

HOUSE RESEARCH

Bill Summary

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Table of Contents

Article 1: Lottery Operations	2
Article 2: Department of Public Safety	8
Article 3: Racing Commission	12
Article 4: Gaming Transaction Fee	13
Article 5: Miscellaneous Provisions	14
Article 6: Appropriations	14

Article 1: Lottery Operations

Overview

Article 1 authorizes the state to enter a contract with a tribal entity and a racetrack for the operation of gaming machines and other lottery games at two sites. The tribal entity and racetrack would bear all facility-related costs and would manage the day-to-day operations of each facility. The lottery would own and have overall responsibility for the operation of all gaming machines.

The state would pay the tribal entity 70 percent and the racetrack 64 percent of the adjusted gross revenue from gaming machine games and other lottery games at each of their respective facilities. Beginning January 1 the year following the first full year of operation, these percentages would be higher during quarters when a facility's adjusted gross gaming revenue from gaming machines and other lottery games did not reach at least \$50,000,000.

The tribal entity and racetrack would each pay .5 percent of all adjusted gross revenues (capped at \$2,500,000) to the commissioner of human services for problem gambling treatment and programs. The tribal entity and racetrack would also each pay the city and county hosting a gaming facility one percent of all adjusted gross revenues.

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Purpose. States that the purpose of Articles 1 to 6 is to:

- ▶ recognize the inequities created by current casino gaming in Minnesota;
- ▶ provide opportunities for increased economic development and self-sufficiency to tribal governments that have not benefited significantly from gaming;
- ▶ generate revenues to the state;
- ▶ establish a structure that promotes tribal sovereignty and self-governance and provides casino gaming revenues to tribal governments for the development of programs to alleviate poverty and advance tribal goals.

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Lottery procurement contract. Expands the definition of "lottery procurement contract" to include a contract to provide gaming machines, maintenance of gaming machines, computer hardware and software used to monitor gaming machine plays, and equipment used to conduct and monitor other lottery games at a gaming facility.

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Gaming facility. Defines "gaming facility" as the site selected for the location of gaming machines and the conduct of other lottery games (section 0) and nonlottery casino games (article 2, section 0).

4

Gaming machine. Defines "gaming machine" as a machine, system, or device which, upon payment of consideration to play a game, may award or entitle a player to a prize by reason of skill, chance, or both.

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Gaming machine game. Defines "gaming machine game" as a game operated by a gaming machine, as authorized by the director.

6

Gaming machine play. Defines "gaming machine play" as a record proving participation in a gaming machine game.

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Adjusted gross gaming machine revenue. Defines the term as revenue from gaming machine plays less the amount paid out in prizes and for gaming machine games and

promotional allowances (see section 0).

- 8 Other lottery game. Defines "other lottery game" as any game operated by the lottery at a gaming facility other than a gaming machine, where money or property are distributed (*prize*) to persons selected primarily by *chance* from among participants who have paid for a chance of being selected (*consideration*). Also includes any other game or activity determined to constitute a lottery within the meaning of the Minnesota Constitution. Excludes from the term games operated by the lottery at the gaming facility that are also sold by lottery retailers.
- 9 Other lottery games adjusted gross revenue. Defines the term to mean all revenue from other lottery games, less prizes and promotional allowances (see section 0).
- 10 Lottery game procedures. Permits the director to adopt procedures for gaming machine games and other lottery games and to set the cost of gaming machine plays and other lottery games.
- 11 Lottery operations. Excludes amounts transferred to or retained by a tribal entity or racetrack under a location contract (see section 0) for purposes of calculating the amount that can be credited to the lottery operations account (which is currently capped at 15 percent of gross revenue to the lottery fund each fiscal year). States that the amount credited to the lottery operations account cannot exceed ten percent of adjusted gross revenue from the operation of gaming machines and other lottery games at a gaming facility.
- 12 Budget; plans. Excludes from the legislative determination of the lottery's annual budget for operating expenses and capital expenditures (1) amounts paid to an outside vendor to operate a central system for gaming machines and other lottery games; and (2) amounts paid to acquire and maintain gaming machines and equipment used to conduct other lottery games.
- 13 Restrictions. Permits the director to install or operate lottery devices operated by coin or currency in accord with section 0.
- 14 Gaming facility.

Subd. 1. Definitions. Defines these terms as follows:

- ▶ "Fiscal year" means the period between July 1 and June 30.
- ▶ "Racetrack" means an entity holding a class A license from the racing commission.
- ▶ "Racetrack location" means land owned by a racetrack, as set forth in the racetrack's license application with the racing commission, that is used to conduct horse racing and related activities.
- ▶ "Tribal entity" means the corporation(s) or other legal entities owned by one or more tribal governments that are parties to the location contract (subd. 2).
- ▶ "Tribal government" means a federally recognized Indian tribe in Minnesota.
- ▶ "Site" means a parcel or contiguous parcels of land, which may be enlarged by contiguous parcels over time.

Subd. 2. Location contract. Permits the director to contract with a tribal entity and a racetrack to operate gaming machines and other lottery games at two sites.

- ▶ Permits the director to enter a contract with a racetrack that has conducted at least 50 days of live racing each year for the five preceding calendar years.
- ▶ Allows the director to enter a location contract with a tribal entity that meets

the following criteria:

- (a) The entity will operate a single gaming facility at one site on, adjacent to, or contiguous to a racetrack location where at least 50 days of live racing have been conducted during each of the five preceding calendar years.
 - (b) The entity is comprised of federally-recognized tribal governments that have gaming compacts with the state and operate casinos under IGRA;
 - (c) The entity only allows a tribal government to participate if it can demonstrate that currently-available revenues are insufficient to meet the basic needs of tribal members; and
 - (d) Each participating tribal government, within 30 days after enactment of this act, files a formal resolution from its tribal council stating intent to participate; demonstrating its eligibility to participate; waiving sovereign immunity with respect to disputes arising under the location contract; consenting to state court jurisdiction; making an additional limited waiver of sovereign immunity; and voicing intent to distribute revenues in a fair and equitable manner.
- ▶ States that the location contract will have no legal effect on existing tribal-state gaming compacts.
 - ▶ Requires location contracts to include the following provisions:
 - (a) A provision limiting the contract's duration to 20 years, to be negotiable and renewable every 15 years thereafter. Requires notice of intent not to renegotiate one year before the contract expires, if reasonably possible
 - (b) Liquidated damages to the tribal entity or racetrack if the state by statute or constitutional amendment revokes substantially all forms of gambling authorized under this section. This provision must expire within ten years and cannot provide for damages greater than the unpaid balance of debt incurred by the tribal entity or racetrack (after the location contract is executed) for (1) the gaming facility license, (2) initial construction, or (3) acquisition of the gaming facility (less the present market value of property and related assets)
 - (c) The tribal entity or racetrack bears all costs of day-to-day management.
 - (d) The lottery bears all costs of purchasing or leasing gaming machines, major maintenance on gaming machines, and monitoring gaming machine activity through a central system.
 - (e) The tribal entity or racetrack must maintain adequate liability and casualty insurance for the gaming facility.
 - (f) The tribal entity or racetrack shall pay .5 percent of all adjusted gross revenue/income (capped at \$2,500,000) to the commissioner of human

services for problem and compulsive gambling treatment and programs.

- (g) The tribal entity or racetrack shall annually pay one percent of all adjusted gross revenues to the city and county where the gaming facility is located.
 - (h) Any claim or controversy arising under the contract may be settled by arbitration, unless otherwise noted.
 - (i) Gaming machines may be operated and other lottery games may be conducted at a temporary facility pending completion of a permanent facility. The operation of a temporary facility must be treated as if it were a permanent facility (i.e., a license is required).
 - (j) The tribal entity or racetrack must establish internal controls to insure that no person can lose more than \$500 per day at a gaming facility.
- ▶ Requires the location contract with the tribal entity to also:
- (a) Include the tribal entity's waiver of sovereign immunity and the tribal governments' limited waiver of sovereign immunity, as discussed above.
 - (b) Require good faith efforts to employ American Indians and other minorities at the facility and to hire American Indian and minority-owned businesses to construct, repair, and maintain the gaming facility.
 - (c) Permit a tribal government to opt out of the entity without affecting the entity's ability to renew.
 - (d) Provide for the state's payment of a fee to the tribal entity equal to 70 percent of adjusted gross gaming machine revenue and other lottery games adjusted gross revenue at the facility. However, beginning the January 1 after the first full year of year of operation, if these adjusted gross revenues are: (1) lower than \$50,000,000 per quarter, the fee will be 72 percent of adjusted gross revenues, and (2) lower than \$25,000,000 per quarter, the fee will be 74 percent of adjusted gross revenues.
- ▶ Requires the location contract with a racetrack to:
- (a) Provide that the contract will terminate on the first day of any calendar year following a calendar year during which the racetrack did not conduct at least 50 days of live racing; and
 - (b) Provide for the state's payment of a fee to the racetrack equal to 64 percent of adjusted gross gaming machine revenue and other lottery games adjusted gross revenue at the facility. However, beginning the January 1 after the first full year of year of operation, if these adjusted gross revenues are: (1) lower than \$50,000,000 per quarter, the fee will be 66 percent of adjusted gross revenues, and (2) lower than \$25,000,000 per quarter, the fee will be 68 percent of adjusted gross revenues.

- ▶ Prohibits the location of gaming machines within a city or town unless the governing body of the city or town adopts a resolution approving the site of the gaming facility.
- ▶ Permits the racetrack and the tribal entity to establish standards for promotional allowances to players and, upon director approval, to be reimbursed for promotional allowances paid.
- ▶ Lets the director cancel or suspend a location contract if the tribal entity or racetrack loses its license or materially breaches the contract and fails to cure in a reasonable time. Makes this a contested case under the Administrative Procedures Act (APA).
- ▶ Allows the director to impose civil penalties or issue correction orders upon identifying any breach of contract by the tribal entity or racetrack. Provides that this is a contested case under the APA.
- ▶ Prohibits the transfer of location contract rights without the director's written approval.
- ▶ Limits the authorization of the placement of gaming machines and conduct of other lottery games to a gaming facility leased or owned by the tribal entity or racetrack.
- ▶ Excepts the location contract from the requirements for procurement contracts (Chapter 16C).
- ▶ Appropriates to the commissioner of human services payments by the tribal entity and racetrack for problem gambling, to be used for treatment and programs, including programs focused on American Indian and minority communities.

Subd. 3. Operation. Specifies that the director must:

- ▶ operate and control gaming machines and other lottery games at the gaming facility;
- ▶ own or lease the gaming machines;
- ▶ control major maintenance of gaming machines or the vendor who handles major maintenance;
- ▶ establish and control a central communications system to monitor activities on each gaming machine;
- ▶ own or lease equipment used to conduct other lottery games at the gaming facility;
- ▶ approve security plans and implementation of security measures for gaming machines and other lottery games;
- ▶ approve advertising and promotional material produced by the gaming facility (except for material related only to nonlottery casino games); and
- ▶ maintain overall control over gaming machines and other lottery games (though the tribal entity and racetrack can manage day-to-day operations).

Requires the lottery to bear the costs of (1) procuring and maintaining gaming machines and equipment for lottery games, and (2) acquiring, maintaining, and

operating the central system used to monitor the gaming machines.

Provides that all proceeds from gaming machines and other lottery games are held in trust by the tribal entity and racetrack until they are transferred to the director. Authorizes the director to require the deposit of all such proceeds in an account at a designated bank. Requires the tribal entity or racetrack to pay interest if it fails to timely pay money due.

Permits the director to implement policies, procedures, and other controls necessary for gaming machines and other lottery games.

Subd. 4. Games. Directs the director to decide what games may be played on a gaming machine and how other lottery games shall be conducted.

Subd. 5. Specifications. Requires machines to have a permanent record, on a nonresettable meter, of all transactions on the machine and to be capable of being linked electronically to a central communications system. Requires that a reasonable number of gaming machines at the facility are accessible to individuals with disabilities and that a reasonable number of gaming machines at the facility give players the option of receiving winnings in the form of coins or tokens.

Subd. 6. Examination of machines. Provides for examination of prototypes of gaming machines, with costs paid by the manufacturer. Allows the director to contract for testing.

Subd. 7. Prizes. Provides that players playing a game at a gaming facility are bound by the rules and procedures of the game. As with current lottery games, prize determinations would be made in accord with rules, procedures, claims procedures, and validation tests for a game. Prohibits persons under 18 years old from claiming prizes.

Subd. 8. Prohibitions. Prohibits persons under 18 years old from partaking of gaming machines or other lottery games.

Subd. 9. Compulsive gambling notice. Requires the tribal entity and racetrack to prominently post the hotline number for department of human service's compulsive gambling program. Requires the tribal entity and racetrack to develop, and the director to approve, a plan relating to problem and compulsive gambling.

Subd. 10. Local licenses; local fees. Prohibits political subdivisions from licensing, regulating, or imposing a fee or charge on the business of operating gaming machines, lottery games, or nonlottery casino games at the gaming facility.

15 Lottery budget; gaming facility. Directs the director to submit a budget for gaming facility operations, permits the director to expend amounts necessary for operations, and exempts FY06 and FY07 expenditures for the conduct of gaming at the gaming facility from the maximum amount set in law for lottery operations.

16 Effective date. Makes Article 1 effective the day following final enactment.

Article 2: Department of Public Safety

Overview

Article 2 provides for the regulation of gaming facilities by the commissioner of public safety (commissioner). The tribal entity and racetrack would each need to secure a gaming facility license, contingent upon payment of a \$100,000,000 one-time licensing fee from each licensee. Each licensee would also be obligated to pay an additional \$50,000,000 upon opening a permanent gaming facility (but no later than two years after receiving the initial license). The tribal entity and racetrack, or another entity engaged to manage a gaming facility, would need to secure a gaming management license and renew this license every two years. Every employee and vendor at a gaming facility would also need to obtain an appropriate license, subject to renewal every year.

Article 2 also authorizes the tribal entity and racetrack to operate nonlottery casino games at a gaming facility, in accordance with a plan of operation approved by the commissioner.

1. 1 Gaming facility.

Subd. 1. Definitions. Defines "direct financial interest," "gaming facility," "lottery director," "management entity," "racetrack," and "tribal entity." ("Direct financial interest" means ownership or control of at least five percent interest in the racetrack, tribal entity, or management entity, the debt, or other financial interest in the tribal entity or management entity.)

Subd. 2. License required. Requires the tribal entity and racetrack that will own and operate a gaming facility to obtain gaming facility licenses.

Subd. 3. Application. Requires application for a license to be made on a form prescribed by the commissioner; permits the commissioner to issue a gaming facility license to a tribal entity or racetrack.

Subd. 4. License fee. Requires each licensee to pay a onetime gaming facility license fee of \$100,000,000 to the commissioner and an additional \$50,000,000 upon opening of a permanent gaming facility or within two years of issuance of the initial license, whichever occurs first.

Subd. 5. License issuance. Makes issuance of a gaming facility license contingent upon the completion of a comprehensive background check. Stipulates that the commissioner may issue a license to a tribal entity only if it has given a valid limited waiver of sovereign immunity and is subject to Minnesota state court and administrative jurisdiction. Prohibits transfer of the license without commissioner approval.

Subd. 6. Background investigation. Requires comprehensive background and financial investigations of the applicant (including officers, directors, managers, supervisory personnel, and persons with a direct financial interest in the entity - but not the tribal governments) prior to issuing a gaming facility license. Permits commissioner to charge the applicant an investigation fee.

Subd. 7. License refusal; suspension and revocation. Permits the commissioner to

refuse to issue a gaming facility license, or to suspend or revoke a license, under certain circumstances. Requires written notice of the reason for a proposed suspension or revocation and an opportunity for cure (unless cure is impossible). Clarifies that revocation or suspension is a contested case under the APA.

Subd. 8. Other license actions. Permits the commissioner to refuse to issue a gaming facility license, or to impose a civil penalty, issue correction orders, or take other administrative action if the applicant or licensee engages in other specified conduct. Conduct meriting other license actions may be considered in deciding whether to suspend or revoke a license under subdivision 7. Clarifies that revocation or suspension is a contested case under the APA.

Subd. 9. Required notification. Requires a licensee to immediately report any substantial change in management or ownership. Mandates comprehensive background and financial investigations of new officers and directors and of individuals acquiring direct financial or management interests in a licensee. Requires these individuals to file appropriate license applications and requires the tribal entity and racetrack to annually certify compliance with this provision.

Subd. 10. License review. Provides for the commissioner's review of a gaming facility license every five years and for a comprehensive background investigation.

Subd. 11. Audit; investigation. Requires licensees to have annual certified audits, to be filed with the commissioner. Permits the commissioner to conduct additional audits and investigations related to facility operations and to recover reasonable costs from licensees.

Subd. 12. Sale of intoxicating liquor. Requires a community hosting a gaming facility to issue an on-sale liquor license to the licensee for the sale of intoxicating liquor at the gaming facility.

Subd. 13. Detention of suspects. Permits the commissioner to select individuals who can detain persons suspected of gaming fraud or cheating at the gaming facility. Allows the exclusion or removal of suspects from the gaming facility. Also permits licensees to establish a self-exclusion program.

Subd. 14. Reimbursement of costs. Requires licensees to reimburse the commissioner for the actual costs of licensing, regulation, enforcement, and oversight of the gaming facility and appropriates the money collected to the commissioner to pay the costs of regulating the gaming facility.

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Gaming management.

Subd. 1. License required. Requires the tribal entity and racetrack, or any entity formed or engaged by the tribal entity or racetrack to manage gaming facility operations, to obtain a gaming management license.

Subd. 2. Application. Requires application to be made on a form prescribed by the commissioner; permits the commissioner to issue a gaming management license to the management entity that will manage or operate a gaming facility or gaming operations at a gaming facility.

Subd. 3. License issuance. Requires the commissioner to issue a gaming management license if:

- it would not be adverse to the public interest or the effective regulation of

gaming; and

- it is issued to an entity that is subject to the Minnesota state court and administrative jurisdiction.

Makes the licenses non-transferable.

Subd. 4. Background investigation. Requires comprehensive background and financial investigations of the license applicant (including its officers, directors, managers, supervisory personnel, and persons with a direct financial interest in the management entity - but not tribal governments). Allows the commissioner to use the background investigation conducted under for the gaming facility license if the gaming facility licensee and the management entity are the same. Permits the commissioner to charge the applicant an investigation fee.

Subd. 5. License actions. Prohibits the commissioner from issuing a gaming management license, and permits the suspension or revocation of a license, under certain circumstances. Requires notice to the tribal entity or racetrack of any license revocation, license suspension, or imposition of a civil penalty. Clarifies that revocation, suspension, or imposition of a civil penalty is a contested case under the APA.

Subd. 6. Required notification. Requires gaming management licensees to promptly report any change in management or ownership. Requires comprehensive background and financial investigations of new officers and directors and of individuals acquiring direct financial or management interests in the tribal entity or racetrack. Requires these individuals to file appropriate license applications and requires the licensee to annually certify compliance with this provision.

Subd. 7. License renewal. Requires licensees to apply for renewal of the license every two years. States that review of a renewal application shall comply with the same requirements as review of a new application.

3

Employee licenses.

Subd. 1. Authority. Authorizes the commissioner to issue employees licenses for persons employed at a gaming facility. Requires each employee at a facility to have an appropriate license and makes gaming facility licensees responsible for ensuring that each employee has a valid license prior to beginning work at a gaming facility.

Subd. 2. Application information. Requires application to be made on a form prescribed by the commissioner, accompanied by an affidavit attesting to felony record, felony charges, connections with illegal businesses, conviction of fraud or misrepresentation in connection with gambling, and violations of gambling-related laws or rules.

Subd. 3. Background investigations. Directs the commissioner to investigate each employee license applicant and permits him to seek reimbursement for costs from the tribal entity or racetrack. Requires fingerprints from each applicant.

Subd. 4. License issuance and renewal. Makes licenses effective one year. Permits issuance or renewal of a license when an applicant is qualified for the occupation and will not adversely affect the public health, safety, and welfare, or the integrity of gambling in Minnesota.

Subd. 5. Revocation and suspension. Permits the revocation of a license, suspension of a license for up to one year, or refusal to renew a license for an intentional false statement in a license application or for a violation of law or rule that adversely affects the integrity of gambling. Clarifies that revocation or suspension is a contested case under the APA. Under certain circumstances, permits summary suspension prior to the contested case hearing.

4

Vendor licenses.

Subd. 1. Issuance. Requires anyone who sells products, distributes products, or provides services at a gaming facility to have a vendor license. Authorizes the commissioner to issue vendor licenses. (Requires employees of vendors to have employee licenses under section 0.)

Subd. 2. Application information. Requires application on a form prescribed by the commissioner, accompanied by an affidavit attesting to felony record, felony charges, connections with illegal businesses, conviction of fraud or misrepresentation in connection with gambling, and violations of gambling-related laws or rules.

Subd. 3. Background investigations. Directs the commissioner to investigate each vendor license applicant and permits the commissioner to seek reimbursement for costs from the vendor. Requires fingerprints from each applicant.

Subd. 4. License issuance and renewal. Makes licenses effective one year. Permits issuance or renewal of a license when an applicant is qualified for the occupation and will not adversely affect the public health, safety, and welfare, or the integrity of gambling in Minnesota.

Subd. 5. Revocation and suspension. Permits the revocation of a license, suspension of a license for up to one year, or refusal to renew a license for an intentional false statement in a license application or for a violation of law or rule that adversely affects the integrity of gambling. Clarifies that revocation or suspension is a contested case under the APA. Under certain circumstances, permits summary suspension (for up to 90 days) prior to the contested case hearing.

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Nonlottery casino games.

Subd. 1. Definitions. Defines "nonlottery casino game" as any casino game the commissioner authorizes a gaming facility licensee to conduct at a gaming facility that is not a gaming machine or other lottery game. Defines "nonlottery casino games' adjusted gross revenue" as revenue from the operation of nonlottery casino games, less prizes and promotional allowances.

Subd. 2. Operation. Allows the operation of nonlottery casino games in accord with a plan approved by the commissioner. Requires the plan to identify and define all nonlottery casino games and to address security and internal control systems. Also requires a plan for training nonlottery casino games personnel in problem gambling.

Subd. 3. Plan amendment. Requires commissioner approval of plan modifications.

Subd. 4. Actions. Permits the revocation, suspension, or refusal to renew a license (or the imposition of a civil penalty) for violations of the plan of operation. Makes

this a contested case under the APA.

Subd. 5. Prizes. States that players playing a nonlottery casino game are bound by the rules and procedures of the game and that prize determinations are determined in accord with relevant rules, procedures, claims procedures, and validation tests. Prohibits persons under 18 years of age from claiming prizes.

- 6 Employment restrictions; civil penalty. Prohibits individuals responsible for oversight, audits, or investigations at a gaming facility (through employment and for one year after leaving employment) from entering a contract with or receiving compensation from the tribal entity, racetrack, or management entity. Also prohibits the tribal entity, racetrack, and management entity from entering such a relationship. Establishes a maximum civil penalty of \$10,000 for violations by state employees. Permits license-related administrative action against the tribal entity or management entity for violating this section.
- 7 Effective date. Makes this article effective the day following final enactment.

Article 3: Racing Commission

Overview

Article 3 requires a racetrack to set aside a fixed percentage of revenue from the operation of gaming machines and conduct of nonlottery casino games at the racetrack for horse racing purses and for the breeders' fund.

1. 1 Purses; gaming machines. Requires a racetrack that has gaming machines to set aside at least 7.25 percent of adjusted gross gaming machine revenue for horse racing purses. Allows the racetrack and the majority horsepersons' organization to negotiate a different percentage if approved by the racing commission. Requires 20 percent of this money to go to the Minnesota breeders fund for purse supplements.
- 2 Card club revenue. Makes the current requirements for setting aside money for purses from card club revenue applicable to revenue from nonlottery casino games at a racetrack gaming facility.
- 3 Card club operation. Makes current requirements for card club operations irrelevant when a racetrack has been authorized to operate a gaming facility.

Article 4: Gaming Transaction Fee

Overview

Article 4 requires payment of gaming transaction fees to the commissioner of finance by the 20th day of each month, in lieu of the sales tax and any local taxes relating to wagering at the gaming facility. The fees would be set the following rates: 26 percent of adjusted gross gaming machine revenue and other lottery games adjusted gross revenue at a racetrack gaming facility; 20 percent of adjusted gross gaming machine revenue and other lottery games adjusted gross revenue at a tribal entity gaming facility; and 14 percent of nonlottery casino games' adjusted gross revenue at either facility. The money would be deposited into a gaming facility proceeds fund and annually appropriated as follows: ten percent to the community assets account, and 90 percent to the general fund.

Any adjustments to the fees paid by the lottery to the racetrack or the tribal entity, as required by Article 1, section 14, subdivision 2, would be deducted from the lottery's next payment to the commissioner under this Article.

1. 1 Gaming facility.

Subd. 1. State lottery.

- (a) Requires the Lottery to transfer 26 percent of adjusted gross gaming revenue and other lottery games' adjusted gross revenue from the racetrack-operated facility to the commissioner of finance by the 20th of each month. Provides for deduction of fee adjustments paid to the racetrack, as required by the location contract, from payments to the commissioner.
- (b) Requires the Lottery to transfer 20 percent of adjusted gross gaming revenue and other lottery games' adjusted gross revenue from the tribal entity-operated facility to the commissioner of finance by the 20th of each month. Provides for deduction of fee adjustments paid to the racetrack, as required by the location contract, from payments to the commissioner.
- (c) Specifies that these payments are in lieu of the sale tax on wagering at the gaming facility and any local taxes relating to wagering at the gaming facility.

Subd. 2. Gaming facility licensee. Requires gaming facility licensees to transmit 14 percent of nonlottery casino games' adjusted gross revenue to the commissioner of finance by the 20th of each month.

Subd. 3. Deposit of receipts. Requires the commissioner of finance to deposit this money in the state treasury, to be credited as provided in section 2.

4 Gaming facility proceeds fund. Establishes a gaming facility proceeds fund in the state treasury. Annually appropriates ten percent of the money in the fund to the community assets account and 90 percent to the general fund.

5 Community assets account. Establishes a community assets account in the state treasury. Provides that the money in the account may be spent to help finance capital

projects that provide for facilities that provide a public benefit to the state and local communities (e.g. athletic facilities, museums, theaters, recreational facilities, planetariums, zoos).

6 Effective date. Makes this article effective the day following final enactment.

Article 5: Miscellaneous Provisions

Overview

Article 5 makes various changes to existing law to be consistent with the activities authorized in Articles 1 to 4.

1. 1 Gambling device possession. Exempts gambling devices possessed by the state lottery from the general prohibition against possession of gambling devices.
- 7 Gambling device distributors. Allows licensed gambling device distributors and manufacturers to sell, lease, or rent gambling devices to the state lottery.
- 8 Gambling in licensed liquor establishments. Exempts gambling devices at a gaming facility from the prohibition against gambling devices at establishments licensed for retail liquor sales.
- 9 Recovery of money lost. Exempts gaming machine plays and the conduct of any lottery and nonlottery casino games at a gaming facility from the law that allows persons to sue to recover gambling losses.
- 10 Commitments for gambling debt void. Exempts gaming machine play from the law that makes gambling debts void.
- 11 What are not bets. Adds gaming machine plays and participation in any lottery or nonlottery casino game at a gaming facility to the list of gambling activities that are not bets in the context of state laws that prohibit gambling.
- 12 Gaming facility. Exempts from criminal prohibitions of gambling the manufacture, possession, sale, or operation of a gaming machine, or the conduct of a lottery or nonlottery casino game at a gaming facility.
- 13 Severability; savings. Provides that if part of the act is found invalid, all other provisions remain valid and all rights, remedies, and privileges otherwise accrued remain in effect.
- 14 Effective date. Makes this article effective the day following final enactment.

Article 6: Appropriations

Overview

Appropriates from the general fund in fiscal years 2006 and 2007 the money raised by this act to education, higher education, health, jobs and economic opportunity, environment and natural resources, and public safety.

1. 1 Appropriations. Appropriates revenue raised by this act in FY 06 and FY 07 from the general fund as specified.
- 2 Education. Appropriates \$134,000,000 to offset the reduction in spending in H.F. 872, article 5, that would otherwise become effective if H.F. 1664 is not passed by the House.
- 3 Higher education. Appropriates \$25,450,000 to the agencies for the purposes indicated in H.F. 1385, article 5, to replace the appropriations in article 5 that would otherwise

become effective only if H.F. 1664 is passed by the House.

4 Health. Appropriates \$20,000,000 to the agencies for the and for purposes indicated in H.F. 1422, article 11, to replace the appropriations in article 11 that would otherwise become effective only if H.F. 1664 is passed by the House.

5 Jobs and economic opportunity. Appropriates \$15,000,000 to the agencies and for the purposes indicated in H.F. No. 1976, article 7, to replace the appropriations in article 7 that otherwise would become effective only if H.F. 1664 is passed by the House.

6 Environment and natural resources. Appropriates \$11,400,000 to the agencies and for the purposes that would otherwise be reduced in H.F. 902, article 2, if H.F. 1664 is not passed by the House. Negates the reductions in appropriations under article 2.

7 Public safety. Appropriates \$4,500,000 to the agencies and for the purposes indicated in H.F. 1, article 19, to replace the appropriations in article 19 that would otherwise become effective only if H.F. 1664 is passed by the House.