

# HOUSE RESEARCH

## Bill Summary

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### Overview

This bill allows racinos to exist in Minnesota, and creates funding for a variety of purposes.

#### Section

- 1 Jobs, Family, and Economic Development Fund.** A jobs, family, and economic development fund is created within the state treasury. The fund receives revenues from racinos, and is dedicated for a variety of purposes, including: 1) 20 percent for agriculture and rural development; 2) 20 percent for early childhood development; 3) 20 percent for research and development in bioscience and medical technology; 4) 20 percent for athletic facilities and programs, including capital expenditures; and 5) 20 percent for the general fund.
- 2 License issuance.** Allows the racing commission to issue a license for additional gaming at the racetrack; establishes interim licensing provisions; requires 75 days of live racing; establishes licensing procedures and requirements.
- 3 Other games.** Allows racetracks to have other gambling, including gaming machines.
  - Subd. 1. Authorization.** Allows the racing commission to authorize racetracks to conduct gambling with card clubs and machines.
  - Subd. 2. Installation and operation permitted.** Allows installation and authorization of machine games, and specifies enforcement abilities of the racing commission.
  - Subd. 3. Supervision.** Requires the licensee to conduct and supervise gaming machine play. Gives regulators the right to inspect books and computers, and have unrestricted access.
  - Subd. 4. Plan of operation.** Requires the submission and approval of a plan of

operation by the licensee. States conditions for the plan of operation, including security and operations parameters.

**Subd. 5. Amendments to plan.** Requires commission approval for amendments to the operational plan.

**Subd. 6. Violation of plan.** A violation of the plan is equal to a violation of a rule. Gaming machine play are deemed relevant to the integrity of horse racing for the purpose of Minnesota rules and law.

**Subd. 7. Removal of nonconforming machines.** Gives the commission or Public Safety the right to remove nonconforming machines.

**Subd. 8. Minimum age for play.** Sets a minimum age for play at 18.

**Subd. 9. Posting of notice.** Requires posting of a compulsive gambling notice.

**Subd. 10. Local regulation prohibited.** Prohibits local government regulations.

**Subd. 11. Purses.** Requires a set aside for purses of ten percent for live races, increasing to 14 percent after 5 years. Requires an allocation to the various breeds, and an allocation to the breeder's funds.

**Subd. 12. Reimbursement to commission.** Requires reimbursement for any additional costs to the commission.

**Subd. 13. Reporting.** Requires an annual report by the licensee to the Racing Commission.

**Subd. 14. Fee.** Requires an annual fee of 32 percent of money received by the licensee from gambling activities, less the amount paid out in prizes. The fee increases to 42 percent of amounts received in excess of \$125 million, less the amount paid out in prizes. Requires the commission to pay 1 percent to the city, and one percent to the county, and the rest to the jobs, family, and economic development fund.

- 4      **Generally.** Extends existing enforcement authority to the new gambling activities.
- 5      **Exclusions.** Adds these new gambling activities to existing exemptions to laws prohibiting possession of a gambling device.
- 6      **Restrictions.** Amends current manufacturer licenses to account for these new activities.
- 7      **Gambling prohibited.** Allows gambling devices at racetracks.
- 8      **Recovery of money lost.** Amends current laws to include these new gambling activities.
- 9      **Commitment for gambling debt void.** Amends existing laws to account for new gambling activities.