The House of Representatives convened at 10:00 a.m. and was called to order by Greg Davids, Speaker pro tempore.

Prayer was offered by the Reverend Grady St. Dennis, House Chaplain.

The members of the House gave the pledge of allegiance to the flag of the United States of America.

The roll was called and the following members were present:

Abeler  Dean  Hancock  LeMieux  Murphy, M.  Simon
Allen  Dettmer  Hansen  Lenczewski  Murray  Slawik
Anderson, B.  Dill  Hausman  Liebling  Myhra  Stlocum
Anderson, D.  Dittrich  Hilstrom  Lillie  Nelson  Smith
Anderson, P.  Doepke  Hilty  Loeffler  Nornes  Stensrud
Anderson, S.  Downey  Holberg  Lohmer  Norton  Swedzinski
Anzelc  Drazkowski  Hoppe  Loon  O'Driscoll  Thissen
Atkins  Eken  Hornstein  Mack  Paymar  Torkelson
Barrett  Erickson  Hortman  Mahoney  Pelowski  Udahl
Beard  Fabian  Hosch  Mariani  Peppin  Vogel
Benson, J.  Falk  Howes  Marquart  Persell  Wagenius
Benson, M.  Franson  Huntley  Mazorol  Petersen, B.  Ward
Bills  Fritz  Johnson  McDonald  Peterson, S.  Wardlow
Brynaert  Garofalo  Kahn  McElfatrick  Poppe  Westrom
Buesgens  Gauthier  Kath  McFarlane  Quam  Winkler
Carlson  Gottwald  Kieffer  McNamara  Rukavina  Woodard
Champion  Greene  Kiel  Melin  Runbeck  Spk. Zellers
Cornish  Greiling  Kiffmeyer  Moran  Sanders
Crawford  Gruenhagen  Kriesel  Morrow  Scalze
Daudt  Gunther  Laine  Mullery  Schomacker
Davids  Hackbart  Lanning  Murdock  Scott
Davnie  Hamilton  Leidiger  Murphy, E.  Shimanski

A quorum was present.

Kelly, Knuth, Lesch and Tillberry were excused.

Banaian and Clark were excused until 12:55 p.m.

The Chief Clerk proceeded to read the Journal of the preceding day. There being no objection, further reading of the Journal was dispensed with and the Journal was approved as corrected by the Chief Clerk.
REPORTS OF CHIEF CLERK

S. F. No. 230 and H. F. No. 462, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Norton moved that the rules be so far suspended that S. F. No. 230 be substituted for H. F. No. 462 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1755 and H. F. No. 1977, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Drazkowski moved that S. F. No. 1755 be substituted for H. F. No. 1977 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1922 and H. F. No. 2169, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Beard moved that S. F. No. 1922 be substituted for H. F. No. 2169 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1933 and H. F. No. 2339, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Gottwalt moved that S. F. No. 1933 be substituted for H. F. No. 2339 and that the House File be indefinitely postponed. The motion prevailed.

REPORTS OF STANDING COMMITTEES AND DIVISIONS

Davids from the Committee on Taxes to which was referred:

H. F. No. 1485, A bill for an act relating to gambling; modifying certain rates of tax on lawful gambling; providing for electronic linked bingo games, electronic pull-tab games, and sports-themed tipboard games; making clarifying, conforming, and technical changes; appropriating money; amending Minnesota Statutes 2010, sections 297E.01, subdivisions 7, 8, 9; 297E.02, subdivisions 1, 3, 6, 7, 10, 11, by adding a subdivision; 297E.13, subdivision 5; 349.12, subdivisions 3b, 3c, 5, 6a, 12a, 18, 25b, 25c, 25d, 29, 31, 32, 34, 35, by adding subdivisions; 349.13; 349.151, subdivisions 4b, 4c, by adding subdivisions; 349.155, subdivisions 3, 4; 349.161, subdivisions 1, 5; 349.162, subdivision 5; 349.163, subdivisions 1, 5, 6; 349.1635, subdivisions 2, 3, by adding a subdivision; 349.165, subdivision 2; 349.17, subdivisions 6, 7, 8, by adding a subdivision; 349.171, subdivisions 1, 2; 349.1721, 349.18, subdivision 1; 349.19, subdivisions 2, 3, 5, 10; 349.211, subdivisions 1a, 2c; repealing Minnesota Statutes 2010, section 297E.02, subdivision 4.

Reported the same back with the following amendments:
Page 3, line 26, delete "Gambling Control Board" and insert "commissioner of human services"

Page 4, line 2, strike "subdivisions" and insert "subdivision" and strike "and 4"

Page 4, line 4, after "of" insert "paper"

Page 4, line 6, after "for" insert "paper"

Page 6, line 10, delete "July 1, 2012" and insert "for games sold by a licensed distributor after June 30, 2012"

Page 7, line 32, after "device" insert "other than as an electronic pull-tab game defined under section 349.12, subdivision 12c"

Page 7, line 33, delete the second "and"

Page 8, line 2, delete the period and insert "; and"

Page 8, after line 2, insert:

"(h) has the capability to allow use by a player who is visually impaired."

Page 8, line 17, after "device" insert "other than as an electronic linked bingo game played on a device defined under section 349.12, subdivision 12a"

Page 8, line 25, delete the second "and"

Page 8, line 26, delete the period and insert "; and"

Page 8, after line 26, insert:

"(k) has the capability to allow use by a player who is visually impaired."

Page 10, after line 4, insert:

"Sec. 21. Minnesota Statutes 2010, section 349.12, subdivision 25, is amended to read:

Subd. 25. Lawful purpose. (a) "Lawful purpose" means one or more of the following:

(1) any expenditure by or contribution to a 501(c)(3) or festival organization, as defined in subdivision 15a, provided that the organization and expenditure or contribution are in conformity with standards prescribed by the board under section 349.154, which standards must apply to both types of organizations in the same manner and to the same extent;

(2) a contribution to or expenditure for goods and services for an individual or family suffering from poverty, homelessness, or disability, which is used to relieve the effects of that suffering;

(3) a contribution to a program recognized by the Minnesota Department of Human Services for the education, prevention, or treatment of problem gambling;

(4) a contribution to or expenditure on a public or private nonprofit educational institution registered with or accredited by this state or any other state;
(5) a contribution to an individual, public or private nonprofit educational institution registered with or accredited by this state or any other state, or to a scholarship fund of a nonprofit organization whose primary mission is to award scholarships, for defraying the cost of education to individuals where the funds are awarded through an open and fair selection process;

(6) activities by an organization or a government entity which recognize military service to the United States, the state of Minnesota, or a community, subject to rules of the board, provided that the rules must not include mileage reimbursements in the computation of the per diem reimbursement limit and must impose no aggregate annual limit on the amount of reasonable and necessary expenditures made to support:

   (i) members of a military marching or color guard unit for activities conducted within the state;

   (ii) members of an organization solely for services performed by the members at funeral services;

   (iii) members of military marching, color guard, or honor guard units may be reimbursed for participating in color guard, honor guard, or marching unit events within the state or states contiguous to Minnesota at a per participant rate of up to $35 per diem; or

   (iv) active military personnel and their immediate family members in need of support services;

(7) recreational, community, and athletic facilities and activities intended primarily for persons under age 21, provided that such facilities and activities do not discriminate on the basis of gender and the organization complies with section 349.154, subdivision 3a;

(8) payment of local taxes authorized under this chapter, taxes imposed by the United States on receipts from lawful gambling, the taxes imposed by section 297E.02, subdivisions 1, 4, 5, and 6, and the tax imposed on unrelated business income by section 290.05, subdivision 3;

(9) payment of real estate taxes and assessments on permitted gambling premises owned by the licensed organization paying the taxes, or wholly leased by a licensed veterans organization under a national charter recognized under section 501(c)(19) of the Internal Revenue Code;

(10) a contribution to the United States, this state or any of its political subdivisions, or any agency or instrumentality thereof other than a direct contribution to a law enforcement or prosecutorial agency;

(11) a contribution to or expenditure by a nonprofit organization which is a church or body of communicants gathered in common membership for mutual support and edification in piety, worship, or religious observances;

(12) an expenditure for citizen monitoring of surface water quality by individuals or nongovernmental organizations that is consistent with section 115.06, subdivision 4, and Minnesota Pollution Control Agency guidance on monitoring procedures, quality assurance protocols, and data management, provided that the resulting data is submitted to the Minnesota Pollution Control Agency for review and inclusion in the state water quality database;

(13) a contribution to or expenditure on projects or activities approved by the commissioner of natural resources for:

   (i) wildlife management projects that benefit the public at large;

   (ii) grant-in-aid trail maintenance and grooming established under sections 84.83 and 84.927, and other trails open to public use, including purchase or lease of equipment for this purpose; and
(iii) supplies and materials for safety training and educational programs coordinated by the Department of Natural Resources, including the Enforcement Division;

(14) conducting nutritional programs, food shelves, and congregate dining programs primarily for persons who are age 62 or older or disabled;

(15) a contribution to a community arts organization, or an expenditure to sponsor arts programs in the community, including but not limited to visual, literary, performing, or musical arts;

(16) an expenditure by a licensed fraternal organization or a licensed veterans organization for payment of water, fuel for heating, electricity, and sewer costs for:

(i) up to 100 percent for a building wholly owned or wholly leased by and used as the primary headquarters of the licensed veteran or fraternal organization;

(ii) a proportional amount subject to approval by the director and based on the portion of a building used as the primary headquarters of the licensed veteran or fraternal organization;

(17) expenditure by a licensed veterans organization of up to $5,000 in a calendar year in net costs to the organization for meals and other membership events, limited to members and spouses, held in recognition of military service. No more than $5,000 can be expended in total per calendar year under this clause by all licensed veterans organizations sharing the same veterans post home;

(18) payment of fees authorized under this chapter imposed by the state of Minnesota to conduct lawful gambling in Minnesota;

(19) a contribution or expenditure to honor an individual’s humanitarian service as demonstrated through philanthropy or volunteerism to the United States, this state, or local community;

(20) a contribution by a licensed organization to another licensed organization with prior board approval, with the contribution designated to be used for one or more of the following lawful purposes under this section: clauses (1) to (7), (11) to (15), (19), and (25);

(21) an expenditure that is a contribution to a parent organization, if the parent organization: (i) has not provided to the contributing organization within one year of the contribution any money, grants, property, or other thing of value, and (ii) has received prior board approval for the contribution that will be used for a program that meets one or more of the lawful purposes under subdivision 7a;

(22) an expenditure for the repair, maintenance, or improvement of real property and capital assets owned by an organization, or for the replacement of a capital asset that can no longer be repaired, with a fiscal year limit of five percent of gross profits from the previous fiscal year, with no carryforward of unused allowances. The fiscal year is July 1 through June 30. Total expenditures for the fiscal year may not exceed the limit unless the board has specifically approved the expenditures that exceed the limit due to extenuating circumstances beyond the organization's control. An expansion of a building or bar-related expenditures are not allowed under this provision.

(i) The expenditure must be related to the portion of the real property or capital asset that must be made available for use free of any charge to other nonprofit organizations, community groups, or service groups, or is used for the organization's primary mission or headquarters.

(ii) An expenditure may be made to bring an existing building that the organization owns into compliance with the Americans with Disabilities Act.
(iii) An organization may apply the amount that is allowed under item (ii) to the erection or acquisition of a replacement building that is in compliance with the Americans with Disabilities Act if the board has specifically approved the amount. The cost of the erection or acquisition of a replacement building may not be made from gambling proceeds, except for the portion allowed under this item;

(23) an expenditure for the acquisition or improvement of a capital asset with a cost greater than $2,000, excluding real property, that will be used exclusively for lawful purposes under this section if the board has specifically approved the amount;

(24) an expenditure for the acquisition, erection, improvement, or expansion of real property, if the board has first specifically authorized the expenditure after finding that the real property will be used exclusively for lawful purpose under this section; or

(25) an expenditure, including a mortgage payment or other debt service payment, for the erection or acquisition of a comparable building to replace an organization-owned building that was destroyed or made uninhabitable by fire or catastrophe or to replace an organization-owned building that was taken or sold under an eminent domain proceeding. The expenditure may be only for that part of the replacement cost not reimbursed by insurance for the fire or catastrophe or compensation not received from a governmental unit under the eminent domain proceeding, if the board has first specifically authorized the expenditure.

(b) Expenditures authorized by the board under clauses (24) and (25) must be 51 percent completed within two years of the date of board approval; otherwise the organization must reapply to the board for approval of the project. "Fifty-one percent completed" means that the work completed must represent at least 51 percent of the value of the project as documented by the contractor or vendor.

(c) Notwithstanding paragraph (a), "lawful purpose" does not include:

1. any expenditure made or incurred for the purpose of influencing the nomination or election of a candidate for public office or for the purpose of promoting or defeating a ballot question;

2. any activity intended to influence an election or a governmental decision-making process;

3. a contribution to a statutory or home rule charter city, county, or town by a licensed organization with the knowledge that the governmental unit intends to use the contribution for a pension or retirement fund; or

4. a contribution to a 501(c)(3) organization or other entity with the intent or effect of not complying with lawful purpose restrictions or requirements.”

Page 33, line 9, delete "section 297E.02, subdivision 4, is" and insert "sections 297E.02, subdivision 4; 349.15, subdivision 3; and 349.19, subdivision 2a, are”

Page 33, line 10, delete "after July 1, 2012" and insert "by a licensed distributor after June 30, 2012, and the commissioner of revenue retains the authority to issue refunds under Minnesota Statutes 2010, section 297E.02, subdivision 4, paragraph (d), for games sold before July 1, 2012.”

Page 33, after line 10, insert:

"Sec. 63. SEVERABILITY.

If any provision of this act is found to be invalid because it is in conflict with a provision of the Minnesota Constitution or the Constitution of the United States, or for any other reason, all other provisions of this act shall remain valid and any rights, remedies, and privileges that have been otherwise accrued by this act, shall remain in effect and may be proceeded with and concluded under this act."
Renumber the sections in sequence and correct the internal references

Correct the title numbers accordingly

With the recommendation that when so amended the bill be re-referred to the Committee on Ways and Means without further recommendation.

The report was adopted.

Dean from the Committee on Rules and Legislative Administration to which was referred:

S. F. No. 1694, A bill for an act relating to public safety; regulating the manufacture, sale, and use of fireworks; amending Minnesota Statutes 2010, section 624.20, subdivision 1.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Davids from the Committee on Taxes to which was referred:

S. F. No. 1856, A bill for an act relating to lawful gambling; allowing licensed organizations to contribute net profits from lawful gambling to 501(c)(19) organizations; amending Minnesota Statutes 2010, section 349.12, subdivision 25, by adding a subdivision.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2010, section 297E.01, subdivision 7, is amended to read:

Subd. 7. Gambling product. "Gambling product" means bingo hard cards, bingo paper sheets, or linked bingo paper sheets, or electronic linked bingo games; pull-tabs; electronic pull-tab games; tipboards; paddle tickets and paddle ticket cards; raffle tickets; or any other ticket, card, board, placard, device, or token that represents a chance, for which consideration is paid, to win a prize.

EFFECTIVE DATE. This section is effective July 1, 2012.

Sec. 2. Minnesota Statutes 2010, section 297E.01, subdivision 8, is amended to read:

Subd. 8. Gross receipts. "Gross receipts" means all receipts derived from lawful gambling activity including, but not limited to, the following items:

(1) gross sales of bingo hard cards and paper sheets, linked bingo paper sheets, and electronic linked bingo games before reduction for prizes, expenses, shortages, free plays, or any other charges or offsets;

(2) the ideal gross of pull-tab, electronic pull-tab games, and tipboard deals or games less the value of unsold and defective tickets and before reduction for prizes, expenses, shortages, free plays, or any other charges or offsets;
(3) gross sales of raffle tickets and paddle tickets before reduction for prizes, expenses, shortages, free plays, or any other charges or offsets;

(4) admission, commission, cover, or other charges imposed on participants in lawful gambling activity as a condition for or cost of participation; and

(5) interest, dividends, annuities, profit from transactions, or other income derived from the accumulation or use of gambling proceeds.

Gross receipts does not include proceeds from rental under section 349.18, subdivision 3.

**EFFECTIVE DATE.** This section is effective July 1, 2012.

Sec. 3. Minnesota Statutes 2010, section 297E.01, subdivision 9, is amended to read:

Subd. 9. Ideal gross. "Ideal gross" means the total amount of receipts that would be received if every individual ticket in the pull-tab, electronic pull-tab games or tipboard deal, paddle wheel game, and raffle ticket was sold at its face value. In the calculation of ideal gross and prizes, a free play ticket pull-tab or electronic pull-tab shall be valued at face value. "Ideal gross" also means the total amount of receipts that would be received if every bingo paper sheet, linked bingo paper sheet, and electronic linked bingo games were sold at face value.

**EFFECTIVE DATE.** This section is effective July 1, 2012.

Sec. 4. Minnesota Statutes 2010, section 297E.02, subdivision 1, is amended to read:

Subdivision 1. Imposition. A tax is imposed on all lawful gambling other than (1) paper or electronic pull-tab deals or games; (2) tipboard deals or games; and (3) electronic linked bingo; and (4) items listed in section 297E.01, subdivision 8, clauses (4) and (5), at the rate of 8.5 percent on the gross receipts as defined in section 297E.01, subdivision 8, less prizes actually paid. The tax imposed by this subdivision is in lieu of the tax imposed by section 297A.62 and all local taxes and license fees except a fee authorized under section 349.16, subdivision 8, or a tax authorized under subdivision 5.

The tax imposed under this subdivision is payable by the organization or party conducting, directly or indirectly, the gambling.

**EFFECTIVE DATE.** This section is effective for games reported as played after June 30, 2012.

Sec. 5. Minnesota Statutes 2010, section 297E.02, subdivision 3, is amended to read:

Subd. 3. Collection; disposition. (a) Taxes imposed by this section other than in subdivision 4 are due and payable to the commissioner when the gambling tax return is required to be filed. Taxes imposed by subdivision 4 are due and payable to the commissioner on or before the last business day of the month following the month in which the taxable sale was made. Distributors must file their monthly sales figures with the commissioner on a form prescribed by the commissioner. Returns covering the taxes imposed under this section must be filed with the commissioner on or before the 20th day of the month following the close of the previous calendar month. The commissioner may require that the returns be filed via magnetic media or electronic data transfer. The proceeds, along with the revenue received from all license fees and other fees under sections 349.11 to 349.191, 349.211, and 349.213, must be paid to the commissioner of management and budget for deposit in the general fund.

(b) The sales tax imposed by chapter 297A on the sale of pull-tabs and tipboards by the distributor is imposed on the retail sales price. The retail sale of pull-tabs or tipboards by the organization is exempt from taxes imposed by chapter 297A and is exempt from all local taxes and license fees except a fee authorized under section 349.16, subdivision 8.
(c) One-half of one percent of the revenue deposited in the general fund under paragraph (a), is appropriated to the commissioner of human services for the compulsive gambling treatment program established under section 245.98. One-half of one percent of the revenue deposited in the general fund under paragraph (a), is appropriated to the commissioner of human services for a grant to the state affiliate recognized by the National Council on Problem Gambling to increase public awareness of problem gambling, education and training for individuals and organizations providing effective treatment services to problem gamblers and their families, and research relating to problem gambling. Money appropriated by this paragraph must supplement and must not replace existing state funding for these programs.

**EFFECTIVE DATE.** This section is effective July 1, 2012.

Sec. 6. Minnesota Statutes 2010, section 297E.02, subdivision 6, is amended to read:

Subd. 6. Combined net receipts tax. In addition to the taxes imposed under subdivisions subdivision 1 and 4, a tax is imposed on the combined receipts of the organization. As used in this section, "combined net receipts" is the sum of the organization's gross receipts from lawful gambling less gross receipts directly derived from the conduct of paper bingo, raffles, and paddle wheels, as defined in section 297E.01, subdivision 8, and less the net prizes actually paid, other than prizes actually paid for paper bingo, raffles, and paddle wheels, for the fiscal year. The combined net receipts of an organization are subject to a tax computed according to the following schedule:

<table>
<thead>
<tr>
<th>If the combined net receipts for the fiscal year are:</th>
<th>The tax is:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not over $500,000</td>
<td>$87,500</td>
</tr>
<tr>
<td>Over $500,000, but not over $700,000</td>
<td>$87,500 plus 6.89 percent</td>
</tr>
<tr>
<td>Over $700,000, but not over $900,000</td>
<td>$122,500 plus 13.78 percent of the amount over $500,000</td>
</tr>
<tr>
<td>Over $900,000, but not over $1,100,000</td>
<td>$157,500 plus 20.67 percent of the amount over $700,000</td>
</tr>
<tr>
<td>Over $1,100,000</td>
<td>$18,086 plus 27.56 percent of the amount over $900,000</td>
</tr>
</tbody>
</table>

**EFFECTIVE DATE.** This section is effective July 1, 2012.

Sec. 7. Minnesota Statutes 2010, section 297E.02, is amended by adding a subdivision to read:

Subd. 6a. Unaccounted games. If a licensed distributor cannot account for a pull-tab game, an electronic pull-tab game, a tipboard deal, paddletickets, an electronic linked bingo game, bingo paper sheets, or linked bingo paper sheets, the distributor must report the sheets or games to the commissioner as lost and remit a tax of six percent on the ideal gross of the sheets or games.

**EFFECTIVE DATE.** This section is effective July 1, 2012.

Sec. 8. Minnesota Statutes 2010, section 297E.02, subdivision 7, is amended to read:

Subd. 7. Untaxed gambling product. (a) In addition to penalties or criminal sanctions imposed by this chapter, a person, organization, or business entity possessing or selling a pull-tab game, electronic pull-tab game or tipboard upon which the tax imposed by subdivision 4 this chapter has not been paid is liable for a tax of six percent of the ideal gross of each pull-tab, electronic pull-tab game, or tipboard. The tax on a partial deal must be assessed as if it were a full deal.
(b) In addition to penalties and criminal sanctions imposed by this chapter, a person not licensed by the board who conducts bingo, linked bingo, electronic linked bingo, raffles, or paddle wheel games is liable for a tax of six percent of the gross receipts from that activity.

(c) The tax must be assessed by the commissioner. An assessment must be considered a jeopardy assessment or jeopardy collection as provided in section 270C.36. The commissioner shall assess the tax based on personal knowledge or information available to the commissioner. The commissioner shall mail to the taxpayer at the taxpayer's last known address, or serve in person, a written notice of the amount of tax, demand its immediate payment, and, if payment is not immediately made, collect the tax by any method described in chapter 270C, except that the commissioner need not await the expiration of the times specified in chapter 270C. The tax assessed by the commissioner is presumed to be valid and correctly determined and assessed. The burden is upon the taxpayer to show its incorrectness or invalidity. The tax imposed under this subdivision does not apply to gambling that is exempt from taxation under subdivision 2.

**EFFECTIVE DATE.** This section is effective July 1, 2012.

Sec. 9. Minnesota Statutes 2010, section 297E.02, subdivision 10, is amended to read:

Subd. 10. **Refunds; appropriation.** A person who has, under this chapter, paid to the commissioner an amount of tax for a period in excess of the amount legally due for that period, may file with the commissioner a claim for a refund of the excess. The amount necessary to pay the refunds under this subdivision and subdivision 4, paragraph (d), is appropriated from the general fund to the commissioner.

**EFFECTIVE DATE.** This section is effective July 1, 2012.

Sec. 10. Minnesota Statutes 2010, section 297E.02, subdivision 11, is amended to read:

Subd. 11. **Unplayed or Defective pull-tabs or tipboards gambling products.** If a deal of pull-tabs or tipboards registered with the board or bar coded in accordance with this chapter and chapter 349 and upon which the tax imposed by subdivision 4 has been paid is returned unplayed to the distributor, the commissioner shall allow a refund of the tax paid.

If a defective deal registered with the board or bar coded in accordance with this chapter and chapter 349 and upon which the taxes have been paid is returned to the manufacturer, the distributor shall submit to the commissioner of revenue certification from the manufacturer that the deal was returned and in what respect it was defective. The certification must be on a form prescribed by the commissioner and must contain additional information the commissioner requires.

The commissioner may require that no refund under this subdivision be made unless the that all defective and returned pull-tabs or tipboards have been, paddle tickets, paper bingo sheets, and linked bingo paper sheets be set aside for inspection by the commissioner's employee.

Reductions in previously paid taxes authorized by this subdivision must be made when and in the manner prescribed by the commissioner.

**EFFECTIVE DATE.** This section is effective for games sold by a licensed distributor after June 30, 2012.
Sec. 11. Minnesota Statutes 2010, section 297E.13, subdivision 5, is amended to read:

Subd. 5. **Untaxed gambling equipment.** It is a gross misdemeanor for a person to possess gambling equipment for resale in this state that has not been stamped or bar-coded in accordance with this chapter and chapter 349 and upon which the taxes imposed by chapter 297A or section 297E.02, subdivision 4, have not been paid. The director of alcohol and gambling enforcement or the commissioner or the designated inspectors and employees of the director or commissioner may seize in the name of the state of Minnesota any unregistered or untaxed gambling equipment.

**EFFECTIVE DATE.** This section is effective for actions occurring after June 30, 2012.

Sec. 12. Minnesota Statutes 2010, section 349.12, subdivision 3b, is amended to read:

Subd. 3b. **Bar operation.** "Bar operation" means a method of selling and redeeming disposable gambling equipment by an employee of the lessor within a leased premises which is licensed for the on-sale of alcoholic beverages where such sales and redemptions are made by an employee of the lessor from a common area where food and beverages are also sold.

Sec. 13. Minnesota Statutes 2010, section 349.12, subdivision 3c, is amended to read:

Subd. 3c. **Bar bingo.** "Bar bingo" is a bingo occasion conducted at a permitted premises in an area where intoxicating liquor or 3.2 percent malt beverages are sold and where the licensed organization conducts another form of lawful gambling. Bar bingo does not include bingo games linked to other permitted premises.

Sec. 14. Minnesota Statutes 2010, section 349.12, subdivision 5, is amended to read:

Subd. 5. **Bingo occasion.** "Bingo occasion" means a single gathering or session at which a series of one or more successive bingo games is played. There is no limit on the number of games conducted during a bingo occasion but a bingo occasion must not last longer than eight consecutive hours, except that linked bingo games played on electronic bingo devices may be played during regular business hours of the permitted premises, and all play during this period is considered a bingo occasion for reporting purposes. For permitted premises where the primary business is bingo, regular business hours shall be defined as the hours between 8:00 a.m. and 2:00 a.m.

Sec. 15. Minnesota Statutes 2010, section 349.12, subdivision 6a, is amended to read:

Subd. 6a. **Booth operation.** "Booth operation" means a method of selling and redeeming disposable gambling equipment by an employee of a licensed organization in a premises the organization leases or owns where such sales and redemptions are made within a separate enclosure that is distinct from areas where food and beverages are sold.

Sec. 16. Minnesota Statutes 2010, section 349.12, subdivision 12a, is amended to read:

Subd. 12a. **Electronic bingo device.** "Electronic bingo device" means a handheld and portable electronic device that:

(a) is used by a bingo player to:

(1) monitor bingo paper sheets or a facsimile of a bingo paper sheet when purchased and played at the time and place of an organization's bingo occasion and which (1) provides a means for bingo players to, or to play an electronic bingo game that is linked with other permitted premises;

(2) activate numbers announced by a bingo caller; (2) compares or displayed, and to compare the numbers entered by the player to the bingo faces previously stored in the memory of the device; and
(3) identifies a winning bingo pattern or game requirement; and

(4) play against other bingo players;

(b) limits the play of bingo faces to 36 faces per game;

(c) requires coded entry to activate play but does not allow the use of a coin, currency, or tokens to be inserted to activate play;

(d) may only be used for play against other bingo players in a bingo game;

(e) has no additional function as an amusement or gambling device other than as an electronic pull-tab game defined under section 349.12, subdivision 12c;

(f) has the capability to ensure adequate levels of security internal controls; and

(g) has the capability to permit the board to electronically monitor the operation of the device and the internal accounting systems; and

(h) has the capability to allow use by a player who is visually impaired.

Electronic bingo device does not mean any device into which coin, currency, or tokens are inserted to activate play.

Sec. 17. Minnesota Statutes 2010, section 349.12, is amended by adding a subdivision to read:

Subd. 12b. Electronic pull-tab device. "Electronic pull-tab device" means a handheld and portable electronic device that:

(a) is used to play one or more electronic pull-tab games;

(b) requires coded entry to activate play but does not allow the use of coin, currency, or tokens to be inserted to activate play;

(c) requires that a player must activate or open each electronic pull-tab ticket and each individual line, row, or column of each electronic pull-tab ticket;

(d) maintains information pertaining to accumulated win credits that may be applied to games in play or redeemed upon termination of play;

(e) has no spinning symbols or other representations that mimic a video slot machine;

(f) has no additional function as a gambling device other than as an electronic linked bingo game played on a device defined under section 349.12, subdivision 12a;

(g) may incorporate an amusement game feature as part of the pull-tab game but may not require additional consideration for that feature or award any prize, or other benefit for that feature;

(h) may have auditory or visual enhancements to promote or provide information about the game being played, provided the component does not affect the outcome of a game or display the results of a game;
(i) maintains, on nonresettable meters, a printable, permanent record of all transactions involving each device electronic pull-tab games played on the device; and

(j) is not a pull-tab dispensing device as defined under subdivision 32a; and

(k) has the capability to allow use by a player who is visually impaired.

Sec. 18. Minnesota Statutes 2010, section 349.12, is amended by adding a subdivision to read:

Subd. 12c. **Electronic pull-tab game.** "Electronic pull-tab game" means a pull-tab game containing:

(a) facsimiles of pull-tab tickets that are played on an electronic pull-tab device;

(b) a predetermined, finite number of winning and losing tickets, not to exceed 7,500 tickets;

(c) the same price for each ticket in the game;

(d) a price paid by the player of not less than 25 cents per ticket;

(e) tickets that are in conformance with applicable board rules for pull-tabs;

(f) winning tickets that comply with prize limits under section 349.211;

(g) a unique serial number that may not be regenerated;

(h) an electronic flare that displays the game name, form number, predetermined, finite number of tickets in the game, and prize tier; and

(i) no spinning symbols or other representations that mimic a video slot machine.

Sec. 19. Minnesota Statutes 2010, section 349.12, is amended by adding a subdivision to read:

Subd. 12d. **Electronic pull-tab game system.** "Electronic pull-tab game system" means the equipment leased from a licensed distributor and used by a licensed organization to conduct, manage, and record electronic pull-tab games, and to report and transmit the game results as prescribed by the board and the Department of Revenue. The system must provide security and access levels sufficient so that internal control objectives are met as prescribed by the board. The system must contain a point of sale station.

Sec. 20. Minnesota Statutes 2010, section 349.12, subdivision 18, is amended to read:

Subd. 18. **Gambling equipment.** "Gambling equipment" means gambling equipment that is either disposable or permanent gambling equipment.

(a) Disposable gambling equipment includes the following:

(1) bingo hard cards or paper sheets, including linked bingo paper sheets, devices for selecting bingo numbers, electronic bingo devices;

(2) paper and electronic pull-tabs;

(3) jar tickets, paddle wheels, paddle wheel tables.
(4) paddle tickets, and paddle ticket cards;

(5) tipboards, and tipboard tickets; and

(6) promotional tickets that mimic a pull-tab or tipboard, pull-tab dispensing devices, and programmable electronic devices that have no effect on the outcome of a game and are used to provide a visual or auditory enhancement of a game.

(b) Permanent gambling equipment includes the following:

(1) devices for selecting bingo numbers;

(2) electronic bingo devices;

(3) electronic pull-tab devices;

(4) pull-tab dispensing devices;

(5) programmable electronic devices that have no effect on the outcome of a game and are used to provide a visual or auditory enhancement of a game;

(6) paddle wheels; and

(7) paddle wheel tables.

Sec. 21. Minnesota Statutes 2010, section 349.12, subdivision 25, is amended to read:

Subd. 25. Lawful purpose. (a) "Lawful purpose" means one or more of the following:

(1) any expenditure by or contribution to a 501(c)(3) or festival organization, as defined in subdivision 15a, provided that the organization and expenditure or contribution are in conformity with standards prescribed by the board under section 349.154, which standards must apply to both types of organizations in the same manner and to the same extent;

(2) a contribution to or expenditure for goods and services for an individual or family suffering from poverty, homelessness, or disability, which is used to relieve the effects of that suffering;

(3) a contribution to a program recognized by the Minnesota Department of Human Services for the education, prevention, or treatment of problem gambling;

(4) a contribution to or expenditure on a public or private nonprofit educational institution registered with or accredited by this state or any other state;

(5) a contribution to an individual, public or private nonprofit educational institution registered with or accredited by this state or any other state, or to a scholarship fund of a nonprofit organization whose primary mission is to award scholarships, for defraying the cost of education to individuals where the funds are awarded through an open and fair selection process;

(6) activities by an organization or a government entity which recognize military service to the United States, the state of Minnesota, or a community, subject to rules of the board, provided that the rules must not include mileage reimbursements in the computation of the per diem reimbursement limit and must impose no aggregate annual limit on the amount of reasonable and necessary expenditures made to support:
(i) members of a military marching or color guard unit for activities conducted within the state;

(ii) members of an organization solely for services performed by the members at funeral services;

(iii) members of military marching, color guard, or honor guard units may be reimbursed for participating in color guard, honor guard, or marching unit events within the state or states contiguous to Minnesota at a per participant rate of up to $35 per diem; or

(iv) active military personnel and their immediate family members in need of support services;

(7) recreational, community, and athletic facilities and activities intended primarily for persons under age 21, provided that such facilities and activities do not discriminate on the basis of gender and the organization complies with section 349.154, subdivision 3a;

(8) payment of local taxes authorized under this chapter, taxes imposed by the United States on receipts from lawful gambling, the taxes imposed by section 297E.02, subdivisions 1, 4, 5, and 6, and the tax imposed on unrelated business income by section 290.05, subdivision 3;

(9) payment of real estate taxes and assessments on permitted gambling premises owned by the licensed organization paying the taxes, or wholly leased by a licensed veterans organization under a national charter recognized under section 501(c)(19) of the Internal Revenue Code;

(10) a contribution to the United States, this state or any of its political subdivisions, or any agency or instrumentality thereof other than a direct contribution to a law enforcement or prosecutorial agency;

(11) a contribution to or expenditure by a nonprofit organization which is a church or body of communicants gathered in common membership for mutual support and edification in piety, worship, or religious observances;

(12) an expenditure for citizen monitoring of surface water quality by individuals or nongovernmental organizations that is consistent with section 115.06, subdivision 4, and Minnesota Pollution Control Agency guidance on monitoring procedures, quality assurance protocols, and data management, provided that the resulting data is submitted to the Minnesota Pollution Control Agency for review and inclusion in the state water quality database;

(13) a contribution to or expenditure on projects or activities approved by the commissioner of natural resources for:

(i) wildlife management projects that benefit the public at large;

(ii) grant-in-aid trail maintenance and grooming established under sections 84.83 and 84.927, and other trails open to public use, including purchase or lease of equipment for this purpose; and

(iii) supplies and materials for safety training and educational programs coordinated by the Department of Natural Resources, including the Enforcement Division;

(14) conducting nutritional programs, food shelves, and congregate dining programs primarily for persons who are age 62 or older or disabled;

(15) a contribution to a community arts organization, or an expenditure to sponsor arts programs in the community, including but not limited to visual, literary, performing, or musical arts;
(16) an expenditure by a licensed fraternal organization or a licensed veterans organization for payment of water, fuel for heating, electricity, and sewer costs for:

(i) up to 100 percent for a building wholly owned or wholly leased by and used as the primary headquarters of the licensed veteran or fraternal organization; or

(ii) a proportional amount subject to approval by the director and based on the portion of a building used as the primary headquarters of the licensed veteran or fraternal organization;

(17) expenditure by a licensed veterans organization of up to $5,000 in a calendar year in net costs to the organization for meals and other membership events, limited to members and spouses, held in recognition of military service. No more than $5,000 can be expended in total per calendar year under this clause by all licensed veterans organizations sharing the same veterans post home;

(18) payment of fees authorized under this chapter imposed by the state of Minnesota to conduct lawful gambling in Minnesota;

(19) a contribution or expenditure to honor an individual's humanitarian service as demonstrated through philanthropy or volunteerism to the United States, this state, or local community;

(20) a contribution by a licensed organization to another licensed organization with prior board approval, with the contribution designated to be used for one or more of the following lawful purposes under this section: clauses (1) to (7), (11) to (15), (19), and (25);

(21) an expenditure that is a contribution to a parent organization, if the parent organization: (i) has not provided to the contributing organization within one year of the contribution any money, grants, property, or other thing of value, and (ii) has received prior board approval for the contribution that will be used for a program that meets one or more of the lawful purposes under subdivision 7a;

(22) an expenditure for the repair, maintenance, or improvement of real property and capital assets owned by an organization, or for the replacement of a capital asset that can no longer be repaired, with a fiscal year limit of five percent of gross profits from the previous fiscal year, with no carryforward of unused allowances. The fiscal year is July 1 through June 30. Total expenditures for the fiscal year may not exceed the limit unless the board has specifically approved the expenditures that exceed the limit due to extenuating circumstances beyond the organization's control. An expansion of a building or bar-related expenditures are not allowed under this provision.

(i) The expenditure must be related to the portion of the real property or capital asset that must be made available for use free of any charge to other nonprofit organizations, community groups, or service groups, or is used for the organization's primary mission or headquarters.

(ii) An expenditure may be made to bring an existing building that the organization owns into compliance with the Americans with Disabilities Act.

(iii) An organization may apply the amount that is allowed under item (ii) to the erection or acquisition of a replacement building that is in compliance with the Americans with Disabilities Act if the board has specifically approved the amount. The cost of the erection or acquisition of a replacement building may not be made from gambling proceeds, except for the portion allowed under this item;

(23) an expenditure for the acquisition or improvement of a capital asset with a cost greater than $2,000, excluding real property, that will be used exclusively for lawful purposes under this section if the board has specifically approved the amount;
(24) an expenditure for the acquisition, erection, improvement, or expansion of real property, if the board has first specifically authorized the expenditure after finding that the real property will be used exclusively for lawful purpose under this section; or

(25) an expenditure, including a mortgage payment or other debt service payment, for the erection or acquisition of a comparable building to replace an organization-owned building that was destroyed or made uninhabitable by fire or catastrophe or to replace an organization-owned building that was taken or sold under an eminent domain proceeding. The expenditure may be only for that part of the replacement cost not reimbursed by insurance for the fire or catastrophe or compensation not received from a governmental unit under the eminent domain proceeding, if the board has first specifically authorized the expenditure.

(b) Expenditures authorized by the board under clauses (24) and (25) must be 51 percent completed within two years of the date of board approval; otherwise the organization must reapply to the board for approval of the project. "Fifty-one percent completed" means that the work completed must represent at least 51 percent of the value of the project as documented by the contractor or vendor.

(c) Notwithstanding paragraph (a), "lawful purpose" does not include:

(1) any expenditure made or incurred for the purpose of influencing the nomination or election of a candidate for public office or for the purpose of promoting or defeating a ballot question;

(2) any activity intended to influence an election or a governmental decision-making process;

(3) a contribution to a statutory or home rule charter city, county, or town by a licensed organization with the knowledge that the governmental unit intends to use the contribution for a pension or retirement fund; or

(4) a contribution to a 501(c)(3) organization or other entity with the intent or effect of not complying with lawful purpose restrictions or requirements.

Sec. 22. Minnesota Statutes 2010, section 349.12, subdivision 25b, is amended to read:

Subd. 25b. **Linked bingo game provider.** "Linked bingo game provider" means any person who provides the means to link bingo prizes in a linked bingo game, who provides linked bingo paper sheets to the participating organizations' games, who provides linked bingo prize management, and who provides the linked bingo game system.

Sec. 23. Minnesota Statutes 2010, section 349.12, subdivision 25c, is amended to read:

Subd. 25c. **Linked bingo game system.** "Linked bingo game system" means the equipment used by the linked bingo provider to conduct, transmit, and track a linked bingo game. The system must be approved by the board before its use in this state and it must have dial up or other capability to permit the board to electronically monitor its operation remotely. For linked electronic bingo games, the system includes electronic bingo devices.

Sec. 24. Minnesota Statutes 2010, section 349.12, subdivision 25d, is amended to read:

Subd. 25d. **Linked bingo prize pool.** "Linked bingo prize pool" means the total of all prize money that each participating organization has contributed to a linked bingo game prize and includes any portion of the prize pool that is carried over from one occasion game to another in a progressive linked bingo game.
Sec. 25. Minnesota Statutes 2010, section 349.12, subdivision 29, is amended to read:

Subd. 29. Paddle wheel. "Paddle wheel" means a vertical wheel marked off into sections containing one or more numbers, and which, after being turned or spun, uses a pointer or marker to indicate winning chances, and may only be used to determine a winning number or numbers matching a winning paddle ticket purchased by a player. A paddle wheel may be an electronic device that simulates a paddle wheel.

Sec. 26. Minnesota Statutes 2010, section 349.12, subdivision 31, is amended to read:

Subd. 31. Promotional ticket. A paper pull-tab ticket or paper tipboard ticket created and printed by a licensed manufacturer with the words "no purchase necessary" and "for promotional use only" and for which no consideration is given is a promotional ticket.

Sec. 27. Minnesota Statutes 2010, section 349.12, subdivision 32, is amended to read:

Subd. 32. Pull-tab. "Pull-tab" means a single folded or banded paper ticket or a multi-ply card with perforated break-open tabs, or a facsimile of a paper pull-tab ticket used in conjunction with an electronic pull-tab device, the face of which is initially covered to conceal one or more numbers or symbols, and where one or more of each set of tickets or cards, or facsimiles has been designated in advance as a winner.

Sec. 28. Minnesota Statutes 2010, section 349.12, subdivision 34, is amended to read:

Subd. 34. Tipboard. "Tipboard" means a board, placard or other device containing a seal that conceals the winning number or symbol, and that serves as the game flare for a tipboard game. A sports-themed tipboard is a board, placard, or other device that contains a grid of predesignated numbers for which the winning numbers are determined in whole or in part by the numerical outcome of one or more professional sporting events, serves as the game flare for player registration, but is not required to contain a seal. For a sports-themed tipboard, the winning numbers must be determined solely by the numerical outcome.

Sec. 29. Minnesota Statutes 2010, section 349.12, subdivision 35, is amended to read:

Subd. 35. Tipboard ticket. "Tipboard ticket" is a single folded or banded ticket, or multi-ply card, the face of which is initially covered or otherwise hidden from view to conceal a number, symbol, or set of symbols, some of which have been designated in advance and at random as prize winners. For a sports-themed tipboard, the tipboard ticket contains a set of numbers used to determine the winner based on the numerical outcome of a professional sporting event.

Sec. 30. Minnesota Statutes 2010, section 349.13, is amended to read:

349.13 LAWFUL GAMBLING.

Lawful gambling is not a lottery or gambling within the meaning of sections 609.75 to 609.76 if it is conducted under this chapter. A pull-tab dispensing device, electronic bingo device, and electronic pull-tab device permitted under this chapter and by board rule is not a gambling device within the meaning of sections 609.75 to 609.76 and chapter 299L. An electronic game device allowed under this chapter may not be a slot machine. Electronic game devices, including but not limited to electronic bingo devices, electronic paddle wheels, and electronic pull-tab devices authorized under this chapter, may only be used in the conduct of lawful gambling permitted under this chapter and board rule and may not display or simulate any other form of gambling or entertainment, except as otherwise allowed under this chapter.
Sec. 31.  Minnesota Statutes 2010, section 349.151, subdivision 4b, is amended to read:

Subd. 4b.  **Pull-tab sales from dispensing devices.**  (a) The board may by rule authorize but not require the use of pull-tab dispensing devices.

(b) Rules adopted under paragraph (a):

(1) must limit the number of pull-tab dispensing devices on any permitted premises to three; and

(2) must limit the use of pull-tab dispensing devices to a permitted premises which is (i) a licensed premises for on-sale of intoxicating liquor or 3.2 percent malt beverages; or (ii) a premises where bingo is conducted and admission is restricted to persons 18 years or older.

(c) Notwithstanding rules adopted under paragraph (b), pull-tab dispensing devices may be used in establishments licensed for the off-sale of intoxicating liquor, other than drugstores and general food stores licensed under section 340A.405, subdivision 1.

Sec. 32.  Minnesota Statutes 2010, section 349.151, subdivision 4c, is amended to read:

Subd. 4c.  **Electronic bingo devices.**  (a) The board may by rule authorize but not require the use of electronic bingo devices.

(b) Rules adopted under paragraph (a):

(1) must limit the number of bingo faces that can be played using an electronic bingo device to 36;

(2) must require that an electronic bingo device be used with corresponding bingo paper sheets or a facsimile, printed at the point of sale, as approved by the board;

(3) must require that the electronic bingo device site system have dial-up capability to permit the board to remotely monitor the operation of the device and the internal accounting systems; and

(4) must prohibit the price of a face played on an electronic bingo device from being less than the price of a face on a bingo paper sheet sold at the same occasion.

(b) The board, or the director if authorized by the board, may require the deactivation of an electronic bingo device for violation of a law or rule and to implement any other controls deemed necessary to ensure and maintain the integrity of electronic bingo devices and the electronic bingo games played on the devices.

Sec. 33.  Minnesota Statutes 2010, section 349.151, is amended by adding a subdivision to read:

Subd. 4d.  **Electronic pull-tab devices and electronic pull-tab game system.**  (a) The board may adopt rules it deems necessary to ensure the integrity of electronic pull-tab devices, the electronic pull-tab games played on the devices, and the electronic pull-tab game system necessary to operate them.

(b) The board may not require an organization to use electronic pull-tab devices.

(c) Before authorizing the lease or sale of electronic pull-tab devices and the electronic pull-tab game system, the board shall examine electronic pull-tab devices allowed under section 349.12, subdivision 12b.  The board may contract for the examination of the game system and electronic pull-tab devices and may require a working model to be transported to locations the board designates for testing, examination, and analysis.  The manufacturer must pay
all costs of any testing, examination, analysis, and transportation of the model. The system must be approved by the board before its use in the state and must have the capability to permit the board to electronically monitor its operation and internal accounting systems.

(d) The board may require a manufacturer to submit a certificate from an independent testing laboratory approved by the board to perform testing services, stating that the equipment has been tested, analyzed, and meets the standards required in this chapter and any applicable board rules.

(e) The board, or the director if authorized by the board, may require the deactivation of an electronic pull-tab device for violation of a law or rule and to implement any other controls deemed necessary to ensure and maintain the integrity of electronic pull-tab devices and the electronic pull-tab games played on the devices.

Sec. 34. Minnesota Statutes 2010, section 349.151, is amended by adding a subdivision to read:

Subd. 4e. **Sports-themed tipboard rules.** The board may adopt rules for the conduct of tipboards for which the winning numbers are determined in whole or in part by the numerical outcome of one or more professional sporting events. The rules must provide for operation procedures, internal control standards, posted information, records, and reports. The rules must provide for the award of prizes, method of payout, wagers, determination of winners, and the specifications of these tipboards.

Sec. 35. Minnesota Statutes 2010, section 349.155, subdivision 3, is amended to read:

Subd. 3. **Mandatory disqualifications.** (a) In the case of licenses for manufacturers, distributors, distributor salespersons, linked bingo game providers, and gambling managers, the board may not issue or renew a license under this chapter, and shall revoke a license under this chapter, if the applicant or licensee, or a director, officer, partner, governor, or person in a supervisory or management position of the applicant or licensee:

(1) has ever been convicted of a felony or a crime involving gambling;

(2) has ever been convicted of (i) assault, (ii) a criminal violation involving the use of a firearm, or (iii) making terroristic threats;

(3) is or has ever been connected with or engaged in an illegal business;

(4) owes $500 or more in delinquent taxes as defined in section 270C.72;

(5) had a sales and use tax permit revoked by the commissioner of revenue within the past two years; or

(6) after demand, has not filed tax returns required by the commissioner of revenue. The board may deny or refuse to renew a license under this chapter, and may revoke a license under this chapter, if any of the conditions in this paragraph are applicable to an affiliate or direct or indirect holder of more than a five percent financial interest in the applicant or licensee.

(b) In the case of licenses for organizations, the board may not issue a license under this chapter, and shall revoke a license under this chapter, if the organization, or an officer or member of the governing body of the organization:

(1) has been convicted of a felony or gross misdemeanor involving theft or fraud; or

(2) has ever been convicted of a crime involving gambling;

(3) has had a license issued by the board or director permanently revoked for violation of law or board rule.
Sec. 36. Minnesota Statutes 2010, section 349.155, subdivision 4, is amended to read:

Subd. 4. License revocation, suspension, denial; censure. (a) The board may by order (i) deny, suspend, revoke, or refuse to renew a license or premises permit, or (ii) censure a licensee or applicant, if it finds that the order is in the public interest and that the applicant or licensee, or a director, officer, partner, governor, person in a supervisory or management position of the applicant or licensee, an employee eligible to make sales on behalf of the applicant or licensee, or direct or indirect holder of more than a five percent financial interest in the applicant or licensee:

(1) has violated or failed to comply with any provision of this chapter or chapter 297E or 299L, or any rule adopted or order issued thereunder;

(2) has filed an application for a license that is incomplete in any material respect, or contains a statement that, in light of the circumstances under which it was made, is false, misleading, fraudulent, or a misrepresentation;

(3) has made a false statement in a document or report required to be submitted to the board or the commissioner of revenue, or has made a false statement to the board, the compliance review group, or the director;

(4) has been convicted of a crime in another jurisdiction that would be a felony if committed in Minnesota;

(5) is permanently or temporarily enjoined by any gambling regulatory agency from engaging in or continuing any conduct or practice involving any aspect of gambling;

(6) has had a gambling-related license revoked or suspended, or has paid or been required to pay a monetary penalty of $2,500 or more, by a gambling regulator in another state or jurisdiction;

(7) has been the subject of any of the following actions by the director of alcohol and gambling enforcement or commissioner of public safety: (i) had a license under chapter 299L denied, suspended, or revoked, (ii) been censured, reprimanded, has paid or been required to pay a monetary penalty or fine, or (iii) has been the subject of any other discipline by the director or commissioner;

(8) has engaged in conduct that is contrary to the public health, welfare, or safety, or to the integrity of gambling; or

(9) based on past activities or criminal record poses a threat to the public interest or to the effective regulation and control of gambling, or creates or enhances the dangers of unsuitable, unfair, or illegal practices, methods, and activities in the conduct of gambling or the carrying on of the business and financial arrangements incidental to the conduct of gambling.

(b) The revocation or suspension of an organization’s license may not exceed a period of ten years, including any revocation or suspension imposed by the board prior to the effective date of this paragraph, except that:

(1) any prohibition placed by the board on who may be involved in the conduct, oversight, or management of the revoked organization’s lawful gambling activity is permanent; and

(2) a revocation or suspension will remain in effect until any taxes, fees, and fines that are delinquent have been paid by the organization to the satisfaction of the board.

Sec. 37. Minnesota Statutes 2010, section 349.161, subdivision 1, is amended to read:

Subdivision 1. Prohibited acts; licenses required. (a) No person may:

(1) sell, offer for sale, or furnish gambling equipment for use within the state other than for lawful gambling exempt or excluded from licensing, except to an organization licensed for lawful gambling:
(2) sell, offer for sale, or furnish gambling equipment for use within the state without having obtained a distributor license or a distributor salesperson license under this section except that an organization authorized to conduct bingo by the board may loan bingo hard cards and devices for selecting bingo numbers to another organization authorized to conduct bingo and a linked bingo game provider may provide electronic bingo devices for linked electronic bingo games:

(3) sell, offer for sale, or furnish gambling equipment for use within the state that is not purchased or obtained from a manufacturer or distributor licensed under this chapter; or

(4) sell, offer for sale, or furnish gambling equipment for use within the state that has the same serial number as another item of gambling equipment of the same type sold or offered for sale or furnished for use in the state by that distributor.

(b) No licensed distributor salesperson may sell, offer for sale, or furnish gambling equipment for use within the state without being employed by a licensed distributor or owning a distributor license.

(c) No distributor or distributor salesperson may also be licensed as a linked bingo game provider under section 349.1635.

Sec. 38. Minnesota Statutes 2010, section 349.161, subdivision 5, is amended to read:

Subd. 5. Prohibition. (a) No distributor, distributor salesperson, or other employee of a distributor, may also be a wholesale distributor of alcoholic beverages or an employee of a wholesale distributor of alcoholic beverages.

(b) No distributor, distributor salesperson, or any representative, agent, affiliate, or other employee of a distributor, may: (1) be involved in the conduct of lawful gambling by an organization; (2) keep or assist in the keeping of an organization's financial records, accounts, and inventories; or (3) prepare or assist in the preparation of tax forms and other reporting forms required to be submitted to the state by an organization.

(c) No distributor, distributor salesperson, or any representative, agent, affiliate, or other employee of a distributor may provide a lessor of gambling premises any compensation, gift, gratuity, premium, or other thing of value.

(d) No distributor, distributor salesperson, or any representative, agent, affiliate, or other employee of a distributor may provide an employee or agent of the organization any compensation, gift, gratuity, premium, or other thing of value greater than $25 per organization in a calendar year.

(e) No distributor, distributor salesperson, or any representative, agent, affiliate, or other employee of a distributor may participate in any gambling activity at any gambling site or premises where gambling equipment purchased or leased from that distributor or distributor salesperson is being used in the conduct of lawful gambling.

(f) No distributor, distributor salesperson, or any representative, agent, affiliate, or other employee of a distributor may alter or modify any gambling equipment, except to add a "last ticket sold" prize sticker for a paper pull-tab game.

(g) No distributor, distributor salesperson, or any representative, agent, affiliate, or other employee of a distributor may: (1) recruit a person to become a gambling manager of an organization or identify to an organization a person as a candidate to become gambling manager for the organization; or (2) identify for an organization a potential gambling location.

(h) No distributor or distributor salesperson may purchase or lease gambling equipment for resale or lease to a person for use within the state from any person not licensed as a manufacturer under section 349.163, except for gambling equipment returned from an organization licensed under section 349.16, or exempt or excluded from licensing under section 349.166.
(i) No distributor or distributor salesperson may sell gambling equipment, except gambling equipment identified as a promotional ticket, to any person for use in Minnesota other than (i) a licensed organization or organization excluded or exempt from licensing, or (ii) the governing body of an Indian tribe.

(j) No distributor or distributor salesperson may sell or otherwise provide a pull-tab or tipboard deal with the symbol required by section 349.163, subdivision 5, paragraph (d), visible on the flare to any person other than in Minnesota to a licensed organization or organization exempt from licensing.

Sec. 39. Minnesota Statutes 2010, section 349.162, subdivision 5, is amended to read:

Subd. 5. Sales from facilities. (a) All gambling equipment purchased or possessed by a licensed distributor for resale or lease to any person for use in Minnesota must, prior to the equipment's resale or lease, be unloaded into a storage facility located in Minnesota which the distributor owns or leases; and which has been registered, in advance and in writing, with the Division of Alcohol and Gambling Enforcement as a storage facility of the distributor. All unregistered gambling equipment and all unaflixed registration stamps owned by, or in the possession of, a licensed distributor in the state of Minnesota shall be stored at a storage facility which has been registered with the Division of Alcohol and Gambling Enforcement. No gambling equipment may be moved from the facility unless the gambling equipment has been first registered with the board or the Department of Revenue. A distributor must notify the board of the method that it will use to sell and transfer electronic pull-tab games to licensed organizations, and must receive approval of the board before implementing or making changes to the approved method.

(b) Notwithstanding section 349.163, subdivisions 5, 6, and 8, a licensed manufacturer may ship into Minnesota approved or unapproved gambling equipment if the licensed manufacturer ships the gambling equipment to a Minnesota storage facility that is: (1) owned or leased by the licensed manufacturer; and (2) registered, in advance and in writing, with the Division of Alcohol and Gambling Enforcement as a manufacturer's storage facility. No gambling equipment may be shipped into Minnesota to the manufacturer's registered storage facility unless the shipment of the gambling equipment is reported to the Department of Revenue in a manner prescribed by the department. No gambling equipment may be moved from the storage facility unless the gambling equipment is sold to a licensed distributor and is otherwise in conformity with this chapter, is shipped to an out-of-state site and the shipment is reported to the Department of Revenue in a manner prescribed by the department, or is otherwise sold and shipped as permitted by board rule. A manufacturer must notify the board of the method that it will use to sell and transfer electronic pull-tab games to licensed distributors, and must receive approval of the board before implementing or making changes to the approved method.

(c) All storage facilities owned, leased, used, or operated by a licensed distributor or manufacturer may be entered upon and inspected by the employees of the Division of Alcohol and Gambling Enforcement, the Division of Alcohol and Gambling Enforcement director's authorized representatives, employees of the Gambling Control Board or its authorized representatives, employees of the Department of Revenue, or authorized representatives of the director of the Division of Special Taxes of the Department of Revenue during reasonable and regular business hours. Obstruction of, or failure to permit, entry and inspection is cause for revocation or suspension of a manufacturer's or distributor's licenses and permits issued under this chapter.

(d) Unregistered gambling equipment found at any location in Minnesota other than the manufacturing plant of a licensed manufacturer or a registered storage facility are contraband under section 349.2125. This paragraph does not apply:

(1) to unregistered gambling equipment being transported in interstate commerce between locations outside this state, if the interstate shipment is verified by a bill of lading or other valid shipping document; and

(2) to gambling equipment registered with the Department of Revenue for distribution to the tribal casinos.
Sec. 40. Minnesota Statutes 2010, section 349.163, subdivision 1, is amended to read:

Subdivision 1. License required. No manufacturer of gambling equipment may sell any gambling equipment to any person for use or resale within the state, unless the manufacturer has a current and valid license issued by the board under this section and has satisfied other criteria prescribed by the board by rule. A manufacturer licensed under this section may also be licensed as a linked bingo game provider under section 349.1635.

A manufacturer licensed under this section may not also be directly or indirectly licensed as a distributor under section 349.161.

Sec. 41. Minnesota Statutes 2010, section 349.163, subdivision 5, is amended to read:

Subd. 5. Paper pull-tab and tipboard flares. (a) A manufacturer may not ship or cause to be shipped into this state or sell for use or resale in this state any deal of paper pull-tabs or tipboards that does not have its own individual flare as required for that deal by this subdivision and rule of the board. A person other than a manufacturer may not manufacture, alter, modify, or otherwise change a flare for a deal of paper pull-tabs or tipboards except as allowed by this chapter or board rules.

(b) The flare of each paper pull-tab and tipboard game must have affixed to or imprinted at the bottom a bar code that provides all information required by the commissioner of revenue under section 297E.04, subdivision 2.

The serial number included in the bar code must be the same as the serial number of the tickets included in the deal. A manufacturer who manufactures a deal of paper pull-tabs must affix to the outside of the box containing that game the same bar code that is affixed to or imprinted at the bottom of a flare for that deal.

(c) No person may alter the bar code that appears on the outside of a box containing a deal of paper pull-tabs and tipboards. Possession of a box containing a deal of paper pull-tabs and tipboards that has a bar code different from the bar code of the deal inside the box is prima facie evidence that the possessor has altered the bar code on the box.

(d) The flare of each deal of paper pull-tabs and tipboards sold by a manufacturer for use or resale in Minnesota must have imprinted on it a symbol that is at least one inch high and one inch wide consisting of an outline of the geographic boundaries of Minnesota with the letters "MN" inside the outline. The flare must be placed inside the wrapping of the deal which the flare describes.

(e) Each paper pull-tab and tipboard flare must bear the following statement printed in letters large enough to be clearly legible:

"Pull-tab (or tipboard) purchasers -- This pull-tab (or tipboard) game is not legal in Minnesota unless:

-- an outline of Minnesota with letters "MN" inside it is imprinted on this sheet, and

-- the serial number imprinted on the bar code at the bottom of this sheet is the same as the serial number on the pull-tab (or tipboard) ticket you have purchased."

(f) The flare of each paper pull-tab and tipboard game must have the serial number of the game imprinted on the bar code at the bottom of the flare in numerals at least one-half inch high.

Sec. 42. Minnesota Statutes 2010, section 349.163, subdivision 6, is amended to read:

Subd. 6. Samples of gambling equipment. (a) The board shall require each licensed manufacturer to submit to the board one or more samples of each item of gambling equipment the manufacturer manufactures manufactured for use or resale in this state. For purposes of this subdivision, a manufacturer is also required to submit the applicable version of any software necessary to operate electronic devices and related systems.
(b) The board shall inspect and test all the equipment, including software and software upgrades, it deems necessary to determine the equipment's compliance with law and board rules. Samples required under this subdivision must be approved by the board before the equipment being sampled is shipped into or sold for use or resale in this state. The board shall impose a fee of $25 for each item of gambling equipment that the manufacturer submits for approval or for which the manufacturer requests approval. The board shall impose a fee of $100 for each sample of gambling equipment that it tests.

(c) The board may require samples of gambling equipment to be tested by an independent testing laboratory prior to submission to the board for approval. All costs of testing by an independent testing laboratory must be borne by the manufacturer. An independent testing laboratory used by a manufacturer to test samples of gambling equipment must be approved by the board before the equipment is submitted to the laboratory for testing.

(d) The board may request the assistance of the commissioner of public safety and the director of the State Lottery in performing the tests.

Sec. 43. Minnesota Statutes 2010, section 349.1635, subdivision 2, is amended to read:

Subd. 2. License application. The board may issue a license to a linked bingo game provider or to a manufacturer licensed under section 349.163 who meets the qualifications of this chapter and the rules promulgated by the board. The application shall be on a form prescribed by the board. The license is valid for two years and the fee for a linked bingo game provider license is $5,000 per year.

Sec. 44. Minnesota Statutes 2010, section 349.1635, subdivision 3, is amended to read:

Subd. 3. Attachments to application. An applicant for a linked bingo game provider license must attach to its application:

(1) evidence of a bond in the principal amount of $100,000 payable to the state of Minnesota conditioned on the payment of all linked bingo prizes and any other money due and payable under this chapter;

(2) detailed plans and specifications for the operation of the linked bingo game and the linked bingo system, along with a proposed fee schedule for the cost of providing services and equipment to licensed organizations which may not exceed 15 percent of gross profits, unless a higher percentage, not to exceed 20 percent, is authorized by the board. The fee schedule must incorporate costs paid to distributors for services provided under subdivision 5; and

(3) any other information required by the board by rule.

Sec. 45. Minnesota Statutes 2010, section 349.1635, is amended by adding a subdivision to read:

Subd. 5. Linked bingo game services requirements. (a) A linked bingo game provider must contract with licensed distributors for linked bingo game services including, but not limited to, the solicitation of agreements with licensed organizations, and installation, repair, or maintenance of the linked bingo game system.

(b) A distributor may not charge a fee to licensed organizations for services authorized and rendered under paragraph (a).

(c) A linked bingo game provider may not contract with any distributor on an exclusive basis.

(d) A linked bingo game provider may refuse to contract with a licensed distributor if the linked bingo game provider demonstrates that the licensed distributor is not capable of performing the services under the contract.
Sec. 46. Minnesota Statutes 2010, section 349.165, subdivision 2, is amended to read:

Subd. 2. **Contents of application.** An application for a premises permit must contain:

(1) the name and address of the applying organization;

(2) a description of the site for which the permit is sought, including its address and, where applicable, its placement within another premises or establishment;

(3) if the site is leased, the name and address of the lessor and information about the lease the board requires, including all rents and other charges for the use of the site. The lease term is concurrent with the term of the premises permit. The lease must contain a 30-day termination clause. No lease is required for the conduct of a raffle; and

(4) other information the board deems necessary to carry out its purposes.

An organization holding a premises permit must notify the board in writing within ten days whenever any material change is made in the above information.

Sec. 47. Minnesota Statutes 2010, section 349.17, subdivision 6, is amended to read:

Subd. 6. **Conduct of bingo.** The price of a face played on an electronic bingo device may not be less than the price of a face on a bingo paper sheet sold for the same game at the same occasion. A game of bingo begins with the first letter and number called or displayed. Each player must cover, mark, or activate the numbers when bingo numbers are randomly selected, and announced, and or displayed to the players, either manually or with a flashboards and monitor. The game is won when a player, using bingo paper, bingo hard card, or a facsimile of a bingo paper sheet, has completed, as described in the bingo program, a previously designated pattern or previously determined requirements of the game and declared bingo. The game is completed when a winning card, sheet, or facsimile is verified and a prize awarded pursuant to subdivision 3.

Sec. 48. Minnesota Statutes 2010, section 349.17, subdivision 7, is amended to read:

Subd. 7. **Bar bingo.** An organization may conduct bar bingo subject to the following restrictions:

(1) the bingo is conducted at a site the organization owns or leases and which has a license for the sale of intoxicating beverages on the premises under chapter 340A; and

(2) the bingo is conducted using only bingo paper sheets or facsimiles of bingo paper sheets purchased from a licensed distributor or licensed linked bingo game provider; and

(3) no rent may be paid for a bar bingo occasion.

Sec. 49. Minnesota Statutes 2010, section 349.17, subdivision 8, is amended to read:

Subd. 8. **Linked bingo games.** (a) A licensed organization may conduct or participate in not more than two linked bingo games per occasion, one of which may be a, including progressive game games in which a portion of the prize is carried over from one occasion game to another until won by a player achieving a valid bingo within a predetermined amount of bingo numbers called based upon a predetermined and posted win determination.
(b) Each participating licensed organization shall contribute to each prize awarded in a linked bingo game in an amount not to exceed $300. Linked bingo games may only be conducted by licensed organizations who have a valid agreement with the linked bingo game provider.

(c) An electronic bingo device as defined in section 349.12, subdivision 12a, may be used for a linked bingo game.

(d) The board may adopt rules to:

1. specify the manner in which a linked bingo game must be played and how the linked bingo prizes must be awarded;
2. specify the records to be maintained by a linked bingo game provider;
3. require the submission of periodic reports by the linked bingo game provider and specify the content of the reports;
4. establish the qualifications required to be licensed as a linked bingo game provider; and
5. any other matter involving the operation of a linked bingo game.

Sec. 50. Minnesota Statutes 2010, section 349.17, is amended by adding a subdivision to read:

Subd. 9. Linked bingo games played exclusively on electronic bingo devices. In addition to the requirements of subdivision 8, the following requirements and restrictions apply when linked bingo games are played exclusively on electronic bingo devices.

(a) The permitted premises must be:

1. a premises licensed for the on-sale or off-sale of intoxicating liquor or 3.2 percent malt beverages, except for a general food store or drug store permitted to sell alcoholic beverages under section 340A.405, subdivision 1; or
2. a premises where bingo is conducted as the primary business and has a seating capacity of at least 100.

(b) The number of electronic bingo devices is limited to:

1. no more than six devices in play for permitted premises with 200 seats or less;
2. no more than 12 devices in play for permitted premises with 201 seats or more; and
3. no more than 50 devices in play for permitted premises where bingo is the primary business.

Seating capacity is determined as specified under the local fire code.

(c) Prior to a bingo occasion, the linked bingo game provider, on behalf of the participating organizations, must provide to the board a bingo program in a format prescribed by the board.

(d) Before participating in the play of a linked bingo game, a player must present and register a valid picture identification card that includes the player’s address and date of birth.

(e) An organization may remove from play a device that a player has not maintained in an activated mode for a specified period of time determined by the organization. The organization must provide the notice in its house rules.
Sec. 51. Minnesota Statutes 2010, section 349.1711, subdivision 1, is amended to read:

Subdivision 1. Sale of tickets. (a) Tipboard games must be played using only tipboard tickets that are either (1) attached to a placard and arranged in columns or rows, or (2) separate from the placard and contained in a receptacle while the game is in play. The placard serves as the game flare.

(b) Except for a sports-themed tipboard, the placard must contain a seal that conceals the winning number or symbol. When a tipboard ticket is purchased and opened from a game containing more than 32 tickets, each player having a tipboard ticket with one or more predesignated numbers or symbols must sign the placard at the line indicated by the number or symbol on the tipboard ticket.

Sec. 52. Minnesota Statutes 2010, section 349.1711, subdivision 2, is amended to read:

Subd. 2. Determination of winners. When the predesignated numbers or symbols have all been purchased, or all of the tipboard tickets for that game have been sold, the seal must be removed to reveal a number or symbol that determines which of the predesignated numbers or symbols is the winning number or symbol. A tipboard may also contain consolation winners, or winning chances that are determined in whole or in part by the numerical outcome of one or more professional sporting events, that need not be determined by the use of the seal.

Sec. 53. Minnesota Statutes 2010, section 349.1721, is amended to read:

### 349.1721 CONDUCT OF PULL-TABS.

Subdivision 1. Cumulative or carryover games. The board shall by rule permit pull-tab games with multiple seals. The board shall also adopt rules for pull-tab games with cumulative or carryover prizes. The rules shall also apply to electronic pull-tab games.

Subd. 2. Event games. The board shall by rule permit pull-tab games in which certain winners are determined by the random selection of one or more bingo numbers or by another method approved by the board. The rules shall also apply to electronic pull-tab games.

Subd. 3. Pull-tab dispensing device location restrictions and requirements. The following pertain to pull-tab dispensing devices as defined under section 349.12, subdivision 32a.

(a) The use of any pull-tab dispensing device must be at a permitted premises which is:

(1) a licensed premises for on-sale of intoxicating liquor or 3.2 percent malt beverages;

(2) a premises where bingo is conducted as the primary business; or

(3) an establishment licensed for the off-sale of intoxicating liquor, other than drug stores and general food stores licensed under section 340A.405, subdivision 1.

(b) The number of pull-tab dispensing devices located at any permitted premises is limited to three.

Subd. 4. Electronic pull-tab device requirements and restrictions. The following pertain to the use of electronic pull-tab devices as defined under section 349.12, subdivision 12b.

(a) The use of any electronic pull-tab device may only be at a permitted premises that is:
(1) a premises licensed for the on-sale or off-sale of intoxicating liquor or 3.2 percent malt beverages, except for a general food store or drug store permitted to sell alcoholic beverages under section 340A.405, subdivision 1; or

(2) a premises where bingo is conducted as the primary business and has a seating capacity of at least 100; and

(3) where the licensed organization sells paper pull-tabs.

(b) The number of electronic pull-tab devices is limited to:

(1) no more than six devices in play at any permitted premises with 200 seats or less;

(2) no more than 12 devices in play at any permitted premises with 201 seats or more; and

(3) no more than 50 devices in play at any permitted premises where the primary business is bingo.

Seating capacity is determined as specified under the local fire code.

(c) The hours of operation for the devices are limited to 8:00 a.m. to 2:00 a.m.

(d) All electronic pull-tab games must be sold and played on the permitted premises and may not be linked to other permitted premises.

(e) Electronic pull-tab games may not be transferred electronically or otherwise to any other location by the licensed organization.

(f) Electronic pull-tab games may be commingled if the games are from the same family of games and manufacturer and contain the same game name, form number, type of game, ticket count, prize amounts, and prize denominations. Each commingled game must have a unique serial number.

(g) An organization may remove from play a device that a player has not maintained in an activated mode for a specified period of time determined by the organization. The organization must provide the notice in its house rules.

(h) Before participating in the play of an electronic pull-tab game, a player must present and register a valid picture identification card that includes the player's address and date of birth.

(i) Each player is limited to the use of one device at a time.

Subd. 5. Multiple chance games. The board may permit pull-tab games in which the holders of certain predesignated winning tickets, with a prize value not to exceed $75 each, have the option of turning in the winning tickets for the chance to win a prize of greater value.

Sec. 54. Minnesota Statutes 2010, section 349.18, subdivision 1, is amended to read:

Subdivision 1. Lease or ownership required; rent limitations. (a) An organization may conduct lawful gambling only on premises it owns or leases. Leases must be on a form prescribed by the board. The term of the lease is concurrent with the premises permit. Leases approved by the board must specify that the board may authorize an organization to withhold rent from a lessor for a period of up to 90 days if the board determines that illegal gambling occurred on the premises or that the lessor or its employees participated in the illegal gambling or knew of the gambling and did not take prompt action to stop the gambling. The lease must authorize the continued tenancy of the organization without the payment of rent during the time period determined by the board under this paragraph. Copies of all leases must be made available to employees of the board and the Division of Alcohol and Gambling Enforcement on request.
(b) Rent paid by an organization for leased premises for the conduct of pull-tabs, tipboards, and paddle wheels lawful gambling is subject to the following limits and restrictions:

(1) For booth operations, including booth operations where a pull-tab dispensing device is located, booth operations where a bar operation is also conducted, and booth operations where both a pull-tab dispensing device is located and a bar operation is also conducted, the maximum rent is: monthly rent may not exceed ten percent of gross profits for that month. Total rent paid to a lessor from all organizations from leases governed by this clause may not exceed $1,750 per month.

(i) in any month where the organization's gross profit at those premises does not exceed $4,000, up to $400; and

(ii) in any month where the organization's gross profit at those premises exceeds $4,000, up to $400 plus not more than ten percent of the gross profit for that month in excess of $4,000;

(2) For bar operations, including bar operations where a pull-tab dispensing device is located but not including bar operations subject to clause (1), and for locations where only a pull-tab dispensing device is located: monthly rent may not exceed:

(i) 15 percent of the gross profits for that month from pull-tabs sold from a pull-tab dispensing device, electronic pull-tab games, and electronic linked bingo games; and

(ii) more than 20 percent of gross profits from all other forms of lawful gambling.

(i) in any month where the organization's gross profit at those premises does not exceed $1,000, up to $200; and

(ii) in any month where the organization's gross profit at those premises exceeds $1,000, up to $200 plus not more than 20 percent of the gross profit for that month in excess of $1,000;

(3) a lease not governed by clauses (1) and (2) must be approved by the board before becoming effective. For electronic linked bingo games and electronic pull-tab games that are operated for separate time periods within a business day by an organization and the lessor, monthly rent may not be more than:

(i) 15 percent of the gross profits for that month for the time periods operated by the lessor. The lessor is responsible for cash shortages that occur during the time periods the games are operated by the lessor; and

(ii) ten percent of gross profits for that month for the time periods operated by the organization. The organization is responsible for cash shortages that occur during the time periods the games are operated by the organization.

(4) total rent paid to a lessor from all organizations from leases governed by clause (1) may not exceed $1,750 per month.

(e) Rent paid by an organization for leased premises for the conduct of bingo is subject to either of the following limits at the option of the parties to the lease:

(4) For bingo conducted at a leased premises where the primary business is bingo, rent is limited to either not more than ten percent of the monthly gross profit from all lawful gambling activities held during bingo occasions, excluding bar bingo or at a rate based on a cost per square foot not to exceed 110 percent of a comparable cost per square foot for leased space as approved by the director; and

(2) No rent may be paid for bar bingo as defined in section 349.12, subdivision 3c.

(6) A lease not governed by clauses (1) to (5) must be approved by the director before becoming effective.
Amounts paid as rent under leases are all-inclusive. No other services or expenses provided or contracted by the lessor may be paid by the organization, including, but not limited to, trash removal, janitorial and cleaning services, snow removal, lawn services, electricity, heat, security, security monitoring, storage, and other utilities or services, and, in the case of bar operations, cash shortages, unless approved by the director. The lessor shall be responsible for the cost of any communications network or service required to conduct electronic pull-tab games or electronic bingo games. Any other expenditure made by an organization that is related to a leased premises must be approved by the director. For bar operations, the lessor is responsible for cash shortages. An organization may not provide any compensation or thing of value to a lessor or the lessor’s employees from any fund source other than its gambling account. Rent payments may not be made to an individual.

Notwithstanding paragraph (b), an organization may pay a lessor for food or beverages or meeting room rental if the charge made is comparable to similar charges made to other individuals or groups.

No entity other than the A licensed organization may not conduct any activity within a booth operation on behalf of the lessor on a leased premises.

Sec. 55. Minnesota Statutes 2010, section 349.19, subdivision 2, is amended to read:

Subd. 2. Accounts. (a) Gross receipts from lawful gambling by each organization must be segregated from all other revenues of the conducting organization and placed in a separate gambling bank account.

(b) All expenditures for allowable expenses, taxes, and lawful purposes must be made from the separate account except (1) in the case of expenditures previously approved by the organization’s membership for emergencies as defined by board rule, (2) as provided in subdivision 2a, or (3) when restricted to one electronic fund transaction for the payment of taxes for the organization as a whole, the organization may transfer the amount of taxes related to the conduct of gambling to the general account at the time when due and payable.

(c) The name and address of the bank, the account number for the separate account, and the names of organization members authorized as signatories on the separate account must be provided to the board when the application is submitted. Changes in the information must be submitted to the board at least ten days before the change is made.

(d) Except for gambling receipts from electronic pull-tab games and linked electronic bingo games, gambling receipts must be deposited into the gambling bank account within four business days of completion of the bingo occasion, deal, or game from which they are received.

(1) A deal of paper pull-tabs is considered complete when either the last pull-tab of the deal is sold or the organization does not continue the play of the deal during the next scheduled period of time in which the organization will conduct pull-tabs.

(2) A tipboard game is considered complete when the seal on the game flare is uncovered or the organization does not continue the play of the deal during the next scheduled period of time in which the organization will conduct tipboards.

(e) Gambling receipts from all electronic pull-tab games and all linked electronic bingo games must be recorded on a daily basis and deposited into the gambling bank account within two business days.

(f) Deposit records must be sufficient to allow determination of deposits made from each bingo occasion, deal, or game at each permitted premises.
The person who accounts for gambling gross receipts and profits may not be the same person who accounts for other revenues of the organization.

Sec. 56. Minnesota Statutes 2010, section 349.19, subdivision 3, is amended to read:

Subd. 3. Expenditures. (a) All expenditures of gross profits from lawful gambling must be itemized as to payee, purpose, amount, and date of payment.

(b) Each licensed organization must report monthly to the board on a form in an electronic format prescribed by the board each expenditure or contribution of net profits from lawful gambling. The reports must provide for each expenditure or contribution:

(1) the name of the recipient of the expenditure or contribution;

(2) the date the expenditure or contribution was approved by the organization;

(3) the date, amount, and check number or electronic transfer confirmation number of the expenditure or contribution;

(4) a brief description of how the expenditure or contribution meets one or more of the purposes in section 349.12, subdivision 25; and

(5) in the case of expenditures authorized under section 349.12, subdivision 25, paragraph (a), clause (7), whether the expenditure is for a facility or activity that primarily benefits male or female participants.

(c) Authorization of the expenditures must be recorded in the monthly meeting minutes of the licensed organization.

(d) Checks or authorizations for electronic fund transfers for expenditures of gross profits must be signed by at least two persons authorized by board rules to sign the checks or authorizations.

(e) Expenditures of gross profits from lawful gambling for local, state, and federal taxes as identified in section 349.12, subdivision 25, paragraph (a), clause (8), may be transferred electronically from the organization's gambling account directly to bank accounts identified by local, state, or federal agencies if the organization's gambling account monthly bank statement specifically identifies the payee by name, the amount transferred, and the date of the transaction.

(f) Expenditures of gross profits from lawful gambling for payments for lawful purpose expenditures and allowable expenses may be transferred electronically from the organization's gambling account directly to bank accounts identified by the vendor if the organization's gambling account monthly bank statement specifically identifies the payee by name, the amount transferred, the account number of the account into which the funds were transferred, and the date of the transaction.

(g) Expenditures of gross profits from lawful gambling for payroll compensation to an employee's account and for the payment of local, state, and federal withholding taxes may be transferred electronically to and from the account of a payroll processing firm provided that the firm:

(1) is currently registered with and meets the criteria of the Department of Revenue as a third-party bulk filer under section 290.92, subdivision 30;

(2) is able to provide proof of a third-party audit and an annual report and statement of financial condition;
(3) is able to provide evidence of a fidelity bond; and

(4) can provide proof of having been in business as a third-party bulk filer for the most recent three years.

(h) Electronic payments of taxes, lawful purpose expenditures, and allowable expenses are permitted only if they have been authorized by the membership, the organization maintains supporting documentation, and the expenditures can be verified.

**EFFECTIVE DATE.** This section is effective July 1, 2012.

Sec. 57. Minnesota Statutes 2010, section 349.19, subdivision 5, is amended to read:

Subd. 5. **Reports.** (a) A licensed organization must report monthly to the Department of Revenue board in an electronic format prescribed by the board and to its membership, or quarterly in the case of a licensed organization which does not report more than $1,000 in gross receipts from lawful gambling in any calendar quarter, on its gross receipts, expenses, profits, and expenditure of profits from lawful gambling for each permitted premises. The organization must account for and report on each form of lawful gambling conducted. The report organization must include a reconciliation of the organization’s profit carryover with its cash balance on hand. If the organization conducts both bingo and other forms of lawful gambling, the figures for both must be reported separately.

(b) The organization must report annually to its membership and annually file with the board a financial summary report in a format prescribed by the board that identifies the organization’s receipts and use of lawful gambling proceeds, including:

(1) gross receipts;

(2) prizes paid;

(3) allowable expenses;

(4) lawful purpose expenditures, including annual totals for types of charitable contributions and all taxes and fees as per section 349.12, subdivision 25, paragraph (a), clauses (8) and (18);

(5) the percentage of annual gross profits used for charitable contributions; and

(6) the percentage of annual gross profits used for all taxes and fees as per section 349.12, subdivision 25, paragraph (a), clauses (8) and (18).

**EFFECTIVE DATE.** This section is effective July 1, 2012.

Sec. 58. Minnesota Statutes 2010, section 349.19, subdivision 10, is amended to read:

Subd. 10. **Pull-tab records.** (a) The board shall by rule require a licensed organization to require each winner of a paper pull-tab prize of $50 or more to present identification in the form of a driver's license, Minnesota identification card, or other identification the board deems sufficient to allow the identification and tracking of the winner. The rule must require the organization to retain winning paper pull-tabs of $50 or more, and the identification of the winner of the pull-tab, for 3-1/2 years.

(b) An organization must maintain separate cash banks for each deal of paper pull-tabs unless (1) the licensed organization uses a pull-tab dispensing device, or (2) the organization uses a cash register, of a type approved by the board, which records all sales of paper pull-tabs by separate deals.
(c) The board shall:

(1) by rule adopt minimum technical standards for cash registers that may be used by organizations, and shall approve for use by organizations any cash register that meets the standards; and

(2) before allowing an organization to use a cash register that commingles receipts from several different paper pull-tab games in play, adopt rules that define how cash registers may be used and that establish a procedure for organizations to reconcile all pull-tab games in play at the end of each month.

Sec. 59. Minnesota Statutes 2010, section 349.211, subdivision 1a, is amended to read:

Subd. 1a. **Linked bingo prizes.** Prizes for a linked bingo game shall be limited as follows:

(1) no organization may contribute more than $300 per linked bingo game to a linked bingo prize pool for linked bingo games played without electronic bingo devices, an organization may not contribute to a linked bingo game prize pool more than $300 per linked bingo game per site;

(2) for linked bingo games played exclusively with electronic bingo devices, an organization may not contribute more than 85 percent of the gross receipts per permitted premises to a linked bingo game prize pool;

(3) no organization may award more than $200 for a linked bingo game consolation prize. For purposes of this subdivision, a linked bingo game consolation prize is a prize awarded by an organization after a prize from the linked bingo prize pool has been won; and

(4) for a progressive linked bingo game, if no player declares a valid bingo within the predetermined amount of bingo numbers called and posted win determination, a portion of the prize is gross receipts may be carried over to another occasion game until the accumulated progressive prize is won. The portion of the prize that is not carried over must be awarded to the first player or players who declares a valid bingo as additional numbers are called. If a valid bingo is declared within the predetermined amount of bingo numbers called, the entire prize pool for that game is awarded to the winner. The annual limit for progressive bingo game prizes contained in subdivision 2 must be reduced by the amount an organization contributes to progressive linked bingo games during the same calendar year; and

(5) for linked bingo games played exclusively with electronic bingo devices, linked bingo prizes in excess of $599 shall be paid by the linked bingo game provider to the player within three business days. Winners of linked bingo prizes in excess of $599 will be given a receipt or claim voucher as proof of a win.

Sec. 60. Minnesota Statutes 2010, section 349.211, subdivision 2c, is amended to read:

Subd. 2c. **Tipboard prizes.** (a) The maximum prize which may be awarded for a tipboard ticket is $599 for $2 and under tipboard tickets, $899 for $3 tipboard tickets, $1,199 for $4 tipboard tickets, and $1,499 for $5 tipboard tickets, not including any cumulative or carryover prizes. Cumulative or carryover prizes in tipboard games shall not exceed $2,500. An organization may not sell any tipboard ticket for more than $5.

(b) For sports-themed tipboards, the total prize payout may not exceed the amount in section 349.2113, and each chance or ticket may not be sold for more than $10.
Sec. 61. APPROPRIATION. 

$880,000 in fiscal year 2013 is appropriated from the lawful gambling regulation account in the special revenue fund to the Gambling Control Board for operating expenses related to the regulatory oversight of lawful gambling for electronic pull-tabs and electronic linked bingo.

Sec. 62. REPEALER.

Minnesota Statutes 2010, sections 297E.02, subdivision 4; 349.15, subdivision 3; and 349.19, subdivision 2a, are repealed.

EFFECTIVE DATE. This section is effective for games sold by a licensed distributor after June 30, 2012, and the commissioner of revenue retains the authority to issue refunds under Minnesota Statutes 2010, section 297E.02, subdivision 4, paragraph (d), for games sold before July 1, 2012.

Sec. 63. SEVERABILITY.

If any provision of this act is found to be invalid because it is in conflict with a provision of the Minnesota Constitution or the Constitution of the United States, or for any other reason, all other provisions of this act shall remain valid and any rights, remedies, and privileges that have been otherwise accrued by this act, shall remain in effect and may be proceeded with and concluded under this act.

Sec. 64. EFFECTIVE DATE.

Unless otherwise specifically provided, this act is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to gambling; modifying certain rates of tax on lawful gambling; providing for electronic linked bingo games, electronic pull-tab games, and sports-themed tipboard games; making clarifying, conforming, and technical changes; appropriating money; amending Minnesota Statutes 2010, sections 297E.01, subdivisions 7, 8, 9; 297E.02, subdivisions 1, 3, 6, 7, 10, 11, by adding a subdivision; 297E.13, subdivision 5; 349.12, subdivisions 3b, 3c, 5, 6a, 12a, 18, 25, 25b, 25c, 25d, 29, 31, 32, 34, 35, by adding subdivisions; 349.13; 349.151, subdivisions 4b, 4c, by adding subdivisions; 349.155, subdivisions 3, 4; 349.161, subdivisions 1, 5; 349.162, subdivision 5; 349.163, subdivisions 1, 5, 6; 349.1635, subdivisions 2, 3, by adding a subdivision; 349.165, subdivision 2; 349.17, subdivisions 6, 7, 8, by adding a subdivision; 349.1711, subdivisions 1, 2; 349.1721; 349.18, subdivision 1; 349.19, subdivisions 2, 3, 5, 10; 349.211, subdivisions 1a, 2c; repealing Minnesota Statutes 2010, sections 297E.02, subdivision 4; 349.15, subdivision 3; 349.19, subdivision 2a."

With the recommendation that when so amended the bill be re-referred to the Committee on Ways and Means without further recommendation.

The report was adopted.

SECOND READING OF SENATE BILLS

S. F. Nos. 230, 1755, 1922, 1933 and 1694 were read for the second time.
INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Greiling, Slocum, Davnie and Ward introduced:

H. F. No. 3007, A bill for an act relating to education; providing education in care and treatment settings; appropriating money; amending Minnesota Statutes 2010, sections 124D.68, subdivision 2; 125A.11, subdivision 2; 125A.20; 125A.515, subdivision 1; 245.4871, subdivision 10; Minnesota Statutes 2011 Supplement, section 126C.05, subdivision 1; proposing coding for new law as Minnesota Statutes, chapter 125E.

The bill was read for the first time and referred to the Committee on Education Reform.

Abeler; Murphy, E.; Gottwalt; Liebling; Norton; Sanders and Runbeck introduced:

H. F. No. 3008, A bill for an act relating to health; requiring screening of newborns for critical congenital heart disease; proposing coding for new law in Minnesota Statutes, chapter 144.

The bill was read for the first time and referred to the Committee on Health and Human Services Reform.

Wardlow, Hancock, Quam, Leidiger, Drazkowski, Buesgens and Franson introduced:

H. F. No. 3009, A bill for an act proposing an amendment to the Minnesota Constitution, article I, by adding a section; establishing a freedom of employment.

The bill was read for the first time and referred to the Committee on Commerce and Regulatory Reform.

MESSAGES FROM THE SENATE

The following message was received from the Senate:

Mr. Speaker:

I hereby announce the Senate refuses to concur in the House amendments to the following Senate File:

S. F. No. 1717, A bill for an act relating to labor and industry; making changes to the State Building Code; amending Minnesota Statutes 2010, sections 178.01; 178.03, subdivisions 3, 4; 178.05, subdivisions 1, 2; 178.06; 178.07; 178.08; 178.09, subdivisions 1, 2; 299F.011, by adding a subdivision; 326B.092, subdivisions 2, 7; 326B.103, subdivision 3; 326B.809; Minnesota Statutes 2011 Supplement, sections 326B.0981, subdivision 4;
The Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee:

Senators Miller, Michel and Tomassoni.

Said Senate File is herewith transmitted to the House with the request that the House appoint a like committee.

CAL R. LUDEMAN, Secretary of the Senate

LeMieur moved that the House accede to the request of the Senate and that the Speaker appoint a Conference Committee of 3 members of the House to meet with a like committee appointed by the Senate on the disagreeing votes of the two houses on S. F. No. 1717. The motion prevailed.

Dean moved that the House recess subject to the call of the Chair. The motion prevailed.

RECESS

RECONVENED

The House reconvened and was called to order by Speaker pro tempore Davids.

Peppin was excused between the hours of 12:20 p.m. and 2:10 p.m.

Rukavina was excused for the remainder of today's session.

MESSAGES FROM THE SENATE, Continued

The following message was received from the Senate:

Mr. Speaker:

I hereby announce the Senate refuses to concur in the House amendments to the following Senate File:

S. F. No. 2324, A bill for an act relating to occupational licensing; modifying electrical licenses; amending Minnesota Statutes 2010, sections 326B.31, subdivision 14, by adding subdivisions; 326B.33, subdivisions 17, 19, by adding a subdivision.
The Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee:

Senators Pederson, Miller and Tomassoni.

Said Senate File is herewith transmitted to the House with the request that the House appoint a like committee.

CAL R. LUDEMAN, Secretary of the Senate

Sanders moved that the House accede to the request of the Senate and that the Speaker appoint a Conference Committee of 3 members of the House to meet with a like committee appointed by the Senate on the disagreeing votes of the two houses on S. F. No. 2324. The motion prevailed.

The following Conference Committee Reports were received:

CONFERENCE COMMITTEE REPORT ON H. F. No. 2508

A bill for an act relating to public safety; aligning state-controlled substance schedules with federal controlled substance schedules; modifying the authority of the Board of Pharmacy to regulate controlled substances; providing for penalties; amending Minnesota Statutes 2010, section 152.02, as amended; Minnesota Statutes 2011 Supplement, section 152.027, subdivision 6.

April 17, 2012

The Honorable Kurt Zellers
Speaker of the House of Representatives

The Honorable Michelle L. Fischbach
President of the Senate

We, the undersigned conferees for H. F. No. 2508 report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H. F. No. 2508 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2010, section 152.02, as amended by Laws 2011, chapter 53, sections 4 and 5, is amended to read:

152.02 SCHEDULES OF CONTROLLED SUBSTANCES; ADMINISTRATION OF CHAPTER.

Subdivision 1. Five schedules. There are established five schedules of controlled substances, to be known as Schedules I, II, III, IV, and V. Such The schedules shall initially consist of the substances listed in this section by whatever official name, common or usual name, chemical name, or trade name designated.

Subd. 2. Schedule I. The following items are listed in Schedule I: (a) Schedule I consists of the substances listed in this subdivision.
(4) (b) Opiates. Unless specifically excepted or unless listed in another schedule, any of the following substances, including their analogs, isomers, esters, ethers, salts, and salts of isomers, esters, and ethers, unless specifically excepted, whenever the existence of the analogs, isomers, esters, ethers and salts is possible within the specific chemical designation:

(1) acetylmethadon;
(2) allylprodine;
(3) alphacetylmethadol (except levo-alphacetylmethadol, also known as levomethadyl acetate);
(4) alphameprodine;
(5) alphamethadol;
(6) alpha-methylfentanyl benzethidine;
(7) betacetylmethadol;
(8) betameprodine;
(9) betamethadol;
(10) betaprodine;
(11) clonitazene;
(12) dextromoramide; dextrorphan;
(13) diampromide;
(14) diethyliambutene;
(15) difenoxin;
(16) dimenoxadol;
(17) dimephetanol;
(18) dimethyliambutene;
(19) dioxaphetyl butyrate;
(20) dipipanone;
(21) ethylmethylthiambutene;
(22) etonitazene;
(23) etoxeridine;
(24) furfethidine;
(25) hydroxypethidine;
(26) ketobemidone;
(27) levomoramide;
(28) levophenacylmorphan;
(29) 3-methylfentanyl;
(30) acetyl-alpha-methylfentanyl;
(31) alpha-methylthiofentanyl;
(32) benzylfentanyl beta-hydroxyfentanyl;
(33) beta-hydroxy-3-methylfentanyl;
(34) 3-methylthiofentanyl;
(35) thenylfentanyl;
(36) thiofentanyl;
(37) para-fluorofentanyl;
(38) morpheridine;
(39) 1-methyl-4-phenyl-4-propionoxypiperidine;
(40) noracymethadol;
(41) norlevorphanol;
(42) normethadone;
(43) norpipanone;
(44) 1-(2-phenylethyl)-4-phenyl-4-acetoxy-piperidine (PEPAP);
(45) phenadoxone;
(46) phenampromide;
(47) phenomorphan;
(48) phenoperidine;
(49) piritramide;
(50) proheptazine;
(51) properidine;
(52) propiram;
(53) racemoramide;
(54) tilidine;
(55) trimeperidine.

(2) (c) Opium derivatives. Any of the following opium derivatives substances, their analogs, salts, isomers, and salts of isomers, unless specifically excepted or unless listed in another schedule, whenever the existence of the analogs, salts, isomers and salts of isomers is possible within the specific chemical designation:

(1) acetorphine;
(2) acetyldihydrocodeine; acetylcodone;
(3) benzylmorphine;
(4) codeine methylbromide;
(5) codeine-n-oxide;
(6) cyprenorphine;
(7) desomorphine;
(8) dihydromorphine;
(9) drotebanol;
(10) etorphine;
(11) heroin;
(12) hydromorphinol;
(13) methyldesorphine; methyldihydromorphine
(14) methyldihydromorphine;
(15) morphine methylbromide;
(16) morphine methylsulfonate;
(17) morphine-n-oxide;
(18) myrophine;
(19) nicocodeine;
(20) nicomorphine;
(21) normorphine;
(22) pholcodine;
(23) thebacon.

(4) (d) Hallucinogens. Any material, compound, mixture or preparation which contains any quantity of the following hallucinogenic substances, their analogs, salts, isomers (whether optical, positional, or geometric), and salts of isomers, unless specifically excepted or unless listed in another schedule, whenever the existence of the analogs, salts, isomers, and salts of isomers is possible:

- 3,4-methylenedioxyamphetamine (1) methylenedioxyamphetamine;
- 3,4-methylenedioxymethamphetamine (2) methylenedioxymethamphetamine;
- methylenedioxy-N-ethylamphetamine (MDEA);
- n-hydroxy-methylenedioxyamphetamine;
- 4-bromo-2,5-dimethoxyamphetamine (DOB);
- 2,5-dimethoxyamphetamine (2,5-DMA);
- 4-methoxyamphetamine;
- 5-methoxy-3, 4-methylenedioxyamphetamine;
- alpha-ethyltryptamine;
- bufotenine;
- diethyltryptamine;
- dimethyltryptamine;
- 3,4,5-trimethoxyamphetamine;
- 4-methyl-2, 5-dimethoxyamphetamine (DOM);
- ibogaine;
- lysergic acid diethylamide (LSD); marijuana;
- mescaline;
- parahexyl;
(19) N-ethyl-3-piperidyl benzilate;
(20) N-methyl-3-piperidyl benzilate;
(21) psilocybin;
(22) psilocyn;

Tetrahydrocannabinols: 1 (1-(2-thienyl) cyclohexyl) piperidine (23) tenocyclidine (TPCP or TCP);

(24) N-ethyl-1-phenyl-cyclohexylamine (PCE);
(25) 1-(1-phenylcyclohexyl) pyrrolidine (PCPy);
(26) 1-[1-(2-thienyl)cyclohexyl]-pyrrolidine (TCPy);
(27) 4-chloro-2,5-dimethoxyamphetamine (DOC);
(28) 4-ethyl-2,5-dimethoxyamphetamine (DOET);
(29) 4-iodo-2,5-dimethoxyamphetamine (DOI);
(30) 4-bromo-2,5-dimethoxyphenethylamine (2C-B);
(31) 4-chloro-2,5-dimethoxyphenethylamine (2C-C);
(32) 4-methyl-2,5-dimethoxyphenethylamine (2-C-D);

2,5-dimethoxy-4-ethylphenethylamine, also known as (33) 4-ethyl-2,5-dimethoxyphenethylamine (2C-E);
2,5-dimethoxy-4-iodophenethylamine, also known as (34) 4-iodo-2,5-dimethoxyphenethylamine (2C-I);
(35) 4-propyl-2,5-dimethoxyphenethylamine (2C-P);
(36) 4-isopropylthio-2,5-dimethoxyphenethylamine (2C-T-4);
(37) 4-propylthio-2,5-dimethoxyphenethylamine (2C-T-7);
(38) 2-(8-bromo-2,3,6,7-tetrahydrofuro [2,3-fl]benzofuran-4-yl)ethanamine (2-CB-FLY);
(39) bromo-benzodifuranyl-isopropylamine (Bromo-DragonFLY);
(40) alpha-methyltryptamine (AMT);
(41) N,N-diisopropyltryptamine (DiPT);
(42) 4-acetoxy-N,N-dimethyltryptamine (4-AcO-DMT);
(43) 4-acetoxy-N,N-diethyltryptamine (4-AcO-DET);
(44) 4-hydroxy-N-methyl-N-propyltryptamine (4-HO-MPT);
(45) 4-hydroxy-N,N-dipropyltryptamine (4-HO-DPT);
(46) 4-hydroxy-N,N-diallyltryptamine (4-HO-DALT);
(47) 4-hydroxy-N,N-diisopropyltryptamine (4-HO-DiPT);
(48) 5-methoxy-N,N-diisopropyltryptamine (5-MeO-DiPT);
(49) 5-methoxy-α-methyltryptamine (5-MeO-AMT);
(50) 5-methoxy-N,N-dimethyltryptamine (5-MeO-DMT);
(51) 5-methylthio-N,N-dimethyltryptamine (5-MeS-DMT);
(52) 5-methoxy-N-methyl-N-propyltryptamine (5-MeO-MiPT);
(53) 5-methoxy-α-ethyltryptamine (5-MeO-AET);
(54) 5-methoxy-N,N-dipropyltryptamine (5-MeO-DPT);
(55) 5-methoxy-N,N-diethyltryptamine (5-MeO-DET);
(56) 5-methoxy-N,N-diallyltryptamine (5-MeO-DALT);
(57) methoxetamine (MXE);
(58) 5-iodo-2-aminooindane (5-IAI);
(59) 5,6-methylenedioxy-2-aminooindane (MDAI).

(4) (e) Peyote—providing All parts of the plant presently classified botanically as Lophophora williamsii Lemaire, whether growing or not, the seeds thereof, any extract from any part of the plant, and every compound, manufacture, salts, derivative, mixture, or preparation of the plant, its seeds or extracts. The listing of peyote as a controlled substance in Schedule I does not apply to the nondrug use of peyote in bona fide religious ceremonies of the American Indian Church, and members of the American Indian Church are exempt from registration. Any person who manufactures peyote for or distributes peyote to the American Indian Church, however, is required to obtain federal registration annually and to comply with all other requirements of law.

(5) (f) Central nervous system depressants. Unless specifically excepted or unless listed in another schedule, any material compound, mixture, or preparation which contains any quantity of the following substances having a depressant effect on the central nervous system, including its analogs, salts, isomers, and salts of isomers whenever the existence of the analogs, salts, isomers, and salts of isomers is possible within the specific chemical designation:

(1) mecloqualone;
(2) methaqualone;
(3) gamma-hydroxybutyric acid (GHB), including its esters and ethers;
(4) flunitrazepam.
(6) (g) Stimulants. Unless specifically excepted or unless listed in another schedule, any material compound, mixture, or preparation which contains any quantity of the following substances having a stimulant effect on the central nervous system, including its, their analogs, salts, isomers, and salts of isomers whenever the existence of the analogs, salts, isomers, and salts of isomers is possible within the specific chemical designation:

(1) aminorex;
(2) cathinone;
(3) fenethylline;
(4) methcathinone;
(5) methylaminorex;
(6) N,N-dimethylamphetamine;
(7) N-benzylpiperazine (BZP);
(8) methylmethcathinone (mephedrone);
(9) 3,4-methylenedioxy-N-methylcathinone (methylone);
(10) methoxymethcathinone (methedrone);
(11) methylenedioxypyrovalerone (MDPV);
(12) fluoromethcathinone;
(13) methylethcathinone (MEC);
(14) 1-benzofuran-6-ylpropan-2-amine (6-APB);
(15) dimethylmethcathinone (DMMC);
(16) fluoroamphetamine;
(17) fluoromethamphetamine;
(18) α-methylaminobutyrophenone (MABP or buphedrone);
(19) β-keto-N-methylbenzodioxolylpropylamine (bk-MBDB or butylone);
(20) 2-(methylamino)-1-(4-methylphenyl)butan-1-one (4-MEMABP or BZ-6378);
(21) naphthylpyrovalerone (naphyrone);
(22) and any other substance, except bupropion or compounds listed under a different schedule, that is structurally derived from 2-aminopropan-1-one by substitution at the 1-position with either phenyl, naphthyl, or thiophene ring systems, whether or not the compound is further modified in any of the following ways:
(i) by substitution in the ring system to any extent with alkyl, alkenyldioxy, alkoxy, haloalkyl, hydroxyl, or halide substituents, whether or not further substituted in the ring system by one or more other univalent substituents;

(ii) by substitution at the 3-position with an acyclic alkyl substituent;

(iii) by substitution at the 2-amino nitrogen atom with alkyl, dialkyl, benzyl, or methoxybenzyl groups; or

(iv) by inclusion of the 2-amino nitrogen atom in a cyclic structure.

(b) Marijuana, tetrahydrocannabinols, and synthetic cannabinoids. Unless specifically excepted or unless listed in another schedule, any natural or synthetic material, compound, mixture, or preparation that contains any quantity of a substance that is a cannabinoid receptor agonist, including, but not limited to, the following substances and their analogs, including, isomers, whether optical, positional, or geometric; esters; ethers; salts; and salts of isomers, esters, and ethers, whenever the existence of the isomers, esters, ethers, or salts is possible within the specific chemical designation:

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\text{1-pentyl-2-methyl-3-(1-naphthoyl)indole (JWH-007), (2-Methyl-1-propyl-3H-indol-3-yl)-1-naphthalenylmethanone (JWH-015), 1-Pentyl-2-(1-naphthoyl)indole (JWH-018), 1-hexyl-2-(naphthalen-1-yl)indole (JWH-019), 1-Butyl-3-(1-naphthoyl)indole (JWH-073), 1-methoxynaphthalen-1-yl-(1-pentyl)indol-3-yl)methanone (JWH-081), 1-methoxynaphthalen-1-yl (1-pentyl-2-methylindol-3-yl)methanone (JWH-098), 1-(2-morpholin-1-yethyl)indol-3-yl)naphthalen-1-ylmethanone (JWH-200), 7-methoxynaphthalen-1-yl (1-pentylindol-3-yl)ethane (JWH-203), 1-ethylnaphthalen-1-yl (1-pentylindol-3-yl)methanone (JWH-210), 2-(2-methoxyphenyl)-1-(1-pentylindol-3-yl)ethanone (JWH-250), 1-pentyl-3-(4-chloro-1-naphthoyl)indole (JWH-398), (6aR,10aR)-9-(Hydroxymethyl)-6,6-dimethyl-3-(2-methyloctan-2-yl)-6a,7,10,10a-tetrahydrobenzo[6,7]benzoxazin-1-one (HU-210), (R)(+)-(2,3-Dihydro-5-methyl-3-(1-morpholinylmethyl)pyrrol[1,2-b]-1,4-benzoxazin-6-yl)1-naphthalenylmethanone (WIN-55,212-2), 2-(3-hydroxycyclohexyl)-5-(2-methyloctan-2-yl)phenol (CP47,497), dimethylheptylpyran.
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(1) marijuana;

(2) tetrahydrocannabinols naturally contained in a plant of the genus Cannabis, synthetic equivalents of the substances contained in the cannabis plant or in the resinous extracts of the plant, or synthetic substances with similar chemical structure and pharmacological activity to those substances contained in the plant or resinous extract, including, but not limited to, 1 cis or trans tetrahydrocannabinol, 6 cis or trans tetrahydrocannabinol, and 3,4 cis or trans tetrahydrocannabinol;

(3) synthetic cannabinoids, including the following substances:

(i) Naphthoylindoles, which are any compounds containing a 3-(1-naphthoyl)indole structure with substitution at the nitrogen atom of the indole ring by an alkyl, haloalkyl, alkenyl, cycloalkylmethyl, cycloalkylethyl, 1-(N-methyl-2-piperidinyl)methyl or 2-(4-morpholinyl)ethyl group, whether or not further substituted in the indole ring to any extent and whether or not substituted in the naphthyl ring to any extent. Examples of naphthoylindoles include, but are not limited to:

(A) 1-Pentyl-3-(1-naphthoyl)indole (JWH-018 and AM-678);

(B) 1-Butyl-3-(1-naphthoyl)indole (JWH-073);

(C) 1-Pentyl-3-(4-methoxy-1-naphthoyl)indole (JWH-081);

(D) 1-[2-(4-morpholinyl)ethyl]-3-(1-naphthoyl)indole (JWH-200);
(E) 1-Propyl-2-methyl-3-(1-naphthoyl)indole (JWH-015);
(F) 1-Hexyl-3-(1-naphthoyl)indole (JWH-019);
(G) 1-Pentyl-3-(4-methyl-1-naphthoyl)indole (JWH-122);
(H) 1-Pentyl-3-(4-ethyl-1-naphthoyl)indole (JWH-210);
(I) 1-Pentyl-3-(4-chloro-1-naphthoyl)indole (JWH-398);
(J) 1-(5-fluoropentyl)-3-(1-naphthoyl)indole (AM-2201).

(ii) Naphthylmethylindoles, which are any compounds containing a 1H-indol-3-yl-(1-naphthyl)methane structure with substitution at the nitrogen atom of the indole ring by an alkyl, haloalkyl, alkenyl, cycloalkylmethyl, cycloalkylethyl, 1-(N-methyl-2-piperidinyl)methyl or 2-(4-morpholinyl)ethyl group, whether or not further substituted in the indole ring to any extent and whether or not substituted in the naphthyl ring to any extent. Examples of naphthylmethylindoles include, but are not limited to:

(A) 1-Pentyl-1H-indol-3-yl-(1-naphthyl)methane (JWH-175);
(B) 1-Pentyl-1H-indol-3-yl-(4-methyl-1-naphthyl)methan (JWH-184).

(iii) Naphthoylpyrroles, which are any compounds containing a 3-(1-naphthoyl)pyrrole structure with substitution at the nitrogen atom of the pyrrole ring by an alkyl, haloalkyl, alkenyl, cycloalkylmethyl, cycloalkylethyl, 1-(N-methyl-2-piperidinyl)methyl or 2-(4-morpholinyl)ethyl group whether or not further substituted in the pyrrole ring to any extent, whether or not substituted in the naphthyl ring to any extent. Examples of naphthoylpyrroles include, but are not limited to, (5-(2-fluorophenyl)-1-pentylpyrrol-3-yl)-naphthalen-1-ylmethanone (JWH-307).

(iv) Naphthylmethylindenes, which are any compounds containing a naphthylideneindene structure with substitution at the 3-position of the indene ring by an alkyl, haloalkyl, alkenyl, cycloalkylmethyl, cycloalkylethyl, 1-(N-methyl-2-piperidinyl)methyl or 2-(4-morpholinyl)ethyl group whether or not further substituted in the indene ring to any extent, whether or not substituted in the naphthyl ring to any extent. Examples of naphthylmethylindenes include, but are not limited to, E-1-[1-(1-naphthalenylmethylene)-1H-inden-3-yl]pentane (JWH-176).

(v) Phenylacetylindoles, which are any compounds containing a 3-phenylacetylindole structure with substitution at the nitrogen atom of the indole ring by an alkyl, haloalkyl, alkenyl, cycloalkylmethyl, cycloalkylethyl, 1-(N-methyl-2-piperidinyl)methyl or 2-(4-morpholinyl)ethyl group whether or not further substituted in the indole ring to any extent, whether or not substituted in the phenyl ring to any extent. Examples of phenylacetylindoles include, but are not limited to:

(A) 1-(2-cyclohexylethyl)-3-(2-methoxyphenylacetyl)indole (RCS-8);
(B) 1-pentyl-3-(2-methoxyphenylacetyl)indole (JWH-250);
(C) 1-pentyl-3-(2-methylphenylacetyl)indole (JWH-251);
(D) 1-pentyl-3-(2-chlorophenylacetyl)indole (JWH-203).
(vi) Cyclohexylphenols, which are compounds containing a 2-(3-hydroxycyclohexyl)phenol structure with substitution at the 5-position of the phenolic ring by an alkyl, haloalkyl, alkenyl, cycloalkylmethyl, cycloalkylethyl, 1-(N-methyl-2-piperidinyl)methyl or 2-(4-morpholino)ethyl group whether or not not substituted in the cyclohexyl ring to any extent. Examples of cyclohexylphenols include, but are not limited to:

(A) 5-(1,1-dimethylheptyl)-2-[1(1R,3S)-3-hydroxycyclohexyl]-phenol (CP 47,497);

(B) 5-(1,1-dimethyloctyl)-2-[1(1R,3S)-3-hydroxycyclohexyl]-phenol (Cannabicyclohexanol or CP 47,497 C8 homologue);

(C) 5-(1,1-dimethylheptyl)-2-[1(1R,2R)-5-hydroxy-2-(3-hydroxypropyl)cyclohexyl]-phenol (CP 55,940).

(vii) Benzoylindoles, which are any compounds containing a 3-(benzoyl)indole structure with substitution at the nitrogen atom of the indole ring by an alkyl, haloalkyl, alkenyl, cycloalkylmethyl, cycloalkylethyl, 1-(N-methyl-2-piperidinyl)methyl or 2-(4-morpholino)ethyl group whether or not further substituted in the indole ring to any extent and whether or not substituted in the phenyl ring to any extent. Examples of benzoylindoles include, but are not limited to:

(A) 1-Pentyl-3-(4-methoxybenzoyl)indole (RCS-4);

(B) 1-(5-fluoropentyl)-3-(2-iodobenzoyl)indole (AM-694);

(C) 4-methoxyphenyl-[2-methyl-1-(2-(4-morpholino)ethyl)indol-3-yl]methanone (WIN 48,098 or Pravadoline).

(viii) Others specifically named:

(A) (6aR,10aR)-9-(hydroxymethyl)-6,6-dimethyl-3-(2-methyloctan-2-yl)-6a,7,10,10a-tetrahydrobenzo[c]chromen-1-ol (HU-210);

(B) (6aS,10aS)-9-(hydroxymethyl)-6,6-dimethyl-3-(2-methyloctan-2-yl)-6a,7,10,10a-tetrahydrobenzo[c]chromen-1-ol (Dexanabinol or HU-211);

(C) 2,3-dihydro-5-methyl-3-(4-morpholinylmethyl)pyrrolo[1,2,3-de]-1,4-benzoxazin-6-yl-1-naphthalenylmethanone (WIN 55,212-2).

(§) (i) A controlled substance analog, to the extent that it is implicitly or explicitly intended for human consumption.

Subd. 3. **Schedule II.** The following items are listed in (a) Schedule II: consists of the substances listed in this subdivision.

(¶) (b) Unless specifically excepted or unless listed in another schedule, any of the following substances whether produced directly or indirectly by extraction from substances of vegetable origin or independently by means of chemical synthesis, or by a combination of extraction and chemical synthesis:

(a) (1) Opium and opiate, and any salt, compound, derivative, or preparation of opium or opiate, including the following: raw opium, opium extracts, opium fluid extracts, powdered opium, granulated opium, tincture of opium, apomorphine, codeine, ethylmorphine, hydrocodone, hydromorphone, metopon, morphine, oxycodone, oxymorphone, thebaine.
(i) Excluding:

(A) apomorphine;

(B) thebaine-derived butorphanol;

(C) dextrophan;

(D) nalbuphine;

(E) nalmefene;

(F) naloxone;

(G) naltrexone;

(H) and their respective salts;

(ii) but including the following:

(A) opium, in all forms and extracts;

(B) codeine;

(C) dihydroetorphine;

(D) ethylmorphine;

(E) etorphine hydrochloride;

(F) hydrocodone;

(G) hydromorphone;

(H) metopon;

(I) morphine;

(J) oxycodone;

(K) oxymorphone;

(L) thebaine;

(M) oripavine;

(2) any salt, compound, derivative, or preparation thereof which is chemically equivalent or identical with any of the substances referred to in clause (1), except that these substances shall not include the isoquinoline alkaloids of opium;

(3) opium poppy and poppy straw.
(d) (4) coca leaves and any salt, cocaine compound, derivative, or preparation of coca leaves, including cocaine and ecgonine, the salts and isomers of cocaine and ecgonine, and the salts of their isomers. (including cocaine and ecgonine and their salts, isomers, derivatives, and salts of isomers and derivatives), and any salt, compound, derivative, or preparation thereof which is chemically equivalent or identical with any of these substances, except that the substances shall not include decocainized coca leaves or extraction of coca leaves, which extractions do not contain cocaine or ecgonine;

(e) Any salt, compound, derivative, or preparation thereof which is chemically equivalent or identical with any of the substances referred to in clause (d), except that the substances shall not include decocainized coca leaves or extraction of coca leaves, which extractions do not contain cocaine or ecgonine. (5) concentrate of poppy straw (the crude extract of poppy straw in either liquid, solid, or powder form which contains the phenanthrene alkaloids of the opium poppy).

(2) (c) Any of the following opiates, including their isomers, esters, ethers, salts, and salts of isomers, esters and ethers, unless specifically excepted, or unless listed in another schedule, whenever the existence of such isomers, esters, ethers and salts is possible within the specific chemical designation:

(1) alfentanil;
(2) alphaprodine;
(3) anileridine;
(4) bezitramide;
(5) bulk dextropropoxyphene (nondosage forms);
(6) carfentanil;
(7) dihydrocodeine;
(8) dihydromorphinone;
(9) diphenoxylate;
(10) fentanyl;
(11) isomethadone;
(12) levo-alpha-acetylmethadol (LAAM) levomethorphan;
(13) levorphanol;
(14) metazocine;
(15) methadone;
(16) methadone - intermediate, 4-cyano-2-dimethylamino-4, 4-diphenylbutane;
(17) moramide - intermediate, 2-methyl-3-morpholino-1, 1-diphenyl-propane-carboxylic acid;
(18) pethidine;

(19) pethidine - intermediate - a, 4-cyano-1-methyl-4-phenylpiperidine;

(20) pethidine - intermediate - b, ethyl-4-phenylpiperidine-4-carboxylate;

(21) pethidine - intermediate - c, 1-methyl-4-phenylpiperidine-4-carboxylic acid;

(22) phenazocine;

(23) piminodine;

(24) racemethorphan;

(25) racemorphan;

(26) remifentanil;

(27) sufentanil;

(28) tapentadol.

(2)(d) Unless specifically excepted or unless listed in another schedule, any material, compound, mixture, or preparation which contains any quantity of the following substances having a stimulant effect on the central nervous system:

(a) (1) amphetamine, its salts, optical isomers, and salts of its optical isomers;

(b) (2) methamphetamine, its salts, isomers, and salts of its isomers;

(c) (3) phenmetrazine and its salts;

(d) (4) methylphenidate;

(5) lisdexamfetamine.

(4)(e) Unless specifically excepted or unless listed in another schedule, any material, compound, mixture, or preparation which contains any quantity of the following substances having a depressant effect on the central nervous system, including its salts, isomers, and salts of isomers whenever the existence of such salts, isomers, and salts of isomers is possible within the specific chemical designation:

(a) methaqualone

(b) (1) amobarbital;

(2) glutethimide;

(c) (3) secobarbital;

(d) (4) pentobarbital;
(5) phencyclidine;

(6) phencyclidine immediate precursors:

(i) 1-phenylcyclohexylamine;

(ii) 1-piperidinocyclohexanecarbonitrile;

(7) phenylacetone.

(f) Hallucinogenic substances: nabilone.

Subd. 4. Schedule III. The following items are listed in (a) Schedule III: consists of the substances listed in this subdivision.

(1) Any material, compound, mixture, or preparation which contains any quantity of Amphetamine, its salts, optical isomers, and salts of its optical isomers; Phenmetrazine and its salts; Methamphetamine, its salts, isomers, and salts of isomers; Methylphenidate; and which is required by federal law to be labeled with the symbol prescribed by 21 Code of Federal Regulations Section 1302.03 and in effect on February 1, 1976 designating that the drug is listed as a Schedule III controlled substance under federal law. (b) Stimulants. Unless specifically excepted or unless listed in another schedule, any material, compound, mixture, or preparation which contains any quantity of the following substances having a potential for abuse associated with a stimulant effect on the central nervous system, including its salts, isomers, and salts of such isomers whenever the existence of such salts, isomers, and salts of isomers is possible within the specific chemical designation:

(1) benzphetamine;

(2) chlorphentermine;

(3) clortermine;

(4) phendimetrazine.

(c) Depressants. Unless specifically excepted or unless listed in another schedule, any material, compound, mixture, or preparation which contains any quantity of the following substances having a potential for abuse associated with a depressant effect on the central nervous system:

(a) (1) any compound, mixture, or preparation containing amobarbital, secobarbital, pentobarbital or any salt thereof and one or more other active medicinal ingredients which are not listed in any schedule;

(b) (2) any suppository dosage form containing amobarbital, secobarbital, pentobarbital, or any salt of any of these drugs and approved by the food and drug administration for marketing only as a suppository;

(c) (3) any substance which contains any quantity of a derivative of barbituric acid, or any salt of a derivative of barbituric acid, except those substances which are specifically listed in other schedules—Chlorhexadol; Glutethimide; Lysocic acid; Lysocic acid amide; Methyprylon; Sulfonethylmethane; Sulfonethylmethane.

(d) Gamma hydroxybutyrate, any salt, compound, derivative, or preparation of gamma-hydroxybutyrate, including any isomers, esters, and others and salts of isomers, esters, and others of gamma-hydroxybutyrate whenever the existence of such isomers, esters, and salts is possible within the specific chemical designation. (4) any drug product containing gamma-hydroxybutyric acid, including its salts, isomers, and salts of isomers, for which an application is approved under section 505 of the federal Food, Drug, and Cosmetic Act;
any of the following substances:

(i) chlorhexadol;

(ii) ketamine, its salts, isomers and salts of isomers;

(iii) lysergic acid;

(iv) lysergic acid amide;

(v) methyprylon;

(vi) sulfondiethylmethane;

(vii) sulfonenthylmethane;

(viii) sulfonmethane;

(ix) tiletamine and zolazepam and any salt thereof;

(x) embutramide.

(3) Any material, compound, mixture, or preparation which contains any quantity of the following substances having a potential for abuse associated with a stimulant effect on the central nervous system:

(a) Benzphetamine

(b) Chlorphentermine

(c) Clortermine

(d) Mazindol

(e) Phendimetrazine.

(4) Nalorphine.

(5) Any material, compound, mixture, or preparation containing limited quantities of any of the following narcotic drugs, or any salts thereof (e) Narcotic drugs. Unless specifically excepted or unless listed in another schedule, any material, compound, mixture, or preparation containing any of the following narcotic drugs, or their salts calculated as the free anhydrous base or alkaloid, in limited quantities as follows:

(a) not more than 1.80 grams of codeine per 100 milliliters or not more than 90 milligrams per dosage unit, with an equal or greater quantity of an isoquinoline alkaloid of opium;

(b) not more than 1.80 grams of codeine per 100 milliliters or not more than 90 milligrams per dosage unit, with one or more active, nonnarcotic ingredients in recognized therapeutic amounts;

(c) not more than 300 milligrams of dihydrocodeinone per 100 milliliters or not more than 15 milligrams per dosage unit, with a fourfold or greater quantity of an isoquinoline alkaloid of opium.
(4) not more than 300 milligrams of dihydrocodeine per 100 milliliters or not more than 15 milligrams per dosage unit, with one or more active, nonnarcotic ingredients in recognized therapeutic amounts;

(5) not more than 1.80 grams of dihydrocodeine per 100 milliliters or not more than 90 milligrams per dosage unit, with one or more active, nonnarcotic ingredients in recognized therapeutic amounts;

(6) not more than 300 milligrams of ethylmorphine per 100 milliliters or not more than 15 milligrams per dosage unit, with one or more active, nonnarcotic ingredients in recognized therapeutic amounts;

(7) not more than 500 milligrams of opium per 100 milliliters or per 100 grams, or not more than 25 milligrams per dosage unit, with one or more active, nonnarcotic ingredients in recognized therapeutic amounts;

(8) not more than 50 milligrams of morphine per 100 milliliters or per 100 grams with one or more active, nonnarcotic ingredients in recognized therapeutic amounts.

(6) Anabolic steroids, which include human growth hormone.

(1) Anabolic steroids, for purposes of this subdivision, means any drug or hormonal substance, chemically and pharmacologically related to testosterone, other than estrogens, progestins, corticosteroids, and dehydroepiandrosterone, and includes: androstanediol; androstanedione; androstenediol; androstenedione; bolsterone; boldenone; calusterone; chorionic gonadotropin; clostebol; dehydrochloromethyltestosterone; (triangle)1-dihydrotestosterone; 4-dihydrotestosterone; drostanolone; ethylestrenol; fluoxymesterone; formebolone; furazabol; human growth hormones; 13b-ethyl-17a-hydroxy-4-en-3-one; 4-hydroxytestosterone; 4-hydroxy-19-nortestosterone; mesterolone; methandienone; methandranone; methanandrolone; methenolone; 17a-methyl-1-testosterone; 17a-methyl-17β-hydroxyandrost-4-ene; 17a-methyl 3b, 17b-dihydroxy-5a-androstan-17-one; 17a-methyl 3a, 17b-dihydroxy-5a-androst-4-ene; 17a-methyl 17β-hydroxyandrost-4-ene; methyltestosterone; mibolerone; 17α-methyl (triangle)1-dihydrotestosterone; nandrolone; nandrolone phenpropionate; norandrostenediol; norandrostenedione; norethandrolone; normethanandrolone; oxandrolone; oxymetholone; oxymesterone; stanolone; stanozolol; stenbolone; testolactone; testosterone; testosterone propionate; tetrahydrogestrinone; trenbolone; and any salt, ester, or ether of a drug or substance described in this paragraph.

(i) 3[beta],17[beta]-dihydroxy-5[alpha]-androstan-17-one;

(ii) 3[alpha],17[beta]-dihydroxy-5[alpha]-androstan-17-one;

(iii) androstanedione (5[alpha]-androstan-3,17-dione);

(iv) 1-androstenediol (3[beta],17[beta]-dihydroxy-5[alpha]-androstan-17-one);

(v) 3[alpha],17[beta]-dihydroxy-5[alpha]-androstan-17-one;

(vi) 4-androstenediol (3[beta],17[beta]-dihydroxy-androst-4-ene);

(vii) 5-androstenediol (3[alpha],17[beta]-dihydroxy-androst-5-ene);

(viii) 1-androstenedione (5[alpha]-androst-1-en-3,17-dione);

(ix) 4-androstenedione (androst-4-en-3,17-dione);

(x) 5-androstenedione (androst-5-en-3,17-dione);
(xi) bolasterone (7[alpha],17[alpha]-dimethyl-17[beta]-hydroxyandrost-4-en-3-one);
(xii) boldenone (17[beta]-hydroxyandrost-1,4-diene-3-one);
(xiii) boldione (androsta-1,4-diene-3,17-dione);
(xiv) calusterone (7[beta],17[alpha]-dimethyl-17[beta]-hydroxyandrost-4-en-3-one);
(xv) clostebol (4-chloro-17[beta]-hydroxyandrost-4-en-3-one);
(xvi) dehydrochloromethyltestosterone (4-chloro-17[beta]-hydroxy-17[alpha]-methylandrost-1,4-dien-3-one);
(xvii) desoxymethyltestosterone (17[alpha]-methyl-5[alpha]-androst-2-en-17[beta]-ol);
(xviii) [delta]1-dihydrotestosterone-(17[beta]-hydroxy-5[alpha]-androstan-1-en-3-one);
(xix) 4-dihydrotestosterone (17[beta]-hydroxy-androstane-3-one);
(xx) drostanolone (17[beta]hydroxy-2[alpha]-methyl-5[alpha]-androstan-1-one);
(xxi) ethylestrenol (17[alpha]-ethyl-17[beta]-hydroxyestr-4-ene);
(xxii) fluoxymesterone (9-fluoro-17[alpha]-methyl-11[beta],17[beta]-dihydroxyandrost-4-en-3-one);
(xxiii) formebolone (2-formyl-17[alpha]-methyl-11[alpha],17[beta]-dihydroxyandrost-1,4-dien-3-one);
(xxiv) furazabol (17[alpha]-methyl-17[beta]-hydroxyandrostan[2,3-c]-furazan)13[beta]-ethyl-17[beta]-hydroxygono-4-en-3-one;
(xxv) 4-hydroxytestosterone (4,17[beta]-dihydroxyandrost-4-en-3-one);
(xxvi) 4-hydroxy-19-nortestosterone (4,17[beta]-dihydroxyestr-4-en-3-one);
(xxvii) mesterolone (17[alpha]-methyl-17[beta]-hydroxy-5[alpha]-androstan-3-one);
(xxviii) mesterolone (1[alpha]-methyl-17[beta]-hydroxy-5[alpha]-androstan-3-one);
(xxix) methandienone (17[alpha]-methyl-17[beta]-hydroxyandrost-1,4-dien-3-one);
(xxx) methandriol (17[alpha]-methyl-3[beta],17[beta]-dihydroxyandrost-5-ene);
(www) methenolone (1-methyl-17[beta]-hydroxy-5[alpha]-androstan-1-en-3-one);
(www) 17[alpha]-methyl-3[beta],17[beta]-dihydroxy-5[alpha]-androstan;
(www) 17[alpha]-methyl-3[alpha],17[beta]-dihydroxy-5[alpha]-androstan;
(www) 17[alpha]-methyl-3[beta],17[beta]-dihydroxyandrost-4-ene;
(www) 17[alpha]-methyl-4-hydroxynandrolone (17[alpha]-methyl-4-hydroxy-17[beta]-hydroxyestr-4-en-3-one);
(xxxvi) methyldienolone (17[alpha]-methyl-17[beta]-hydroxyestra-4,9(10)-dien-3-one);

(xxxvii) methyltriienolone (17[alpha]-methyl-17[beta]-hydroxyestra-4,9-11-trien-3-one);

(xxxviii) methyltestosterone (17[alpha]-methyl-17[beta]-hydroxyandrost-4-en-3-one);

(xxxix) mibolerone (7[alpha],17[alpha]-dimethyl-17[beta]-hydroxyestr-4-en-3-one);

(xl) 17[alpha]-methyl-[delta]1-dihydrotestosterone (17[beta]-hydroxy-17[alpha]-methyl-5[alpha]-androst-1-en-3-one);

(xli) nandrolone (17[beta]-hydroxyestr-4-en-3-one);

(xlii) 19-nor-4-androstenediol (3[beta],17[beta]-dihydroxyestr-4-ene);

(xliii) 3[alpha],17[beta]-dihydroxyestr-4-en-3-one; 19-nor-5-androstenediol (3[beta],17[beta]-dihydroxyestr-5-ene);

(xliv) 3[alpha],17[beta]-dihydroxyestr-5-ene;

(xlv) 19-nor-4,9(10)-androstadienedione (estra-4,9(10)-diene-3,17-dione);

(xlvi) 19-nor-5-androstenedione (estra-5-en-3,17-dione);

(xlvii) norbolethone (13[beta],17[alpha]-diethyl-17[beta]-hydroxygon-4-en-3-one);

(xlviii) norclostebol (4-chloro-17[beta]-hydroxyestr-4-en-3-one);

(xlix) norethandrolone (17[alpha]-ethyl-17[beta]-hydroxyestr-4-en-3-one);

(l) normethandrolone (17[alpha]-methyl-17[beta]-hydroxyestr-4-en-3-one);

(li) oxandrolone (17[alpha]-methyl-17[beta]-hydroxy-2-oxa-5[alpha]-androst-3-one);

(lii) oxymesterone (17[alpha]-methyl-4,17[beta]-dihydroxyandrost-4-en-3-one);

(liii) oxymetholone (17[alpha]-methyl-2-hydroxymethylene-17[beta]-hydroxy-5[alpha]-androst-3-one);

(liv) stanozolol (17[alpha]-methyl-17[beta]-hydroxy-5[alpha]-androst-2-eno[3,2-c]-pyrazole);

(lv) stenbolone (17[beta]-hydroxy-2-methyl-5[alpha]-androst-1-en-3-one);

(lvi) testolactone (13-hydroxy-3-oxo-13,17-secoandrosta-1,4-dien-17-oic acid lactone);

(lvii) testosterone (17[beta]-hydroxyandrost-4-en-3-one);

(lviii) tetrahydrogestrinone (13[beta],17[alpha]-diethyl-17[beta]-hydroxygon-4,9,11-trien-3-one);

(lix) trenbolone (17[beta]-hydroxyestr-4,9,11-trien-3-one);

(lx) any salt, ester, or ether of a drug or substance described in this paragraph.
Anabolic steroids are not included if they are: (i) (A) expressly intended for administration through implants to cattle or other nonhuman species; and (ii) (B) approved by the United States Food and Drug Administration for that use.

(2) Human growth hormones.

(g) Hallucinogenic substances. Dronabinol (synthetic) in sesame oil and encapsulated in a soft gelatin capsule in a United States Food and Drug Administration approved product.

(h) Any material, compound, mixture, or preparation containing the following narcotic drug or its salt: buprenorphine.

Subd. 5. Schedule IV. The following items are listed in Schedule IV: Barbital; Butorphanol; Chloral betaine; Chloral hydrate; Chlor Diazepoxide; Clonazepam; Clorazepate; Diazepam; Diethylpropion; Ethchlorvynol; Ethinamate; Fenfluramine; Flurazepam; Mebutamate; Methohexital; Meprobamate except when in combination with the following drugs in the following or lower concentrations: conjugated estrogens, 0.1 mg; tridihexethyl chloride, 25 mg; pentaerythritol tetranitrate, 20 mg; Methylphenobarbital; Oxazepam; Paraldehyde; Pemoline; Petrichloral; Phenobarbital; and Phentermine. (a) Schedule IV consists of the substances listed in this subdivision.

(b) Narcotic drugs. Unless specifically excepted or unless listed in another schedule, any material, compound, mixture, or preparation containing any of the following narcotic drugs, or their salts calculated as the free anhydrous base or alkaloid, in limited quantities as follows:

(1) not more than one milligram of difenoxin and not less than 25 micrograms of atropine sulfate per dosage unit;

(2) dextropropoxyphene (Darvon and Darvocet).

(c) Depressants. Unless specifically excepted or unless listed in another schedule, any material, compound, mixture, or preparation containing any quantity of the following substances, including its salts, isomers, and salts of isomers whenever the existence of the salts, isomers, and salts of isomers is possible:

(1) alprazolam;

(2) barbital;

(3) bromazepam;

(4) camazepam;

(5) carisoprodol;

(6) chloral betaine;

(7) chloral hydrate;

(8) chlordiazepoxide;

(9) clobazam;

(10) clonazepam;

(11) clorazepate;
(12) clotiazepam;
(13) cloxazolam;
(14) delorazepam;
(15) diazepam;
(16) dichloralphenazone;
(17) estazolam;
(18) ethchlorvynol;
(19) ethinamate;
(20) ethyl loflazepate;
(21) fludiazepam;
(22) flurazepam;
(23) halazepam;
(24) haloxazolam;
(25) ketazolam;
(26) loprazolam;
(27) lorazepam;
(28) lormetazepam mebutamate;
(29) medazepam;
(30) meprobamate;
(31) methohexital;
(32) methylphenobarbital;
(33) midazolam;
(34) nimetazepam;
(35) nitrazepam nordiazepam;
(36) oxazepam;
(37) oxazolam;
(38) paraldehydepetrichloral;
(39) phenobarbital;
(40) pinazepam;
(41) prazepam;
(42) quazepam;
(43) temazepam;
(44) tetrazepam;
(45) triazolam;
(46) zaleplon;
(47) zolpidem;
(48) zopiclone.

(d) Any material, compound, mixture, or preparation which contains any quantity of the following substance including its salts, isomers, and salts of such isomers, whenever the existence of such salts, isomers, and salts of isomers is possible: fenfluramine.

(e) Stimulants. Unless specifically excepted or unless listed in another schedule, any material, compound, mixture, or preparation which contains any quantity of the following substances having a stimulant effect on the central nervous system, including its salts, isomers, and salts of isomers:

(1) cathine (norpseudoephedrine);
(2) diethylpropion;
(3) fenproporex;
(4) fencamfamine;
(5) mazindol;
(6) mefenorex;
(7) modafinil;
(8) pemoline (including organometallic complexes and chelates thereof);
(9) phentermine;
(10) pipradol;
(11) sibutramine;
(12) SPA (1-dimethylamino-1,2-diphenylethane).
Subd. 6. **Schedule V; restrictions on methamphetamine precursor drugs.** (a) As used in this subdivision, the following terms have the meanings given:

(1) "methamphetamine precursor drug" means any compound, mixture, or preparation intended for human consumption containing ephedrine or pseudoephedrine as its sole active ingredient or as one of its active ingredients; and

(2) "over-the-counter sale" means a retail sale of a drug or product but does not include the sale of a drug or product pursuant to the terms of a valid prescription.

(b) The following items are listed in Schedule V:

(1) any compound, mixture, or preparation containing any of the following limited quantities of narcotic drugs, which shall include one or more nonnarcotic active medicinal ingredients in sufficient proportion to confer upon the compound, mixture or preparation valuable medicinal qualities other than those possessed by the narcotic drug alone:

   (i) not more than 100 milligrams of dihydrocodeine per 100 milliliters or per 100 grams;

   (ii) not more than 100 milligrams of ethylmorphine per 100 milliliters or per 100 grams;

   (iii) not more than 2.5 milligrams of diphenoxylate and not less than 25 micrograms of atropine sulfate per dosage unit; or

   (iv) not more than 15 milligrams of anhydrous morphine per 100 milliliters or per 100 grams; and 100 milligrams of opium per 100 milliliters or per 100 grams; or

   (v) not more than 0.5 milligrams of difenoxin and not less than 25 micrograms of atropine sulfate per dosage unit.

(2) Stimulants. Unless specifically exempted or excluded or unless listed in another schedule, any material, compound, mixture, or preparation that contains any quantity of the following substance having a stimulant effect on the central nervous system, including its salts, isomers, and salts of isomers: pyrovalerone.

(3) Depressants. Unless specifically exempted or excluded or unless listed in another schedule, any material, compound, mixture, or preparation that contains any quantity of the following substance having a depressant effect on the central nervous system, including its salts, isomers, and salts of isomers:

   (i) pregabalin;

   (ii) lacosamide.

(4) Any compound, mixture, or preparation containing ephedrine or pseudoephedrine as its sole active ingredient or as one of its active ingredients.

(c) No person may sell in a single over-the-counter sale more than two packages of a methamphetamine precursor drug or a combination of methamphetamine precursor drugs or any combination of packages exceeding a total weight of six grams, calculated as the base.

(d) Over-the-counter sales of methamphetamine precursor drugs are limited to:

(1) packages containing not more than a total of three grams of one or more methamphetamine precursor drugs, calculated in terms of ephedrine base or pseudoephedrine base; or
(2) for nonliquid products, sales in blister packs, where each blister contains not more than two dosage units, or, if the use of blister packs is not technically feasible, sales in unit dose packets or pouches.

(e) A business establishment that offers for sale methamphetamine precursor drugs in an over-the-counter sale shall ensure that all packages of the drugs are displayed behind a checkout counter where the public is not permitted and are offered for sale only by a licensed pharmacist, a registered pharmacy technician, or a pharmacy clerk. The establishment shall ensure that the person making the sale requires the buyer:

(1) to provide photographic identification showing the buyer's date of birth; and

(2) to sign a written or electronic document detailing the date of the sale, the name of the buyer, and the amount of the drug sold.

A document described under clause (2) must be retained by the establishment for at least three years and must at all reasonable times be open to the inspection of any law enforcement agency.

Nothing in this paragraph requires the buyer to obtain a prescription for the drug's purchase.

(f) No person may acquire through over-the-counter sales more than six grams of methamphetamine precursor drugs, calculated as the base, within a 30-day period.

(g) No person may sell in an over-the-counter sale a methamphetamine precursor drug to a person under the age of 18 years. It is an affirmative defense to a charge under this paragraph if the defendant proves by a preponderance of the evidence that the defendant reasonably and in good faith relied on proof of age as described in section 340A.503, subdivision 6.

(h) A person who knowingly violates paragraph (c), (d), (e), (f), or (g) is guilty of a misdemeanor and may be sentenced to imprisonment for not more than 90 days, or to payment of a fine of not more than $1,000, or both.

(i) An owner, operator, supervisor, or manager of a business establishment that offers for sale methamphetamine precursor drugs whose employee or agent is convicted of or charged with violating paragraph (c), (d), (e), (f), or (g) is not subject to the criminal penalties for violating any of those paragraphs if the person:

(1) did not have prior knowledge of, participate in, or direct the employee or agent to commit the violation; and

(2) documents that an employee training program was in place to provide the employee or agent with information on the state and federal laws and regulations regarding methamphetamine precursor drugs.

(j) Any person employed by a business establishment that offers for sale methamphetamine precursor drugs who sells such a drug to any person in a suspicious transaction shall report the transaction to the owner, supervisor, or manager of the establishment. The owner, supervisor, or manager may report the transaction to local law enforcement. A person who reports information under this subdivision in good faith is immune from civil liability relating to the report.

(k) Paragraphs (b) to (j) do not apply to:

(1) pediatric products labeled pursuant to federal regulation primarily intended for administration to children under 12 years of age according to label instructions;

(2) methamphetamine precursor drugs that are certified by the Board of Pharmacy as being manufactured in a manner that prevents the drug from being used to manufacture methamphetamine;
(3) methamphetamine precursor drugs in gel capsule or liquid form; or

(4) compounds, mixtures, or preparations in powder form where pseudoephedrine constitutes less than one percent of its total weight and is not its sole active ingredient.

(l) The Board of Pharmacy, in consultation with the Department of Public Safety, shall certify methamphetamine precursor drugs that meet the requirements of paragraph (k), clause (2), and publish an annual listing of these drugs.

(m) Wholesale drug distributors licensed and regulated by the Board of Pharmacy pursuant to sections 151.42 to 151.51 and registered with and regulated by the United States Drug Enforcement Administration are exempt from the methamphetamine precursor drug storage requirements of this section.

(n) This section preempts all local ordinances or regulations governing the sale by a business establishment of over-the-counter products containing ephedrine or pseudoephedrine. All ordinances enacted prior to the effective date of this act are void.

Subd. 7. Board of Pharmacy; regulation of substances. The Board of Pharmacy is authorized to regulate and define additional substances which contain quantities of a substance possessing abuse potential in accordance with the following criteria:

(1) The Board of Pharmacy shall place a substance in Schedule I if it finds that the substance has: A high potential for abuse, no currently accepted medical use in the United States, and a lack of accepted safety for use under medical supervision.

(2) The Board of Pharmacy shall place a substance in Schedule II if it finds that the substance has: A high potential for abuse, currently accepted medical use in the United States, or currently accepted medical use with severe restrictions, and that abuse may lead to severe psychological or physical dependence.

(3) The Board of Pharmacy shall place a substance in Schedule III if it finds that the substance has: A potential for abuse less than the substances listed in Schedules I and II, currently accepted medical use in treatment in the United States, and that abuse may lead to moderate or low physical dependence or high psychological dependence.

(4) The Board of Pharmacy shall place a substance in Schedule IV if it finds that the substance has: A low potential for abuse relative to the substances in Schedule III, currently accepted medical use in treatment in the United States, and that abuse may lead to limited physical dependence or psychological dependence relative to the substances in Schedule III.

(5) The Board of Pharmacy shall place a substance in Schedule V if it finds that the substance has: A low potential for abuse relative to the substances listed in Schedule IV, currently accepted medical use in treatment in the United States, and limited physical dependence and/or psychological dependence liability relative to the substances listed in Schedule IV.

Subd. 8. Add, delete, or reschedule substances. The state Board of Pharmacy may, by rule, add substances to or delete or reschedule substances listed in this section. The Board of Pharmacy may not delete or reschedule a drug that is in Schedule I, except as provided in subdivision 12.

In making a determination regarding a substance, the Board of Pharmacy shall consider the following: The actual or relative potential for abuse, the scientific evidence of its pharmacological effect, if known, the state of current scientific knowledge regarding the substance, the history and current pattern of abuse, the scope, duration, and significance of abuse, the risk to public health, the potential of the substance to produce psychic or physiological dependence liability, and whether the substance is an immediate precursor of a substance already controlled under
this section. The state Board of Pharmacy may include any nonnarcotic drug authorized by federal law for medicinal use in a schedule only if such drug must, under either federal or state law or rule, be sold only on prescription.

Subd. 8a. **Methamphetamine precursors.** The State Board of Pharmacy may, by order, require that nonprescription ephedrine or pseudoephedrine products sold in gel capsule or liquid form be subject to the sale restrictions established in subdivision 6 for methamphetamine precursor drugs, if the board concludes that ephedrine or pseudoephedrine products in gel capsule or liquid form can be used to manufacture methamphetamine. In assessing the need for an order under this subdivision, the board shall consult at least annually with the advisory council on controlled substances, the commissioner of public safety, and the commissioner of health.

Subd. 8b. **Board of Pharmacy; expedited scheduling of additional substances.** (a) The state Board of Pharmacy may, by rule, add a substance to Schedule I provided that it finds that the substance has a high potential for abuse, has no currently accepted medical use in the United States, has a lack of accepted safety for use under medical supervision, has known adverse health effects, and is currently available for use within the state. For the purposes of this subdivision only, the board may use the expedited rulemaking process under section 14.389. The scheduling of a substance under this subdivision expires the day after the adjournment of the legislative session immediately following the substance’s scheduling unless the legislature by law ratifies the action.

(b) If the board schedules a substance under this subdivision, the board shall notify in a timely manner the chairs and ranking minority members of the senate and house of representatives committees having jurisdiction over criminal justice and health policy and finance of the action and the reasons for it. The notice must include a copy of the administrative law judge’s decision on the matter.

(c) This subdivision expires August 1, 2014.

Subd. 9. **Except substances by rule.** The state Board of Pharmacy may by rule except any compound, mixture, or preparation containing any stimulant or depressant substance listed in subdivision 4, clauses (1) and (2) paragraphs (b) and (c), or in subdivisions 5 and 6 from the application of all or any part of this chapter, if the compound, mixture, or preparation contains one or more active medicinal ingredients not having a stimulant or depressant effect on the central nervous system; provided, that such admixtures shall be included therein in such combinations, quantity, proportion, or concentration as to vitiate the potential for abuse of the substances which do have a stimulant or depressant effect on the central nervous system.

Subd. 10. **Dextromethorphan.** Dextromethorphan shall not be deemed to be included in any schedule by reason of the enactment of Laws 1971, chapter 937, unless controlled pursuant to the foregoing provisions of this section.

Subd. 12. **Coordination of controlled substance regulation with federal law and state statute.** If any substance is designated, rescheduled, or deleted as a controlled substance under federal law and notice thereof is given to the state Board of Pharmacy, the state Board of Pharmacy shall similarly control the substance under this chapter, after the expiration of 30 days from publication in the Federal Register of a final order designating a substance as a controlled substance or rescheduling or deleting a substance. Such order shall be filed with the secretary of state. If within that 30-day period, the state Board of Pharmacy objects to inclusion, rescheduling, or deletion, it shall publish the reasons for objection and afford all interested parties an opportunity to be heard. At the conclusion of the hearing, the state Board of Pharmacy shall publish its decision, which shall be subject to the provisions of chapter 14.

In exercising the authority granted by this chapter, the state Board of Pharmacy shall be subject to the provisions of chapter 14. The state Board of Pharmacy shall provide copies of any proposed rule under this chapter to the advisory council on controlled substances at least 30 days prior to any hearing required by section 14.14, subdivision 4. The state Board of Pharmacy shall consider the recommendations of the advisory council on controlled substances, which may be made prior to or at the hearing.
The state Board of Pharmacy shall annually submit a report to the legislature on or before December 1 that specifies what changes the board made to the controlled substance schedules maintained by the board in Minnesota Rules, parts 6800.4210 to 6800.4250, in the preceding 12 months. The report must include specific recommendations for amending the controlled substance schedules contained in subdivisions 2 to 6, so that they conform with the controlled substance schedules maintained by the board in Minnesota Rules, parts 6800.4210 to 6800.4250.

Subd. 13. Implementation study. Annually, the state Board of Pharmacy shall study the implementation of this chapter in relation to the problems of drug abuse in Minnesota.

EFFECTIVE DATE. This section is effective August 1, 2012, and applies to crimes committed on or after that date.

Sec. 2. Minnesota Statutes 2011 Supplement, section 152.027, subdivision 6, is amended to read:

Subd. 6. Sale or possession of synthetic cannabinoids. (a) As used in this subdivision, "synthetic cannabinoid" includes any substance included in section 152.02, subdivision 2, paragraph (h), clause (3).

(b) A person who unlawfully sells a synthetic cannabinoid for no remuneration is guilty of a gross misdemeanor.

(c) A person who unlawfully sells any amount of a synthetic cannabinoid is guilty of a gross misdemeanor and if convicted may be sentenced to imprisonment for not more than five years or to payment of a fine of not more than $10,000, or both.

(d) A person who unlawfully possesses any amount of a synthetic cannabinoid is guilty of a misdemeanor.

(e) Notwithstanding any contrary provision in sections 152.021 to 152.025, this subdivision describes the exclusive penalties for the sale and possession of synthetic cannabinoid.

EFFECTIVE DATE. This section is effective August 1, 2012, and applies to crimes committed on or after that date.

Sec. 3. Minnesota Statutes 2010, section 152.18, subdivision 1, is amended to read:

Subdivision 1. Deferring prosecution for certain first time drug offenders. If any person who has not previously participated in or completed a diversion program authorized under section 401.065 or who has not previously been placed on probation without a judgment of guilty and thereafter been discharged from probation under this section is found guilty of a violation of section 152.024, subdivision 2, 152.025, subdivision 2, or 152.027, subdivision 2, 3, or 4, or 6, paragraph (d), for possession of a controlled substance, after trial or upon a plea of guilty, and the court determines that the violation does not qualify as a subsequent controlled substance conviction under section 152.01, subdivision 16a, the court may, without entering a judgment of guilty and with the consent of the person, defer further proceedings and place the person on probation upon such reasonable conditions as it may require and for a period, not to exceed the maximum sentence provided for the violation. The court may give the person the opportunity to attend and participate in an appropriate program of education regarding the nature and effects of alcohol and drug abuse as a stipulation of probation. Upon violation of a condition of the probation, the court may enter an adjudication of guilt and proceed as otherwise provided. The court may, in its discretion, dismiss the proceedings against the person and discharge the person from probation before the expiration of the maximum period prescribed for the person's probation. If during the period of probation the person does not violate any of the conditions of the probation, then upon expiration of the period the court shall discharge the person and dismiss the proceedings against that person. Discharge and dismissal under this subdivision shall be without court adjudication of guilt, but a not public record of it shall be retained by the Bureau of Criminal Apprehension for the purpose of use by the courts in determining the merits of subsequent proceedings against the person. The not public record may also be opened only upon court order for purposes of a criminal investigation, prosecution, or
sentencing. Upon request by law enforcement, prosecution, or corrections authorities, the bureau shall notify the requesting party of the existence of the not public record and the right to seek a court order to open it pursuant to this section. The court shall forward a record of any discharge and dismissal under this subdivision to the bureau which shall make and maintain the not public record of it as provided under this subdivision. The discharge or dismissal shall not be deemed a conviction for purposes of disqualifications or disabilities imposed by law upon conviction of a crime or for any other purpose.

For purposes of this subdivision, "not public" has the meaning given in section 13.02, subdivision 8a.

**EFFECTIVE DATE.** This section is effective August 1, 2012, and applies to crimes committed on or after that date."

Delete the title and insert:

"A bill for an act relating to public safety; aligning state-controlled substance schedules with federal controlled substance schedules; modifying the authority of the Board of Pharmacy to regulate controlled substances; providing for penalties; amending Minnesota Statutes 2010, sections 152.02, as amended; 152.18, subdivision 1; Minnesota Statutes 2011 Supplement, section 152.027, subdivision 6."

We request the adoption of this report and repassage of the bill.

House Conferees: BOB BARRETT, JOHN KRIESEL and KERRY GAUTHIER.

Senate Conferees: SCOTT J. NEWMAN, BILL G. INGEBRITSEN and ROGER J. REINERT.

Barrett moved that the report of the Conference Committee on H. F. No. 2508 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 2508. A bill for an act relating to public safety; aligning state-controlled substance schedules with federal controlled substance schedules; modifying the authority of the Board of Pharmacy to regulate controlled substances; providing for penalties; amending Minnesota Statutes 2010, section 152.02, as amended; Minnesota Statutes 2011 Supplement, section 152.027, subdivision 6.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 117 yeas and 6 nays as follows:

Those who voted in the affirmative were:

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Those who voted in the negative were:

Allen    Beard    Buesgens    Drazkowski    Hackbarth    Kahn

The bill was repassed, as amended by Conference, and its title agreed to.

CONFERENCE COMMITTEE REPORT ON H. F. NO. 2173

A bill for an act relating to consumer protection; clarifying the definition of home solicitation sale; amending Minnesota Statutes 2010, section 325G.06, subdivision 2.

April 19, 2012

The Honorable Kurt Zellers
Speaker of the House of Representatives

The Honorable Michelle L. Fischbach
President of the Senate

We, the undersigned conferees for H. F. No. 2173 report that we have agreed upon the items in dispute and recommend as follows:

That the House concur in the Senate amendment.

We request the adoption of this report and repassage of the bill.

House Conferees: ANDREA KIEFFER, TIM O’DRISCOLL and DENISE DITTRICH.

Senate Conferees: THEODORE J. "TED" DALEY, TERRI E. BONOFF and ANN H. REST.

Kieffer moved that the report of the Conference Committee on H. F. No. 2173 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. 2173, A bill for an act relating to consumer protection; clarifying the definition of home solicitation sale; amending Minnesota Statutes 2010, section 325G.06, subdivision 2.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.
The question was taken on the repassage of the bill and the roll was called. There were 118 yeas and 6 nays as follows:

Those who voted in the affirmative were:

Abeler    Dean    Hansen    Leidiger    Mullery    Scott
Allen     Dettmer  Hausman  LeMieur     Murdock    Shimanski
Anderson, D.  Dill     Hilstrom  Lenczewski  Murphy, E.  Simon
Anderson, P.  Dittrich  Hilty     Liebling    Murphy, M.  Slawik
Anderson, S.  Doepke   Holberg   Lillie      Murray     Slocum
Anzelc    Downey   Hoppe     Loeffler    Myhra      Smith
Atkins     Eken     Hornstein Lohmer      Nelson     Stensrud
Barrett   Fabian    Hortman  Loon       Nornes     Swedzinski
Beard     Falk     Hosch     Mack       Norton     Thissen
Benson, J.  Franson  Howes    Mahoney    O'Driscoll Torkelson
Benson, M.  Fritz    Huntley  Mariani    Paymar     Udahl
Bills      Garofalo  Johnson  Marquart    Pelowski    Vogel
Brynaert  Gauthier  Kahn     Mazorol    Persell     Wagenius
Carlson   Gottwalt  Kath     McDonald  Peterson, S. Ward
Champion  Greene   Kieffer  McElfatrick Poppe      Westrom
Cornish  Greiling  Kiel     McFarlane  Quam       Winkler
Crawford  Gruenhagen Kiffmeyer McNamara  Runbeck    Woodard
Daumt    Guether   Kriesel  Melin       Sanders    Spk. Zellers
Davids    Hackbart  Laine    Moran      Scalze
Davnie    Hamilton  Lanning  Morrow     Schomacker

Those who voted in the negative were:

Buesgens  Drazkowski  Erickson  Hancock  Petersen, B.  Wardlow

The bill was repassed, as amended by Conference, and its title agreed to.

FISCAL CALENDAR

Pursuant to rule 1.22, Holberg requested immediate consideration of H. F. No. 1721.

H. F. No. 1721 was reported to the House.

Gunther and Clark moved to amend H. F. No. 1721, the second engrossment, as follows:

Page 6, after line 3, insert:

"Sec. 10. REVISOR'S INSTRUCTION.

The revisor of statutes shall change the term "neighborhood land trust" to "community land trust" and the term "neighborhood land trusts" to "community land trusts" wherever they appear in Minnesota Statutes, section 273.11, subdivision 12; and chapter 462A."

Amend the title accordingly

The motion prevailed and the amendment was adopted.
H. F. No. 1721, A bill for an act relating to economic development; authorizing redevelopment demolition loans; eliminating a semiannual report; establishing a small business advocate office in the Business Assistance Center; granting Albert Lea the authority to establish an industrial sewer charge rebate program; amending Minnesota Statutes 2010, sections 116J.555, subdivision 2; 116J.571; 116J.572; 116J.575, by adding a subdivision; 116J.66; proposing coding for new law in Minnesota Statutes, chapter 116J.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 110 yeas and 14 nays as follows:

Those who voted in the affirmative were:

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Those who voted in the negative were:

| Anderson, B. | Doepke | Garofalo | McDonald | Scott |
| Bills | Downey | Lenczewski | Petersen, B. | Wardlow |
| Buesgens | Drazkowski | Loon | Quam | |

The bill was passed, as amended, and its title agreed to.

Pursuant to rule 1.22, Holberg requested immediate consideration of S. F. No. 1921.

S. F. No. 1921 was reported to the House.

Kahn moved to amend S. F. No. 1921, the third engrossment, as follows:

Page 1, line 6, delete "THAT PERFORM" and insert a period

Page 1, delete line 7
Page 1, line 8, before "facilities" insert "certain" and delete "abortions" and insert "procedures"

Page 1, line 9, after "(a)" insert "Sperm banks and" and after "which" insert "ten or more vasectomies, tubal
ligations, fertility treatments, or colonoscopy procedures are performed each month, or in which"

Page 1, line 19, delete "woman" and insert "patient treated"

Page 1, line 20, delete everything before "at"

Amend the title as follows:

Page 1, line 2, delete "that perform abortions"

A roll call was requested and properly seconded.

The question was taken on the Kahn amendment and the roll was called. There were 36 yeas and 87 nays as follows:

Those who voted in the affirmative were:

Allen  Falk  Hilty  Liebling  Murphy, E.  Scalze
Anzelc  Gauthier  Hornstein  Loeffer  Nelson  Slawik
Brynaert  Greene  Hortman  Mariani  Norton  Stocum
Carlson  Greiling  Johnson  Melin  Persell  Thissen
Davnie  Hausman  Kahn  Moran  Peterson, S.  Wagenius
Dittrich  Hilstrom  Laine  Mullery  Poppe  Winkler

Those who voted in the negative were:

Abeler  Davids  Gunther  Lanning  Morrow  Simon
Anderson, B.  Dean  Hackbarth  Leidiger  Murdock  Smith
Anderson, D.  Dettmer  Hamilton  LeMieur  Murphy, M.  Stensrud
Anderson, P.  Dill  Hancock  Lenczewski  Murray  Swedzinski
Anderson, S.  Doepke  Hansen  Lillie  Myhra  Torkelson
Atkins  Downey  Holberg  Lohmer  Nornes  Urdahl
Barrett  Drazkowski  Hoppe  Loon  O’Driscoll  Vogel
Beard  Eken  Hosch  Mack  Pelowski  Ward
Benson, J.  Erickson  Howes  Mahoney  Petersen, B.  Wardlaw
Benson, M.  Fabian  Huntley  Marquart  Quam  Westrom
Bills  Franson  Kast  Mazorol  Runbeck  Woodard
Buesgens  Fritz  Kieffer  McDonald  Sanders  Spk. Zellers
Cornish  Garofalo  Kiel  McElfratrick  Schomacker
Crawford  Gottwald  Kifmeyer  McFarlane  Scott
Daudt  Gruenhagen  Kriesel  McNamara  Shimanski

The motion did not prevail and the amendment was not adopted.

S. F. No. 1921, A bill for an act relating to health; requiring licensure of certain facilities that perform abortions;
requiring a licensing fee; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 145.

The bill was read for the third time and placed upon its final passage.
The question was taken on the passage of the bill and the roll was called. There were 81 yeas and 40 nays as follows:

Those who voted in the affirmative were:

Abeler    Davids    Gruenhagen    Lanning    Murphy, M.    Stensrud
Anderson, B.    Dean    Gunther    Leidiger    Murray    Swedzinski
Anderson, D.    Dettmer    Hackbarth    LeMieur    Myhra    Torkelson
Anderson, P.    Dill    Hamilton    Lenczewski    Nornes    Urdał
Anderson, S.    Doepke    Hancock    Lohmer    O'Driscoll    Vogel
Banaian    Downey    Holberg    Loon    Pelowski    Ward
Barrett    Drazkowski    Hoppe    Mack    Petersen, B.    Wardlow
Beard    Eken    Hosch    Marquart    Quam    Westrom
Benson, M.    Erickson    Howes    Mazorol    Runbeck    Winkler
Bills    Fabian    Kahl    McDonald    Sanders    Woodard
Buesgens    Franson    Kieffer    McElfatrick    Schomacker    Spk. Zellers
Cornish    Fritz    Kiel    McFarlane    Scott    Shimanski
Crawford    Garofalo    Kiffmeyer    McNamar    Smith
Daudt    Gottwald    Kriesel    Murdock    The bill was passed and its title agreed to.

MOTION FOR RECONSIDERATION

Winkler moved that the vote whereby S. F. No. 1921, was passed be now reconsidered. The motion prevailed.

S. F. No. 1921, A bill for an act relating to health; requiring licensure of certain facilities that perform abortions; requiring a licensing fee; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 145.

The bill was placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 80 yeas and 47 nays as follows:

Those who voted in the affirmative were:

Abeler    Banaian    Buesgens    Dean    Drazkowski    Fritz
Anderson, B.    Barrett    Cornish    Dettmer    Eken    Garofalo
Anderson, D.    Beard    Crawford    Dill    Erickson    Gottwalt
Anderson, P.    Benson, M.    Daudt    Doepke    Fabian    Gruenhagen
Anderson, S.    Bills    Davids    Downey    Franson    Gunther
Allen    Dittrich    Hornstein    Loeffler    Nelson    Simon
Anzeler    Gauthier    Hortman    Mahoney    Norton    Slawik
Atkins    Greiling    Huntley    Mariani    Paymar    Slocum
Benson, J.    Hansen    Johnson    Melin    Persell    Thissen
Carlson    Hausman    Kahn    Moran    Peterson, S.    Wagenius
Clark    Hilstrom    Liebling    Morrow    Poppe    Schomacker
Davnie    Hilty    Lillie    Mullery    Scalze
Those who voted in the negative were:

Allen Davnie Hilstrom Liebling Mullery Scalze
Anzelc Dittrich Hilty Lillie Murphy, E. Simon
Atkins Falk Hornstein Loeffler Nelson Slawik
Benson, J. Gauthier Hortman Mahoney Norton Slocum
Brynaert Greene Huntley Mariani Paymar Thissen
Carlson Greiling Johnson Melin Persell Wagenius
Champion Hansen Kahn Moran Peterson, S. Winkler
Clark Hausman Laine Morrow Poppe

The bill was passed and its title agreed to.

Wagenius was excused for the remainder of today's session.

Pursuant to rule 1.22, Holberg requested immediate consideration of H. F. No. 2458.

H. F. No. 2458 was reported to the House.

Torkelson moved to amend H. F. No. 2458, the second engrossment, as follows:

Page 2, line 4, after the period, insert "A person may not request an advisory inspection after an inspection resulting in a fine or other penalty has been determined and the violator notified of the amount to be paid, until fines or penalties have been paid or settled."

Page 2, line 28, after the period, insert "If a person conducts a self-audit under chapter 114C, the requirements of this section do not apply. For advisory inspections conducted by the Pollution Control Agency, terms and requirements of chapter 114C shall be used instead of those in this section."

Page 3, line 3, after the period, insert "If a person requests an advisory inspection, but the agency does not have staff resources necessary to conduct the advisory inspection before a regular inspection is conducted, and the regular inspection results in findings that could make a person subject to a fine or penalty, the agency must take into account the person's request for an advisory inspection and the person's desire to take corrective action before taking any enforcement action against the person."

Page 3, line 18, delete "and"

Page 3, line 20, delete the period and insert a semicolon
Page 3, after line 20, insert:

"(12) the Dairy and Food Inspection Division of the Department of Agriculture, if the division provides free inspections similar to those under this section;

(13) state inspections or surveys of: hospitals, nursing homes, outpatient surgical centers, supervised living facilities, board and lodging with special services, home care, housing with services and assisted living settings, hospice, and supplemental nursing services agencies;

(14) examinations of health maintenance organizations or county-based purchasing entities regulated under chapter 62D;

(15) special transportation services under section 174.30; and

(16) financial institutions regulated by federal agencies, including state chartered banks, federal chartered banks, state chartered credit unions, federal chartered credit unions, and industrial loan and thrifts, to the extent that application of this section to those institutions would interfere with agreements between state and federal regulatory agencies."

Page 3, line 25, after the semicolon, insert "presents a severe and imminent threat to animals, food, feed, crops, commodities, or the environment;"

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Torkelson moved to amend H. F. No. 2458, the second engrossment, as amended, as follows:

Page 2, delete line 35
Page 3, line 1, delete "(3)" and insert "(2)"

Amend the title accordingly

The motion prevailed and the amendment was adopted.

H. F. No. 2458, A bill for an act relating to state government; creating an advisory inspections process; proposing coding for new law in Minnesota Statutes, chapter 15.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 99 yeas and 28 nays as follows:

Those who voted in the affirmative were:

Abeler  Anderson, P.  Banaian  Benson, M.  Carlson  Daudt
Anderson, B.  Anderson, S.  Barrett  Bills  Cornish  Davids
Anderson, D.  Anzele  Beard  Buesgens  Crawford  Dean
The bill was passed, as amended, and its title agreed to.

Pursuant to rule 1.22, Holberg requested immediate consideration of H. F. No. 2136.

H. F. No. 2136, A bill for an act relating to motor vehicles; providing for electronic insurance identification cards; regulating salvage titles; modifying the disclosure of motor vehicle damage; amending Minnesota Statutes 2010, sections 65B.482, subdivision 1; 168A.01, subdivisions 6a, 8a, 12a; 168A.151, subdivision 1; 325F.6641; 325F.6644, subdivision 1.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 127 yeas and 0 nays as follows:

Those who voted in the affirmative were:

<table>
<thead>
<tr>
<th>Abeler</th>
<th>Bills</th>
<th>Dill</th>
<th>Gottwald</th>
<th>Hoppe</th>
<th>Laine</th>
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<td>Allen</td>
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<td>Greene</td>
<td>Hornstein</td>
<td>Lanning</td>
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<td>Leidiger</td>
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<td>Anderson, D.</td>
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<td>Anderson, P.</td>
<td>Champion</td>
<td>Drazkowski</td>
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<td>Anderson, S.</td>
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<td>Atkins</td>
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<td>Barrett</td>
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<td>Beard</td>
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<td>Benson, J.</td>
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<td>Garofalo</td>
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<tr>
<td>Benson, M.</td>
<td>Dettmer</td>
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<td>Holberg</td>
<td>Kriesel</td>
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</table>
The bill was passed and its title agreed to.

Pursuant to rule 1.22, Holberg requested immediate consideration of H. F. No. 2269.

H. F. No. 2269. A bill for an act relating to elections; determining funds for Help America Vote Act; appropriating money.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 126 yeas and 1 nay as follows:

Those who voted in the affirmative were:

<table>
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<tr>
<th>Abeler</th>
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<th>Kriesel</th>
<th>Moran</th>
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<tr>
<td>Allen</td>
<td>Davids</td>
<td>Gunther</td>
<td>Laine</td>
<td>Morrow</td>
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<tr>
<td>Anderson, B.</td>
<td>Davnie</td>
<td>Hackbarth</td>
<td>Lanning</td>
<td>Mullery</td>
<td>Schomacker</td>
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<tr>
<td>Anderson, D.</td>
<td>Dean</td>
<td>Hamilton</td>
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<td>Holberg</td>
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<td>Barrett</td>
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<td>Benson, J.</td>
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<td>Benson, M.</td>
<td>Fabian</td>
<td>Horsch</td>
<td>Mahoney</td>
<td>Paymar</td>
<td>Torkelson</td>
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<td>Brynaert</td>
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<td>Johnson</td>
<td>Mazorol</td>
<td>Persell</td>
<td>Ward</td>
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<td>Carlson</td>
<td>Garofalo</td>
<td>Kahn</td>
<td>McDonald</td>
<td>Petersen, B.</td>
<td>Wardlaw</td>
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<td>Champion</td>
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<td>Kath</td>
<td>McElfatrick</td>
<td>Peterson, S.</td>
<td>Westrom</td>
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<td>Clark</td>
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<td>Kieffer</td>
<td>McFarlane</td>
<td>Poppe</td>
<td>Winkler</td>
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<td>Cornish</td>
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<td>Quam</td>
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<td>Crawford</td>
<td>Greiling</td>
<td>Kiffmeyer</td>
<td>Melin</td>
<td>Runbeck</td>
<td>Spk. Zellers</td>
</tr>
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</table>

Those who voted in the negative were:

| Hilty  |

The bill was passed and its title agreed to.
Pursuant to rule 1.22, Holberg requested immediate consideration of S. F. No. 506.

S. F. No. 506 was reported to the House.

Shimanski, Cornish and Mazorol moved to amend S. F. No. 506, the unofficial engrossment, as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2010, section 491A.01, subdivision 3, as amended by Laws 2012, chapter 128, section 15, is amended to read:

Subd. 3. Jurisdiction; general. (a) Except as provided in subdivisions 4 and 5, the conciliation court has jurisdiction to hear, conciliate, try, and determine civil claims if the amount of money or property that is the subject matter of the claim does not exceed: (1) $7,500; (2) $4,000, if the claim involves a consumer credit transaction; or (3) $15,000, if the claim involves money or personal property subject to forfeiture under section 84.7741, 169A.63, 609.5311, 609.5312, 609.5314, or 609.5318. "Consumer credit transaction" means a sale of personal property, or a loan arranged to facilitate the purchase of personal property, in which:

(1) credit is granted by a seller or a lender who regularly engages as a seller or lender in credit transactions of the same kind;

(2) the buyer is a natural person;

(3) the claimant is the seller or lender in the transaction; and

(4) the personal property is purchased primarily for a personal, family, or household purpose and not for a commercial, agricultural, or business purpose.

(b) Except as otherwise provided in this subdivision and subdivisions 5 to 10, the territorial jurisdiction of conciliation court is coextensive with the county in which the court is established. The summons in a conciliation court action under subdivisions 6 to 10 may be served anywhere in the state, and the summons in a conciliation court action under subdivision 7, paragraph (b), may be served outside the state in the manner provided by law. The court administrator shall serve the summons in a conciliation court action by first class mail, except that if the amount of money or property that is the subject of the claim exceeds $2,500, the summons must be served by the plaintiff by certified mail, and service on nonresident defendants must be made in accordance with applicable law or rule. Subpoenas to secure the attendance of nonparty witnesses and the production of documents at trial may be served anywhere within the state in the manner provided by law.

When a court administrator is required to summon the defendant by certified mail under this paragraph, the summons may be made by personal service in the manner provided in the Rules of Civil Procedure for personal service of a summons of the district court as an alternative to service by certified mail.

(c) This subdivision expires August 1, 2014.

EFFECTIVE DATE. Except for paragraph (c), this section is effective August 1, 2012, and applies to claims filed on or after that date.
Sec. 2. Minnesota Statutes 2010, section 491A.01, is amended by adding a subdivision to read:

Subd. 3a. Jurisdiction; general. (a) Except as provided in subdivisions 4 and 5, the conciliation court has jurisdiction to hear, conciliate, try, and determine civil claims if the amount of money or property that is the subject matter of the claim does not exceed: (1) $15,000; or (2) $4,000, if the claim involves a consumer credit transaction. “Consumer credit transaction” means a sale of personal property, or a loan arranged to facilitate the purchase of personal property, in which:

(1) credit is granted by a seller or a lender who regularly engages as a seller or lender in credit transactions of the same kind;

(2) the buyer is a natural person;

(3) the claimant is the seller or lender in the transaction; and

(4) the personal property is purchased primarily for a personal, family, or household purpose and not for a commercial, agricultural, or business purpose.

(b) Except as otherwise provided in this subdivision and subdivisions 5 to 10, the territorial jurisdiction of conciliation court is coextensive with the county in which the court is established. The summons in a conciliation court action under subdivisions 6 to 10 may be served anywhere in the state, and the summons in a conciliation court action under subdivision 7, paragraph (b), may be served outside the state in the manner provided by law. The court administrator shall serve the summons in a conciliation court action by first class mail, except that if the amount of money or property that is the subject of the claim exceeds $2,500, the summons must be served by the plaintiff by certified mail, and service on nonresident defendants must be made in accordance with applicable law or rule. Subpoenas to secure the attendance of nonparty witnesses and the production of documents at trial may be served anywhere within the state in the manner provided by law.

When a court administrator is required to summon the defendant by certified mail under this paragraph, the summons may be made by personal service in the manner provided in the Rules of Civil Procedure for personal service of a summons of the district court as an alternative to service by certified mail.

EFFECTIVE DATE. This section is effective August 1, 2014, and applies to claims filed on or after that date.

Sec. 3. REVISOR’S INSTRUCTION.

(a) The revisor shall correct the threshold monetary amount wherever it appears in Minnesota Statutes consistent with changes in section 1.

(b) The revisor shall correct the threshold monetary amount and statutory cross references wherever they appear in Minnesota Statutes consistent with changes in section 2.

EFFECTIVE DATE. Paragraph (a) is effective August 1, 2012, and paragraph (b) is effective August 1, 2014."

Amend the title accordingly

The motion prevailed and the amendment was adopted.
Mazorol and Shimanski offered an amendment to S. F. No. 506, the unofficial engrossment, as amended.

POINT OF ORDER

Atkins raised a point of order pursuant to rule 3.21 that the Mazorol and Shimanski amendment was not in order. Speaker pro tempore Davids ruled the point of order well taken and the Mazorol and Shimanski amendment out of order.

S. F. No. 506, A bill for an act relating to courts; increasing conciliation court civil claim limit; appropriating money; amending Minnesota Statutes 2010, section 491A.01, subdivision 3.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 77 yeas and 49 nays as follows:

Those who voted in the affirmative were:

Abeler
Anderson, B.
Anderson, D.
Anderson, P.
Anderson, S.
Banaian
Barrett
Beard
Benson, M.
Bills
Buesgens
Cornish
Crawford
Daudt
Davids
Dean
Dettmer
Doepke
Downey
Drazkowski
Erickson
Fabian
Franson
Fritz
Garofalo
Gottwald
Gruenhagen
Gunther
Hackbarth
Hamilton
Hancock
Holberg
Hoppe
Humes
Hoffman
Kiffmeyer
Kriesel
Lanning
Leidiger
LeMieur
Lohmer
Loon
Mack
Mazorol
McDonald
McElfatrick
McFarlane
McNamara
Murdock
Murray
Myhra
Nornes
Norton
O’Driscoll
Pelowski
Peppin
Petersen, B.
Petersen, S.
Quam
Runbeck
Sanders
Scalze
Schomacker
Scott
Shimanski
Slawik
Smith
Stensrud
Swedzinski
Torkelson
Vogel
Vogel
Wardlow
Westrom
Woodard
Spk. Zellers

Those who voted in the negative were:

Allen
Anzelc
Atkins
Benson, J.
Brynaert
Carlson
Champion
Clark
Davnie
Dill
Dittrich
Dittrich
Eken
Falk
Gauthier
Greene
Greiling
Hansen
Hausman
Hilstrom
Hilty
Hornstein
Hortman
Hosch
Huntley
Johnson
Kahn
Laine
Lenczewski
Liebling
Lillie
Loeffler
Mahoney
Mariani
Marquart
Melin
Morgan
Morrow
Mullery
Murphy, E.
Murphy, M.
Murray
Murray
Murphy
Murphy
Myhra
Nornes
Norton
O’Driscoll
Pelowski
Peppin
Petersen
Petersen
Quam
Runbeck
Sanders
Scalze
Schomacker
Scott
Shimanski
Slawik
Smith
Stensrud
Swedzinski
Torkelson
Vogel
Wardlow
Westrom
Woodard
Spk. Zellers

The bill was passed, as amended, and its title agreed to.

Pursuant to rule 1.22, Holberg requested immediate consideration of H. F. No. 2555.

H. F. No. 2555 was reported to the House.
Kiffmeyer moved to amend H. F. No. 2555, the sixth engrossment, as follows:

Page 3, after line 19, insert:

"Sec. 6. REVIEW OF SUNSET PROCESS.

The Office of the Legislative Auditor is requested to conduct a review of the sunset process in Minnesota Statutes, chapter 3D. The review must be conducted as soon as possible after completion of the first full cycle of sunset reviews of state agencies in 2022. The legislative auditor is requested to present the results of the review in a report to the Legislative Audit Commission and the Sunset Advisory Commission."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Kahn moved to amend the Kiffmeyer amendment to H. F. No. 2555, the sixth engrossment, as follows:

Page 1, after line 1, insert:

"Page 3, line 8, after the colon, insert "the Sunset Advisory Commission,"

Page 3, after line 19, insert:

"Sec. 6. LEGISLATIVE AUDITOR REVIEW.

The legislative auditor is requested to conduct a review of the Sunset Advisory Commission, and to submit the results of the review in time for consideration by the legislature in the 2014 session."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the amendment to the amendment and the roll was called. There were 53 yeas and 74 nays as follows:

Those who voted in the affirmative were:

<table>
<thead>
<tr>
<th>Allen</th>
<th>Davnie</th>
<th>Hansen</th>
<th>Kahn</th>
<th>Melin</th>
<th>Peterson, S.</th>
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<td>Hausman</td>
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<td>Morrow</td>
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<td>Atkins</td>
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<td>Liebling</td>
<td>Mullery</td>
<td>Simon</td>
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<td>Benson, J.</td>
<td>Falk</td>
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<td>Murphy, E.</td>
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<tr>
<td>Brynaert</td>
<td>Fritz</td>
<td>Hornstein</td>
<td>Loeffler</td>
<td>Murphy, M.</td>
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<td>Buegens</td>
<td>Gauthier</td>
<td>Hortman</td>
<td>Mahoney</td>
<td>Nelson</td>
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<tr>
<td>Carlson</td>
<td>Greene</td>
<td>Hosch</td>
<td>Mariani</td>
<td>Norton</td>
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<td>Champion</td>
<td>Greling</td>
<td>Huntley</td>
<td>Marquart</td>
<td>Paymar</td>
<td>Winkler</td>
</tr>
<tr>
<td>Clark</td>
<td>Hamilton</td>
<td>Johnson</td>
<td>McElfatrick</td>
<td>Persell</td>
<td></td>
</tr>
</tbody>
</table>
Those who voted in the negative were:

Abeler  Davids  Gunther  LeMieur  Nornes  Stensrud
Anderson, B.  Dean  Hackbarth  Lenczewski  O'Driscoll  Swedzinski
Anderson, D.  Dettmer  Hancock  Lohmer  Pelowski  Torkelson
Anderson, P.  Dittrich  Holberg  Loon  Peppin  Wardlow
Anderson, S.  Doepke  Hoppe  Mack  Petersen, B.  Vogel
Banaian  Downey  Howes  Mazorol  Poppe  Udahl
Barrett  Drazkowski  Kath  McDonald  Quam  Westrom
Beard  Erickson  Kieffer  McFarlane  Runbeck  Woodard
Benson, M.  Fabian  Kiel  McNamara  Sanders  Spk. Zellers
Bills  Franson  Kiffmeyer  Moran  Schomacker  Stensrud
Cornish  Garofalo  Kriesel  Murdock  Scott  Swedzinski
Crawford  Gottwalt  Lanning  Murray  Shimanski  Swedzinski
Daudt  Gruenhagen  Leidiger  Myhra  Smith  Swedzinski

The motion did not prevail and the amendment to the amendment was not adopted.

The question recurred on the Kiffmeyer amendment to H. F. No. 2555, the sixth engrossment. The motion prevailed and the amendment was adopted.

Speaker pro tempore Davids called Holberg to the Chair.

Kahn moved to amend H. F. No. 2555, the sixth engrossment, as amended, as follows:

Page 20, line 2, after the period, insert "Minnesota Statutes 2010, section 645.44, subdivision 19, is sunset and is repealed on June 30, 2012."

A roll call was requested and properly seconded.

The question was taken on the Kahn amendment and the roll was called. There were 34 yeas and 93 nays as follows:

Those who voted in the affirmative were:

Allen  Clark  Greene  Hornstein  Loeffler  Scalze
Anzele  Davnie  Greiling  Huntley  Mahoney  Simon
Atkins  Dittrich  Hansen  Johnson  Murphy, M.  Slocum
Benson, J.  Eken  Hausman  Kahn  Nelson  Winkler
Brynaert  Falk  Hilstrom  Laine  Norton  Swedzinski
Champion  Fritz  Hilty  Lillie  Persell  Spk. Zellers

Those who voted in the negative were:

Abeler  Banaian  Buesgens  Davids  Downey  Garofalo
Anderson, B.  Barrett  Carlson  Dean  Drazkowski  Gauthier
Anderson, D.  Beard  Cornish  Dettmer  Erickson  Gottwalt
Anderson, P.  Benson, M.  Crawford  Dill  Fabian  Gruenhagen
Anderson, S.  Bills  Daudt  Doepke  Franson  Gunther
The motion did not prevail and the amendment was not adopted.

Speaker pro tempore Holberg called Davids to the Chair.

Liebling and Nelson moved to amend H. F. No. 2555, the sixth engrossment, as amended, as follows:

Page 15, delete section 26

Page 21, delete article 4

Page 26, delete section 2

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Liebling and Nelson amendment and the roll was called. There were 53 yeas and 73 nays as follows:

Those who voted in the affirmative were:

Those who voted in the negative were:
The motion did not prevail and the amendment was not adopted.

H. F. No. 2555, A bill for an act relating to state government; implementing changes to the sunset review; changing certain agency requirements; requiring posting of convictions of felonies or gross misdemeanors and malpractice settlements or judgments for a regulated practitioner; requiring certain information on regulated practitioners; requiring a study; prohibiting transfer of certain funds; requiring reports and a financial audit; setting fees; abolishing the Combative Sports Commission and transferring combative sports duties to the commissioner of labor and industry; establishing a Combative Sports Advisory Council; requiring a review of the Minnesota Board of Medical Practice; changing provisions for health-related licensing boards; appropriating money; amending Minnesota Statutes 2010, sections 3.922, by adding a subdivision; 3.9223, subdivision 7; 3.9225, subdivision 7; 3.9226, subdivision 7; 147.01, subdivision 4; 147.111, by adding a subdivision; 148.102, by adding a subdivision; 148.261, subdivision 1; 148.263, by adding a subdivision; 148.5194, subdivision 5; 148.6445, subdivision 10; 148B.07, by adding a subdivision; 148C.095, by adding a subdivision; 148E.285, by adding a subdivision; 150A.13, by adding a subdivision; 153.24, by adding a subdivision; 153A.17; 214.06, subdivisions 1, 1a, by adding a subdivision; 214.09, by adding a subdivision; 214.103; 341.21, by adding a subdivision; 341.26.

The bill was read for the third time, as amended, and placed up on its final passage.

The question was taken on the passage of the bill and the roll was called. There were 90 yeas and 36 nays as follows:

Those who voted in the affirmative were:

Those who voted in the negative were:

<table>
<thead>
<tr>
<th>Allen</th>
<th>Dill</th>
<th>Hausman</th>
<th>Liebling</th>
<th>Paymar</th>
<th>Winkler</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anderson, B.</td>
<td>Drazkowski</td>
<td>Hilty</td>
<td>Lillie</td>
<td>Pelowski</td>
<td></td>
</tr>
<tr>
<td>Anzelc</td>
<td>Falk</td>
<td>Hosch</td>
<td>Mahoney</td>
<td>Persell</td>
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</tr>
<tr>
<td>Atkins</td>
<td>Fritz</td>
<td>Huntley</td>
<td>Melin</td>
<td>Peterson, S.</td>
<td></td>
</tr>
<tr>
<td>Benson, J.</td>
<td>Gauthier</td>
<td>Johnson</td>
<td>Morrow</td>
<td>Poppe</td>
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</tr>
<tr>
<td>Brynaert</td>
<td>Greene</td>
<td>Kahn</td>
<td>Murphy, M.</td>
<td>Scalze</td>
<td></td>
</tr>
<tr>
<td>Buesgens</td>
<td>Hansen</td>
<td>Laine</td>
<td>Norton</td>
<td>Slocum</td>
<td></td>
</tr>
</tbody>
</table>

The bill was passed, as amended, and its title agreed to.

**CALENDAR FOR THE DAY**

Dean moved that the Calendar for the Day be continued. The motion prevailed.

**ANNOUNCEMENT BY THE SPEAKER**

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 2324:

Sanders, Hoppe and Nelson.

**FISCAL CALENDAR ANNOUNCEMENT**

Pursuant to rule 1.22, Holberg announced her intention to place H. F. Nos. 2729 and 1284; and S. F. Nos. 1922, 230 and 1808 on the Fiscal Calendar for Monday, April 23, 2012.

**MOTIONS AND RESOLUTIONS**

Swedzinski moved that his name be stricken as an author on H. F. No. 1598. The motion prevailed.

Knuth moved that the name of Hornstein be added as an author on H. F. No. 1619. The motion prevailed.

Petersen, B., moved that his name be stricken as an author on H. F. No. 1723. The motion prevailed.

Doepke moved that her name be stricken as an author on H. F. No. 1872. The motion prevailed.

Howes moved that the name of Murphy, M., be added as an author on H. F. No. 2754. The motion prevailed.

Davnie moved that the names of Ward, Laine and Peterson, S., be added as authors on H. F. No. 3004. The motion prevailed.

Howes moved that the name of Peterson, S., be added as an author on H. F. No. 3005. The motion prevailed.

Kahn moved that the name of Laine be added as an author on H. F. No. 3006. The motion prevailed.
ANNOUNCEMENT BY THE SPEAKER

The Speaker announced the following appointment and change in committee assignments:

Taxes: Add the name of Ward.

ADJOURNMENT

Dean moved that when the House adjourns today it adjourn until 12:00 noon, Monday, April 23, 2012. The motion prevailed.

Dean moved that the House adjourn. The motion prevailed, and Speaker pro tempore Davids declared the House stands adjourned until 12:00 noon, Monday, April 23, 2012.

ALBIN A. MATHIOWETZ, Chief Clerk, House of Representatives