

HOUSE RESEARCH

Bill Summary

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Article 1: Operations Overview

Allows the State Lottery to operate lottery gaming machines at racetracks.

Section

- 1 Lottery procurement contract.** Expands the current definition to include lottery gaming machines, contracts for maintenance, etc.
- 2 Gaming machine.** Defines a gaming machine, including machines for games of skill and of chance.
- 3 Gaming machine game.** A game played on a gaming machine.
- 4 Gaming machine play.** The record proving participation in the game.
- 5 Adjusted gross gaming machine revenue.** Sum of all money for playing the game, less the amount given out in prizes.
- 6 Lottery game procedures.** Adds lottery machines to existing statutes.
- 7 Lottery operations.** Included funds transferred to racetracks. Limits lottery operations to 10 percent of the adjusted gross revenues from machines at racetracks.
- 8 Budget; plans.** Allows contracts to operate central systems for gaming machines, and to maintain machines.
- 9 Restrictions.** Technical.
- 10 Gaming machines.**

Subd. 1. Location contract. Allows the director of the Lottery to contract to locate gaming machines at racetracks. Requires 50 days of live racing per year to be

eligible for having these machines. Compensates the racetrack at a rate of 65 percent of adjusted gross gaming machine revenue. Requires 1 percent of this amount, each, to be given to the city and county where the track is located. States conditions for possible suspensions for a variety of violations. Requires resolutions from local governments allowing gaming machines. Requires provisions for liquidated damages in any contract, in the event that the state cancels gaming. Requires day to day costs of operations to be born by the licensee.

Subd. 2. Operation. Requires all machines to be owned, or leased, and controlled by the director. States security, maintenance, and other provisions the lottery must meet in owning these machines.

Subd. 3. Games. Allows the director to specify the games that may be played on a machine. Allows machines to also conduct horse racing pari-mutuel wagering.

Subd. 4. Examination of machines. Allows the director to examine prototypes; requires manufacturers to pay the costs of testing.

Subd. 5. Prizes. Requires players to be bound by the rules of play. Sets rules for prize claims.

Subd. 6. Odds. The odds of winning must be displayed on the screen.

Subd. 7. Prohibitions. Prohibits persons under age 18 from playing games or collecting prizes.

Subd. 8. Compulsive gambling notice. Requires a notice of the hotline for compulsive gambling.

Subd. 9. Local licenses; local fees. Prohibits local licenses or fees from being established.

Subd. 10. Reimbursement; racing commission. Requires licensees to reimburse actual costs of the commission, for regulatory expenses.

11 Effective Date. The day following final enactment.

Article 2: Conforming Amendments

1 - 12 Contains 12 sections with technical and conforming amendments.

Article 3: Revenue

1 Set asides; gaming machines. Requires 12 percent of adjusted gross revenue to be set aside for purses for live horse races. Establishes the amounts for various horse organizations.

- 2 **Lottery gaming machines; in-lieu of tax.** Exempts gaming machines from in-lieu of taxes. Requires 25 percent of adjusted gross revenues be transferred to the state treasury.
- 3 **Deposit of revenues.** Technical.
- 4 **Effective date.** Day following final enactment.

Article 4: Miscellaneous

- 1 **Lottery budget; gaming machines.** Requires the director of the lottery to submit a budget for the operation of gaming machines at racetracks.
- 2 **Severability; savings.** This is a severability clause.
- 3 **Effective Date.** Day following final enactment.