the play of bingo faces to 36 faces per game;

42.11 (3) requires coded entry to activate play but does not allow the use of a coin,
42.12 currency, or tokens to be inserted to activate play;

42.13 (4) may only be used for play against other bingo players in a bingo game;

42.14 (5) has the capability to allow use by a player who is visually impaired;

42.15 (6) has the capability to ensure adequate levels of security and internal controls; and

42.16 (7) has the capability to permit the board to electronically monitor the operation of
42.17 the device and the internal accounting systems.

42.18 ~~Electronic bingo device does not mean any device into which coin, currency, or tokens are~~
42.19 ~~inserted to activate play.~~

42.20 Sec. 6. Minnesota Statutes 2010, section 349.12, is amended by adding a subdivision
42.21 to read:

42.22 Subd. 12b. **Electronic pull-tab device.** "Electronic pull-tab device" means a
42.23 handheld and portable electronic device that:

42.24 (1) is used to play one or more electronic pull-tab games;

42.25 (2) requires coded entry to activate play but does not allow the use of coin, currency,
42.26 or tokens to be inserted to activate play;

42.27 (3) requires that a player must activate or open each electronic pull-tab ticket and
42.28 have the option to open all tabs of a ticket at the same time or open each individual line,
42.29 row, or column of each electronic pull-tab ticket;

42.30 (4) maintains information pertaining to accumulated win credits that may be applied
42.31 to games in play or redeemed upon termination of play;

42.32 (5) has no spinning symbols or other representations that mimic a video slot machine;

42.33 (6) has the capability to allow use by a player who is visually impaired;

43.1 (7) may incorporate an amusement game feature as part of the pull-tab game but
43.2 may not require additional consideration for that feature or award any prize, or other
43.3 benefit for that feature;

43.4 (8) may have auditory or visual enhancements to promote or provide information
43.5 about the game being played, provided the component does not affect the outcome of
43.6 a game or display the results of a game;

43.7 (9) maintains, on nonresettable meters, a printable, permanent record of all
43.8 transactions involving each device and electronic pull-tab games played on the device; and

43.9 (10) is not a pull-tab dispensing device as defined under subdivision 32a.

43.10 Sec. 7. Minnesota Statutes 2010, section 349.12, is amended by adding a subdivision
43.11 to read:

43.12 Subd. 12c. **Electronic pull-tab game.** "Electronic pull-tab game" means a pull-tab
43.13 game containing:

43.14 (1) facsimiles of pull-tab tickets that are played on an electronic pull-tab device;

43.15 (2) a predetermined, finite number of winning and losing tickets, not to exceed
43.16 7,500 tickets;

43.17 (3) the same price for each ticket in the game;

43.18 (4) a price paid by the player of not less than 25 cents per ticket;

43.19 (5) tickets that are in conformance with applicable board rules for pull-tabs;

43.20 (6) winning tickets that comply with prize limits under section 349.211;

43.21 (7) a unique serial number that may not be regenerated;

43.22 (8) an electronic flare that displays the game name, form number, predetermined,
43.23 finite number of tickets in the game, and prize tier; and

43.24 (9) no spinning symbols or other representations that mimic a video slot machine.

43.25 Sec. 8. Minnesota Statutes 2010, section 349.12, is amended by adding a subdivision
43.26 to read:

43.27 Subd. 12d. **Electronic pull-tab game system.** "Electronic pull-tab game system"
43.28 means the equipment leased from a licensed distributor and used by a licensed organization
43.29 to conduct, manage, and record electronic pull-tab games, and to report and transmit the
43.30 game results as prescribed by the board and the Department of Revenue. The system must
43.31 provide security and access levels sufficient so that internal control objectives are met as
43.32 prescribed by the board. The system must contain a point-of-sale station.

43.33 Sec. 9. Minnesota Statutes 2010, section 349.12, subdivision 18, is amended to read:

44.1 Subd. 18. **Gambling equipment.** "Gambling equipment" means gambling
44.2 equipment that is either disposable or permanent gambling equipment.

44.3 (a) Disposable gambling equipment includes the following:

44.4 (1) bingo hard cards or paper sheets, including linked bingo paper sheets, ~~devices for~~
44.5 ~~selecting bingo numbers, electronic bingo devices;~~

44.6 (2) paper and electronic pull-tabs;

44.7 (3) jar tickets, ~~paddle wheels, paddle wheel tables;~~

44.8 (4) paddle tickets, ~~and paddle ticket cards;~~

44.9 (5) tipboards, ~~and tipboard tickets;~~ and

44.10 (6) promotional tickets that mimic a pull-tab or tipboard, ~~pull-tab dispensing devices,~~
44.11 ~~and programmable electronic devices that have no effect on the outcome of a game and~~
44.12 ~~are used to provide a visual or auditory enhancement of a game.~~

44.13 (b) Permanent gambling equipment includes the following:

44.14 (1) devices for selecting bingo numbers;

44.15 (2) electronic bingo devices;

44.16 (3) electronic pull-tab devices;

44.17 (4) pull-tab dispensing devices;

44.18 (5) programmable electronic devices that have no effect on the outcome of a game
44.19 and are used to provide a visual or auditory enhancement of a game;

44.20 (6) paddle wheels; and

44.21 (7) paddle wheel tables.

44.22 Sec. 10. Minnesota Statutes 2010, section 349.12, subdivision 25, is amended to read:

44.23 Subd. 25. **Lawful purpose.** (a) "Lawful purpose" means one or more of the
44.24 following:

44.25 (1) any expenditure by or contribution to a 501(c)(3) or festival organization, as
44.26 defined in subdivision 15a, provided that the organization and expenditure or contribution
44.27 are in conformity with standards prescribed by the board under section 349.154, which
44.28 standards must apply to both types of organizations in the same manner and to the same
44.29 extent;

44.30 (2) a contribution to or expenditure for goods and services for an individual or
44.31 family suffering from poverty, homelessness, or disability, which is used to relieve the
44.32 effects of that suffering;

44.33 (3) a contribution to a program recognized by the Minnesota Department of Human
44.34 Services for the education, prevention, or treatment of problem gambling;

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45.1 (4) a contribution to or expenditure on a public or private nonprofit educational
45.2 institution registered with or accredited by this state or any other state;

45.3 (5) a contribution to an individual, public or private nonprofit educational institution
45.4 registered with or accredited by this state or any other state, or to a scholarship fund of a
45.5 nonprofit organization whose primary mission is to award scholarships, for defraying the
45.6 cost of education to individuals where the funds are awarded through an open and fair
45.7 selection process;

45.8 (6) activities by an organization or a government entity which recognize military
45.9 service to the United States, the state of Minnesota, or a community, subject to rules
45.10 of the board, provided that the rules must not include mileage reimbursements in the
45.11 computation of the per diem reimbursement limit and must impose no aggregate annual
45.12 limit on the amount of reasonable and necessary expenditures made to support:

45.13 (i) members of a military marching or color guard unit for activities conducted
45.14 within the state;

45.15 (ii) members of an organization solely for services performed by the members at
45.16 funeral services;

45.17 (iii) members of military marching, color guard, or honor guard units may be
45.18 reimbursed for participating in color guard, honor guard, or marching unit events within
45.19 the state or states contiguous to Minnesota at a per participant rate of up to \$35 per diem; or

45.20 (iv) active military personnel and their immediate family members in need of
45.21 support services;

45.22 (7) recreational, community, and athletic facilities and activities intended primarily
45.23 for persons under age 21, provided that such facilities and activities do not discriminate on
45.24 the basis of gender and the organization complies with section 349.154, subdivision 3a;

45.25 (8) payment of local taxes authorized under this chapter, taxes imposed by the
45.26 United States on receipts from lawful gambling, the taxes imposed by section 297E.02,
45.27 subdivisions 1, ~~4~~, 5, and 6, and the tax imposed on unrelated business income by section
45.28 290.05, subdivision 3;

45.29 (9) payment of real estate taxes and assessments on permitted gambling premises
45.30 owned by the licensed organization paying the taxes, or wholly leased by a licensed
45.31 veterans organization under a national charter recognized under section 501(c)(19) of the
45.32 Internal Revenue Code;

45.33 (10) a contribution to the United States, this state or any of its political subdivisions,
45.34 or any agency or instrumentality thereof other than a direct contribution to a law
45.35 enforcement or prosecutorial agency;

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46.1 (11) a contribution to or expenditure by a nonprofit organization which is a church
46.2 or body of communicants gathered in common membership for mutual support and
46.3 edification in piety, worship, or religious observances;

46.4 (12) an expenditure for citizen monitoring of surface water quality by individuals
46.5 or nongovernmental organizations that is consistent with section 115.06, subdivision 4,
46.6 and Minnesota Pollution Control Agency guidance on monitoring procedures, quality
46.7 assurance protocols, and data management, provided that the resulting data is submitted
46.8 to the Minnesota Pollution Control Agency for review and inclusion in the state water
46.9 quality database;

46.10 (13) a contribution to or expenditure on projects or activities approved by the
46.11 commissioner of natural resources for:

46.12 (i) wildlife management projects that benefit the public at large;

46.13 (ii) grant-in-aid trail maintenance and grooming established under sections 84.83
46.14 and 84.927, and other trails open to public use, including purchase or lease of equipment
46.15 for this purpose; and

46.16 (iii) supplies and materials for safety training and educational programs coordinated
46.17 by the Department of Natural Resources, including the Enforcement Division;

46.18 (14) conducting nutritional programs, food shelves, and congregate dining programs
46.19 primarily for persons who are age 62 or older or disabled;

46.20 (15) a contribution to a community arts organization, or an expenditure to sponsor
46.21 arts programs in the community, including but not limited to visual, literary, performing,
46.22 or musical arts;

46.23 (16) an expenditure by a licensed fraternal organization or a licensed veterans
46.24 organization for payment of water, fuel for heating, electricity, and sewer costs for:

46.25 (i) up to 100 percent for a building wholly owned or wholly leased by and used as
46.26 the primary headquarters of the licensed veteran or fraternal organization; or

46.27 (ii) a proportional amount subject to approval by the director and based on the
46.28 portion of a building used as the primary headquarters of the licensed veteran or fraternal
46.29 organization;

46.30 (17) expenditure by a licensed veterans organization of up to \$5,000 in a calendar
46.31 year in net costs to the organization for meals and other membership events, limited to
46.32 members and spouses, held in recognition of military service. No more than \$5,000 can be
46.33 expended in total per calendar year under this clause by all licensed veterans organizations
46.34 sharing the same veterans post home;

46.35 (18) payment of fees authorized under this chapter imposed by the state of Minnesota
46.36 to conduct lawful gambling in Minnesota;

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47.1 (19) a contribution or expenditure to honor an individual's humanitarian service
47.2 as demonstrated through philanthropy or volunteerism to the United States, this state,
47.3 or local community;

47.4 (20) a contribution by a licensed organization to another licensed organization with
47.5 prior board approval, with the contribution designated to be used for one or more of the
47.6 following lawful purposes under this section: clauses (1) to (7), (11) to (15), (19), and (25);

47.7 (21) an expenditure that is a contribution to a parent organization, if the parent
47.8 organization: (i) has not provided to the contributing organization within one year of the
47.9 contribution any money, grants, property, or other thing of value, and (ii) has received
47.10 prior board approval for the contribution that will be used for a program that meets one or
47.11 more of the lawful purposes under subdivision 7a;

47.12 (22) an expenditure for the repair, maintenance, or improvement of real property
47.13 and capital assets owned by an organization, or for the replacement of a capital asset that
47.14 can no longer be repaired, with a fiscal year limit of five percent of gross profits from
47.15 the previous fiscal year, with no carryforward of unused allowances. The fiscal year is
47.16 July 1 through June 30. Total expenditures for the fiscal year may not exceed the limit
47.17 unless the board has specifically approved the expenditures that exceed the limit due to
47.18 extenuating circumstances beyond the organization's control. An expansion of a building
47.19 or bar-related expenditures are not allowed under this provision.

47.20 (i) The expenditure must be related to the portion of the real property or capital asset
47.21 that must be made available for use free of any charge to other nonprofit organizations,
47.22 community groups, or service groups, or is used for the organization's primary mission or
47.23 headquarters.

47.24 (ii) An expenditure may be made to bring an existing building that the organization
47.25 owns into compliance with the Americans with Disabilities Act.

47.26 (iii) An organization may apply the amount that is allowed under item (ii) to the
47.27 erection or acquisition of a replacement building that is in compliance with the Americans
47.28 with Disabilities Act if the board has specifically approved the amount. The cost of
47.29 the erection or acquisition of a replacement building may not be made from gambling
47.30 proceeds, except for the portion allowed under this item;

47.31 (23) an expenditure for the acquisition or improvement of a capital asset with a cost
47.32 greater than \$2,000, excluding real property, that will be used exclusively for lawful
47.33 purposes under this section if the board has specifically approved the amount;

47.34 (24) an expenditure for the acquisition, erection, improvement, or expansion of real
47.35 property, if the board has first specifically authorized the expenditure after finding that the
47.36 real property will be used exclusively for lawful purpose under this section; or

48.1 (25) an expenditure, including a mortgage payment or other debt service payment,
48.2 for the erection or acquisition of a comparable building to replace an organization-owned
48.3 building that was destroyed or made uninhabitable by fire or catastrophe or to replace an
48.4 organization-owned building that was taken or sold under an eminent domain proceeding.
48.5 The expenditure may be only for that part of the replacement cost not reimbursed by
48.6 insurance for the fire or catastrophe or compensation not received from a governmental
48.7 unit under the eminent domain proceeding, if the board has first specifically authorized
48.8 the expenditure.

48.9 (b) Expenditures authorized by the board under clauses (24) and (25) must be
48.10 51 percent completed within two years of the date of board approval; otherwise the
48.11 organization must reapply to the board for approval of the project. "Fifty-one percent
48.12 completed" means that the work completed must represent at least 51 percent of the value
48.13 of the project as documented by the contractor or vendor.

48.14 (c) Notwithstanding paragraph (a), "lawful purpose" does not include:

48.15 (1) any expenditure made or incurred for the purpose of influencing the nomination
48.16 or election of a candidate for public office or for the purpose of promoting or defeating a
48.17 ballot question;

48.18 (2) any activity intended to influence an election or a governmental decision-making
48.19 process;

48.20 (3) a contribution to a statutory or home rule charter city, county, or town by a
48.21 licensed organization with the knowledge that the governmental unit intends to use the
48.22 contribution for a pension or retirement fund; or

48.23 (4) a contribution to a 501(c)(3) organization or other entity with the intent or effect
48.24 of not complying with lawful purpose restrictions or requirements.

48.25 Sec. 11. Minnesota Statutes 2010, section 349.12, subdivision 25b, is amended to read:

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

48.30 Sec. 12. Minnesota Statutes 2010, section 349.12, subdivision 25c, is amended to read:

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

49.1 its operation remotely. For linked electronic bingo games, the system includes electronic
49.2 bingo devices.

49.3 Sec. 13. Minnesota Statutes 2010, section 349.12, subdivision 25d, is amended to read:

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

49.8 Sec. 14. Minnesota Statutes 2010, section 349.12, subdivision 29, is amended to read:

49.9 Subd. 29. **Paddle wheel.** "Paddle wheel" means a vertical wheel marked off into
49.10 sections containing one or more numbers, and which, after being turned or spun, uses a
49.11 pointer or marker to indicate winning chances, and may only be used to determine a
49.12 winning number or numbers matching a winning paddle ticket purchased by a player. A
49.13 paddle wheel may be an electronic device that simulates a paddle wheel.

49.14 Sec. 15. Minnesota Statutes 2010, section 349.12, subdivision 31, is amended to read:

49.15 Subd. 31. **Promotional ticket.** A paper pull-tab ticket or paper tipboard ticket
49.16 created and printed by a licensed manufacturer with the words "no purchase necessary" and
49.17 "for promotional use only" and for which no consideration is given is a promotional ticket.

49.18 Sec. 16. Minnesota Statutes 2010, section 349.12, subdivision 32, is amended to read:

49.19 Subd. 32. **Pull-tab.** "Pull-tab" means a single folded or banded paper ticket ~~or a~~
49.20 multi-ply card with perforated break-open tabs, or a facsimile of a paper pull-tab ticket
49.21 used in conjunction with an electronic pull-tab device, the face of which is initially
49.22 covered to conceal one or more numbers or symbols, and where one or more of each set of
49.23 tickets ~~or~~ cards, or facsimiles has been designated in advance as a winner.

49.24 Sec. 17. Minnesota Statutes 2010, section 349.13, is amended to read:

49.25 **349.13 LAWFUL GAMBLING.**

49.26 Lawful gambling is not a lottery or gambling within the meaning of sections 609.75
49.27 to 609.76 if it is conducted under this chapter. A pull-tab dispensing device, electronic
49.28 bingo device, and electronic pull-tab device permitted under this chapter and by board
49.29 rule is not a gambling device within the meaning of sections 609.75 to 609.76 and chapter
49.30 299L. An electronic game device allowed under this chapter may not be a slot machine.
49.31 Electronic game devices, including, but not limited to, electronic bingo devices, electronic

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50.1 paddle wheels, and electronic pull-tab devices authorized under this chapter, may only
50.2 be used in the conduct of lawful gambling permitted under this chapter and board rule
50.3 and may not display or simulate any other form of gambling or entertainment, except
50.4 as otherwise allowed under this chapter.

50.5 Sec. 18. Minnesota Statutes 2010, section 349.151, subdivision 4b, is amended to read:

50.6 Subd. 4b. **Pull-tab sales from dispensing devices.** (a) The board may by rule
50.7 authorize but not require the use of pull-tab dispensing devices.

50.8 ~~(b) Rules adopted under paragraph (a):~~

50.9 ~~(1) must limit the number of pull-tab dispensing devices on any permitted premises~~
50.10 ~~to three; and~~

50.11 ~~(2) must limit the use of pull-tab dispensing devices to a permitted premises which is~~
50.12 ~~(i) a licensed premises for on-sales of intoxicating liquor or 3.2 percent malt beverages;~~
50.13 ~~or (ii) a premises where bingo is conducted and admission is restricted to persons 18~~
50.14 ~~years or older.~~

50.15 ~~(c) Notwithstanding rules adopted under paragraph (b), pull-tab dispensing devices~~
50.16 ~~may be used in establishments licensed for the off-sale of intoxicating liquor, other than~~
50.17 ~~drugstores and general food stores licensed under section 340A.405, subdivision 1.~~

50.18 Sec. 19. Minnesota Statutes 2010, section 349.151, subdivision 4c, is amended to read:

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

50.21 ~~(b) Rules adopted under paragraph (a):~~

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

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

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

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

50.31 (b) The board, or the director if authorized by the board, may require the deactivation
50.32 of an electronic bingo device for violation of a law or rule and to implement any other
50.33 controls deemed necessary to ensure and maintain the integrity of electronic bingo devices
50.34 and the electronic bingo games played on the devices.

51.1 Sec. 20. Minnesota Statutes 2010, section 349.151, is amended by adding a subdivision
51.2 to read:

51.3 Subd. 4d. **Electronic pull-tab devices and electronic pull-tab game system.** (a)
51.4 The board may adopt rules it deems necessary to ensure the integrity of electronic pull-tab
51.5 devices, the electronic pull-tab games played on the devices, and the electronic pull-tab
51.6 game system necessary to operate them.

51.7 (b) The board may not require an organization to use electronic pull-tab devices.

51.8 (c) Before authorizing the lease or sale of electronic pull-tab devices and the
51.9 electronic pull-tab game system, the board shall examine electronic pull-tab devices
51.10 allowed under section 349.12, subdivision 12b. The board may contract for the
51.11 examination of the game system and electronic pull-tab devices and may require a working
51.12 model to be transported to locations the board designates for testing, examination, and
51.13 analysis. The manufacturer must pay all costs of any testing, examination, analysis, and
51.14 transportation of the model. The system must be approved by the board before its use in
51.15 the state and must have the capability to permit the board to electronically monitor its
51.16 operation and internal accounting systems.

51.17 (d) The board may require a manufacturer to submit a certificate from an independent
51.18 testing laboratory approved by the board to perform testing services, stating that the
51.19 equipment has been tested, analyzed, and meets the standards required in this chapter
51.20 and any applicable board rules.

51.21 (e) The board, or the director if authorized by the board, may require the deactivation
51.22 of an electronic pull-tab device for violation of a law or rule and to implement any other
51.23 controls deemed necessary to ensure and maintain the integrity of electronic pull-tab
51.24 devices and the electronic pull-tab games played on the devices.

51.25 Sec. 21. Minnesota Statutes 2010, section 349.155, subdivision 3, is amended to read:

51.26 **Subd. 3. Mandatory disqualifications.** (a) In the case of licenses for manufacturers,
51.27 distributors, distributor salespersons, linked bingo game providers, and gambling
51.28 managers, the board may not issue or renew a license under this chapter, and shall revoke
51.29 a license under this chapter, if the applicant or licensee, or a director, officer, partner,
51.30 governor, or person in a supervisory or management position of the applicant or licensee:

51.31 (1) has ever been convicted of a felony or a crime involving gambling;

51.32 (2) has ever been convicted of (i) assault, (ii) a criminal violation involving the use
51.33 of a firearm, or (iii) making terroristic threats;

51.34 (3) is or has ever been connected with or engaged in an illegal business;

51.35 (4) owes \$500 or more in delinquent taxes as defined in section 270C.72;

52.1 (5) had a sales and use tax permit revoked by the commissioner of revenue within
52.2 the past two years; or

52.3 (6) after demand, has not filed tax returns required by the commissioner of revenue.
52.4 The board may deny or refuse to renew a license under this chapter, and may revoke a
52.5 license under this chapter, if any of the conditions in this paragraph are applicable to
52.6 an affiliate or direct or indirect holder of more than a five percent financial interest in
52.7 the applicant or licensee.

52.8 (b) In the case of licenses for organizations, the board may not issue a license under
52.9 this chapter, and shall revoke a license under this chapter, if the organization, or an officer
52.10 or member of the governing body of the organization:

52.11 (1) has been convicted of a felony or gross misdemeanor involving theft or fraud; or

52.12 (2) has ever been convicted of a crime involving gambling; ~~or~~

52.13 ~~(3) has had a license issued by the board or director permanently revoked for~~
52.14 ~~violation of law or board rule.~~

52.15 Sec. 22. Minnesota Statutes 2010, section 349.155, subdivision 4, is amended to read:

52.16 Subd. 4. **License revocation, suspension, denial; censure.** (a) The board may by
52.17 order (i) deny, suspend, revoke, or refuse to renew a license or premises permit, or (ii)
52.18 censure a licensee or applicant, if it finds that the order is in the public interest and that the
52.19 applicant or licensee, or a director, officer, partner, governor, person in a supervisory or
52.20 management position of the applicant or licensee, an employee eligible to make sales on
52.21 behalf of the applicant or licensee, or direct or indirect holder of more than a five percent
52.22 financial interest in the applicant or licensee:

52.23 (1) has violated or failed to comply with any provision of this chapter or chapter
52.24 297E or 299L, or any rule adopted or order issued thereunder;

52.25 (2) has filed an application for a license that is incomplete in any material respect, or
52.26 contains a statement that, in light of the circumstances under which it was made, is false,
52.27 misleading, fraudulent, or a misrepresentation;

52.28 (3) has made a false statement in a document or report required to be submitted to
52.29 the board or the commissioner of revenue, or has made a false statement to the board, the
52.30 compliance review group, or the director;

52.31 (4) has been convicted of a crime in another jurisdiction that would be a felony if
52.32 committed in Minnesota;

52.33 (5) is permanently or temporarily enjoined by any gambling regulatory agency from
52.34 engaging in or continuing any conduct or practice involving any aspect of gambling;

53.1 (6) has had a gambling-related license revoked or suspended, or has paid or been
53.2 required to pay a monetary penalty of \$2,500 or more, by a gambling regulator in another
53.3 state or jurisdiction;

53.4 (7) has been the subject of any of the following actions by the director of alcohol
53.5 and gambling enforcement or commissioner of public safety: (i) had a license under
53.6 chapter 299L denied, suspended, or revoked, (ii) been censured, reprimanded, has paid or
53.7 been required to pay a monetary penalty or fine, or (iii) has been the subject of any other
53.8 discipline by the director or commissioner;

53.9 (8) has engaged in conduct that is contrary to the public health, welfare, or safety, or
53.10 to the integrity of gambling; or

53.11 (9) based on past activities or criminal record poses a threat to the public interest or
53.12 to the effective regulation and control of gambling, or creates or enhances the dangers of
53.13 unsuitable, unfair, or illegal practices, methods, and activities in the conduct of gambling
53.14 or the carrying on of the business and financial arrangements incidental to the conduct of
53.15 gambling.

53.16 (b) The revocation or suspension of an organization's license may not exceed a
53.17 period of ten years, including any revocation or suspension imposed by the board prior to
53.18 the effective date of this paragraph, except that:

53.19 (1) any prohibition placed by the board on who may be involved in the conduct,
53.20 oversight, or management of the revoked organization's lawful gambling activity is
53.21 permanent; and

53.22 (2) a revocation or suspension will remain in effect until any taxes, fees, and fines
53.23 that are delinquent have been paid by the organization to the satisfaction of the board.

53.24 Sec. 23. Minnesota Statutes 2010, section 349.161, subdivision 1, is amended to read:

53.25 Subdivision 1. **Prohibited acts; licenses required.** (a) No person may:

53.26 (1) sell, offer for sale, or furnish gambling equipment for use within the state other
53.27 than for lawful gambling exempt or excluded from licensing, except to an organization
53.28 licensed for lawful gambling;

53.29 (2) sell, offer for sale, or furnish gambling equipment for use within the state without
53.30 having obtained a distributor license or a distributor salesperson license under this section
53.31 except that an organization authorized to conduct bingo by the board may loan bingo
53.32 hard cards and devices for selecting bingo numbers to another organization authorized to
53.33 conduct bingo and a linked bingo game provider may provide electronic bingo devices for
53.34 linked electronic bingo games;

54.1 (3) sell, offer for sale, or furnish gambling equipment for use within the state that is
54.2 not purchased or obtained from a manufacturer or distributor licensed under this chapter; or

54.3 (4) sell, offer for sale, or furnish gambling equipment for use within the state that
54.4 has the same serial number as another item of gambling equipment of the same type sold
54.5 or offered for sale or furnished for use in the state by that distributor.

54.6 (b) No licensed distributor salesperson may sell, offer for sale, or furnish gambling
54.7 equipment for use within the state without being employed by a licensed distributor or
54.8 owning a distributor license.

54.9 (c) No distributor or distributor salesperson may also be licensed as a linked bingo
54.10 game provider under section 349.1635.

54.11 Sec. 24. Minnesota Statutes 2010, section 349.161, subdivision 5, is amended to read:

54.12 Subd. 5. **Prohibition.** (a) No distributor, distributor salesperson, or other employee
54.13 of a distributor, may also be a wholesale distributor of alcoholic beverages or an employee
54.14 of a wholesale distributor of alcoholic beverages.

54.15 (b) No distributor, distributor salesperson, or any representative, agent, affiliate, or
54.16 other employee of a distributor, may: (1) be involved in the conduct of lawful gambling
54.17 by an organization; (2) keep or assist in the keeping of an organization's financial records,
54.18 accounts, and inventories; or (3) prepare or assist in the preparation of tax forms and other
54.19 reporting forms required to be submitted to the state by an organization.

54.20 (c) No distributor, distributor salesperson, or any representative, agent, affiliate,
54.21 or other employee of a distributor may provide a lessor of gambling premises any
54.22 compensation, gift, gratuity, premium, or other thing of value.

54.23 (d) No distributor, distributor salesperson, or any representative, agent, affiliate, or
54.24 other employee of a distributor may provide an employee or agent of the organization
54.25 any compensation, gift, gratuity, premium, or other thing of value greater than \$25 per
54.26 organization in a calendar year.

54.27 (e) No distributor, distributor salesperson, or any representative, agent, affiliate, or
54.28 other employee of a distributor may participate in any gambling activity at any gambling
54.29 site or premises where gambling equipment purchased or leased from that distributor or
54.30 distributor salesperson is being used in the conduct of lawful gambling.

54.31 (f) No distributor, distributor salesperson, or any representative, agent, affiliate, or
54.32 other employee of a distributor may alter or modify any gambling equipment, except to
54.33 add a "last ticket sold" prize sticker for a paper pull-tab game.

54.34 (g) No distributor, distributor salesperson, or any representative, agent, affiliate, or
54.35 other employee of a distributor may: (1) recruit a person to become a gambling manager

55.1 of an organization or identify to an organization a person as a candidate to become
55.2 gambling manager for the organization; or (2) identify for an organization a potential
55.3 gambling location.

55.4 (h) No distributor or distributor salesperson may purchase or lease gambling
55.5 equipment for resale or lease to a person for use within the state from any person not
55.6 licensed as a manufacturer under section 349.163, except for gambling equipment
55.7 returned from an organization licensed under section 349.16, or exempt or excluded from
55.8 licensing under section 349.166.

55.9 (i) No distributor or distributor salesperson may sell gambling equipment, except
55.10 gambling equipment identified as a promotional ticket, to any person for use in Minnesota
55.11 other than (i) a licensed organization or organization excluded or exempt from licensing,
55.12 or (ii) the governing body of an Indian tribe.

55.13 (j) No distributor or distributor salesperson may sell or otherwise provide a paper
55.14 pull-tab or tipboard deal with the symbol required by section 349.163, subdivision 5,
55.15 paragraph (d), visible on the flare to any person other than in Minnesota to a licensed
55.16 organization or organization exempt from licensing.

55.17 Sec. 25. Minnesota Statutes 2010, section 349.162, subdivision 5, is amended to read:

55.18 Subd. 5. **Sales from facilities.** (a) All gambling equipment purchased or possessed
55.19 by a licensed distributor for resale or lease to any person for use in Minnesota must, prior
55.20 to the equipment's resale or lease, be unloaded into a storage facility located in Minnesota
55.21 which the distributor owns or leases; and which has been registered, in advance and in
55.22 writing, with the Division of Alcohol and Gambling Enforcement as a storage facility of
55.23 the distributor. All unregistered gambling equipment and all unaffixed registration stamps
55.24 owned by, or in the possession of, a licensed distributor in the state of Minnesota shall be
55.25 stored at a storage facility which has been registered with the Division of Alcohol and
55.26 Gambling Enforcement. No gambling equipment may be moved from the facility unless
55.27 the gambling equipment has been first registered with the board or the Department of
55.28 Revenue. A distributor must notify the board of the method that it will use to sell and
55.29 transfer electronic pull-tab games to licensed organizations, and must receive approval of
55.30 the board before implementing or making changes to the approved method.

55.31 (b) Notwithstanding section 349.163, subdivisions 5, 6, and 8, a licensed
55.32 manufacturer may ship into Minnesota approved or unapproved gambling equipment if the
55.33 licensed manufacturer ships the gambling equipment to a Minnesota storage facility that
55.34 is: (1) owned or leased by the licensed manufacturer; and (2) registered, in advance and
55.35 in writing, with the Division of Alcohol and Gambling Enforcement as a manufacturer's

56.1 storage facility. No gambling equipment may be shipped into Minnesota to the
56.2 manufacturer's registered storage facility unless the shipment of the gambling equipment
56.3 is reported to the Department of Revenue in a manner prescribed by the department.
56.4 No gambling equipment may be moved from the storage facility unless the gambling
56.5 equipment is sold to a licensed distributor and is otherwise in conformity with this chapter,
56.6 is shipped to an out-of-state site and the shipment is reported to the Department of
56.7 Revenue in a manner prescribed by the department, or is otherwise sold and shipped as
56.8 permitted by board rule. A manufacturer must notify the board of the method that it will
56.9 use to sell and transfer electronic pull-tab games to licensed distributors, and must receive
56.10 approval of the board before implementing or making changes to the approved method.

56.11 (c) All storage facilities owned, leased, used, or operated by a licensed distributor
56.12 or manufacturer may be entered upon and inspected by the employees of the Division of
56.13 Alcohol and Gambling Enforcement, the Division of Alcohol and Gambling Enforcement
56.14 director's authorized representatives, employees of the Gambling Control Board or its
56.15 authorized representatives, employees of the Department of Revenue, or authorized
56.16 representatives of the director of the Division of Special Taxes of the Department of
56.17 Revenue during reasonable and regular business hours. Obstruction of, or failure to
56.18 permit, entry and inspection is cause for revocation or suspension of a manufacturer's or
56.19 distributor's licenses and permits issued under this chapter.

56.20 (d) Unregistered gambling equipment found at any location in Minnesota other than
56.21 the manufacturing plant of a licensed manufacturer or a registered storage facility are
56.22 contraband under section 349.2125. This paragraph does not apply:

56.23 (1) to unregistered gambling equipment being transported in interstate commerce
56.24 between locations outside this state, if the interstate shipment is verified by a bill of lading
56.25 or other valid shipping document; and

56.26 (2) to gambling equipment registered with the Department of Revenue for
56.27 distribution to the tribal casinos.

56.28 Sec. 26. Minnesota Statutes 2010, section 349.163, subdivision 1, is amended to read:

56.29 Subdivision 1. **License required.** No manufacturer of gambling equipment may
56.30 sell any gambling equipment to any person for use or resale within the state, unless the
56.31 manufacturer has a current and valid license issued by the board under this section and has
56.32 satisfied other criteria prescribed by the board by rule. A manufacturer licensed under this
56.33 section may also be licensed as a linked bingo game provider under section 349.1635.

56.34 A manufacturer licensed under this section may not also be directly or indirectly
56.35 licensed as a distributor under section 349.161.

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57.1 Sec. 27. Minnesota Statutes 2010, section 349.163, subdivision 5, is amended to read:

57.2 Subd. 5. **Paper pull-tab and tipboard flares.** (a) A manufacturer may not ship or
57.3 cause to be shipped into this state or sell for use or resale in this state any deal of paper
57.4 pull-tabs or tipboards that does not have its own individual flare as required for that deal
57.5 by this subdivision and rule of the board. A person other than a manufacturer may not
57.6 manufacture, alter, modify, or otherwise change a flare for a deal of paper pull-tabs or
57.7 tipboards except as allowed by this chapter or board rules.

57.8 (b) The flare of each paper pull-tab and tipboard game must have affixed to
57.9 or imprinted at the bottom a bar code that provides all information required by the
57.10 commissioner of revenue under section 297E.04, subdivision 2.

57.11 The serial number included in the bar code must be the same as the serial number
57.12 of the tickets included in the deal. A manufacturer who manufactures a deal of paper
57.13 pull-tabs must affix to the outside of the box containing that game the same bar code that
57.14 is affixed to or imprinted at the bottom of a flare for that deal.

57.15 (c) No person may alter the bar code that appears on the outside of a box containing
57.16 a deal of paper pull-tabs and tipboards. Possession of a box containing a deal of paper
57.17 pull-tabs and tipboards that has a bar code different from the bar code of the deal inside
57.18 the box is prima facie evidence that the possessor has altered the bar code on the box.

57.19 (d) The flare of each deal of paper pull-tabs and tipboards sold by a manufacturer for
57.20 use or resale in Minnesota must have imprinted on it a symbol that is at least one inch high
57.21 and one inch wide consisting of an outline of the geographic boundaries of Minnesota
57.22 with the letters "MN" inside the outline. The flare must be placed inside the wrapping of
57.23 the deal which the flare describes.

57.24 (e) Each paper pull-tab and tipboard flare must bear the following statement printed
57.25 in letters large enough to be clearly legible:

57.26 "Pull-tab (or tipboard) purchasers – This pull-tab (or tipboard) game is not legal in
57.27 Minnesota unless:

57.28 – an outline of Minnesota with letters "MN" inside it is imprinted on this sheet, and
57.29 – the serial number imprinted on the bar code at the bottom of this sheet is the same
57.30 as the serial number on the pull-tab (or tipboard) ticket you have purchased."

57.31 (f) The flare of each paper pull-tab and tipboard game must have the serial number
57.32 of the game imprinted on the bar code at the bottom of the flare in numerals at least
57.33 one-half inch high.

57.34 Sec. 28. Minnesota Statutes 2010, section 349.163, subdivision 6, is amended to read:

58.1 Subd. 6. **Samples of gambling equipment.** (a) The board shall require each
58.2 licensed manufacturer to submit to the board one or more samples of each item of gambling
58.3 equipment ~~the manufacturer manufactures~~ manufactured for use or resale in this state.
58.4 For purposes of this subdivision, a manufacturer is also required to submit the applicable
58.5 version of any software necessary to operate electronic devices and related systems.

58.6 (b) The board shall inspect and test all the equipment, including software and
58.7 software upgrades, it deems necessary to determine the equipment's compliance with
58.8 law and board rules. Samples required under this subdivision must be approved by the
58.9 board before the equipment being sampled is shipped into or sold for use or resale in this
58.10 state. The board shall impose a fee of \$25 for each item of gambling equipment that the
58.11 manufacturer submits for approval or for which the manufacturer requests approval. The
58.12 board shall impose a fee of \$100 for each sample of gambling equipment that it tests.

58.13 (c) The board may require samples of gambling equipment to be tested by an
58.14 independent testing laboratory prior to submission to the board for approval. All costs
58.15 of testing by an independent testing laboratory must be borne by the manufacturer. An
58.16 independent testing laboratory used by a manufacturer to test samples of gambling
58.17 equipment must be approved by the board before the equipment is submitted to the
58.18 laboratory for testing.

58.19 (d) The board may request the assistance of the commissioner of public safety and
58.20 the director of the State Lottery in performing the tests.

58.21 Sec. 29. Minnesota Statutes 2010, section 349.1635, subdivision 2, is amended to read:

58.22 Subd. 2. **License application.** The board may issue a license to a linked bingo game
58.23 provider or to a manufacturer licensed under section 349.163 who meets the qualifications
58.24 of this chapter and the rules promulgated by the board. The application shall be on a form
58.25 prescribed by the board. The license is valid for two years and the fee for a linked bingo
58.26 game provider license is \$5,000 per year.

58.27 Sec. 30. Minnesota Statutes 2010, section 349.1635, subdivision 3, is amended to read:

58.28 Subd. 3. **Attachments to application.** An applicant for a linked bingo game
58.29 provider license must attach to its application:

58.30 (1) evidence of a bond in the principal amount of \$100,000 payable to the state of
58.31 Minnesota conditioned on the payment of all linked bingo prizes and any other money due
58.32 and payable under this chapter;

58.33 (2) detailed plans and specifications for the operation of the linked bingo game and
58.34 the linked bingo system, along with a proposed fee schedule for the cost of providing

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59.1 services and equipment to licensed organizations which may not exceed 15 percent of
59.2 gross profits, unless a higher percentage, not to exceed 20 percent, is authorized by the
59.3 board. The fee schedule must incorporate costs paid to distributors for services provided
59.4 under subdivision 5; and

59.5 (3) any other information required by the board by rule.

59.6 Sec. 31. Minnesota Statutes 2010, section 349.1635, is amended by adding a
59.7 subdivision to read:

59.8 **Subd. 5. Linked bingo game services requirements.** (a) A linked bingo game
59.9 provider must contract with licensed distributors for linked bingo game services including,
59.10 but not limited to, the solicitation of agreements with licensed organizations, and
59.11 installation, repair, or maintenance of the linked bingo game system.

59.12 (b) A distributor may not charge a fee to licensed organizations for services
59.13 authorized and rendered under paragraph (a).

59.14 (c) A linked bingo game provider may not contract with any distributor on an
59.15 exclusive basis.

59.16 (d) A linked bingo game provider may refuse to contract with a licensed distributor
59.17 if the linked bingo game provider demonstrates that the licensed distributor is not capable
59.18 of performing the services under the contract.

59.19 Sec. 32. Minnesota Statutes 2010, section 349.165, subdivision 2, is amended to read:

59.20 **Subd. 2. Contents of application.** An application for a premises permit must
59.21 contain:

59.22 (1) the name and address of the applying organization;

59.23 (2) a description of the site for which the permit is sought, including its address and,
59.24 where applicable, its placement within another premises or establishment;

59.25 (3) if the site is leased, the name and address of the lessor and information about the
59.26 lease the board requires, including all rents and other charges for the use of the site. The
59.27 lease term is concurrent with the term of the premises permit. The lease must contain a
59.28 ~~30-day~~ termination clause. No lease is required for the conduct of a raffle; and

59.29 (4) other information the board deems necessary to carry out its purposes.

59.30 An organization holding a premises permit must notify the board in writing within
59.31 ten days whenever any material change is made in the above information.

59.32 Sec. 33. Minnesota Statutes 2010, section 349.17, subdivision 6, is amended to read:

60.1 Subd. 6. **Conduct of bingo.** The price of a face played on an electronic bingo
60.2 device may not be less than the price of a face on a bingo paper sheet sold for the same
60.3 game at the same occasion. A game of bingo begins with the first letter and number called
60.4 or displayed. Each player must cover, mark, or activate the numbers when bingo numbers
60.5 are randomly selected, and announced, and or displayed to the players, either manually
60.6 or with a flashboard and monitor. The game is won when a player, using bingo paper,
60.7 bingo hard card, or a facsimile of a bingo paper sheet, has completed, as described in the
60.8 bingo program, a previously designated pattern or previously determined requirements
60.9 of the game and declared bingo. The game is completed when a winning card, sheet, or
60.10 facsimile is verified and a prize awarded pursuant to subdivision 3.

60.11 Sec. 34. Minnesota Statutes 2010, section 349.17, subdivision 7, is amended to read:

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

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

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

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

60.19 Sec. 35. Minnesota Statutes 2010, section 349.17, subdivision 8, is amended to read:

60.20 Subd. 8. **Linked bingo games.** (a) A licensed organization may conduct or
60.21 participate in ~~not more than two~~ linked bingo games ~~per occasion, one of which may be,~~
60.22 including a progressive games game in which a portion of the prize is carried over from
60.23 one ~~occasion game~~ game to another until won by a player achieving a valid bingo ~~within a~~
60.24 ~~predetermined amount of bingo numbers called~~ based upon a predetermined and posted
60.25 win determination.

60.26 (b) ~~Each participating licensed organization shall contribute to each prize awarded in~~
60.27 ~~a linked bingo game in an amount not to exceed \$300.~~ Linked bingo games may only be
60.28 conducted by licensed organizations who have a valid agreement with the linked bingo
60.29 game provider.

60.30 (c) An electronic bingo device as defined in section 349.12, subdivision 12a, may
60.31 be used for a linked bingo game.

60.32 (d) The board may adopt rules to:

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

- 61.1 (2) specify the records to be maintained by a linked bingo game provider;
- 61.2 (3) require the submission of periodic reports by the linked bingo game provider and
- 61.3 specify the content of the reports;
- 61.4 (4) establish the qualifications required to be licensed as a linked bingo game
- 61.5 provider; and
- 61.6 (5) any other matter involving the operation of a linked bingo game.

61.7 Sec. 36. Minnesota Statutes 2010, section 349.17, is amended by adding a subdivision

61.8 to read:

61.9 Subd. 9. **Linked bingo games played exclusively on electronic bingo devices.** In

61.10 addition to the requirements of subdivision 8, the following requirements and restrictions

61.11 apply when linked bingo games are played exclusively on electronic bingo devices.

61.12 (a) The permitted premises must be:

61.13 (1) a premises licensed for the on-sale or off-sale of intoxicating liquor or 3.2 percent

61.14 malt beverages, except for a general food store or drug store permitted to sell alcoholic

61.15 beverages under section 340A.405, subdivision 1; or

61.16 (2) a premises where bingo is conducted as the primary business and has a seating

61.17 capacity of at least 100.

61.18 (b) Until July 1, 2013, the number of electronic bingo devices is limited to:

61.19 (1) no more than six devices in play for permitted premises with 200 seats or less;

61.20 (2) no more than 12 devices in play for permitted premises with 201 seats or more;

61.21 and

61.22 (3) no more than 50 devices in play for permitted premises where bingo is the

61.23 primary business.

61.24 Seating capacity is determined as specified under the local fire code.

61.25 (c) After July 1, 2013, the Gambling Control Board may increase the limits on

61.26 the number of electronic bingo devices.

61.27 (d) Prior to a bingo occasion, the linked bingo game provider, on behalf of the

61.28 participating organizations, must provide to the board a bingo program in a format

61.29 prescribed by the board.

61.30 (e) Before participating in the play of a linked bingo game, a player must present

61.31 and register a valid picture identification card that includes the player's address and

61.32 date of birth.

61.33 (f) An organization may remove from play a device that a player has not maintained

61.34 in an activated mode for a specified period of time determined by the organization. The

61.35 organization must provide the notice in its house rules.

62.1 Sec. 37. Minnesota Statutes 2010, section 349.1721, is amended to read:

62.2 **349.1721 CONDUCT OF PULL-TABS.**

62.3 Subdivision 1. **Cumulative or carryover games.** The board shall by rule permit
62.4 pull-tab games with multiple seals. The board shall also adopt rules for pull-tab games with
62.5 cumulative or carryover prizes. The rules shall also apply to electronic pull-tab games.

62.6 Subd. 2. **Event games.** The board shall by rule permit pull-tab games in which
62.7 certain winners are determined by the random selection of one or more bingo numbers
62.8 or by another method approved by the board. The rules shall also apply to electronic
62.9 pull-tab games.

62.10 Subd. 3. **Pull-tab dispensing device location restrictions and requirements.**
62.11 The following pertain to pull-tab dispensing devices as defined under section 349.12,
62.12 subdivision 32a.

62.13 (a) The use of any pull-tab dispensing device must be at a permitted premises
62.14 which is:

62.15 (1) a licensed premises for on-sale of intoxicating liquor or 3.2 percent malt
62.16 beverages;

62.17 (2) a premises where bingo is conducted as the primary business; or

62.18 (3) an establishment licensed for the off-sale of intoxicating liquor, other than drug
62.19 stores and general food stores licensed under section 340A.405, subdivision 1.

62.20 (b) The number of pull-tab dispensing devices located at any permitted premises
62.21 is limited to three.

62.22 Subd. 4. **Electronic pull-tab device requirements and restrictions.** The following
62.23 pertain to the use of electronic pull-tab devices as defined under section 349.12,
62.24 subdivision 12b.

62.25 (a) The use of any electronic pull-tab device may only be at a permitted premises
62.26 that is:

62.27 (1) a premises licensed for the on-sale or off-sale of intoxicating liquor or 3.2 percent
62.28 malt beverages, except for a general food store or drug store permitted to sell alcoholic
62.29 beverages under section 340A.405, subdivision 1; or

62.30 (2) a premises where bingo is conducted as the primary business and has a seating
62.31 capacity of at least 100; and

62.32 (3) where the licensed organization sells paper pull-tabs.

62.33 (b) Until July 1, 2013, the number of electronic pull-tab devices is limited to:

62.34 (1) no more than six devices in play at any permitted premises with 200 seats or less;

62.35 (2) no more than 12 devices in play at any permitted premises with 201 seats
62.36 or more; and

63.1 (3) no more than 50 devices in play at any permitted premises where the primary
63.2 business is bingo.

63.3 Seating capacity is determined as specified under the local fire code.

63.4 (c) After July 1, 2013, the Gambling Control Board may increase the limits on
63.5 the number of electronic pull-tab devices.

63.6 (d) The hours of operation for the devices are limited to 8:00 a.m. to 2:00 a.m.

63.7 (e) All electronic pull-tab games must be sold and played on the permitted premises
63.8 and may not be linked to other permitted premises.

63.9 (f) Electronic pull-tab games may not be transferred electronically or otherwise to
63.10 any other location by the licensed organization.

63.11 (g) Electronic pull-tab games may be commingled if the games are from the same
63.12 family of games and manufacturer and contain the same game name, form number, type
63.13 of game, ticket count, prize amounts, and prize denominations. Each commingled game
63.14 must have a unique serial number.

63.15 (h) An organization may remove from play a device that a player has not maintained
63.16 in an activated mode for a specified period of time determined by the organization. The
63.17 organization must provide the notice in its house rules.

63.18 (i) Before participating in the play of an electronic pull-tab game, a player must
63.19 present and register a valid picture identification card that includes the player's address
63.20 and date of birth.

63.21 (j) Each player is limited to the use of one device at a time.

63.22 Subd. 5. **Multiple chance games.** The board may permit pull-tab games in which
63.23 the holders of certain predesignated winning tickets, with a prize value not to exceed \$75
63.24 each, have the option of turning in the winning tickets for the chance to win a prize of
63.25 greater value.

63.26 Sec. 38. Minnesota Statutes 2010, section 349.18, subdivision 1, is amended to read:

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

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64.1 Copies of all leases must be made available to employees of the board and the Division of
64.2 Alcohol and Gambling Enforcement on request.

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

64.6 (1) For booth operations, ~~including booth operations where a pull-tab dispensing~~
64.7 ~~device is located, booth operations where a bar operation is also conducted, and booth~~
64.8 ~~operations where both a pull-tab dispensing device is located and a bar operation is also~~
64.9 ~~conducted, the maximum rent is:~~ monthly rent may not exceed ten percent of gross profits
64.10 for that month. Total rent paid to a lessor from all organizations from leases governed by
64.11 this clause may not exceed \$1,750 per month.

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

64.14 (ii) ~~in any month where the organization's gross profit at those premises exceeds~~
64.15 ~~\$4,000, up to \$400 plus not more than ten percent of the gross profit for that month in~~
64.16 ~~excess of \$4,000;~~

64.17 (2) For bar operations, ~~including bar operations where a pull-tab dispensing device~~
64.18 ~~is located but not including bar operations subject to clause (1), and for locations where~~
64.19 ~~only a pull-tab dispensing device is located:~~ monthly rent may not exceed 15 percent of
64.20 the gross profits for that month from electronic pull-tab games and electronic linked
64.21 bingo games and not more than 20 percent of gross profits for that month from all other
64.22 forms of lawful gambling.

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

64.25 (ii) ~~in any month where the organization's gross profit at those premises exceeds~~
64.26 ~~\$1,000, up to \$200 plus not more than 20 percent of the gross profit for that month~~
64.27 ~~in excess of \$1,000;~~

64.28 (3) ~~a lease not governed by clauses (1) and (2) must be approved by the board before~~
64.29 ~~becoming effective;~~ For electronic linked bingo games and electronic pull-tab games that
64.30 are operated for separate time periods within a business day by an organization and the
64.31 lessor, monthly rent may not be more than:

64.32 (i) 15 percent of the gross profits for that month for the time periods operated by
64.33 the lessor. The lessor is responsible for cash shortages that occur during the time periods
64.34 the games are operated by the lessor; and

65.1 (ii) ten percent of the gross profits for that month for the time periods operated by
65.2 the organization. The organization is responsible for cash shortages that occur during the
65.3 time periods the games are operated by the organization.

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

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

65.8 ~~(1) (4) For bingo conducted at a leased premises where the primary business is~~
65.9 ~~bingo, rent is limited to either not more than ten percent of the monthly gross profit from~~
65.10 ~~all lawful gambling activities held during bingo occasions, excluding bar bingo or at a~~
65.11 ~~rate based on a cost per square foot not to exceed 110 percent of a comparable cost per~~
65.12 ~~square foot for leased space as approved by the director; and.~~

65.13 ~~(2) (5) No rent may be paid for bar bingo as defined in section 349.12, subdivision 3c.~~

65.14 (6) A lease not governed by clauses (1) to (5) must be approved by the director
65.15 before becoming effective.

65.16 ~~(d) (c) Amounts paid as rent under leases are all-inclusive. No other services or~~
65.17 ~~expenses provided or contracted by the lessor may be paid by the organization, including,~~
65.18 ~~but not limited to, trash removal, janitorial and cleaning services, snow removal, lawn~~
65.19 ~~services, electricity, heat, security, security monitoring, storage, and other utilities or~~
65.20 ~~services, and, in the case of bar operations, cash shortages, unless approved by the~~
65.21 ~~director. The lessor shall be responsible for the cost of any communications network or~~
65.22 ~~service required to conduct electronic pull-tab games or electronic bingo games. Any~~
65.23 ~~other expenditure made by an organization that is related to a leased premises must be~~
65.24 ~~approved by the director. For bar operations, the lessor is responsible for cash shortages.~~
65.25 ~~An organization may not provide any compensation or thing of value to a lessor or the~~
65.26 ~~lessor's employees from any fund source other than its gambling account. Rent payments~~
65.27 ~~may not be made to an individual.~~

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

65.31 ~~(f) No entity other than the (e) A licensed organization may not conduct any activity~~
65.32 ~~within a booth operation on behalf of the lessor on a leased premises.~~

65.33 Sec. 39. Minnesota Statutes 2010, section 349.19, subdivision 2, is amended to read:

66.1 Subd. 2. **Accounts.** (a) Gross receipts from lawful gambling by each organization
66.2 must be segregated from all other revenues of the conducting organization and placed in a
66.3 separate gambling bank account.

66.4 (b) All expenditures for allowable expenses, taxes, and lawful purposes must be
66.5 made from the separate account except (1) in the case of expenditures previously approved
66.6 by the organization's membership for emergencies as defined by board rule, (2) as provided
66.7 in subdivision 2a, or (3) when restricted to one electronic fund transaction for the payment
66.8 of taxes for the organization as a whole, the organization may transfer the amount of taxes
66.9 related to the conduct of gambling to the general account at the time when due and payable.

66.10 (c) The name and address of the bank, the account number for the separate account,
66.11 and the names of organization members authorized as signatories on the separate account
66.12 must be provided to the board when the application is submitted. Changes in the
66.13 information must be submitted to the board at least ten days before the change is made.

66.14 (d) Except for gambling receipts from electronic pull-tab games and linked
66.15 electronic bingo games, gambling receipts must be deposited into the gambling bank
66.16 account within four business days of completion of the bingo occasion, deal, or game from
66.17 which they are received.

66.18 (1) A deal of paper pull-tabs is considered complete when either the last pull-tab of
66.19 the deal is sold or the organization does not continue the play of the deal during the next
66.20 scheduled period of time in which the organization will conduct pull-tabs.

66.21 (2) A tipboard game is considered complete when the seal on the game flare is
66.22 uncovered or the organization does not continue the play of the deal during the next
66.23 scheduled period of time in which the organization will conduct tipboards.

66.24 (e) Gambling receipts from all electronic pull-tab games and all linked electronic
66.25 bingo games must be recorded on a daily basis and deposited into the gambling bank
66.26 account within two business days.

66.27 ~~(e)~~ (f) Deposit records must be sufficient to allow determination of deposits made
66.28 from each bingo occasion, deal, or game at each permitted premises.

66.29 ~~(f)~~ (g) The person who accounts for gambling gross receipts and profits may not be
66.30 the same person who accounts for other revenues of the organization.

66.31 Sec. 40. Minnesota Statutes 2010, section 349.19, subdivision 3, is amended to read:

66.32 Subd. 3. **Expenditures.** (a) All expenditures of gross profits from lawful gambling
66.33 must be itemized as to payee, purpose, amount, and date of payment.

67.1 (b) Each licensed organization must report monthly to the board ~~on a form~~ in an
67.2 electronic format prescribed by the board each expenditure or contribution of net profits
67.3 from lawful gambling. The reports must provide for each expenditure or contribution:

67.4 (1) the name of the recipient of the expenditure or contribution;

67.5 (2) the date the expenditure or contribution was approved by the organization;

67.6 (3) the date, amount, and check number or electronic transfer confirmation number
67.7 of the expenditure or contribution;

67.8 (4) a brief description of how the expenditure or contribution meets one or more of
67.9 the purposes in section 349.12, subdivision 25; and

67.10 (5) in the case of expenditures authorized under section 349.12, subdivision 25,
67.11 paragraph (a), clause (7), whether the expenditure is for a facility or activity that primarily
67.12 benefits male or female participants.

67.13 (c) Authorization of the expenditures must be recorded in the monthly meeting
67.14 minutes of the licensed organization.

67.15 (d) Checks or authorizations for electronic fund transfers for expenditures of gross
67.16 profits must be signed by at least two persons authorized by board rules to sign the
67.17 checks or authorizations.

67.18 (e) Expenditures of gross profits from lawful gambling for local, state, and federal
67.19 taxes as identified in section 349.12, subdivision 25, paragraph (a), clause (8), may be
67.20 transferred electronically from the organization's gambling account directly to bank
67.21 accounts identified by local, state, or federal agencies if the organization's gambling
67.22 account monthly bank statement specifically identifies the payee by name, the amount
67.23 transferred, and the date of the transaction.

67.24 (f) Expenditures of gross profits from lawful gambling for payments for lawful
67.25 purpose expenditures and allowable expenses may be transferred electronically from the
67.26 organization's gambling account directly to bank accounts identified by the vendor if the
67.27 organization's gambling account monthly bank statement specifically identifies the payee
67.28 by name, the amount transferred, the account number of the account into which the funds
67.29 were transferred, and the date of the transaction.

67.30 (g) Expenditures of gross profits from lawful gambling for payroll compensation
67.31 to an employee's account and for the payment of local, state, and federal withholding
67.32 taxes may be transferred electronically to and from the account of a payroll processing
67.33 firm provided that the firm:

67.34 (1) is currently registered with and meets the criteria of the Department of Revenue
67.35 as a third-party bulk filer under section 290.92, subdivision 30;

68.1 (2) is able to provide proof of a third-party audit and an annual report and statement
68.2 of financial condition;

68.3 (3) is able to provide evidence of a fidelity bond; and

68.4 (4) can provide proof of having been in business as a third-party bulk filer for the
68.5 most recent three years.

68.6 (h) Electronic payments of taxes, lawful purpose expenditures, and allowable
68.7 expenses are permitted only if they have been authorized by the membership, the
68.8 organization maintains supporting documentation, and the expenditures can be verified.

68.9 **EFFECTIVE DATE.** This section is effective July 1, 2012.

68.10 Sec. 41. Minnesota Statutes 2010, section 349.19, subdivision 5, is amended to read:

68.11 Subd. 5. **Reports.** (a) A licensed organization must report monthly to the
68.12 ~~Department of Revenue~~ board in an electronic format prescribed by the board and to its
68.13 membership ~~monthly, or quarterly in the case of a licensed organization which does not~~
68.14 ~~report more than \$1,000 in gross receipts from lawful gambling in any calendar quarter,~~
68.15 on its gross receipts, expenses, profits, and expenditure of profits from lawful gambling
68.16 for each permitted premises. The organization must account for and report on each form
68.17 of lawful gambling conducted. The ~~report~~ organization must include a reconciliation of
68.18 the organization's profit carryover with its cash balance on hand. ~~If the organization~~
68.19 ~~conducts both bingo and other forms of lawful gambling, the figures for both must be~~
68.20 ~~reported separately.~~

68.21 (b) The organization must report ~~annually to its membership and annually file with~~
68.22 ~~the board a financial summary report in a format prescribed by the board that identifies the~~
68.23 ~~organization's receipts and use of lawful gambling proceeds, including:~~ monthly to the
68.24 commissioner of revenue as required under section 297E.06.

68.25 (1) ~~gross receipts;~~

68.26 (2) ~~prizes paid;~~

68.27 (3) ~~allowable expenses;~~

68.28 (4) ~~lawful purpose expenditures, including annual totals for types of charitable~~
68.29 ~~contributions and all taxes and fees as per section 349.12, subdivision 25, paragraph~~
68.30 ~~(a), clauses (8) and (18);~~

68.31 (5) ~~the percentage of annual gross profits used for charitable contributions; and~~

68.32 (6) ~~the percentage of annual gross profits used for all taxes and fees as per section~~
68.33 ~~349.12, subdivision 25, paragraph (a), clauses (8) and (18);~~

68.34 **EFFECTIVE DATE.** This section is effective July 1, 2012.

69.1 Sec. 42. Minnesota Statutes 2010, section 349.19, subdivision 10, is amended to read:

69.2 Subd. 10. **Pull-tab records.** (a) The board shall by rule require a licensed
69.3 organization to require each winner of a paper pull-tab prize of \$50 or more to present
69.4 identification in the form of a driver's license, Minnesota identification card, or other
69.5 identification the board deems sufficient to allow the identification and tracking of the
69.6 winner. The rule must require the organization to retain winning paper pull-tabs of \$50 or
69.7 more, and the identification of the winner of the pull-tab, for 3-1/2 years.

69.8 (b) An organization must maintain separate cash banks for each deal of paper
69.9 pull-tabs unless (1) the licensed organization uses a pull-tab dispensing device, or (2) the
69.10 organization uses a cash register, of a type approved by the board, which records all
69.11 sales of paper pull-tabs by separate deals.

69.12 (c) The board shall:

69.13 (1) by rule adopt minimum technical standards for cash registers that may be used
69.14 by organizations, and shall approve for use by organizations any cash register that meets
69.15 the standards; and

69.16 (2) before allowing an organization to use a cash register that commingles receipts
69.17 from several different paper pull-tab games in play, adopt rules that define how cash
69.18 registers may be used and that establish a procedure for organizations to reconcile all
69.19 pull-tab games in play at the end of each month.

69.20 Sec. 43. Minnesota Statutes 2010, section 349.211, subdivision 1a, is amended to read:

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

69.23 (1) ~~no organization may contribute more than \$300 per linked bingo game to a~~
69.24 ~~linked bingo prize pool for linked bingo games played without electronic bingo devices,~~
69.25 an organization may not contribute to a linked bingo game prize pool more than \$300
69.26 per linked bingo game per site;

69.27 (2) for linked bingo games played exclusively with electronic bingo devices, an
69.28 organization may not contribute more than 85 percent of the gross receipts per permitted
69.29 premises to a linked bingo game prize pool;

69.30 ~~(2) (3)~~ (3) no organization may award more than \$200 for a linked bingo game
69.31 consolation prize. For purposes of this subdivision, a linked bingo game consolation
69.32 prize is a prize awarded by an organization after a prize from the linked bingo prize pool
69.33 has been won; ~~and~~

69.34 ~~(3) (4)~~ (4) for a progressive linked bingo game, if no player declares a valid bingo
69.35 ~~within the~~ for a progressive prize or prizes based on a predetermined amount of bingo

70.1 ~~numbers called and posted win determination, a portion of the prize is gross receipts~~
70.2 ~~may be carried over to another occasion game until the accumulated progressive prize~~
70.3 ~~is won. The portion of the prize that is not carried over must be awarded to the first~~
70.4 ~~player or players who declares a valid bingo as additional numbers are called. If a valid~~
70.5 ~~bingo is declared within the predetermined amount of bingo numbers called, the entire~~
70.6 ~~prize pool for that game is awarded to the winner. The annual limit for progressive bingo~~
70.7 ~~game prizes contained in subdivision 2 must be reduced by the amount an organization~~
70.8 ~~contributes to progressive linked bingo games during the same calendar year.; and~~

70.9 (5) for linked bingo games played exclusively with electronic bingo devices, linked
70.10 bingo prizes in excess of \$599 shall be paid by the linked bingo game provider to the
70.11 player within three business days. Winners of linked bingo prizes in excess of \$599 will
70.12 be given a receipt or claim voucher as proof of a win.

70.13 Sec. 44. **APPROPRIATION.**

70.14 (a) \$779,000 in fiscal year 2013 and \$779,000 in fiscal year 2014 and \$779,000 in
70.15 fiscal year 2015 are appropriated from the lawful gambling regulation account in the
70.16 special revenue fund to the commissioner of human services for operating expenses
70.17 related to the regulatory oversight of lawful gambling for electronic pull-tabs and
70.18 electronic linked bingo.

70.19 (b) An amount equal to one-half of one percent of the estimated increase in revenue,
70.20 determined by the commissioner of management and budget under Minnesota Statutes,
70.21 section 16A.965, subdivision 8, paragraph (a), for the fiscal year is appropriated from
70.22 the general fund to the:

70.23 (1) commissioner of human services for the compulsive gambling treatment program
70.24 established under Minnesota Statutes, section 245.98; and

70.25 (2) Gambling Control Board for a grant to the state affiliate recognized by the
70.26 National Council on Problem Gambling to increase public awareness of problem
70.27 gambling, education and training for individuals and organizations providing effective
70.28 treatment services to problem gamblers and their families, and research relating to
70.29 problem gambling.

70.30 Money appropriated by this paragraph must supplement and must not replace existing
70.31 state funding for these programs.

70.32 Sec. 45. **EFFECTIVE DATE.**

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

ARTICLE 6

MISCELLANEOUS

Section 1. [297A.9905] USE OF LOCAL TAX REVENUES BY CITIES OF THE FIRST CLASS.

(a) Notwithstanding section 297A.99, or other general or special law or charter provision, if the revenues from any local tax imposed on retail sales under special law by a city of the first class exceeds the amount needed to fund the uses authorized in the special law, the city may expend the excess revenue from the tax to fund other capital projects of regional significance.

(b) For purposes of this section:

(1) "city of the first class" has the meaning given in section 410.01; and

(2) "capital project of regional significance" means construction, expansion, or renovation of a sports facility or convention or civic center, that has a construction cost of at least \$40,000,000.

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

Sec. 2. USE OF THE STADIUM.

Subdivision 1. Amateur sports use. The lessee of the stadium must make the facilities of the stadium available to the Minnesota Amateur Sports Commission up to ten days each year on terms satisfactory to the commission for amateur sports activities consistent with Minnesota Statutes, chapter 240A, each year during the time the bonds issued pursuant to this act are outstanding. The commission must negotiate in good faith and may be required to pay no more than actual out-of-pocket expenses for the time it uses the stadium.

Subd. 2. High school league. The lessee of the stadium must make the facilities of the stadium available for use by the Minnesota State High School League for at least seven days each year for high school soccer and football tournaments. The lessee of the stadium must provide, and may not charge the league a fee for, this use, including security, ticket takers, custodial or cleaning services, or other similar services in connection with this use.

ARTICLE 7

GAMBLING TAX CHANGES

Section 1. Minnesota Statutes 2010, section 297E.01, subdivision 7, is amended to read:

S.F. No. 2391, 2nd Engrossment - 87th Legislative Session (2011-2012) [S2391-2]

72.1 Subd. 7. **Gambling product.** "Gambling product" means bingo hard cards, bingo
72.2 paper sheets, ~~or~~ linked bingo paper sheets, or electronic linked bingo games; pull-tabs;
72.3 electronic pull-tab games; tipboards; paddle tickets and paddle ticket cards; raffle tickets;
72.4 or any other ticket, card, board, placard, device, or token that represents a chance, for
72.5 which consideration is paid, to win a prize.

72.6 **EFFECTIVE DATE.** This section is effective July 1, 2012.

72.7 Sec. 2. Minnesota Statutes 2010, section 297E.01, subdivision 8, is amended to read:

72.8 Subd. 8. **Gross receipts.** "Gross receipts" means all receipts derived from lawful
72.9 gambling activity including, but not limited to, the following items:

72.10 (1) gross sales of bingo hard cards ~~and~~, paper sheets, linked bingo paper sheets, and
72.11 electronic linked bingo games before reduction for prizes, expenses, shortages, free plays,
72.12 or any other charges or offsets;

72.13 (2) the ideal gross of pull-tab, electronic pull-tab games, and tipboard deals or games
72.14 less the value of unsold and defective tickets and before reduction for prizes, expenses,
72.15 shortages, free plays, or any other charges or offsets;

72.16 (3) gross sales of raffle tickets and paddle tickets before reduction for prizes,
72.17 expenses, shortages, free plays, or any other charges or offsets;

72.18 (4) admission, commission, cover, or other charges imposed on participants in
72.19 lawful gambling activity as a condition for or cost of participation; and

72.20 (5) interest, dividends, annuities, profit from transactions, or other income derived
72.21 from the accumulation or use of gambling proceeds.

72.22 Gross receipts does not include proceeds from rental under section 349.18,
72.23 subdivision 3.

72.24 **EFFECTIVE DATE.** This section is effective July 1, 2012.

72.25 Sec. 3. Minnesota Statutes 2010, section 297E.01, subdivision 9, is amended to read:

72.26 Subd. 9. **Ideal gross.** "Ideal gross" means the total amount of receipts that would be
72.27 received if every individual ticket in the pull-tab, electronic pull-tab games or tipboard
72.28 deal, paddlewheel game, and raffle ticket was sold at its face value. In the calculation of
72.29 ideal gross and prizes, a free play ticket pull-tab or electronic pull-tab shall be valued at
72.30 face value. Ideal gross also means the total amount of receipts that would be received if
72.31 every bingo paper sheet, linked bingo paper sheet, and electronic linked bingo games
72.32 were sold at face value.

72.33 **EFFECTIVE DATE.** This section is effective July 1, 2012.

S.F. No. 2391, 2nd Engrossment - 87th Legislative Session (2011-2012) [S2391-2]

73.1 Sec. 4. Minnesota Statutes 2010, section 297E.02, subdivision 1, is amended to read:

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

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

73.11 **EFFECTIVE DATE.** This section is effective for games reported as played after
73.12 June 30, 2012.

73.13 Sec. 5. Minnesota Statutes 2010, section 297E.02, subdivision 3, is amended to read:

73.14 Subd. 3. **Collection; disposition.** (a) Taxes imposed by this section other than in
73.15 subdivision 4 are due and payable to the commissioner when the gambling tax return
73.16 is required to be filed. ~~Taxes imposed by subdivision 4 are due and payable to the~~
73.17 ~~commissioner on or before the last business day of the month following the month in~~
73.18 ~~which the taxable sale was made.~~ Distributors must file their monthly sales figures with
73.19 the commissioner on a form prescribed by the commissioner. Returns covering the taxes
73.20 imposed under this section must be filed with the commissioner on or before the 20th day
73.21 of the month following the close of the previous calendar month. The commissioner
73.22 may require that the returns be filed via magnetic media or electronic data transfer. The
73.23 proceeds, along with the revenue received from all license fees and other fees under
73.24 sections 349.11 to 349.191, 349.211, and 349.213, must be paid to the commissioner of
73.25 management and budget for deposit in the general fund.

73.26 (b) The sales tax imposed by chapter 297A on the sale of the pull-tabs and tipboards
73.27 by the distributor is imposed on the retail sales price. The retail sale of pull-tabs or
73.28 tipboards by the organization is exempt from taxes imposed by chapter 297A and is
73.29 exempt from all local taxes and license fees except a fee authorized under section 349.16,
73.30 subdivision 8.

73.31 **EFFECTIVE DATE.** This section is effective July 1, 2013.

73.32 Sec. 6. Minnesota Statutes 2010, section 297E.02, subdivision 6, is amended to read:

74.1 Subd. 6. **Combined net receipts tax.** In addition to the taxes imposed under
 74.2 ~~subdivisions~~ subdivision 1 and 4, a tax is imposed on the combined receipts of the
 74.3 organization. As used in this section, "combined net receipts" is the sum of the
 74.4 organization's gross receipts from lawful gambling less gross receipts directly derived
 74.5 from the conduct of paper bingo, raffles, and paddle wheels, as defined in section 297E.01,
 74.6 subdivision 8, and less the net prizes actually paid, other than prizes actually paid for
 74.7 paper bingo, raffles, and paddle wheels, for the fiscal year. The combined net receipts of
 74.8 an organization are subject to a tax computed according to the following schedule:

74.9	If the combined net	The tax is:
74.10	receipts for the fiscal year	
74.11	are:	
74.12	Not over \$500,000 <u>\$87,500</u>	zero <u>9.10 percent</u>
74.13	Over \$500,000 <u>\$87,500</u> ,	
74.14	but not over \$700,000	1.7 <u>\$7,693 plus 18.20 percent of the</u>
74.15	<u>\$122,500</u>	amount over \$500,000 <u>\$87,500</u> , but
74.16		not over \$700,000 <u>\$122,500</u>
74.17	Over \$700,000 <u>\$122,500</u> ,	
74.18	but not over \$900,000	\$3,400 <u>\$14,333 plus 3.4</u> 27.30
74.19	<u>\$157,500</u>	percent of the amount over \$700,000
74.20		<u>\$122,500</u> , but not over \$900,000
74.21		<u>\$157,500</u>
74.22	Over \$900,000 <u>\$157,500</u>	\$10,200 <u>\$23,888 plus 5.1</u> 36.40
74.23		percent of the amount over \$900,000
74.24		<u>\$157,500</u>

74.25 **EFFECTIVE DATE.** This section is effective July 1, 2013.

74.26 Sec. 7. Minnesota Statutes 2010, section 297E.02, is amended by adding a subdivision
 74.27 to read:

74.28 Subd. 6a. **Unaccounted games.** If a licensed distributor cannot account for a
 74.29 pull-tab game, an electronic pull-tab game, a tipboard deal, paddletickets, an electronic
 74.30 linked bingo game, bingo paper sheets, or linked bingo paper sheets, the distributor must
 74.31 report the sheets or games to the commissioner as lost and remit a tax of six percent
 74.32 on the ideal gross of the sheets or games.

74.33 **EFFECTIVE DATE.** This section is effective July 1, 2012.

74.34 Sec. 8. Minnesota Statutes 2010, section 297E.02, subdivision 7, is amended to read:

74.35 Subd. 7. **Untaxed gambling product.** (a) In addition to penalties or criminal
 74.36 sanctions imposed by this chapter, a person, organization, or business entity possessing or
 74.37 selling a pull-tab, electronic pull-tab game or tipboard upon which the tax imposed by

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75.1 ~~subdivision 4~~ this chapter has not been paid is liable for a tax of six percent of the ideal
75.2 gross of each pull-tab, electronic pull-tab game, or tipboard. The tax on a partial deal
75.3 must be assessed as if it were a full deal.

75.4 (b) In addition to penalties and criminal sanctions imposed by this chapter, a person
75.5 not licensed by the board who conducts bingo, linked bingo, electronic linked bingo,
75.6 raffles, or paddle wheel games is liable for a tax of six percent of the gross receipts
75.7 from that activity.

75.8 (c) The tax must be assessed by the commissioner. An assessment must be
75.9 considered a jeopardy assessment or jeopardy collection as provided in section 270C.36.
75.10 The commissioner shall assess the tax based on personal knowledge or information
75.11 available to the commissioner. The commissioner shall mail to the taxpayer at the
75.12 taxpayer's last known address, or serve in person, a written notice of the amount of tax,
75.13 demand its immediate payment, and, if payment is not immediately made, collect the tax
75.14 by any method described in chapter 270C, except that the commissioner need not await the
75.15 expiration of the times specified in chapter 270C. The tax assessed by the commissioner
75.16 is presumed to be valid and correctly determined and assessed. The burden is upon the
75.17 taxpayer to show its incorrectness or invalidity. The tax imposed under this subdivision
75.18 does not apply to gambling that is exempt from taxation under subdivision 2.

75.19 **EFFECTIVE DATE.** This section is effective July 1, 2012.

75.20 Sec. 9. Minnesota Statutes 2010, section 297E.02, subdivision 10, is amended to read:

75.21 Subd. 10. **Refunds; appropriation.** A person who has, under this chapter, paid
75.22 to the commissioner an amount of tax for a period in excess of the amount legally due
75.23 for that period, may file with the commissioner a claim for a refund of the excess. The
75.24 amount necessary to pay the refunds under this subdivision ~~and subdivision 4, paragraph~~
75.25 ~~(d)~~, is appropriated from the general fund to the commissioner.

75.26 **EFFECTIVE DATE.** This section is effective July 1, 2012.

75.27 Sec. 10. Minnesota Statutes 2010, section 297E.02, subdivision 11, is amended to read:

75.28 Subd. 11. **Unplayed or Defective pull-tabs or tipboards gambling products.** ~~If a~~
75.29 ~~deal of pull-tabs or tipboards registered with the board or bar coded in accordance with this~~
75.30 ~~chapter and chapter 349 and upon which the tax imposed by subdivision 4 has been paid is~~
75.31 ~~returned unplayed to the distributor, the commissioner shall allow a refund of the tax paid.~~

75.32 If a defective deal registered with the board or bar coded in accordance with this
75.33 chapter and chapter 349 ~~and upon which the taxes have been paid~~ is returned to the

76.1 manufacturer, the distributor shall submit to the commissioner of revenue certification
76.2 from the manufacturer that the deal was returned and in what respect it was defective.
76.3 The certification must be on a form prescribed by the commissioner and must contain
76.4 additional information the commissioner requires.

76.5 The commissioner may require ~~that no refund~~ under this subdivision ~~be made~~
76.6 ~~unless the~~ that all defective and returned pull-tabs or tipboards have been, paddle tickets,
76.7 paper bingo sheets, and linked bingo paper sheets be set aside for inspection by the
76.8 commissioner's employee.

76.9 Reductions in previously paid taxes authorized by this subdivision must be made
76.10 when and in the manner prescribed by the commissioner.

76.11 **EFFECTIVE DATE.** This section is effective for games sold by a licensed
76.12 distributor after June 30, 2012.

76.13 Sec. 11. Minnesota Statutes 2010, section 297E.13, subdivision 5, is amended to read:

76.14 Subd. 5. **Untaxed gambling equipment.** It is a gross misdemeanor for a person to
76.15 possess gambling equipment for resale in this state that has not been stamped or bar-coded
76.16 in accordance with this chapter and chapter 349 and upon which the taxes imposed by
76.17 chapter 297A or section 297E.02, ~~subdivision 4,~~ have not been paid. The director of
76.18 alcohol and gambling enforcement or the commissioner or the designated inspectors
76.19 and employees of the director or commissioner may seize in the name of the state of
76.20 Minnesota any unregistered or untaxed gambling equipment.

76.21 **EFFECTIVE DATE.** This section is effective for actions occurring after June
76.22 30, 2012.

76.23 Sec. 12. **REPEALER.**

76.24 Minnesota Statutes 2010, sections 297E.02, subdivision 4; and 349.12, subdivision
76.25 2, are repealed.

76.26 **EFFECTIVE DATE.** This section is effective for games sold by a licensed
76.27 distributor after June 30, 2012, and the commissioner of revenue retains authority to
76.28 issue refunds under Minnesota Statutes 2010, section 297E.02, subdivision 4, paragraph
76.29 (d), for games sold before July 1, 2012.

ARTICLE 8

ST. PAUL RIVERCENTRE

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Section 1. Laws 1993, chapter 375, article 9, section 46, subdivision 2, as amended by Laws 1997, chapter 231, article 7, section 40, Laws 1998, chapter 389, article 8, section 30, Laws 2003, First Special Session chapter 21, article 8, section 13, Laws 2005, First Special Session chapter 3, article 5, section 26, and Laws 2009, chapter 88, article 4, section 15, is amended to read:

Subd. 2. **Use of revenues.** Revenues received from the tax authorized by subdivision 1 may only be used by the city to pay the cost of collecting the tax, and, except as provided in paragraph (d), to pay for the following projects or to secure or pay any principal, premium, or interest on bonds issued in accordance with subdivision 3 for the following projects.

(a) To pay all or a portion of the capital expenses of construction, equipment and acquisition costs for the expansion and remodeling of the St. Paul Civic Center complex, including the demolition of the existing arena and the construction and equipping of a new arena.

(b) Except as provided in paragraphs (e) ~~and (f)~~ through (g), the remainder of the funds must be spent for:

(1) capital projects to further residential, cultural, commercial, and economic development in both downtown St. Paul and St. Paul neighborhoods; and

(2) capital and operating expenses of cultural organizations in the city, provided that the amount spent under this clause must equal ten percent of the total amount spent under this paragraph in any year.

(c) The amount apportioned under paragraph (b) shall be ~~no less than~~ 60 percent of the revenues derived from the tax each year, except to the extent that a portion of that amount is required to pay debt service on (1) bonds issued for the purposes of paragraph (a) prior to March 1, 1998; or (2) bonds issued for the purposes of paragraph (a) after March 1, 1998, but only if the city council determines that 40 percent of the revenues derived from the tax together with other revenues pledged to the payment of the bonds, including the proceeds of definitive bonds, is expected to exceed the annual debt service on the bonds.

(d) If in any year more than 40 percent of the revenue derived from the tax authorized by subdivision 1 is used to pay debt service on the bonds issued for the purposes of paragraph (a) and to fund a reserve for the bonds, the amount of the debt service payment that exceeds 40 percent of the revenue must be determined for that year. In any year when 40 percent of the revenue produced by the sales tax exceeds the amount required to pay

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78.1 debt service on the bonds and to fund a reserve for the bonds under paragraph (a), the
78.2 amount of the excess must be made available for capital projects to further residential,
78.3 cultural, commercial, and economic development in the neighborhoods and downtown
78.4 until the cumulative amounts determined for all years under the preceding sentence have
78.5 been made available under this sentence. The amount made available as reimbursement in
78.6 the preceding sentence is not included in the 60 percent determined under paragraph (c).

78.7 (e) If the amount necessary to meet obligations under paragraphs (a) and (d) are less
78.8 than 40 percent of the revenue from the tax in any year, the city may place the difference
78.9 between 40 percent of the revenue and the amounts allocated under paragraphs (a) and (d)
78.10 in an economic development fund to be used for any economic development purpose.

78.11 ~~(e)~~ (f) In each of calendar years 2006 to ~~2014~~ 2045, revenue not to exceed
78.12 \$3,500,000 may be used to pay the principal of bonds issued for capital projects of the
78.13 city. After December 31, ~~2014~~ 2045, revenue from the tax imposed under subdivision 1
78.14 may not be used for this purpose.

78.15 ~~(f)~~ (g) By January 15 of each year, the mayor and the city council must report to the
78.16 legislature on the use of sales tax revenues during the preceding one-year period.

78.17 **EFFECTIVE DATE.** This section is effective the day after the city of St. Paul and
78.18 its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions
78.19 2 and 3.

78.20 Sec. 2. Laws 1993, chapter 375, article 9, section 46, subdivision 5, as amended by
78.21 Laws 1998, chapter 389, article 8, section 32, is amended to read:

78.22 Subd. 5. **Expiration of taxing authority.** The authority granted by subdivision 1 to
78.23 the city to impose a sales tax shall expire on December 31, ~~2030~~ 2045, or at an earlier
78.24 time as the city shall, by ordinance, determine. Any funds remaining after completion of
78.25 projects approved under subdivision 2, paragraph (a) and retirement or redemption of any
78.26 bonds or other obligations may be placed in the general fund of the city.

78.27 **EFFECTIVE DATE.** This section is effective the day after the city of St. Paul and
78.28 its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions
78.29 2 and 3.

78.30 Sec. 3. Laws 1998, chapter 404, section 23, subdivision 6, as amended by Laws 2002,
78.31 chapter 220, article 10, section 35, is amended to read:

78.32 Subd. 6. **St. Paul RiverCentre Arena** 65,000,000

79.1 This appropriation is from the general fund
79.2 to the commissioner of finance for a loan to
79.3 the city of St. Paul to demolish the existing
79.4 St. Paul RiverCentre Arena and to design,
79.5 construct, furnish, and equip a new arena.

79.6 This appropriation is not available until the
79.7 lessee to whom the city has leased the arena
79.8 has agreed to make rental or other payments
79.9 to the city under the terms set forth in this
79.10 subdivision. The loan is repayable solely
79.11 from and secured by the payments made
79.12 to the city by the lessee. The loan is not a
79.13 public debt and the full faith, credit, and
79.14 taxing powers of the city are not pledged for
79.15 its repayment.

79.16 (a) ~~\$48,000,000~~ \$13,250,000 of the loan
79.17 must be repaid to the commissioner, without
79.18 interest, within ~~20~~ 11 years from the date
79.19 of substantial completion of the arena in
79.20 accordance with the following schedule:

79.21 (1) no repayments are due in the first two
79.22 years from the date of substantial completion;

79.23 (2) in each of the years three to five, the
79.24 lessee must pay \$1,250,000;

79.25 (3) in each of the years six to ten, the lessee
79.26 must pay \$1,500,000; and

79.27 (4) in ~~each of the years~~ year 11 to 13, the
79.28 lessee must pay \$2,000,000; ;

79.29 ~~(5) in year 14, the lessee must pay~~
79.30 ~~\$3,000,000;~~

79.31 ~~(6) in year 15, the lessee must pay~~
79.32 ~~\$4,000,000; and~~

79.33 ~~(7) in each of the years 16 to 20, the lessee~~
79.34 ~~must pay \$4,750,000.~~

80.1 (b) The commissioner must deposit the
80.2 repayments in the state treasury and credit
80.3 them to the general fund.

80.4 (c) The loan may not be made until the
80.5 commissioner has entered into an agreement
80.6 with the city of St. Paul identifying the rental
80.7 or other payments that will be made and
80.8 establishing the dates on and the amounts
80.9 in which the payments will be made to the
80.10 city and by the city to the commissioner. The
80.11 payments may include operating revenues
80.12 and additional payments to be made by the
80.13 lessee under agreements to be negotiated
80.14 between the commissioner, the city, and the
80.15 lessee. Those agreements may include, but
80.16 are not limited to, an agreement whereby the
80.17 lessee pledges to provide each year a letter
80.18 of credit sufficient to guarantee the payment
80.19 of the amount due for the next succeeding
80.20 year; an agreement whereby the lessee
80.21 agrees to maintain a net worth, certified each
80.22 year by a financial institution or accounting
80.23 firm satisfactory to the commissioner, that
80.24 is greater than the balance due under the
80.25 payment schedule in paragraph (a); and any
80.26 other agreements the commissioner may
80.27 deem necessary to ensure that the payments
80.28 are made as scheduled.

80.29 (d) The agreements must provide that the
80.30 failure of the lessee to make a payment due
80.31 to the city under the agreement is an event
80.32 of default under the lease between the city
80.33 and the lessee and that the state is entitled to
80.34 enforce the remedies of the lessor under the
80.35 lease in the event of default. Those remedies
80.36 must include, but need not be limited to, the

81.1 obligation of the lessee to pay the balance due
81.2 for the remainder of the payment schedule
81.3 in the event the lessee ceases to operate a
81.4 National Hockey League team in the arena.
81.5 (e) By January 1, 1999, the commissioner
81.6 shall report to the chair of the senate
81.7 committee on state government finance
81.8 and the chair of the house committee on
81.9 ways and means the terms of an agreement
81.10 between the lessee and the amateur sports
81.11 commission whereby the lessee agrees to
81.12 make the facilities of the arena available to
81.13 the commission on terms satisfactory to the
81.14 commission for amateur sports activities
81.15 consistent with the purposes of Minnesota
81.16 Statutes, chapter 240A, each year during the
81.17 time the loan is outstanding. The amateur
81.18 sports commission must negotiate in good
81.19 faith and may be required to pay no more
81.20 than actual out-of-pocket expenses for the
81.21 time it uses the arena. The agreement may
81.22 not become effective before February 1,
81.23 1999. During any calendar year after 1999
81.24 that an agreement under this paragraph is
81.25 not in effect and a payment is due under
81.26 the schedule, the lessee must pay to the
81.27 commissioner a penalty of \$750,000 for that
81.28 year. If the amateur sports commission has
81.29 not negotiated in good faith, no penalty is
81.30 due.

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

81.32 **Sec. 4. APPROPRIATIONS.**

81.33 **Subdivision 1. Defeasement or retire city debt.** \$43,000,000 is appropriated from the
81.34 general fund in fiscal year 2014 to the commissioner of employment and economic

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82.1 development for a grant to the city of St. Paul to defease or retire bonds issued under
82.2 Laws 1993, chapter 375, article 9, section 46, as amended.

82.3 Subd. 2. **Money.** The money for the appropriations in this section is attributed to
82.4 funds generated for the general fund through the legalization of electronic pull-tabs and
82.5 bingo.

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297E.02 TAX IMPOSED.

Subd. 4. **Pull-tab and tipboard tax.** (a) A tax is imposed on the sale of each deal of pull-tabs and tipboards sold by a distributor. The rate of the tax is 1.7 percent of the ideal gross of the pull-tab or tipboard deal. The sales tax imposed by chapter 297A on the sale of the pull-tabs and tipboards by the distributor is imposed on the retail sales price less the tax imposed by this subdivision. The retail sale of pull-tabs or tipboards by the organization is exempt from taxes imposed by chapter 297A and is exempt from all local taxes and license fees except a fee authorized under section 349.16, subdivision 8.

(b) The liability for the tax imposed by this section is incurred when the pull-tabs and tipboards are delivered by the distributor to the customer or to a common or contract carrier for delivery to the customer, or when received by the customer's authorized representative at the distributor's place of business, regardless of the distributor's method of accounting or the terms of the sale.

The tax imposed by this subdivision is imposed on all sales of pull-tabs and tipboards, except the following:

(1) sales to the governing body of an Indian tribal organization for use on an Indian reservation;

(2) sales to distributors licensed under the laws of another state or of a province of Canada, as long as all statutory and regulatory requirements are met in the other state or province;

(3) sales of promotional tickets as defined in section 349.12; and

(4) pull-tabs and tipboards sold to an organization that sells pull-tabs and tipboards under the exemption from licensing in section 349.166, subdivision 2. A distributor shall require an organization conducting exempt gambling to show proof of its exempt status before making a tax-exempt sale of pull-tabs or tipboards to the organization. A distributor shall identify, on all reports submitted to the commissioner, all sales of pull-tabs and tipboards that are exempt from tax under this subdivision.

(c) A distributor having a liability of \$10,000 or more during a fiscal year ending June 30 must remit all liabilities in the subsequent calendar year by electronic means.

(d) Any customer who purchases deals of pull-tabs or tipboards from a distributor may file an annual claim for a refund or credit of taxes paid pursuant to this subdivision for unsold pull-tab and tipboard tickets. The claim must be filed with the commissioner on a form prescribed by the commissioner by March 20 of the year following the calendar year for which the refund is claimed. The refund must be filed as part of the customer's February monthly return. The refund or credit is equal to 1.7 percent of the face value of the unsold pull-tab or tipboard tickets, provided that the refund or credit will be 1.75 percent of the face value of the unsold pull-tab or tipboard tickets for claims for a refund or credit of taxes filed on the February 2001 monthly return. The refund claimed will be applied as a credit against tax owing under this chapter on the February monthly return. If the refund claimed exceeds the tax owing on the February monthly return, that amount will be refunded. The amount refunded will bear interest pursuant to section 270C.405 from 90 days after the claim is filed.

349.12 DEFINITIONS.

Subd. 2. **Active member.** "Active member" means a member who has paid all dues to the organization, who is 18 years of age or older, who has equal voting rights with all other members, who has equal opportunity to be an elected officer, who has equal right and responsibilities of attendance at the regularly scheduled meetings of the organization, whose name and membership origination date appear with the member's knowledge and consent on a list of members of the organization, and who has been a member of the organization for at least six months.

473.551 DEFINITIONS.

Subdivision 1. **Terms.** For the purposes of sections 473.551 to 473.599, the following terms shall have the meanings given in this section.

Subd. 2. **Cities.** "Cities" means the cities of Minneapolis, Bloomington, and Richfield.

Subd. 3. **Commission.** "Commission" means the Metropolitan Sports Facilities Commission.

Subd. 4. **Metrodome debt service.** "Metrodome debt service" means the principal and interest due each year on all bonds or revenue anticipation certificates issued by the council under section 473.581.

Subd. 5. **Metropolitan sports area.** "Metropolitan sports area" means the real estate in the city of Bloomington described in the ownership and operations agreement, and all buildings,

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structures, improvements and equipment thereon including the met center, owned by the cities on May 17, 1977, the date of enactment of sections 473.551 to 473.595, and since transferred to the commission pursuant to sections 473.551 to 473.595.

Subd. 6. **Metropolitan Sports Area Commission.** "Metropolitan Sports Area Commission" means that commission established by an ownership and operations agreement made and entered into as of August 13, 1954, validated by Laws 1955, Chapter 445, to which the cities were parties on May 17, 1977.

Subd. 7. **Multipurpose sports facility.** "Multipurpose sports facility" means a single unit sports facility suitable for university or major league professional baseball, football, and soccer.

Subd. 8. **Sports facility or sports facilities.** "Sports facility" or "sports facilities" means real or personal property comprising a stadium, stadiums, or arenas suitable for university or major league professional baseball, for university or major league professional football and soccer, or for both, or for university or major league hockey or basketball, or for both, together with adjacent parking facilities, including on the effective date of Laws 1994, chapter 648, the metro dome, the met center, and, upon acquisition by the commission, the basketball and hockey arena.

Subd. 9. **Metrodome.** "Metrodome" means the Hubert H. Humphrey Metrodome located in the city of Minneapolis constructed and owned by the commission and financed by the bonds of the council issued pursuant to sections 473.551 to 473.595, including all real estate, buildings, improvements, and equipment in and on them.

Subd. 10. **Basketball and hockey arena.** "Basketball and hockey arena" means the indoor arena building currently occupied and utilized for the playing of university or major league basketball, hockey, and other purposes located in the city of Minneapolis, including all improvements and equipment in the arena and the leasehold or other interest in the arena land appurtenant to the arena, but excluding the health club.

Subd. 11. **Health club.** "Health club" means that separate portion of the basketball and hockey arena building occupied and utilized by a private sports and health club on the effective date of Laws 1994, chapter 648, the improvements and equipment in and on it, and the leasehold or other interest in the arena land appurtenant to it.

Subd. 12. **Met Center.** "Met Center" means the real estate in the city of Bloomington presently owned by the commission, formerly utilized for major league hockey, and all buildings, improvements, and equipment in and on it.

Subd. 13. **Development agreement.** "Development agreement" means the second amended and restated development agreement among the Minneapolis Community Development Agency, Northwest Racquet, Swim & Health Clubs, Inc., and the city of Minneapolis dated August 5, 1988, and as amended before the effective date of Laws 1994, chapter 648.

Subd. 14. **Ground lease.** "Ground lease" means the ground lease of the arena land between the Minneapolis Community Development Agency and Northwest Racquet, Swim & Health Clubs, Inc., dated August 5, 1988, and as amended before the effective date of Laws 1994, chapter 648.

Subd. 15. **Guarantors.** "Guarantors" means the individuals who have guaranteed to the Minneapolis Community Development Agency and the city of Minneapolis the performance of the development agreement, ground lease, and certain other obligations pursuant to written guaranty dated February 17, 1988.

Subd. 16. **Arena land.** "Arena land" means the real estate upon which the basketball and hockey arena and health club have been constructed and any adjacent parcel or parcels which are owned by the city of Minneapolis and subject to the development agreement or the ground lease and all rights, privileges, and easements appertaining to it.

Subd. 17. **Basketball and hockey arena debt service.** "Basketball and hockey arena debt service" means the principal and interest due each year on all bonds or revenue anticipation certificates issued by the council under section 473.599.

473.552 LEGISLATIVE POLICY; PURPOSE.

The legislature finds that

(a) the population in the metropolitan area has a need for sports facilities and that this need cannot be met adequately by the activities of individual municipalities, by agreements among municipalities, or by the private efforts of the people in the metropolitan area,

(b) the commission's ownership and operation of the metro dome and met center has met in part the foregoing need and has promoted the economic and social interests of the metropolitan area, of the state, and of the public, and

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(c) the commission's acquisition of the basketball and hockey arena on the terms and conditions provided in sections 473.598 and 473.599 shall similarly and more fully meet the foregoing needs and promote these interests.

It is therefore necessary for the public health, safety and general welfare to establish a procedure for the acquisition and betterment of sports facilities and to create a Metropolitan Sports Facilities Commission.

473.553 COMMISSION; MEMBERSHIP; ADMINISTRATION.

Subdivision 1. **General.** The Metropolitan Sports Facilities Commission is established and shall be organized, structured, and administered as provided in this section.

Subd. 2. **Membership.** The commission shall consist of six members, appointed by the city council of the city in which the stadium is located plus a chair appointed as provided in subdivision 3.

Subd. 3. **Chair.** The chair shall be appointed by the governor as the ninth voting member and shall meet all of the qualifications of a member, except the chair need only reside outside the city of Minneapolis. The chair shall preside at all meetings of the commission, if present, and shall perform all other duties and functions assigned by the commission or by law. The commission may appoint from among its members a vice-chair to act for the chair during temporary absence or disability.

Subd. 4. **Qualifications.** A member shall not during a term of office hold the office of Metropolitan Council member or be a member of another metropolitan agency or hold any judicial office or office of state government. None of the members appointed by the city council of the city in which the stadium is located shall be an elected public official of that city or of another political subdivision any part of whose territory is shared with that city. Each member shall qualify by taking and subscribing the oath of office prescribed by the Minnesota Constitution, article V, section 6. The oath, duly certified by the official administering it, shall be filed with the chair of the Metropolitan Council.

Subd. 5. **Terms.** The terms of three members shall end the first Monday in January in the year ending in the numeral "5." The terms of the other members and the chair shall end the first Monday in January in the year ending in the numeral "7." The term of each member and the chair shall be four years. The terms shall continue until a successor is appointed and qualified. Members may be removed only for cause.

Subd. 6. **Vacancies.** A vacancy shall be filled by the appointing authority in the same manner in which the original appointment was made.

Subd. 7. **Compensation.** Each commission member shall be paid \$50 for each day when the member attends one or more meetings or provides other services, as authorized by the commission, and shall be reimbursed for all actual and necessary expenses incurred in the performance of duties. The chair of the Metropolitan Sports Facilities Commission shall receive, unless otherwise provided by other law, a salary in an amount fixed by the members of the commission and shall be reimbursed for reasonable expenses to the same extent as a member. The annual budget of each commission shall provide as a separate account anticipated expenditures for per diem, travel, and associated expenses for the chair and members, and compensation or reimbursement shall be made to the chair and members only when budgeted.

Subd. 8. **Regular and special meetings.** The commission shall meet regularly at least once each month, at such time and place as the commission shall by resolution designate. Special meetings may be held at any time upon the call of the chair or a majority of the members, upon written notice to each member at least three days prior to the meeting, or upon such other notice as the commission may by resolution provide. Unless otherwise provided, any action within the authority of the commission may be taken by the affirmative vote of a majority of the members. A majority of all of the members of the commission shall constitute a quorum, but a lesser number may meet and adjourn from time to time and compel the attendance of absent members.

Subd. 9. **Personnel code; merit system.** (a) The council shall by resolution adopt guidelines for a personnel code relating to the employees of the commission, except that nothing in Laws 1974, chapter 422, shall impair the rights of the commission or employee under sections 473.405 and 473.415. After adoption of the guidelines, the commission shall by resolution adopt a personnel code in general conformance therewith. The code shall include a job classification plan, procedures for employment and promotion of personnel based on merit, procedures for the demotion, suspension, or discharge of employees, procedures for hearing grievances, procedures for salary administration, and such other provisions as the council deems appropriate. In addition, the code shall provide for the development by the commission of affirmative action plans, as

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provided in section 473.143. The executive director of the commission shall administer the code, and the commission shall not take any action inconsistent with the personnel code.

(b) When a commission employee has been demoted, suspended, or dismissed by the executive director, the employee may, within 30 days after such action becomes effective, file with the commission a written request for a hearing showing the position from which the employee was dismissed, the date of dismissal, and the reason for requesting the hearing, full name and present mailing address. Upon receipt of a request for a hearing the commission shall appoint three of its members to act as an appeal committee and preside at a hearing on the action of the executive director. The hearing shall be held within 30 days after the request is received by the commission, upon written notice mailed or delivered to the employee at the employee's present mailing address, not less than seven days before the hearing. The appeal committee shall approve or disapprove the action of the executive director, and in the case of approval the action of the executive director shall be final. In the case of disapproval the appeal committee may reinstate the employee under such conditions as it deems proper, and may order the payment to the employee of compensation lost as a result of the demotion, suspension or dismissal.

Subd. 10. **Secretary and treasurer.** At its first regular meeting each year the commission shall appoint a secretary and a treasurer or, in the alternative, a secretary-treasurer. The secretary and treasurer, or secretary-treasurer, may, but need not be, members of the commission, and shall hold office at the pleasure of the commission, subject to the terms of any contract of employment which the commission may enter into with the secretary or treasurer. The secretary shall record the minutes of all meetings of the commission and shall be the custodian of all books and records of the commission except such as the commission shall entrust to the custody of a designated employee. The treasurer shall be the custodian of all moneys received by the commission except such as the commission shall entrust to the custody of a designated employee. The commission may appoint a deputy to perform any and all functions of either the secretary or the treasurer.

Subd. 11. **Executive director.** The chair of the commission shall, subject to the approval of the commission, appoint an executive director who shall be chosen solely on the basis of training, experience, and other qualifications, and who shall serve at the pleasure of the commission. The executive director shall attend meetings of the commission, but shall not vote, and shall have the following powers and duties:

(a) See that all resolutions, rules, or orders of the commission are enforced.

(b) Appoint and remove, subject to the provisions of the personnel code adopted pursuant to subdivision 9, upon the basis of merit and fitness, all subordinate officers and regular employees of the commission.

(c) Present to the commission plans, studies, and reports prepared for commission purposes and recommend to the commission for adoption such measures as the executive director deems necessary to enforce or carry out the powers and duties of the commission, or to the efficient administration of the affairs of the commission.

(d) Keep the commission fully advised as to its financial condition, and prepare and submit to the commission its annual budget and such other financial information as it may request.

(e) Recommend to the commission for adoption such rules as the executive director deems necessary for the efficient operation of the commission's functions.

(f) Perform such other duties as may be prescribed by the commission.

Subd. 12. **Commission operating procedures.** (a) The commission shall adopt resolutions and bylaws, an administrative code establishing procedures for commission action, keeping records, approving claims, authorizing and making disbursements, authorizing contracts, safekeeping funds and audit of all financial operations of the commission.

(b) The commission and the council may enter into contracts with each other and with other commissions and governmental units for the joint exercise of powers in the manner provided by section 471.59; provided that the commission shall not enter into any contract with the council which would assign any operations authority, responsibility or function, other than planning or making studies, from the commission to the council.

Subd. 13. **Relocation payment standards.** In all acquisitions the commission shall provide as a cost of acquisition the relocation assistance, services, payments and benefits required by the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, 84 Stat. 1894 (1971), United States Code, title 42, section 4601, et seq.

473.556 POWERS OF COMMISSION.

Subdivision 1. **General.** The commission shall have all powers necessary or convenient to discharge the duties imposed by law, including but not limited to those specified in this section.

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Subd. 2. **Actions.** The commission may sue and be sued, and shall be a public body within the meaning of chapter 562.

Subd. 3. **Acquisition of property.** The commission may acquire by lease, purchase, gift, or devise all necessary right, title, and interest in and to real or personal property deemed necessary to the purposes contemplated by sections 473.551 to 473.599 within the limits of the metropolitan area.

Subd. 4. **Exemption of property.** Any real or personal property acquired, owned, leased, controlled, used, or occupied by the commission for any of the purposes of sections 473.551 to 473.599 is declared to be acquired, owned, leased, controlled, used and occupied for public, governmental, and municipal purposes, and shall be exempt from ad valorem taxation by the state or any political subdivision of the state, provided that such properties shall be subject to special assessments levied by a political subdivision for a local improvement in amounts proportionate to and not exceeding the special benefit received by the properties from the improvement. No possible use of any such properties in any manner different from their use under sections 473.551 to 473.599 at the time shall be considered in determining the special benefit received by the properties. All assessments shall be subject to final confirmation by the council, whose determination of the benefits shall be conclusive upon the political subdivision levying the assessment. Notwithstanding the provisions of section 272.01, subdivision 2, or 273.19, real or personal property leased by the commission to another person for uses related to the purposes of sections 473.551 to 473.599, including the operation of the metrodome, met center, and, if acquired by the commission, the basketball and hockey arena shall be exempt from taxation regardless of the length of the lease. The provisions of this subdivision, insofar as they require exemption or special treatment, shall not apply to any real property comprising the met center which is leased by the commission for residential, business, or commercial development or other purposes different from those contemplated in sections 473.551 to 473.599.

Subd. 5. **Facility operation.** The commission may equip, improve, operate, manage, maintain, and control the Metrodome, Met Center, basketball and hockey arena and sports facilities constructed, remodeled, or acquired under the provisions of sections 473.551 to 473.599.

Subd. 6. **Disposition of property.** (a) The commission may sell, lease, or otherwise dispose of any real or personal property acquired by it which is no longer required for accomplishment of its purposes. The property shall be sold in accordance with the procedures provided by section 469.065, insofar as practical and consistent with sections 473.551 to 473.599.

(b) The proceeds from the sale of any real property at the metropolitan sports area shall be paid to the council and used for debt service or retirement.

Subd. 7. **Contracts.** The commission may contract for materials, supplies, and equipment in accordance with section 471.345, except that the commission may employ persons, firms, or corporations to perform one or more or all of the functions of architect, engineer, construction manager, or contractor for both design and construction, with respect to all or any part of a project to build or remodel sports facilities. Contractors shall be selected through the process of public bidding, provided that it shall be permissible for the commission to narrow the listing of eligible bidders to those which the commission determines to possess sufficient expertise to perform the intended functions. Any construction manager or contractor shall certify, before the contracts are finally signed, a construction price and completion date to the commission and shall post a bond in an amount at least equal to 100 percent of the certified price, to cover any costs which may be incurred over and above the certified price, including but not limited to costs incurred by the commission or loss of revenues resulting from incomplete construction on the completion date. The commission shall secure surety bonds as required in section 574.26, securing payment of just claims in connection with all public work undertaken by it. Persons entitled to the protection of the bonds may enforce them as provided in sections 574.28 to 574.32, and shall not be entitled to a lien on any property of the commission under the provisions of sections 514.01 to 514.16.

Subd. 8. **Employees; contracts for services.** The commission may employ persons and contract for services necessary to carry out its functions. The commission may employ on such terms as it deems advisable persons or firms for the purpose of providing traffic officers to direct traffic on property under the control of the commission and on the city streets in the general area of the property controlled by the commission. The traffic officers shall not be peace officers and shall not have authority to make arrests for violations of traffic rules.

Subd. 9. **Gifts and grants.** The commission may accept gifts of money, property, or services, may apply for and accept grants or loans of money or other property from the United States, the state, any subdivision of the state, or any person for any of its purposes, may enter into any agreement required in connection therewith, and may hold, use, and dispose of such money, property, or services in accordance with the terms of the gift, grant, loan or agreement relating thereto. Except for the acquisition, clearance, relocation, and legal costs referred to

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in section 473.581, subdivision 3, clauses (d) and (e), the commission shall not accept gifts, grants, or loans valued in excess of \$2,000,000 without the prior approval of the council. In evaluating proposed gifts, grants, loans, and agreements required in connection therewith, the council shall examine the possible short-range and long-range impact on commission revenues and commission operating expenditures.

Subd. 10. **Research.** The commission may conduct research studies and programs, collect and analyze data, prepare reports, maps, charts, and tables, and conduct all necessary hearings and investigations in connection with its functions.

Subd. 11. **Agreements with university.** The commission and the Board of Regents of the University of Minnesota may enter into agreements and do all other acts necessary to further the functions prescribed in sections 473.551 to 473.599.

Subd. 12. **Use agreements.** The commission may lease, license, or enter into agreements and may fix, alter, charge, and collect rentals, fees, and charges to all persons for the use, occupation, and availability of part or all of any premises, property, or facilities under its ownership, operation, or control for purposes that will provide athletic, educational, cultural, commercial or other entertainment, instruction, or activity for the citizens of the metropolitan area. Any such use agreement may provide that the other contracting party shall have exclusive use of the premises at the times agreed upon.

Subd. 13. **Insurance.** The commission may require any employee to obtain and file with it an individual bond or fidelity insurance policy. It may procure insurance in the amounts it deems necessary against liability of the commission or its officers and employees for personal injury or death and property damage or destruction, with the force and effect stated in chapter 466, and against risks of damage to or destruction of any of its facilities, equipment, or other property.

Subd. 14. **Small business contracts.** In exercising its powers to contract for the purchase of services, materials, supplies, and equipment, pursuant to subdivisions 5, 7, 8 and 10, the commission shall designate and set aside each fiscal year for awarding to small businesses approximately ten percent of the value of anticipated contracts and subcontracts of that kind for that year, in the manner required of the commissioner of administration for state procurement contracts pursuant to sections 16C.16 to 16C.19. The commission shall follow the rules promulgated by the commissioner of administration pursuant to section 16C.19, and shall submit reports of the kinds required of the commissioners of administration and economic development by section 16C.18.

Subd. 16. **Agreements with Amateur Sports Commission.** (a) The commission and the Minnesota Amateur Sports Commission created pursuant to chapter 240A may enter into long-term leases, use or other agreements for the conduct of amateur sports activities at the basketball and hockey arena, and the net revenues from the activities may be pledged for basketball and hockey arena debt service. The commission, with the advice of the Minnesota Amateur Sports Commission, shall establish standards to provide reasonable assurances to other public bodies owning or operating an entertainment or sports complex or indoor sports arena in the metropolitan area that the agreements between the commission and the Minnesota Amateur Sports Commission with respect to the basketball and hockey arena shall not remove the conduct of amateur sports activities currently and traditionally held at such facilities.

(b) Any long-term lease, use, or other agreement entered into by the Minnesota Amateur Sports Commission with the commission under paragraph (a) must also:

(1) provide for a release of the Minnesota Amateur Sports Commission from its commitment under the agreement if the legislature repeals or amends a standing appropriation or otherwise does not appropriate sufficient money to fund the lease or agreement to the Minnesota Amateur Sports Commission; and

(2) provide for a release of the Minnesota Amateur Sports Commission from its commitment under the agreement and permit it to agree to a per event use fee when the bonds issued for the metrodome under section 473.581 have been retired.

(c) No long-term lease, use, or other agreement entered into by the Minnesota Amateur Sports Commission under paragraph (a) may commit the amateur sports commission to paying more than \$750,000 per year.

(d) Any long-term lease, use, or other agreement entered into under paragraph (a) shall provide that the Minnesota Amateur Sports Commission shall be entitled to use of the basketball and hockey arena for 50 event days per year. In addition, any long-term lease, use, or other agreement entered into under paragraph (a) shall permit the Minnesota Amateur Sports Commission to allow another person or organization to use one or more of its days.

Subd. 17. **Creating a condominium.** The commission may, by itself or together with the Minneapolis Community Development Agency and any other person, as to real or personal property comprising or appurtenant or ancillary to the basketball and hockey arena and the health

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club, act as a declarant and establish a condominium or leasehold condominium under chapter 515A or a common interest community or leasehold common interest community under chapter 515B, and may grant, establish, create, or join in other or related easements, agreements and similar benefits and burdens that the commission may deem necessary or appropriate, and exercise any and all rights and privileges and assume obligations under them as a declarant, unit owner or otherwise, insofar as practical and consistent with sections 473.551 to 473.599. The commission may be a member of an association and the chair, any commissioners and any officers and employees of the commission may serve on the board of an association under chapter 515A or 515B.

473.561 EXEMPTION FROM COUNCIL REVIEW.

The acquisition and betterment of sports facilities by the commission shall be conducted pursuant to sections 473.551 to 473.599 and shall not be affected by the provisions of sections 473.165 and 473.173.

473.564 METROPOLITAN SPORTS AREA.

Subd. 2. **Assumption of obligations.** Nothing herein shall be construed as imposing upon the council or commission an obligation to compensate the cities or the metropolitan sports area commission for all or any part of the metropolitan sports area or to continue to operate and maintain the metropolitan sports area facilities taken over by the commission.

Subd. 3. **Employees.** Upon transfer of ownership all persons then employed by the metropolitan sports area commission shall be transferred to the metropolitan sports facilities commission without loss of right or privilege. Nothing in this section shall be construed to give any such person the right or privilege to continue in the same level or classification of employment previously held. The metropolitan sports facilities commission may assign any such person to an employment level and classification which it deems appropriate and desirable in accordance with its personnel code.

473.572 REVISED FINAL DETERMINATION.

Subdivision 1. **Determinations before bonds.** The council shall make all determinations required by sections 473.581, subdivision 3, and 473.599 before it authorizes the issuance of bonds.

Subd. 2. **Self-supporting effort.** It is the intent of the legislature that the commission shall, to the maximum extent possible consistent with the provisions of section 473.581, subdivision 3, impose rates, rentals and other charges in the operation of the metro dome which will make the metro dome self supporting so that the taxes imposed under section 473.592 for the metro dome will be at the lowest possible rate consistent with the obligations of the city of Minneapolis as provided in sections 473.551 to 473.595.

473.581 DEBT OBLIGATIONS.

Subdivision 1. **Bonds.** The council may by resolution authorize the sale and issuance of its bonds for any or all of the following purposes:

- (a) To provide funds for the acquisition or betterment of the Metrodome by the commission pursuant to sections 473.551 to 473.595;
- (b) To refund bonds issued hereunder ; and
- (c) To fund judgments entered by any court against the commission or against the council in matters relating to the commission's functions related to the Metrodome and the Met Center.

Subd. 2. **Procedure.** The bonds shall be sold, issued, and secured in the manner provided in chapter 475 for bonds payable solely from revenues, except as otherwise provided in sections 473.551 to 473.595, and the council shall have the same powers and duties as a municipality and its governing body in issuing bonds under that chapter. The bonds may be sold at any price and at public or private sale as determined by the council. They shall be payable solely from tax and other revenues referred to in sections 473.551 to 473.595, excepting only the admissions tax and surcharge related to the basketball and hockey arena provided in section 473.595, subdivision 1a, the taxes for the basketball and hockey arena provided in section 473.592, and other revenues attributable to the basketball and hockey arena. The bonds shall not be a general obligation or debt of the council or of the commission, and shall not be included in the net debt of any city, county, or other subdivision of the state for the purpose of any net debt limitation, provided that nothing herein shall affect the obligation of the city of Minneapolis to levy a tax pursuant to

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agreements made under the provisions of section 473.592. No election shall be required. The principal amount shall not be limited except as provided in subdivision 3.

Subd. 3. **Limitations.** The principal amount of the bonds issued pursuant to subdivision 1, clause (a), shall not exceed the amounts hereinafter authorized. If the commission's proposal and the construction contracts referred to in clause (g) of this subdivision provide for the construction of a covered multipurpose sports facility, the total cost of constructing the facility under the construction contracts, not including costs paid from funds provided by others, and the principal amount of bonds issued pursuant to subdivision 1, clause (a), shall be limited to \$55,000,000. If the commission's proposal and the construction contracts do not provide for the construction of a cover on a proposed multipurpose sports facility and the commission does not otherwise contract for the construction or acquisition of a cover for the sports facility, the principal amount shall be limited to \$42,000,000. If the commission's proposal and the construction contracts provide for the construction of a new sports facility for football and soccer and for remodeling the existing metropolitan stadium for baseball, the principal amount shall be limited to \$37,500,000. If the commission's proposal and the construction contracts provide for the reconstruction and remodeling of the existing Metropolitan Stadium as an uncovered multipurpose sports facility, the principal amount shall be limited to \$25,000,000. The bonds issued pursuant to subdivision 1, clause (a), shall bear an average annual rate of interest, including discount, not in excess of 7-1/2 percent. The proceeds of the bonds issued pursuant to subdivision 1, clause (a), shall be used only for the acquisition and betterment of sports facilities suitable for baseball, football and soccer, with a seating capacity for football and soccer of approximately 65,000 persons. The council shall issue its bonds and construction of sports facilities may commence when the council has made the following determinations:

(a) The commission has executed agreements with major league professional baseball and football organizations to use the Metrodome for all scheduled regular season home games and play-off home games and, in the case of the football organization, for at least one-half of its exhibition games played each season. The agreements shall be for a period of not more than 30 years nor less than the term of the longest term bonds that in the council's judgment it may find it necessary to issue to finance the acquisition and betterment of the Metrodome. The agreements may contain provisions negotiated between the organizations and the commission which provide for termination upon conditions related and limited to the bankruptcy, insolvency, or financial capability of the organization. The agreements shall provide that, in the event of breach of the agreements, the defaulting organization shall pay damages annually to the commission. The annual payment shall be in an amount equal to the annual average of all revenue derived by the commission from attendance at events and activities of the defaulting organization during the years prior to default, provided that the damages shall not exceed in any year an amount sufficient, with other revenues of the commission but excluding proceeds of the taxes under section 473.592, to pay all expenses of operation, maintenance, administration, and debt service for the use of the Metrodome by the defaulting organization during the same year. The damages shall be payable during the period from the occurrence of the default to the date on which another major league professional baseball or football organization, replacing the defaulting organization, enters into a use agreement with the commission for not less than the then remaining term of the original agreement. The agreements with the teams shall provide that no closed circuit or pay television broadcasting of events in the Metrodome may be allowed without the approval of the commission. The agreements shall include provisions protecting the commission and the council in the event of change in ownership of the professional teams.

(b) The commission has executed agreements with professional baseball and football major leagues which guarantee the continuance of franchises in the metropolitan area for the period of the agreements referred to in clause (a).

(c) The proceeds of bonds provided for in this subdivision will be sufficient, together with other capital funds that may be available to the commission for expenditures on the Metrodome, to construct or remodel and to furnish the Metrodome proposed by the commission, including the appropriate professional fees and charges but excluding, except as otherwise provided in this subdivision, the acquisition, clearance, relocation, and legal costs referred to in clauses (d) and (e).

(d) The commission has acquired, without cost to the commission or the council except as provided in this subdivision, title to all real property including all easements and other appurtenances needed for the construction and operation of the Metrodome or has received a grant of funds or has entered into an agreement or agreements sufficient in the judgment of the council to assure the receipt of funds, at the time and in the amount required, to make any payment upon which the commission's acquisition of title and possession of the real property is conditioned.

(e) The commission has received a grant of funds or entered into an agreement or agreements sufficient in the judgment of the council to assure the receipt of funds, at the time

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and in the amount required, to pay all costs, except as provided in this subdivision, of clearing the real property needed for the construction and operation of the Metrodome of all buildings, railroad tracks and other structures, including without limitation all relocation costs, all utility relocation costs, and all legal costs.

(f) The commission has executed agreements with appropriate labor organizations and construction contractors which provide that no labor strike or management lockout will halt, delay or impede construction.

(g) The commission has executed agreements which will provide for the construction of the Metrodome for a certified construction price and completion date and which include performance bonds in an amount at least equal to 100 percent of the certified price to cover any costs which may be incurred over and above the certified price, including but not limited to costs incurred by the commission or loss of revenues resulting from incomplete construction on the completion date.

(h) The environmental impact statement for the Metrodome has been accepted by the Environmental Quality Board, and the Pollution Control Agency and any other department, agency, or unit of government have taken the actions necessary to permit the construction of the Metrodome.

(i) At least 50 percent of the private boxes provided for in the commission's proposal for the Metrodome are sold or leased for at least five years.

(j) The anticipated revenue from the operation of the Metrodome plus any additional available revenue of the commission and the revenue from the taxes under section 473.592 will be an amount sufficient to pay when due all debt service plus all administration, operating and maintenance expense.

(k) The commission has studied and considered the needs of the University of Minnesota for athletic facilities for a prospective 20 year period.

(l) The city of Minneapolis has entered into an agreement as contemplated in section 473.592 as security for the Metrodome debt service.

(m) The commission has entered into an agreement or agreements with a purchaser or purchasers of tickets of admission for a period of not less than 20 years which will assure that whenever more than 90 and less than 100 percent of the tickets of admission for seats at any professional football game, which were available for purchase by the general public 120 hours or more before the scheduled beginning time of the game either at the Metrodome where the game is to be played or at the box office closest to the Metrodome, have been purchased 72 hours or more before the beginning time of the game, then all of such tickets which remain unsold will be purchased in sufficient time to permit the telecast to areas within the state which otherwise would not receive the telecast because of the terms of an agreement in which the professional football league has sold or otherwise transferred all or part of the rights of the league's member organizations in the sponsored telecasting of games of the organizations. The party or parties agreeing to the purchase of such unsold tickets shall be obligated for a period of at least 20 years in an amount determined by the council to be sufficient to assure the purchase of all such unsold tickets.

(n) The council has entered into an agreement with the brokerage firm or brokerage firms to be used in connection with the issuance and sale of the bonds guaranteeing that fees and charges payable to the brokerage firm or firms in connection therewith, including any underwriting discounts, shall not exceed fees and charges customarily payable in connection with the issuance and sale of bonds secured by the pledge of the full faith and credit of the city of Minneapolis.

The validity of any bonds issued under subdivision 1, clause (a), and the obligations of the council and commission related thereto, shall not be conditioned upon or impaired by the council's determinations made pursuant to this subdivision. For purposes of issuing the bonds the determinations made by the council shall be deemed conclusive, and the council shall be and remain obligated for the security and payment of the bonds irrespective of determinations which may be erroneous, inaccurate, or otherwise mistaken.

Subd. 4. **Security.** To the extent and in the manner provided in sections 473.592 and 473.595, the taxes described in section 473.592 for the Metrodome, the tax and other revenues of the commission described in section 473.595, subdivision 1, and any other revenues of the commission attributable to the Metrodome shall be and remain pledged and appropriated for the payment of all necessary and reasonable expenses of the operation, administration, maintenance, and debt service of the Metrodome until all bonds and certificates issued pursuant to this section are fully paid or discharged in accordance with law. Bonds issued pursuant to this section may be secured by a bond resolution, or by a trust indenture entered into by the council with a corporate trustee within or outside the state, which shall define the tax and other Metrodome and Met Center revenues pledged for the payment and security of the bonds. The pledge shall be a valid charge on the tax and other revenues referred to in sections 473.551 to 473.595 (excepting only

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the admissions tax and surcharge related to the basketball and hockey arena provided in section 473.595, subdivision 1a, taxes described in section 473.592 for the basketball and hockey arena, and other revenues attributable to the basketball and hockey arena) from the date when bonds are first issued or secured under the resolution or indenture and shall secure the payment of principal and interest and redemption premiums when due and the maintenance at all times of a reserve securing such payments. No mortgage of or security interest in any tangible real or personal property shall be granted to the bondholders or the trustee, but they shall have a valid security interest in all tax and other revenues received and accounts receivable by the commission or council hereunder, as against the claims of all other persons in tort, contract, or otherwise, irrespective of whether such parties have notice thereof, and without possession or filing as provided in the Uniform Commercial Code or any other law. In the bond resolution or trust indenture the council may make such covenants, which shall be binding upon the commission, as are determined to be usual and reasonably necessary for the protection of the bondholders. No pledge, mortgage, covenant, or agreement securing bonds may be impaired, revoked, or amended by law or by action of the council, commission, or city, except in accordance with the terms of the resolution or indenture under which the bonds are issued, until the obligations of the council thereunder are fully discharged.

Subd. 5. Revenue anticipation certificates. At any time or times after approval by the council and final adoption by the commission of an annual budget of the commission for operation, administration, and maintenance of the Metrodome, and in anticipation of the proceeds from the taxes under section 473.592 for the Metrodome and the revenues of the commission provided for in the budget, but subject to any limitation or prohibition in a bond resolution or indenture, the council may authorize the issuance, negotiation, and sale, in such form and manner and upon such terms as it may determine, of revenue anticipation certificates. The principal amount of the certificates outstanding shall at no time exceed 25 percent of the total amount of the tax and other revenues anticipated. The certificates shall mature not later than three months after the close of the budget year. Prior to the approval and final adoption of the first annual budget of the commission, the council may authorize up to \$300,000 in revenue anticipation certificates under this subdivision. So much of the anticipated tax and other revenues as may be needed for the payment of the certificates and interest thereon shall be paid into a special debt service fund established for the certificates in the council's financial records. If for any reason the anticipated tax and other revenues are insufficient, the certificates and interest shall be paid from the first tax and other revenues received, subject to any limitation or prohibition in a bond resolution or indenture. The proceeds of the certificates may be used for any purpose for which the anticipated revenues or taxes may be used or for any purpose for which bond proceeds under subdivision 1 may be used, provided that the proceeds of certificates issued after May 26, 1979, shall not be used to pay capital costs of the Metrodome constructed or remodeled pursuant to sections 473.551 to 473.595.

473.592 TAX REVENUES.

Subdivision 1. Local sales tax. The city of Minneapolis may enter into agreements with the Metropolitan Council and the commission which requires the municipality to impose a sales tax, supplemental to the general sales tax imposed in chapter 297A, for the purposes and in accordance with the requirements specified in sections 473.551 to 473.599. The tax may be imposed:

(a) on the gross receipts from all retail on-sales of intoxicating liquor and fermented malt beverages when sold at licensed on-sale liquor establishments and municipal liquor stores located within the municipality,

(b) notwithstanding any limitations of Laws 1986, chapter 396, section 5, clause (2), on the gross receipts from the furnishing for consideration of lodging for a period of less than 30 days at a hotel, motel, rooming house, tourist court, or trailer camp located within the municipality,

(c) on the gross receipts on all sales of food primarily for consumption on or off the premises by restaurants and places of refreshment as defined by resolution of the city, or

(d) on any one or combination of the foregoing.

A tax under this subdivision shall be imposed only within a downtown taxing area to be determined by the council.

The agreement or agreements between the city, the Metropolitan Council, and the commission shall require the municipality to impose the tax or taxes at whatever rate or rates may be necessary to produce revenues which are determined by the council from year to year to be required, together with the revenues available to the commission, to pay when due all debt service on bonds and revenue anticipation certificates issued under section 473.581, all debt service on bonds and revenue anticipation certificates issued under section 473.599, and all expenses of operation, administration, and maintenance of the Metrodome and the basketball and hockey arena. When it

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is determined that a tax must be imposed under this subdivision after the effective date of Laws 1994, chapter 648, there shall be added to the rate of the tax imposed for the purposes described in the previous sentence a tax at a rate of 0.25 percent for use by the city to fund recreational facilities and programs in the city's neighborhoods for children and youth through the Minneapolis Park and Recreation Board. The agreements shall provide for the suspension, reimposition, reduction, or increase in tax collections upon determination by the Metropolitan Council that such actions are appropriate or necessary for the purposes for which the tax is imposed, provided that the balance in each of the Metrodome debt service and the basketball and hockey arena debt service fund or funds, including any reserve for debt service, shall be maintained at least at an amount sufficient to pay the principal and interest on bonds which will become due within the next succeeding one year period and, except as otherwise provided by agreement, shall not be maintained at an amount greater than that required to pay principal and interest on bonds which will become due within the next succeeding two-year period. Once the tax is imposed by the city, the tax imposed for the benefit of the Minneapolis Park and Recreation Board shall remain in effect at the rate of 0.25 percent until the bonds issued under section 473.599 have been retired. The agreements shall be executed by the city, after approval by resolution of the city council and before the issuance of the bonds under section 473.581 and commencement of construction of the Metrodome or the issuance of bonds under section 473.599 and acquisition of the basketball and hockey arena and shall constitute a contract or contracts with and for the security of all holders of the bonds and revenue anticipation certificates secured by the tax. The Metrodome shall not be constructed or remodeled in a municipality which has not entered into an agreement for the Metrodome in accordance with this section. A basketball and hockey arena shall not be acquired in the city of Minneapolis unless the city has entered into an agreement in accordance with this section as security for bonds issued pursuant to section 473.599 and expenses of operation, administration, and maintenance of the basketball and hockey arena. The tax shall be reported and paid to the commissioner of revenue with and as part of the state sales and use taxes, and shall be subject to the same penalties, interest, and enforcement provisions. The collections of the tax, less refunds and a proportionate share of the costs of collection, shall be remitted at least quarterly to the Metropolitan Council and the city of Minneapolis for use by the Minneapolis Park and Recreation Board. The commissioner of revenue shall deduct from the proceeds remitted to the council and the city an amount that equals the indirect statewide costs as well as the direct and indirect department costs necessary to administer, audit, and collect this tax. The amount deducted shall be deposited in the general fund of the state. The proceeds remitted with respect to the Metrodome shall be placed, together with the net revenues of the commission attributable to the Metrodome under section 473.595, into the debt service fund or reserve or special funds, established under section 473.581, and any funds established to secure payment of operating deficits of the commission arising from its ownership and operation of the Metrodome. The proceeds may be used for payment of debt service on bonds and revenue anticipation certificates issued under section 473.581, and expenses of operation, administration, and maintenance of the Metrodome. The proceeds shall not be used for any capital costs of the Metrodome, except that the proceeds may be used to pay interest on bonds during the construction period.

The proceeds remitted with respect to the basketball and hockey arena shall be placed, together with the net revenues of the commission attributable to the basketball and hockey arena under section 473.595, subdivision 1a, into the debt service fund or reserve or special funds, established under section 473.599, and any funds established to secure payment of operating deficits of the commission arising from its acquisition, ownership, operation, or maintenance of the basketball and hockey arena. The proceeds may be used for payment of debt service on bonds and revenue anticipation certificates issued under section 473.599, and expenses of operation, administration, and maintenance of the basketball and hockey arena.

473.595 COMMISSION FINANCES.

Subdivision 1. **Metrodome admission tax.** The commission shall by resolution impose and maintain a ten percent admission tax upon the granting, issuance, sale, or distribution, by any private or public person, association, or corporation, of the privilege of admission to activities at the Metrodome. No other tax, surcharge, or governmental imposition, except the taxes imposed by chapter 297A, may be levied by any other unit of government upon any such sale or distribution. The admission tax shall be stated and charged separately from the sales price so far as practicable and shall be collected by the grantor, seller, or distributor from the person admitted and shall be a debt from that person to the grantor, issuer, seller, or distributor, and the tax required to be collected shall constitute a debt owed by the grantor, issuer, seller, or distributor to the commission, which shall be recoverable at law in the same manner as other debts. Every person

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granting, issuing, selling, or distributing tickets for such admissions may be required, as provided in resolutions of the commission, to secure a permit, to file returns, to deposit security for the payment of the tax, and to pay such penalties for nonpayment and interest on late payments, as shall be deemed necessary or expedient to assure the prompt and uniform collection of the tax.

Notwithstanding any other provisions of this subdivision, the imposition of an admission tax upon a national superbowl football game conducted at the Metrodome is discretionary with the commission.

Subd. 1a. **Arena admission tax.** The commission shall impose a ten percent admission tax on all tickets sold, issued, granted, or distributed for the privilege of admission to the basketball and hockey arena. In addition, the commission shall impose a surcharge in an amount to be determined by the commission, but not less than \$1 per ticket, on all tickets sold, issued, granted, or distributed for the privilege of admission to activities at the basketball and hockey arena. The sales price shall include the price of the ticket and any service or other charge imposed by the grantor, issuer, seller, or distributor upon the reservation, processing, distribution, delivery, or sale of the ticket. No other tax, surcharge, or governmental imposition, except the taxes imposed by chapter 297A, may be levied by any other unit of government upon such a sale or distribution. The admission tax and surcharge for the privilege of admission to activities at the basketball and hockey arena shall be charged and added to the sales price of the ticket, and imposed and collected in the same manner provided for the Metrodome pursuant to subdivision 1. The tax and surcharge provided for in this subdivision shall be effective from and after the date of the commission's acquisition of the basketball and hockey arena.

Subd. 2. **Rentals; fees; charges.** Rentals, fees, and charges provided for in use agreements at the Metrodome and basketball and hockey arena entered into by the commission shall be those estimated by the commission to be necessary and feasible to produce so far as possible, with commission revenues from other sources, the amounts needed for current operation, maintenance, and debt service. The commission shall with respect to the Met Center, the Metrodome, and the basketball and hockey arena meet and confer with any public body, authority, or agency owning or operating an entertainment or sports complex, or indoor sports arena, in the metropolitan area, for the purpose of undertaking measures or agreements maximizing revenues and eliminating unnecessary operational expenditures.

Subd. 3. **Budget preparation; review and approval.** The commission shall prepare a proposed budget by August 1 of each year. The budget shall include operating revenues and expenditures for operation, administration, and maintenance. In addition, the budget must show for each year:

(a) The estimated operating revenues from all sources including funds on hand at the beginning of the year, and estimated expenditures for costs of operation, administration, maintenance, and debt service;

(b) Capital improvement funds estimated to be on hand at the beginning of the year and estimated to be received during the year from all sources and estimated cost of capital improvements to be paid out or expended during the year; all in such detail and form as the council may prescribe; and

(c) The estimated source and use of pass-through funds.

As early as practicable before August 15 of each year, the commission shall hold a public hearing on a draft of the proposed budget. Along with the draft, the commission shall publish a report on user charges. The report must include an estimate and analysis of the changes in user charges, rates, and fees that will be required by the commission's budget. Not less than 14 days before the hearing, the commission shall publish notice of the hearing in a newspaper having general circulation in the metropolitan area, stating the date, time, and place of hearing, and the place where the proposed budget and report on user charges may be examined by any interested person. Following the hearing, the commission shall publish a report of the hearing that summarizes the comments received and the commission's response. The council shall approve or disapprove the entire budget by October 1 of each year. Before December 15 of each year, the commission shall by resolution adopt a final budget. The commission shall file its final budget with the council on or before December 20 of each year. The council shall file the budgets with the secretary of the senate and the clerk of the house of representatives not later than January 1 of each year.

Except in an emergency, for which procedures must be established by the commission, the commission and its officers, agents, and employees may not spend money for any purpose, other than debt service, without an appropriation by the commission, and no obligation to make such an expenditure shall be enforceable except as the obligation of the person or persons incurring it. The creation of any debt obligation or the receipt of any federal or state grant is a sufficient appropriation of the proceeds for the purpose for which it is authorized, and of the tax or other

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revenues pledged to pay the obligation and interest on it whether or not specifically included in any annual budget. After obtaining approval of the council, the commission may amend the budget at any time by transferring any appropriation from one purpose to another, except appropriations of the proceeds of bonds issued for a specific purpose.

Subd. 4. **Payment of council costs.** The commission shall comply with the provisions of section 473.164.

Subd. 5. **Audit.** The legislative auditor shall make an independent audit of the commission's books and accounts once each year or as often as the legislative auditor's funds and personnel permit. The costs of the audits shall be paid by the commission pursuant to section 3.9741. The council may examine the commission's books and accounts at any time.

Subd. 6. **General.** The commission shall receive and account for all tax and other revenue of the commission and from the revenue shall provide, contract, and pay for proper operation, administration, and maintenance of all of its property and facilities and shall maintain, as authorized by resolutions of the council, reserves for major repairs, replacements, and improvements and for working capital. The commission shall remit to the council for deposit in its Metrodome debt service funds, at the times required by resolution of the council, the net revenue attributable to the Metrodome in excess of these requirements and for deposit in its basketball and hockey arena debt service fund or funds, at the times required by resolution of the council, the net revenue attributable to the basketball and hockey arena in excess of these requirements.

Subd. 7. **Sale of seats.** The commission may sell seats in any multipurpose sports facility constructed after June 30, 1979 at prices and subject to conditions consistent with this section. Ownership of a seat shall give the owner first preference for purchase of a season ticket of admission for professional sports exhibitions with a right to be seated in the owned seat. An owner may sell or otherwise transfer the rights on whatever terms the owner chooses. Rights to a seat may not be divided. No fee may be charged for a transfer of ownership of a seat. The commission may charge a maintenance fee not exceeding \$10 per year for each seat.

473.598 ARENA ACQUISITION.

Subdivision 1. **Commission determination.** The commission shall first determine whether to pursue negotiations to acquire the basketball and hockey arena.

Subd. 2. **Examination and disclosure of loan terms.** Before making a final decision to acquire the basketball and hockey arena, the commission must obtain and examine all the terms, conditions, covenants, and other provisions of any loan agreements between the owners of the arena and third parties that provided financing secured by mortgages on or other security interests in the basketball and hockey arena. These terms specifically include any agreements that require a professional team affiliated with the owner to lease or use the arena or that restrict or limit the authority of the team owners or affiliates to relocate the team. The commission shall make the terms of the agreements available for public inspection.

Subd. 3. **Commission proposal.** (a) If the commission makes a final determination to acquire the basketball and hockey arena, the commission may then submit to the Metropolitan Council a proposal to bond for and acquire the basketball and hockey arena. The commission's proposal shall contain all information deemed appropriate or necessary by the council to its determinations pursuant to section 473.599, subdivision 4. The commission, in preparing the proposal for the council, shall require of the sellers and of the professional teams that are potential lessees or other potential lessees and all of their affiliated entities any and all data relevant to the acquisition, financing, ownership, and operation of the basketball and hockey arena, including, but not limited to, contracts, agreements, profit and loss statements, annual audit statements and balance sheets. The commission shall contract with an independent, nationally recognized firm of certified public accountants to perform due diligence and provide an economic feasibility study or report with regard to the data received by the commission from the sellers, the potential lessees, and affiliated entities. In evaluating whether to acquire the basketball and hockey arena, the commission shall consider among other factors, (a) total capital and operating costs of the basketball and hockey arena to the commission and total commission revenues from the basketball and hockey arena over the expected life of the facility, including any contributions by the state, local units of government or other organizations, (b) the total governmental costs associated with the acquisition and operation of the basketball and hockey arena, including the cost to all units and agencies of government as well as the costs to the commission, (c) the net gain or loss of taxes to the state and all local government units, and (d) economic and other benefits accruing to the public.

(b) Before submitting its proposal to the Metropolitan Council under paragraph (a), the commission shall submit the proposal to the Department of Management and Budget for review,

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evaluation, and comment. Any data which is not public data under subdivision 4 shall remain not public data when given to the Department of Management and Budget.

Subd. 4. **Treatment of data.** (a) Except as specifically provided in this subdivision, all data received by the commission or council in the course of its negotiations and acquisition of the basketball and hockey arena is public data.

(b) The commission may keep confidential data received or prepared by its accountants or counsel for purposes of negotiations with existing or potential lessees of the basketball and hockey arena. That data shall be confidential data on individuals under section 13.02, subdivision 3, or protected nonpublic data under section 13.02, subdivision 13, as the case may be, unless the commission determines that public release of the data would advance the negotiations, or until the potential lessees have executed agreements with the commission or the negotiations are unfavorably concluded.

(c) The following data shall be private data on individuals under section 13.02, subdivision 12, or nonpublic data under section 13.02, subdivision 9, as the case may be:

(1) data received by the commission or council from the present lessees or potential lessees of the basketball and hockey arena which if made public would, due to the disclosure, permit a competitive economic advantage to other persons;

(2) data relating to affiliated entities of the parties referred to in subdivision 3 which is not relevant to the due diligence and economic feasibility study referred to under subdivision 3; and

(3) data on individuals which is not relevant to the finances of the basketball and hockey arena or useful to demonstrate the financial ability of the potential lessees of the arena to perform their agreements with the commission.

(d) For purposes of this subdivision, the terms "commission" and "council" include their members and employees, accountants, counsel, and consultants and the firm of independent certified public accountants to be engaged under subdivision 2.

(e) Notwithstanding the exceptions in this subdivision, summary data which demonstrates the financial ability of the lessees and potential lessees of the basketball and hockey arena to perform their obligations under agreements with the commission and data which relates in any way to the value of the basketball and hockey arena and the amount by which the owners' investment in the arena, including debt obligations, exceeds the commission's payments to and assumption of the owners' debt obligations, shall be public data.

Subd. 5. **Hockey agreement.** The commission shall exercise its best efforts, consistent with its other obligations under sections 473.551 to 473.599 to attempt to secure an agreement with a major league professional hockey organization to play its home games at the basketball and hockey arena.

473.599 DEBT OBLIGATIONS.

Subdivision 1. **Revenues.** It is the intent of the legislature that the commission shall, to the maximum extent possible consistent with the provisions of this section, impose rates, rentals, and other charges in the operation of the basketball and hockey arena which together with the admissions tax and surcharge provided in section 473.595, subdivision 1a, will make the basketball and hockey arena self-supporting so that the taxes imposed under section 473.592 for the basketball and hockey arena will be at the lowest possible rate consistent with the obligations of the city of Minneapolis as provided in sections 473.551 to 473.599.

Subd. 2. **Bonds.** The council shall by resolution authorize the sale and issuance of its bonds for any of the following purposes upon its determination that the conditions of subdivision 4 have been met:

(a) To provide funds for the acquisition or betterment of the basketball and hockey arena by the commission pursuant to sections 473.598 and 473.599;

(b) To refund bonds issued under this section; and

(c) To fund judgments entered by any court against the commission or against the council in matters relating to the basketball and hockey arena.

Subd. 3. **Procedure.** The bonds shall be sold, issued, and secured in the manner provided in chapter 475 for bonds payable solely from revenues, except as otherwise provided in sections 473.551 to 473.599, and the council shall have the same powers and duties as a municipality and its governing body in issuing bonds under chapter 475. The council may pledge for the payment of the bonds the net revenues of the commission arising from the commission's operation of the basketball and hockey arena, the tax provided by section 473.592 for the basketball and hockey arena, and the admission tax and surcharge authorized in section 473.595, subdivision 1a. The bonds may be sold at any price and at public or private sale as determined by the council. They shall be payable solely from tax and other revenues referred to in sections 473.551 to 473.599,

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and shall not be a general obligation or debt of the council or of the commission, and shall not be included in the net debt of any city, county, or other subdivision of the state for the purpose of any net debt limitation, but nothing in this section shall affect the obligation of the city of Minneapolis to levy a tax pursuant to an agreement made under the provisions of section 473.592. No election shall be required. The principal amount shall not be limited except as provided in subdivision 4.

Subd. 4. **Limits.** The principal amount of the bonds issued pursuant to subdivision 2, clause (a), exclusive of any original issue discount, shall not exceed the total amount of \$42,000,000 plus such amount as the council determines necessary to pay the costs of issuance, fund reserves for operation and debt service, and pay for any bond insurance or other credit enhancement. The bonds may be issued as tax-exempt revenue bonds or as taxable revenue bonds in the proportions that the commission may determine. The proceeds of the bonds issued pursuant to subdivision 2, clause (a), shall be used only for acquisition and betterment of sports facilities suitable for a basketball and hockey arena and the arena land and the related purposes referred to in this subdivision, and for reimbursement of any expenses of the commission related to its determination of whether to acquire the basketball and hockey arena, whenever incurred. The council shall issue its bonds pursuant to subdivision 2, clause (a), and the commission may acquire the basketball and hockey arena and the arena land when the council has made the following determinations:

(a) The commission, the city of Minneapolis or the Minneapolis Community Development Agency, or any or all of them, as the commission may deem appropriate, has executed agreements with a major league professional basketball organization to use the arena for all scheduled regular season home games and play-off home games, and for at least one of its exhibition games played each season. The agreements shall be for a period of 30 years. The agreements may contain provisions negotiated with the organization which provide for earlier termination of the use of the basketball and hockey arena by the commission upon conditions related to and limited to the bankruptcy or insolvency of the organization. The agreements shall afford to the commission, the city of Minneapolis, or the Minneapolis Community Development Agency, or each or all of them, as the commission deems appropriate, the remedies that are deemed necessary and appropriate to provide reasonable assurances that the major league professional basketball organization or another major league professional basketball organization shall comply with the agreements. The remedies shall include the payment of liquidated damages equivalent to direct and consequential damages incurred by reason of the breach of the agreements and any additional remedies or security arrangements the commission reasonably determines to be effective in accomplishing the purposes of this paragraph. The damages payment may be payable in a lump sum or in installments as the commission may deem appropriate. The commission may require that the agreements include other terms and conditions to provide reasonable assurances that the major league professional basketball team or a successor major league professional basketball team will play the required games at the basketball and hockey arena during the 30-year term of the agreements, or, in the event of a breach, to assure the payment of the required damages. The agreements shall address contingencies that may arise in the event of change of ownership of the professional teams. The agreements with the professional basketball organization for the use of the basketball and hockey arena shall provide for arrangements which the commission may deem necessary or appropriate to accommodate a future agreement between the commission and a professional hockey organization to occupy the basketball and hockey arena, consistent with this section.

(b) The commission has exercised its reasonable efforts to obtain assurances and/or agreements from the professional basketball major league to the extent permitted under applicable federal and state law, that it will not approve the relocation of the major league professional basketball organization if the relocation is in violation of the terms of the agreements referred to in paragraph (a).

(c) The professional basketball team has provided information sufficient to satisfy the council and the commission of the team's ability to comply with the terms of the 30-year lease.

(d) The proceeds of bonds provided for in this subdivision will be sufficient for the purposes for which they are issued.

(e) The commission has acquired, or has contracted to acquire, (i) leasehold title to the arena land together with the estate of the tenant and other rights demised under the ground lease, subject to amendment as provided in clause (o), (ii) ownership of all real and personal property comprising the basketball and hockey arena, and (iii) all easements, appurtenances and other rights, title, or interest deemed by the commission necessary or desirable in connection with the acquisition, financing, ownership, and operation of the basketball and hockey arena.

(f) The percentage of the private boxes provided for in the commission's proposal for the basketball and hockey arena are sold or leased for the period that the commission finds advisable.

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(g) The anticipated admission taxes and surcharges and other revenue from the operation of the basketball and hockey arena will be sufficient to pay when due all basketball and hockey arena debt service plus all administration, operating and maintenance expense of the arena.

(h) The city of Minneapolis has entered into an agreement as contemplated in clause (n) and an agreement or agreements as contemplated in section 473.592 with respect to the basketball and hockey arena.

(i) The council has entered into an agreement with the brokerage firm or brokerage firms to be used in connection with the issuance and sale of the bonds guaranteeing that fees and charges payable to the brokerage firm or firms in connection therewith, including any underwriting discounts, shall not exceed fees and charges customarily payable in connection with the issuance and sale of bonds secured by the pledge of the full faith and credit of the city of Minneapolis.

The validity of any bonds issued under subdivision 2, clause (a), and the obligations of the council and commission related to them, shall not be conditioned upon or impaired by the council's determination made pursuant to this subdivision. For purposes of issuing the bonds the determinations made by the commission and council shall be deemed conclusive, and the council shall be and remain obligated for the security and payment of the bonds irrespective of determinations which may be erroneous, inaccurate, or otherwise mistaken.

(j) The commission has entered into arrangements with any other persons to create a condominium or leasehold condominium, or common interest community or leasehold common interest community, with respect to the building containing the basketball and hockey arena, including the arena playing and spectator areas, and all other portions of the building, and together with the arena land and all other related improvements, easements and other appurtenant and ancillary property and property rights. The Minneapolis Community Development Agency in its capacity as ground lease landlord may be a party to the condominium or common interest community declaration. The condominium or common interest community declaration shall establish the portion of the building containing the health club as a separate unit of the condominium or common interest community, and the commission shall have entered into an agreement or agreements with a private sports and health club organization which shall require that the organization shall purchase or retain ownership of the unit with its own funds and at no cost or expense to the commission, and that the organization shall pay for all utility and other operating costs and expenses including allocated common expenses and pay ad valorem property taxes for the unit. The condominium or common interest community declaration may also establish other units in the condominium or common interest community which shall include the arena playing and spectator areas and may also include office space, restaurant space, locker rooms, private spectator suites or boxes, signage, and other areas, and may also establish common elements, limited common elements and other easements and interests as the commission deems necessary or appropriate. The agreement or agreements between the commission and the private sports and health club organization may also address additional matters which may be the subject of the bylaws or other agreements or arrangements among unit owners of condominiums or common interest communities, either as part of, or separately from, the provisions of chapter 515A or 515B, or any other items as may be ordinarily and customarily negotiated between the commission and the organization.

(k) The private sports and health club organization has executed an assessment agreement pursuant to section 469.177, subdivision 8, obligating payment of ad valorem taxes based on a minimum market value of the health club of at least \$10,000,000 with the city of Minneapolis or the Minneapolis Community Development Agency.

(l) The commission has executed an agreement requiring the commission to remit annually to the Minneapolis Community Development Agency or appropriate agency an amount which together with any ad valorem taxes or other amounts received by the city of Minneapolis or the Minneapolis Community Development Agency from the health club as tax increments equals the debt service required by the tax increment district attributable to the basketball and hockey arena until the current outstanding indebtedness or any refunding thereof has been paid or retired.

(m) The development agreement shall be amended:

(i) so that no payments are due to the city of Minneapolis or the Minneapolis Community Development Agency from the commission or any other person with respect to the sale, ownership or operation of the basketball and hockey arena, except as provided in clauses (k), (l), and (n); and

(ii) to confirm the satisfactory performance of the obligations of the parties to the development agreement on the effective date of the commission's acquisition; provided, that the city of Minneapolis and the Minneapolis Community Development Agency shall not be required to release any claim they may have under the development agreement with respect to the operations or sale of the health club (except as such claim may arise from the commission's acquisition of the basketball and hockey arena and the contemporaneous sale or transfer of the

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health club to those persons who own the basketball and hockey arena and the health club on the date of the commission's acquisition) or from the operations or sale of the professional basketball organization occupying the basketball and hockey arena or the security they may have under the development agreement or the ground lease to assure its performance, pursuant to the guaranty of the guarantors in the event of any default of the commission under the ground lease, or of the owners of the health club with respect to the payment of ad valorem taxes or any payment due from them under the development agreement as amended in accordance with the provisions of this subdivision.

(n) The commission has executed an agreement with the city of Minneapolis providing that for so long as the commission owns the basketball and hockey arena the city shall not impose any entertainment tax or surcharge on tickets purchased for any and all events at the basketball and hockey arena. The agreement may also provide that the commission shall compensate the city for the forbearance of the entertainment tax in effect on the effective date of Laws 1994, chapter 648, plus accrued interest, after payment of basketball and hockey arena debt service, the necessary and appropriate funding of debt reserve of the basketball and hockey arena and all expenses of operation, administration, and maintenance, and the funding of a capital reserve for the repair, remodeling and renovation of the basketball and hockey arena. The required funding of the capital reserve shall be in an amount mutually agreed to by the commission and the city.

(o) The ground lease shall be amended by the Minneapolis Community Development Agency to the reasonable satisfaction of the commission to provide:

(i) that the commission's sole financial obligation to the landlord shall be to make the payment provided for in clause (1) from the net revenues of the commission attributable to the operation of the basketball and hockey arena;

(ii) that the term of the lease shall be 99 years;

(iii) that the commission shall have the option to purchase the arena land upon the payment of \$10 at any time during the term of the ground lease, but, unless otherwise agreed to by the Minneapolis Community Development Agency, only after the payment or retirement of the general obligation tax increment bonds previously issued by the city of Minneapolis to assist in financing the acquisition of the arena land; and

(iv) other amendments as the commission deems necessary and reasonable to accomplish its purposes as provided in sections 473.598 and 473.599.

(p) The commission has received a report or reports by qualified consultants on the basketball and hockey arena, the health club and the arena land, based on thorough inspection in accordance with generally accepted professional standards and any correction, repair, or remediation disclosed by the reports has been made to the satisfaction of commission.

Subd. 5. Security. To the extent and in the manner provided in sections 473.592 and 473.595, the taxes described in section 473.592 for the basketball and hockey arena, the tax, surcharge and other revenues of the commission described in section 473.595, subdivision 1a, attributable to the basketball and hockey arena and any other revenues of the commission attributable to the basketball and hockey arena shall be and remain pledged and appropriated for the purposes specified in Laws 1994, chapter 648, article 1, and for the payment of all necessary and reasonable expenses of the operation, administration, maintenance, and debt service of the basketball and hockey arena until all bonds referred to in section 473.599, subdivision 2, are fully paid or discharged in accordance with law. Bonds issued pursuant to this section may be secured by a bond resolution, or by a trust indenture entered into by the council with a corporate trustee within or outside the state, which shall define the tax and other revenues pledged for the payment and security of the bonds. The pledge shall be a valid charge on the tax, surcharge and other revenues attributable to the basketball and hockey arena referred to in sections 473.592, 473.595, subdivision 1a, 473.598, and 473.599 from the date when bonds are first issued or secured under the resolution or indenture and shall secure the payment of principal and interest and redemption premiums when due and the maintenance at all times of a reserve securing the payments. No mortgage or security interest in any tangible real or personal property shall be granted to the bondholders or the trustee, but they shall have a valid security interest in all tax and other revenues received and accounts receivable by the commission or council under sections 473.592 to the extent of the tax imposed as security for the debt service of the basketball and hockey arena, 473.595, subdivision 1a, 473.598, and 473.599, as against the claims of all other persons in tort, contract, or otherwise, irrespective of whether the parties have notice of them, and without possession or filing as provided in the Uniform Commercial Code or any other law. In the bond resolution or trust indenture the council may make the covenants, which shall be binding upon the commission, as are determined to be usual and reasonably necessary for the protection of the bondholders. No pledge, mortgage, covenant, or agreement securing bonds may be impaired, revoked, or amended by law or by action of the council, commission, or city, except

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in accordance with the terms of the resolution or indenture under which the bonds are issued, until the obligations of the council under the resolution or indenture are fully discharged.

Subd. 6. Revenue anticipation certificates. After approval by the council and final adoption by the commission of an annual budget of the commission for operation, administration, and maintenance of the basketball and hockey arena, and in anticipation of the proceeds from the taxes under section 473.592 and the revenues of the commission provided for in the budget, but subject to any limitation or prohibition in a bond resolution or indenture, the council may authorize the issuance, negotiation, and sale, in the form and manner and upon the terms that it may determine, of revenue anticipation certificates. The principal amount of the certificates outstanding shall at no time exceed 25 percent of the total amount of the tax and other revenues anticipated. The certificates shall mature not later than three months after the close of the budget year. Prior to the approval and final adoption of the annual budget of the commission, the council may authorize revenue anticipation certificates under this subdivision. So much of the anticipated tax and other revenues as may be needed for the payment of the certificates and interest on them shall be paid into a special debt service fund established for the certificates in the council's financial records. If for any reason the anticipated tax and other revenues are insufficient, the certificates and interest shall be paid from the first tax, surcharge and other revenues received attributable to the basketball and hockey arena, subject to any limitation or prohibition in a bond resolution or indenture. The proceeds of the certificates may be used for any purpose for which the anticipated revenues or taxes may be used or for any purpose for which bond proceeds under subdivision 2 may be used.

Subd. 7. Arena free of mortgages, liens, and obligations. With the exception of the obligations imposed by sections 473.598 and 473.599, the commission shall not assume any notes, pledges, mortgages, liens, encumbrances, contracts, including advertising contracts or marquee agreements, or other obligations upon acquisition of the basketball and hockey arena or the arena land, including but not by way of limitation, management or concession agreements. Upon acquisition by the commission, the basketball and hockey arena and the arena land shall be free of all liens and encumbrances, including the foregoing but excluding the easements and rights-of-way that the commission shall determine do not materially impair or affect its ownership and operation of the basketball and hockey arena. Upon acquisition, the commission shall, through a process involving statewide public participation, select a name for the basketball and hockey arena. In the process of selecting the name, the commission shall consider its obligation under section 473.599, subdivision 1, but that obligation must not be the principal consideration in making the selection.

Subd. 8. Reimbursement to state. The commission shall compensate the state for its contribution from the general fund under Minnesota Statutes 2008, section 240A.08, plus accrued interest, after payment of basketball and hockey arena debt service, the necessary and appropriate funding of debt reserve of the basketball and hockey arena and all expenses of operation, administration, and maintenance and the funding of a capital reserve for the repair, remodeling and renovation of the basketball and hockey arena. Compensation paid to the state shall occur at the same time that compensation is paid to the city of Minneapolis, as provided in paragraph (n) of subdivision 4, on a basis proportionate to the amount of forbearance of the entertainment tax or surcharge as provided in paragraph (n) to that date, and the amount of general fund appropriations paid by the state under Minnesota Statutes 2008, section 240A.08, to that date. No reimbursement will be paid under this subdivision after (1) the aggregate amount of the appropriations granted under Minnesota Statutes 2008, section 240A.08, to that time, plus accrued interest, has been reimbursed under this subdivision, or (2) December 31, 2024, whichever is earlier.

473.76 METROPOLITAN SPORTS FACILITIES COMMISSION.

The Metropolitan Sports Facilities Commission may authorize, by resolution, technical, professional, or financial assistance to the county and authority for the development and operation of the ballpark upon such terms and conditions as the county or authority and the Metropolitan Sports Facilities Commission may agree, including reimbursement of financial assistance from the proceeds of the bonds authorized in this chapter. Without limiting the foregoing permissive powers, the Metropolitan Sports Facilities Commission shall transfer \$300,000 from its cash reserves to the county on or prior to January 1, 2007, for use in connection with preliminary ballpark and public infrastructure costs, which amount shall be repaid by the county from collections of the tax authorized by section 473.757, if any.