

# House Research Act Summary

**CHAPTER:** 206

**SESSION:** 1999 Regular Session

**TOPIC:** Card club at Canterbury Park; charitable gambling provisions

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## Overview

This bill authorizes the operation of a card club at the Canterbury Park racetrack. Card games would be played in the unbanked format, meaning that players play against each other rather than against the house, and the operator would derive revenue from table charges, deducting a percentage of wagers, or other means. The operator would pay a fee of \$10,000 per year to operate the club, and a percentage of its revenues would be dedicated to horse racing purses. The card club would be regulated by the Minnesota racing commission.

This bill also contains various provisions related to charitable gambling:

Allows pull-tab dispensing devices to be placed in off-sale liquor establishments

Requires major prizes to be listed on raffle tickets

Allows exempt (infrequent) raffles to have tickets with only numbers on them

Allows carryover prizes for tipboard games

Increases the maximum consolation prize for progressive bingo games

Sets maximum prizes for tipboard games

- 1 "Card club" defined.** Defines a "card club" as a facility or portion thereof where the racing commission has authorized the licensee to conduct card playing.
- 2 "Card playing" defined.** Defines "card playing" as card games (52-card pack plus joker) where individuals wager with each other.

- 3 "Unbanked" defined. Defines "unbanked" as a wagering system where players bet against each other rather than against the entity conducting the game. Allows the sponsor of the game to deduct a percentage of wagers and impose other charges for playing. Allows the sponsor to add money to a game for promotional purposes.
- 4 Card club authorization. Allows the Minnesota racing commission to authorize a class B (racing operator) licensee to operate a card club at the licensee's racetrack, if the commission finds that the card club will be operated according to law and rule and the approved plan of operation (see section 9), the card club will not adversely affect the public health, welfare, and safety, and the licensee is fit to operate the card club.  
Allows an interim authorization for a card club, valid until the licensee's license is next up for renewal.
- 5 **Fee.** Increases the fee for a class B license by \$10,000 per year if the license includes an authorization to operate a card club. Presently the class B license fee is \$100 for each day of live racing and \$50 for each day of simulcasting.
- 6 Card club revenue. Requires the racetrack operator who also operates a card club at the racetrack to set aside specified percentages of its card club revenues to be used as purses:  
From first \$6 million in revenue, 10 percent  
From all amounts over \$6 million, 14 percent  
Requires the licensee to set aside ten percent of the above percentages for deposit in the breeders fund. Allows the licensee and the majority horsepersons' organization to negotiate a different percentage.  
States a legislative intent that card club proceeds be used to improve horse racing purses. Directs the commission to review annually the financial details of card clubs to determine if the use of proceeds is consistent with legislative intent. Requires the commission to direct the licensee and horsepersons' organization to make changes in the allocation of proceeds if the allocation is not consistent with legislative intent.
- 7 **Notice.** Requires the class B licensee to post the state compulsive gambling hotline number at the card club.
- 8 **Minimum age.** Makes the present minimum age of 18 years for betting at a racetrack apply to card playing at a card club.
- 9 **Card clubs.** Provides for operation of card clubs.  
**Subd. 1. Authorization.** Allows a class B (racing operator) licensee at a class A (licensed other than county fair license) racetrack to operate a card club and offer card playing services to patrons only if the commission has authorized the card club and approved the licensee's plan of operation. Allows the commission to withdraw authorization if the licensee violates a law or rule governing card clubs.  
**Subd. 2. Supervision.** Makes the licensee responsible for supervising and conducting card games and reimbursing the commission for its regulatory expenses.  
**Subd. 3. Wagering.** Requires all wagering at card clubs to be unbanked (see section 3 for definition).  
Subd. 4. Charges. Allows the licensee to deduct a portion of wagers, charge for table use, or impose other charges for card playing as authorized by the commission.  
**Subd. 5. Limitation.** Allows a card club only at a racetrack that has held at least 50 days of live racing in the previous year.  
**Subd. 6. Plan of operation.** Requires the licensee to submit a plan of operation to the commission, and prohibits the operation of the card club unless the plan of operation has been

approved. Requires the plan to cover games played, time and location, charges for play, security arrangements, designation of employees in supervisory positions, internal control systems, and problem gambling training for employees. Requires the licensee to make available to customers a manual, in full and condensed versions, that covers all portions of the plan.

**Subd. 7. Amendments to plan; violations; relation to other laws.**

- (a) Allows the licensee to amend the plan only with the commission's approval. Allows the commission to withdraw its approval of the plan.
- (b) States that a violation of law or rule relating to card clubs, or a violation of the approved plan, is deemed to be relevant to the integrity of racing for purposes of the following laws:
  - M. S. 240.03, giving the commission power to take all necessary steps to ensure the integrity of horse racing
  - M. S. 240.06, subd. 7, allowing suspension of a racetrack or racetrack operating license for a violation of law, order, or rule that adversely affects the integrity of horse racing
  - M. S. 240.08, giving the commission power to designate occupations that require licensing to ensure the integrity of horse racing
  - M. S. 240.27, subd. 1, giving the commission power to bar from racetrack premises persons who are threats to the integrity of horse racing
- (c) States that a violation of law or rule relating to card clubs, or a violation of the approved plan, is subject to the commission's schedule of civil fines.
- (d) Deems violation of the approved plan of operation to be a violation of commission rule for purposes of the law that makes such a violation a misdemeanor.
- (e) Makes card playing at a card club subject to the law that prohibits members and staff of the commission from betting at a racetrack.

**Subd. 8. Limitations.** Limits the card club to a maximum of 50 tables. Limits opening bets to \$15 and raises to \$30.

**Subd. 9. Reimbursement.** Directs the commission to require the card club operator to reimburse the commission for costs, including personnel, necessary for regulating the card club. Requires the reimbursements to be deposited in the racing reimbursement account, which is automatically appropriated back to the commission.

- 10 Locations for pull-tab dispensing devices.** Allows pull-tab dispensing devices to be placed in establishments licensed for off-sale of intoxicating liquor, other than food stores and drug stores.
- 11 Tipboard rules.** Allows the gambling control board to permit by rule tipboard games with multiple seals. Allows the board to adopt rules for cumulative or carryover tipboard prizes.
- 12 Raffle tickets.** Requires raffle tickets to list at least the three most expensive prizes in the raffle. Requires raffle tickets to contain a notice to the effect that a list of other prizes is available on request.

Allows raffle tickets for raffles exempt or excluded from licensing to use tickets that have only a number and no other information, if the organization makes a list of prizes and other relevant information required by rule, and if the tickets are sold and the winning numbers drawn on the day of the event.

*Note: a technical correction to this section was made in the corrections bill, Laws 1999, chapter XXX, section XX.*

- 13 Progressive bingo games.** Increases from \$100 to \$200 the maximum amount of a consolation prize in a progressive bingo game (a game where prizes not won can be carried over to a subsequent session).

- 14** **Tipboard prizes.** Sets the maximum prize for a tipboard ticket at \$500, and \$2,500 for cumulative or carryover prizes in tipboard games.
- 15** **Effective date.** Makes the bill effective immediately, except for section 14, which is effective when the tipboard rules under section 11 are adopted.