

HOUSE RESEARCH

Bill Summary

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Article 1 - Constitutional Amendment

Overview

This article proposes a constitutional amendment for a single metro-area private casino, with revenue dedicated for 30 years to new sports stadiums.

- 1 1** **Constitutional amendment proposed.** Proposes a constitutional amendment to allow the legislature to authorize issuance of a single license for a privately owned casino in the metropolitan area, with a term of at least 30 years, and any advance fee for the license dedicated to funds for sports stadiums for that period.
- 2** **Submission to voters.** Provides for submission of the amendment to the voters at the 2004 election.

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Article 2 - Casino

Overview

This article authorizes the Department of Public Safety to issue a single license for a private casino in the metropolitan area, with a one-time payment of \$450 million dedicated solely, and a tax of 12 percent of gross wager dedicated primarily, to sports stadiums.

- 1 **1 Possession of gambling devices.** Allows a casino licensee to lawfully possess a gambling device.
- 2 **2 Sale of gambling device.** Allows a gambling device manufacturer to sell or lease a gambling device to a casino operator.
- 3 **3 Permitted on licensed premises.** Allows gambling devices to be operated in a casino notwithstanding prohibition against operating gambling devices on premises licensed for retail sale of alcohol.
- 4 **4 Gambling device exemption.** Exempts gambling devices at casinos from the prohibition against gambling devices on business premises.
- 5 **5 Definitions.** Defines "gross gaming receipts" as all revenue received as wagers, other than revenue from chips or tokens that have been sold but not redeemed or won back.
- 6 **6 Casino authorized.** Authorizes the commissioner of public safety to issue a single license for a private casino in the seven-county metropolitan area.
- 7 **7 License.** Provides for issuance of the license.

Subd. 1. Application. Provides for contents of license application. Requires the application to contain an affidavit that no officer, director, or other person with management interest (1) is in default to the state, (2) has a felony conviction or a felony charge pending, (3) has engaged in an illegal business, (4) has ever been convicted of fraud or misrepresentation with regard to gambling, or (5) has ever been convicted of violating a gambling law or rule.

Subd. 2. Investigation. Provides for investigation of applicant.

Subd. 3. Hearings. Requires hearings in the area where the casino will be located before issuance of the license. Allows a city or town, or county if in unorganized territory, to exclude itself from consideration as a location, by vote of the governing body.

Subd. 4. License issuance. Allows issuance of the license if the commissioner of public safety determines that the license will not adversely affect public health, welfare, and safety, and that the applicant is financially able to operate a casino. Makes the license effective until revoked, suspended, or relinquished.

Subd. 5. Changes in ownership or management. Requires an applicant or licensee to notify the department if there is a change in the principals, or change of ownership of more than 5 percent of the stock. Requires affidavits for the new principals as in

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subdivision 1 .

Subd. 6. Suspension and revocation. Allows the department to revoke the license for (1) a violation of law, rule, or order that the department determines adversely affects public health, welfare, or safety, or the integrity of gambling, (2) an intentional false statement in an application, or (3) failure to perform representations made in the application.

Allows the department to suspend a license for up to a year for a violation of law, rule, or order that the department determines adversely affects public health, welfare, or safety, or the integrity of gambling. Allows the department to suspend a license indefinitely if the department determines that the licensee has a principal who is inimical to public health, welfare, or safety, or the integrity of gambling, or who cannot be certified under subdivision 1.

Provides that a suspension or revocation is a contested case.

8 Employee licenses. Provides for licensing of casino employees.

Subd. 1. Licensing. Requires that casino employees be licensed if they are in occupations the department determines require licensing to insure public health, welfare, or safety, or the integrity of gambling.

Subd. 2. Application. Requires applicants to certify that they (1) do not have a felony conviction of record or a felony charge pending, (2) are not connected with an illegal business, (3) have never been convicted of fraud or misrepresentation in connection with gambling, (4) have never been convicted of a violation of a gambling law or rule.

Subd. 3. Investigation. Provides for investigation of license applicants by the department.

Subd. 4. Issuance and renewal. Allows the director to issue a license to an applicant if the applicant is qualified and will not adversely affect public health, welfare, or safety, or the integrity of gambling. Allows renewal of license on the same basis. Makes licenses effective for one year.

Subd. 5. Suspension and revocation. Allows the department to revoke an occupational license for a violation of law or rule that adversely affects the integrity of gambling, or for an intentionally false statement in an application. Allows suspension of a license for up to one year for a violation of law, order, or rule. Makes a revocation or suspension for over 90 days a contested case.

9 License fees and payments. Provides for fees and payments.

Subd. 1. License. Requires a one-time payment to the state of \$450 million as a condition of issuance of a casino license. Provides that no part of this payment may be refunded unless (1) the legislature authorizes another casino in the metropolitan area, (2) the legislature repeals the authorizing law within 30 years of the year the casino begins operation, (3) the legislature authorizes a new form of gambling, or (4) new Indian land is approved for gambling. In case one of these events occurs the payment

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is refundable at the rate of \$15 million for each year remaining in the 30-year period.

Subd. 2. License renewal. Establishes a \$10,000 annual renewal fee for a casino license, for deposit in the general fund.

Subd. 3. Occupational licenses. Authorizes the department to set a schedule of fees for occupational licenses, with a maximum of \$100 per year.

10 Game procedures. Provides for the adoption of game procedures by the casino.

Subd. 1. Filing. Requires the casino to file its game procedures with the department. Requires the casino to conduct gambling only in accordance with its filed procedures. Provides for approval of procedures by the department.

Subd. 2. Amendments. Requires that amendments to the procedures be approved by the department.

Subd. 3. Forms of gambling. Allows only specified forms of gambling at the casino: card games including blackjack; bingo; and gambling on video devices and slot machines.

Subd. 4. Agreement. Provides that a player at the casino agrees to abide by the rules and procedures.

11 Security plan. Requires the casino to have a security plan.

Subd. 1. Adoption. Requires a casino licensee to adopt and file with the department a security and surveillance plan. Requires the plan to ensure that security and surveillance are done only by persons with casino occupational licenses. Requires the plan to provide for testing of gambling devices. Allows the department to approve the plan if it meets customary industry standards and is reasonably adequate to ensure integrity and safety of casino operations. Requires the licensee to operate the casino in accordance with the procedures.

Subd. 2. Amendments. Allows amendment of the security plan only with approval of the department.

12 Exclusions. Allows the department to exclude from the casino persons with criminal backgrounds or who, in the department's opinion, are a threat to casino integrity. Provides for hearings on exclusions. Allows excluded person to have a reasonable amount of time to cure the violation or condition giving rise to the exclusion. Makes it a gross misdemeanor for an excluded person to be in a casino. Allows the casino to exclude persons.

13 Detention of suspects. Provides for detention by a state agent or a casino security person of a person if probable cause exists to believe the person has violated laws against cheating at gambling.

14 Minors. Prohibits a person under age 18 from entering or playing at a casino.

15 Audit. Requires department to provide for accounting and auditing of casino funds and finances.

16 Payment to state. Imposes a tax of 12 percent of gross gaming receipts. Allocates the revenue 1 percent to the general fund, 10.5 percent to the stadium fund established in article

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- 3, and .5 percent to compulsive gambling programs.
- 17 **Hotline posting.** Requires the casino to post the compulsive gambling hotline number.
- 18 **Local license.** Prohibits local governments from requiring a license for the casino or taxing gambling conducted at it.
- 19 **Recovery of money lost.** Makes the law allowing suits to recover money lost at gambling nonapplicable to the casino.
- 20 **Gambling debts void.** Makes the law making gambling debt noncollectable nonapplicable to the casino.
- 21 **Anti-gambling laws.** Makes anti-gambling law inapplicable to the casino.
- 22 **Anti-gambling laws.** Makes anti-gambling law inapplicable to the casino.

Article 3 - Stadium Funding

Overview

This article provides for construction of sports stadiums using casino tax revenue.

- 1 1 **Definition.** Defines terms.
- Defines "commissioner" as the commissioner of finance
 - Defines "local public partner" as a city or county, or city and county acting jointly.
- 2 **Bonding.** Allows the department of finance to issue up to \$1.2 billion in revenue bonds with proceeds deposited in a multistadium revenue bond proceeds fund. Allows the bonds to be issued whether they are taxable or otherwise.
- 3 **Selection process.** Requires the Twins and local public partner to notify the commissioner by September 1, 2005, of their agreement to proceed. Requires the Vikings and their local public partner to notify the commissioner by January 1, 2010, of their agreement to proceed. Requires the University regents to satisfy the commissioner by January 1, 2007, that they have received financial commitments from other nonstate sources sufficient to complete stadium construction when added to the state's contribution.
- Requires professional teams to agree on a 30-year lease and, with local public partner, satisfy the commissioner that enough nonstate money has been secured to complete stadium construction.
- Appropriates sufficient amounts from the multistadium revenue bond proceeds fund to the commissioner to make grants and loans for construction of stadiums.
- Requires the commissioner to require that cost overruns be paid by the teams or local public partners.
- Allows the commissioner or commissioner's agent or trustee to require additional covenants, pledges, and guarantees to secure payment of debt service.
- 4 **Tax increases.** Requires that rates of state and local taxes inside each stadium on admissions and sales may not exceed the rate of the same taxes outside each stadium.

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5 Procedure. Provides for repayment of bonds from dedicated revenue. Prohibits the legislature from appropriating money from the general fund to repay the bonds. Prohibits repayment of bonds from statewide taxes. Requires bonds to state on their face that they are revenue bonds.

Requires 10.5 percent of revenue from state tax on gross gaming receipts of the casino to be deposited in the multistadium revenue bond debt service fund until bonds are retired, and in the general fund thereafter.

6 Debt service fund. Provides that money in the multistadium revenue bond debt service fund and the multistadium debt service guaranty fund may be invested.

7 Multistadium revenue bond guaranty fund. Requires the commissioner to deposit the \$450 million one-time casino payment into a multistadium revenue bond guaranty fund to pay debt service on the revenue bonds. Provides that any money left in the fund after repayment of bonds must be deposited in the general fund.

8 Priority. Requires construction of the Twins stadium to begin by January 1, 2006. Requires construction of the Gophers stadium to begin by January 1, 2008. Requires construction of the Vikings stadium to begin by January 1, 2010.

9 Reorder of priority. Provides that priority under section 8 for each stadium is lost if the deadline is not met.

10 Construction. Requires prevailing wages to be paid on construction of each stadium. Requires a no-strike/no-lockout agreement. Requires construction to use steel made from Minnesota taconite.

11 Property taxes. Exempts stadiums from property tax but makes them subject to local special assessments. Provides that the exemption expires one month after repayment of the bonds.

Article 4 - Lawful Gambling Taxes

Overview

This article reduces taxes on lawful gambling.

1 1 Lawful gambling tax. Reduces the tax on bingo, paddlewheels, and raffles from 8.5 to 7.5 percent of gross receipts.

2 Pull-tab tax. Reduces the tax on pull-tabs and tipboards from 1.7 to 1.5 percent of ideal gross.

3 Combined receipts tax. Reduces the combined-receipts tax on gross receipts on pull-tabs and tipboards:

	<u>Current Law</u>	<u>Proposed Law</u>
Up to \$500,000 per year	0%	0%
Amounts between \$500,000 and \$700,000	1.7% of amounts	1.5%
Amounts between \$700,000 and \$900,000	\$3,400 plus 3.4%	\$3,000 plus 3%
Amounts over \$900,000	\$10,200 plus 5.1%	\$9,000 plus 4.5%

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Article 5 - Effective Date

Makes articles 2 through 4 effective January 1, 2005, if the constitutional amendment in article 1 is adopted.