

CHAPTER 240

PARI-MUTUEL HORSE RACING

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240.01 DEFINITIONS.

[For text of subds 1 to 23, see M.S.1998]

Subd. 24. **Card club.** "Card club" means a facility or portion of a facility where the commission has authorized a licensee to conduct card playing.

Subd. 25. **Card playing.** "Card playing" means an activity wherein individuals compete and wager with each other utilizing a 52-unit system comprised of a series of numbers, numbered two through ten, and the letters J, Q, K, and A, combined with four symbols commonly known as hearts, diamonds, spades, and clubs, wherein each individual unit constitutes the display of one of the 52 possible combinations. The symbol commonly known as a joker may be incorporated into the system.

Subd. 26. **Unbanked.** "Unbanked" means a wagering system or game where the individual participants compete against each other and not against the sponsor or house. In an unbanked system or game, the sponsor or house may deduct a percentage from the accumulated wagers and impose other charges for hosting the activity but does not have an interest in the outcome of a game. The sponsor or house may add additional prizes, awards, or money to any game for promotional purposes.

History: 1999 c 206 s 1-3

240.07 RACING LICENSES.

[For text of subds 1 and 2, see M.S.1998]

Subd. 3. **License issuance.** (a) If after considering the information received from the hearing and investigations, the commission determines that the applicant will conduct horse racing in accordance with all applicable laws and rules, will not adversely affect the public health, welfare, and safety, that the license will not create a competitive situation that will adversely affect racing and the public interest and that the applicant is fit to sponsor and manage racing, the commission may issue a class B license.

(b) If the commission determines that the licensee will operate a card club in accordance with all applicable law and rules and the applicant's approved plan of operation under section 240.30, subdivision 6, that the operation of a card club by the licensee will not adversely affect the public health, welfare, and safety, and that the licensee is fit to operate a card club, the commission may include with the class B license an authorization to conduct a card club at the licensee's class A racetrack as provided in section 240.30. The commission may give an interim authorization for the operation of a card club that is effective until the expiration of the licensee's class B license and may charge for the interim authorization a proportionate amount of the additional class B license fee under section 240.10.

(c) The license is for a period of one year.

[For text of subds 4 to 7, see M.S.1998]

History: 1999 c 206 s 4

240.10 LICENSE FEES.

The fee for a class A license is \$10,000 per year. The fee for a class B license is \$100 for each assigned racing day on which racing is actually conducted, and \$50 for each day on which simulcasting is authorized and actually takes place, plus \$10,000 per year if the class B

license includes authorization to operate a card club. The fee for a class D license is \$50 for each assigned racing day on which racing is actually conducted. Fees imposed on class B and class D licenses must be paid to the commission at a time and in a manner as provided by rule of the commission.

The commission shall by rule establish an annual license fee for each occupation it licenses under section 240.08 but no annual fee for a class C license may exceed \$100.

License fee payments received must be paid by the commission to the state treasurer for deposit in the general fund.

History: 1999 c 206 s 5

240.135 CARD CLUB REVENUE.

(a) From the amounts received from charges authorized under section 240.30, subdivision 4, the licensee shall set aside the amounts specified in this section to be used for purse payments. These amounts are in addition to the breeders fund and purse requirements set forth elsewhere in this chapter.

(1) For amounts between zero and \$6,000,000, the licensee shall set aside ten percent to be used as purses.

(2) For amounts in excess of \$6,000,000, the licensee shall set aside 14 percent to be used as purses.

(b) From all amounts set aside under paragraph (a), the licensee shall set aside ten percent to be deposited in the breeders fund. The licensee and the horseperson's organization representing the majority of horsepersons who have raced at the racetrack during the preceding 12 months may negotiate percentages different from those stated in this section if the agreement is in writing and filed with the racing commission.

(c) It is the intent of the legislature that the proceeds of the card playing activities authorized by this chapter be used to improve the horse racing industry by improving purses. The commission shall annually review the financial details of card playing activities and determine if the present use of card playing proceeds is consistent with the policy established by this paragraph. If the commission determines that the use of the proceeds does not comply with the policy set forth herein, then the commission shall direct the parties to make the changes necessary to ensure compliance. If these changes require legislation, the commission shall make the appropriate recommendations to the legislature.

History: 1999 c 206 s 6

240.136 COMPULSIVE GAMBLING NOTICE.

A class B licensee who has been authorized to operate a card club must prominently post in the card club premises the toll-free telephone number established by the commissioner of human services in connection with the compulsive gambling program established under section 245.98.

History: 1999 c 206 s 7

240.25 PROHIBITED ACTS.

[For text of subds 1 to 7, see M.S.1998]

Subd. 8. Age under 18. A person under the age of 18 may not place a bet or present a pari-mutuel ticket for payment with an approved pari-mutuel system or participate in card playing at a card club at a licensed racetrack.

History: 1999 c 206 s 8

240.30 CARD CLUBS.

Subdivision 1. Card club operation. A class B licensee conducting pari-mutuel betting on horse racing at a class A racetrack may operate a card club at the racetrack and offer card playing services to patrons only if the commission has authorized the licensee to operate a card club operation under section 240.07, subdivision 3, paragraph (b), and the commission

has approved the licensee's plan of operation under subdivision 6. The commission may withdraw its authorization for operation of a card club at any time for a violation of a law or rule governing card club operation.

Subd. 2. Supervision. The authorized licensee is responsible for conducting and supervising the card games, providing all necessary equipment, services, and personnel, and reimbursing the commission for costs related to card club regulation and enforcement.

Subd. 3. Type of wagering. All card club wagering activities must be conducted in an unbanked system.

Subd. 4. Charges. The authorized licensee may charge patrons for card playing services by deducting and retaining money from wagers, by charging a fee based on playing time, or by any other means authorized by the commission.

Subd. 5. Limitation. The commission shall not authorize a licensee to operate a card club unless the licensee has conducted at least 50 days of live racing at a class A facility within the past 12 months or during the preceding calendar year.

Subd. 6. Plan of operation. (a) The commission shall not authorize a class B licensee to operate a card club unless the licensee has submitted, and the commission approved, a plan of operation for card playing activities. The plan must set forth all necessary details for conducting card playing activities, including, among other things:

(1) specifying and defining all card games to be played, including all governing aspects of each game;

(2) time and location of card playing activities;

(3) amount and method by which participants will be charged for card playing services;

(4) arrangements to ensure the security of card playing activities;

(5) designation of all licensed employees of the licensee who undertake supervisory positions related to card playing activities;

(6) internal control systems for card playing activities; and

(7) a plan for the training of card club personnel in identification of problem gamblers and appropriate action to prevent or control problem gambling.

(b) The licensee must prepare and make available to all customers a written manual that covers all portions of the current plan of operation. The licensee must also publish, in pamphlet form, a condensed and comprehensive version of the manual and make it available to all customers.

Subd. 7. Amendments to plan; violations; relation to other laws. (a) The licensee may amend the plan of operation only with the commission's approval. The commission may withdraw its approval of a plan of operation.

(b) Card club activities are deemed to be relevant to the integrity of horse racing activities in Minnesota for purposes of sections 240.03; 240.06, subdivision 7; 240.08; and 240.27, subdivision 1.

(c) A violation of a law or rule relating to card club operation or a violation of an approved plan of operation is deemed to be a violation of law or rule for purposes of section 240.22.

(d) A violation of an approved plan of operation is deemed to be a violation of a rule of the commission for purposes of section 240.26, subdivision 3.

(e) Card playing at a card club is deemed to be a bet at a licensed racetrack for purposes of section 240.28, subdivision 2.

Subd. 8. Limitations. The commission may not approve any plan of operation under subdivision 6 that exceeds any of the following limitations:

(1) the maximum number of tables used for card playing at the card club at any one time may not exceed 50;

(2) the opening wager by any player in any card game may not exceed \$15; and

(3) no single wager that increases the total amount staked in any card game may exceed \$30.

Subd. 9. Reimbursement to commission. The commission shall require that the licensee reimburse it for the commission's actual costs, including personnel costs, of regulat-

ing the card club. Amounts received under this subdivision must be deposited as provided in section 240.155, subdivision 1.

History: 1999 c 206 s 9