moves to amend H.F. No. 778 as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

LAWFUL SPORTS BETTING

Section 1. [299L.10] DEFINITIONS.

Subdivision 1. Terms. For the purposes of this chapter, the following terms have the meanings given them.

Subd. 2. Athletic event. "Athletic event" means a sports game, match, or activity, or series of games, matches, activities, or tournaments involving the athletic skill of one or more players or participants. Athletic event does not include any of the following:

(1) horse racing as defined in section 240.01, subdivision 8;

(2) an esports event, activity, athletic event, or tournament organized by an elementary, middle, or high school, or by any youth activity sports program, league, or clinic; or

(3) a fantasy sports contest in which participants assemble teams of athletes or individuals and the winning outcome reflects the relative knowledge and skill of the participants and is determined predominantly by the accumulated statistical results of the performance of athletes or individuals in an actual event.

Subd. 3. Authorized participant. "Authorized participant" means an individual who has a valid mobile sports betting account with a mobile betting operator and is at least 18 years of age.

Subd. 4. Casino. "Casino" means an establishment in which gaming is lawfully conducted by an Indian Tribe in the state of Minnesota pursuant to the Indian Gaming Regulatory Act and in accordance with a Tribal gaming ordinance and applicable Tribal-state compacts.
Subd. 5. **Class III gaming.** "Class III gaming" has the meaning given in United States Code, title 25, section 2703.

Subd. 6. **College sports.** "College sports" means an athletic event in which at least one participant is a team or individual from a public or private institution of higher education.

Subd. 7. **Compact.** "Compact" means a Tribal-state compact governing the conduct of Class III gaming at a casino that is negotiated under the Indian Gaming Regulatory Act, Public Law 100-497, and future amendments to it.

Subd. 8. **Esports event.** "Esports event" means a competition between individuals or teams using video games in a game, match, contest, or series of games, matches, or contests, or a tournament, or by a person or team against a specified measure of performance which is hosted at a physical location or online that meets the following conditions:

1. the video game does not simulate the play of a game classified as Class I, II, or III under the Indian Gaming Regulatory Act, Public Law 100-497, and future amendments to it;
2. spectators are allowed to watch the competition in real time in person or online; and
3. the video game is approved by the commissioner to be an event eligible for wagering under this chapter.

Subd. 9. **Indian Tribe.** "Indian Tribe" means the following federally recognized Tribes and any instrumentality, political subdivision, legal entity, or other organization through which any of them conducts business:

1. the Fond du Lac Band;
2. the Grand Portage Band;
3. the Mille Lacs Band;
4. the White Earth Band;
5. the Bois Forte Band;
6. the Leech Lake Band;
7. the Red Lake Nation;
8. the Upper Sioux Community;
9. the Lower Sioux Indian Community;
10. the Shakopee Mdewakanton Sioux Community; and
(11) the Prairie Island Indian Community.

Subd. 10. In-game betting. "In-game betting" means placing a mobile sports betting wager after an athletic event or esports event has started but before the outcome of the wager is determined.

Subd. 11. Mobile application. "Mobile application" means an application on a mobile phone or other device through which an individual is able to place an internet sports betting wager.

Subd. 12. Mobile sports betting. "Mobile sports betting" means operating, conducting, or offering for play sports betting through the Internet.

Subd. 13. Mobile sports betting account. "Mobile sports betting account" means an electronic ledger in which all of the following types of transactions relative to an authorized participant are recorded:

(1) deposits and credits;

(2) withdrawals;

(3) mobile sports betting wagers;

(4) monetary value of winnings;

(5) service or other transaction related charges authorized by the authorized participant, if any;

(6) adjustments to the account;

(7) promotional activity; and

(8) responsible gaming parameters.

Subd. 14. Mobile sports betting master licensee. "Mobile sports betting master licensee" means an entity comprised of Indian Tribes located in Minnesota that is licensed pursuant to a master sports betting license and enters into operational agreements with mobile sports betting operators that operate, conduct, or offer mobile sports betting.

Subd. 15. Mobile sports betting operator. "Mobile sports betting operator" means an Indian Tribe or entity comprised of multiple Indian Tribes that receives a license from the commissioner to operate, conduct, or offer for play mobile sports betting under this chapter.

Subd. 16. Mobile sports betting platform. "Mobile sports betting platform" means an integrated system of hardware, software, or applications, including mobile applications and
servers, through which a mobile sports betting operator operates, conducts, or offers sports betting through the Internet.

Subd. 17. **Mobile sports betting platform provider.** "Mobile sports betting platform provider" means a sports betting supplier that contracts with a mobile sports betting operator to provide a mobile sports betting platform.

Subd. 18. **Participant in an athletic event.** "Participant in an athletic event" means a person participating in an athletic event as a player, coach, or official, or who is an owner or officer of a team participating in an athletic event or the league or organization organizing the athletic event.

Subd. 19. **Sports betting.** (a) "Sports betting" means wagering on the outcome of an athletic event or esports event that is:

1. organized by a professional sports organization, internationally recognized sports organization, or a postsecondary educational institution or group of postsecondary educational institutions; and

2. approved by the commissioner to be an event eligible for wagering under this act.

(b) Sports betting includes, but is not limited to single-game bets, futures bets, teaser bets, parlay bets, over-under, money line, in-game betting, proposition bets, straight bets, and futures bets placed on end of the season standings, awards, or statistics.

(c) A contract for insurance on the life or health of a participant in an athletic event or a participant in an esports event is not sports betting for purposes of this chapter.

(d) A private social bet as described in section 609.75, subdivision 3, clause (5), is not sports betting regulated under this chapter.

Subd. 20. **Wager.** "Wager" means a transaction between an individual and a licensed mobile sports betting operator in which an individual pays, deposits, or risks cash or cash equivalent during sports betting on an uncertain outcome of an athletic event or esports event.

Sec. 2. **[299L.15] SCOPE.**

Subdivision 1. **Exclusive means of sports betting.** This chapter sets forth the exclusive means by which sports betting may be lawfully conducted, other than Class III sports betting conducted by an Indian Tribe pursuant to a Tribal-state compact.

Subd. 2. **Unlawful sports betting.** It is unlawful to wager on an athletic event or esports event, or engage in sports betting except in compliance with the terms, conditions, limitations,
and restrictions of this chapter or the rules adopted under this chapter, other than Class III
sports betting conducted by an Indian Tribe pursuant to a Tribal-state compact.

Subd. 3. Inapplicability to sports betting on Indian Lands. This chapter, except for
the provisions authorizing the negotiations of Tribal-state compacts, does not apply to sports
betting conducted exclusively on Indian Lands by an Indian Tribe conducted pursuant to a
Tribal gaming ordinance approved by the National Indian Gaming Commission and a
Tribal-state compact.

Sec. 3. [299L.20] POWERS AND DUTIES OF COMMISSIONER.

Subdivision 1. Regulate sports betting. The commissioner has the power and duty to
regulate sports betting authorized under this chapter to ensure that mobile sports betting is
conducted in a fair and lawful manner and to take all necessary actions sufficient to
administer and enforce this chapter.

Subd. 2. Rulemaking. (a) The commissioner must adopt and enforce rules to ensure
that sports betting is conducted in a manner that is fair and transparent to authorized
participants. Rules must be consistent with this chapter and address the following subjects:

(1) the manner in which wagers are accepted and payouts are remitted;
(2) the manner in which betting lines are communicated to the public;
(3) the calculation of gross sports betting revenue and standards for daily counting and
recording of cash and cash equivalents received in the conduct of sports betting;
(4) the method of accounting to be used by mobile sports betting operators;
(5) the types of records that shall be kept by mobile sports betting operators;
(6) the use of wager accounts, debit cards, and checks by authorized participants provided
that the rules permit an authorized participant to fund a wager account through bonuses or
promotions, electronic bank transfer, an online or mobile payment system that supports
online money transfers, reloadable or prepaid cards, and any other appropriate means
approved by the commissioner other than the use of credit cards;
(7) the appropriate standards and practices to prevent and address compulsive and
problem gambling;
(8) the athletic events and esports events on which wagers are authorized to be placed;
(9) the requirements for mobile sports betting hub and mobile sports betting operator
licenses, may include criminal and financial background checks, financial disclosure and
auditing requirements, data practices and security requirements, bonding or other surety
requirements, and the conduct of inspections;

(10) the requirements for equipment and distributor licenses to provide equipment and
supplies used in sports betting;

(11) the registration requirements for employees of mobile sports betting hubs and mobile
sports betting operators, including criminal background checks; and

(12) the license requirements for mobile sports betting platform providers.

(b) Rules for which notice is published in the State Register before January 1, 2023,
may be adopted using the expedited rulemaking process in section 14.389.

Subd. 3. Cease and desist orders. (a) Unless the commissioner is authorized to
summarily suspend a license pursuant to section 299L.50, subdivision 2, whenever it appears
to the commissioner that any person has engaged or is about to engage in any action or
practice constituting a violation of this chapter or any rule or order the commissioner shall
issue and cause to be served upon the person an order requiring the person to cease and
desist from violations of this chapter or rule or order. The order must give reasonable notice
of the rights of the person to request a hearing and must state the reason for the entry of the
order. If no hearing is requested within 30 days of the service of the order, the order becomes
final and remains in effect until modified or vacated by the commissioner. Unless otherwise
agreed between the parties, a hearing shall be held not later than seven days after the request
for a hearing is received by the commissioner. Such hearing shall be conducted in accordance
with the provisions of chapter 14. If the person to whom the cease and desist order is issued
fails to appear at the hearing after being duly notified, the person shall be deemed in default,
and the proceeding may be determined against the person upon consideration of the cease
and desist order, the allegations of which may be deemed to be true. Within 20 days after
the receipt of the administrative law judge's report and subsequent exceptions and argument,
the commissioner shall issue an order vacating the cease and desist order, modifying it, or
making it permanent as the facts require.

(b) Whenever it appears to the board that any person has engaged or is about to engage
in any act or practice that violates this chapter or any rule or order and the cease and desist
procedures have been exhausted, the commissioner may bring action in the district court of
the appropriate county to enjoin the acts or practices and to enforce compliance with this
chapter or any rule or order. Upon a proper showing, a permanent or temporary injunction,
restrained order, or write of mandamus may be granted. The court may not require the
commissioner to post a bond.
Subd. 4. **Court orders.** In the event of a refusal to appear by, or refusal to obey a subpoena issued to, any person under this chapter, the district court may on application of the commissioner issue to the person an order directing the person to appear before the commissioner, and to produce documentary evidence if so ordered or to give evidence relating to the matter under investigation or in question. Failure to obey such an order may be punished by the court as contempt of court.

Subd. 5. **Delegation.** The commissioner may delegate any of its authority under this chapter to the director if, in the judgment of the commissioner, doing so would promote the efficient administration of this chapter.

Sec. 4. [299L.25] MOBILE SPORTS BETTING LICENSES.

Subdivision 1. **Master mobile sports betting license.** (a) The commissioner shall issue up to two master mobile sports betting licenses valid for 20 years to applicants who:

(1) are organizations comprised of two or more Indian Tribes;

(2) submit a completed application in the form required by rule adopted pursuant to subdivision 3;

(3) submit all documents required by rule adopted pursuant to section 299L.20;

(4) are not disqualified under section 299L.35;

(5) pass the financial and criminal background checks under section 299L.35; and

(6) meet any other conditions required by rule adopted pursuant to section 299L.20.

(b) If the commissioner issues a master mobile sports betting license under paragraph (a), the commissioner shall issue no more than:

(1) one master mobile sports betting license to a Tribal entity that includes Indian Tribes with their principal headquarters located north of marked Interstate Highway 94; and

(2) one master mobile sports betting license to a Tribal entity that includes Indian Tribes with their principal headquarters located south of marked Interstate Highway 94.

(c) The commissioner may not issue a license under this section unless an operational agreement signed by ..... has been filed with the commissioner. An operational agreement, executed pursuant to this paragraph, is not subject to section 13.05, subdivision 6 or 11.

(d) A master mobile sports betting license issued under this subdivision is renewable every 20 years under conditions required by rule adopted pursuant to section 299L.20.
Subd. 2. Mobile sports betting operator licenses. (a) Consistent with the requirements of this subdivision, a master mobile sports betting license holder may contract through an inter-Tribal compact with a mobile sports betting operator to operate, conduct, or offer for play mobile sports betting.

(b) A master sports betting license holder licensed under subdivision 1, paragraph (b), clause (1), may contract with up to seven mobile sports betting operators. A master sports betting license holder licensed under subdivision 1, paragraph (b), clause (2), may contract with up to four mobile sports betting operators.

(c) A master mobile sports betting license holder may only contract through an inter-Tribal compact with a mobile sports betting operator that:

(1) is an entity wholly owned and controlled by an Indian Tribe or an entity wholly owned and controlled by multiple Indian Tribes;

(2) meets all licensing requirements of subdivision 1, paragraph (a);

(3) submits all of the required documents included in subdivision 3 to the licensee and commissioner;

(4) complies with all applicable laws, rules, and orders; and

(5) pays an annual sublicensing fee in the amount of $2,125 directly to the commissioner.

(d) A mobile sports betting operator is prohibited from contracting with more than one mobile sports betting platform provider.

(e) A mobile sports betting operator shall submit an application on a form prescribed by the commissioner pursuant to subdivision 3. The mobile sports betting operator shall also include a detailed plan and specifications for the implementation of sports betting and a statement of assets and liabilities of the applicant.

Subd. 3. Application. An application for a master mobile sports betting license must be on a form the commissioner prescribes. The application must contain:

(1) the name and address of the applicant and, if it is a corporation, the names of all officers, directors, and shareholders of the corporation and any of its holding companies;

(2) if required by the commissioner, the names of any person holding directly, indirectly, or beneficially an interest of any kind in the applicant or any of its holding corporations, whether the interest is financial, administrative, policy making, or supervisory, provided that this provision does not extend to individual Tribal members whose only relation to the applicant is their membership in their respective Tribal Nations.
(3) an affidavit executed by the applicant setting forth that, to the best of the applicant's knowledge, no officer, director, or other person with a present direct or indirect financial or management interest in the applicant:

(i) is in default in the payment of an obligation or debt to the state;

(ii) has ever been convicted of a felony in a state or federal court or has a state or federal felony charge pending;

(iii) is or has been convicted of engaging in an illegal business;

(iv) has ever been found guilty of fraud or misrepresentation in connection with wagering;

or

(v) has ever knowingly violated a rule or order of the commissioner or a law of Minnesota relating to wagering;

(4) an irrevocable consent statement, signed by the applicant, which states that suits and actions limited to the enforcement of this chapter may be commenced against the applicant by the commissioner, pursuant to section 299L.20, in any court of competent jurisdiction in this state by the service on the secretary of state of any summons, process, or pleadings authorized by the laws of this state. If any summons, process, or pleadings is served upon the secretary of state, it must be by duplicate copies. One copy must be retained in the Office of the Secretary of State and the other copy must be forwarded immediately by certified mail to the address of the applicant, as shown by the records of the commissioner; and

(5) a declaration that the laws of the state of Minnesota will be followed, including any applicable provisions of the Minnesota Human Rights Act, chapter 363A.

Subd. 4. Responsibility for satisfying winning wagers. A wager on an athletic event or esports event placed with a mobile sports betting operator is an enforceable contract. A mobile sports betting operator who accepts a wager bears all risk of loss to satisfy winnings on the wager. A wager that is not redeemed within one year of the outcome that is the subject of the wager may be canceled by the mobile sports betting operator and its sports betting platform provider.

Subd. 5. Cash reserves. A mobile sports betting operator shall, in conjunction with the mobile sports betting platform provider, maintain cash reserves in an amount that is not less than the greater of $25,000 or the sum of the following three amounts:

(1) amounts held by the mobile sports betting operator for the accounts of authorized participants;
10.1 (2) amounts accepted by the mobile sports betting operator as wagers on contingencies
10.2 whose outcome have not been determined; and
10.3 (3) amounts owed but unpaid by the mobile sports betting operator on winning wagers
10.4 through the period established by the operator, subject to time limits set by the commissioner,
10.5 for honoring winning wagers.

10.6 Subd. 6. Bond. A mobile sports betting operator or mobile sports betting platform
10.7 provider shall be required to post a bond, securities, or an irrevocable letter of credit, in an
10.8 amount the commissioner deems necessary after taking into consideration the amount of
10.9 the mobile sports betting operator's cash reserves, to protect the financial interests of people
10.10 wagering on athletic events or esports events. If securities are deposited or an irrevocable
10.11 letter of credit filed, the securities or letter of credit must be of a type or in the form provided
10.12 under section 349A.07, subdivision 5, paragraphs (b) and (c).

10.13 Subd. 7. Contracting with equipment providers. A mobile sports betting operator may
10.14 contract with mobile sports betting platform providers, licensed under section 299L.30, to
10.15 facilitate the acceptance of wagers on behalf of the mobile sports betting operator.

10.16 Subd. 8. Reporting. A mobile sports betting operator must report to the commissioner
10.17 monthly on wagers placed and redeemed during the reporting month and outstanding at the
10.18 time of the report.

10.19 Subd. 9. Changes in ownership or management. If a change in the officers, directors,
10.20 shareholders, or other persons with a present or future direct or indirect financial or
10.21 management interest in the master mobile sports betting licensee or mobile sports betting
10.22 operator licensee, or a change of ownership of more than five percent of the shares of the
10.23 licensee is made after the application for a master mobile sports betting license or mobile
10.24 sports betting operator license is filed or a license issued, the applicant or licensee must
10.25 notify the commissioner of the changes within ten days of their occurrence and submit a
10.26 new affidavit as required by subdivision 3, clause 4.

10.27 Sec. 5. [299L.30] MOBILE SPORTS BETTING PLATFORM PROVIDER AND
10.28 SERVICE PROVIDER LICENSE.

10.29 Subdivision 1. License required. A mobile sports betting platform provider or services
10.30 provider license is required to provide sports betting platforms, sports betting technology,
10.31 sports betting applications, or associated mobile sports betting hardware, software, or
10.32 equipment.
Subd. 2. Issuance; renewal. (a) The commissioner shall issue or renew mobile sports betting platform provider or service provider licenses to an applicant who:

(1) is not disqualified under section 299L.35;

(2) submits an application on a form required by rule adopted pursuant to section 299L.20;

(3) submits documents required by rule adopted pursuant to section 299L.20;

(4) passes criminal and financial background checks as described in section 299L.35 and as required by rule adopted pursuant to section 299L.20;

(5) pays an application fee of $6,000 with submission of an application;

(6) pays a license fee after the application is approved in the amount of $38,250 or a license renewal fee of $8,500; and

(7) meets other conditions required by rule adopted pursuant to section 299L.20.

(b) A license under paragraph (a) is annually renewable under conditions required by rule adopted pursuant to section 299L.20.

Sec. 6. [299L.35] LICENSE DISQUALIFICATION; BACKGROUND CHECKS; NOTICE OF DENIAL OF APPLICATION.

Subdivision 1. Disqualifications. The commissioner may reject an application, refuse to renew a license, or act, after following the provisions of subdivision 4, to revoke a license if the applicant or licensee, or a director, officer, partner, member of the governing body for the applicant or licensee, person in a supervisory or management position of the applicant or licensee, or direct or indirect holder of more than five percent financial interest in the applicant or licensee:

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

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

(3) had a sale and use tax permit revoked by the commissioner of revenue within the past two years;

(4) after demand, has not filed tax returns required by the commissioner of revenue; or

(5) has been convicted of a felony or gross misdemeanor involving theft or fraud.

Subd. 2. Background investigation. The commissioner shall perform a background investigation on applicants for a license under this chapter. The commissioner may request the director of alcohol and gambling enforcement and the commissioner of revenue to assist...
in investigating the background of an applicant or a licensee under this section. The
commissioner may charge an applicant an investigation fee to cover the cost of the
investigation and shall from this fee reimburse the Division of Alcohol and Gambling
Enforcement and the Department of Revenue for their respective shares of the cost of the
investigation. The commissioner is authorized to have access to all data compiled by the
Division of Alcohol and Gambling Enforcement on licensees and applicants.

Subd. 3. Criminal history. The commissioner must perform a criminal history records
check on each officer, director, or stakeholder with more than 15 percent interest in the
licensee or applicant. The records check must include a criminal history check of the state
and federal criminal records. The applicant or licensee must provide signed consent for the
national and international criminal history records check and fingerprints for each person
subject to a check under this subdivision. The director shall assist in performing the criminal
history records check. The director may charge an applicant a fee to cover the cost of the
criminal history records check, and shall from this fee reimburse the Division of Alcohol
and Gambling Enforcement for its share of the cost of the investigation. The commissioner
or the director must submit the signed informed consent, fingerprints, and Bureau of Criminal
Apprehension and Federal Bureau of Investigation fees to the superintendent of the Bureau
of Criminal Apprehension who is authorized to exchange the fingerprints with the Federal
Bureau of Investigation to obtain the applicant's national criminal history data. The
superintendent of the Bureau of Criminal Apprehension shall retrieve Minnesota criminal
history data and shall provide the results of the state, federal, and international criminal
history check to the director. The commissioner is authorized to have access to all criminal
history data compiled on licensees and applicants by the Division of Alcohol and Gambling
Enforcement. An individual who has submitted to a criminal background check in this or
any other state within the previous 12 months shall not be required to submit to another
criminal background check provided that the person submits the results of such previous
criminal background check and affirms that there has been no material change in the
individual's criminal history since the time of the criminal background check.

Subd. 4. Notice of denial of issuance or renewal of mobile sports betting master
license or mobile sports betting operator license. If the commissioner determines that a
license application or renewal under this chapter shall be denied, or a license shall be revoked
or suspended, or a licensee censured, the commissioner shall promptly give a written notice
to the licensee or applicant stating grounds for the action and giving reasonable notice of
the rights of the licensee or applicant to request a hearing. Enforcement actions, license
revocations, or license nonrenewals related to a specific mobile sports betting operator shall
not impact or limit the ability of another mobile sports betting operator to conduct, offer, or offer for play mobile sports betting. A hearing must be held not later than 30 days after the commissioner receives the request for the hearing, unless the licensee or applicant and the commissioner agree on a later date. If the applicant or licensee does not request a hearing within 30 days of the service of the notice, the denial becomes final. Hearings under this subdivision must be conducted according to chapter 14. After the hearing, the commissioner may enter an order making such disposition as the facts require. If the applicant or licensee fails to appear at the hearing after having been notified of it under this subdivision, the applicant is considered in default and the proceeding may be determined against the person on consideration of the written notice of denial, the allegations of which may be considered to be true. All fees accompanying the license or renewal application are considered earned and are not refunded.

Sec. 7. [299L.40] WAGERING.

Subdivision 1. **Wager type.** A mobile sports betting operator may only accept wagers of a type previously approved by the commissioner. Wager types that the commissioner may approve include but are not limited to the following:

1. a wager that a participant or participating team will win an athletic event or will win by a specified number of points;
2. a wager as to whether the total points scored in an athletic event will be higher or lower than a number specified;
3. a wager on an outcome contingency or proposition incidental to an athletic event, series, tournament, or season for which the outcome is published in newspapers of general circulation or in records made publicly available by the league or governing body for the event;
4. a wager on the outcome of a series of two or more athletic events or a series of two or more contingencies incidental to an athletic event;
5. in-game betting;
6. futures bets placed on end of the season standings, awards, or statistics; and
7. a wager that a participant or participating team will win an esports event or will win by a specified number of points.
Subd. 2. Consideration; wager account. (a) A mobile sports betting operator must not accept a wager unless the authorized participant provides consideration at the time of making the wager.

(b) Consideration must be in the form of withdrawal from a wager account maintained by the mobile sports betting operator for the benefit of and in the name of the wagerer.

(c) A person shall have the right to withdraw the balance of the wager account in the person's name at any time with proof of identity, as determined by rules adopted pursuant to section 299L.20.

Subd. 3. Wager location. Mobile sports betting wagers regulated under this chapter may only be accepted from a person placing a wager online, through a website or mobile application, while the person placing the wager is physically within the state. The website or application may be hosted by a mobile sports betting operator operating in conjunction with a mobile sports betting platform provider.

Subd. 4. Information provided at the time of wager. A mobile sports betting operator must disclose the betting line and terms of a wager prior to accepting a wager. Terms of the wager include the ratio of the amount to be paid for winning to the wagered amount.

Subd. 5. Outcome determined. A mobile sports betting operator must not accept a wager on the outcome of an event or proposition that has already been determined.

Subd. 6. Receipt. A mobile sports betting operator must provide a person who places a wager with an electronic receipt at the time of sale that contains the following information:

(1) the athletic event, esports event, or proposition that is the subject of the wager;
(2) the outcome that will constitute a win on the wager;
(3) the amount wagered; and
(4) the payout in the event of a winning wager.

Sec. 8. [299L.45] DEPOSIT AND APPROPRIATION OF FEES.

(a) Application fees paid pursuant to section 299L.30 are deposited into a special revenue account and are appropriated annually to the commissioner for administering review of license applications and renewals.

(b) License and renewal fees paid pursuant to section 299L.25 or 299L.30 shall be deposited in the general fund.
Sec. 9. [299L.50] ENFORCEMENT; LICENSE VIOLATIONS.

Subdivision 1. Schedule of penalties. The commissioner must adopt rules that provide a graduated schedule of penalties for violations of license requirements under statute or rule. The schedule must specify penalties that may range from warnings and probation periods to civil fines, temporary suspension of licenses, or revocation of licenses.

Subd. 2. Imposition of penalty. After a hearing, the commissioner may impose a penalty from the schedule of penalties that is commensurate with the violation. The commissioner may only suspend a license prior to a hearing when conduct of a licensee, or anticipated failure of a licensee to fulfill an obligation, requires immediate action to protect the public from harm. The commissioner may summarily suspend a license of a licensee:

1. if the licensee has not timely filed a tax return or paid the tax required under chapter 297J;
2. if doing so is supported by clear and convincing evidence that such summary suspension is necessary to ensure the fairness, lawfulness, and integrity of sports betting;
3. if the licensee has not timely paid all fees due under this chapter.

Subd. 3. Civil penalty. (a) Commission of a crime under section 299L.80 is a violation of a license issued under this chapter.
(b) A penalty may be imposed by the commissioner under this chapter in addition to any civil penalty imposed by the same conduct under section 299L.80.

Subd. 4. Civil penalties paid to the commissioner. Civil penalties collected by the commissioner shall be deposited in the general fund.

Subd. 5. Contested case. A civil penalty in excess of $2,000 is a contested case under chapter 14.

Subd. 6. Appeal. An appeal from a decision of the commissioner must be made in a manner prescribed by sections 14.63 to 14.69.

Sec. 10. [299L.55] AUDITING AND INSPECTION.

Subdivision 1. Annual audit. To ensure compliance with this chapter and rules adopted under this chapter, a mobile sports betting operator must contract with an independent third party to perform a financial audit, consistent with the standards established by the Public Company Accounting Oversight Board or using the Statements on Accounting standards issued by the Audit Standards Board of the American Institute of Certified Public

Article 1 Sec. 10. 15
Accountants. The mobile sports betting operator must submit the audit to the commissioner for examination and inspection within 120 days of the end of its fiscal year.

Subd. 2. Inspection. The commissioner, the commissioner of revenue, and the director are authorized to inspect the accounting records of a mobile sports betting operator at any time provided the mobile sports betting operator is given notice at least 24 hours before the inspection. This provision only applies to mobile sports betting operations and does not authorize the inspection of records related to Tribal gaming operations, Tribal governmental records, or Class III sports betting operations conducted exclusively on Indian Lands.

Sec. 11. [299L.60] REPORTING.

Subdivision 1. Financial report. By June 1 of each year, the commissioner must submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over public safety, the legislative committees with jurisdiction over taxes, the committee in the house of representatives with jurisdiction over commerce, the committee in the senate with jurisdiction over state government finance and policy, the committee in the house of representatives with jurisdiction over ways and means, and the committee in the senate with jurisdiction over finance. The report must describe the activities of the commissioner with respect to wagering on athletic events and esports events and include summary financial information on sports betting and the regulated sports betting industry as a whole. The report must not include information or data on individuals or entities that is classified as private data under section 299L.70 or separately list the earnings, wagers, or tax revenue generated by or use identifying information for specific mobile sports betting operators or specific master mobile sports betting licensees.

Subd. 2. License activity report. By February 1 of each year beginning in 2023, the commissioner shall submit a report to the chairs and ranking minority members of the committees in the house of representatives and the senate with jurisdiction over public safety, the committee in the house of representatives with jurisdiction over commerce, and the committee in the senate with jurisdiction over state government finance and policy on the following:

1. the status of applications for licenses issued by the commissioner, including the number of applications for each type of license, the number of licenses of each type issued, and the average time between receipt of a complete application and issuance of each type of license;

2. an overview of the sports betting market, including but not limited to the actual and anticipated demand;
(3) the amount of revenue generated to the state by sports betting and the expenses
incurred by the commissioner in enforcing restrictions on lawful sports betting; and

(4) the commissioner's enforcement actions taken against persons licensed under this
chapter for violations of this chapter or the rules adopted under this chapter.

Sec. 12. [299L.65] EXCLUSION LIST AND PROHIBITION ON WAGERING.

Subdivision 1. Exclusion list. (a) The commissioner shall maintain a list of persons who
are not eligible to wager on athletic events or esports events through a mobile or online
wager. The list shall include the names of:

(1) persons who have themselves requested to be on the exclusion list;

(2) persons whose names have been submitted, for their protection, by their legal
guardians; and

(3) persons whose names have been submitted by mobile sports betting operators, mobile
sports betting platform providers, or mobile sports betting vendors.

(b) The information contained on the list is private data on individuals, as defined in
section 13.02, subdivision 12, except the commissioner is permitted to share the list with
mobile sports betting operators as needed to prevent persons on the exclusion list from
placing sports betting wagers.

Subd. 2. Prohibition on wagering. A mobile sports betting operator shall not accept a
wager from a person on the exclusion list or allow a person on the exclusion list to establish
a mobile sports betting account. Knowingly accepting a wager from a person on the exclusion
list is a license violation, subject to a penalty established by the commissioner.

Sec. 13. [299L.70] DATA PROTECTIONS.

Subdivision 1. Classification. Data in which an individual who has wagered on athletic
events or esports events is identified by name, account number, Social Security number, or
any other uniquely identifying indicia, is private data on individuals, as defined in section
13.02, subdivision 12. Data on individual earnings of mobile sports betting operators, mobile
sports betting operator application and licensing information, and all Tribal revenue records
unassociated with mobile sports betting operators is nonpublic data, as defined in section
13.02, subdivision 9.
Subd. 2. Sale of private data on individuals. The commissioner shall revoke any license issued under this chapter of a person who sells private data on the individuals collected through the practice of sports betting.

Sec. 14. [299L.75] LOCAL RESTRICTIONS; PROHIBITION ON LOCAL TAXES OR FEES.

No political subdivision may require a local license to offer sports betting or impose a tax or fee on the sports betting conducted pursuant to this chapter.

Sec. 15. INDIAN TRIBES; COMPACTS TO BE NEGOTIATED.

The governor or the governor's designated representatives shall negotiate in good faith new Tribal-state compacts regulating the conduct of Class III sports betting on the Indian Lands of an Indian Tribe requesting negotiations, under Minnesota Statutes, section 3.9221. Compacts in effect on January 1, 2022, shall not be modified to accommodate sports betting.

Sec. 16. EFFECTIVE DATE.

Article 1 is effective the day following final enactment.

ARTICLE 2
TAXATION OF SPORTS BETTING

Section 1. Minnesota Statutes 2020, section 290.0131, is amended by adding a subdivision to read:

Subd. 19. Nontaxable sports betting losses. Losses from the business of conducting wagering on an athletic event or esports event under chapter 299L that are not subject to tax under this chapter are an addition.

Sec. 2. Minnesota Statutes 2020, section 290.0132, is amended by adding a subdivision to read:

Subd. 30. Exempt sports betting income. Income or gains from the business of conducting betting on an athletic event or esports event under chapter 299L that are not subject to tax under this chapter are a subtraction.
Sec. 3. Minnesota Statutes 2020, section 290.0133, is amended by adding a subdivision to read:

Subd. 15. **Nontaxable sports betting losses.** Losses from the business of conducting betting on an athletic event or esports event under chapter 299L that are not subject to tax under this chapter are an addition.

Sec. 4. Minnesota Statutes 2020, section 290.0134, is amended by adding a subdivision to read:

Subd. 20. **Exempt sports betting income.** Income or gains from the business of conducting betting on an athletic event or esports event under chapter 299L that are not subject to tax under this chapter are a subtraction.

Sec. 5. [297J.01] **DEFINITIONS.**

Unless otherwise defined in this chapter, or unless the context clearly indicates otherwise, the following terms have the meanings given:

(1) "casino" has the meaning given in section 299L.10, subdivision 4;

(2) "commissioner" means the commissioner of revenue;

(3) "Internal Revenue Code" means the Internal Revenue Code as defined in section 289A.02, subdivision 7;

(4) "mobile sports betting operator " has the meaning given in section 299L.10, subdivision 15;

(5) "sports betting" has the meaning given in section 299L.10, subdivision 19;

(6) "sports betting net revenue" means the total of all cash received by a mobile sports betting operator from wagers on an athletic event or esports event, less promotional credits and free bets, less cash paid out as winnings and cash equivalent of noncash prizes paid out as winnings, and less federal excise taxes on sports wagering. Sports betting net revenue does not include other cash received by a mobile sports betting operator for activities other than sports betting; and

(7) "wager" has the meaning given in section 299L.10, subdivision 20.
Sec. 6. [297J.02] TAX ON SPORTS BETTING NET REVENUE.

Subdivision 1. Tax imposed. (a) Except as provided in paragraph (b), a tax is imposed on sports betting net revenue equal to .... percent on wagers placed online through a website or mobile application, as allowed under section 299L.40.

(b) Any bets placed on Indian Lands are not subject to state taxation.

Subd. 2. Sports betting net revenue tax is in lieu of other taxes. Income derived by a mobile sports betting operator from the conduct of wagering on an athletic event or esports event is not subject to the tax imposed in chapter 290. Wagers accepted by a mobile sports betting operator are not subject to the tax imposed in section 297A.62 or 297E.03.

Subd. 3. Public information. All records concerning the administration of taxes under this chapter are classified as public information.

Subd. 4. Refunds. 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 is appropriated from the general fund to the commissioner.

Subd. 5. Extensions. If in the commissioner's judgment good cause exists, the commissioner may extend the time for filing tax returns, paying taxes, or both under this section for not more than six months.

Subd. 6. Distribution of funds. (a) All amounts collected by the commissioner under this chapter must be deposited in the special revenue fund and distributed as provided in this subdivision.

(b) Ten percent of the amount deposited in the special revenue fund pursuant to paragraph (a) is appropriated to the commissioner of public safety for the Division of Alcohol and Gambling Enforcement to perform the duties described in sections 299L.10 to 299L.80.

(c) Forty percent of the amount deposited in the special revenue fund pursuant to paragraph (a) is appropriated to the commissioner of human services for the compulsive gambling treatment program established under section 245.98.

(d) Fifty percent of the amount deposited in the special revenue fund pursuant to paragraph (a) is appropriated to the Minnesota Amateur Sports Commission to administer grants. The Minnesota Amateur Sports Commission may retain four percent of the total appropriation to administer the grants. Grants issued under this paragraph must be for the following purposes:
(1) 20 percent of the amount appropriated under this paragraph is for grants to collegiate and amateur sports associations to promote the integrity of amateur sports; and

(2) 80 percent of the amount appropriated under this paragraph is for grants to organizations to promote and facilitate participation in youth sports in areas that have experienced a disproportionately high rate of juvenile crime.

Sec. 7. [297J.03] MOBILE SPORTS BETTING OPERATOR REPORTS AND RECORDS.

Subdivision 1. Reports. A mobile sports betting operator must file with the commissioner, on a form prescribed by the commissioner, a report showing all mobile sports betting activity conducted by the mobile sports betting operator for each month. Sports betting activity includes the amounts of all wagers received, payouts, and all sports betting taxes owed or paid to the commissioner. The report must be filed with the commissioner on or before the 20th day of the month following the month in which the sports betting activity takes place. The commissioner shall prescribe the content, format, and manner of returns or other documents pursuant to section 270C.30.

Subd. 2. Business records. A mobile sports betting operator must maintain records supporting the sports betting activity reported to the commissioner. Records required to be kept in this section must be preserved by the mobile sports betting operator for at least 3-1/2 years and may be inspected by the commissioner at any reasonable time without notice or a search warrant.

Subd. 3. Audits. The commissioner may require a financial audit of a mobile sports betting operator's sports betting activities if the mobile sports betting operator has failed to comply with this chapter as it relates to financial reporting. Audits must be performed by an independent accountant licensed according to chapter 326A. The commissioner must prescribe standards for an audit required under this subdivision. A complete, true, and correct copy of an audit must be filed as prescribed by the commissioner.

Sec. 8. [297J.04] OTHER PROVISIONS APPLY.

Except for those provisions specific to distributors, gambling products, or gambling equipment, sections 297E.11 to 297E.14 apply to this chapter.

Sec. 9. EFFECTIVE DATE.

This article is effective for wagers placed on or after ....
ARTICLE 3
CRIMES RELATED TO SPORTS BETTING

Section 1. [299L.80] CRIMES RELATING TO WAGERING ON SPORTING EVENTS.

Subdivision 1. Definitions. As used in this section:

(1) "accepts a wager" includes receiving, recording, or forwarding a wager or an offer to wager on an athletic event or esports event, and attempts to do so;

(2) "mobile sports betting master licensee" has the meaning given in section 199L.10, subdivision 1, and includes a mobile sports betting operator;

(3) "nonpublic information" means information regarding a participant's ability or likelihood to perform in an athletic event or esports event that:

(i) is not available to the general public;

(ii) is derived from a personal or professional relationship with the participant; and

(iii) if the information was disseminated, would likely affect the odds of the participant or the participant's team in achieving a particular outcome in the event; and

(4) "places a wager" includes an offer or attempt to place a wager on an athletic event or esports event.

Subd. 2. General prohibition. Except as provided in this section, it is a crime for a person to place or accept a wager on an athletic event or esports event unless the wager is authorized under this chapter, and:

(1) the wager is accepted:

(i) at a casino; or

(ii) online through a website or mobile application hosted by a mobile sports betting operator if the person placing the wager is physically present in the state; or

(2) the wager is placed:

(i) at a casino; or

(ii) online through a website or mobile application hosted by a mobile sports betting operator if the person placing the wager is physically present in the state.

Subd. 3. Misdemeanor. (a) Except as otherwise provided in subdivision 4 or 5, the following persons are guilty of a misdemeanor:

[Further text ellipsed for brevity]
(1) a person who places a wager on an athletic event or esports event with a person or entity who is not licensed or authorized to accept wagers under this chapter;

(2) a person who is not licensed or authorized to accept wagers under this chapter and who accepts a wager on an athletic event or esports event;

(3) a person who is under 18 years of age and who places a wager on an athletic event or esports event;

(4) a person who is under 18 years of age and who misrepresents the person's age as being 18 or older for the purposes of placing a wager on an athletic event or esports event;

(5) a person who is a participant in an athletic event or esports event and who places a wager on that event or who induces another to place a wager on the event on behalf of the person;

(6) a mobile sports betting operator or employee of a mobile sports betting operator, who places a wager on an athletic event or esports event on an online website or mobile application with which the person is affiliated;

(7) an officer, director, member, or employee of the Department of Public Safety or the division who places a wager on an athletic event or esports event;

(8) a person who possesses nonpublic information on an athletic event or esports event and who places a wager on that event;

(9) a person or entity who is licensed or authorized to accept wagers under this chapter, if the person or entity knowingly accepts a wager on an athletic event or esports event:
   (i) from a participant in the event or someone placing a wager on the event on behalf of the participant;
   (ii) from a mobile sports betting operator or employee of a mobile sports betting operator;
   (iii) from an officer, director, member, or employee of the Department of Public Safety or the division;
   (iv) from someone who possesses nonpublic information about the event; or
   (v) of a type or in a manner that is not authorized under this chapter; and

(10) a person who sells or transfers private data on individuals collected through the practice of wagering on athletic events or esports events.

(b) Paragraph (a), clause (10), does not apply to the transfer of data between a mobile sports betting operator and the commissioner of public safety, the director of alcohol and
gambling enforcement, or the commissioner of revenue when that transfer is necessary to
perform duties prescribed by law relating to wagering on athletic events or esports events.

Subd. 4. **Gross misdemeanor.** Except as provided in subdivision 5, a person is guilty
of a gross misdemeanor if:

1. the person accepts a wager on an athletic event or esports event placed by someone
under the age of 18 years; or
2. the person accepts or places a wager on an athletic event or esports event and the
wager is prohibited under subdivision 3, paragraph (a), clause (1), (2), (5), (6), (7), (8), or
(9), and:
   1. the person has previously been convicted of a violation of this section; or
   2. the amount of the wager is more than $500 but not more than $1,000.

Subd. 5. **Felony.** (a) Except as provided in paragraph (b), a person who accepts or places
a wager prohibited under subdivision 3, paragraph (a), clause (1), (2), (5), (6), (7), (8), or
(9); or 4, clause (1) or (2), item (i), is guilty of a felony and may be sentenced to
imprisonment for not more than two years or to payment of a fine of not more than $4,000,
or both; if the amount of the wager is more than $1,000 but not more than $5,000.

(b) A person who:
1. accepts or places a wager prohibited under subdivision 3, paragraph (a), clause (1),
(2), (5), (6), (7), (8), or (9); or 4, clause (1) or (2), item (i); where the amount of the wager
is more than $5,000; or
2. accepts or places within any 30-day period more than five wagers on any one or
more athletic events or esports events that total more than $2,500 and are prohibited in
subdivision 3, paragraph (a), clause (1), (2), (5), (6), (7), (8), or (9); or 4, clause (1) or (2),
item (i);

is guilty of a felony and 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.

Subd. 6. **Aggregation; venue.** In any prosecution under subdivision 4 or 5, the amount
of money wagered within any six-month period may be aggregated and the accused charged
accordingly in applying the provisions of those subdivisions. In addition, when two or more
offenses are committed by the same person in two or more counties, the accused may be
prosecuted in any county in which one of the offenses was committed for all of the offenses
aggregated under this subdivision.
The page contains a legislative text discussing exceptions to gambling prohibitions and documentation requirements for placing wagers. It includes definitions and specific requirements for proof of age, as well as provisions for seizure of false identification by mobile operators. There are also sections on sporting events, fraud, and bribery, with definitions included for terms used in the text.

Subd. 7. Exception; certain private social bets. Subdivisions 3, clauses (1), (2), (3), and (7); and 4, clause (1), do not prohibit private social bets on athletic events and esports events that are not part of or incidental to organized, commercialized, or systematic gambling.

Subd. 8. Proof of age; defense; seizure of false identification. (a) Proof of age for placing a wager under this chapter on an athletic event or esports event may be established only by one of the following:

(1) a valid driver's license or identification card issued by Minnesota, another state, a Tribal government, or a province of Canada, that includes the photograph and date of birth of the person;

(2) a valid military identification card issued by the United States Department of Defense;

(3) a valid United States passport;

(4) a valid instructional permit issued under section 171.05 that includes a photograph and the date of birth of the person;

(5) a Tribal identification;

(6) in the case of a foreign national, a valid passport; or

(7) use of an identity verification process approved by the commissioner and implemented by the mobile sports betting operator or mobile sports betting platform provider.

(b) In a prosecution for accepting a wager on an athletic event or esports event from a person under the age of 18, it is an affirmative defense for the defendant to prove by a preponderance of the evidence that the defendant reasonably and in good faith relied upon representations of proof of age authorized in paragraph (a).

(c) A mobile sports betting operator or employee of a mobile sports betting operator, or an official or employee of a casino authorized to accept wagers on athletic events and esports events under this chapter, may seize a form of identification listed under paragraph (a) if the person has reasonable grounds to believe that the form of identification has been altered or falsified or is being used to violate any law. A person who seizes a form of identification under this paragraph must deliver it to a law enforcement agency within 24 hours of seizure.

Sec. 2. [609.5551] SPORTING EVENTS; FRAUD; BRIBERY.

(a) As used in this section:

(1) "athletic event" has the meaning given in section 299L.10, subdivision 2;

(2) "esports event" has the meaning given in section 299L.10, subdivision 8; and
"participant in an athletic event" has the meaning given in section 299L.10, subdivision 18.

(b) A person is guilty of a felony and 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, if the person:

(1) offers, gives, or promises to give, directly or indirectly, to a participant in an athletic event or an esports event any benefit, reward, or consideration to which the participant is not legally entitled as compensation or a prize, with intent to influence the performance of the participant, or the outcome of the event or a component of the event; or

(2) as a participant in an athletic event or esports event, requests, receives, or agrees to receive, directly or indirectly, a benefit, reward, or consideration to which the participant is not legally entitled to intentionally lose, cause to lose, or attempt to lose or cause to lose, the event, or to intentionally perform below abilities to adversely affect the outcome of the event or a component of the event.

Sec. 3. Minnesota Statutes 2020, section 609.75, subdivision 3, is amended to read:

Subd. 3. What are not bets. The following are not bets:

(1) a contract to insure, indemnify, guarantee or otherwise compensate another for a harm or loss sustained, even though the loss depends upon chance;

(2) a contract for the purchase or sale at a future date of securities or other commodities;

(3) offers of purses, prizes or premiums to the actual contestants in any bona fide contest for the determination of skill, speed, strength, endurance, or quality or to the bona fide owners of animals or other property entered in such a contest;

(4) the game of bingo when conducted in compliance with sections 349.11 to 349.23;

(5) a private social bet not part of or incidental to organized, commercialized, or systematic gambling;

(6) the operation of equipment or the conduct of a raffle under sections 349.11 to 349.22, by an organization licensed by the Gambling Control Board or an organization exempt from licensing under section 349.166;

(7) pari-mutuel betting on horse racing when the betting is conducted under chapter 240; and

(8) the purchase and sale of State Lottery tickets under chapter 349A; and
(9) a wager on the outcome or any aspect of an athletic event, as defined in section 299L.10, subdivision 2, or an esports event, as defined in section 299L.10, subdivision 8, and that may be legally wagered on under chapter 299L.

Sec. 4. Minnesota Statutes 2020, section 609.75, is amended by adding a subdivision to read:

Subd. 7a. Sporting event. "Sporting event" means any professional or amateur sporting event except an athletic event, as defined in section 299L.10, subdivision 2, or an esports event, as defined in section 299L.10, subdivision 8. The term does not include athletic events or esports events that may be legally wagered on under chapter 299L.

Sec. 5. Minnesota Statutes 2020, section 609.755, is amended to read:

609.755 GAMBLING; MISDEMEANOR.

(a) Whoever does any of the following is guilty of a misdemeanor:

(1) makes a bet;

(2) sells or transfers a chance to participate in a lottery;

(3) disseminates information about a lottery, except a lottery conducted by an adjoining state, with intent to encourage participation therein;

(4) permits a structure or location owned or occupied by the actor or under the actor's control to be used as a gambling place; or

(5) except where authorized by statute, possesses a gambling device.

(b) Paragraph (a), clause (5) does not prohibit possession of a gambling device in a person's dwelling for amusement purposes in a manner that does not afford players an opportunity to obtain anything of value.

(c) This section does not apply to wagering on an athletic event, as defined in section 299L.10, subdivision 2, or an esports event, as defined in section 299L.10, subdivision 8, and that may be legally wagered on under chapter 299L.

Sec. 6. Minnesota Statutes 2020, section 609.76, is amended by adding a subdivision to read:

Subd. 9. Wagering on athletic events and esports events. This section does not apply to wagering on an athletic event, as defined in section 299L.10, subdivision 2, or an esports event.
event, as defined in section 299L.10, subdivision 8, and that may be legally wagered on
under chapter 299L.

Sec. 7. EFFECTIVE DATE.
Sections 1 to 6 are effective the day that sports betting becomes lawful under article 1
and applies to crimes committed on or after that day."
Amend the title accordingly