

Sections 1 and 2 are effective August 1, 1996, and apply to all health plans providing coverage to a Minnesota resident, issued, renewed, or continued on or after that date.

Presented to the governor April 4, 1996

Signed by the governor April 15, 1996, 1:15 p.m.

CHAPTER 466—H.F.No. 374

VETOED

CHAPTER 467—H.F.No. 2318

An act relating to gambling; regulating the imposition of certain taxes on pari-mutuel racing; providing for the handling of claims on unredeemed tickets; regulating expenditures from lawful gambling; providing enforcement powers; removing the restriction on compensation to persons who participate in the conduct of lawful gambling; regulating leased premises; requiring a report; amending Minnesota Statutes 1994, sections 240.15, subdivisions 1 and 5; 349.151, subdivision 4; 349.166, subdivisions 2 and 3; 349.18, subdivision 1; and 349.19, subdivision 3; repealing Minnesota Statutes 1994, section 349.168, subdivision 3.

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

Section 1. Minnesota Statutes 1994, section 240.15, subdivision 1, is amended to read:

Subdivision 1. **TAXES IMPOSED.** (a) From July 1, 1996, until July 1, 1999, there is imposed a tax at the rate of six percent of the total amount in excess of \$12,000,000 annually withheld from all pari-mutuel pools by the licensee, including breakage and amounts withheld under section 240.13, subdivision 4. After June 30, 1999, the tax is imposed on the total amount withheld from all pari-mutuel pools. For the purpose of this subdivision, "annually" is the period from July 1 to June 30 of the next year.

In addition to the above tax, the licensee must designate and pay to the commission a tax of one percent of the total amount bet on each racing day, for deposit in the Minnesota breeders fund.

The taxes imposed by this clause must be paid from the amounts permitted to be withheld by a licensee under section 240.13, subdivision 4.

(b) The commission may impose an admissions tax of not more than ten cents on each paid admission at a licensed racetrack on a racing day if:

(1) the tax is requested by a local unit of government within whose borders the track is located;

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(2) a public hearing is held on the request; and

(3) the commission finds that the local unit of government requesting the tax is in need of its revenue to meet extraordinary expenses caused by the racetrack.

Sec. 2. Minnesota Statutes 1994, section 240.15, subdivision 5, is amended to read:

Subd. 5. **UNREDEEMED TICKETS.** ~~Not later than 100 days after the end of a racing meeting a licensee who sells pari-mutuel tickets must remit to the commission or its representative an amount equal to the total value of unredeemed tickets from the racing meeting. The remittance must be accompanied by a detailed statement of the money on a form the commission prescribes.~~

(a) Notwithstanding any provision to the contrary in chapter 345, unredeemed pari-mutuel tickets shall not be considered unclaimed funds and shall be handled in accordance with the provisions of this subdivision.

(b) ~~Until the end of calendar year 1999, any person claiming to be entitled to the proceeds of any unredeemed ticket who fails to claim said proceeds prior to their being remitted to the commission, may within one year after the date of remittance to the commission conclusion of each race meet file with the commission licensee a verified claim for such proceeds on such form as the commission licensee prescribes along with the pari-mutuel ticket. Unless the claimant satisfactorily establishes the right to the proceeds, the claim shall be rejected. If the claim is allowed, the commission licensee shall pay the proceeds without interest to the claimant. There is hereby appropriated from the general fund to the commission an amount sufficient to make payment to persons entitled to such proceeds.~~

(c) Beginning January 1, 2000, not later than 100 days after the end of a race meet a licensee who sells pari-mutuel tickets must remit to the commission or its representative an amount equal to the total value of unredeemed tickets from the race meet. The remittance must be accompanied by a detailed statement of the money on a form the commission prescribes. Any person claiming to be entitled to the proceeds of any unredeemed ticket who fails to claim said proceeds prior to their being remitted to the commission, may within one year after the date of remittance to the commission file with the commission a verified claim for such proceeds on such form as the commission prescribes along with the pari-mutuel ticket. Unless the claimant satisfactorily establishes the right to the proceeds, the claim shall be rejected. If the claim is allowed, the commission shall pay the proceeds without interest to the claimant. There is hereby appropriated from the general fund to the commission an amount sufficient to make payment to persons entitled to such proceeds.

Sec. 3. Minnesota Statutes 1994, section 349.151, subdivision 4, is amended to read:

Subd. 4. **POWERS AND DUTIES.** (a) The board has the following powers and duties:

(1) to regulate lawful gambling to ensure it is conducted in the public interest;

(2) to issue licenses to organizations, distributors, bingo halls, manufacturers, and gambling managers;

(3) to collect and deposit license, permit, and registration fees due under this chapter;

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(4) to receive reports required by this chapter and inspect all premises, records, books, and other documents of organizations, distributors, manufacturers, and bingo halls to insure compliance with all applicable laws and rules;

(5) to make rules authorized by this chapter;

(6) to register gambling equipment and issue registration stamps;

(7) to provide by rule for the mandatory posting by organizations conducting lawful gambling of rules of play and the odds and/or house percentage on each form of lawful gambling;

(8) to report annually to the governor and legislature on its activities and on recommended changes in the laws governing gambling;

(9) to impose civil penalties of not more than \$500 per violation on organizations, distributors, employees eligible to make sales on behalf of a distributor, manufacturers, bingo halls, and gambling managers for failure to comply with any provision of this chapter or any rule or order of the board;

(10) to issue premises permits to organizations licensed to conduct lawful gambling;

(11) to delegate to the director the authority to issue or deny license and premises permit applications and renewals under criteria established by the board;

(12) to suspend or revoke licenses and premises permits of organizations, distributors, manufacturers, bingo halls, or gambling managers as provided in this chapter;

(13) to register employees of organizations licensed to conduct lawful gambling;

(14) to require fingerprints from persons determined by board rule to be subject to fingerprinting;

(15) to delegate to a compliance review group of the board the authority to investigate alleged violations, issue consent orders, and initiate contested cases on behalf of the board;

(16) to order organizations, distributors, manufacturers, bingo halls, and gambling managers to take corrective actions; and

(17) to take all necessary steps to ensure the integrity of and public confidence in lawful gambling.

(b) The board, or director if authorized to act on behalf of the board, may by citation assess any organization, distributor, employee eligible to make sales on behalf of a distributor, manufacturer, bingo hall licensee, or gambling manager a civil penalty of not more than \$500 per violation for a failure to comply with any provision of this chapter or any rule adopted or order issued by the board. Any organization, distributor, bingo hall licensee, gambling manager, or manufacturer assessed a civil penalty under this paragraph may request a hearing before the board. Appeals of citations imposing a civil penalty are not subject to the provisions of the administrative procedure act.

(c) All fees and penalties received by the board must be deposited in the general fund.

Sec. 4. Minnesota Statutes 1994, section 349.166, subdivision 2, is amended to read:

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Subd. 2. **EXEMPTIONS.** (a) Lawful gambling may be conducted by an organization without a license and without complying with sections 349.168, subdivisions 1 and 2; 349.17, subdivisions 4 and 5; 349.18, subdivision 1; and 349.19 if:

(1) the organization conducts lawful gambling on five or fewer days in a calendar year;

(2) the organization does not award more than \$50,000 in prizes for lawful gambling in a calendar year;

(3) the organization pays a fee of \$25 to the board, notifies the board in writing not less than 30 days before each lawful gambling occasion of the date and location of the occasion, or 60 days for an occasion held in the case of a city of the first class, the types of lawful gambling to be conducted, the prizes to be awarded, and receives an exemption identification number;

(4) the organization notifies the local government unit 30 days before the lawful gambling occasion, or 60 days for an occasion held in a city of the first class;

(5) the organization purchases all gambling equipment and supplies from a licensed distributor; and

(6) the organization reports to the board, on a single-page form prescribed by the board, within 30 days of each gambling occasion, the gross receipts, prizes, expenses, expenditures of net profits from the occasion, and the identification of the licensed distributor from whom all gambling equipment was purchased.

(b) If the organization fails to file a timely report as required by paragraph (a), clause (3) or (6), a \$250 penalty is imposed on the organization. Failure to file a timely report does not disqualify the organization as exempt under this subdivision if a report is later filed and the penalty paid. the board shall not issue any authorization, license, or permit to the organization to conduct lawful gambling on an exempt, excluded, or licensed basis until the report has been filed.

(c) Merchandise prizes must be valued at their fair market value.

(d) Unused pull-tab and tipboard deals must be returned to the distributor within seven working days after the end of the lawful gambling occasion. The distributor must accept and pay a refund for all returns of unopened and undamaged deals returned under this paragraph.

(e) An organization that is exempt from taxation on purchases of pull-tabs and tipboards under section 297E.02, subdivision 4, paragraph (b), clause (4), must return to the distributor any tipboard or pull-tab deal no part of which is used at the lawful gambling occasion for which it was purchased by the organization.

(f) The organization must maintain all required records of exempt gambling activity for 3-1/2 years.

Sec. 5. Minnesota Statutes 1994, section 349.166, subdivision 3, is amended to read:

Subd. 3. **RAFFLES; CERTAIN ORGANIZATIONS.** Sections 349.168, subdivisions 3 and subdivision 4; and 349.211, subdivision 3, and the membership requirements of section 349.16, subdivision 2, paragraph (c), do not apply to raffles conducted by an

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organization that directly or under contract to the state or a political subdivision delivers health or social services and that is a 501(c)(3) organization if the prizes awarded in the raffles are real or personal property donated by an individual, firm, or other organization. The person who accounts for the gross receipts, expenses, and profits of the raffles may be the same person who accounts for other funds of the organization.

Sec. 6. Minnesota Statutes 1994, section 349.18, subdivision 1, is amended to read:

Subdivision 1. **LEASE OR OWNERSHIP REQUIRED.** (a) An organization may conduct lawful gambling only on premises it owns or leases. Leases must be on a form prescribed by the board. Except for leases entered into before the effective date of this section, the term of the lease may not begin before the effective date of the premises permit and must expire on the same day that the premises permit expires. Copies of all leases must be made available to employees of the board and the division of gambling enforcement on request. A lease may not provide for payments determined directly or indirectly by the receipts or profits from lawful gambling. The board may prescribe by rule limits on the amount of rent which an organization may pay to a lessor for premises leased for lawful gambling provided that no rule of the board may prescribe a limit of less than \$1,000 per month on rent paid for premises used for lawful gambling other than bingo. Any rule adopted by the board limiting the amount of rent to be paid may only be effective for leases entered into, or renewed, after the effective date of the rule.

(b) No person, distributor, manufacturer, lessor, or organization other than the licensed organization leasing the space may conduct any activity other than the sale or serving of food and beverages on the leased premises during times when lawful gambling is being conducted on the premises.

(c) At a site where the leased premises consists of an area on or behind a bar at which alcoholic beverages are sold and employees of the lessor are employed by the organization as pull-tab sellers at the site, pull-tabs and tipboard tickets may be sold and redeemed by those employees at any place on or behind the bar, but the tipboards and receptacles for pull-tabs and cash drawers for lawful gambling receipts must be maintained only within the leased premises.

(d) Employees of a lessor may participate in lawful gambling on the premises provided (1) if pull-tabs or tipboards are sold, the organization voluntarily posts, or is required to post, the major prizes as specified in section 349.172; and (2) any employee of the lessor participating in lawful gambling is not a gambling employee for the organization conducting lawful gambling on the premises.

Sec. 7. Minnesota Statutes 1994, section 349.19, subdivision 3, is amended to read:

Subd. 3. **EXPENDITURES.** (a) All expenditures of gross profits from lawful gambling must be itemized as to payee, purpose, amount, and date of payment, and must be in compliance with section 349.154. Authorization of the expenditures must be recorded in the monthly meeting minutes of the licensed organization. Checks for expenditures of gross profits must be signed by at least two persons authorized by board rules to sign the checks.

(b) Expenditures authorized by the board according to section 349.12, subdivision 25, paragraph (b), clause (3), must be 51 percent completed within two years of the date of board approval. "Fifty-one percent completed" means that the work completed must

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represent at least 51 percent of the value of the project as documented by the contractor or vendor. An organization that fails to comply with this paragraph shall reapply to the board for approval of the project.

Sec. 8. REPORT.

The commissioner of human services must report to the senate committee on gaming regulation, the house of representatives committee on governmental operations and gambling, and the governor by June 1, 1996, on the results of its negotiations of the agreement provided for in Minnesota Statutes, section 245.98, subdivision 4. The commissioner must also issue a follow-up report on January 15, 1997.

Sec. 9. REPEALER.

Minnesota Statutes 1994, section 349.168, subdivision 3, is repealed.

Sec. 10. EFFECTIVE DATE.

Section 1 is effective July 1, 1996.

Section 2 is effective the day after final enactment and applies to unredeemed tickets whenever sold. Sections 3, 4, 5, 6, 7, 8, and 9 are effective the day following final enactment.

Presented to the governor April 4, 1996

Signed by the governor April 11, 1996, 11:45 a.m.

CHAPTER 468—H.F.No. 1648

An act relating to civil actions; providing for recovery of damages and injunctive relief for victims of bias offenses; imposing parental liability; proposing coding for new law in Minnesota Statutes, chapter 611A.

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

Section 1. [611A.79] CIVIL DAMAGES FOR BIAS OFFENSES.

Subdivision 1. DEFINITION. For purposes of this section, "bias offense" means conduct that would constitute a crime and was committed because of the victim's or another's actual or perceived race, color, religion, sex, sexual orientation, disability as defined in section 363.01, age, or national origin.

Subd. 2. CAUSE OF ACTION; DAMAGES AND FEES INJUNCTION. A person who is damaged by a bias offense has a civil cause of action against the person who committed the offense. The plaintiff is entitled to recover the greater of: (i) \$500; or (ii) actual general and special damages, including damages for emotional distress.

A plaintiff also may obtain punitive damages as provided in sections 549.191 and 549.20 or an injunction or other appropriate relief.

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