

**SENATE**  
**STATE OF MINNESOTA**  
**EIGHTY-SEVENTH LEGISLATURE**

S.F. No. 2391

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<b>DATE</b>	<b>D-PG</b>	<b>OFFICIAL STATUS</b>
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	6490a	Comm report: Amended Comm report: No recommendation, re-referred to Taxes
05/07/2012		Comm report: Amended Comm report: No recommendation Second reading

## A bill for an act

relating to stadiums; providing for a new National Football League stadium in Minnesota; establishing a Minnesota Sports Facilities Authority; authorizing the sale and issuance of state appropriation bonds; abolishing the Metropolitan Sports Facilities Commission; providing for use of certain local tax revenue; providing for electronic pull-tab games, electronic linked bingo games, and sports-themed tipboard games; providing for the conditional imposition of certain taxes and collection of other revenues; modifying certain rates of tax on lawful gambling; authorizing the director of the State Lottery to establish gaming machines at a licensed racetrack; appropriating money; amending Minnesota Statutes 2010, sections 3.971, subdivision 6; 3.9741, by adding a subdivision; 13.55, subdivision 1; 240.03; 240.13, by adding a subdivision; 240.14, by adding a subdivision; 297E.01, subdivisions 7, 8, 9; 297E.02, subdivisions 1, 3, 6, 7, 10, 11, by adding a subdivision; 297E.13, subdivision 5; 299L.07, subdivisions 2, 2a; 349.12, subdivisions 3b, 3c, 5, 6a, 12a, 18, 25, 25b, 25c, 25d, 29, 31, 32, by adding subdivisions; 349.13; 349.151, subdivisions 4b, 4c, by adding a subdivision; 349.155, subdivisions 3, 4; 349.161, subdivisions 1, 5; 349.162, subdivision 5; 349.163, subdivisions 1, 5, 6; 349.1635, subdivisions 2, 3, by adding a subdivision; 349.165, subdivision 2; 349.17, subdivisions 6, 7, 8, by adding a subdivision; 349.1721; 349.18, subdivision 1; 349.19, subdivisions 2, 3, 5, 10; 349.211, subdivision 1a; 349A.01, subdivision 10, by adding subdivisions; 349A.10, subdivision 3; 349A.13; 352.01, subdivision 2a; 473.121, subdivision 5a; 473.164; 473.565, subdivision 1; Minnesota Statutes 2011 Supplement, section 10A.01, subdivision 35; Laws 1986, chapter 396, sections 4, as amended; 5, as amended; proposing coding for new law in Minnesota Statutes, chapters 16A; 47; 297A; 349A; proposing coding for new law as Minnesota Statutes, chapter 473J; repealing Minnesota Statutes 2010, sections 240.30, subdivisions 3, 8; 297E.02, subdivision 4; 349.12, subdivision 2; 473.551; 473.552; 473.553, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13; 473.556, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 16, 17; 473.561; 473.564, subdivisions 2, 3; 473.572; 473.581; 473.592, subdivision 1; 473.595; 473.598; 473.599; 473.76.

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

2.1                   **ARTICLE 1**

2.2                   **MINNESOTA SPORTS FACILITIES AUTHORITY**

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

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

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

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

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

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

2.28                   (1) member of the legislature;

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

- 3.1                         (3) constitutional officer in the executive branch and the officer's chief administrative  
3.2                         deputy;
- 3.3                         (4) solicitor general or deputy, assistant, or special assistant attorney general;
- 3.4                         (5) commissioner, deputy commissioner, or assistant commissioner of any state  
3.5                         department or agency as listed in section 15.01 or 15.06, or the state chief information  
3.6                         officer;
- 3.7                         (6) member, chief administrative officer, or deputy chief administrative officer of a  
3.8                         state board or commission that has either the power to adopt, amend, or repeal rules under  
3.9                         chapter 14, or the power to adjudicate contested cases or appeals under chapter 14;
- 3.10                         (7) individual employed in the executive branch who is authorized to adopt, amend,  
3.11                         or repeal rules under chapter 14 or adjudicate contested cases under chapter 14;
- 3.12                         (8) executive director of the State Board of Investment;
- 3.13                         (9) deputy of any official listed in clauses (7) and (8);
- 3.14                         (10) judge of the Workers' Compensation Court of Appeals;
- 3.15                         (11) administrative law judge or compensation judge in the State Office of  
3.16                         Administrative Hearings or unemployment law judge in the Department of Employment  
3.17                         and Economic Development;
- 3.18                         (12) member, regional administrator, division director, general counsel, or operations  
3.19                         manager of the Metropolitan Council;
- 3.20                         (13) member or chief administrator of a metropolitan agency;
- 3.21                         (14) director of the Division of Alcohol and Gambling Enforcement in the  
3.22                         Department of Public Safety;
- 3.23                         (15) member or executive director of the Higher Education Facilities Authority;
- 3.24                         (16) member of the board of directors or president of Enterprise Minnesota, Inc.;
- 3.25                         (17) member of the board of directors or executive director of the Minnesota State  
3.26                         High School League;
- 3.27                         (18) member of the Minnesota Ballpark Authority established in section 473.755;
- 3.28                         (19) citizen member of the Legislative-Citizen Commission on Minnesota Resources;
- 3.29                         (20) manager of a watershed district, or member of a watershed management  
3.30                         organization as defined under section 103B.205, subdivision 13;
- 3.31                         (21) supervisor of a soil and water conservation district;
- 3.32                         (22) director of Explore Minnesota Tourism;
- 3.33                         (23) citizen member of the Lessard-Sams Outdoor Heritage Council established in  
3.34                         section 97A.056; **or**
- 3.35                         (24) ~~a~~ citizen member of the Clean Water Council established in section 114D.30~~-~~; or

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

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

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

4.5           (1) employees of the Minnesota Historical Society;

4.6           (2) employees of the State Horticultural Society;

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

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

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

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

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

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

4.22          (9) employees of the Minnesota Safety Council;

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

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

4.31          (12) judges of the Tax Court;

4.32          (13) personnel who were employed on June 30, 1992, by the University of  
4.33          Minnesota in the management, operation, or maintenance of its heating plant facilities,  
4.34          whose employment transfers to an employer assuming operation of the heating plant

5.1 facilities, so long as the person is employed at the University of Minnesota heating plant  
5.2 by that employer or by its successor organization;

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

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

5.8 (16) employees of the University of Minnesota unless excluded under subdivision  
5.9 2b, clause (3);

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

5.12 (18) employees of the Minnesota Government Engineers Council to whom section  
5.13 352.029 does not apply; and

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

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

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

5.22 The purpose of this chapter is to provide for the construction, financing, and  
5.23 long-term use of a stadium and related stadium infrastructure as a venue for professional  
5.24 football and a broad range of other civic, community, athletic, educational, cultural,  
5.25 and commercial activities. The legislature finds and declares that the expenditure of  
5.26 public money for this purpose is necessary and serves a public purpose, and that property  
5.27 acquired by the Minnesota Sports Facilities Authority for the construction of the stadium  
5.28 and related stadium infrastructure is acquired for a public use or public purpose under  
5.29 chapter 117. The legislature further finds and declares that any provision in a lease or use  
5.30 agreement with a professional football team that requires the team to play all of its home  
5.31 games in a publicly funded stadium for the duration of the lease or use agreement, serves  
5.32 a unique public purpose for which the remedies of specific performance and injunctive  
5.33 relief are essential to its enforcement. The legislature further finds and declares that  
5.34 government assistance to facilitate the presence of professional football provides to the  
5.35 state of Minnesota and its citizens highly valued intangible benefits that are virtually

impossible to quantify and, therefore, not recoverable even if the government receives monetary damages in the event of a team's breach of contract. Minnesota courts are, therefore, charged with protecting those benefits through the use of specific performance and injunctive relief as provided in this chapter and in the lease and use agreements.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

8.4       Subd. 8. Executive director; employees. The authority may appoint an executive  
8.5 director to serve as the chief executive officer of the authority. The executive director  
8.6 serves at the pleasure of the authority and receives compensation as determined by the  
8.7 authority. The executive director may be responsible for the operation, management, and  
8.8 promotion of activities of the authority, as prescribed by the authority. The executive  
8.9 director has the powers necessarily incident to the performance of duties required and  
8.10 powers granted by the authority, but does not have authority to incur liability or make  
8.11 expenditures on behalf of the authority without general or specific directions by the  
8.12 authority, as shown by the bylaws or minutes of a meeting of the authority. The executive  
8.13 director is responsible for hiring, supervision, and dismissal of all other employees of  
8.14 the authority.

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

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

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

8.27       Subdivision 1. General. This section describes the sports facilities that the  
8.28 Minnesota Sports Facilities Authority controls, operates, and has responsibility over  
8.29 pursuant to this chapter and as directed by law.

8.30       Subd. 2. Sports facilities. (a) The following sports facilities are part of the  
8.31 Minnesota Sports Facilities Authority:

- 8.32       (1) the professional football stadium constructed under this chapter; and  
8.33       (2) any other sports facility constructed or acquired by the authority.

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

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

9.6           (2) the governing body and the authority must negotiate an agreement with respect to  
9.7 the transfer of all obligations and responsibilities, including, but not limited to, outstanding  
9.8 debt, revenue sources, finance, funding, operations, equipment, repair and replacements,  
9.9 capital improvements, reserves, contracts, and agreements;

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

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

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

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

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

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

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

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

9.29          Subd. 3. **Disposition of property.** The authority may sell, lease, or otherwise  
9.30 dispose of any real or personal property acquired by the authority that is no longer required  
9.31 for accomplishment of the authority's purposes. The property may be sold in accordance  
9.32 with the procedures provided by section 469.065, except subdivisions 6 and 7, to the  
9.33 extent the authority deems it to be practical and consistent with this chapter. Title to the

10.1 stadium must not be transferred or sold by the authority prior to the effective date of  
10.2 enactment of any legislation approving such transfer or sale.

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

10.5       Subd. 5. Facility operation. The authority may develop, construct, equip, improve,  
10.6 own, operate, manage, maintain, finance, and control the stadium, stadium infrastructure,  
10.7 and related facilities constructed or acquired under this chapter, or may delegate such  
10.8 duties through an agreement, subject to the rights and obligations transferred to and  
10.9 assumed by the authority, the NFL team, other user, third-party manager, or program  
10.10 manager, under the terms of a lease, use agreement, or development agreement.

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

10.15       Subd. 7. Gifts, grants, loans. The authority may accept monetary contributions,  
10.16 property, services, and grants or loans of money or other property from the United States,  
10.17 the state, any subdivision of the state, any agency of those entities, or any person for any  
10.18 of its purposes, and may enter into any agreement required in connection with the gifts,  
10.19 grants, or loans. The authority shall hold, use, and dispose of the money, property, or  
10.20 services according to the terms of the monetary contributions, grant, loan, or agreement.

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

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

11.1        Subd. 10. Insurance. The authority may require any employee to obtain and file  
11.2        with the authority an individual bond or fidelity insurance policy. The authority may  
11.3        procure insurance in the amounts the authority considers necessary against liability of the  
11.4        authority or its officers and employees for personal injury or death and property damage or  
11.5        destruction, consistent with chapter 466, and against risks of damage to or destruction of  
11.6        any of its facilities, equipment, or other property.

11.7        Subd. 11. Exemption from Metropolitan Council review; Business Subsidy Act.  
11.8        The acquisition and betterment of a stadium and stadium infrastructure by the authority  
11.9        must be conducted pursuant to this chapter and are not subject to sections 473.165 and  
11.10       473.173. Section 116J.994 does not apply to any transactions of the authority or other  
11.11       governmental entity related to the stadium or stadium infrastructure or to any tenant or  
11.12       other users of the stadium or stadium infrastructure.

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

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

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

- 11.23       (a) any recommended increases in the rate or dollar amount of tax;
- 11.24       (b) any recommended increases in the debt of the authority;
- 11.25       (c) the overall work and role of the authority;
- 11.26       (d) the authority's proposed operating and capital budgets; and
- 11.27       (e) the authority's implementation of the operating and capital budgets.

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

11.29       Subdivision 1. Contracts. (a) The design, development, and construction of the  
11.30       stadium shall be a collaborative process between the authority and the NFL team. The  
11.31       authority and the NFL team shall establish a process to reach consensus on key elements  
11.32       of the stadium program and design, development, and construction.

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

12.1       (1) the authority shall create a stadium design and construction group, including  
12.2       representatives of the authority and the NFL team, to manage the design of the stadium  
12.3       and oversee construction;

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

12.6       (3) the authority and the NFL team shall enter into a development administration  
12.7       agreement providing for rights and responsibilities of the authority and the NFL team, the  
12.8       design and construction group, and the owner's representative for design and construction  
12.9       of the stadium, including, but not limited to, establishment of minimum design standards.  
12.10      This development administration agreement shall provide for binding arbitration in  
12.11      the event that the authority and the NFL team are unable to agree on minimum design  
12.12      standards or other material aspects of the design.

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

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

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

13.1       (f) Prior to the time the authority enters into a construction contract with a  
13.2       construction manager or program manager certifying a maximum price and a completion  
13.3       date as provided in paragraph (h), at the request of the NFL team, the authority may  
13.4       authorize, such authorization not to be unreasonably withheld or delayed, the NFL team  
13.5       to provide for management of the construction of the stadium and related stadium  
13.6       infrastructure, in which event the NFL team must assume the role and responsibilities  
13.7       of the authority for completion of construction in a manner consistent with the agreed  
13.8       minimum design standards and design documents, subject to the terms of this act,  
13.9       including responsibility for cost overruns.

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

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

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

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

13.26       (h) The authority and the NFL team shall require that the construction manager or  
13.27       program manager certify, before the contract is signed, a fixed and stipulated construction  
13.28       price and completion date to the authority and post a performance bond in an amount  
13.29       at least equal to 100 percent of the certified price or such other security satisfactory to  
13.30       the authority, to cover any costs which may be incurred in excess of the certified price  
13.31       including, but not limited to, costs incurred by the authority or loss of revenues resulting  
13.32       from incomplete construction on the completion date. The authority may secure surety  
13.33       bonds as provided in section 574.26, securing payment of just claims in connection with  
13.34       all public work undertaken by the authority. Persons entitled to the protection of the  
13.35       bonds may enforce them as provided in sections 574.28 to 574.32 and are not entitled to a  
13.36       lien on any property of the authority under the provisions of sections 514.01 to 514.16.

14.1     The construction of the stadium is a project as that term is defined in section 177.42,  
14.2     subdivision 2, and is subject to the prevailing wage law under sections 177.41 to 177.43.

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

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

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

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

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

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

14.20             (5) 2,000 parking spaces within one block of the stadium, connected by skyway or  
14.21    tunnel to the stadium, and 500 parking spaces within two blocks of the stadium, with a  
14.22    dedicated walkway on game days;

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

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

14.27         Subd. 4. **Cost overruns, savings.** The authority may accept financial obligations  
14.28     relating to cost overruns associated with acquisition of the stadium site, stadium  
14.29     infrastructure, and stadium design, development, and construction, provided that the  
14.30     authority shall not accept responsibility for cost overruns and shall not be responsible for  
14.31     cost overruns if the authority has authorized the NFL team to provide for management of  
14.32     construction of the stadium under subdivision 1. Cost savings or additional funds obtained  
14.33     by the authority or the NFL team for the stadium or stadium infrastructure may be used  
14.34     first to fund additional stadium or stadium infrastructure, as agreed to by the authority and  
14.35     the NFL team, if any, and then to fund capital reserves.

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

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

15.8        Sec. 13. **[473J.12] EMPLOYMENT.**

15.9        Subdivision 1. **Hiring and recruitment.** In the design, development, construction,  
15.10        management, operation, maintenance and capital repair, replacement and improvement of  
15.11        the stadium and stadium infrastructure, the authority shall make every effort to employ,  
15.12        and cause the NFL team, the construction manager and other subcontractors, vendors, and  
15.13        concessionaires to employ women and members of minority communities when hiring.  
15.14        In addition, the authority shall contract with an employment assistance firm, preferably  
15.15        minority-owned, to create an employment program to recruit, hire, and retain minorities  
15.16        for the stadium facility. The authority shall hold a job fair and recruit and advertise at  
15.17        Minneapolis Urban League, Sabathani, American Indian OIC, Youthbuild organizations,  
15.18        and other such organizations. Further, goals for construction contracts to be awarded  
15.19        to women- and minority-owned businesses will be in a percentage at least equal to the  
15.20        minimum used for city of Minneapolis development projects, and the other construction  
15.21        workforce will establish workforce utilization goals at least equal to current city goals and  
15.22        include workers from city zip codes that have high rates of poverty and unemployment.

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

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

15.32        Subdivision 1. **Stadium operation.** The stadium shall be operated in a first-class  
15.33        manner, similar to and consistent with other comparable NFL stadiums, such as the  
15.34        stadium in Indianapolis, Indiana, currently known as Lucas Oil Field. The authority and

16.1       the team will mutually agree on a third-party management company or individual to  
16.2       manage the stadium and on certain major vendors to the stadium. The authority, with the  
16.3       approval of the NFL team, may enter into an agreement with a program manager for  
16.4       management of the stadium, for a maximum of 40 years.

16.5           Subd. 2. **Operating expenses.** (a) The authority must pay or cause to be paid  
16.6       all operating expenses of the stadium. The authority must require in the lease or use  
16.7       agreement with the NFL team that the NFL team pay the authority, beginning January 1,  
16.8       2016, or other date as mutually agreed upon by the parties, toward operating costs of the  
16.9       stadium, \$8,500,000 each year, increased by a three percent annual inflation rate.

16.10          (b) Beginning January 1, 2016, or other date as mutually agreed upon by the  
16.11       parties, and continuing through 2020, the NFL team shall pay the authority operating  
16.12       expenses, \$6,000,000 each year, increased by an annual adjustment factor. The payment  
16.13       of \$6,000,000 per year beginning in 2016 is a payment by the team, which shall be repaid  
16.14       to the team by the state, using funds as provided under section 297A.994, subdivision 4,  
16.15       paragraph (a), clause (4). After 2020, the state shall assume this payment, using funds  
16.16       generated in accordance with the city of Minneapolis as specified under section 297A.994.

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

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

16.23          (e) After the joint selection of the third-party manager or program manager, the  
16.24       authority may agree with a program manager or other third-party manager of the stadium  
16.25       on a fixed cost operating, management, or employment agreement with operating  
16.26       cost protections under which the program manager or third-party manager assumes  
16.27       responsibility for stadium operating costs and shortfalls. The agreement with the manager  
16.28       must require the manager to prepare an initial and ongoing operating plan and operating  
16.29       budgets for approval by the authority in consultation with the NFL team. The manager  
16.30       must agree to operate the stadium in accordance with the approved operating plan and  
16.31       operating budget.

16.32           Subd. 3. **Public access.** The authority will work to maximize access for public and  
16.33       amateur sports, community, and civic events, and other public events in type and on terms  
16.34       consistent with those currently held at the existing football stadium, as defined in section  
16.35       473.551, subdivision 9. The authority may provide that these events have exclusive use

17.1 of the premises at agreed-upon times subject to the scheduling rights of the NFL team  
17.2 under the lease or use agreement.

17.3       **Subd. 4. Capital improvements.** (a) The authority shall establish a capital  
17.4 reserve fund. The authority shall be responsible for making, or for causing others to  
17.5 make, all capital repairs, replacements, and improvements for the stadium and stadium  
17.6 infrastructure. The authority shall maintain, or cause others to maintain, the stadium and  
17.7 stadium infrastructure in a safe, clean, attractive, and first-class manner so as to cause  
17.8 them to remain in a condition comparable to that of other comparable NFL facilities of  
17.9 similar design and age. The authority shall make, or cause others to make, all necessary  
17.10 or appropriate repairs, renewals, and replacements, whether structural or nonstructural,  
17.11 interior or exterior, ordinary or extraordinary, foreseen or unforeseen, in a prompt and  
17.12 timely manner. In addition, the authority, with approval of the NFL team, may enter into  
17.13 an agreement with a program manager to perform some or all of the responsibilities of the  
17.14 authority in this subdivision and to assume and accept financial liability for the cost of  
17.15 performing the responsibilities.

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

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

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

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

17.35       **Subd. 6. Cooperation with financing.** The authority will cooperate with the  
17.36 NFL team to facilitate the financing of the NFL team's contribution. Such agreement to

18.1 cooperate shall not require the authority to incur any additional costs or provide conduit  
18.2 financing. The lease, license, and other transaction documents shall include provisions  
18.3 customarily required by lenders in stadium financings.

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

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

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

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

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

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

18.31       **Subd. 3. Lease or use agreements; 40-year term.** The authority must enter into  
18.32 a long-term lease or use agreement with the NFL team for the NFL team's use of the  
18.33 stadium. The NFL team must agree to play all preseason, regular season, and postseason  
18.34 home games at the stadium. Training facilities must remain in Minnesota during the term  
18.35 of the lease or use agreement. The lease or use agreement must be for a term of at least

19.1       40 years from the date of substantial completion of the stadium for professional football  
19.2       games. The lease or use agreement may provide options for the NFL team to extend the  
19.3       term for up to four additional periods of five years. The lease or use agreement must  
19.4       include terms for default, termination, and breach of the agreement. Recognizing that  
19.5       the presence of professional football provides to the state of Minnesota and its citizens  
19.6       highly valued, intangible benefits that are virtually impossible to quantify and, therefore,  
19.7       not recoverable in the event of the NFL team owner's breach of contract, the lease and  
19.8       use agreements must provide for specific performance and injunctive relief to enforce  
19.9       provisions relating to use of the stadium for professional football and must not include  
19.10       escape clauses or buyout provisions. The NFL team must not enter into or accept any  
19.11       agreement or requirement with or from any entity that is inconsistent with the NFL team's  
19.12       binding commitment to the 40-year term of the lease or use agreement or that would in  
19.13       any manner dilute, interfere with, or negate the provisions of the lease or use agreement,  
19.14       providing for specific performance or injunctive relief. The legislature conclusively  
19.15       determines, as a matter of public policy, that the lease or use agreement, and any grant  
19.16       agreement under this chapter that includes a specific performance clause:

- 19.17       (1) explicitly authorizes specific performance as a remedy for breach;
- 19.18       (2) is made for adequate consideration and upon terms which are otherwise fair  
and reasonable;
- 19.19       (3) has not been included through sharp practice, misrepresentation, or mistake;
- 19.20       (4) if specifically enforced, does not cause unreasonable or disproportionate hardship  
or loss to the NFL team or to third parties; and
- 19.21       (5) involves performance in a manner and the rendering of services of a nature and  
under circumstances that the beneficiary cannot be adequately compensated in damages.

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

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

20.10       **Subd. 6. Enforceable financial commitments.** The authority must determine before  
20.11       stadium construction begins that all public and private funding sources for construction,  
20.12       operating expenses, and capital improvements and repairs of the stadium are included in  
20.13       written agreements. The committed funds must be adequate to design, construct, furnish,  
20.14       and equip the stadium, and pay projected operating expenses and the costs of capital  
20.15       improvements and repairs during the term of the lease or use agreement with the NFL  
20.16       team. The NFL team must provide the authority access to NFL team financial or other  
20.17       information, which the authority deems necessary for such determination. Any financial  
20.18       information obtained by the authority under this subdivision is nonpublic data under  
20.19       section 13.02, subdivision 9.

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

20.23       **Subd. 8. Public share on sale of NFL team.** The lease or use agreement must  
20.24       provide that, if the NFL team is sold or an interest in the NFL team is sold after the  
20.25       effective date of this chapter, a portion of the sale price must be used to pay down the  
20.26       remaining debt service. If any portion remains after debt service is paid, that amount is  
20.27       paid to the authority and deposited in a reserve fund for improvements to the stadium or  
20.28       expended as the authority may otherwise direct. The portion required to be so paid to the  
20.29       authority is 25 percent of the amount in excess of the purchase price of the NFL team  
20.30       by the selling owner or owners for the first ten years declining to zero 15 years after  
20.31       commencement of stadium construction, declining to 15 percent for the next ten years,  
20.32       and further declining to ten percent for the next ten years. The agreement must provide  
20.33       exceptions for sales to members of the owners' family and entities and trusts beneficially  
20.34       owned by family members, sales to employees of equity interests aggregating up to ten  
20.35       percent, sales related to capital infusions not distributed to the owners, and sales amongst  
20.36       existing owners not exceeding 20 percent equity interest in the NFL team.

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

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

21.13       **Subd. 11. Stadium design.** (a) The authority and the NFL team will build a stadium  
21.14       that is environmentally and energy efficient and will make an effort to build a stadium  
21.15       that is eligible to receive the Leadership in Energy and Environmental Design (LEED)  
21.16       certification or the Green Building Initiative Green Globes certification for environmental  
21.17       design, and to the extent practicable, will strive to make the stadium design architecturally  
21.18       significant.

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

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

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

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

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

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

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

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

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

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

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

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

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

23.1 or preparing the site or related stadium infrastructure prior to a determination of the  
23.2 adequacy of the environmental impact statement.

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

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

23.14      **Subd. 6. Stadium Implementation Committee; city review.** In order to accomplish  
23.15 the objectives of this act within the required time frame, it is necessary to establish an  
23.16 alternative process for municipal land use and development review. It is hereby found  
23.17 and declared that the construction of a stadium within the development area is consistent  
23.18 with the adopted area plan, is the preferred stadium location, and is a permitted land use.  
23.19 This subdivision establishes a procedure for all land use and development reviews and  
23.20 approvals by the city of Minneapolis for the stadium and related stadium infrastructure  
23.21 and supersedes all land use and development rules and restrictions and procedures  
23.22 imposed by other law, charter, or ordinance, including without limitation section 15.99.

23.23      No later than 30 days after timely compliance of the city as provided in article 4, section 5,  
23.24 of this act, the city of Minneapolis shall establish a stadium implementation committee  
23.25 to make recommendations on the design plans submitted for the stadium, and stadium  
23.26 infrastructure, and related improvements. The implementation committee must take  
23.27 action to issue its recommendations within the time frames established in the planning  
23.28 and construction timetable issued by the authority which shall provide for no less than 60  
23.29 days for the committee's review. The recommendations of the implementation committee  
23.30 shall be forwarded to the city of Minneapolis Planning Commission for an advisory  
23.31 recommendation and then to the city council for final action in a single resolution, which  
23.32 final action must be taken within 45 days of the submission of the recommendations to the  
23.33 planning commission. The city council shall not impose any unreasonable conditions on  
23.34 the recommendations of the implementation committee, nor take any action or impose  
23.35 any conditions that will result in delay from the time frames established in the planning  
23.36 and construction timetable or in additional overall costs. Failure of the city council to act

24.1       within the 45-day period shall be deemed to be approval. The authority may seek de novo  
24.2       review in the district court of any city council action. The district court or any appellate  
24.3       court shall expedite review to the maximum extent possible and timely issue relief, orders,  
24.4       or opinions as necessary to give effect to the provisions and objectives in this act.

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

24.6       No new or additional local sales or use tax shall be imposed on sales at the  
24.7       stadium site unless the tax is applicable throughout the taxing jurisdiction. No new or  
24.8       additional local tax shall be imposed on sales of tickets and admissions to NFL team,  
24.9       NFL team-owned major league soccer, or other team related events at the stadium,  
24.10      notwithstanding any law or ordinance, unless the tax is applicable throughout the taxing  
24.11      jurisdiction. The admissions and amusements tax currently imposed by the city of  
24.12      Minneapolis pursuant to Laws 1969, chapter 1092, may apply to admissions for football  
24.13      and NFL team related events, including NFL team-owned major league soccer, as  
24.14      provided in section 473J.15, subdivision 15, at the stadium.

24.15      Sec. 18. **[473J.25] METROPOLITAN SPORTS FACILITIES COMMISSION  
24.16      ASSETS; LIABILITIES TO AUTHORITY.**

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

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

24.24      Subd. 3. **Metropolitan Sports Facilities Commission abolished; interim powers  
24.25      conferred on authority.** Upon transfer to the authority of all remaining assets, liabilities,  
24.26      and obligations of the Metropolitan Sports Facilities Commission, in subdivision 2, the  
24.27      Metropolitan Sports Facilities Commission is abolished. When the remaining assets,  
24.28      liabilities, and obligations of the Metropolitan Sports Facilities Commission have been  
24.29      transferred to the authority and the commission has been abolished, the powers and duties  
24.30      of the commission under sections 473.551 to 473.599, and any other law shall devolve  
24.31      upon the authority, in addition to the powers and duties of the authority under this chapter,  
24.32      until the first NFL home game is played at the stadium.

24.33      Subd. 4. **Employees.** Upon transfer of ownership all persons employed by the  
24.34      Metropolitan Sports Facilities Commission shall be transferred to the Minnesota Sports

25.1 Facilities Authority without loss of right or privilege. Nothing in this section shall be  
25.2 construed to give any such person the right or privilege to continue in the same level or  
25.3 classification of employment previously held. The Minnesota Sports Facilities Authority  
25.4 may assign any such person to an employment level and classification which it deems  
25.5 appropriate and desirable in accordance with its personnel code.

25.6 Sec. 19. **EFFECTIVE DATE.**

25.7 Except as otherwise provided, this article is effective the day following final  
25.8 enactment.

25.9 **ARTICLE 2**

25.10 **STATE STADIUM FUNDING**

25.11 Section 1. **[16A.965] STADIUM APPROPRIATION BONDS.**

25.12 Subdivision 1. **Definitions.** (a) The definitions in this subdivision and in chapter  
25.13 473J apply to this section.

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

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

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

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

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

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

25.25 Subd. 2. **Authorization to issue appropriation bonds.** (a) Subject to the  
25.26 limitations of this subdivision, the commissioner may sell and issue appropriation bonds  
25.27 of the state under this section for public purposes as provided by law, including, in  
25.28 particular, the financing of all or a portion of the acquisition, construction, improving,  
25.29 and equipping of the stadium project of the Minnesota Sports Facilities Authority as  
25.30 provided by chapter 473J. Proceeds of the appropriation bonds must be credited to a  
25.31 special appropriation stadium bond proceeds fund in the state treasury. Net income from  
25.32 investment of the proceeds, as estimated by the commissioner, must be credited to the  
25.33 special appropriation stadium bond proceeds fund.

26.1       (b) Appropriation bonds may be sold and issued in amounts that, in the opinion of  
26.2       the commissioner, are necessary to provide sufficient funds, not to exceed \$548,000,000  
26.3       net of costs of issuance, deposits for debt service reserve funds, and costs of credit  
26.4       enhancement for achieving the purposes authorized as provided under paragraph (a), and  
26.5       pay debt service, pay costs of issuance, make deposits to reserve funds, pay the costs  
26.6       of credit enhancement, or make payments under other agreements entered into under  
26.7       paragraph (d); provided, however, that appropriation bonds issued and unpaid shall not  
26.8       exceed \$650,000,000 in principal amount, excluding refunding bonds sold and issued  
26.9       under subdivision 4.

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

26.16      (d) At the time of, or in anticipation of, issuing the appropriation bonds, and at any  
26.17      time thereafter, so long as the appropriation bonds are outstanding, the commissioner may  
26.18      enter into agreements and ancillary arrangements relating to the appropriation bonds,  
26.19      including, but not limited to, trust indentures, grant agreements, lease or use agreements,  
26.20      operating agreements, management agreements, liquidity facilities, remarketing or  
26.21      dealer agreements, letter of credit agreements, insurance policies, guaranty agreements,  
26.22      reimbursement agreements, indexing agreements, or interest exchange agreements. Any  
26.23      payments made or received according to the agreement or ancillary arrangement shall be  
26.24      made from or deposited as provided in the agreement or ancillary arrangement. The  
26.25      determination of the commissioner included in an interest exchange agreement that the  
26.26      agreement relates to an appropriation bond shall be conclusive.

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

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

27.1        Subd. 3. **Form; procedure.** (a) Appropriation bonds may be issued in the form  
27.2        of bonds, notes, or other similar instruments, and in the manner provided in section  
27.3        16A.672. In the event that any provision of section 16A.672 conflicts with this section,  
27.4        this section shall control.

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

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

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

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

27.13       Subd. 4. **Refunding bonds.** The commissioner from time to time may issue  
27.14       appropriation bonds for the purpose of refunding any appropriation bonds then  
27.15       outstanding, including the payment of any redemption premiums on the bonds, any  
27.16       interest accrued or to accrue to the redemption date, and costs related to the issuance and  
27.17       sale of the refunding bonds. The proceeds of any refunding bonds may, in the discretion of  
27.18       the commissioner, be applied to the purchase or payment at maturity of the appropriation  
27.19       bonds to be refunded, to the redemption of the outstanding appropriation bonds on any  
27.20       redemption date, or to pay interest on the refunding bonds and may, pending application,  
27.21       be placed in escrow to be applied to the purchase, payment, retirement, or redemption. Any  
27.22       escrowed proceeds, pending such use, may be invested and reinvested in obligations that  
27.23       are authorized investments under section 11A.24. The income earned or realized on the  
27.24       investment may also be applied to the payment of the appropriation bonds to be refunded  
27.25       or interest or premiums on the refunded appropriation bonds, or to pay interest on the  
27.26       refunding bonds. After the terms of the escrow have been fully satisfied, any balance of the  
27.27       proceeds and any investment income may be returned to the general fund or, if applicable,  
27.28       the special appropriation stadium bond proceeds fund for use in any lawful manner. All  
27.29       refunding bonds issued under this subdivision must be prepared, executed, delivered, and  
27.30       secured by appropriations in the same manner as the appropriation bonds to be refunded.

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

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

28.1       (2) banks and bankers, savings and loan associations, credit unions, trust companies,  
28.2       savings banks and institutions, investment companies, insurance companies, insurance  
28.3       associations, and other persons carrying on a banking or insurance business; and  
28.4       (3) personal representatives, guardians, trustees, and other fiduciaries.

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

28.6       The appropriation bonds are not public debt of the state, and the full faith, credit, and  
28.7       taxing powers of the state are not pledged to the payment of the appropriation bonds or to  
28.8       any payment that the state agrees to make under this section. Appropriation bonds shall  
28.9       not be obligations paid directly, in whole or in part, from a tax of statewide application  
28.10      on any class of property, income, transaction, or privilege. Appropriation bonds shall be  
28.11      payable in each fiscal year only from amounts that the legislature may appropriate for debt  
28.12      service for any fiscal year, provided that nothing in this section shall be construed to  
28.13      require the state to appropriate funds sufficient to make debt service payments with respect  
28.14      to the appropriation bonds in any fiscal year. Appropriation bonds shall be canceled and  
28.15      shall no longer be outstanding on the earlier of (1) the first day of a fiscal year for which  
28.16      the legislature shall not have appropriated amounts sufficient for debt service, or (2) the  
28.17      date of final payment of the principal of and interest on the appropriation bonds.

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

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

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

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

29.1       (2) the appropriations under article 5, section 44, paragraph (a), for administration  
29.2 and any successor appropriation;  
29.3       (3) reimbursements authorized by section 473J.15, subdivision 2;  
29.4       (4) payment of compulsive gambling appropriations under article 5, section 44,  
29.5 paragraph (b), and any successor appropriation;  
29.6       (5) the appropriations under article 2, section 3, paragraphs (a) to (c); and  
29.7       (6) the appropriations under article 2, section 3, paragraph (f).  
29.8       (c) The provisions of this subdivision apply only after the issuance of appropriation  
29.9 bonds under subdivision 2.

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

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

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

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

29.25       (3) to the extent not required under clauses (1) and (2), to be applied to early payoff  
29.26 of bonds issued under this section.

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

29.30      Sec. 2. **SUITES SURCHARGE.**

29.31       A ten percent surcharge is imposed on the sale or rental of suites for NFL team  
29.32 games and events at the stadium. The commissioner of revenue shall determine annually  
29.33 the amount of the proceeds resulting from the surcharge each year and shall annually  
29.34 remit that amount to pay for bond debt service, notwithstanding the requirements of  
29.35 Minnesota Statutes, section 16A.965. The commissioner may charge a reasonable amount

30.1 necessary for the calculation, collection, and remittance of the surcharge proceeds. The  
30.2 authority to impose the surcharge expires the day after all stadium bonds, including fees  
30.3 and interest, have been paid.

30.4 Sec. 3. **APPROPRIATION.**

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

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

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

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

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

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

30.28 **ARTICLE 3**

30.29 **CONFORMING CHANGES**

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

30.31 Subd. 6. **Financial audits.** The legislative auditor shall audit the financial  
30.32 statements of the state of Minnesota required by section 16A.50 and, as resources permit,  
30.33 shall audit Minnesota State Colleges and Universities, the University of Minnesota, state  
30.34 agencies, departments, boards, commissions, courts, and other state organizations subject

31.1 to audit by the legislative auditor, including the State Agricultural Society, Agricultural  
31.2 Utilization Research Institute, Enterprise Minnesota, Inc., Minnesota Historical  
31.3 Society, Labor Interpretive Center, Minnesota Partnership for Action Against Tobacco,  
~~31.4 Metropolitan Sports Facilities Commission~~, Metropolitan Airports Commission, and  
31.5 Metropolitan Mosquito Control District. Financial audits must be conducted according to  
31.6 generally accepted government auditing standards. The legislative auditor shall see that  
31.7 all provisions of law respecting the appropriate and economic use of public funds are  
31.8 complied with and may, as part of a financial audit or separately, investigate allegations  
31.9 of noncompliance.

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

31.11       Subdivision 1. **Not public classification.** The following data received, created, or  
31.12 maintained by or for publicly owned and operated convention facilities; or civic center  
31.13 authorities, ~~or the Metropolitan Sports Facilities Commission~~ are classified as nonpublic  
31.14 data pursuant to section 13.02, subdivision 9; or private data on individuals pursuant  
31.15 to section 13.02, subdivision 12:

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

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

31.23       Subd. 2a. **Included employees.** (a) "State employee" includes:  
31.24           (1) employees of the Minnesota Historical Society;  
31.25           (2) employees of the State Horticultural Society;  
31.26           (3) employees of the Minnesota Crop Improvement Association;  
31.27           (4) employees of the adjutant general whose salaries are paid from federal funds and  
31.28 who are not covered by any federal civilian employees retirement system;  
31.29           (5) employees of the Minnesota State Colleges and Universities who are employed  
31.30 under the university or college activities program;  
31.31           (6) currently contributing employees covered by the system who are temporarily  
31.32 employed by the legislature during a legislative session or any currently contributing  
31.33 employee employed for any special service as defined in subdivision 2b, clause (8);

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

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

32.8       (9) employees of the Minnesota Safety Council;

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

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

32.17       (12) judges of the Tax Court;

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

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

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

32.28       (16) employees of the University of Minnesota unless excluded under subdivision  
32.29 2b, clause (3);

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

32.32       (18) employees of the Minnesota Government Engineers Council to whom section  
32.33 352.029 does not apply.

32.34       (b) Employees specified in paragraph (a), clause (13), are included employees under  
32.35 paragraph (a) if employer and employee contributions are made in a timely manner in the  
32.36 amounts required by section 352.04. Employee contributions must be deducted from

33.1 salary. Employer contributions are the sole obligation of the employer assuming operation  
33.2 of the University of Minnesota heating plant facilities or any successor organizations to  
33.3 that employer.

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

33.5 Subd. 5a. **Metropolitan agency.** "Metropolitan agency" means the Metropolitan  
33.6 Parks and Open Space Commission; and the Metropolitan Airports Commission, ~~and~~  
33.7 ~~Metropolitan Sports Facilities Commission.~~

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

33.9 **473.164 SPORTS, AIRPORT COMMISSIONS TO PAY COUNCIL COSTS.**

33.10 Subdivision 1. **Annually reimburse.** The ~~Metropolitan Sports Facilities~~  
33.11 ~~Commission and the~~ Metropolitan Airports Commission shall annually reimburse the  
33.12 council for costs incurred by the council in the discharge of its responsibilities relating to  
33.13 the commission. The costs may be charged against any revenue sources of the commission  
33.14 as determined by the commission.

33.15 Subd. 2. **Estimates, budget, transfer.** On or before May 1 of each year, the council  
33.16 shall transmit to ~~each~~ the commission an estimate of the costs which the council will  
33.17 incur in the discharge of its responsibilities related to the commission in the next budget  
33.18 year including, without limitation, costs in connection with the preparation, review,  
33.19 implementation and defense of plans, programs and budgets of the commission. ~~Each~~ The  
33.20 commission shall include the estimates in its budget for the next budget year and may  
33.21 transmit its comments concerning the estimated amount to the council during the budget  
33.22 review process. Prior to December 15 of each year, the amount budgeted by ~~each~~ the  
33.23 commission for the next budget year may be changed following approval by the council.  
33.24 During each budget year, the commission shall transfer budgeted funds to the council in  
33.25 advance when requested by the council.

33.26 Subd. 3. **Final statement.** At the conclusion of each budget year, the council, in  
33.27 cooperation with ~~each~~ the commission, shall adopt a final statement of costs incurred by the  
33.28 council for ~~each~~ the commission. Where costs incurred in the budget year have exceeded  
33.29 the amount budgeted, ~~each~~ the commission shall transfer to the council the additional  
33.30 moneys needed to pay the amount of the costs in excess of the amount budgeted, and shall  
33.31 include a sum in its next budget. Any excess of budgeted costs over actual costs may be  
33.32 retained by the council and applied to the payment of budgeted costs in the next year.

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

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

34.4        Sec. 7. **REPEALER.**

34.5        Minnesota Statutes 2010, sections 473.551; 473.552; 473.553, subdivisions 1, 2, 3,  
34.6 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,  
34.7 13, 14, 16, and 17; 473.561; 473.564, subdivisions 2 and 3; 473.572; 473.581; 473.592,  
34.8 subdivision 1; 473.595; 473.598; 473.599; and 473.76, are repealed.

34.9        Sec. 8. **EFFECTIVE DATE.**

34.10        This article is effective June 30, 2016.

34.11        **ARTICLE 4**

34.12        **MINNEAPOLIS CONVENTION CENTER**

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

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

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

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

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

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

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

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

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

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

34.32        (3) after making the deductions provided in clause (2), notwithstanding the  
34.33 provisions of any agreement between the commissioner and the city providing for

35.1 collection and remittance of these taxes, the commissioner must deposit to the general  
35.2 fund the amounts specified in subdivision 4; and

35.3 (4) after depositing to the general fund under clause (3) as specified in subdivision  
35.4 4, the commissioner must remit the remainder to the city for the uses provided in the  
35.5 special law.

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

35.8 (1) for state bond debt service support beginning in calendar year 2021, and for each  
35.9 calendar year thereafter through calendar year 2046, proportionate amounts periodically  
35.10 so that not later than December 31, 2046, an aggregate annual amount equal to a present  
35.11 value of \$150,000,000 has been deposited in the general fund. To determine aggregate  
35.12 present value, the commissioner must consult with the commissioner of management and  
35.13 budget regarding the present value dates, discount rate or rates, and schedules of annual  
35.14 amounts. The present value date or dates must be based on the date or dates bonds are  
35.15 sold under section 16A.965, or the date or dates other state funds, if any, are deposited  
35.16 into the construction fund. The discount rate or rates must be based on the true interest  
35.17 cost of the bonds issued under section 16A.965, or an equivalent 30-year bond index, as  
35.18 determined by the commissioner of management and budget. The schedule of annual  
35.19 amounts must be certified to the commissioner by the commissioner of management and  
35.20 budget and the finance officer of the city;

35.21 (2) for the capital improvement reserve appropriation to the sports facilities authority  
35.22 beginning in calendar year 2021, and for each calendar year thereafter through calendar  
35.23 year 2046, so that not later than January 1, 2022, and as of January 1 of each following  
35.24 year, an aggregate annual amount equal to the amount paid by the state for calendar year  
35.25 2021, under section 473J.13, subdivision 4, increased each year by an annual adjustment  
35.26 factor;

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

35.32 (4) for recapture of NFL team advances for capital improvements and operating  
35.33 expenses for calendar years 2016 through 2020 beginning in calendar year 2021, and  
35.34 for each calendar year thereafter until all amounts under this clause have been paid,  
35.35 proportionate amounts periodically until an aggregate amount equal to the present value of  
35.36 all amounts paid by the NFL team have been deposited in the general fund. To determine

36.1 the present value of the amounts paid by the NFL team to the authority and the present  
36.2 value of amounts deposited to the general fund under this clause, the commissioner shall  
36.3 consult with the commissioner of management and budget and the NFL team regarding  
36.4 the present value dates, discount rate or rates, and schedule of annual amounts. The  
36.5 present value dates must be based on the dates NFL team funds are paid to the authority,  
36.6 or the dates the commissioner of revenue deposits taxes for purposes of this clause to the  
36.7 general fund. The discount rates must be based on the reasonably equivalent cost of state  
36.8 funds as determined by the commissioner of management and budget after consulting with  
36.9 the NFL team. The schedule of annual amounts must be revised to reflect amounts paid  
36.10 under section 473J.09, subdivision 13, and taxes deposited to the general fund from time  
36.11 to time under this clause, and the schedule and revised schedules must be certified to the  
36.12 commissioner by the commissioner of management and budget and the finance officer  
36.13 of the city, and are transferred as accrued from the general fund to the NFL team, for  
36.14 repayment of advances made by the NFL team to the city of Minneapolis; and

36.15 (5) to capture increases in taxes imposed under the special law, for the benefit of  
36.16 the sports facilities authority, beginning in calendar year 2013 and for each calendar year  
36.17 thereafter through 2056, there shall be deposited to the general fund by February 15 of  
36.18 each following year, amounts calculated by the commissioner under this clause. For  
36.19 each year, the commissioner shall determine the excess, if any, of the taxes received  
36.20 by the commissioner over the benchmark scheduled amounts of the taxes, as described  
36.21 in this section. The benchmark scheduled amounts for each year must be based on the  
36.22 actual amount of the taxes for calendar year 2011 inflated for each subsequent year at an  
36.23 annual rate of two percent, according to a schedule certified to the commissioner by the  
36.24 commissioner of management and budget and the finance officer of the city. The amounts  
36.25 to be deposited to the general fund by the commissioner for each year equal:

36.26 (i) zero for the amount of the taxes for the year up to a scheduled benchmark of  
36.27 \$1,000,000, inflated at two percent per year, in excess of the taxes for calendar year 2011;

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

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

36.35 (b) The annual adjustment factor for purposes of this section and the special law  
36.36 for any year equals the increase, if any, in the amount of these taxes received by the

37.1 commissioner in the preceding year over the amount received in the year prior to the  
37.2 preceding year, expressed as a percentage of the amount received in the year prior to the  
37.3 preceding year; provided, that the adjustment factor for any year must not be less than  
37.4 zero percent nor more than five percent.

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

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

37.9 Subdivision 1. **Imposition.** Notwithstanding Minnesota Statutes, section 477A.016,  
37.10 or any other contrary provision of law, ordinance, or city charter, upon approval by  
37.11 the city's board of estimate and taxation by a vote of at least five members, the city of  
37.12 Minneapolis may by ordinance impose an additional sales tax of up to one-half of one  
37.13 percent on sales taxable pursuant to Minnesota Statutes, chapter 297A that occur within  
37.14 the city, and may also by ordinance impose an additional compensating use tax of up to  
37.15 one-half of one percent on uses of property within the city, the sale of which would be  
37.16 subject to the additional sales tax but for the fact such property was sold outside the city.  
37.17 The tax may not be imposed on gross receipts from sales of intoxicating liquor that are  
37.18 exempt from taxation under ~~sections 297A.25 to 297A.257 or other~~ any provision of  
37.19 chapter 297A exempting sales of intoxicating liquor and use from taxation, including  
37.20 amendments adopted after enactment of this act.

37.21 For purposes of this subdivision, sales that occur within the city shall not include (a)  
37.22 the sale of tangible personal property (i) which, without intermediate use, is shipped or  
37.23 transported outside Minneapolis by the purchaser and thereafter used in a trade or business  
37.24 or is stored, processed, fabricated or manufactured into, attached to or incorporated into  
37.25 other tangible personal property transported or shipped outside Minneapolis and thereafter  
37.26 used in a trade or business outside Minneapolis, and which is not thereafter returned to a  
37.27 point within Minneapolis, except in the course of interstate or intrastate commerce (storage  
37.28 shall not constitute intermediate use); or (ii) which the seller delivers to a common carrier  
37.29 for delivery outside Minneapolis, places in the United States mail or parcel post directed  
37.30 to the purchaser outside Minneapolis, or delivers to the purchaser outside Minneapolis by  
37.31 means of the seller's own delivery vehicles, and which is not thereafter returned to a point  
37.32 within Minneapolis, except in the course of interstate or intrastate commerce; or (b) sales  
37.33 which would be described in ~~clause (e) or (u)~~ of Minnesota Statutes, section ~~297A.25,~~  
37.34 ~~subdivision 1, 297A.68, subdivision 11 or 16,~~ if the word "Minneapolis" were substituted  
37.35 for the words "Minnesota" or "state of Minnesota" in such ~~clauses~~ subdivisions. ~~A~~ tax

38.1 may be imposed under this section only if the taxes imposed under section 5 are imposed  
38.2 at the maximum rate allowed under that section. The tax authorized by this section shall  
38.3 be imposed, until December 31, 2056. The tax may be imposed and may be adjusted  
38.4 periodically by the city council in conformity with Minnesota Statutes, section 297A.99,  
38.5 subdivision 12, such that the rate imposed, rounded to the next highest one-tenth of one  
38.6 percent, does not exceed the rate estimated to be required to produce produces revenue  
38.7 sufficient to finance the costs purposes described in subdivision subdivisions 3 and 4, but  
38.8 in no case may the rate exceed one-half of one percent.

38.9       Subd. 2. **Enforcement; collection.** (a) Except as provided in paragraph (b),  
38.10 these taxes shall be subject to the same interest penalties and other rules imposed  
38.11 under Minnesota Statutes, chapter 297A. The commissioner of revenue may enter into  
38.12 appropriate agreements with the city to provide for collection of these taxes by the state  
38.13 on behalf of the city. The commissioner may charge the city a reasonable fee for its  
38.14 collection from the proceeds of any taxes, as provided in Minnesota Statutes, section  
38.15 297A.99, subdivision 9.

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

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

38.20           (1) to pay costs of collection;

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

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

38.26           (4) to pay reasonable and appropriate costs determined by the city to replace  
38.27 housing and the ice arena removed from the site;

38.28           (5) to maintain reserves for the foregoing purposes deemed reasonable and  
38.29 appropriate by the city; and

38.30           (6) to fund projects and for other purposes under subdivision 4.

38.31       Money for replacement housing shall be made available by the city only for new  
38.32 construction, conversion of nonresidential buildings, and for rehabilitation of vacant  
38.33 residential structures, only if all of the units in the newly constructed building, converted  
38.34 nonresidential building, or rehabilitated residential structure are to be used for replacement  
38.35 housing.

39.1       Subd. 4. **Minneapolis downtown and neighborhood projects.** (a) For revenues  
39.2    collected in calendar years 2009 and 2010, to the extent that revenues from the tax  
39.3    authorized in subdivision 1 exceeds the amount needed to fund the purposes in subdivision  
39.4    3, the city may use the excess revenue to fund any city services. The total amount used in  
39.5    both years for this purpose may not exceed the total amount of aid and credit reductions  
39.6    under Minnesota Statutes, sections 273.1384 and 477A.011 to 477A.014 in calendar years  
39.7    2008, 2009, and 2010 due to a governor's unallotment or due to statutory reductions.

39.8       (b) Beginning with revenues collected in calendar year 2011, to the extent that  
39.9    revenues from the ~~tax~~ taxes authorized in subdivision 1 ~~exceeds~~ or in section 5 exceed  
39.10    the amount needed to fund the purposes in subdivision 3, the city may use the excess  
39.11    revenue in any year to fund capital projects to further residential, cultural, commercial,  
39.12    and economic development in both downtown Minneapolis and the Minneapolis  
39.13    neighborhoods, to fund other city expenditures in support of the capital projects, or  
39.14    for other economic development, provided the city may direct excess revenue first to  
39.15    convention center debt, operations, capital improvements, and marketing. The city may  
39.16    issue bonds to fund any such projects or improvements using these taxes or any other  
39.17    available city resources to finance or secure the bonds.

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

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

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

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

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

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

40.4       The taxes authorized by this section shall be imposed until December 31, 2056. The taxes  
40.5       shall be imposed and may be adjusted periodically by the city council such that the rates  
40.6       imposed, produce revenue sufficient, together with the tax imposed under section 4, to  
40.7       finance the purposes described in section 4, subdivisions 3 and 4. These taxes shall be  
40.8       applied, first, as provided in Minnesota Statutes, section 297A.994, subdivision 3, clauses  
40.9       (1) to (3), and then, solely to pay costs of collection and to pay or, secure, maintain, and  
40.10       fund the payment of any principal of, premium on, and interest on any bonds or any  
40.11       costs referred to other purposes in section 4, subdivision 3 or 4. The commissioner of  
40.12       revenue may enter into appropriate agreements with the city to provide for the collection  
40.13       of these taxes by the state on behalf of the city. The commissioner may charge the city  
40.14       a reasonable fee for its collection from the proceeds of any taxes. These taxes shall be  
40.15       subject to the same interest penalties and enforcement provisions as the taxes imposed  
40.16       under section 473.592 Minnesota Statutes, chapter 297A.

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

40.18       Any amounts expended, indebtedness or obligation incurred including, but not  
40.19       limited to, the issuance of bonds, or actions taken by the city under this article are not  
40.20       deemed an expenditure or other use of city resources within the meaning of any law or  
40.21       charter limitation. The city may exercise any of its powers under this article to spend,  
40.22       borrow, tax, or incur any form of indebtedness or other obligation, for the improvement,  
40.23       including, but not limited to, acquisition, development, construction, or betterment, of  
40.24       any public building, stadium, or other capital improvement project, without regard to any  
40.25       charter limitation or provision. Any tax exemption established under this article shall  
40.26       not be deemed an expenditure or other use of city resources within the meaning of any  
40.27       charter limitation.

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

40.29       This article is effective the day after the governing body of the city of Minneapolis  
40.30       and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions  
40.31       2 and 3. Notwithstanding any law to the contrary, the city of Minneapolis and its chief  
40.32       clerical officer have 30 calendar days following final enactment of this act, to comply with  
40.33       Minnesota Statutes, section 645.021, subdivisions 2 and 3.

41.1      Sec. 6. **SEVERABILITY; SAVINGS.**

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

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

41.8      The taxes authorized under Laws 1986, chapter 396, sections 4 and 5, as amended,  
41.9      are exempt from the requirements of Minnesota Statutes, section 297A.99, subdivisions  
41.10      2 and 3.

41.11      **ARTICLE 5**

41.12      **LAWFUL GAMBLING**

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

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

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

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

41.24      Sec. 3. Minnesota Statutes 2010, section 349.12, subdivision 5, is amended to read:

41.25      Subd. 5. **Bingo occasion.** "Bingo occasion" means a single gathering or session at  
41.26      which a series of one or more successive bingo games is played. There is no limit on the  
41.27      number of games conducted during a bingo occasion but. A bingo occasion must not last  
41.28      longer than eight consecutive hours, except that linked bingo games played on electronic  
41.29      bingo devices may be played during regular business hours of the permitted premises,  
41.30      and all play during this period is considered a bingo occasion for reporting purposes. For  
41.31      permitted premises where the primary business is bingo, regular business hours shall be  
41.32      defined as the hours between 8:00 a.m. and 2:00 a.m.

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

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

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

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

42.9 (1) is used by a bingo player to:

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

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

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

42.18 (iv) play against other bingo players;

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

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

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

42.23 (5) has no additional function as an amusement or gambling device other than as an  
42.24 electronic pull-tab game as defined under section 349.12, subdivision 12c;

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

42.26 (7) has the capability to permit the board to electronically monitor the operation of  
42.27 the device and the internal accounting systems; and

42.28 (8) has the capability to allow use by a player who is visually impaired.

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

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

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

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

43.2       (2) requires coded entry to activate play but does not allow the use of coin, currency,

43.3       or tokens to be inserted to activate play;

43.4       (3) requires that a player must activate or open each electronic pull-tab ticket and

43.5       have the option to open all tabs of a ticket at the same time or open each individual line,

43.6       row, or column of each electronic pull-tab ticket;

43.7       (4) maintains information pertaining to accumulated win credits that may be applied

43.8       to games in play or redeemed upon termination of play;

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

43.10       (6) has no additional function as a gambling device other than as an electronic-linked

43.11       bingo game played on a device defined under section 349.12, subdivision 12a;

43.12       (7) may incorporate an amusement game feature as part of the pull-tab game but

43.13       may not require additional consideration for that feature or award any prize, or other

43.14       benefit for that feature;

43.15       (8) may have auditory or visual enhancements to promote or provide information

43.16       about the game being played, provided the component does not affect the outcome of

43.17       a game or display the results of a game;

43.18       (9) maintains, on nonresettable meters, a printable, permanent record of all

43.19       transactions involving each device and electronic pull-tab games played on the device;

43.20       (10) is not a pull-tab dispensing device as defined under subdivision 32a; and

43.21       (11) has the capability to allow use by a player who is visually impaired.

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

43.24       Subd. 12c. **Electronic pull-tab game.** "Electronic pull-tab game" means a pull-tab  
43.25       game containing:

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

43.27       (2) a predetermined, finite number of winning and losing tickets, not to exceed  
43.28       7,500 tickets;

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

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

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

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

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

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

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

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

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

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

44.11                  Subd. 18. **Gambling equipment.** "Gambling equipment" means: gambling  
44.12                  equipment that is either disposable or permanent gambling equipment.

44.13                  (a) Disposable gambling equipment includes the following:

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

44.16                  (2) paper and electronic pull-tabs;

44.17                  (3) jar tickets, paddle wheels, paddle wheel tables;

44.18                  (4) paddle tickets, and paddle ticket cards;

44.19                  (5) tipboards, and tipboard tickets; and

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

44.23                  (b) Permanent gambling equipment includes the following:

44.24                  (1) devices for selecting bingo numbers;

44.25                  (2) electronic bingo devices;

44.26                  (3) electronic pull-tab devices;

44.27                  (4) pull-tab dispensing devices;

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

44.30                  (6) paddle wheels; and

44.31                  (7) paddle wheel tables.

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

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

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

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

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

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

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

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

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

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

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

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

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

- 46.1       (8) payment of local taxes authorized under this chapter, taxes imposed by the  
46.2 United States on receipts from lawful gambling, the taxes imposed by section 297E.02,  
46.3 subdivisions 1, ~~4~~, 5, and 6, and the tax imposed on unrelated business income by section  
46.4 290.05, subdivision 3;
- 46.5       (9) payment of real estate taxes and assessments on permitted gambling premises  
46.6 owned by the licensed organization paying the taxes, or wholly leased by a licensed  
46.7 veterans organization under a national charter recognized under section 501(c)(19) of the  
46.8 Internal Revenue Code;
- 46.9       (10) a contribution to the United States, this state or any of its political subdivisions,  
46.10 or any agency or instrumentality thereof other than a direct contribution to a law  
46.11 enforcement or prosecutorial agency;
- 46.12       (11) a contribution to or expenditure by a nonprofit organization which is a church  
46.13 or body of communicants gathered in common membership for mutual support and  
46.14 edification in piety, worship, or religious observances;
- 46.15       (12) an expenditure for citizen monitoring of surface water quality by individuals  
46.16 or nongovernmental organizations that is consistent with section 115.06, subdivision 4,  
46.17 and Minnesota Pollution Control Agency guidance on monitoring procedures, quality  
46.18 assurance protocols, and data management, provided that the resulting data is submitted  
46.19 to the Minnesota Pollution Control Agency for review and inclusion in the state water  
46.20 quality database;
- 46.21       (13) a contribution to or expenditure on projects or activities approved by the  
46.22 commissioner of natural resources for:  
46.23           (i) wildlife management projects that benefit the public at large;  
46.24           (ii) grant-in-aid trail maintenance and grooming established under sections 84.83  
46.25 and 84.927, and other trails open to public use, including purchase or lease of equipment  
46.26 for this purpose; and  
46.27           (iii) supplies and materials for safety training and educational programs coordinated  
46.28 by the Department of Natural Resources, including the Enforcement Division;
- 46.29       (14) conducting nutritional programs, food shelves, and congregate dining programs  
46.30 primarily for persons who are age 62 or older or disabled;
- 46.31       (15) a contribution to a community arts organization, or an expenditure to sponsor  
46.32 arts programs in the community, including but not limited to visual, literary, performing,  
46.33 or musical arts;
- 46.34       (16) an expenditure by a licensed fraternal organization or a licensed veterans  
46.35 organization for payment of water, fuel for heating, electricity, and sewer costs for:

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

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

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

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

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

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

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

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

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

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

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

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

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

48.14      (25) an expenditure, including a mortgage payment or other debt service payment,  
48.15      for the erection or acquisition of a comparable building to replace an organization-owned  
48.16      building that was destroyed or made uninhabitable by fire or catastrophe or to replace an  
48.17      organization-owned building that was taken or sold under an eminent domain proceeding.  
48.18      The expenditure may be only for that part of the replacement cost not reimbursed by  
48.19      insurance for the fire or catastrophe or compensation not received from a governmental  
48.20      unit under the eminent domain proceeding, if the board has first specifically authorized  
48.21      the expenditure.

48.22      (b) Expenditures authorized by the board under clauses (24) and (25) must be  
48.23      51 percent completed within two years of the date of board approval; otherwise the  
48.24      organization must reapply to the board for approval of the project. "Fifty-one percent  
48.25      completed" means that the work completed must represent at least 51 percent of the value  
48.26      of the project as documented by the contractor or vendor.

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

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

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

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

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

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

49.4                   Subd. 25b. **Linked bingo game provider.** "Linked bingo game provider" means  
49.5 any person who provides the means to link bingo ~~prizes in a linked bingo game, who~~  
49.6 ~~provides linked bingo paper sheets to the participating organizations games,~~ who provides  
49.7 linked bingo prize management, and who provides the linked bingo game system.

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

49.9                   Subd. 25c. **Linked bingo game system.** "Linked bingo game system" means the  
49.10 equipment used by the linked bingo provider to conduct, transmit, and track a linked  
49.11 bingo game. The system must be approved by the board before its use in this state and  
49.12 it must have ~~dial-up or other~~ the capability to permit the board to electronically monitor  
49.13 its operation remotely. For linked electronic bingo games, the system includes electronic  
49.14 bingo devices.

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

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

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

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

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

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

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

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

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

**349.13 LAWFUL GAMBLING.**

Lawful gambling is not a lottery or gambling within the meaning of sections 609.75 to 609.76 if it is conducted under this chapter. A pull-tab dispensing device, electronic bingo device, and electronic pull-tab device permitted under this chapter and by board rule is not a gambling device within the meaning of sections 609.75 to 609.76 and chapter 299L. An electronic game device allowed under this chapter may not be a slot machine. Electronic game devices, including, but not limited to, electronic bingo devices, electronic paddle wheels, and electronic pull-tab devices authorized under this chapter, may only be used in the conduct of lawful gambling permitted under this chapter and board rule and may not display or simulate any other form of gambling or entertainment, except as otherwise allowed under this chapter.

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

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

(b) Rules adopted under paragraph (a):

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

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

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

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

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

51.1       (b) Rules adopted under paragraph (a):

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

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

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

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

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

51.15       Sec. 20. Minnesota Statutes 2010, section 349.151, is amended by adding a subdivision

51.16          to read:

51.17       Subd. 4d. **Electronic pull-tab devices and electronic pull-tab game system.** (a)

51.18       The board may adopt rules it deems necessary to ensure the integrity of electronic pull-tab  
51.19          devices, the electronic pull-tab games played on the devices, and the electronic pull-tab  
51.20          game system necessary to operate them.

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

51.22       (c) Before authorizing the lease or sale of electronic pull-tab devices and the  
51.23          electronic pull-tab game system, the board shall examine electronic pull-tab devices  
51.24          allowed under section 349.12, subdivision 12b. The board may contract for the  
51.25          examination of the game system and electronic pull-tab devices and may require a working  
51.26          model to be transported to locations the board designates for testing, examination, and  
51.27          analysis. The manufacturer must pay all costs of any testing, examination, analysis, and  
51.28          transportation of the model. The system must be approved by the board before its use in  
51.29          the state and must have the capability to permit the board to electronically monitor its  
51.30          operation and internal accounting systems.

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

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

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

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

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

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

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

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

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

52.18              (6) after demand, has not filed tax returns required by the commissioner of revenue.

52.19       The board may deny or refuse to renew a license under this chapter, and may revoke a  
52.20       license under this chapter, if any of the conditions in this paragraph are applicable to  
52.21       an affiliate or direct or indirect holder of more than a five percent financial interest in  
52.22       the applicant or licensee.

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

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

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

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

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

52.31           Subd. 4. **License revocation, suspension, denial; censure.** (a) The board may by  
52.32       order (i) deny, suspend, revoke, or refuse to renew a license or premises permit, or (ii)  
52.33       censure a licensee or applicant, if it finds that the order is in the public interest and that the  
52.34       applicant or licensee, or a director, officer, partner, governor, person in a supervisory or

53.1 management position of the applicant or licensee, an employee eligible to make sales on  
53.2 behalf of the applicant or licensee, or direct or indirect holder of more than a five percent  
53.3 financial interest in the applicant or licensee:

53.4       (1) has violated or failed to comply with any provision of this chapter or chapter  
53.5 297E or 299L, or any rule adopted or order issued thereunder;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

54.25              Subd. 5. **Prohibition.** (a) No distributor, distributor salesperson, or other employee  
54.26              of a distributor, may also be a wholesale distributor of alcoholic beverages or an employee  
54.27              of a wholesale distributor of alcoholic beverages.

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

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

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

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

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

55.15      (g) No distributor, distributor salesperson, or any representative, agent, affiliate, or  
55.16       other employee of a distributor may: (1) recruit a person to become a gambling manager  
55.17       of an organization or identify to an organization a person as a candidate to become  
55.18       gambling manager for the organization; or (2) identify for an organization a potential  
55.19       gambling location.

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

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

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

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

55.34      Subd. 5. **Sales from facilities.** (a) All gambling equipment purchased or possessed  
55.35       by a licensed distributor for resale or lease to any person for use in Minnesota must, prior

56.1 to the equipment's resale or lease, be unloaded into a storage facility located in Minnesota  
56.2 which the distributor owns or leases; and which has been registered, in advance and in  
56.3 writing, with the Division of Alcohol and Gambling Enforcement as a storage facility of  
56.4 the distributor. All unregistered gambling equipment and all unaffixed registration stamps  
56.5 owned by, or in the possession of, a licensed distributor in the state of Minnesota shall be  
56.6 stored at a storage facility which has been registered with the Division of Alcohol and  
56.7 Gambling Enforcement. No gambling equipment may be moved from the facility unless  
56.8 the gambling equipment has been first registered with the board or the Department of  
56.9 Revenue. A distributor must notify the board of the method that it will use to sell and  
56.10 transfer electronic pull-tab games to licensed organizations, and must receive approval of  
56.11 the board before implementing or making changes to the approved method.

56.12 (b) Notwithstanding section 349.163, subdivisions 5, 6, and 8, a licensed  
56.13 manufacturer may ship into Minnesota approved or unapproved gambling equipment if the  
56.14 licensed manufacturer ships the gambling equipment to a Minnesota storage facility that  
56.15 is: (1) owned or leased by the licensed manufacturer; and (2) registered, in advance and  
56.16 in writing, with the Division of Alcohol and Gambling Enforcement as a manufacturer's  
56.17 storage facility. No gambling equipment may be shipped into Minnesota to the  
56.18 manufacturer's registered storage facility unless the shipment of the gambling equipment  
56.19 is reported to the Department of Revenue in a manner prescribed by the department.  
56.20 No gambling equipment may be moved from the storage facility unless the gambling  
56.21 equipment is sold to a licensed distributor and is otherwise in conformity with this chapter,  
56.22 is shipped to an out-of-state site and the shipment is reported to the Department of  
56.23 Revenue in a manner prescribed by the department, or is otherwise sold and shipped as  
56.24 permitted by board rule. A manufacturer must notify the board of the method that it will  
56.25 use to sell and transfer electronic pull-tab games to licensed distributors, and must receive  
56.26 approval of the board before implementing or making changes to the approved method.

56.27 (c) All storage facilities owned, leased, used, or operated by a licensed distributor  
56.28 or manufacturer may be entered upon and inspected by the employees of the Division of  
56.29 Alcohol and Gambling Enforcement, the Division of Alcohol and Gambling Enforcement  
56.30 director's authorized representatives, employees of the Gambling Control Board or its  
56.31 authorized representatives, employees of the Department of Revenue, or authorized  
56.32 representatives of the director of the Division of Special Taxes of the Department of  
56.33 Revenue during reasonable and regular business hours. Obstruction of, or failure to  
56.34 permit, entry and inspection is cause for revocation or suspension of a manufacturer's or  
56.35 distributor's licenses and permits issued under this chapter.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

58.29       (c) The board may require samples of gambling equipment to be tested by an  
58.30 independent testing laboratory prior to submission to the board for approval. All costs  
58.31 of testing by an independent testing laboratory must be borne by the manufacturer. An  
58.32 independent testing laboratory used by a manufacturer to test samples of gambling  
58.33 equipment must be approved by the board before the equipment is submitted to the  
58.34 laboratory for testing.

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

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

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

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

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

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

59.15           (2) detailed plans and specifications for the operation of the linked bingo game and  
59.16       the linked bingo system, along with a proposed fee schedule for the cost of providing  
59.17       services and equipment to licensed organizations which may not exceed 15 percent of  
59.18       gross profits, unless a higher percentage, not to exceed 20 percent, is authorized by the  
59.19       board. The fee schedule must incorporate costs paid to distributors for services provided  
59.20       under subdivision 5; and

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

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

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

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

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

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

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

60.5           Subd. 2. **Contents of application.** An application for a premises permit must  
60.6       contain:

- 60.7           (1) the name and address of the applying organization;  
60.8           (2) a description of the site for which the permit is sought, including its address and,  
60.9       where applicable, its placement within another premises or establishment;  
60.10          (3) if the site is leased, the name and address of the lessor and information about the  
60.11       lease the board requires, including all rents and other charges for the use of the site. The  
60.12       lease term is concurrent with the term of the premises permit. The lease must contain a  
60.13       30-day termination clause. No lease is required for the conduct of a raffle; and  
60.14          (4) other information the board deems necessary to carry out its purposes.

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

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

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

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

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

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

(2) the bingo is conducted using only bingo paper sheets or facsimiles of bingo paper sheets purchased from a licensed distributor or licensed linked bingo game provider; ~~and~~  
~~(3) no rent may be paid for a bar bingo occasion.~~

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

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

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

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

(d) The board may adopt rules to:

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

(2) specify the records to be maintained by a linked bingo game provider;

(3) require the submission of periodic reports by the linked bingo game provider and specify the content of the reports;

(4) establish the qualifications required to be licensed as a linked bingo game provider; and

(5) any other matter involving the operation of a linked bingo game.

Sec. 36. Minnesota Statutes 2010, section 349.17, is amended by adding a subdivision to read:

**Subd. 9. Linked bingo games played exclusively on electronic bingo devices.** In addition to the requirements of subdivision 8, the following requirements and restrictions apply when linked bingo games are played exclusively on electronic bingo devices.

(a) The permitted premises must be:

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

62.1       (2) a premises where bingo is conducted as the primary business and has a seating  
62.2       capacity of at least 100.

62.3       (b) Until July 1, 2013, the number of electronic bingo devices is limited to:  
62.4           (1) no more than six devices in play for permitted premises with 200 seats or less;  
62.5           (2) no more than 12 devices in play for permitted premises with 201 seats or more;

62.6       and

62.7       (3) no more than 50 devices in play for permitted premises where bingo is the  
62.8       primary business.

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

62.10      (c) After July 1, 2013, the Gambling Control Board may increase the limits on  
62.11      the number of electronic bingo devices.

62.12      (d) Prior to a bingo occasion, the linked bingo game provider, on behalf of the  
62.13      participating organizations, must provide to the board a bingo program in a format  
62.14      prescribed by the board.

62.15      (e) Before participating in the play of a linked bingo game, a player must present  
62.16      and register a valid picture identification card that includes the player's address and  
62.17      date of birth.

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

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

62.22      **349.1721 CONDUCT OF PULL-TABS.**

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

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

62.30      Subd. 3. **Pull-tab dispensing device location restrictions and requirements.**

62.31      The following pertain to pull-tab dispensing devices as defined under section 349.12,  
62.32      subdivision 32a.

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

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

63.3       (2) a premises where bingo is conducted as the primary business; or  
63.4       (3) an establishment licensed for the off-sale of intoxicating liquor, other than drug  
63.5       stores and general food stores licensed under section 340A.405, subdivision 1.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

64.13       **Subdivision 1. Lease or ownership required; rent limitations.** (a) An organization  
64.14       may conduct lawful gambling only on premises it owns or leases. Leases must be on a  
64.15       form prescribed by the board. The term of the lease is concurrent with the premises permit.  
64.16       Leases approved by the board must specify that the board may authorize an organization  
64.17       to withhold rent from a lessor for a period of up to 90 days if the board determines that  
64.18       illegal gambling occurred on the premises or that the lessor or its employees participated  
64.19       in the illegal gambling or knew of the gambling and did not take prompt action to stop the  
64.20       gambling. The lease must authorize the continued tenancy of the organization without  
64.21       the payment of rent during the time period determined by the board under this paragraph.  
64.22       Copies of all leases must be made available to employees of the board and the Division of  
64.23       Alcohol and Gambling Enforcement on request.

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

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

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

65.1       (ii) in any month where the organization's gross profit at those premises exceeds  
65.2       \$4,000, up to \$400 plus not more than ten percent of the gross profit for that month in  
65.3       excess of \$4,000;

65.4       (2) For bar operations, including bar operations where a pull-tab dispensing device  
65.5       is located but not including bar operations subject to clause (1), and for locations where  
65.6       only a pull-tab dispensing device is located, monthly rent may not exceed 15 percent of  
65.7       the gross profits for that month from electronic pull-tab games and electronic linked  
65.8       bingo games and not more than 20 percent of gross profits for that month from all other  
65.9       forms of lawful gambling.

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

65.12      (ii) in any month where the organization's gross profit at those premises exceeds  
65.13      \$1,000, up to \$200 plus not more than 20 percent of the gross profit for that month  
65.14      in excess of \$1,000;

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

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

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

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

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

65.29      (1) (4) For bingo conducted at a leased premises where the primary business is  
65.30      bingo, rent is limited to either not more than ten percent of the monthly gross profit from  
65.31      all lawful gambling activities held during bingo occasions, excluding bar bingo or at a  
65.32      rate based on a cost per square foot not to exceed 110 percent of a comparable cost per  
65.33      square foot for leased space as approved by the director; and

65.34      (2) (5) No rent may be paid for bar bingo as defined in section 349.12, subdivision 3c.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 40. Minnesota Statutes 2010, 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.

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

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

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

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

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

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

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

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

(e) Expenditures of gross profits from lawful gambling for local, state, and federal taxes as identified in section 349.12, subdivision 25, paragraph (a), clause (8), may be

68.1 transferred electronically from the organization's gambling account directly to bank  
68.2 accounts identified by local, state, or federal agencies if the organization's gambling  
68.3 account monthly bank statement specifically identifies the payee by name, the amount  
68.4 transferred, and the date of the transaction.

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

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

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

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

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

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

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

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

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

68.27 Subd. 5. **Reports.** (a) A licensed organization must report monthly to the  
68.28 ~~Department of Revenue~~ board in an electronic format prescribed by the board and to its  
68.29 membership ~~monthly, or quarterly in the case of a licensed organization which does not~~  
68.30 ~~report more than \$1,000 in gross receipts from lawful gambling in any calendar quarter,~~  
68.31 on its gross receipts, expenses, profits, and expenditure of profits from lawful gambling  
68.32 ~~for each permitted premises. The organization must account for and report on each form~~  
68.33 ~~of lawful gambling conducted. The report organization must include a reconciliation of~~  
68.34 the organization's profit carryover with its cash balance on hand. ~~If the organization~~

conducts both bingo and other forms of lawful gambling, the figures for both must be reported separately.

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

(1) gross receipts;

(2) prizes paid;

(3) allowable expenses;

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

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

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

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

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

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

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

(c) The board shall:

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

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

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

70.2 Subd. 1a. **Linked bingo prizes.** Prizes for a linked bingo game shall be limited

70.3 as follows:

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

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

70.6 (2) ~~(3)~~ (3) no organization may award more than \$200 for a linked bingo game consolation prize. For purposes of this subdivision, a linked bingo game consolation prize is a prize awarded by an organization after a prize from the linked bingo prize pool has been won; ~~and~~

70.7 (3) ~~(4)~~ for a progressive linked bingo game, if no player declares a valid bingo ~~within the~~ ~~for a progressive prize or prizes based on a predetermined amount of bingo numbers called and posted win determination,~~ a portion of the ~~prize~~ ~~gross receipts~~ ~~may be carried over to another occasion game until the accumulated progressive prize~~ is won. The portion of the prize that is not carried over must be awarded to the first player or players who declares a valid bingo as additional numbers are called. If a valid bingo is declared ~~within the predetermined amount of bingo numbers called~~, the entire prize pool for that game is awarded to the winner. ~~The annual limit for progressive bingo game prizes contained in subdivision 2 must be reduced by the amount an organization contributes to progressive linked bingo games during the same calendar year;~~ ~~and~~

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

70.29 Sec. 44. **APPROPRIATION.**

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

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

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

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

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

71.14       Sec. 45. **EFFECTIVE DATE.**

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

71.17       **ARTICLE 6**

71.18       **RACINO**

71.19       Section 1. **[47.522] PROHIBITION NEAR RACINO.**

71.20       No detached facility may be located on the premises of a racetrack referenced in  
71.21       section 349A.17, subdivision 1, paragraph (a).

71.22       Sec. 2. Minnesota Statutes 2010, section 240.03, is amended to read:

71.23       **240.03 COMMISSION POWERS AND DUTIES.**

71.24       The commission has the following powers and duties:

- 71.25       (1) to regulate horse racing in Minnesota to ensure that it is conducted in the public  
71.26       interest;
- 71.27       (2) to issue licenses as provided in this chapter;
- 71.28       (3) to enforce all laws and rules governing horse racing;
- 71.29       (4) to collect and distribute all taxes provided for in this chapter;
- 71.30       (5) to conduct necessary investigations and inquiries and compel the submission of  
71.31       information, documents, and records it deems necessary to carry out its duties;
- 71.32       (6) to supervise the conduct of pari-mutuel betting on horse racing;

72.1                   (7) to employ and supervise personnel under this chapter;

72.2                   (8) to determine the number of racing days to be held in the state and at each  
72.3 licensed racetrack;

72.4                   (9) to take all necessary steps to ensure the integrity of racing in Minnesota; ~~and~~

72.5                   (10) to impose fees on the racing and card playing industries sufficient to recover the  
72.6 operating costs of the commission with the approval of the legislature according to section  
72.7 16A.1283. Notwithstanding section 16A.1283, when the legislature is not in session, the  
72.8 commissioner of management and budget may grant interim approval for any new fees  
72.9 or adjustments to existing fees that are not statutorily specified, until such time as the  
72.10 legislature reconvenes and acts upon the new fees or adjustments. As part of its biennial  
72.11 budget request, the commission must propose changes to its fees that will be sufficient to  
72.12 recover the operating costs of the commission; and

72.13                   (11) to take all necessary steps to ensure the security of all activities in a class A

72.14 licensed racetrack. The duties and responsibilities of the commission include but are not  
72.15 limited to licensing employees of a class A licensee and vendors to the class A licensee  
72.16 involved in the conduct of gaming machines authorized by a location contract with the  
72.17 director of the State Lottery under section 349A.17 and overall surveillance and security  
72.18 of all conduct on all facilities of a licensed racetrack. The commission shall require that  
72.19 a class A licensed racetrack reimburse it for the commission's actual costs, including  
72.20 personnel costs, for conducting activities provided in this clause and amounts received  
72.21 must be deposited as provided in section 240.155, subdivision 1. The commission shall  
72.22 review procedures of the class A licensee to ensure compliance with section 240.13,  
72.23 subdivision 5a.

72.24                   Sec. 3. Minnesota Statutes 2010, section 240.13, is amended by adding a subdivision

72.25 to read:

72.26                   Subd. 5a. Equine industry improvement fund. (a) To compensate the horse

72.27 racing industry for the presence of lottery gaming machines at class A racing facilities,

72.28 the commission shall establish and maintain an equine industry improvement fund.

72.29 Each licensee holding a location contract with the lottery director shall, as directed

72.30 by the commission, transmit an amount equal to 12 percent of the location contract

72.31 compensation received from the lottery director to the commission for deposit into the

72.32 equine industry improvement fund. Seventy-five percent of the funds shall be allocated

72.33 for purse supplements. The commission shall routinely transfer 80 percent of the fund

72.34 allocated for purse supplements to a licensee conducting live racing for more than one

72.35 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 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 section 240.18,  
subdivisions 2, paragraph (d), and 3, paragraph (b), subject to the proportionality  
requirement in 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. 4. Minnesota Statutes 2010, section 240.14, is amended by adding a subdivision  
to read:

**Subd. 5. Lottery contract holder; minimum racing days.** Licensees holding  
location contracts with the director of the lottery, who are authorized to conduct live racing  
for more than one breed of horse, shall conduct thoroughbred and quarter horse racing.  
In any year the licensee shall offer the equivalent of at least two quarter horse races for  
each racing day granted to the licensee by the commission, however, the licensee and the  
organization representing the majority of quarter horses owners licensed to race in the  
state may agree to a different number of live races to be offered. Scheduling of quarter  
horse races shall be as approved by the commission pursuant to section 240.03, clause (8).  
Willful failure to offer the races required by this subdivision shall subject the licensee to  
disciplinary action as deemed appropriate by the commission.

Sec. 5. **[297A.651] LOTTERY GAMING MACHINES; IN-LIEU FEE.**

Adjusted gross revenue from the operation of gaming machines authorized under  
chapter 349A is exempt from the tax imposed under section 297A.62 and chapter 297E and  
any other tax, license, permit, or assessment for conducting a gambling activity that is not

74.1 imposed by this section. The State Lottery must, on or before the 20th day of each month,  
74.2 transmit to the commissioner an amount equal to the adjusted gross gaming machine  
74.3 revenue from the operation of gaming machines, as defined in section 349A.01, for the  
74.4 previous month multiplied by: (1) 25 percent of annual adjusted gross gaming machine  
74.5 revenue generated by each person that has a location contract under section 349A.17,  
74.6 subdivision 1, up to \$150,000,000; (2) 30 percent of annual adjusted gross gaming  
74.7 machine revenue generated by each person that has a location contract under section  
74.8 349A.17, subdivision 1, between \$150,000,000 and \$200,000,000; and (3) 40 percent  
74.9 of annual adjusted gross gaming machine revenue generated by each person that has a  
74.10 location contract under section 349A.17, subdivision 1, in excess of \$200,000,000. The  
74.11 commissioner shall deposit the money transmitted under this section in the state treasury.

74.12 Sec. 6. Minnesota Statutes 2010, section 299L.07, subdivision 2, is amended to read:

74.13 Subd. 2. **Exclusions.** Notwithstanding subdivision 1, a gambling device:

74.14 (1) may be sold by a person who is not licensed under this section, if the person (i) is  
74.15 not engaged in the trade or business of selling gambling devices, and (ii) does not sell  
74.16 more than one gambling device in any calendar year;

74.17 (2) may be sold by the governing body of a federally recognized Indian tribe  
74.18 described in subdivision 2a, paragraph (b), clause (1), which is not licensed under this  
74.19 section, if (i) the gambling device was operated by the Indian tribe, (ii) the sale is to  
74.20 a distributor licensed under this section, and (iii) the licensed distributor notifies the  
74.21 commissioner of the purchase, in the same manner as is required when the licensed  
74.22 distributor ships a gambling device into Minnesota;

74.23 (3) may be possessed by a person not licensed under this section if the person holds  
74.24 a permit issued under section 299L.08; and

74.25 (4) may be possessed by a state agency, with the written authorization of the director,  
74.26 for display or evaluation purposes only and not for the conduct of gambling; and

74.27 (5) may be possessed by the State Lottery or a person who has entered into a location  
74.28 contract with the State Lottery as authorized under chapter 349A.

74.29 Sec. 7. Minnesota Statutes 2010, section 299L.07, subdivision 2a, is amended to read:

74.30 Subd. 2a. **Restrictions.** (a) A manufacturer licensed under this section may sell,  
74.31 offer to sell, lease, or rent, in whole or in part, a gambling device only to a distributor  
74.32 licensed under this section or to the State Lottery as authorized under chapter 349A.

74.33 (b) A distributor licensed under this section may sell, offer to sell, market, rent,  
74.34 lease, or otherwise provide, in whole or in part, a gambling device only to:

75.1       (1) the governing body of a federally recognized Indian tribe that is authorized  
75.2 to operate the gambling device under a tribal state compact under the Indian Gaming  
75.3 Regulatory Act, Public Law 100-497, and future amendments to it;

75.4       (2) a person for use in the person's dwelling for display or amusement purposes in a  
75.5 manner that does not afford players an opportunity to obtain anything of value;

75.6       (3) another distributor licensed under this section; ~~or~~

75.7       (4) a person in another state who is authorized under the laws of that state to possess  
75.8 the gambling device; or

75.9       (5) the State Lottery as authorized under chapter 349A.

75.10      Sec. 8. Minnesota Statutes 2010, section 349A.01, is amended by adding a subdivision  
75.11 to read:

75.12       Subd. 1a. **Adjusted gross gaming machine revenue.** "Adjusted gross gaming  
75.13 machine revenue" means the sum of all money received by the lottery for gaming machine  
75.14 plays, other than promotional plays, less the amount paid out in prizes for gaming machine  
75.15 games.

75.16      Sec. 9. Minnesota Statutes 2010, section 349A.01, is amended by adding a subdivision  
75.17 to read:

75.18       Subd. 6a. **Gaming machine.** "Gaming machine" means any electronic device  
75.19 which, upon insertion of money, coin, token, voucher, electronic card, or other  
75.20 consideration, allows the play of a game, authorized by the director, the outcome of which  
75.21 is determined entirely or partly by chance. A gaming machine may award a player a prize  
75.22 in the form of money, tokens, prize slips, or other authorized consideration.

75.23      Sec. 10. Minnesota Statutes 2010, section 349A.01, is amended by adding a  
75.24 subdivision to read:

75.25       Subd. 6b. **Gaming machine area.** "Gaming machine area" means an area within  
75.26 ten feet of a gaming machine.

75.27      Sec. 11. Minnesota Statutes 2010, section 349A.01, is amended by adding a  
75.28 subdivision to read:

75.29       Subd. 6c. **Gaming machine game.** "Gaming machine game" means a game  
75.30 operated by a gaming machine as authorized by the director.

76.1        Sec. 12. Minnesota Statutes 2010, section 349A.01, is amended by adding a  
76.2 subdivision to read:

76.3              Subd. 6d. **Gaming machine play.** "Gaming machine play" means an electronic  
76.4 record that proves participation in a gaming machine game.

76.5        Sec. 13. Minnesota Statutes 2010, section 349A.01, subdivision 10, is amended to read:

76.6              **Subd. 10. Lottery procurement contract.** "Lottery procurement contract" means a  
76.7 contract to provide lottery products, gaming machines, maintenance of gaming machines,  
76.8 computer hardware and software used to monitor sales of lottery tickets and gaming  
76.9 machine plays, and lottery tickets. "Lottery procurement contract" does not include  
76.10 a contract to provide an annuity or prize payment agreement or materials, supplies,  
76.11 equipment, or services common to the ordinary operation of a state agency.

76.12        Sec. 14. Minnesota Statutes 2010, section 349A.10, subdivision 3, is amended to read:

76.13              **Subd. 3. Lottery operations.** (a) The director shall establish a lottery operations  
76.14 account in the lottery fund. The director shall pay all costs of operating the lottery,  
76.15 including payroll costs or amounts transferred to the state treasury for payroll costs, but  
76.16 not including lottery prizes, from the lottery operating account. The director shall credit to  
76.17 the lottery operations account amounts sufficient to pay the operating costs of the lottery.

76.18              (b) Except as provided in paragraph (e), the director may not credit in any fiscal  
76.19 year thereafter amounts to the lottery operations account which when totaled exceed  
76.20 nine percent of gross revenue to the lottery fund in that fiscal year. In computing total  
76.21 amounts credited to the lottery operations account under this paragraph the director shall  
76.22 disregard amounts transferred to or retained by lottery retailers as sales commissions or  
76.23 other compensation and amounts transferred or retained by a racetrack under a location  
76.24 contract under section 349A.17.

76.25              (c) The director of the lottery may not expend after July 1, 1991, more than 2-3/4  
76.26 percent of gross revenues in a fiscal year for contracts for the preparation, publication, and  
76.27 placement of advertising.

76.28              (d) Except as the director determines, the lottery is not subject to chapter 16A  
76.29 relating to budgeting, payroll, and the purchase of goods and services.

76.30              (e) In addition to the amounts credited to the lottery operations account under  
76.31 paragraph (b), the director is authorized, if necessary, to meet the current obligations of  
76.32 the lottery and to credit up to 25 percent of an amount equal to the average annual amount  
76.33 which was authorized to be credited to the lottery operations account for the previous three  
76.34 fiscal years but was not needed to meet the obligations of the lottery.

77.1 Sec. 15. Minnesota Statutes 2010, section 349A.13, is amended to read:

77.2 **349A.13 RESTRICTIONS.**

77.3 Nothing in this chapter:

77.4 (1) authorizes the director to conduct a lottery game or contest the winner or winners  
77.5 of which are determined by the result of a sporting event other than a horse race conducted  
77.6 under chapter 240;

77.7 (2) authorizes the director to install or operate a lottery device operated by coin or  
77.8 currency which when operated determines the winner of a game, except as authorized  
77.9 under section 349A.17; and

77.10 (3) authorizes the director to sell pull-tabs as defined under section 349.12,  
77.11 subdivision 32.

77.12 Sec. 16. **[349A.17] GAMING MACHINES.**

77.13 Subdivision 1. Location contract. (a) The director may enter into a contract with  
77.14 a person to provide locations for gaming machines. Contracts entered into under this  
77.15 section are not subject to chapter 16C. The director may only enter a contract under this  
77.16 subdivision with a person who holds a class A license under chapter 240. The gaming  
77.17 machines may only be placed at the racetrack for which the class A license under chapter  
77.18 240 was issued. Contracts entered into under this section are void if the racetrack: (1) has  
77.19 not hosted at least 75 days of live racing, authorized by the Minnesota Racing Commission,  
77.20 during the previous year, or (2) has not been approved, unless approval is pending, for at  
77.21 least 75 days of live racing during the present year. In the case of licensees authorized to  
77.22 conduct racing for only one breed of horse, the live racing requirement is 50 days.

77.23 (b) The director may cancel, suspend, or refuse to renew the location contract  
77.24 if the person:

77.25 (1) fails to account for proceeds from the gaming machines;  
77.26 (2) fails to remit funds to the director in accordance with the location contract;  
77.27 (3) violates a law, rule, or order of the director;  
77.28 (4) fails to comply with a material term of the location contract; or  
77.29 (5) has acted in a manner prejudicial to the public confidence in the integrity of the  
77.30 operation of the gaming machines.

77.31 The cancellation, suspension, or refusal to renew the location contract is a contested  
77.32 case under sections 14.57 to 14.69.

77.33 (c) Contracts entered into under this section must provide for compensation to the  
77.34 licensee in recognition of goods, services, and facilities provided expenses, risk factors,

and losses. Compensation shall be in an amount equal to at least the following percentages of adjusted gross gaming machine revenue generated at the licensee's facility:

(1) of the first \$150,000,000 of annual adjusted gross gaming machine revenue,

60 percent;

(2) of annual adjusted gross gaming machine revenue between \$150,000,000 and

\$200,000,000, 55 percent; and

(3) of annual adjusted gross gaming machine revenue in excess of \$200,000,000,

45 percent.

(d) A licensee must annually remit one percent of the compensation it receives

pursuant to this section to the city, and one percent to the county in which the licensee conducts racing.

Subd. 2. **Operation.** (a) All gaming machines that are placed at a racetrack under

subdivision 1 must be operated and controlled by the director.

(b) Gaming machines must be owned or leased by the director, however, the financial

responsibility for all other activities related to the gaming facility including, but not

limited to, advertising, marketing, facility expenses, staffing, security, and surveillance,

shall be borne by the holder of the location contract.

(c) Gaming machines must be maintained by the lottery, or by a vendor that is under

the control and direction of the director.

(d) The director must have a central communications system that monitors activities

on each gaming machine. The central communications system must be located at a

lottery office.

(e) The director must approve and oversee the general security arrangements

associated with and relating to the operation of the gaming machines and implement

procedures as deemed appropriate.

(f) Advertising and promotional material produced by the racetrack relating to

gaming machines located at the facility must be approved by the director.

(g) The director may implement such other controls as are deemed necessary for the

operation of gaming machines under this section.

(h) The holder of a location contract must make reasonable efforts to prevent

drinking or possession of intoxicating beverages in gaming machine areas, and must

not serve or allow consumption of intoxicating beverages in gaming machine areas. A

violation of this section by location provider is subject to section 340A.415. The holder

of a location contract is, however, exempt from this provision, and may allow serving

and possession of intoxicating beverages in the gaming machine area, if the premises is

located within ten miles of a facility conducting class III gambling under section 3.9221  
that allows alcohol consumption in its gaming machine area.

Subd. 3. **Specifications.** Gaming machines must be capable of being linked electronically to a central communications system to provide auditing program information as required by the director.

Subd. 4. **Games.** The director shall specify the games that may be placed on a gaming machine as provided in section 349A.04. Gaming machines may conduct pari-mutuel wagering and display horse races under specifications provided by the director.

Subd. 5. **Examination of machines.** The director shall examine prototypes of gaming machines and require that the manufacturer of the machine pay the cost of the examination. The director may contract for the examination of gaming machines.

Subd. 6. **Testing of machines.** The director may require working models of a gaming machine to be transported to the locations the director designates for testing, examination, and analysis. The manufacturer shall pay all costs for testing, examination, analysis, and transportation of the machine model.

Subd. 7. **Prizes.** A person who plays a gaming machine agrees to be bound by the rules and game procedures applicable to that particular gaming machine game. The player acknowledges that the determination of whether the player has won a prize is subject to the rules and game procedures adopted by the director, claim procedures established by the director for the game, and any confidential or public validation tests established by the director for the game. A person under 18 years of age may not claim a prize from the operation of a gaming machine. A prize claimed from the play of a gaming machine game is not subject to section 349A.08, subdivision 8.

Subd. 8. **Prohibitions.** (a) A person under the age of 18 years may not play a game on a gaming machine.

(b) The director or any employee of the lottery, or a member of the immediate family residing in the same household, may not play a game on a gaming machine or receive a prize from the operation of a gaming machine.

(c) No person shall consume or possess intoxicating beverages within a gaming machine area.

Subd. 9. **Compulsive gambling notice.** The director shall prominently post, in the area where the gaming machines are located, the toll-free telephone number established by the commissioner of human services in connection with the compulsive gambling program established under section 245.98. The director and the location provider shall establish a responsible gambling plan in consultation with the National Council on Problem Gambling or the Minnesota affiliate. By January 15 of each year, the director

80.1 shall submit a report to the legislature, of not more than five pages in length, setting forth  
80.2 the status of the responsible gambling plan.

80.3       Subd. 10. Local licenses. Except as provided in subdivision 1, paragraph (d),  
80.4       no political subdivision may require a license to operate a gaming machine, restrict or  
80.5       regulate the placement of gaming machines, or impose a tax or fee on the business of  
80.6       operating gaming machines.

80.7       **Sec. 17. LOTTERY BUDGET.**

80.8       The director of the State Lottery shall submit a budget for the operation and control  
80.9       of gaming machines to the commissioner of management and budget. Notwithstanding  
80.10       Minnesota Statutes, section 349A.10, subdivision 6, the director of the State Lottery  
80.11       may expend amounts necessary to operate and control the gaming machines. Amounts  
80.12       expended by the director of the State Lottery for the operation and control of the gaming  
80.13       machines in fiscal years 2013 and 2014 are not subject to the maximum amount set in law  
80.14       for the operation of the lottery.

80.15       **Sec. 18. RACINO REVENUE.**

80.16       Revenue transmitted to the commissioner under Minnesota Statutes, section  
80.17       297A.651, must be deposited in the general fund.

80.18       **Sec. 19. SEVERABILITY; SAVINGS.**

80.19       If any provision of this act is found to be invalid because it is in conflict with a  
80.20       provision of the Minnesota Constitution or the Constitution of the United States, or for any  
80.21       other reason, all other provisions of this act shall remain valid and any rights, remedies,  
80.22       and privileges that have been otherwise accrued by this act, shall remain in effect and may  
80.23       be proceeded with and concluded under this act.

80.24       **Sec. 20. REPEALER.**

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

80.26       **Sec. 21. EFFECTIVE DATE.**

80.27       This article is effective the day following final enactment.

ARTICLE 7

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 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 8

GAMBLING TAX CHANGES

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

Subd. 7. Gambling product. "Gambling product" means bingo hard cards, bingo paper sheets, or linked bingo paper sheets, or electronic linked bingo games; pull-tabs;

82.1 electronic pull-tab games; tipboards; paddle tickets and paddle ticket cards; raffle tickets;  
82.2 or any other ticket, card, board, placard, device, or token that represents a chance, for  
82.3 which consideration is paid, to win a prize.

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

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

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

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

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

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

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

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

82.20 Gross receipts does not include proceeds from rental under section 349.18,  
82.21 subdivision 3.

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

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

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

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

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

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

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

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

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

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

(b) 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. 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.

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

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

**Subd. 6. Combined net receipts tax.** In addition to the taxes imposed under subdivisions subdivision 1 and 4, a tax is imposed on the combined receipts of the

organization. As used in this section, "combined net receipts" is the sum of the organization's gross receipts from lawful gambling less gross receipts directly derived from the conduct of paper bingo, raffles, and paddle wheels, as defined in section 297E.01, subdivision 8, and less the net prizes actually paid, other than prizes actually paid for paper bingo, raffles, and paddle wheels, for the fiscal year. The combined net receipts of an organization are subject to a tax computed according to the following schedule:

If the combined <u>net</u> receipts for the fiscal year are:	The tax is:
Not over \$500,000 <u>\$87,500</u>	<del>zero</del> 9.10 percent
Over \$500,000 <u>\$87,500</u> , but not over \$700,000 <u>\$122,500</u>	<del>+7</del> \$7,693 plus 18.20 percent of the amount over \$500,000 <u>\$87,500</u> , but not over \$700,000 <u>\$122,500</u>
Over \$700,000 <u>\$122,500</u> , but not over \$900,000 <u>\$157,500</u>	<del>\$3,400</del> \$14,333 plus <del>3.4</del> 27.30 percent of the amount over \$700,000 <u>\$122,500</u> , but not over \$900,000 <u>\$157,500</u>
Over \$900,000 <u>\$157,500</u>	<del>\$10,200</del> \$23,888 plus <del>5.4</del> 36.40 percent of the amount over \$900,000 <u>\$157,500</u>

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

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

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

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

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

**Subd. 7. Untaxed gambling product.** (a) In addition to penalties or criminal sanctions imposed by this chapter, a person, organization, or business entity possessing or selling a pull-tab, electronic pull-tab game or tipboard upon which the tax imposed by ~~subdivision 4~~ this chapter has not been paid is liable for a tax of six percent of the ideal

85.1 gross of each pull-tab, electronic pull-tab game, or tipboard. The tax on a partial deal  
85.2 must be assessed as if it were a full deal.

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

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

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

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

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

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

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

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

85.31       If a defective deal registered with the board or bar coded in accordance with this  
85.32 chapter and chapter 349 and upon which the taxes have been paid is returned to the  
85.33 manufacturer, the distributor shall submit to the commissioner of revenue certification

86.1 from the manufacturer that the deal was returned and in what respect it was defective.  
86.2 The certification must be on a form prescribed by the commissioner and must contain  
86.3 additional information the commissioner requires.

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

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

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

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

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

86.20       **EFFECTIVE DATE.** This section is effective for actions occurring after June  
86.21 30, 2012.

86.22       Sec. 12. **REPEALER.**

86.23       Minnesota Statutes 2010, sections 297E.02, subdivision 4; and 349.12, subdivision  
86.24 2, are repealed.

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

**APPENDIX**  
**Article locations in S2391-3**

ARTICLE 1	MINNESOTA SPORTS FACILITIES AUTHORITY .....	Page.Ln 2.1
ARTICLE 2	STATE STADIUM FUNDING .....	Page.Ln 25.9
ARTICLE 3	CONFORMING CHANGES .....	Page.Ln 30.28
ARTICLE 4	MINNEAPOLIS CONVENTION CENTER .....	Page.Ln 34.11
ARTICLE 5	LAWFUL GAMBLING .....	Page.Ln 41.11
ARTICLE 6	RACINO .....	Page.Ln 71.17
ARTICLE 7	MISCELLANEOUS .....	Page.Ln 81.1
ARTICLE 8	GAMBLING TAX CHANGES .....	Page.Ln 81.28