CHAPTER 111--H.F.No. 4597

An act relating to horse racing; modifying certain revenue and reimbursement provisions; granting certain discretion to the commission for operation of a card club; amending Minnesota Statutes 2018, section 240.30, subdivisions 5, 9; Minnesota Statutes 2019 Supplement, sections 240.13, subdivision 5; 240.131, subdivision 7.

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

Section 1. Minnesota Statutes 2019 Supplement, section 240.13, subdivision 5, is amended to read:

Subd. 5. **Purses.** (a) From the amounts deducted from all pari-mutuel pools by a licensee, including breakage, an amount equal to not less than the following percentages of all money in all pools must be set aside by the licensee and used for purses for races conducted by the licensee, provided that a licensee may agree by contract with an organization representing a majority of the horsepersons racing the breed involved to set aside amounts in addition to the following percentages, if the contract is in writing and reviewed by the commission for compliance with this subdivision:

(1) for live races conducted at a class A facility, 8.4 percent of handle;

(2) for simulcasts conducted any day a class A facility is licensed, not less than 37 percent of the amount remaining after deduction for the state pari-mutuel tax, payment to the breeders fund, and payment to the sending out-of-state racetrack for receipt of the signal.

The commission may by rule provide for the administration and enforcement of this subdivision. The deductions for payment to the sending out-of-state racetrack must be actual, except that when there exists any overlap of ownership, control, or interest between the sending out-of-state racetrack and the receiving licensee, the deduction must not be greater than three percent unless agreed to between the licensee and the horsepersons' organization representing the majority of horsepersons racing the breed racing the majority of races during the existing racing meeting or, if outside of the racing season, during the most recent racing meeting.

The licensee shall pay to the commission for deposit in the Minnesota breeders fund 5-1/2 percent of the takeout from all pari-mutuel pools generated by wagering at the licensee's facility on simulcasts of races not conducted in this state.

(b) The licensee shall pay to the horseperson's organization representing the majority of the horsepersons racing the breed involved and contracting with the licensee with respect to purses and the conduct of the racing meetings and providing representation to its members, an amount as may be determined by agreement by the licensee and the horsepersons' organization sufficient to provide for capital improvements and expense reimbursements specific to the operation of live racing at the licensee and beneficial to horsepersons racing at the licensee's facility, benevolent programs, benefits, and services for horsepersons and their on-track employees. The amount paid may be deducted from the money set aside for purses to be paid in races for the breed represented by the horseperson's organization or may be paid from breakage retained by the licensee from live or simulcast wagering as agreed between the licensee and horsepersons' organization. With respect to racing meetings where more than one breed is racing, the licensee may contract independently with the

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horseperson's organization representing each breed racing. The contract must be in writing and reviewed by the commission for compliance with this subdivision.

(c) Notwithstanding sections 325D.49 to 325D.66, a horseperson's organization representing the majority of the horsepersons racing a breed at a meeting, and the members thereof, may agree to withhold horses during a meeting.

(d) Money set aside for purses from wagering on simulcasts must be used for purses for live races involving the same breed involved in the simulcast except that money set aside for purses and payments to the breeders fund from wagering on simulcasts of races not conducted in this state, occurring during a live mixed meet, must be allotted to the purses and breeders fund for each breed participating in the mixed meet as agreed upon by the breed organizations participating in the live mixed meet. The agreement shall be in writing and reviewed by the commission for compliance with this subdivision prior to the first day of the live mixed meet. In the absence of a written agreement reviewed by the commission, the money set aside for purses and payments to the breeders fund from wagering on simulcasts, occurring during a live mixed meet, shall be allotted to each breed participating in the live mixed meet in the same proportion that the number of live races run by each breed bears to the total number of live races conducted during the period of the mixed meet.

(e) The allocation of money set aside for purses to particular racing meets may be adjusted, relative to overpayments and underpayments, by contract between the licensee and the horsepersons' organization representing the majority of horsepersons racing the breed involved at the licensee's facility. The contract must be in writing and reviewed by the commission for compliance with this subdivision.

(f) Subject to the provisions of this chapter, money set aside from pari-mutuel pools for purses must be for the breed involved in the race that generated the pool, except that if the breed involved in the race generating the pari-mutuel pool is not racing in the current racing meeting, or has not raced within the preceding 12 months at the licensee's class A facility, money set aside for purses may be distributed proportionately to those breeds that have run during the preceding 12 months or paid to the commission and used for purses or to promote racing for the breed involved in the race generating the pari-mutuel pool, or both, in a manner prescribed by the commission.

(g) This subdivision does not apply to a class D licensee.

Sec. 2. Minnesota Statutes 2019 Supplement, section 240.131, subdivision 7, is amended to read:

Subd. 7. **Payments to state.** (a) A regulatory fee is imposed at the rate of ~~one~~ two percent of all amounts wagered by Minnesota residents with an authorized advance deposit wagering provider. The fee shall be declared on a form prescribed by the commission. The ADW provider must pay the fee to the commission no more than 15 days after the end of the month in which the wager was made. Fees collected under this paragraph must be deposited in the state treasury and credited to a racing and card-playing regulation account in the special revenue fund and are appropriated to the commission to offset the costs associated with regulating horse racing and pari-mutuel wagering in Minnesota.

(b) A breeders fund fee is imposed in the amount of one-quarter of one percent of all amounts wagered by Minnesota residents with an authorized advance deposit wagering provider. The fee shall be declared on a form prescribed by the commission. The ADW provider must pay the fee to the commission no more than 15 days after the end of the month in which the wager was made. Fees collected under this paragraph must be deposited in the state treasury and credited to a racing and card-playing regulation account in the special

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revenue fund and are appropriated to the commission to offset the cost of administering the breeders fund and promote horse breeding in Minnesota.

Sec. 3. Minnesota Statutes 2018, section 240.30, subdivision 5, is amended to read:

Subd. 5. **Limitation.** The commission shall not authorize a licensee to operate a card club ~~unless~~ if the licensee has not conducted at least 50 days of live racing at a class A facility within the past 12 months or during the preceding calendar year unless the commission authorizes a shorter period because of circumstances beyond the licensee's control.

Sec. 4. Minnesota Statutes 2018, section 240.30, subdivision 9, is amended to read:

Subd. 9. **Reimbursement to commission.** The commission ~~shall~~ may require that the licensee reimburse it for the commission's actual costs, including personnel costs, of regulating the card club. Amounts received under this subdivision must be deposited as provided in section 240.155, subdivision 1.

Sec. 5. **EFFECTIVE DATE.**

Sections 1 to 4 are effective the day following final enactment and expire on December 31, 2021.

Presented to the governor May 18, 2020

Signed by the governor May 27, 2020, 11:19 a.m.

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