CHAPTER 299–H.F.No. 2958

An act relating to stadiums; providing for a new National Football League stadium in Minnesota; establishing a Minnesota Sports Facilities Authority; authorizing the sale and issuance of state appropriation bonds; abolishing the Metropolitan Sports Facilities Commission; providing for use of certain local tax revenue; providing for electronic pull-tab games, electronic linked bingo games, and sports-themed tipboard games; providing for the conditional imposition of certain taxes and collection of other revenues; modifying certain rates of tax on lawful gambling; appropriating money; amending Minnesota Statutes 2010, sections 3.971, subdivision 6; 3.9741, by adding a subdivision; 297A.71, by adding subdivisions; 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; 352.01, subdivision 2a; Minnesota Statutes 2011 Supplement, sections 10A.01, subdivision 35; 297A.75, subdivisions 1, 2, 3; 340A.404, subdivision 1; Laws 1986, chapter 396, sections 4, as amended; 5, as amended; proposing coding for new law in Minnesota Statutes, chapters 3; 16A; 245; 297A; 297E; 349A; proposing coding for new law as Minnesota Statutes, chapter 473J; repealing Minnesota Statutes 2010, sections 297E.02, subdivision 4; 349.15, subdivision 3; 349.19, subdivision 2a.

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

ARTICLE 1

MINNESOTA SPORTS FACILITIES AUTHORITY

Section 1. **[3.8842] LEGISLATIVE COMMISSION ON MINNESOTA SPORTS FACILITIES.**

Subdivision 1. **Purpose.** The Legislative Commission on Minnesota Sports Facilities is established by and under the authority of the Legislative Coordinating Commission to oversee the Minnesota Sports Facilities Authority's operating and capital budgets. The legislature finds that continuous legislative review of the financial management of the authority is necessary to promote fiscal responsibility and good management, and strengthen the accountability of the authority. The commission is charged with:

(1) providing financial oversight of the authority as described in subdivision 8;

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(2) adoption of a statewide authority structure for the operation and management of sports facilities and entertainment venues under the jurisdiction of the authority. The authority membership shall represent the interests of both the metropolitan area and greater Minnesota; and

(3) creating a comprehensive management plan that alleviates booking and scheduling concerns regarding the sports facilities and entertainment venues under the jurisdiction of the authority.

Subd. 2. **Membership.** The commission consists of three senators appointed by the senate majority leader, three senators appointed by the senate minority leader, three state representatives appointed by the speaker of the house, and three state representatives appointed by the house minority leader. The appointing authorities must ensure balanced geographic representation. Each appointing authority must make appointments as soon as possible after the opening of the next regular session of the legislature in each odd-numbered year.

Subd. 3. **Terms; vacancies.** Members of the commission serve for a two-year term beginning upon appointment and expiring upon appointment of a successor after the opening of the next regular session of the legislature in the odd-numbered year. A vacancy in the membership of the commission must be filled for the unexpired term in a manner that will preserve the representation established by this section.

Subd. 4. **Chair.** The commission must meet as soon as practicable after members are appointed in each odd-numbered year to elect its chair and other officers as it may determine necessary. A chair serves a two-year term, expiring in the odd-numbered year after a successor is elected. The chair must alternate biennially between the senate and the house of representatives.

Subd. 5. **Compensation.** Members serve without compensation but may be reimbursed for their reasonable expenses as members of the legislature.

Subd. 6. **Staff.** Legislative staff must provide administrative and research assistance to the commission.

Subd. 7. **Meetings; procedures.** The commission meets at least semiannually. If there is a quorum, the commission may take action by a simple majority vote of commission members present.

Subd. 8. **Powers; duties; Minnesota Sports Facilities Authority, budget oversight.** The commission must monitor, review, and make recommendations to the authority and to the legislature for the following calendar year on:

(1) any proposed increases in the rate or dollar amount of tax;

(2) any proposed increases in the debt of the authority;

(3) the overall work and role of the authority;

(4) the authority's proposed operating and capital budgets;

(5) the authority's implementation of the operating and capital budgets; and

(6) any other topics as deemed necessary by the commission to fulfill the purpose described in subdivision 1.

Subd. 9. **Report.** The commission shall report on January 15 of the even-numbered year on the effectiveness and future prospects of the commission.

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Sec. 2. Minnesota Statutes 2010, section 3.971, subdivision 6, is amended to read:

Subd. 6. **Financial audits.** The legislative auditor shall audit the financial statements of the state of Minnesota required by section 16A.50 and, as resources permit, shall audit Minnesota State Colleges and Universities, the University of Minnesota, state agencies, departments, boards, commissions, courts, and other state organizations subject to audit by the legislative auditor, including the State Agricultural Society, Agricultural Utilization Research Institute, Enterprise Minnesota, Inc., Minnesota Historical Society, Labor Interpretive Center, Minnesota Partnership for Action Against Tobacco, Metropolitan Sports Facilities Commission, Minnesota Sports Facilities Authority, Metropolitan Airports Commission, and Metropolitan Mosquito Control District. Financial audits must be conducted according to generally accepted government auditing standards. The legislative auditor shall see that all provisions of law respecting the appropriate and economic use of public funds are complied with and may, as part of a financial audit or separately, investigate allegations of noncompliance.

Sec. 3. Minnesota Statutes 2010, section 3.9741, is amended by adding a subdivision to read:

Subd. 4. **Minnesota Sports Facilities Authority.** Upon the audit of the financial accounts and affairs of the Minnesota Sports Facilities Authority, the authority is liable to the state for the total cost and expenses of the audit, including the salaries paid to the examiners while actually engaged in making the examination. The legislative auditor may bill the authority either monthly or at the completion of the audit. All collections received for the audits must be deposited in the general fund.

Sec. 4. Minnesota Statutes 2011 Supplement, section 10A.01, subdivision 35, is amended to read:

Subd. 35. **Public official.** "Public official" means any:

(1) member of the legislature;

(2) individual employed by the legislature as secretary of the senate, legislative auditor, chief clerk of the house of representatives, revisor of statutes, or researcher, legislative analyst, or attorney in the Office of Senate Counsel and Research or House Research;

(3) constitutional officer in the executive branch and the officer's chief administrative deputy;

(4) solicitor general or deputy, assistant, or special assistant attorney general;

(5) commissioner, deputy commissioner, or assistant commissioner of any state department or agency as listed in section 15.01 or 15.06, or the state chief information officer;

(6) member, chief administrative officer, or deputy chief administrative officer of a state board or commission that has either the power to adopt, amend, or repeal rules under chapter 14, or the power to adjudicate contested cases or appeals under chapter 14;

(7) individual employed in the executive branch who is authorized to adopt, amend, or repeal rules under chapter 14 or adjudicate contested cases under chapter 14;

(8) executive director of the State Board of Investment;

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(9) deputy of any official listed in clauses (7) and (8);

(10) judge of the Workers' Compensation Court of Appeals;

(11) administrative law judge or compensation judge in the State Office of Administrative Hearings or unemployment law judge in the Department of Employment and Economic Development;

(12) member, regional administrator, division director, general counsel, or operations manager of the Metropolitan Council;

(13) member or chief administrator of a metropolitan agency;

(14) director of the Division of Alcohol and Gambling Enforcement in the Department of Public Safety;

(15) member or executive director of the Higher Education Facilities Authority;

(16) member of the board of directors or president of Enterprise Minnesota, Inc.;

(17) member of the board of directors or executive director of the Minnesota State High School League;

(18) member of the Minnesota Ballpark Authority established in section 473.755;

(19) citizen member of the Legislative-Citizen Commission on Minnesota Resources;

(20) manager of a watershed district, or member of a watershed management organization as defined under section 103B.205, subdivision 13;

(21) supervisor of a soil and water conservation district;

(22) director of Explore Minnesota Tourism;

(23) citizen member of the Lessard-Sams Outdoor Heritage Council established in section 97A.056; ~~or~~

(24) ~~a~~ citizen member of the Clean Water Council established in section 114D.30~~.~~; or

(25) member or chief executive of the Minnesota Sports Facilities Authority established in section 473J.07.

Sec. 5. **[16A.726] SPORTS FACILITIES TRANSFERS; APPROPRIATIONS.**

(a) If state appropriation bonds have not been issued under section 16A.965, amounts not to exceed the increased revenues estimated by the commissioner of management and budget under section 297E.021, subdivision 2, are appropriated from the general fund to the commissioner of management and budget to make transfers to the Minnesota Sports Facilities Authority for stadium costs as defined under section 473J.03, subdivision 8.

(b) The commissioner shall make transfers to the Minnesota Sports Facilities Authority required to make the state payments under section 473J.13, subdivisions 2 and 4, and for the amount of Minneapolis taxes withheld under section 297A.994, subdivision 4, paragraph (a), clause (5). Amounts sufficient to make the transfers are appropriated to the commissioner from the general fund.

(c) $2,700,000 is annually appropriated from the general fund from fiscal year 2014 through fiscal year 2033 to the commissioner of management and budget for a grant to the city of St. Paul for the operating or capital costs of new or existing sports facilities.

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Sec. 6. Minnesota Statutes 2010, section 297A.71, is amended by adding a subdivision to read:

Subd. 43. **Building materials; football stadium.** Materials and supplies used or consumed in, and equipment incorporated into, the construction or improvement of the football stadium and stadium infrastructure as defined in section 473J.03, subdivisions 8 and 10, are exempt. This subdivision expires one year after the date that the first National Football League game is played in the stadium for materials, supplies, and equipment used in the construction and equipping of the stadium, and five years after the issuance of the first bonds under section 16A.965 for materials, supplies, and equipment used in the public infrastructure.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 7. Minnesota Statutes 2011 Supplement, section 340A.404, subdivision 1, is amended to read:

Subdivision 1. **Cities.** (a) A city may issue an on-sale intoxicating liquor license to the following establishments located within its jurisdiction:

(1) hotels;

(2) restaurants;

(3) bowling centers;

(4) clubs or congressionally chartered veterans organizations with the approval of the commissioner, provided that the organization has been in existence for at least three years and liquor sales will only be to members and bona fide guests, except that a club may permit the general public to participate in a wine tasting conducted at the club under section 340A.419;

(5) sports facilities, restaurants, clubs, or bars located on land owned or leased by the Minnesota Sports Facilities Authority;

~~(5)~~ (6) sports facilities located on land owned by the Metropolitan Sports Commission; and

~~(6)~~ (7) exclusive liquor stores.

(b) A city may issue an on-sale intoxicating liquor license, an on-sale wine license, or an on-sale malt liquor license to a theater within the city, notwithstanding any law, local ordinance, or charter provision. A license issued under this paragraph authorizes sales on all days of the week to persons attending events at the theater.

(c) A city may issue an on-sale intoxicating liquor license, an on-sale wine license, or an on-sale malt liquor license to a convention center within the city, notwithstanding any law, local ordinance, or charter provision. A license issued under this paragraph authorizes sales on all days of the week to persons attending events at the convention center. This paragraph does not apply to convention centers located in the seven-county metropolitan area.

(d) A city may issue an on-sale wine license and an on-sale malt liquor license to a person who is the owner of a summer collegiate league baseball team, or to a person holding a concessions or management contract with the owner, for beverage sales at a ballpark or stadium located within the city for the purposes of summer collegiate league

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baseball games at the ballpark or stadium, notwithstanding any law, local ordinance, or charter provision. A license issued under this paragraph authorizes sales on all days of the week to persons attending baseball games at the ballpark or stadium.

Sec. 8. Minnesota Statutes 2010, section 352.01, subdivision 2a, is amended to read:

Subd. 2a. **Included employees.** (a) "State employee" includes:

(1) employees of the Minnesota Historical Society;

(2) employees of the State Horticultural Society;

(3) employees of the Minnesota Crop Improvement Association;

(4) employees of the adjutant general whose salaries are paid from federal funds and who are not covered by any federal civilian employees retirement system;

(5) employees of the Minnesota State Colleges and Universities who are employed under the university or college activities program;

(6) currently contributing employees covered by the system who are temporarily employed by the legislature during a legislative session or any currently contributing employee employed for any special service as defined in subdivision 2b, clause (8);

(7) employees of the legislature who are appointed without a limit on the duration of their employment and persons employed or designated by the legislature or by a legislative committee or commission or other competent authority to conduct a special inquiry, investigation, examination, or installation;

(8) trainees who are employed on a full-time established training program performing the duties of the classified position for which they will be eligible to receive immediate appointment at the completion of the training period;

(9) employees of the Minnesota Safety Council;

(10) any employees who are on authorized leave of absence from the Transit Operating Division of the former Metropolitan Transit Commission and who are employed by the labor organization which is the exclusive bargaining agent representing employees of the Transit Operating Division;

(11) employees of the Metropolitan Council, Metropolitan Parks and Open Space Commission, Metropolitan Sports Facilities Commission, or Metropolitan Mosquito Control Commission unless excluded under subdivision 2b or are covered by another public pension fund or plan under section 473.415, subdivision 3;

(12) judges of the Tax Court;

(13) personnel who were employed on June 30, 1992, by the University of Minnesota in the management, operation, or maintenance of its heating plant facilities, whose employment transfers to an employer assuming operation of the heating plant facilities, so long as the person is employed at the University of Minnesota heating plant by that employer or by its successor organization;

(14) personnel who are employed as seasonal employees in the classified or unclassified service;

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(15) persons who are employed by the Department of Commerce as a peace officer in the Insurance Fraud Prevention Division under section 45.0135 who have attained the mandatory retirement age specified in section 43A.34, subdivision 4;

(16) employees of the University of Minnesota unless excluded under subdivision 2b, clause (3);

(17) employees of the Middle Management Association whose employment began after July 1, 2007, and to whom section 352.029 does not apply; ~~and~~

(18) employees of the Minnesota Government Engineers Council to whom section 352.029 does not apply~~.~~; and

(19) employees of the Minnesota Sports Facilities Authority.

(b) Employees specified in paragraph (a), clause (13), are included employees under paragraph (a) if employer and employee contributions are made in a timely manner in the amounts required by section 352.04. Employee contributions must be deducted from salary. Employer contributions are the sole obligation of the employer assuming operation of the University of Minnesota heating plant facilities or any successor organizations to that employer.

Sec. 9. **[473J.01] PURPOSE.**

The purpose of this chapter is to provide for the construction, financing, and long-term use of a stadium and related stadium infrastructure as a venue for professional football and a broad range of other civic, community, athletic, educational, cultural, and commercial activities. The legislature finds and declares that the expenditure of public money for this purpose is necessary and serves a public purpose, and that property acquired by the Minnesota Sports Facilities Authority for the construction of the stadium and related stadium infrastructure is acquired for a public use or public purpose under chapter 117. The legislature further finds and declares that any provision in a lease or use agreement with a professional football team that requires the team to play all of its home games in a publicly funded stadium for the duration of the lease or use agreement, serves a unique public purpose for which the remedies of specific performance and injunctive relief are essential to its enforcement. The legislature further finds and declares that government assistance to facilitate the presence of professional football provides to the state of Minnesota and its citizens highly valued intangible benefits that are virtually impossible to quantify and, therefore, not recoverable even if the government receives monetary damages in the event of a team's breach of contract. Minnesota courts are, therefore, charged with protecting those benefits through the use of specific performance and injunctive relief as provided in this chapter and in the lease and use agreements.

Sec. 10. **[473J.03] DEFINITIONS.**

Subdivision 1. **Application.** For the purposes of this chapter, the terms defined in this section have the meanings given them, except as otherwise expressly provided or indicated by the context.

Subd. 2. **Annual adjustment factor.** "Annual adjustment factor" means for any year, the increase, if any, in the amounts of the city of Minneapolis taxes, imposed under a special law originally enacted in 1986, that are received by the commissioner of revenue in the preceding year over the amount received in the year prior to the preceding year, expressed as a percentage of the amount received in the year prior to the preceding year;

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provided that the adjustment factor for any year must not be less than zero percent nor more than five percent.

Subd. 3. **Authority.** "Authority" means the Minnesota Sports Facilities Authority established under section 473J.07.

Subd. 4. **City.** "City" means the city of Minneapolis.

Subd. 5. **Net actual taxes.** "Net actual taxes" means the amount of revenues collected from the taxes in that year minus any refunds and costs of collection.

Subd. 6. **NFL.** The "NFL" means the National Football League.

Subd. 7. **NFL team.** "NFL team" means the owner and operator of the NFL professional football team known, as of the effective date of this chapter, as the Minnesota Vikings or any team owned and operated by someone who purchases or otherwise takes ownership or control of or reconstitutes the NFL team known as the Minnesota Vikings.

Subd. 8. **Stadium.** "Stadium" means the stadium suitable for professional football to be designed, constructed, and financed under this chapter. A stadium must have a roof that covers the stadium, as set forth in section 473J.11, subdivision 3.

Subd. 9. **Stadium costs.** "Stadium costs" means the costs of acquiring land, the costs of stadium infrastructure, and of designing, constructing, equipping, and financing a stadium suitable for professional football.

Subd. 10. **Stadium infrastructure.** "Stadium infrastructure" means plazas, parking structures, rights of way, connectors, skyways and tunnels, and other such property, facilities, and improvements, owned by the authority or determined by the authority to facilitate the use and development of the stadium.

Subd. 11. **Stadium plaza.** "Stadium plaza" means the open air portion of the stadium adjacent to the stadium.

Subd. 12. **Stadium site.** "Stadium site" means all or portions of the current site of the existing football stadium and adjacent areas, bounded generally by Park and Eleventh Avenues and Third and Sixth Streets in the city of Minneapolis, the definitive boundaries of which shall be determined by the authority and agreed to by the NFL team.

Sec. 11. **[473J.07] MINNESOTA SPORTS FACILITIES AUTHORITY.**

Subdivision 1. **Established.** The Minnesota Sports Facilities Authority is established as a public body, corporate and politic, and political subdivision of the state. The authority is not a joint powers entity or an agency or instrumentality of the city.

Subd. 2. **Membership.** (a) The authority shall consist of five members.

(b) The chair and two members shall be appointed by the governor. One member appointed by the governor shall serve until December 31 of the third year following appointment and one member shall serve until December 31 of the fourth year following appointment. Thereafter, members appointed by the governor shall serve four-year terms, beginning January 1. Each member serves until a successor is appointed and takes office. The chair serves at the pleasure of the governor.

(c) The mayor of the city shall appoint two members to the authority. One member appointed by the mayor of the city shall serve until December 31 of the third year following appointment and one member shall serve until December 31 of the fourth year

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following appointment. Thereafter, members appointed under this paragraph shall serve four-year terms beginning January 1. Each member serves until a successor is appointed and takes office. Members appointed under this paragraph may reside within the city and may be appointed officials of a political subdivision.

(d) The initial members of the authority must be appointed not later than 30 days after the date of enactment of this chapter.

Subd. 3. **Compensation.** The authority may compensate its members, other than the chair, as provided in section 15.0575. The chair shall receive, unless otherwise provided by other law, a salary in an amount fixed by the authority, and shall be reimbursed for reasonable expenses to the same extent as a member.

Subd. 4. **Chair.** The chair presides at all meetings of the authority, if present, and performs all other assigned duties and functions. The authority may appoint from among its members a vice-chair to act for the chair during the temporary absence or disability of the chair, and any other officers the authority determines are necessary or convenient.

Subd. 5. **Removal.** A member, other than the chair, may be removed by the appointing authority only for misfeasance, malfeasance, or nonfeasance in office, upon written charges, and after an opportunity to be heard in defense of the charges.

Subd. 6. **Bylaws.** The authority shall adopt bylaws to establish rules of procedure, the powers and duties of its officers, and other matters relating to the governance of the authority and the exercise of its powers. Except as provided in this section, the bylaws adopted under this subdivision must be similar in form and substance to bylaws adopted by the Minnesota Ballpark Authority pursuant to section 473.755.

Subd. 7. **Audit.** The legislative auditor shall audit the books and accounts of the authority once each year or as often as the legislative auditor's funds and personnel permit. The authority shall pay the total cost of the audit pursuant to section 3.9741.

Subd. 8. **Executive director; employees.** The authority may appoint an executive director to serve as the chief executive officer of the authority. The executive director serves at the pleasure of the authority and receives compensation as determined by the authority. The executive director may be responsible for the operation, management, and promotion of activities of the authority, as prescribed by the authority. The executive director has the powers necessarily incident to the performance of duties required and powers granted by the authority, but does not have authority to incur liability or make expenditures on behalf of the authority without general or specific directions by the authority, as shown by the bylaws or minutes of a meeting of the authority. The executive director is responsible for hiring, supervision, and dismissal of all other employees of the authority.

Subd. 9. **Web site.** The authority shall establish a Web site for purposes of providing information to the public concerning all actions taken by the authority. At a minimum, the Web site must contain a current version of the authority's bylaws, notices of upcoming meetings, minutes of the authority's meetings, and contact telephone, electronic mail, and facsimile numbers for public comments.

Subd. 10. **Quorum; approvals.** Any three members shall constitute a quorum for the conduct of business and action may be taken upon the vote of a majority of members present at a meeting duly called and held. During the design and construction stages of the stadium, a four-fifths vote of the authority is required for authority decisions related to

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zoning, land use, exterior design of the stadium, related parking, the plaza area, and the selection of the authority's lead representative during design and construction.

Sec. 12. **[473J.08] SPORTS FACILITIES OF THE AUTHORITY.**

Subdivision 1. **General.** This section describes the sports facilities that the Minnesota Sports Facilities Authority controls, operates, and has responsibility over pursuant to this chapter and as directed by law.

Subd. 2. **Sports facilities.** (a) The following sports facilities are part of the Minnesota Sports Facilities Authority:

(1) the professional football stadium constructed under this chapter; and

(2) any other sports facility constructed or acquired by the authority.

(b) The Target Center in Minneapolis, Xcel Energy Center in St. Paul, and Target Field in Minneapolis may join the facilities of the authority upon satisfaction of the following factors and upon the approval of the authority:

(1) the governing body of the facility must make the request to the authority to become a sports facility under this section;

(2) the governing body and the authority must negotiate an agreement with respect to the transfer of all obligations and responsibilities, including, but not limited to, outstanding debt, revenue sources, finance, funding, operations, equipment, repair and replacements, capital improvements, reserves, contracts, and agreements;

(3) the governing body and the professional sports team who is the primary user of the facility must make a joint recommendation to the authority;

(4) the authority must find that the inclusion of a facility under the authority will not have a negative impact on the authority, the general fund, or become an obligation of the state of Minnesota; and

(5) any other information or requirements requested by the authority.

Sec. 13. **[473J.09] POWERS, DUTIES OF THE AUTHORITY.**

Subdivision 1. **Actions.** The authority may sue and be sued. The authority is a public body and the stadium and stadium infrastructure are public improvements within the meaning of chapter 562. The authority is a municipality within the meaning of chapter 466.

Subd. 2. **Acquisition of property.** The authority may acquire from any public or private entity by lease, purchase, gift, or devise all necessary right, title, and interest in and to real property, air rights, and personal property deemed necessary to the purposes contemplated by this chapter. The authority may acquire, by the exercise of condemnation powers under chapter 117, land, other real property, air rights, personal property, and other right, title, and interest in property, within the stadium site and stadium infrastructure.

Subd. 3. **Disposition of property.** The authority may sell, lease, or otherwise dispose of any real or personal property acquired by the authority that is no longer required for accomplishment of the authority's purposes. The property may be sold in accordance with the procedures provided by section 469.065, except subdivisions 6 and 7, to the extent the authority deems it to be practical and consistent with this chapter. Title to the stadium must not be transferred or sold by the authority prior to the effective date of enactment of any legislation approving such transfer or sale.

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Subd. 4. **Data practices; open meetings.** Except as otherwise provided in this chapter, the authority is subject to chapters 13 and 13D.

Subd. 5. **Facility operation.** The authority may develop, construct, equip, improve, own, operate, manage, maintain, finance, and control the stadium, stadium infrastructure, and related facilities constructed or acquired under this chapter, or may delegate such duties through an agreement, subject to the rights and obligations transferred to and assumed by the authority, the NFL team, other user, third-party manager, or program manager, under the terms of a lease, use agreement, or development agreement.

Subd. 6. **Employees; contracts for services.** The authority may employ persons and contract for services necessary to carry out its functions, including the utilization of employees and consultants retained by other governmental entities. The authority shall enter into an agreement with the city regarding traffic control for the stadium.

Subd. 7. **Gifts, grants, loans.** The authority may accept monetary contributions, property, services, and grants or loans of money or other property from the United States, the state, any subdivision of the state, any agency of those entities, or any person for any of its purposes, and may enter into any agreement required in connection with the gifts, grants, or loans. The authority shall hold, use, and dispose of the money, property, or services according to the terms of the monetary contributions, grant, loan, or agreement.

Subd. 8. **Use agreements.** The authority may lease, license, or enter into use agreements and may fix, alter, charge, and collect rents, fees, and charges for the use, occupation, and availability of part or all of any premises, property, or facilities under its ownership, operation, or control for purposes that will provide athletic, educational, cultural, commercial, or other entertainment, instruction, or activity for the citizens of Minnesota and visitors. The use agreements may provide that the other contracting party has exclusive use of the premises at the times agreed upon, as well as the right to retain some or all revenues from ticket sales, suite licenses, concessions, advertising, naming rights, NFL team designated broadcast/media, club seats, signage, and other revenues derived from the stadium. The lease or use agreement with an NFL team must provide for the payment by the NFL team of an agreed-upon portion of operating and maintenance costs and expenses and provide other terms in which the authority and NFL team agree. In no case may a lease or use agreement permit smoking in the stadium.

Subd. 9. **Research.** The authority may conduct research studies and programs; collect and analyze data; prepare reports, maps, charts, and tables; and conduct all necessary hearings and investigations in connection with its functions.

Subd. 10. **Insurance.** The authority may require any employee to obtain and file with the authority an individual bond or fidelity insurance policy. The authority may procure insurance in the amounts the authority considers necessary against liability of the authority or its officers and employees for personal injury or death and property damage or destruction, consistent with chapter 466, and against risks of damage to or destruction of any of its facilities, equipment, or other property.

Subd. 11. **Exemption from Metropolitan Council review; Business Subsidy Act.** The acquisition and betterment of a stadium and stadium infrastructure by the authority must be conducted pursuant to this chapter and are not subject to sections 473.165 and 473.173. Section 116J.994 does not apply to any transactions of the authority or other governmental entity related to the stadium or stadium infrastructure or to any tenant or other users of the stadium or stadium infrastructure.

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Subd. 12. **Incidental powers.** In addition to the powers expressly granted in this chapter, the authority has all powers necessary or incidental thereto.

Subd. 13. **Legislative report.** The authority must report to the chairs and ranking minority members of the legislative committees with jurisdiction over state government finance by January 15 of each year on the following:

(a) any recommended increases in the rate or dollar amount of tax;

(b) any recommended increases in the debt of the authority;

(c) the overall work and role of the authority;

(d) the authority's proposed operating and capital budgets; and

(e) the authority's implementation of the operating and capital budgets.

Subd. 14. **Study; raffle.** The authority shall study the feasibility of conducting a raffle for chances to win a pair or other limited numbers of prime seats (such as lower deck, 50 yard line seats) in the stadium for professional football games for the duration of the lease or use agreement. In conducting the study, the authority must consult with the NFL team. If the authority determines that conducting the raffle is financially feasible, the authority in cooperation with the director of the Gambling Control Board shall conduct the raffle. The proceeds of the raffle must be transmitted to the commissioner of revenue for deposit in the general fund and are appropriated to the commissioner of management and budget for prepayment of principal and interest on appropriation bonds under section 16A.965.

Sec. 14. **[473J.10] LOCATION.**

The stadium to be constructed under this chapter shall be located at the stadium site in the city of Minneapolis.

Sec. 15. **[473J.11] STADIUM DESIGN AND CONSTRUCTION.**

Subdivision 1. **Contracts.** (a) The design, development, and construction of the stadium shall be a collaborative process between the authority and the NFL team. The authority and the NFL team shall establish a process to reach consensus on key elements of the stadium program and design, development, and construction.

(b) Unless the authority and the NFL team agree otherwise:

(1) the authority shall create a stadium design and construction group, including representatives of the authority and the NFL team, to manage the design of the stadium and oversee construction;

(2) this group shall engage an owner's representative to act on behalf of the group. The cost of the owner's representative shall be a stadium cost; and

(3) the authority and the NFL team shall enter into a development administration agreement providing for rights and responsibilities of the authority and the NFL team, the design and construction group, and the owner's representative for design and construction of the stadium, including, but not limited to, establishment of minimum design standards. This development administration agreement shall provide for binding arbitration in the event that the authority and the NFL team are unable to agree on minimum design standards or other material aspects of the design.

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(c) The authority may enter into an agreement with the NFL team and any other entity relating to the design, construction, financing, operation, maintenance, and use of the stadium and related facilities and stadium infrastructure. The authority may contract for materials, supplies, and equipment in accordance with section 471.345, except that the authority may employ or contract with persons, firms, or corporations to perform one or more or all of the functions of architect, engineer, construction manager, or program manager with respect to all or any part of the design, construction, financing, operation, maintenance, and use of the stadium and stadium infrastructure under the traditional separate design and build, integrated design-build, construction manager at risk, or public/private partnership (P3) structures, or a combination thereof.

To the extent practicable, the agreement must provide that at least 25 percent of the materials, supplies, and equipment used in the construction, operation, maintenance, and use of the stadium and related facilities and stadium infrastructure, other than the material subject to section 473J.15, subdivision 11, paragraph (c), must be made or produced by Minnesota businesses.

(d) The authority and the NFL team shall prepare a request for proposals for one or more of the functions described in paragraph (c). The request must be published in the State Register and shall include, at a minimum, such requirements that are agreed to by the authority and the NFL team. The authority and the NFL team may prequalify offerors by issuing a request for qualifications, in advance of the request for proposals, and select a short list of responsible offerors prior to discussions and evaluations.

(e) As provided in the request for proposals, the authority, and the NFL team, may conduct discussions and negotiations with responsible offerors in order to determine which proposal is most advantageous to the authority and the NFL team and to negotiate the terms of an agreement. In conducting discussions, there shall be no disclosure of any information derived from proposals submitted by competing offerors and the content of all proposals is nonpublic data under chapter 13 until such time as a notice to award a contract is given by the authority. The agreement shall be subject to the approval of the NFL team.

(f) Prior to the time the authority enters into a construction contract with a construction manager or program manager certifying a maximum price and a completion date as provided in paragraph (h), at the request of the NFL team, the authority may authorize, such authorization not to be unreasonably withheld or delayed, the NFL team to provide for management of the construction of the stadium and related stadium infrastructure, in which event the NFL team must assume the role and responsibilities of the authority for completion of construction in a manner consistent with the agreed minimum design standards and design documents, subject to the terms of this act, including responsibility for cost overruns.

(g) For each contract for supplies, materials, labor, equipment, or services for the construction of the stadium or infrastructure, the construction manager or program manager shall require: (1) that the contract specify a guaranteed maximum price; and (2) if the amount charged under the contract is less than the guaranteed maximum price, the authority shall pay as follows: (i) half of the difference to the contract holder; and (ii) half of the difference to the state for transfer to the authority for capital reserves.

(h) The construction manager or program manager may enter into contracts with contractors for labor, materials, supplies, and equipment for the construction of the stadium and related stadium infrastructure through the process of public bidding, except

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that the construction manager or program manager may, with the consent of the authority or the NFL team if the NFL team has assumed responsibility for construction:

(1) narrow the listing of eligible bidders to those which the construction manager or program manager determines to possess sufficient expertise to perform the intended functions;

(2) award contracts to the contractors that the construction manager or program manager determines provide the best value under a request for proposals as described in section 16C.28, subdivision 1, paragraphs (a), clause (2), and (c), which are not required to be the lowest responsible bidder; and

(3) for work the construction manager or program manager determines to be critical to the completion schedule, award contracts on the basis of competitive proposals, or perform work with its own forces without soliciting competitive bids if the construction manager or program manager provides evidence of competitive pricing.

(i) The authority and the NFL team shall require that the construction manager or program manager certify, before the contract is signed, a guaranteed maximum construction price and completion date to the authority and post a performance bond in an amount at least equal to 100 percent of the certified price or such other security satisfactory to the authority, to cover any costs which may be incurred in excess of the certified price including, but not limited to, costs incurred by the authority or loss of revenues resulting from incomplete construction on the completion date. The authority may secure surety bonds as provided in section 574.26, securing payment of just claims in connection with all public work undertaken by the authority. Persons entitled to the protection of the bonds may enforce them as provided in sections 574.28 to 574.32 and are not entitled to a lien on any property of the authority under the provisions of sections 514.01 to 514.16. The construction of the stadium is a project as that term is defined in section 177.42, subdivision 2, and is subject to the prevailing wage law under sections 177.41 to 177.43. The authority's contract with the construction manager or program manager shall provide that if the construction manager's or program manager's fees charged under the contract are less than the guaranteed maximum price, the authority shall pay: (1) half of the difference to the contract holder; and (2) half of the difference to the state for transfer to the authority for capital reserves. Costs or fees above the agreed guaranteed maximum price shall be the responsibility of the construction manager or program manager.

Subd. 2. **Changes.** Unless otherwise agreed to by the authority and the NFL team, if either party requests an agreed upon change in minimum design standards, and this change is responsible for requiring the project to exceed the stated budget, the requesting party is liable for any cost overruns or associated liabilities.

Subd. 3. **Stadium design.** The stadium and stadium infrastructure shall be designed and constructed incorporating the following general program and design elements:

(1) unless otherwise agreed to by the authority and the NFL team, the stadium shall comprise approximately 1,500,000 square feet with approximately 65,000 seats, expandable to 72,000, shall meet or exceed NFL program requirements, and include approximately 150 suites and approximately 7,500 club seats or other such components as agreed to by the authority and the NFL team;

(2) space for NFL team-related exhibitions and sales, which shall include the following: NFL team museum and Hall of Fame, retail merchandise and gift shop retail venues, and themed concessions and restaurants;

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(3) year-round space for the NFL team administrative operations, sales, and marketing, including a ticket office, team meeting space, locker, and training rooms;

(4) space for administrative offices of the authority;

(5) 2,000 parking spaces within one block of the stadium, connected by skyway or tunnel to the stadium, and 500 parking spaces within two blocks of the stadium, with a dedicated walkway on game days;

(6) elements sufficient to provide community and civic uses as determined by the authority; and

(7) a roof that is fixed or retractable, provided that if the roof is retractable, it is accomplished without any increase to the funding provided by the state or the city.

Subd. 4. **Cost overruns, savings.** (a) Within the limits of paragraph (b), the authority may accept financial obligations relating to cost overruns associated with acquisition of the stadium site, stadium infrastructure, and stadium design, development, and construction, provided that the authority shall bid project construction in a manner that any cost overruns are the responsibility of the successful bidder and not the authority or the state. The authority shall not accept responsibility for cost overruns and shall not be responsible for cost overruns if the authority has authorized the NFL team to provide for management of construction of the stadium under subdivision 1. Cost savings or additional funds obtained by the authority or the NFL team for the stadium or stadium infrastructure may be used first to fund additional stadium or stadium infrastructure, as agreed to by the authority and the NFL team, if any, and then to fund capital reserves.

(b) The state share of stadium costs shall be limited to $348,000,000 for construction of a new stadium, as permitted under section 16A.726. The city of Minneapolis share shall be limited to no more than a $150,000,000 contribution for construction, and the annual operating cost and capital contributions contained under section 473J.13.

Sec. 16. **[473J.112] COMMEMORATIVE BRICKS.**

The authority shall sell commemorative bricks to be displayed at a prominent location in the new stadium, for an amount to be determined by the authority. Funds raised through this section shall be appropriated to the commissioner of management and budget for transfer to the Minnesota Sports Facilities Authority.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 17. **[473J.12] EMPLOYMENT.**

Subdivision 1. **Hiring and recruitment.** In the design, development, construction, management, operation, maintenance and capital repair, replacement and improvement of the stadium and stadium infrastructure, the authority shall make every effort to employ, and cause the NFL team, the construction manager and other subcontractors, vendors, and concessionaires to employ women and members of minority communities when hiring. In addition, the authority shall contract with an employment assistance firm, preferably minority-owned, or owned by a disabled individual or a woman, to create an employment program to recruit, hire, and retain minorities for the stadium facility. The authority shall hold a job fair and recruit and advertise at Minneapolis Urban League, Sabathani, American Indian OIC, Youthbuild organizations, and other such organizations. Further, goals for construction contracts to be awarded to women- and minority-owned businesses

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will be in a percentage at least equal to the minimum used for city of Minneapolis development projects, and the other construction workforce will establish workforce utilization goals at least equal to current city goals and include workers from city zip codes that have high rates of poverty and unemployment.

Subd. 2. **Other required agreements.** The NFL team or the authority shall give food, beverage, retail, and concession workers presently employed by the NFL team or the Metropolitan Sports Facilities Commission or its vendors at the existing football stadium the opportunity to continue their employment in comparable positions at the new stadium. Workers who are presently represented under a collective bargaining agreement may seek to continue such representation in the facility and designate such, or another collective bargaining unit, as their representative.

Sec. 18. **[473J.13] STADIUM OPERATIONS; CAPITAL IMPROVEMENTS.**

Subdivision 1. **Stadium operation.** The stadium shall be operated in a first-class manner, similar to and consistent with other comparable NFL stadiums. The authority and the team will mutually agree on a third-party management company or individual to manage the stadium and on certain major vendors to the stadium. The authority, with the approval of the NFL team, may enter into an agreement with a program manager for management of the stadium, for a maximum of 30 years.

Subd. 2. **Operating expenses.** (a) The authority must pay or cause to be paid all operating expenses of the stadium. The authority must require in the lease or use agreement with the NFL team that the NFL team pay the authority, beginning January 1, 2016, or other date as mutually agreed upon by the parties, toward operating costs of the stadium, $8,500,000 each year, increased by a three percent annual inflation rate.

(b) Beginning January 1, 2016, or other date as mutually agreed upon by the parties, and continuing through 2020, the state shall pay the authority operating expenses, $6,000,000 each year, increased by an annual adjustment factor. The payment of $6,000,000 per year beginning in 2016 is a payment by the state, which shall be repaid to the state, using funds as provided under section 297A.994, subdivision 4, clause (4). After 2020, the state shall assume this payment, using funds generated in accordance with the city of Minneapolis as specified under section 297A.994, subdivision 4, clause (3).

(c) The authority may establish an operating reserve to cover operating expense shortfalls and may accept funds from any source for deposit in the operating reserve. The establishment or funding of an authority operating reserve must not decrease the amounts required to be paid to the authority toward operating costs under this subdivision unless agreed to by the authority.

(d) The authority will be responsible for operating cost overruns.

(e) After the joint selection of the third-party manager or program manager, the authority may agree with a program manager or other third-party manager of the stadium on a fixed cost operating, management, or employment agreement with operating cost protections under which the program manager or third-party manager assumes responsibility for stadium operating costs and shortfalls. The agreement with the manager must require the manager to prepare an initial and ongoing operating plan and operating budgets for approval by the authority in consultation with the NFL team. The manager must agree to operate the stadium in accordance with the approved operating plan and operating budget.

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Subd. 3. **Public access.** The authority will work to maximize access for public and amateur sports, community, and civic events, and other public events in type and on terms consistent with those currently held at the existing football stadium, as defined in section 473.551, subdivision 9. The authority may provide that these events have exclusive use of the premises at agreed-upon times subject to the scheduling rights of the NFL team under the lease or use agreement.

Subd. 4. **Capital improvements.** (a) The authority shall establish a capital reserve fund. The authority shall be responsible for making, or for causing others to make, all capital repairs, replacements, and improvements for the stadium and stadium infrastructure. The authority shall maintain, or cause others to maintain, the stadium and stadium infrastructure in a safe, clean, attractive, and first-class manner so as to cause them to remain in a condition comparable to that of other comparable NFL facilities of similar design and age. The authority shall make, or cause others to make, all necessary or appropriate repairs, renewals, and replacements, whether structural or nonstructural, interior or exterior, ordinary or extraordinary, foreseen or unforeseen, in a prompt and timely manner. In addition, the authority, with approval of the NFL team, may enter into an agreement with a program manager to perform some or all of the responsibilities of the authority in this subdivision and to assume and accept financial liability for the cost of performing the responsibilities.

(b) The NFL team must contribute $1,500,000 each year, beginning in 2016 or as otherwise determined for the term of the lease or use agreement to the capital reserve fund, increased by a three percent annual inflation rate.

(c) The state shall contribute $1,500,000 each year, beginning in 2016 or as otherwise determined for the term of the lease to the capital reserve fund. The contributions of the state are subject to increase by an annual adjustment factor. The contribution under this paragraph by the state from 2016 through 2020 shall be repaid to the state using funds in accordance with section 297A.994, subdivision 4, clause (4).

(d) The authority with input from the NFL team shall develop short-term and long-term capital funding plans and shall use those plans to guide the future capital needs of the stadium and stadium infrastructure. The authority shall make the final determination with respect to funding capital needs. Any capital improvement proposed by the NFL team intended primarily to provide revenue enhancements to the NFL team shall be paid for by the NFL team, unless otherwise agreed to with the authority.

(e) The NFL team has authority to determine the design of a retractable roof feature for the stadium. The NFL team must cooperate with the authority in designing the feature to minimize any additional operating cost. The design must not result in a material marginal increase in the operating or capital costs of the stadium, considering current collections and reserves.

Subd. 5. **Game-day payments.** In addition to operating expense contributions of the NFL team under subdivision 2, the NFL team shall pay all NFL game day, NFL team-owned major league soccer, as provided in section 473J.15, subdivision 15, and other NFL team-sponsored event expenses within the stadium and stadium plaza areas.

Subd. 6. **Cooperation with financing.** The authority shall cooperate with the NFL team to facilitate the financing of the NFL team's contribution. Such agreement to cooperate shall not require the authority to incur any additional costs or provide conduit

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financing. The lease, license, and other transaction documents shall include provisions customarily required by lenders in stadium financings.

Sec. 19. **[473J.15] CRITERIA AND CONDITIONS.**

Subdivision 1. **Binding and enforceable.** In developing the stadium and entering into related contracts, the authority must follow and enforce the criteria and conditions in this section, provided that a determination by the authority that those criteria or conditions have been met under any agreement or otherwise shall be conclusive.

Subd. 2. **NFL team/private contribution; timing of expenditures.** (a) The NFL team/private contribution, including stadium builder license proceeds, for stadium costs must be made in cash in the amount of at least $477,000,000.

(b) Prior to the initial deposit of funds under this section, the team must provide security or other credit worthiness in the amount of $50,000,000, subject to the satisfaction of the authority. Prior to the first issuance of bonds under section 16A.965, the first portion of the NFL team/private contribution in the amount of $50,000,000 must be deposited as costs are incurred to the construction fund to pay for the initial stadium costs.

(c) After the first $50,000,000 of stadium costs have been paid from the initial NFL team/private contribution, state funds shall be deposited as costs are incurred to the construction fund to pay for the next $50,000,000 of costs of the project. Prior to any state funds being deposited in the construction fund, the NFL team must provide security or a financing commitment reasonably satisfactory to the authority for the balance of the required NFL team/private contribution and for payment of cost overruns if the NFL team assumes responsibility for stadium construction under section 473J.11. Thereafter, budgeted project costs shall be borne by the authority and the NFL team/private contributions in amounts proportionate to their remaining funding commitments.

(d) In the event the project terminates before the initial $100,000,000 in contributions are expended by the parties under this subdivision, the parties shall be reimbursed in the amounts they have deposited to the construction fund proportionate to project funding percentages, in the amounts of 51 percent by the authority and 49 percent by the NFL team/private contributions.

Subd. 3. **Lease or use agreements; 30-year term.** The authority must enter into a long-term lease or use agreement with the NFL team for the NFL team's use of the stadium. The NFL team must agree to play all preseason, regular season, and postseason home games at the stadium. However, the team may play up to three home games outside of the United States during the first 15 years of the lease or use agreement and up to three home games outside of the United States in the next 15 years of the lease or use agreement. Training facilities must remain in Minnesota during the term of the lease or use agreement. The lease or use agreement must be for a term of at least 30 years from the date of substantial completion of the stadium for professional football games. The lease or use agreement may provide options for the NFL team to extend the term for up to four additional periods of five years. The lease or use agreement must include terms for default, termination, and breach of the agreement. Recognizing that the presence of professional football provides to the state of Minnesota and its citizens highly valued, intangible benefits that are virtually impossible to quantify and, therefore, not recoverable in the event of the NFL team owner's breach of contract, the lease and use agreements must provide for specific performance and injunctive relief to enforce provisions relating to use of the stadium for professional football and must not include escape clauses

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or buyout provisions. The NFL team must not enter into or accept any agreement or requirement with or from any entity that is inconsistent with the NFL team's binding commitment to the 30-year term of the lease or use agreement or that would in any manner dilute, interfere with, or negate the provisions of the lease or use agreement, providing for specific performance or injunctive relief. The legislature conclusively determines, as a matter of public policy, that the lease or use agreement, and any grant agreement under this chapter that includes a specific performance clause:

(1) explicitly authorizes specific performance as a remedy for breach;

(2) is made for adequate consideration and upon terms which are otherwise fair and reasonable;

(3) has not been included through sharp practice, misrepresentation, or mistake;

(4) if specifically enforced, does not cause unreasonable or disproportionate hardship or loss to the NFL team or to third parties; and

(5) involves performance in a manner and the rendering of services of a nature and under circumstances that the beneficiary cannot be adequately compensated in damages.

Subd. 4. **Lease or use agreements; revenues, payments.** A lease or use agreement shall include rent and other fees and expenses to be paid by the NFL team. The authority shall agree to provide in the lease or use agreement for the NFL team to receive all NFL and team event related revenues, including but not limited to, suite revenues, advertising, concessions, signage, broadcast and media, and club seat revenue. The agreement shall also provide that all naming rights to the stadium are retained by the NFL team, subject to the approval of the name or names by the authority consistent with those criteria set out in the lease or use agreement. The agreement shall provide for the authority to receive all general ticket revenues and other event revenues other than from NFL team games, NFL team-owned major league soccer games, and other NFL team events agreed to by the authority.

Subd. 5. **Notice of breach or default.** Until 30 years from the date of stadium completion, the NFL team must provide written notice to the authority not less than 180 days prior to any action, including any action imposed upon the NFL team by the NFL, which would result in a breach or default of provisions of the lease or use agreements required to be included under subdivision 3. If this notice provision is violated and the NFL team has already breached or been in default under the required provisions, the authority or the state of Minnesota may specifically enforce the lease or use agreement and Minnesota courts shall fashion equitable remedies so that the NFL team fulfills the conditions of the lease and use agreements.

Subd. 6. **Enforceable financial commitments.** The authority must determine before stadium construction begins that all public and private funding sources for construction, operating expenses, and capital improvements and repairs of the stadium are included in written agreements. The committed funds must be adequate to design, construct, furnish, and equip the stadium, and pay projected operating expenses and the costs of capital improvements and repairs during the term of the lease or use agreement with the NFL team. The NFL team must provide the authority access to NFL team financial or other information, which the authority deems necessary for such determination. Any financial information obtained by the authority under this subdivision is nonpublic data under section 13.02, subdivision 9.

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Subd. 7. **Environmental requirements.** The authority must comply with all environmental requirements imposed by regulatory agencies for the stadium, site, and structure, except as provided by section 473J.09, subdivision 11, or by section 473J.17.

Subd. 8. **Public share on sale of NFL team.** (a) The lease or use agreement must provide that if the NFL team is sold, or an interest in the NFL team is sold after the effective date of this section, a portion of the sale price, determined according to the schedule in paragraph (b), is the public share and must be paid to the state and the city, in amounts proportionate to the expenditures made by the state and from city taxes, respectively, for the purposes of this chapter. If any portion of the public share of the sale price remains after the state and city have been paid, that amount must be deposited in the general fund.

(b) The portion of the sale price required to be paid under paragraph (a) is:

(1) 25 percent of the amount in excess of the purchase price of the NFL team by the selling owner or owners for ten years, beginning on the effective date of this section;

(2) 15 percent during years 11 to 15 after the effective date of this section; and

(3) ten percent during years 16 to 20 after the effective date of this section.

Thereafter, no portion of the sale price is required to be paid under paragraph (a).

(c) The agreement must provide exceptions for sales to members of the owners' families and entities and trusts beneficially owned by family members, sales to employees of equity interests aggregating up to ten percent, sales related to capital infusions not distributed to the owners, and sales among existing owners not exceeding 20 percent equity interest in the NFL team.

Subd. 9. **Authority's access to NFL team financial information.** A notice provision for a material breach shall be agreed to between the authority and the NFL team. In the event there is a material breach by the NFL team under the lease or use agreement, the lease or use agreement must provide the authority access to audited financial statements of the NFL team and other financial information that the authority deems necessary to enforce the terms of any lease or use agreements. Any financial information obtained by the authority under this subdivision is nonpublic data under section 13.02, subdivision 9.

Subd. 10. **NFL team name retained.** The lease or use agreement must provide that the NFL shall retain the Minnesota Vikings' heritage and records, including the name, logo, colors, history, playing records, trophies, and memorabilia in the event of relocation of the NFL team in violation of the lease or use agreement, and shall not permit use of these rights except for a team located in the state of Minnesota.

Subd. 11. **Stadium design.** (a) To the extent practicable, the authority and the NFL team will build a stadium that is environmentally and energy efficient and will make an effort to build a stadium that is eligible to receive the Leadership in Energy and Environmental Design (LEED) certification or the Green Building Initiative Green Globes certification for environmental design, and to the extent practicable, will strive to make the stadium design architecturally significant.

(b) To the extent practicable, the stadium design must, to the extent that the costs of following the guidelines have a payback in energy savings in 30 years or less, follow sustainable building guidelines established under section 16B.325. The authority and NFL team must work with local utility companies to establish a base utility cost under the state energy codes and calculate energy cost savings resulting from complying with

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the guidelines. The authority and NFL team must fully utilize conservation improvement assistance under section 216B.241 and other energy savings programs available to them.

(c) To the extent practicable, the authority and the team must ensure that the stadium be built with American-made steel that is made from Minnesota iron ore.

Subd. 12. **Necessary approvals.** The authority and the NFL team must secure any necessary approvals to the terms of the lease and use agreement and the design and construction plans for the stadium, including prior approval of the NFL.

Subd. 13. **Affordable access.** The lease or use agreement must provide for an agreed-upon number of affordable tickets to the professional sporting events held in the stadium.

Subd. 14. **Stadium builder's licenses.** The authority shall own and retain the exclusive right to sell stadium builder's licenses in the stadium. The authority will retain the NFL team to act as the authority's agent in marketing and selling such licenses.

Subd. 15. **Major league soccer.** The authority shall, for five years after the first NFL team home game is played in the stadium, grant the NFL team the exclusive right to establish major league soccer at the stadium. The authority and the NFL team may enter into an agreement providing the terms and conditions of such an arrangement, provided:

(1) if any of the NFL team owners whose family owns at least three percent of the NFL team purchases full or partial ownership in a major league soccer franchise, such franchise may play in the stadium under a use agreement with similar terms as are applicable to the NFL team which shall include rent based on market conditions but not less than a provision of payment of game-day costs and reasonable marginal costs incurred by the authority as a result of the major league soccer team; and

(2) capital improvements required by a major league soccer franchise must be financed by the owners of the major league soccer team, unless otherwise agreed to by the authority.

Subd. 16. **NFL team-related entities.** Subject to the prior approval of the authority, which shall not be unreasonably withheld, any of the obligations by the NFL team may be performed by the NFL team, a related entity, or a third party, and the NFL team, any entity related to the NFL team or third party may receive any revenues to which the NFL team is entitled hereunder; provided, however, the NFL team shall remain liable if any obligations are assigned to a related entity or third party.

Sec. 20. **[473J.17] MUNICIPAL ACTIVITIES.**

Subdivision 1. **Property acquisition and disposition.** The city may, to the extent legally permissible, acquire land, air rights, and other property interests within the development area for the stadium site and stadium infrastructure and convey it to the authority with or without consideration, prepare a site for development as a stadium, and acquire and construct any related stadium infrastructure. To the extent property parcels or interests acquired are more extensive than the stadium infrastructure requirements, the city may sell or otherwise dispose of the excess.

Subd. 2. **Claims.** Except as may be mutually agreed to by the city and the authority, the city has no interest in or claim to any assets or revenues of the authority.

Subd. 3. **Environmental; planning and zoning.** The authority is the responsible governmental unit for an environmental impact statement for the stadium prepared under

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section 116D.04, if an environmental impact statement is necessary. Notwithstanding section 116D.04, subdivision 2b, and implementing rules: (1) the environmental impact statement shall not be required to consider alternative stadium sites; and (2) the environmental impact statement must be determined to be adequate before commencing work on the foundation of the stadium, but the stadium and stadium infrastructure may otherwise be started and all preliminary and final government decisions and actions may be made and taken including, but not limited to, acquiring land; obtaining financing; granting permits or other land use approvals; entering into grant, lease, or use agreements; or preparing the site or related stadium infrastructure prior to a determination of the adequacy of the environmental impact statement.

Subd. 4. **Local government expenditure.** The city may make expenditures or grants for other costs incidental and necessary to further the purposes of this chapter and may, by agreement, reimburse in whole or in part, any entity that has granted, loaned, or advanced funds to the city to further the purposes of this chapter. The city may reimburse the authority or a local governmental entity or make a grant to the authority or such a governmental unit or be reimbursed by the authority or local governmental entity for site acquisition, preparation of the site for stadium development, and stadium infrastructure.

Subd. 5. **Municipal authority.** The legislature intends that, except as expressly limited herein, the city may acquire and develop stadium infrastructure, enter into contracts with the authority and other governmental or nongovernmental entities, appropriate funds, and make employees, consultants, and other revenues available for those purposes.

Subd. 6. **Stadium Implementation Committee; city review.** In order to accomplish the objectives of this act within the required time frame, it is necessary to establish an alternative process for municipal land use and development review. It is hereby found and declared that the construction of a stadium within the development area is consistent with the adopted area plan, is the preferred stadium location, and is a permitted land use. This subdivision establishes a procedure for all land use and development reviews and approvals by the city of Minneapolis for the stadium and related stadium infrastructure and supersedes all land use and development rules and restrictions and procedures imposed by other law, charter, or ordinance, including without limitation section 15.99. No later than 30 days after timely compliance of the city as provided in article 3, section 7, of this act, the city of Minneapolis shall establish a stadium implementation committee to make recommendations on the design plans submitted for the stadium, and stadium infrastructure, and related improvements. The implementation committee must take action to issue its recommendations within the time frames established in the planning and construction timetable issued by the authority which shall provide for no less than 60 days for the committee's review. The recommendations of the implementation committee shall be forwarded to the city of Minneapolis Planning Commission for an advisory recommendation and then to the city council for final action in a single resolution, which final action must be taken within 45 days of the submission of the recommendations to the planning commission. The city council shall not impose any unreasonable conditions on the recommendations of the implementation committee, nor take any action or impose any conditions that will result in delay from the time frames established in the planning and construction timetable or in additional overall costs. Failure of the city council to act within the 45-day period shall be deemed to be approval. The authority may seek de novo review in the district court of any city council action. The district court or any appellate court shall expedite review to the maximum extent possible and timely issue relief, orders, or opinions as necessary to give effect to the provisions and objectives in this act.

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Sec. 21. **[473J.19] PROPERTY TAX EXEMPTION; SPECIAL ASSESSMENTS.**

Any real or personal property acquired, owned, leased, controlled, used, or occupied by the authority for any of the purposes of this chapter, is acquired, owned, leased, controlled, used, and occupied for public, governmental, and municipal purposes. The stadium and stadium infrastructure are exempt from ad valorem taxation by the state or any political subdivision of the state provided that the properties are subject to special assessments levied by a political subdivision for a local improvement in amounts proportionate to and not exceeding the special benefit received by the properties from the improvement. No possible use of any of the properties in any manner different from their use under this chapter may be considered in determining the special benefit received by the properties. Notwithstanding section 272.01, subdivision 2, or 273.19, real or personal property which is subject to a lease or use agreement between the authority and another person for uses related to the purposes of this chapter, including the operation of the stadium and related parking facilities, is exempt from taxation regardless of the length of the lease or use agreement or the characteristics of the entity leasing or using the property. This section, insofar as it provides an exemption or special treatment, does not apply to any real property that is leased for residential, business, or commercial development or to a restaurant that is open for general business more than 200 days a year, or other purposes different from those contemplated in this chapter.

Sec. 22. **[473J.21] LIQUOR LICENSES.**

At the request of the authority, the city may issue intoxicating liquor licenses that are reasonably required for the premises of the stadium site. These licenses are in addition to the number authorized by law. All provisions of chapter 340A not inconsistent with this section apply to the licenses authorized under this section.

Sec. 23. **[473J.23] LOCAL TAXES.**

No new or additional local sales or use tax shall be imposed on sales at the stadium site unless the tax is applicable throughout the taxing jurisdiction. Except for a tax imposed under section 16A.727, no new or additional local tax shall be imposed on sales of tickets and admissions to NFL team, NFL team-owned major league soccer, or other team related events at the stadium, notwithstanding any law or ordinance, unless the tax is applicable throughout the taxing jurisdiction. The admissions and amusements tax currently imposed by the city of Minneapolis pursuant to Laws 1969, chapter 1092, may apply to admissions for football and NFL team related events, including NFL team-owned major league soccer, as provided in section 473J.15, subdivision 15, at the stadium.

Sec. 24. **[473J.25] METROPOLITAN SPORTS FACILITIES COMMISSION ASSETS; LIABILITIES TO AUTHORITY.**

Subdivision 1. **Authority expenses.** The Metropolitan Sports Facilities Commission shall pay the operating expenses of the authority including salaries, compensation, and other personnel, office, equipment, consultant and any other costs, until the commission is abolished pursuant to subdivision 3.

Subd. 2. **Transfer.** Within 90 days of the enactment of this chapter, the Metropolitan Sports Facilities Commission shall pay its outstanding obligations, settle its accounts, and transfer its remaining assets, liabilities, and obligations to the authority, for its purposes.

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Subd. 3. **Metropolitan Sports Facilities Commission abolished; interim powers conferred on authority.** Upon transfer to the authority of all remaining assets, liabilities, and obligations of the Metropolitan Sports Facilities Commission, in subdivision 2, the Metropolitan Sports Facilities Commission is abolished. When the remaining assets, liabilities, and obligations of the Metropolitan Sports Facilities Commission have been transferred to the authority and the commission has been abolished, the powers and duties of the commission under sections 473.551 to 473.599, and any other law shall devolve upon the authority, in addition to the powers and duties of the authority under chapter 473J, until the first NFL home game is played at the stadium.

Subd. 4. **Employees.** Upon transfer of ownership all persons employed by the Metropolitan Sports Facilities Commission shall be transferred to the Minnesota Sports Facilities Authority without loss of right or privilege. Nothing in this section shall be construed to give any such person the right or privilege to continue in the same level or classification of employment previously held. The Minnesota Sports Facilities Authority may assign any such person to an employment level and classification which it deems appropriate and desirable in accordance with its personnel code.

Subd. 5. **Conforming changes.** The Metropolitan Sports Facilities Commission shall submit a technical bill to the 2013 legislature making any cross-reference, grammatical, or other conforming changes necessary as a result of this act. This bill shall be submitted by February 12, 2013.

Sec. 25. **EFFECTIVE DATE.**

Except as otherwise provided, this article is effective the day following final enactment.

ARTICLE 2

STATE STADIUM FUNDING

Section 1. **[16A.965] STADIUM APPROPRIATION BONDS.**

Subdivision 1. **Definitions.** (a) The definitions in this subdivision and in chapter 473J apply to this section.

(b) "Appropriation bond" means a bond, note, or other similar instrument of the state payable during a biennium from one or more of the following sources:

(1) money appropriated by law from the general fund in any biennium for debt service due with respect to obligations described in subdivision 2, paragraph (b);

(2) proceeds of the sale of obligations described in subdivision 2, paragraph (b);

(3) payments received for that purpose under agreements and ancillary arrangements described in subdivision 2, paragraph (d); and

(4) investment earnings on amounts in clauses (1) to (3).

(c) "Debt service" means the amount payable in any biennium of principal, premium, if any, and interest on appropriation bonds.

Subd. 2. **Authorization to issue appropriation bonds.** (a) Subject to the limitations of this subdivision, the commissioner may sell and issue appropriation bonds of the state under this section for public purposes as provided by law, including, in

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particular, the financing of all or a portion of the acquisition, construction, improving, and equipping of the stadium project of the Minnesota Sports Facilities Authority as provided by chapter 473J. Proceeds of the appropriation bonds must be credited to a special appropriation stadium bond proceeds fund in the state treasury. Net income from investment of the proceeds, as estimated by the commissioner, must be credited to the special appropriation stadium bond proceeds fund.

(b) Appropriation bonds may be sold and issued in amounts that, in the opinion of the commissioner, are necessary to provide sufficient funds, not to exceed $498,000,000 net of costs of issuance, revenue generated under section 16A.6455, and allocated by the commissioner of management and budget for this purpose and costs of credit enhancement for achieving the purposes authorized as provided under paragraph (a), and pay debt service including capitalized interest, pay costs of issuance, make deposits to reserve funds, pay the costs of credit enhancement, or make payments under other agreements entered into under paragraph (d); provided, however, that appropriation bonds issued and unpaid shall not exceed $600,000,000 in principal amount, excluding refunding bonds sold and issued under subdivision 4.

(c) Appropriation bonds may be issued from time to time in one or more series on the terms and conditions the commissioner determines to be in the best interests of the state, but the term on any series of appropriation bonds may not exceed 30 years. The appropriation bonds of each issue and series thereof shall be dated and bear interest, and may be includable in or excludable from the gross income of the owners for federal income tax purposes.

(d) At the time of, or in anticipation of, issuing the appropriation bonds, and at any time thereafter, so long as the appropriation bonds are outstanding, the commissioner may enter into agreements and ancillary arrangements relating to the appropriation bonds, including but not limited to trust indentures, grant agreements, lease or use agreements, operating agreements, management agreements, liquidity facilities, remarketing or dealer agreements, letter of credit agreements, insurance policies, guaranty agreements, reimbursement agreements, indexing agreements, or interest exchange agreements. Any payments made or received according to the agreement or ancillary arrangement shall be made from or deposited as provided in the agreement or ancillary arrangement. The determination of the commissioner included in an interest exchange agreement that the agreement relates to an appropriation bond shall be conclusive.

(e) The commissioner may enter into written agreements or contracts relating to the continuing disclosure of information necessary to comply with, or facilitate the issuance of appropriation bonds in accordance with federal securities laws, rules, and regulations, including Securities and Exchange Commission rules and regulations in Code of Federal Regulations, title 17, section 240.15c 2-12. An agreement may be in the form of covenants with purchasers and holders of appropriation bonds set forth in the order or resolution authorizing the issuance of the appropriation bonds, or a separate document authorized by the order or resolution.

(f) The appropriation bonds are not subject to chapter 16C.

Subd. 3. **Form; procedure.** (a) Appropriation bonds may be issued in the form of bonds, notes, or other similar instruments, and in the manner provided in section 16A.672. In the event that any provision of section 16A.672 conflicts with this section, this section shall control.

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(b) Every appropriation bond shall include a conspicuous statement of the limitation established in subdivision 6.

(c) Appropriation bonds may be sold at either public or private sale upon such terms as the commissioner shall determine are not inconsistent with this section and may be sold at any price or percentage of par value. Any bid received may be rejected.

(d) Appropriation bonds must bear interest at a fixed or variable rate.

(e) Notwithstanding any other law, appropriation bonds issued under this section shall be fully negotiable.

Subd. 4. **Refunding bonds.** The commissioner from time to time may issue appropriation bonds for the purpose of refunding any appropriation bonds then outstanding, including the payment of any redemption premiums on the bonds, any interest accrued or to accrue to the redemption date, and costs related to the issuance and sale of the refunding bonds. The proceeds of any refunding bonds may, in the discretion of the commissioner, be applied to the purchase or payment at maturity of the appropriation bonds to be refunded, to the redemption of the outstanding appropriation bonds on any redemption date, or to pay interest on the refunding bonds and may, pending application, be placed in escrow to be applied to the purchase, payment, retirement, or redemption. Any escrowed proceeds, pending such use, may be invested and reinvested in obligations that are authorized investments under section 11A.24. The income earned or realized on the investment may also be applied to the payment of the appropriation bonds to be refunded or interest or premiums on the refunded appropriation bonds, or to pay interest on the refunding bonds. After the terms of the escrow have been fully satisfied, any balance of the proceeds and any investment income may be returned to the general fund or, if applicable, the special appropriation stadium bond proceeds fund for use in any lawful manner. All refunding bonds issued under this subdivision must be prepared, executed, delivered, and secured by appropriations in the same manner as the appropriation bonds to be refunded.

Subd. 5. **Appropriation bonds as legal investments.** Any of the following entities may legally invest any sinking funds, money, or other funds belonging to them or under their control in any appropriation bonds issued under this section:

(1) the state, the investment board, public officers, municipal corporations, political subdivisions, and public bodies;

(2) banks and bankers, savings and loan associations, credit unions, trust companies, savings banks and institutions, investment companies, insurance companies, insurance associations, and other persons carrying on a banking or insurance business; and

(3) personal representatives, guardians, trustees, and other fiduciaries.

Subd. 6. **No full faith and credit; state not required to make appropriations.** The appropriation bonds are not public debt of the state, and the full faith, credit, and taxing powers of the state are not pledged to the payment of the appropriation bonds or to any payment that the state agrees to make under this section. Appropriation bonds shall not be obligations paid directly, in whole or in part, from a tax of statewide application on any class of property, income, transaction, or privilege. Appropriation bonds shall be payable in each fiscal year only from amounts that the legislature may appropriate for debt service for any fiscal year, provided that nothing in this section shall be construed to require the state to appropriate funds sufficient to make debt service payments with respect to the appropriation bonds in any fiscal year. Appropriation bonds shall be canceled and

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shall no longer be outstanding on the earlier of (1) the first day of a fiscal year for which the legislature shall not have appropriated amounts sufficient for debt service, or (2) the date of final payment of the principal of and interest on the appropriation bonds.

Subd. 7. **Appropriation of proceeds.** The proceeds of appropriation bonds and interest credited to the special appropriation stadium bond proceeds fund are appropriated to the commissioner for payment of capital expenses including capitalized interest, debt service on outstanding indebtedness of the state, and for the operating and capital reserves of the authority, each as permitted by state and federal law, and nonsalary expenses incurred in conjunction with the sale of the appropriation bonds, and such proceeds may be granted, loaned, or otherwise provided to the authority for the public purpose provided by subdivision 2, paragraph (a).

Subd. 8. **Appropriation for debt service and other purposes.** The amount needed to pay principal and interest on appropriation bonds issued under this section is appropriated each fiscal year from the general fund to the commissioner, subject to repeal, unallotment under section 16A.152, or cancellation, otherwise pursuant to subdivision 6, for deposit into the bond payments account established for such purpose in the special appropriation stadium bond proceeds fund.

Subd. 9. **Waiver of immunity.** The waiver of immunity by the state provided for by section 3.751, subdivision 1, shall be applicable to the appropriation bonds and any ancillary contracts to which the commissioner is a party.

Subd. 10. **Validation.** (a) Appropriation bonds issued under this section may be validated in the manner provided by this subdivision. If comparable appropriation bonds are judicially determined to be valid, nothing in this subdivision shall be construed to prevent the sale or delivery of any appropriation bonds or notes without entry of a judgment of validation by the Minnesota Supreme Court pursuant to this subdivision with respect to the appropriation bonds authorized under this section.

(b) Any appropriation bonds issued under this section that are validated shall be validated in the manner provided by this subdivision.

(c) The Minnesota Supreme Court shall have original jurisdiction to determine the validation of appropriation bonds and all matters connected therewith.

(d) The commissioner may determine the commissioner's authority to issue appropriation bonds and the legality of all proceedings in connection with issuing bonds. For this purpose, a complaint shall be filed by the commissioner in the Minnesota Supreme Court against the state and the taxpayers and citizens.

(e) As a condition precedent to filing of a complaint for the validation of appropriation bonds, the commissioner shall take action providing for the issuance of appropriation bonds in accordance with law.

(f) The complaint shall set out the state's authority to issue appropriation bonds, the action or proceeding authorizing the issue and its adoption, all other essential proceedings had or taken in connection with issuing bonds, the amount of the appropriation bonds to be issued and the maximum interest they are to bear, and all other pertinent matters.

(g) The Minnesota Supreme Court shall issue an order directed against the state and taxpayers, citizens, and others having or claiming any right, title, or interest affected by the issuance of appropriation bonds, or to be affected by the bonds, allowing all persons, in general terms and without naming them, and the state through its attorney general, to

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appear before the Minnesota Supreme Court at a designated time and place and show why the complaint should not be granted and the proceedings and appropriation bonds validated. A copy of the complaint and order shall be served on the attorney general at least 20 days before the time fixed for hearing. The attorney general shall examine the complaint, and, if it appears or there is reason to believe that it is defective, insufficient, or untrue, or if in the opinion of the attorney general the issuance of the appropriation bonds in question has not been duly authorized, defense shall be made by the attorney general as the attorney general deems appropriate.

(h) Before the date set for hearing, as directed by the Minnesota Supreme Court, either the clerk of the Minnesota appellate courts or the commissioner shall publish a copy of the order in a legal newspaper of general circulation in Ramsey County and the state, at least once each week for two consecutive weeks, commencing with the first publication, which shall not be less than 20 days before the date set for hearing. By this publication, all taxpayers, citizens, and others having or claiming any right, title, or interest in the state, are made parties defendant to the action and the Minnesota Supreme Court has jurisdiction of them to the same extent as if named as defendants in the complaint and personally served with process.

(i) Any taxpayer, citizen, or person interested may become a party to the action by moving against or pleading to the complaint at or before the time set for hearing. The Minnesota Supreme Court shall determine all questions of law and fact and make orders that will enable it to properly try and determine the action and render a final judgment within 30 days of the hearing with the least possible delay.

(j) If the judgment validates appropriation bonds, the judgment is forever conclusive as to all matters adjudicated and as against all parties affected and all others having or claiming any right, title, or interest affected by the issuance of appropriation bonds, or to be affected in any way by issuing the bonds, and the validity of appropriation bonds or of any revenues pledged for the payment of the bonds, or of the proceedings authorizing the issuance of the bonds, including any remedies provided for their collection, shall never be called in question in any court by any person or party.

(k)(1) Appropriation bonds, when validated under this section, shall have stamped or written on the bonds, by the proper officers of the state issuing them, a statement in substantially the following form: "This appropriation bond is one of a series of appropriation bonds which were validated by judgment of the Supreme Court of the State of Minnesota, rendered on ……. , ... (year)".

(2) A certified copy of the judgment or decree shall be received as evidence in any court in this state.

(l) The costs shall be paid by the state, except when a taxpayer, citizen, or other person contests the action or intervenes, the court may tax the whole or any part of the costs against the person that is equitable.

(m) A justice of the Minnesota Supreme Court is not disqualified in any validation action because the justice is a landowner or taxpayer of the state.

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ARTICLE 3

MINNEAPOLIS CONVENTION CENTER

Section 1. **[297A.994] CITY OF MINNEAPOLIS SALES TAX; ALLOCATION OF REVENUES.**

Subdivision 1. **Scope.** Notwithstanding the provisions of section 297A.99, subdivision 11, the provisions of this section govern the remittance of the proceeds of taxes imposed by the city of Minneapolis under the special law.

Subd. 2. **Definitions.** (a) For purposes of this section, the following definitions apply.

(b) "City" means the city of Minneapolis.

(c) "Special law" means Laws 1986, chapter 396, sections 4 and 5, as amended.

(d) "Tax" means the sales taxes imposed by the city under the special law.

(e) The terms defined under section 473J.03 apply for purposes of this section.

Subd. 3. **General allocation of revenues.** The commissioner shall remit the revenues from the taxes, less the deductions listed in this subdivision, to the city at least quarterly. The commissioner shall make the following deductions in the order listed before distribution to the city:

(1) refunds of any of these taxes due to taxpayers, if any;

(2) the direct and indirect costs of the department to administer, audit, and collect the tax, according to the applicable law and agreements between the commissioner and the city. For revenues from the general local sales and use tax, the commissioner must deduct a proportionate share of costs described in section 297A.99, subdivision 11; and

(3) notwithstanding the provisions of any agreement between the commissioner and the city providing for collection and remittance of these taxes, the commissioner must deposit to the general fund the amounts specified in subdivision 4.

Subd. 4. **General fund allocations.** The commissioner must retain and deposit to the general fund the following amounts, as required by subdivision 3, clause (3):

(1) for state bond debt service support beginning in calendar year 2021, and for each calendar year thereafter through calendar year 2046, periodic amounts so that not later than December 31, 2046, an aggregate amount equal to a present value of $150,000,000 has been deposited in the general fund. To determine aggregate present value, the commissioner must consult with the commissioner of management and budget regarding the present value dates, discount rate or rates, and schedules of annual amounts. The present value date or dates must be based on the date or dates bonds are sold under section 16A.965, or the date or dates other state funds, if any, are deposited into the construction fund. The discount rate or rates must be based on the true interest cost of the bonds issued under section 16A.965, or an equivalent 30-year bond index, as determined by the commissioner of management and budget. The schedule of annual amounts must be certified to the commissioner by the commissioner of management and budget and the finance officer of the city;

(2) for the capital improvement reserve appropriation to the sports facilities authority beginning in calendar year 2021, and for each calendar year thereafter through calendar

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year 2046, an aggregate annual amount equal to the amount paid by the state for this purpose in that calendar year under section 473J.13, subdivision 4;

(3) for the operating expense appropriation to sports facilities authority beginning in calendar year 2021, and for each calendar year thereafter through calendar year 2046, an aggregate annual amount equal to the amount paid by the state for this purpose in that calendar year under section 473J.13, subdivision 2;

(4) for recapture of state advances for capital improvements and operating expenses for calendar years 2016 through 2020 beginning in calendar year 2021, and for each calendar year thereafter until all amounts under this clause have been paid, proportionate amounts periodically until an aggregate amount equal to the present value of all amounts paid by the state have been deposited in the general fund. To determine the present value of the amounts paid by the state to the authority and the present value of amounts deposited to the general fund under this clause, the commissioner shall consult with the commissioner of management and budget regarding the present value dates, discount rate or rates, and schedule of annual amounts. The present value dates must be based on the dates state funds are paid to the authority, or the dates the commissioner of revenue deposits taxes for purposes of this clause to the general fund. The discount rates must be based on the reasonably equivalent cost of state funds as determined by the commissioner of management and budget. The schedule of annual amounts must be revised to reflect amounts paid under section 473J.13, subdivision 2, paragraph (b) for 2016 to 2020, and subdivision 4, paragraph (c) for 2016 to 2020, and taxes deposited to the general fund from time to time under this clause, and the schedule and revised schedules must be certified to the commissioner by the commissioner of management and budget and the finance officer of the city, and are transferred as accrued from the general fund for repayment of advances made by the state to the authority; and

(5) to capture increases in taxes imposed under the special law, for the benefit of the sports facilities authority, beginning in calendar year 2013 and for each calendar year thereafter through 2046, there shall be deposited to the general fund in proportionate periodic payments in the following year, an amount equal to the following:

(i) 50 percent of the difference, if any, by which the amount of the net annual taxes for the previous year exceeds the sum of the net actual taxes in calendar year 2011 plus $1,000,000, inflated at two percent per year since 2011, minus

(ii) 25 percent of the difference, if any, by which the amount of the net annual taxes for the preceding year exceeds the sum of the net actual taxes in calendar year 2011 plus $3,000,000, inflated at two percent per year since 2011.

Sec. 2. Laws 1986, chapter 396, section 4, as amended by Laws 1987, chapter 55, sections 5 and 6, and Laws 2009, chapter 88, article 4, sections 11 and 12, is amended to read:

Sec. 4. **SALES AND USE TAX.**

Subdivision 1. **Imposition.** Notwithstanding Minnesota Statutes, section 477A.016, or any other contrary provision of law, ordinance, or city charter, upon approval by the city's board of estimate and taxation by a vote of at least five members, the city of Minneapolis may by ordinance impose an additional sales tax of up to one-half of one percent on sales taxable pursuant to Minnesota Statutes, chapter 297A that occur within the city, and may also by ordinance impose an additional compensating use tax of up to one-half of one percent on uses of property within the city, the sale of which would be

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subject to the additional sales tax but for the fact such property was sold outside the city. The tax ~~may not be imposed on gross receipts from sales of intoxicating liquor that are exempt from taxation under sections 297A.25 to 297A.257 or other provision of chapter 297A exempting sales of intoxicating liquor and use from taxation, including amendments adopted after enactment of this act~~ is imposed on the tax base defined in Minnesota Statutes, section 297A.99, subdivision 4, and is subject to the exemptions and credits in Minnesota Statutes, section 297A.99, subdivisions 7 and 8.

~~For purposes of this subdivision, sales that occur within the city shall not include (a) the sale of tangible personal property (i) which, without intermediate use, is shipped or transported outside Minneapolis by the purchaser and thereafter used in a trade or business or is stored, processed, fabricated or manufactured into, attached to or incorporated into other tangible personal property transported or shipped outside Minneapolis and thereafter used in a trade or business outside Minneapolis, and which is not thereafter returned to a point within Minneapolis, except in the course of interstate or intrastate commerce (storage shall not constitute intermediate use), or (ii) which the seller delivers to a common carrier for delivery outside Minneapolis, places in the United States mail or parcel post directed to the purchaser outside Minneapolis, or delivers to the purchaser outside Minneapolis by means of the seller's own delivery vehicles, and which is not thereafter returned to a point within Minneapolis, except in the course of interstate or intrastate commerce; or (b) sales which would be described in clause (e) or (u) of Minnesota Statutes, section 297A.25, subdivision 1 if the word "Minneapolis" were substituted for the words "Minnesota" or "state of Minnesota" in such clauses. A tax may be imposed under this section only if the taxes imposed under section 5 are imposed at the maximum rate allowed under that section.~~ The tax authorized by this section ~~shall be imposed,~~ must not be terminated before January 1, 2047. The tax must be imposed and may be adjusted periodically by the city council in conformity with Minnesota Statutes, section 297A.99, subdivision 12, such that the rate imposed, rounded to the next highest one-tenth of one percent, ~~does not exceed the rate estimated to be required to produce~~ produces revenue sufficient to finance the ~~costs~~ purposes described in ~~subdivision~~ subdivisions 3 and 4, and in Minnesota Statutes, section 297A.994, but in no case may the rate exceed one-half of one percent.

Subd. 2. **Enforcement; collection.** (a) Except as provided in paragraph (b), these taxes shall be subject to the same interest, penalties, and other rules imposed under Minnesota Statutes, chapter 297A. The commissioner of revenue may enter into appropriate agreements with the city to provide for collection of these taxes by the state on behalf of the city. The commissioner may charge the city a reasonable fee for its collection from the proceeds of any taxes, as provided in Minnesota Statutes, section 297A.99, subdivision 11.

(b) A taxpayer located outside of the city of Minneapolis who collects use tax under this section in an amount that does not exceed $10 in a reporting period is not required to remit that tax until the amount of use tax collected is $10.

Subd. 3. **Use of property.** Revenues received by the city from the tax may only be used:

~~(1) to pay costs of collection;~~

~~(2)~~ (1) to pay or secure the payment of any principal of, premium or interest on bonds issued in accordance with this act;

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~~(3)~~ (2) to pay costs to acquire, design, equip, construct, improve, maintain, operate, administer, or promote the convention center or related facilities, and other capital projects or economic developments under subdivision 4, including financing costs related to them;

~~(4)~~ (3) to pay reasonable and appropriate costs determined by the city to replace housing and the ice arena removed from the site;

~~(5)~~ (4) to maintain reserves for the foregoing purposes deemed reasonable and appropriate by the city; and

~~(6)~~ (5) to fund projects and for other purposes under subdivision 4.

Money for replacement housing shall be made available by the city only for new construction, conversion of nonresidential buildings, and for rehabilitation of vacant residential structures, only if all of the units in the newly constructed building, converted nonresidential building, or rehabilitated residential structure are to be used for replacement housing.

Subd. 4. **Minneapolis downtown and neighborhood projects.** (a) For revenues collected in calendar years 2009 and 2010, to the extent that revenues from the tax authorized in subdivision 1 exceeds the amount needed to fund the purposes in subdivision 3, the city may use the excess revenue to fund any city services. The total amount used in both years for this purpose may not exceed the total amount of aid and credit reductions under Minnesota Statutes, sections 273.1384 and 477A.011 to 477A.014 in calendar years 2008, 2009, and 2010 due to a governor's unallotment or due to statutory reductions.

(b) Beginning with revenues collected in calendar year 2011, to the extent that revenues from the ~~tax~~ taxes authorized in subdivision 1 ~~exceeds~~ or in section 5 exceed the amount needed to fund the purposes in subdivision 3, the city may use the excess revenue in any year to fund capital projects to further residential, cultural, commercial, and economic development in both downtown Minneapolis and the Minneapolis neighborhoods, to fund other city expenditures in support of the basketball arena, other capital projects, or for other economic development, provided the city may direct excess revenue first to convention center debt, operations, capital improvements, and marketing. The city may issue bonds to fund any such projects or improvements using these taxes or any other available city resources to finance or secure the bonds.

Sec. 3. Laws 1986, chapter 396, section 5, as amended by Laws 2001, First Special Session chapter 5, article 12, section 87, is amended to read:

Sec. 5. **LIQUOR, LODGING, AND RESTAURANT TAXES.**

The city may, by resolution, levy in addition to taxes authorized by other law:

(1) a sales tax of not more than three percent on the gross receipts on retail on-sales of intoxicating liquor and fermented malt beverages ~~described in section 473.592 occurring in the~~ when sold at licensed on-sale liquor establishments located within the downtown taxing area, provided that this tax may not be imposed if sales of intoxicating liquor and fermented malt beverages are exempt from taxation under chapter 297A;

(2) a sales tax of not more than three percent on the gross receipts from the furnishing for consideration of lodging ~~described in section 473.592~~ for a period of less than 30 days at a hotel, motel, rooming house, tourist court, or trailer camp located within the city by a hotel or motel which has more than 50 rooms available for lodging; the tax imposed under this clause shall be at a rate that, when added to the sum of the rate of the sales tax imposed

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under Minnesota Statutes, chapter 297A, the rate of the sales tax imposed under section 4, and the rate of any other taxes on lodging in the city of Minneapolis, equals 13 percent; and

(3) a sales tax of not more than three percent on the gross receipts on all sales of food primarily for consumption on or off the premises by restaurants and places of refreshment as defined by resolution of the city that occur within the downtown taxing area.

The taxes authorized by this section must not be terminated before January 1, 2047. The taxes shall be imposed and may be adjusted periodically by the city council such that the rates imposed produce revenue sufficient, together with the tax imposed under section 4, to finance the purposes described in Minnesota Statutes, section 297A.994, and section 4, subdivisions 3 and 4. These taxes shall be applied, first, as provided in Minnesota Statutes, section 297A.994, subdivision 3, clauses (1) to (3), and then, solely to pay ~~costs of collection and to pay or~~, secure, maintain, and fund the payment of any principal of, premium on, and interest on any bonds or any ~~costs referred to~~ other purposes in section 4, subdivision 3 or 4. The commissioner of revenue may enter into appropriate agreements with the city to provide for the collection of these taxes by the state on behalf of the city. ~~The commissioner may charge the city a reasonable fee for its collection from the proceeds of any taxes.~~ These taxes shall be subject to the same interest, penalties, and enforcement provisions as the taxes imposed under ~~section 473.592~~ Minnesota Statutes, chapter 297A.

Sec. 4. **CHARTER LIMITATIONS, REQUIREMENTS NOT TO APPLY.**

Any amounts expended, indebtedness, or obligation incurred including, but not limited to, the issuance of bonds, or actions taken by the city under this act, are deemed not an expenditure or other use of city resources within the meaning of any law or charter provision. The city may exercise any of its powers under this act to spend, borrow, tax, or incur any form of indebtedness or other obligation for the improvement, including, but not limited to, acquisition, development, construction, or betterment of any public building, stadium, or other capital improvement project, without regard to any charter limitation, requirement, or provision, including any referendum requirement. Any tax exemption established under this act shall be deemed not an expenditure or other use of city resources within the meaning of any charter provision.

Sec. 5. **SEVERABILITY; SAVINGS.**

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

Sec. 6. **LOCAL SALES TAX REQUIREMENTS NOT TO APPLY.**

The taxes authorized under Laws 1986, chapter 396, sections 4 and 5, as amended, are exempt from the requirements of Minnesota Statutes, section 297A.99, subdivisions 2 and 3.

Sec. 7. **EFFECTIVE DATE; LOCAL APPROVAL.**

This article is effective the day after the governing body of the city of Minneapolis and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3. Notwithstanding any law to the contrary, the city of Minneapolis and its chief

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clerical officer have 30 calendar days following final enactment of this act, to comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

ARTICLE 4

LAWFUL GAMBLING

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.

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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.** (a) In addition to the taxes imposed under subdivisions 1 ~~and 4~~, a tax is imposed on the combined receipts of the organization. As

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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:

If the combined net receipts for the fiscal year are:	The tax is:
Not over ~~$500,000~~ $87,500	~~zero~~ nine percent
Over ~~$500,000~~ $87,500, but not over ~~$700,000~~ $122,500	~~1.7~~ $7,875 plus 18 percent of the amount over ~~$500,000~~ $87,500, but not over ~~$700,000~~ $122,500
Over ~~$700,000~~ $122,500, but not over ~~$900,000~~ $157,500	~~$3,400~~ $14,175 plus ~~3.4~~ 27 percent of the amount over ~~$700,000~~ $122,500, but not over ~~$900,000~~ $157,500
Over ~~$900,000~~ $157,500	~~$10,200~~ $23,625 plus ~~5.1~~ 36 percent of the amount over ~~$900,000~~ $157,500

(b) On or before April 1, 2016, the commissioner shall estimate the total amount of revenue, including interest and penalties, that will be collected for fiscal year 2016 from taxes imposed under this chapter. If the amount estimated by the commissioner equals or exceeds $94,800,000, the commissioner shall certify that effective July 1, 2016, the rates under this paragraph apply in lieu of the rates under paragraph (a) and shall publish a notice to that effect in the state register and notify each taxpayer by June 1, 2016. If the rates under this section apply, the combined net receipts of an organization are subject to a tax computed according to the following schedule:

If the combined net receipts for the fiscal year are:	The tax is:
Not over $87,500	8.5 percent
Over $87,500, but not over $122,500	$7,438 plus 17 percent of the amount over $87,500, but not over $122,500
Over $122,500, but not over $157,500	$13,388 plus 25.5 percent of the amount over $122,500, but not over $157,500
Over $157,500	$22,313 plus 34 percent of the amount over $157,500

(c) Gross receipts derived from sports-themed tipboards are exempt from taxation under this section. For purposes of this paragraph, a sports-themed tipboard means a sports-themed tipboard as defined in section 349.12, subdivision 34, under which the winning numbers are determined by the numerical outcome of a professional sporting event.

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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, 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:

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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. **[297E.021] SPECIAL ALLOCATION OF REVENUES.**

Subdivision 1. **Application; revenues not pledged.** The provisions of this subdivision apply only after the issuance of appropriation bonds under section 16A.965, subdivision 2, but do not constitute a pledge of available revenues as security for payment of principal and interest on appropriation bonds issued under section 16A.965.

Subd. 2. **Determination of revenue increase.** By March 15 of each fiscal year, the commissioner of management and budget, in consultation with the commissioner, shall determine the estimated increase in revenues received from taxes imposed under this chapter over the estimated revenues under the February 2012 state budget forecast for that fiscal year. For fiscal years after fiscal year 2015, the commissioner of management and budget shall use the February 2012 state budget forecast for fiscal year 2015 as the baseline. All calculations under this subdivision must be made net of estimated refunds of the taxes required to be paid.

Subd. 3. **Available revenues.** For purposes of this section, "available revenues" equals the amount determined under subdivision 2:

(1) reduced by the following amounts paid for the fiscal year under:

(i) the appropriation to principal and interest on appropriation bonds under section 16A.965, subdivision 8;

(ii) the appropriation from the general fund to make operating expense payments under section 473J.13, subdivision 2, paragraph (b);

(iii) the appropriation for contributions to the capital reserve fund under section 473J.13, subdivision 4, paragraph (c);

(iv) the appropriations under this article for administration and any successor appropriation;

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(v) the reduction in revenues resulting from the sales tax exemptions under section 297A.71, subdivision 43;

(vi) reimbursements authorized by section 473J.15, subdivision 2, paragraph (d);

(vii) the compulsive gambling appropriations under section 297E.02, subdivision 3, paragraph (c), and any successor appropriation; and

(viii) the appropriation for the city of St. Paul under section 16A.726, paragraph (c); and

(2) increased by the revenue deposited in the general fund under section 297A.994, subdivision 4, clauses (1) to (3), for the fiscal year.

Subd. 4. **Appropriation; general reserve account.** To the extent the commissioner determines that revenues are available under subdivision 3 for the fiscal year, those amounts are appropriated from the general fund for deposit in a general reserve account established by order of the commissioner of management and budget. Amounts in this reserve are appropriated as necessary for application against any shortfall in the amounts deposited to the general fund under section 297A.994 or, after consultation with the legislative commission on planning and fiscal policy, amounts in this reserve are appropriated to the commissioner of management and budget for other uses related to the stadium authorized under section 473J.03, subdivision 7, that the commissioner deems financially prudent including but not limited to reimbursements for capital and operating costs relating to the stadium, refundings, and prepayment of debt. In no event, shall available revenues be pledged, nor shall the appropriations of available revenues made by this section constitute a pledge of available revenues as security for the prepayment of principal and interest on the appropriation bonds under section 16A.965.

Sec. 12. 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. 13. 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. 14. 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

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where the licensed organization conducts another form of lawful gambling. Bar bingo does not include bingo games linked to other permitted premises.

Sec. 15. 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. 16. 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. 17. Minnesota Statutes 2010, section 349.12, subdivision 12a, is amended to read:

Subd. 12a. **Electronic bingo device.** "Electronic bingo device" means ~~an~~ 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~~ identify 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;

(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.

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

Sec. 18. 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:

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

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

(3) 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;

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

(5) has no spinning reels or other representations that mimic a video slot machine;

(6) 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;

(7) 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;

(8) 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;

(9) maintains, on nonresettable meters, a printable, permanent record of all transactions involving each device and electronic pull-tab games played on the device;

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

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

Sec. 19. 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;

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(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 reels or other representations that mimic a video slot machine.

Sec. 20. 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. 21. Minnesota Statutes 2010, section 349.12, is amended by adding a subdivision to read:

Subd. 15b. **501(c)(19) organization.** "501(c)(19) organization" is an organization exempt from the payment of federal income taxes under section 501(c)(19) of the Internal Revenue Code.

Sec. 22. 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.

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Sec. 23. 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

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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;

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(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~~ and 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~~.~~; or

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(26) a contribution to a 501(c)(19) organization that does not have an organization license under section 349.16 and is not affiliated with the contributing organization, and whose owned or leased property is not a permitted premises under section 349.165. The 501(c)(19) organization may only use the contribution for lawful purposes under this subdivision or for the organization's primary mission. The 501(c)(19) organization may not use the contribution for expansion of a building or for bar-related expenditures. A contribution may not be made to a statewide organization representing a consortia of 501(c)(19) organizations.

(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.

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

Sec. 24. 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. 25. 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~~ the capability to permit the board to electronically monitor its operation remotely. For linked electronic bingo games, the system includes electronic bingo devices.

Sec. 26. 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.

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Sec. 27. 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. 28. 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. 29. 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. 30. 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. 31. 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. 32. 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

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and may not display or simulate any other form of gambling or entertainment, except as otherwise allowed under this chapter.

Sec. 33. 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-sales 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. 34. 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. 35. 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.

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(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. 36. 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. 37. 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.

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(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~~, or~~.

~~(3) has had a license issued by the board or director permanently revoked for violation of law or board rule.~~

Sec. 38. 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.

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(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. 39. 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. 40. 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.

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(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 paper 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. 41. 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 unaffixed 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

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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. 42. 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. 43. 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

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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. 44. 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

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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. 45. 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. 46. 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. 47. 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. 48. 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:

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(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. 49. 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 flashboard 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. 50. 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. 51. 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.

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(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. 52. 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. 53. Minnesota Statutes 2010, section 349.1711, subdivision 1, is amended to read:

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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. 54. 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. 55. 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.

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(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. 56. 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

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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 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.~~

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~~(c) 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:~~

~~(1)~~ (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)~~ (5) 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.

~~(d)~~ (c) 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.

~~(e)~~ (d) 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.

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

Sec. 57. 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

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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.

~~(e)~~ (f) Deposit records must be sufficient to allow determination of deposits made from each bingo occasion, deal, or game at each permitted premises.

~~(f)~~ (g) 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. 58. 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.

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(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. 59. 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 ~~monthly, 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:~~ monthly to the commissioner of revenue as required under section 297E.06.

~~(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);~~

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~~(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. 60. 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. 61. 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;

~~(2)~~ (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~~

~~(3)~~ (4) for a progressive linked bingo game, if no player declares a valid bingo ~~within the~~ for a progressive prize or prizes based on a 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

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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. 62. 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. 63. **DEPARTMENT OF PUBLIC SAFETY; OVERSIGHT OF BACKGROUND CHECKS.**

The Department of Public Safety shall exercise oversight over all background checks on manufacturers and distributors who supply machines, games, software, or other gambling materials used in electronic pull-tabs, electronic bingo, or professional sports tipboards, to ensure the integrity of new forms of gambling entering the Minnesota market.

Sec. 64. **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. 65. **APPROPRIATION.**

(a) $1,219,000 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.

(b) $250,000 in fiscal year 2013 is appropriated from the lawful gambling regulation account in the special revenue fund to the Department of Public Safety for expenses related to the oversight of lawful gambling for electronic pull-tabs and electronic linked bingo.

Sec. 66. **REPEALER.**

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

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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. 67. **EFFECTIVE DATE.**

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

ARTICLE 5

MISCELLANEOUS

Section 1. **[245.981] COMPULSIVE GAMBLING ANNUAL REPORT.**

(a) Each year by February 15, 2014, and thereafter, the commissioner of human services shall report to the chairs and ranking minority members of the legislative committees having jurisdiction over compulsive gambling on the percentage of gambling revenues that come from gamblers identified as problem gamblers, or a similarly defined term, as defined by the National Council on Problem Gambling. The report must disaggregate the revenue by the various types of gambling, including, but not limited to: lottery; electronic and paper pull-tabs; bingo; linked bingo; and pari-mutuel betting.

(b) By February 15, 2013, the commissioner shall provide a preliminary update for the report required under paragraph (a) to the chairs and ranking minority members of the legislative committees having jurisdiction over compulsive gambling and the estimated cost of the full report.

Sec. 2. Minnesota Statutes 2010, section 297A.71, is amended by adding a subdivision to read:

Subd. 44. **Building materials, capital projects.** Materials and supplies used or consumed in and equipment incorporated into the construction or improvement of a capital project funded partially or wholly under section 297A.9905 are exempt, provided that the project has a total construction cost of at least $40,000,000 within a 24-month period. The tax on purchases exempt under this provision must be imposed and collected as if the rate under section 297A.62, subdivision 1, applied and then refunded in the manner provided in section 297A.75.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2013.

Sec. 3. Minnesota Statutes 2011 Supplement, section 297A.75, subdivision 1, is amended to read:

Subdivision 1. **Tax collected.** The tax on the gross receipts from the sale of the following exempt items must be imposed and collected as if the sale were taxable and the rate under section 297A.62, subdivision 1, applied. The exempt items include:

(1) capital equipment exempt under section 297A.68, subdivision 5;

(2) building materials for an agricultural processing facility exempt under section 297A.71, subdivision 13;

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(3) building materials for mineral production facilities exempt under section 297A.71, subdivision 14;

(4) building materials for correctional facilities under section 297A.71, subdivision 3;

(5) building materials used in a residence for disabled veterans exempt under section 297A.71, subdivision 11;

(6) elevators and building materials exempt under section 297A.71, subdivision 12;

(7) building materials for the Long Lake Conservation Center exempt under section 297A.71, subdivision 17;

(8) materials and supplies for qualified low-income housing under section 297A.71, subdivision 23;

(9) materials, supplies, and equipment for municipal electric utility facilities under section 297A.71, subdivision 35;

(10) equipment and materials used for the generation, transmission, and distribution of electrical energy and an aerial camera package exempt under section 297A.68, subdivision 37;

(11) tangible personal property and taxable services and construction materials, supplies, and equipment exempt under section 297A.68, subdivision 41;

(12) commuter rail vehicle and repair parts under section 297A.70, subdivision 3, clause (11);

(13) materials, supplies, and equipment for construction or improvement of projects and facilities under section 297A.71, subdivision 40;

(14) materials, supplies, and equipment for construction or improvement of a meat processing facility exempt under section 297A.71, subdivision 41;

(15) materials, supplies, and equipment for construction, improvement, or expansion of an aerospace defense manufacturing facility exempt under section 297A.71, subdivision 42; ~~and~~

(16) enterprise information technology equipment and computer software for use in a qualified data center exempt under section 297A.68, subdivision 42; and

(17) materials, supplies, and equipment for qualifying capital projects under section 297A.71, subdivision 34.

Sec. 4. Minnesota Statutes 2011 Supplement, section 297A.75, subdivision 2, is amended to read:

Subd. 2. **Refund; eligible persons.** Upon application on forms prescribed by the commissioner, a refund equal to the tax paid on the gross receipts of the exempt items must be paid to the applicant. Only the following persons may apply for the refund:

(1) for subdivision 1, clauses (1) to (3), the applicant must be the purchaser;

(2) for subdivision 1, clauses (4) and (7), the applicant must be the governmental subdivision;

(3) for subdivision 1, clause (5), the applicant must be the recipient of the benefits provided in United States Code, title 38, chapter 21;

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(4) for subdivision 1, clause (6), the applicant must be the owner of the homestead property;

(5) for subdivision 1, clause (8), the owner of the qualified low-income housing project;

(6) for subdivision 1, clause (9), the applicant must be a municipal electric utility or a joint venture of municipal electric utilities;

(7) for subdivision 1, clauses (10), (11), (14), (15), and (16), the owner of the qualifying business; and

(8) for subdivision 1, clauses (12) ~~and~~, (13), and (17), the applicant must be the governmental entity that owns or contracts for the project or facility.

Sec. 5. Minnesota Statutes 2011 Supplement, section 297A.75, subdivision 3, is amended to read:

Subd. 3. **Application.** (a) The application must include sufficient information to permit the commissioner to verify the tax paid. If the tax was paid by a contractor, subcontractor, or builder, under subdivision 1, clause (4), (5), (6), (7), (8), (9), (10), (11), (12), (13), (14), (15), ~~or~~ (16), or (17), the contractor, subcontractor, or builder must furnish to the refund applicant a statement including the cost of the exempt items and the taxes paid on the items unless otherwise specifically provided by this subdivision. The provisions of sections 289A.40 and 289A.50 apply to refunds under this section.

(b) An applicant may not file more than two applications per calendar year for refunds for taxes paid on capital equipment exempt under section 297A.68, subdivision 5.

(c) Total refunds for purchases of items in section 297A.71, subdivision 40, must not exceed $5,000,000 in fiscal years 2010 and 2011. Applications for refunds for purchases of items in sections 297A.70, subdivision 3, paragraph (a), clause (11), and 297A.71, subdivision 40, must not be filed until after June 30, 2009.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2013.

Sec. 6. **[297A.9905] USE OF LOCAL TAX REVENUES BY CITIES OF THE FIRST CLASS.**

(a) Notwithstanding section 297A.99, or other general or special law or charter provision, if the revenues from any local tax imposed on retail sales under special law by a city of the first class exceeds the amount needed to fund the uses authorized in the special law, the city may expend the excess revenue from the tax to fund other capital projects of regional significance.

(b) For purposes of this section:

(1) "city of the first class" has the meaning given in section 410.01; and

(2) "capital project of regional significance" means construction, expansion, or renovation of a sports facility or convention or civic center, that has a construction cost of at least $40,000,000.

EFFECTIVE DATE. This section is effective the day following final enactment.

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Sec. 7. **[473J.27] USE OF THE STADIUM.**

Subdivision 1. **Amateur sports use.** The lessee of the stadium must make the facilities of the stadium available to the Minnesota Amateur Sports Commission up to ten days each year on terms satisfactory to the commission for amateur sports activities consistent with Minnesota Statutes, chapter 240A, each year during the time the bonds issued pursuant to this act are outstanding. The commission must negotiate in good faith and may be required to pay no more than actual out-of-pocket expenses for the time it uses the stadium.

Subd. 2. **High school league.** The lessee of the stadium must make the facilities of the stadium available for use by the Minnesota State High School League for at least seven days each year for high school soccer and football tournaments. The lessee of the stadium must provide, and may not charge the league a fee for, this use, including security, ticket takers, custodial or cleaning services, or other similar services in connection with this use.

ARTICLE 6

STADIUM BLINK-ON FUNDING

Section 1. **[16A.727] BACKUP REVENUES; FOOTBALL STADIUM FUNDING.**

(a) If the commissioner of management and budget determines that the amount of revenues under section 297E.021, subdivision 2, for the next fiscal year will be less than the amounts specified in section 297E.021, subdivision 3, paragraph (a), clause (1), items (i) to (iii), for that fiscal year, the commissioner may implement the revenue options authorized in this article; provided that this section does not constitute a pledge of tax revenues as security for the payment of principal and interest on appropriation bonds issued under section 16A.695. If the commissioner determines to exercise the authority under this section for a fiscal year, the commissioner must implement the revenue options, as necessary, in the following order:

(1) a sports-themed lottery game under section 349A.20; and

(2) a tax on suites as provided under section 473J.14.

(b) Revenue raised under the authority granted by this section must be deposited in the general fund.

(c) If the commissioner determines to implement one or more of the revenue options authorized by this section, each subsequent year the commissioner must determine if the revenue is needed and will be imposed and collected for the next fiscal year. If the commissioner determines that one or more revenue options implemented for a fiscal year are not needed for a subsequent fiscal year, the commissioner must terminate them in the reverse order they were required to be implemented by paragraph (a) with the last option implemented terminated first and so forth.

(d) Before implementing a revenue source authorized under this section, the commissioner must report the intent to do so to the Legislative Commission on Planning and Fiscal Policy. The commissioner must inform the commission of determinations to continue or discontinue each revenue source for a subsequent fiscal year.

(e) The provisions of this section no longer apply after the Minnesota Sports Facilities Authority certifies to the commissioner that it has determined that the revenues

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of the general fund under section 297A.994, the increased revenues under chapter 297E, and other available resources of the authority provide adequate financial security for the state and the authority.

Sec. 2. **[349A.20] STADIUM, SPORTS-THEMED GAMES.**

The State Lottery shall conduct games based on stadium or professional sports themes to generate a minimum of $2,100,000 in additional revenue for the fiscal year for the general fund. Games issued under this section must comply with all NFL policies on use of trademarks, images, and logos.

EFFECTIVE DATE. This section is effective pursuant to the authority granted under section 1, on the day following final enactment.

Sec. 3. **[473J.14] SUITES TAX.**

(a) Upon notification by the commissioner of management and budget under section 16A.727, the authority shall by resolution impose and maintain a ten percent tax on the gross receipts received for the rental of suites, sky boxes, and similar in the NFL stadium.

(b) The tax must be imposed in the years specified by the commissioner of management and budget. The suites rental tax under paragraph (a) applies to the gross receipts, as defined under section 297A.61, received by the seller, as defined in section 297A.61, and is a debt owed by the seller to the authority. A tax imposed under this section is recoverable at law by the authority from the seller in the same manner as other debts. Every person granting, selling, or renting suites, sky boxes, or similar may be required, as provided in resolutions of the authority, to secure a permit, to file returns, to deposit security for the payment of the tax, and to pay the penalties for nonpayment and interest on late payments, as the authority deems necessary or expedient to assure the prompt and uniform collection of either or both of the taxes.

(c) The authority shall remit the proceeds of a tax imposed under this section to the commissioner of management and budget for deposit in the state's general fund.

Presented to the governor May 11, 2012

Signed by the governor May 14, 2012, 12:04 p.m.

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