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State of Minnesota  
HOUSE OF REPRESENTATIVES

EIGHTY-SEVENTH SESSION

H. F. No. 2999

04/16/2012 Authored by Kelly

The bill was read for the first time and referred to the Committee on Government Operations and Elections

1.1 A bill for an act  
1.2 relating to gambling; authorizing the negotiation of a new tribal-state compact;  
1.3 authorizing new forms of gambling; amending Minnesota Statutes 2010, sections  
1.4 3.9221; 240.01, subdivision 25; proposing coding for new law in Minnesota  
1.5 Statutes, chapter 16A; repealing Minnesota Statutes 2010, section 240.30,  
1.6 subdivisions 3, 8.

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

1.8 Section 1. Minnesota Statutes 2010, section 3.9221, is amended to read:

1.9 **3.9221 INDIAN TRIBES; COMPACTS TO BE NEGOTIATED.**

1.10 Subdivision 1. **Definition.** For purposes of this section, "act" means the Indian  
1.11 Gaming Regulatory Act, Public Law 100-497, and future amendments to it.

1.12 Subd. 2. **Negotiations authorized.** The governor or the governor's designated  
1.13 representatives shall, pursuant to section 11 of the act, negotiate in good faith a tribal-state  
1.14 compact regulating the conduct of class III gambling, as defined in section 4 of the act, on  
1.15 Indian lands of a tribe requesting negotiations. The agreement may include any provision  
1.16 authorized under section 11(d)(3)(C) of the act. The attorney general is the legal counsel  
1.17 for the governor or the governor's representatives in regard to negotiating a compact under  
1.18 this section. ~~If the governor appoints designees to negotiate under this subdivision, The~~  
1.19 governor must appoint designees under this subdivision, and the designees must include at  
1.20 least two members of the senate and two members of the house of representatives, two of  
1.21 whom must be the chairs of the senate and house of representatives standing committees  
1.22 with jurisdiction over gambling policy and two of whom must be the chief house of  
1.23 representatives and senate authors of any act initiating new negotiations.

2.1 Subd. 3. **Time limits.** (a) In the case of negotiations undertaken pursuant to a  
2.2 request for negotiations received before April 20, 1989, the authority granted under  
2.3 subdivision 2 to negotiate with an Indian tribe expires 180 days after April 20, 1989.

2.4 (b) In the case of negotiations undertaken pursuant to a request for negotiations  
2.5 received after April 20, 1989, the authority granted under subdivision 2 to negotiate with  
2.6 an Indian tribe expires 180 days after receipt of the request by the governor.

2.7 (c) In the case of negotiations required under subdivision 6, the authority expires  
2.8 365 days after the effective date of this section.

2.9 Subd. 4. **Terms of compact; rights of parties.** A compact agreed to on behalf of  
2.10 the state under this section must contain:

2.11 (1) a provision recognizing the right of each party to the agreement, including the  
2.12 legislature by joint resolution, to request that the agreement be renegotiated or replaced by  
2.13 a new compact, and providing the terms under which either party, including the legislature,  
2.14 can request a renegotiation or the negotiation of a new compact; ~~and~~

2.15 (2) a provision that in the event of a request for a renegotiation or a new compact the  
2.16 existing compact will remain in effect until renegotiated or replaced; and

2.17 (3) adoption of a compact by one or more tribal governments sufficient to confer all  
2.18 reasonable benefits of the compact on the adopting tribal government or governments,  
2.19 including revenues from joint state-tribal casinos.

2.20 Subd. 5. **Report.** The governor, the attorney general, and the governor's designated  
2.21 representatives shall report to the house of representatives and senate committees having  
2.22 jurisdiction over gambling regulation annually. This report shall contain information on  
2.23 compacts negotiated, and an outline of prospective negotiations.

2.24 Subd. 6. **Negotiations over new forms of gambling.** The governor shall request  
2.25 and conduct negotiations with each of the federally recognized tribal governments in  
2.26 Minnesota to allow for new forms of gambling to be authorized at existing tribal casinos  
2.27 and at licensed racetracks in existence when this act becomes effective. Any negotiated  
2.28 compact shall require, at a minimum, the following components:

2.29 (1) authorization at existing tribal casinos of new games and forms of gambling,  
2.30 with a minimum of new games to include roulette, simulcasting of horse racing, table  
2.31 games involving cards, baccarat, chemin de fer, craps, and electronic poker tables;

2.32 (2) a negotiated sharing of revenues between the state (..... percent) and tribal  
2.33 governments (..... percent) from such new games as are allowed in the new tribal  
2.34 compacts;

2.35 (3) enforcement provisions sufficient to ensure the integrity of the conduct of  
2.36 gaming under these new compacts;

(4) a requirement that simulcasting be conducted at each participating tribal casino, with a minimum share of five percent of handle from simulcasting being allocated to purses at existing class A racetracks, if such are in operation. Simulcasting shall be conducted pursuant to an agreement with the class A licensees, and be consistent with chapter 240 and the Interstate Horse Racing Act;

(5) authorization for the establishment of tribal-state casinos, which shall be allowed to conduct all forms of compacted gambling, to be located at each class A licensee's established racetrack in existence prior to the effective date of this act, pursuant to an agreement between the licensees and the tribal governments, and inclusion of provisions for an equitable sharing of revenues from those tribal-state casinos, as follows: ..... percent of net revenues to be shared among the tribal governments who are signatories to the agreement, ..... percent of net revenues to be deposited in a special revenue fund, and eight percent to be reserved for purses at existing race tracks;

(6) an agreement as to terms, conditions, and relative authorities retained by the state or reserved to the tribal governments; and

(7) provisions for a fair and reasonable compensation to racetrack owners in the form of ..... percent of net revenue.

**EFFECTIVE DATE.** This section is effective the day following final enactment; and subdivisions 3, paragraph (c), and 6, are repealed one year following final enactment.

Sec. 2. **[16A.727] PUBLIC INFRASTRUCTURE; SPECIAL REVENUE FUND.**

**Subdivision 1. Fund creation.** A compact special revenue fund is created with revenues deposited from negotiated shares of gaming authorized under this act.

**Subd. 2. Tax relief.** Up to 25 percent of revenues from the compact special revenue fund are reserved for tax relief for charitable gaming organizations licensed under chapter 349, including a reduction in bingo, raffle, and paddlewheel taxes to a five percent rate; reduction in pull-tab and tipboard taxes to one percent; and combined receipts tax reductions equal to 35 percent of existing rates, to be assessed on a site-by-site basis.

**Subd. 3. Infrastructure.** Up to 75 percent of revenues deposited in this account are reserved for major public infrastructure projects to be appropriated by law.

Sec. 3. Minnesota Statutes 2010, section 240.01, subdivision 25, is amended to read:

**Subd. 25. Card playing.** "Card playing" means an activity wherein individuals ~~compete and~~ wager with each other utilizing a 52-unit system comprised of a series of numbers, numbered two through ten, and the letters J, Q, K, and A, combined with four symbols commonly known as hearts, diamonds, spades, and clubs, wherein each

individual unit constitutes the display of one of the 52 possible combinations. The symbol commonly known as a joker may be incorporated into the system.

Sec. 4. **LEGISLATION.**

The commissioner of administration shall be responsible for delivery of legislation necessary to enact any statutory components of any compact agreement reached under Minnesota Statutes, section 3.9221. Legislation must be provided in correct form within 90 days of the signing of a compact, and must contain all statutorily necessary elements of the compact agreement. The legislature must ratify any compact.

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

Sec. 5. **PURSES; EQUINE INDUSTRY FUND.**

(a) The commission shall routinely transfer 80 percent of the fund allocated for purse supplements to a licensee conducting live racing for more than one breed of horse and 20 percent to a licensee conducting live racing for only one breed of horse and direct the licensee to use the funds to supplement purses offered for live races. Purse supplements required under this subdivision are in addition to purse payments otherwise established by law or contract. The location contract holder and the organization representing the majority of horsepersons racing at the location contract holder's racetrack may, by written contract, agree to use a portion of the transferred funds for racing-related purposes other than purse supplementation.

(b) The commission shall allocate 20 percent of the fund for breeder's fund purposes and shall transmit that amount to the breeder's fund for the benefit of each breed racing at a class A licensed facility hosting lottery gaming machines. Amounts transferred for each breed shall be in the same proportions established under this subdivision for purse supplements. Amounts transferred to a breeder's fund shall be used for the purposes of Minnesota Statutes, section 240.18, subdivisions 2, paragraph (d), and 3, paragraph (b), subject to the proportionality requirement in Minnesota Statutes, section 240.18, subdivision 1.

(c) Five percent of the fund shall be placed in an equine industry enhancement fund established by the commission. The commission shall award grants from this account designed to support and improve the nonracing equine industry including, but not limited to, construction of facilities and trails, production of shows, and issues related to retired horses.

Sec. 6. **REPEALER.**

- 5.1 Minnesota Statutes 2010, section 240.30, subdivisions 3 and 8, are repealed.