

**SENATE
STATE OF MINNESOTA
NINETY-FIRST SESSION**

S.F. No. 4504

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DATE
04/23/2020

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OFFICIAL STATUS
Introduction and first reading
Referred to State Government Finance and Policy and Elections

1.1 A bill for an act
1.2 relating to horse racing; modifying provisions relating to wagering and simulcasting;
1.3 providing for certain waivers and expenditures; amending Minnesota Statutes
1.4 2018, sections 240.01, subdivisions 1b, 20; 240.25, subdivision 2; Minnesota
1.5 Statutes 2019 Supplement, sections 240.10; 240.13, subdivision 5; repealing
1.6 Minnesota Rules, part 7880.0010.

1.7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.8 Section 1. Minnesota Statutes 2018, section 240.01, subdivision 1b, is amended to read:

1.9 Subd. 1b. **Advance deposit wager.** "Advance deposit wager" means a wager placed
1.10 through an advance deposit wagering provider on a horse race ~~that is conducted outside of~~
1.11 ~~the state.~~

1.12 Sec. 2. Minnesota Statutes 2018, section 240.01, subdivision 20, is amended to read:

1.13 Subd. 20. **Simulcasting.** "Simulcasting" means ~~the televised display, for pari-mutuel~~
1.14 ~~wagering purposes, of~~ on one or more horse races conducted at another location ~~wherein~~
1.15 ~~the televised display occurs simultaneously with the race being televised.~~

1.16 Sec. 3. Minnesota Statutes 2019 Supplement, section 240.10, is amended to read:

1.17 **240.10 LICENSE FEES.**

1.18 (a) The fee for a class A license is \$253,000 per year and must be remitted on July 1.
1.19 The fee for a class B license is \$500 for each assigned racing day and \$100 for each day on
1.20 which simulcasting is authorized and must be remitted on July 1. The fee for a class D
1.21 license is \$50 for each assigned racing day on which racing is actually conducted. Fees

2.1 imposed on class D licenses must be paid to the commission at a time and in a manner as
2.2 provided by rule of the commission.

2.3 (b) The commission shall by rule establish an annual license fee for each occupation it
2.4 licenses under section 240.08.

2.5 (c) The initial annual license application fee for a class C license to provide advance
2.6 deposit wagering on horse racing under this chapter is \$10,000 and an annual license fee
2.7 of \$2,500 applies thereafter.

2.8 (d) Notwithstanding section 16A.1283, the commission shall by rule establish an annual
2.9 license fee for each type of racing or gaming-related vendor it licenses, not to exceed \$2,500.

2.10 (e) From the day following final enactment until January 1, 2022, license fees and all
2.11 other fees for class A and B licensees are waived and no reimbursements, including
2.12 reimbursements pursuant to section 240.155, may be required of the licensees.

2.13 Sec. 4. Minnesota Statutes 2019 Supplement, section 240.13, subdivision 5, is amended
2.14 to read:

2.15 Subd. 5. **Purses.** (a) From the amounts deducted from all pari-mutuel pools by a licensee,
2.16 including breakage, an amount equal to not less than the following percentages of all money
2.17 in all pools must be set aside by the licensee and used for purses for races conducted by the
2.18 licensee, provided that a licensee may agree by contract with an organization representing
2.19 a majority of the horsepersons racing the breed involved to set aside amounts in addition
2.20 to the following percentages, if the contract is in writing and reviewed by the commission
2.21 for compliance with this subdivision:

2.22 (1) for live races conducted at a class A facility, 8.4 percent of handle;

2.23 (2) for simulcasts conducted any day a class A facility is licensed, not less than 37 percent
2.24 of the amount remaining after deduction for the state pari-mutuel tax, payment to the breeders
2.25 fund, and payment to the sending out-of-state racetrack for receipt of the signal.

2.26 The commission may by rule provide for the administration and enforcement of this
2.27 subdivision. The deductions for payment to the sending out-of-state racetrack must be actual,
2.28 except that when there exists any overlap of ownership, control, or interest between the
2.29 sending out-of-state racetrack and the receiving licensee, the deduction must not be greater
2.30 than three percent unless agreed to between the licensee and the horsepersons' organization
2.31 representing the majority of horsepersons racing the breed racing the majority of races
2.32 during the existing racing meeting or, if outside of the racing season, during the most recent
2.33 racing meeting.

3.1 The licensee shall pay to the commission for deposit in the Minnesota breeders fund
3.2 5-1/2 percent of the takeout from all pari-mutuel pools generated by wagering at the licensee's
3.3 facility on simulcasts of races not conducted in this state.

3.4 (b) The licensee shall pay to the horseperson's organization representing the majority of
3.5 the horsepersons racing the breed involved and contracting with the licensee with respect
3.6 to purses and the conduct of the racing meetings and providing representation to its members,
3.7 an amount as may be determined by agreement by the licensee and the horsepersons'
3.8 organization sufficient to provide for capital improvements and expense reimbursements
3.9 specific to the operation of live racing at the licensee and beneficial to horsepersons racing
3.10 at the licensee's facility, benevolent programs, benefits, and services for horsepersons and
3.11 their on-track employees. The amount paid may be deducted from the money set aside for
3.12 purses to be paid in races for the breed represented by the horseperson's organization or
3.13 may be paid from breakage retained by the licensee from live or simulcast wagering as
3.14 agreed between the licensee and horsepersons' organization. With respect to racing meetings
3.15 where more than one breed is racing, the licensee may contract independently with the
3.16 horseperson's organization representing each breed racing. The contract must be in writing
3.17 and reviewed by the commission for compliance with this subdivision.

3.18 (c) Notwithstanding sections 325D.49 to 325D.66, a horseperson's organization
3.19 representing the majority of the horsepersons racing a breed at a meeting, and the members
3.20 thereof, may agree to withhold horses during a meeting.

3.21 (d) Money set aside for purses from wagering on simulcasts must be used for purses for
3.22 live races involving the same breed involved in the simulcast except that money set aside
3.23 for purses and payments to the breeders fund from wagering on simulcasts of races not
3.24 conducted in this state, occurring during a live mixed meet, must be allotted to the purses
3.25 and breeders fund for each breed participating in the mixed meet as agreed upon by the
3.26 breed organizations participating in the live mixed meet. The agreement shall be in writing
3.27 and reviewed by the commission for compliance with this subdivision prior to the first day
3.28 of the live mixed meet. In the absence of a written agreement reviewed by the commission,
3.29 the money set aside for purses and payments to the breeders fund from wagering on
3.30 simulcasts, occurring during a live mixed meet, shall be allotted to each breed participating
3.31 in the live mixed meet in the same proportion that the number of live races run by each
3.32 breed bears to the total number of live races conducted during the period of the mixed meet.

3.33 (e) The allocation of money set aside for purses to particular racing meets may be
3.34 adjusted, relative to overpayments and underpayments, by contract between the licensee
3.35 and the horsepersons' organization representing the majority of horsepersons racing the

4.1 breed involved at the licensee's facility. The contract must be in writing and reviewed by
4.2 the commission for compliance with this subdivision.

4.3 (f) Subject to the provisions of this chapter, money set aside from pari-mutuel pools for
4.4 purses must be for the breed involved in the race that generated the pool, except that if the
4.5 breed involved in the race generating the pari-mutuel pool is not racing in the current racing
4.6 meeting, or has not raced within the preceding 12 months at the licensee's class A facility,
4.7 money set aside for purses may be distributed proportionately to those breeds that have run
4.8 during the preceding 12 months or paid to the commission and used for purses or to promote
4.9 racing for the breed involved in the race generating the pari-mutuel pool, or both, in a manner
4.10 prescribed by the commission.

4.11 (g) This subdivision does not apply to a class D licensee.

4.12 Sec. 5. Minnesota Statutes 2018, section 240.25, subdivision 2, is amended to read:

4.13 Subd. 2. **Off-track bets.** (a) Except as provided in paragraph (b), no person shall:

4.14 (1) for a fee, directly or indirectly, accept anything of value from another to be transmitted
4.15 or delivered for wager in any licensed pari-mutuel system of wagering on horse races, or
4.16 for a fee deliver anything of value which has been received outside of the enclosure of a
4.17 licensed racetrack holding a race meet licensed under this chapter, to be placed as wagers
4.18 in the pari-mutuel system of wagering on horse racing within the enclosure or facility; or

4.19 (2) give anything of value to be transmitted or delivered for wager in any licensed
4.20 pari-mutuel system of wagering on horse races to another who charges a fee, directly or
4.21 indirectly, for the transmission or delivery.

4.22 (b) An agent approved by the commission, for the purpose of facilitating wagering, may,
4.23 by any means, accept and place wagers for a client, present at the racetrack or not, utilizing
4.24 the client's established account, provided that the agent, or an employee thereof, is physically
4.25 present at the racetrack at the time of the transaction, that the transaction is pursuant to a
4.26 contract approved by the commission, and that no credit is extended.

4.27 Sec. 6. **REPEALER.**

4.28 Minnesota Rules, part 7880.0010, is repealed.

4.29 Sec. 7. **EFFECTIVE DATE.**

4.30 Sections 1 to 6 are effective the day following final enactment and expire December 31,
4.31 2021.

7880.0010 SCOPE.

This chapter applies to advance deposit wagering providers licensed by the commission under Minnesota Statutes, section 240.131. Advance deposit wagering providers shall not accept wagers from Minnesota residents on races conducted in Minnesota. The activities of a licensed advance deposit wagering provider are deemed to be relevant to the integrity of horse racing activities in Minnesota for purposes of Minnesota Statutes, sections 240.03 and 240.08.