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State of Minnesota  
HOUSE OF REPRESENTATIVES

EIGHTY-SEVENTH SESSION

H. F. No. **2003**

01/30/2012 Authored by Woodard, Kieffer, Bills, Erickson, Gunther and others  
The bill was read for the first time and referred to the Committee on Government Operations and Elections  
02/15/2012 Adoption of Report: Pass and re-referred to State Government Finance  
03/05/2012 Adoption of Report: Pass as Amended and re-referred to the Committee on Ways and Means  
03/19/2012 By motion, recalled and re-referred to the Committee on Commerce and Regulatory Reform  
03/26/2012 Adoption of Report: Pass and re-referred to the Committee on Ways and Means

1.1 A bill for an act  
1.2 relating to state government; allowing operations on an ongoing basis for the  
1.3 Racing Commission, Gambling Control Board, and State Lottery; amending  
1.4 Minnesota Statutes 2010, sections 240.15, subdivision 6; 240.155, subdivision 1;  
1.5 240.30, subdivision 9; 349.151, subdivision 4; 349A.10, by adding a subdivision.

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

1.7 Section 1. Minnesota Statutes 2010, section 240.15, subdivision 6, is amended to read:

1.8 Subd. 6. **Disposition of proceeds; account.** The commission shall distribute all  
1.9 money received under this section, and all money received from license fees and fines it  
1.10 collects, according to this subdivision. All money designated for deposit in the Minnesota  
1.11 breeders fund must be paid into that fund for distribution under section 240.18 except that  
1.12 all money generated by full racing card simulcasts must be distributed as provided in  
1.13 section 240.18, subdivisions 2, paragraph (d), clauses (1), (2), and (3); and 3. Revenue  
1.14 from an admissions tax imposed under subdivision 1 must be paid to the local unit of  
1.15 government at whose request it was imposed, at times and in a manner the commission  
1.16 determines. Taxes received under this section and fines collected under section 240.22  
1.17 must be paid to the commissioner of management and budget for deposit in the general  
1.18 fund. All revenues from licenses and other fees imposed by the commission must be  
1.19 deposited in the state treasury and credited to a racing and card playing regulation account  
1.20 in the special revenue fund. Receipts in this account are available for the operations of the  
1.21 commission up to the amount authorized in biennial appropriations from the legislature. If  
1.22 a fiscal biennium ends without the enactment of an appropriation to the commission for the  
1.23 following biennium, receipts in this account are annually appropriated to the commission  
1.24 for the operations of the commission up to the amount authorized in the second year of the  
1.25 most recently enacted biennial appropriation, until a biennial appropriation is enacted.

2.1 Sec. 2. Minnesota Statutes 2010, section 240.155, subdivision 1, is amended to read:

2.2 Subdivision 1. **Reimbursement account credit.** Money received by the commission  
2.3 as reimbursement for the costs of services provided by veterinarians, stewards, ~~and~~  
2.4 medical testing of horses, and fees received by the commission in the form of fees for  
2.5 regulatory services must be deposited in the state treasury and credited to a racing  
2.6 reimbursement account in the special revenue fund, except as provided under subdivision  
2.7 2. Receipts are appropriated to the commission to pay the costs of providing the services  
2.8 and all other costs necessary to allow the commission to fulfill its regulatory oversight  
2.9 duties required by this chapter and commission rule. If the major appropriation bills  
2.10 needed to finance state government are not enacted by the beginning of a fiscal biennium,  
2.11 the commission shall continue operations as required by this chapter and commission rule.

2.12 Sec. 3. Minnesota Statutes 2010, section 240.30, subdivision 9, is amended to read:

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

2.17 Sec. 4. Minnesota Statutes 2010, section 349.151, subdivision 4, is amended to read:

2.18 Subd. 4. **Powers and duties.** (a) The board has the following powers and duties:

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

2.20 (2) to issue licenses to organizations and gambling managers, and to issue licenses  
2.21 and renewals to distributors, distributor salespersons, manufacturers, and linked bingo  
2.22 game providers;

2.23 (3) to collect and deposit fees due under this chapter;

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

2.27 (5) to make rules authorized by this chapter;

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

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

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

3.1 (9) to report annually to the governor and legislature a financial summary for each  
3.2 licensed organization identifying the gross receipts, prizes paid, allowable expenses,  
3.3 lawful purpose expenditures including charitable contributions and all taxes and fees as  
3.4 per section 349.12, subdivision 25, paragraph (a), clauses (8) and (18), and the percentage  
3.5 of annual gross profit used for lawful purposes;

3.6 (10) to impose civil penalties of not more than \$1,000 per violation on organizations,  
3.7 distributors, distributor salespersons, manufacturers, linked bingo game providers, and  
3.8 gambling managers for violating or failing to comply with any provision of this chapter,  
3.9 chapter 297E, or any rule or order of the board;

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

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

3.13 (13) to delegate to the director the authority to approve or deny fund loss requests,  
3.14 contribution of gambling funds to another licensed organization, and property expenditure  
3.15 requests under criteria established by the board;

3.16 (14) to suspend or revoke licenses and premises permits of organizations,  
3.17 distributors, distributor salespersons, manufacturers, linked bingo game providers, or  
3.18 gambling managers as provided in this chapter;

3.19 (15) to approve or deny requests from licensees for:

3.20 (i) waivers from fee requirements as provided in section 349.16, subdivision 6; and

3.21 (ii) variances from Gambling Control Board rules under section 14.055; and

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

3.23 (17) to require fingerprints from persons determined by board rule to be subject to  
3.24 fingerprinting;

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

3.27 (19) to order organizations, distributors, distributor salespersons, manufacturers,  
3.28 linked bingo game providers, and gambling managers to take corrective actions; and

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

3.31 (b) The board, or director if authorized to act on behalf of the board, may by  
3.32 citation assess any organization, distributor, distributor salesperson, manufacturer, linked  
3.33 bingo game provider, or gambling manager a civil penalty of not more than \$1,000 per  
3.34 violation for a failure to comply with any provision of this chapter, chapter 297E, or  
3.35 any rule adopted or order issued by the board. Any organization, distributor, distributor  
3.36 salesperson, gambling manager, linked bingo game provider, or manufacturer assessed

4.1 a civil penalty under this paragraph may request a hearing before the board. Appeals of  
4.2 citations imposing a civil penalty are not subject to the provisions of the Administrative  
4.3 Procedure Act.

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

4.5 (d) All fees imposed by the board under sections 349.16 to 349.167 must be  
4.6 deposited in the state treasury and credited to a lawful gambling regulation account in the  
4.7 special revenue fund. Receipts in this account are available for the operations of the board  
4.8 up to the amount authorized in biennial appropriations from the legislature. If a fiscal  
4.9 biennium ends without the enactment of an appropriation to the board for the following  
4.10 biennium, receipts in this account are annually appropriated to the board for the operations  
4.11 of the board up to the amount authorized in the second year of the most recently enacted  
4.12 biennial appropriation, until a biennial appropriation is enacted.

4.13 Sec. 5. Minnesota Statutes 2010, section 349A.10, is amended by adding a subdivision  
4.14 to read:

4.15 Subd. 8. **Ongoing operations.** The Minnesota Lottery shall conduct ongoing  
4.16 operations, and all funds available to the lottery under this chapter are appropriated to the  
4.17 lottery on a permanent and ongoing basis.

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